

Verbal Reasoning

Test 4



Solutions Booklet

Instructions

This practice test contains **30 questions**, and you will have **19 minutes** to answer them.

You will be presented with a passage to read, and a statement about that passage. For each statement you must select one of the following answers:

True: The statement follows logically from the information contained in the passage.

False: The statement is logically false from the information contained in the passage.

Cannot Say: It is not possible to determine whether the statement is true or false without further information.

Read the passage of information thoroughly and select the correct answer from the four options. Read the question thoroughly to ensure you know what the question entails.

Try to find a time and place where you will not be interrupted during the test. When you are ready, turn to the next page and begin.

A common difficulty faced by business managers is when the behaviour of a team-member conflicts with established desirable practice. How does a good leader handle such an issue? One effective angle is to lead by example: instead of waiting for a problem to develop, take a proactive approach in heading it off with reference to clearly laid out guidelines. If a problematic situation does develop, controlling it can be made simpler by invoking existing values from a mission statement which has been set out in advance. A good team will always put the needs of the organisation first.

Taking such an approach gives the team a sense of personal involvement which encourages them to feel part of the organisation's mission, internalising the needs of the group rather than feeling a sense of externally imposed obligation. It provides team members with a greater sense of personal control, the sense that they have contributed individually, and by choice, to the well-being of their organisation.

To achieve this, a manager must have a good understanding of the way individual people communicate – a flexible approach is essential, using real-life practical examples relevant to each team-member's particular experience.

Q1 Leading by example is an effective approach in dealing with problematic behaviour from employees.

True

False

Cannot say

Answer: True

Explanation:

this statement is correct, as the passage says: “when the behaviour of a team-member conflicts with established desirable practice... one effective angle is to lead by example...”

Q2 A manager who understands how people communicate is able to take a flexible approach in dealing with problems.

True

False

Cannot say

Answer: Cannot say

Explanation:

While the passage encourages both effective communication and a flexible approach (“a manager must have a good understanding of the way individual people communicate”, “a flexible approach is essential”) it does not explicitly state that individual communication leads to a flexible approach.

A common difficulty faced by business managers is when the behaviour of a team-member conflicts with established desirable practice. How does a good leader handle such an issue? One effective angle is to lead by example: instead of waiting for a problem to develop, take a proactive approach in heading it off with reference to clearly laid out guidelines. If a problematic situation does develop, controlling it can be made simpler by invoking existing values from a mission statement which has been set out in advance. A good team will always put the needs of the organisation first.

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To achieve this, a manager must have a good understanding of the way individual people communicate – a flexible approach is essential, using real-life practical examples relevant to each team-member's particular experience.

Q3 In a good team, the needs of the organisation are secondary to the needs of the individual.

True

False

Cannot say

Answer: False

Explanation:

While the passage generally stresses the importance of understanding individual styles ("a manager must have a good understanding of the way individual people communicate", "... relevant to each team-member's particular experience.") it states explicitly that "A good team will always put the needs of the organisation first."

An effective PR campaign requires precise, clear communication between the client and PR officer. The client should disclose detailed information to the PR officer, including the company's history, goals, and current business plan. It is especially important to disclose any potentially problematic issues. The company should be prepared to dedicate the necessary time and resources of its senior management, as well as sufficient finances, to the campaign.

The perfect PR message will be consistent, with each new approach reinforcing the key objectives of the company. If new developments do arise, the PR officer should be fully briefed as soon as possible. It is essential to keep to a clear schedule, leaving adequate time available for approval of copy. Seizing opportunities when they arise is key to the success of the campaign.

Q4 The best approach to PR is to be flexible, regularly changing the company's goals to keep the public interested.

True

False

Cannot say

Answer: False

Explanation:

While accepting that changes in approach are sometimes necessary ("If new developments do arise...") the passage states that: "The perfect PR message will be consistent, with each new approach reinforcing the key objectives of the company."

Q5 Not disclosing a full company history to the PR officer will result in a failed campaign.

True

False

Cannot say

Answer: Cannot say

Explanation:

While the passage states that disclosure of company history is important ("The client should disclose detailed information to the PR officer, including the company's history") it is not explicitly stated anywhere that failing to do this will directly and by itself result in the failure of the PR campaign. However, neither is it stated that failure will not result from no disclosure, so any definite answer to this question would rely on inferences which are not directly confirmed by the passage.

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Q6 It is recommended to wait before taking advantage of any new opportunities, to make certain they would be of benefit to the campaign.

True

False

Cannot say

Answer: False

Explanation:

The passage states: "Seizing opportunities when they arise is key to the success of the campaign."

The secret to success in business is entrepreneurial spirit at all levels of the company. Employees who are identified as entrepreneurs in their own right are more motivated – their own financial success becomes integrated with the company's. Those who are oriented towards personal entrepreneurship will work long hours to develop their own tried-and-tested business practices and strategies, contributing as willing partners to the achievements of the company as a whole.

Orientation and value-formation training can induce this kind of thinking in new staff recruits, inculcating the notion of how quickly it is possible to achieve financial security through hard work and innovative business approaches, combined with the impression that to miss out on opportunities for such rapid economic and social advancement would be at best unwise and at worst catastrophic.

Q7 Employees instilled with the idea of personal entrepreneurship will be less willing to contribute to the success of the company as a whole.

True

False

Cannot say

Answer: False

Explanation:

the passage states in fact that such employees will contribute “as willing partners to the achievements of the company.”

Q8 New staff members can be indoctrinated with the virtues of entrepreneurship.

True

False

Cannot say

Answer: True

Explanation:

the passage states that “this kind of thinking” - which refers directly to the personal entrepreneurship approach discussed in the first paragraph – can be induced through “Orientation and value-formation training”.

Q9 Employees encouraged to think of themselves as entrepreneurs work fewer hours than other staff members.

True

False

Cannot say

Answer: Cannot say

Explanation:

while the passage states, "Those who are oriented towards personal entrepreneurship will work long hours", therefore implying that the answer to this question should be 'false', there is no explicit comparison with other staff in either direction, so no definite answer can be given.

For ambitious employees, a good relationship with their immediate boss is crucial. A bad relationship can lead to missed opportunities for promotion, and even damage professional reputations. A boss who possesses a thorough understanding of the company's future direction and ultimate goals is the person best equipped to help an employee achieve success.

Communication is key. It is important to understand a boss's personal goals and priorities within the company, as well as their individual management approach. Clarifying instructions, anticipating needs, requesting feedback, and accepting criticism gracefully all help to build a solid working relationship.

Q10 Employees must reject criticism to build a good working relationship with their boss.

True

False

Cannot say

Answer: False

Explanation:

the passage explicitly states the opposite, that "accepting criticism gracefully [helps to] build a solid working relationship."

Q11 A bad relationship with a boss can lead to missed opportunities, but does not risk an employee's reputation.

True

False

Cannot say

Answer: False

Explanation:

the passage states, "A bad relationship [with an employer] can...damage professional reputations." The statement is therefore incorrect.

For ambitious employees, a good relationship with their immediate boss is crucial. A bad relationship can lead to missed opportunities for promotion, and even damage professional reputations. A boss who possesses a thorough understanding of the company's future direction and ultimate goals is the person best equipped to help an employee achieve success.

Communication is key. It is important to understand a boss's personal goals and priorities within the company, as well as their individual management approach. Clarifying instructions, anticipating needs, requesting feedback, and accepting criticism gracefully all help to build a solid working relationship.

Q12 Flattering the boss can be an effective approach for an employee seeking promotion.

True

False

Cannot say

Answer: Cannot say

Explanation:

the passage states “artificial flattery [is] unlikely to impress if promotion is the goal”, but makes no comment about the effect of sincere flattery. So that tells us about artificial flattery and that it is unlikely to impress. Regarding flattery in general, the passage does not state that flattery can or cannot be an effective approach for seeking promotion, so we cannot say if this is true or false.

A good salesperson should always learn something about the company, and even the individuals, behind the product he or she is selling. Confidence in a product depends in part on confidence in the integrity, competence, and commitment of those who manufacture and distribute that product. Salespeople should therefore familiarise themselves with the principal personalities behind a company, gaining an understanding of its personnel structure and the functions, duties, and experience of key individuals within the business. It is also useful to know something of the history and development of the company, as well as being aware of its present reputation, and to be familiar with the company's particular practices and policies. As well as providing a more thorough knowledge of the product, this information can help to form the basis of an effective sales pitch.

Q13 Knowledge of a company's reputation is not useful for salespeople.

True

False

Cannot say

Answer: False

Explanation:

in direct contradiction to the statement above, the passage states, "It is also useful to know something of the history and development of the company, as well as being aware of its present reputation."

Q14 The personal traits and abilities of a company's personnel can influence the confidence people have in their product.

True

False

Cannot say

Answer: True

Explanation:

the passage states, "Confidence in a product depends in part on confidence in the integrity, competence, and commitment [i.e., personal traits and abilities] of those who manufacture and distribute that product." The statement above is therefore correct.

A good salesperson should always learn something about the company, and even the individuals, behind the product he or she is selling. Confidence in a product depends in part on confidence in the integrity, competence, and commitment of those who manufacture and distribute that product. Salespeople should therefore familiarise themselves with the principal personalities behind a company, gaining an understanding of its personnel structure and the functions, duties, and experience of key individuals within the business. It is also useful to know something of the history and development of the company, as well as being aware of its present reputation, and to be familiar with the company's particular practices and policies. As well as providing a more thorough knowledge of the product, this information can help to form the basis of an effective sales pitch.

Q15 It is helpful to have knowledge of the background, policies and reputation of a company when developing an effective sales pitch.

True

False

Cannot say

Answer: True

Explanation:

the passage states that “this information”, i.e., the knowledge of company history and policies described earlier in the paragraph and referred to in the question, “can help to form the basis of an effective sales pitch.”

Well-regulated, ethical practices should always be an area of primary concern for any business. In an environment where multinational conglomerates predominate, owners of small businesses may feel anonymous enough to become flexible about their code of ethics. However, the increasingly inescapable attention of the media allows an unprecedented number of individuals to access news and information with greater speed than ever before – unethical practices can become a matter of public knowledge overnight, with devastating consequences. Codes of ethical practice should apply not only to clients, but to employees, who are just as able to draw inappropriate behaviour on the part of their employers to the public's attention. In today's society, businesses of any size must be able to demonstrate transparency and accountability in their dealings with employees, clients, and the public alike.

Q16 Unethical practices are only a problem if the public becomes aware of them.

True

False

Cannot say

Answer: Cannot say

Explanation:

the passage states that “the increasingly inescapable attention of the media” means that “unethical practices can become a matter of public knowledge overnight, with devastating consequences.” It does not however make any explicit reference to the consequences of unethical practices which do not come to the public attention.

Q17 Employees of a company should be subject to ethical codes of practice.

True

False

Cannot say

Answer: True

Explanation:

The passage states that, “Codes of ethical practice should apply not only to clients, but to employees”.

Well-regulated, ethical practices should always be an area of primary concern for any business. In an environment where multinational conglomerates predominate, owners of small businesses may feel anonymous enough to become flexible about their code of ethics. However, the increasingly inescapable attention of the media allows an unprecedented number of individuals to access news and information with greater speed than ever before – unethical practices can become a matter of public knowledge overnight, with devastating consequences. Codes of ethical practice should apply not only to clients, but to employees, who are just as able to draw inappropriate behaviour on the part of their employers to the public's attention. In today's society, businesses of any size must be able to demonstrate transparency and accountability in their dealings with employees, clients, and the public alike.

Q18 More people than ever before have access to information about companies' ethical practices.

True

False

Cannot say

Answer: True

Explanation:

the passage states that the media “allows an unprecedented number of individuals to access news and information” and explicitly confirms that this includes information about companies' ethical practices by adding “unethical practices can become a matter of public knowledge overnight”.

Successful and cost-effective advertising is an important issue to consider when starting up a business. A comprehensive business plan should include details of advertising strategies, a helpful starting point for which is an analysis of the advertising currently being used by competitors in the same line of business.

The rise of the internet has provided a variety of new opportunities for advertising, of which an innovative business should take full advantage. A well-designed website should ideally combine a professional appearance with user-friendly functionality, and be widely promoted to draw as much traffic as possible. This not only increases the visibility of a company, but assures potential clients that the company has a forward-thinking, enterprising outlook, and is willing to embrace as well as exploit the latest technological developments.

Q19 An analysis of competitors' advertisements is helpful in laying out advertising strategies for a new business

True

False

Cannot say

Answer: True

Explanation:

the passage states, "a helpful starting point for [planning advertising strategies] is an analysis of the advertising currently being used by competitors". The statement is therefore correct.

Q20 A professional and user-friendly website will attract a lot of traffic.

True

False

Cannot say

Answer: Cannot say

Explanation:

the passage states that "A well-designed website" should "combine a professional appearance with user-friendly functionality", but adds that the site should be "widely promoted to draw as much traffic as possible." There is no explicit relationship, positive or negative, suggested to exist between the design of the website and the traffic it attracts.

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Q21 Clients prefer a company that is forward-thinking and enterprising.

True

False

Cannot say

Answer: Cannot say

Explanation:

the passage states that a website “assures potential clients that the company has a forward-thinking, enterprising outlook”, but does not explicitly state that a client would or would not prefer such a company.

There are a number of ways in which economic recession can impact a business, beside the most obvious factor of reduced consumer spending and a resultant decrease in sales. Recession also leads to a rise in inflation, which increases a business's expenditure. These factors in turn act both to reduce competition, through less stable businesses closing down, and simultaneously also to increase it, as remaining ones compete more aggressively to stay afloat.

The combined effect of these factors can lead both to fluctuating sales, and an unstable working environment – tensions within the business may rise as employees are denied expected pay increases, or have to be let go to compensate for falling profits. Employers and employees alike must be flexible, and make every effort to adapt to new and less predictable economic conditions, to have the best chance of survival.

Q22 Flexible businesses which adapt to new economic conditions will survive a recession.

True

False

Cannot say

Answer: Cannot say

Explanation:

while the passage does state that “Employers and employees alike must be flexible”, it goes on to say that this will provide “the best chance of survival”. There is no explicit guarantee that a business will or will not survive the recession if it employs an adaptable approach.

Q23 Reduced consumer spending leads to a rise in inflation.

True

False

Cannot say

Answer: Cannot say

Explanation:

on the basis of this passage alone, it is not possible to confirm or refute this statement. The passage states that economic recession impacts business through “reduced consumer spending”, and that recession also “leads to a rise in inflation”. It does not state that the consumer spending leads to the latter, only that recession results in both; nor does it state that consumer spending does not lead to recession, therefore it is impossible to make a definite answer to the statement.

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Q24 Recession, via decreased sales and increased operating costs, can both reduce and increase competition in business.

True

False

Cannot say

Answer: True

Explanation:

the passage states that recession impacts a business through “reduced consumer spending and a resultant decrease in sales” and through “a rise in inflation, which increases a business's expenditure.” It then goes on to state that these factors “in turn act both to reduce competition...and increase it”.

Even during periods of low inflation, small businesses have faced increasing expenditure in a variety of areas over recent years. One approach to increase sales is offering discounts on products, but it is often ultimately necessary to raise prices in order to offset expenditure. Increasing prices by a reasonable margin will not necessarily have a negative impact on revenue from regular customers, as long as a suitable strategy is taken to justify price increase to the consumer. Consumers may not always be aware of the high cost in both time and money of administrative, 'behind the scenes' aspects of business. Customers must be reassured that they are paying for a high quality product, and that increased prices reflect the need to cover unseen, escalating costs of running a business.

Q25 It is necessary to reassure customers that price increases reflect increases in running costs.

True

False

Cannot say

Answer: True

Explanation:

the passage states, "Customers must be reassured that... increased prices reflect the need to cover unseen, escalating costs of running a business." The statement above is therefore correct, though abbreviated.

Q26 Offering discounts is not an approach used to increase sales.

True

False

Cannot say

Answer: False

Explanation:

while the passage goes on to say that offering discounts is often not sufficient, it does explicitly state that " One approach to increase sales is offering discounts on products," in direct opposition to the statement above.

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Q27 Increasing prices will always reduce revenue from regular customers.

True

False

Cannot say

Answer: False

Explanation:

on the contrary, the passage states, "Increasing prices by a reasonable margin will not necessarily have a negative impact on revenue from regular customers" - therefore, it is clearly stated that increasing prices may not, in the right circumstances, reduce revenue.

Recent developments in technology and communication have opened up new opportunities for those wishing to start a retail business. Selling online offers a number of advantages, including reduced startup costs, the ability to work from home, and low-cost advertising options such as optimising a site's position on search engines or entering into an affiliate (commission-based reseller) program.

Having created a business plan, the first step in setting up an online business is to find a reliable website host and reserve a suitable domain name. There are numerous practical factors to consider, including bandwidth and disk space requirements, and establishing a sufficient level of security in processing online payments from customers. Depending on what service or product is being provided, the website need not be technically complex; however, for maximum impact, it may be helpful to employ a professional web-designer.

Q28 Employing a professional web-designer will increase traffic to a business's website.

True

False

Cannot say

Answer: Cannot say

Explanation:

the passage makes no definite statement about whether using a professional designer will increase traffic, but says, more ambiguously, "for maximum impact, it may be helpful to employ a professional web-designer." In addition, it is not clearly indicated whether or not "maximum impact" refers to web-traffic. Therefore it is not possible to give a definite answer to this statement.

Q29 One of the practical factors to consider in setting up an online business is the bandwidth requirements of the website.

True

False

Cannot say

Answer: True

Explanation:

the passage states, "the first step in setting up an online business is to find a reliable website host... There are numerous practical factors to consider, including bandwidth...requirements." This statement is therefore correct.

Recent developments in technology and communication have opened up new opportunities for those wishing to start a retail business. Selling online offers a number of advantages, including reduced startup costs, the ability to work from home, and low-cost advertising options such as optimising a site's position on search engines or entering into an affiliate (commission-based reseller) program.

Having created a business plan, the first step in setting up an online business is to find a reliable website host and reserve a suitable domain name. There are numerous practical factors to consider, including bandwidth and disk space requirements, and establishing a sufficient level of security in processing online payments from customers. Depending on what service or product is being provided, the website need not be technically complex; however, for maximum impact, it may be helpful to employ a professional web-designer.

Q30 The best online advertising strategy is to enter a commission-based reseller program.

True

False

Cannot say

Answer: Cannot say

Explanation:

the passage refers to “low-cost advertising options” as an advantage in starting an online business, and lists as one of these options “entering into an affiliate (link exchange) program.” It does not give any indication of which, if either, of these options is the “best” strategy; nor does it explicitly state that link exchange programs are not the best strategy. It is therefore impossible to give a definite answer.

End of test