Part I: This part consists of three short passages. After each passage, you are asked three questions. Answer each question on the answer sheet. Use a whole sentence. Answers will be graded on content, spelling, and grammar. This section is worth 18% of the total score.

Passage I

The General Office of a corporation is a very busy place. It handles, among other things, all the office printing and duplicating. It also deals with the mail: the staff open all the letters in the morning and send them to the appropriate offices. Twice daily they collect all the outgoing letters, stamp them, and mail them. They also have an addressing machine, which prints addresses on envelopes, folds the letters and seals the envelopes very rapidly. This is used for advertising and publicity, as well as addressing all order acknowledgments, delivery notes and monthly statements of account.

1. List three things a General Office handles.
2. What does an addressing machine do?
3. What materials need addressing?

Passage II

A pension is money paid to an employee when he retires, or leaves the company after he reaches a certain age. In Britain there is a compulsory plan in which the employee pays a fixed amount every week and the employer a larger amount. Then on retirement, the worker gets his state pension. Nowadays, however, an increasing number of companies have their own pension plans to give their employees more money to retire on. These plans are usually paid for through a trust, a group which controls the money company employees pay. The trust is governed by trustees, a group of administrators appointed by the company, who invest the money to increase the fund’s value. They also approve pensions, examine accounts, and make suggestions on policy to the company.

1. Who receives money from a pension?
2. Who pays for a state pension?
3. Name four things the trustees of a pension fund do.
Passage III

When someone invents a new machine, it is important to register the invention with the Patent Office. The Patent Office will then give the inventor a patent. An inventor who has received a patent is known as a patentee. A patent gives the patentee the sole right, the only right, to make, use or sell his inventions for a fixed period, usually sixteen years. In return, the patentee must pay yearly fees. If the fees are not paid, then the patent is said to have lapsed. After sixteen years, anyone can use the idea.

1. What is an inventor?
2. Why do patents lapse?
3. How long does a patent last?
Part II: This part consists of two articles. After reading the articles, fill in each blank on the answer sheet with one and only one word. This part is worth 32% of the total score.

Article I

Robert Huang has bought land and hotels worth HK$5 billion in recent weeks, and he’s busy looking for more, as Hong Kong’s land boom continues.

Land and building sales will go on rising, according to Mr. Huang, because of growing confidence that Hong Kong’s reversion to China on July 1 will go smoothly. But there is also a problem that comes with the boom: It’s getting harder to find land and buildings that are still for sale.

“There are fewer and fewer sellers in the market,” said Mr. Huang, speaking by mobile phone from his car as he toured Hong Kong’s New Territories on Sunday. “I’m looking for empty land sites, but there are not many left.”

Mr. Huang has done best, however, in buying existing buildings. His company, Sino Land, has just agreed to pay HK$2.8 billion for an 18-story office building in the heart of Hong Kong’s tourist district. And on Sunday, Sino Land and its sister company, Sino Hotels, agreed to purchase 80% of the four star Conrad Hotel for another HK$2.2 billion.

1. Sino Land and Sino Hotel own ____ of a hotel.

2. Robert Huang bought an office building and a ______

3. Land is ____ to find in Hong Kong

4. A land boom means that everyone wants to ______ land.

5. People are ______ that Hong Kong’s reversion to China will go well.

6. Sino Land and Sino Hotel are ______ companies.

7. Mr. Huang’s office building has ______ floors.

8. The reporter interviewed Mr. Huang by ______.
Article II

The bankruptcy of Hanbo Steel Co. not only shows many of the old problems of Korean industry, but also a new one: The government is much less willing to help businesses when they get into trouble.

Hanbo Steel, a member of Hanbo group, Korea's 14th largest business, announced Friday that it will seek bankruptcy after defaulting on a debt payment. The bankruptcy affects the entire Hanbo group: two other members of the group, Hanbo Construction and Hanbo Energy, have said that they will file for court protection and according to reliable sources another group member, Sang-A Chemicals, will probably do the same.

The causes of Hanbo's troubles are common to many Korean businesses: management that is too ambitious, rapid expansion that has been paid for with high-interest bank loans, and failure to analyze possible risks and future returns. Now Korea's businessmen fear that these problems will force other Korean business groups or conglomerates, known as chaebol, into similar situations, and put serious stress on Korea's already troubled banking sector.

1. The Korean government is ______ willing to help businesses that are not doing well.
2. Hanbo Steel got into trouble because it did not ______ a debt.
3. Altogether ______ members of the Hanbo group may have money problems.
4. The Hanbo group is one of the top ______ businesses in Korea.
5. According to this article, Korean management tries to do ______ than it should.
6. The author suggests that Korean businesses do not always analyze ______.
7. A group of associated businesses is called a ______ in Korean.
8. Korea's banks are ______ in trouble.
Part III: This part consists of two articles. After reading the articles, fill in the correct answer on the answer sheet. The questions are all multiple choice. Only one answer is correct. This part is worth 50% of the total score.

Article I

How do you choose the right price for a product? Such decisions often put marketing managers under enormous pressure, and with good reason. Pricing can make the difference between a successful new product and an expensive failure. Yet most managers believe that they can't really control prices at all. Instead, they believe "market forces" control most prices. Managers who are brave enough to try to set their own prices, rather than follow their competitors, often find that it is difficult to either set goals or to measure results.

In fact, most companies have more control over pricing than they think, and there are a number of ways to measure the results of pricing policies. Although it may take time and effort, it is important to develop a pricing policy. The reason: A slight improvement in pricing can make a big difference in profits. For example, if your company has a profit margin of 8%, a 1% improvement in price would increase the company's margin by 12.5% (assuming that unit sales volume stayed the same). It should be clear that even a small step toward better pricing can be worth a lot.

All successful pricing policies have two things in common: First, the policy follows the company's overall marketing strategy. Second, the policy is coordinated company-wide. Policies which fail in either of these areas will be ineffective at best and in the worst cases may actually hamper marketing and reduce profits.

Marketing strategy is a major part of planning for most companies. Pricing policy should fit in with this strategy. Take the example of Saturn Motor Cars. Saturn's marketing strategy is to let customers know it is friendly, helpful, and easy to do business with. Its pricing policy is an important part of this strategy. In order to make relations between sales representatives and customers as comfortable as possible, Saturn has a one price, no negotiations policy. Customers do not need to argue with the salesman to get a better price. Surveys show that this is one reason Saturn has attracted many of its customers.
Coordinating price policy company-wide is equally important. Many departments participate in deciding the price of a product. Accounting provides cost estimates, marketing communicates the pricing strategy, sales provides customer reactions, production sets supply targets, and so forth. Each of these departments has important information and ideas, but each must understand that cooperation is essential. If sales ignores accounting’s figures, or production ignores marketing’s targets, pricing policy is soon all but forgotten.

1. Which of the following statements is true?
   A) There is no reason for marketing managers to feel pressure.
   B) Putting pressure on marketing managers is a reasonable thing to do.
   C) Managers feel pressure because it is impossible to control prices.
   D) Managers are under pressure because setting prices is important, but they often don’t know how to do it.

2. Rather than set their own prices, some companies:
   A) ask their accountants.
   B) copy their competitors’ prices.
   C) use surveys.
   D) depend on consultants.

3. The article implies that companies which do not implement pricing policy correctly may:
   A) not make much money or even lose money
   B) need new management
   C) have trouble setting production targets
   D) improve their profit margins

4. When prices improve, profit margins will
   A) rise.
   B) fall.
   C) stay the same.
   D) be hard to measure.

5. Which of the following is true of Saturn Motor Cars?
   A) Their salesmen never negotiate prices with customers.
   B) Pricing is not a part of their marketing strategy.
   C) Sales ignores accounting’s figures.
   D) Its profits increased after it adopted its new policy
6. How did Saturn Motor Cars find out whether its policy was effective?
   A) It asked its salesmen.
   B) It set goals.
   C) It did customer surveys.
   D) It followed an overall marketing strategy.

7. According to the article, many departments help to decide prices. Which of the following departments did it not mention?
   A) Marketing
   B) Production
   C) Accounting
   D) Finance

8. The sales department usually provides _______ regarding pricing policy.
   A) cost estimates
   B) supply targets
   C) customer reactions
   D) communicates goals

9. According to the article, when different departments ignore each other, the result is that:
   A) no one forgets pricing policy
   B) everyone forgets pricing policy
   C) pricing policy is not easy to forget
   D) cost control is difficult

10. This article’s main point is that:
    A) Prices are not always controlled by the market.
    B) Marketing strategy is important.
    C) All policies must be coordinated company-wide.
    D) Marketing managers are under pressure.

11. A good title for this article would be:
    A) Pricing Policy: Big Money for Little Effort
    B) How to Set Prices: Coordination Is the Secret
    C) Deciding Prices: Measuring Results is Easy
    D) Price Policy: Worth the Trouble
12. Which of the following statements do you think the author of this article would agree with?

A) A minor change in pricing can improve most companies’ profits.
B) Prices should be set first, then marketing policy.
C) Salesmen should never be told how the company sets prices.
D) Pricing policy goals are relatively easy to set.
Article II

Compensation, or the amount of money an organization pays its employees, is a key aspect of personnel management. Money is not the only reward for employees, but it is certainly one of the most important. Pay can determine whether a person will join or leave an organization, his effectiveness on the job, and his overall behavior as a member of an organization. A compensation program therefore affects employee recruitment, turnover, and performance, the three basic issues personnel policy must address.

Compensation usually consists of two components: direct pay and indirect pay. Generally, direct pay refers to salaries (specified amount of pay not directly related to amount of time worked, such as $500 per week) or wages (amount of pay related directly to the amount of time worked, such as $10 per hour). Indirect pay may include both fringe benefits (such as insurance and vacations) and incentive pay.

Direct pay is most often determined by the value of a job to the organization. Value must be put in monetary terms, in order to set compensation. The process of putting a dollar value on a position is referred to as job evaluation. There are a number of job evaluation methods, but the most common one is the point system. In this method, an organization first determines what skills are needed for a job. A list of qualifications which indicate the skill level of a candidate is then devised. Typically, such a list might include education, previous experience, and previous performance. Each of these qualifications is assigned a certain number of points, and the pay to be offered is determined by the total number of points the candidate receives.

In the past, direct pay was usually the focus of attention for most compensation programs, but the fringe benefits part of compensation recently has received increasing attention, primarily because of the costs involved. For example, a U.S. Chamber of Commerce survey reported that the average worker in the United States received $7,582 in fringe benefits per year. This figure represents an average of 36.6 percent of the total payroll. The fastest growing benefits are those associated with health care costs, which increased 200 percent or more in the past five years.

1. In this article, compensation refers to:
   A) how much money a company gives to its workers.
   B) how much money a company pays when it makes a mistake.
   C) fringe benefits.
   D) personnel policy.
2. According to the article, money is:
   A) the main reward for work
   B) not as important as doing a good job
   C) helpful in selling things
   D) handled by the personnel department

3. One thing which does not usually influence personnel policy is
   A) performance
   B) recruiting
   C) absenteeism
   D) turnover

4. Someone who gets paid $36,000 a year receives:
   A) a salary.
   B) a wage.
   C) fringe benefits.
   D) incentive pay.

5. Health insurance is:
   A) incentive pay.
   B) a form of direct pay.
   C) important in employee turnover.
   D) a form of indirect pay.

6. Job evaluation is:
   A) a way of deciding what a job is worth.
   B) a way of deciding who to hire.
   C) a way of increasing efficiency.
   D) a way of determining what skills are needed for a job.

7. One factor that does not determine skill level is
   A) education.
   B) experience.
   C) previous performance.
   D) health.
8. In the points system, the company must first decide
   A) how much money is needed.
   B) what skills a job requires.
   C) what qualifications it wants from its employees.
   D) how many points to give

9. In America, the cost of indirect pay is:
   A) rising.
   B) falling.
   C) staying the same.
   D) not important.

10. Which of the following statements is true?
    A) Wages are a form of compensation.
    B) The point system is not a commonly used type of job evaluation.
    C) The average American worker received $7,582 in direct pay.
    D) Fringe benefits make up less than a quarter of the total U.S. payroll.

11. Which of the following statements do you think the author of this article would not agree with?
    A) Compensation is an important part of personnel management.
    B) Wages is not the only form of compensation.
    C) Fringe benefits are not an important part of a pay package.
    D) A well-designed compensation policy can improve performance.

12. In a point system, each qualification is assigned a certain number of points, and to arrive at a pay figure these points are ________.
    A) added
    B) subtracted
    C) multiplied
    D) divided