

## BEC HIGHER PRACTICE TEST READING

### PART ONE

#### Questions 1 – 8

- Look at the statements below and at the five reviews of management articles or publications.
- Which article or publication (**A, B, C, D** or **E**) does each statement **1 – 8** refer to?
- For each statement **1 – 8**, mark one letter (**A, B, C, D** or **E**) on your Answer Sheet.
- You will need to use some of these letters more than once.
- There is an example at the beginning, (**0**).

#### Example:

**0** Changes in the law have led to higher financial rewards.

Answer: **A**

- 1** Firms still tend to disregard proven research.
- 2** The results of an executive survey were unexpected.
- 3** It is suggested that managers could learn from other professionals.
- 4** There seems to be increasing separation between theorists and practitioners.
- 5** Most senior managers believe the press gives a false picture of boardroom action.
- 6** Trainers and educators will find this publication most useful.
- 7** This gives a good indication of what's happening at company director level.
- 8** Senior company directors often have insufficient data to work with.

## BEC HIGHER PRACTICE TEST READING PART ONE (continued ...)

**A**

For more than 30 years, Korn/Ferry's annual survey of company directors has provided a regular ultrasound scan of the boardroom. The latest survey looks at how boards have been affected quite dramatically by recent legislation, which has led to American boards meeting on average nine times in 2005, almost twice as often as in 2002 when the legislation was passed. For their extra work, boards are being compensated more highly too. The survey also found that only 14% of directors think that the media accurately reflects what goes on in the boardroom.

**D**

Another article is Evidence-Based Management, which gets its title from "evidence-based medicine" in which doctors are encouraged to consider a full body of research, not simply their own experience, when diagnosing patients. They say using evidence in this way can fly in the face of what everyone "knows" to be true. For example, many studies have shown there is no strong link between granting share options as a form of compensation and employee performance. Yet companies continue to believe this will strengthen employees' commitment and improve their work.

**B**

Of all the Academy of Management's publications, Executive used to be the most accessible to practising managers. But from February, Executive is to be known as Academy of Management Perspectives and, says its editor Peter Cappelli, a Wharton school professor of human resources, will be aimed at the "core membership" of academics and instructors rather than managers. The move underscores the widening gulf between management academics and actual managers. The latest issue consists of a series of reprints, one of which is, ironically, about making management research more relevant to managers.

**E**

The Corporate Library, known for hard-headed research into corporate governance and executive pay, has examined more than 2,000 large American companies and discovered that the average total compensation of non-executive directors was around \$1m. There are usually around eight or nine directors on each board so this gives them just over \$100,000 each. This is surprisingly moderate considering directors set their own pay and given the controversy surrounding decisions regarding the pay of their executive counterparts. Equity also continues to be a big element in directors' compensation.

**C**

A Harvard Business Review article, "Decisions Without Blinders", is by Dolly Chugh, a graduate student, and Max Bazerman, a professor at Harvard Business School who has done pioneering work on the often unexpected effects of our intrinsic bias on the decisions we make. The article explains how chief executives invariably fall into the trap of making poor decisions on the basis of incomplete information, and finds two main causes: either they simply fail to learn the necessary information, or they are not aware of the relevance of the information they have.