

GMAT Verbal Reasoning - Reading Comprehension

1.

To believe a proposition, say *corn flakes have health benefits*, is to accept it to be true. However, the question of belief is valid only for those propositions that are understandable. An understandable proposition is one that is expressed using correct grammar and known words.

The dominant view in the scientific community on how human mind believes or disbelieves an understandable proposition is the Cartesian hypothesis, propounded by the seventeenth-century philosopher René Descartes. He said that when an understandable proposition is presented to a human mind, the comprehension of its content happens automatically and passively; however, the assessment of the truth-value of that proposition is a later and deliberate act, the result of which is either belief or disbelief. Thus, this view holds that belief or disbelief in a comprehended proposition is created by rational assessment, and till such an assessment is made, the intellect neither affirms nor denies a comprehended proposition. It also suggests that the mental effort required to create belief and disbelief is the same: the effort required to assess the comprehended proposition.

In contrast, Descartes's near-contemporary Baruch Spinoza suggested that comprehension of and belief in an understandable proposition happen together, automatically and passively; he said that it is not

possible to understand a proposition without, at least temporarily, accepting it to be true. On later, willful assessment, if one judges the believed proposition to be false, it may be unaccepted (disbelieved), and if judged to be true, one may continue to believe in it. Thus, as per the Spinozan hypothesis, the default setting of the human mind is to believe every understandable proposition that is presented to it; disbelief is possible but it comes – if it comes at all – from effortful, deliberate assessment done after the initial comprehension-belief.

Both hypotheses continue to have their proponents and opponents. It is, however, a common observation that doubt, suspension of judgment and disbelief are mentally taxing tasks while we naturally – effortlessly – accept and believe most of what we see, hear and read. Research has proved that we systematically err on the side of believing too much, as opposed to rejecting too much. This inherent credulity of the human mind is, in fact, the founding axiom of the fields of advertising and propaganda.

Adapted from a research paper by Professor Daniel Gilbert

Sub-Question 1 of 6

A supporter of the Cartesian hypothesis would probably agree with which of the following statements?

A

Understanding a proposition is one thing and believing another

B

Believing is the most effortful thing that a human mind does

C

Belief is more quickly and easily acquired than doubt

D

Human beings are more prone to rejecting than believing propositions

E

Human beings are skeptical and credulous in equal measure

Sub-Question 2 of 6

Unlike the Spinozan hypothesis, the Cartesian hypothesis suggests that at any point in time, a human mind may contain some

A

ununderstood propositions that are believed

B

ununderstood propositions that are neither believed nor disbelieved

C

understood propositions that are believed

D

understood propositions that are disbelieved

E

understood propositions that are neither believed nor disbelieved

Sub-Question 3 of 6

Which of the following statements about an understandable and false proposition is not supported by the Spinozan hypothesis?

A

Its comprehension is a prerequisite for its rejection.

B

Its comprehension does not require effort.

C

Its acceptance occurs before its rejection.

D

Its comprehension is automatically followed by its acceptance.

E

Its rejection does not happen automatically.

Sub-Question 4 of 6

It can be inferred from the Spinozan hypothesis that when exposed to understandable but suspicious propositions, a person who is too distracted or tired to exert much mental effort is

A

less likely to comprehend them than when he is alert and mentally fresh

B

more likely to comprehend them than when he is alert and mentally fresh

C

more likely to be uncertain and uncommitted about their truth-value than when he is alert and mentally fresh

D

more likely to believe them than when he is alert and mentally fresh

E

more likely to disbelieve them than when he is alert and mentally fresh

Sub-Question 5 of 6

It can be inferred from the passage that to make his target customers believe his advertisements, an advertiser should

A

convey the message only using words familiar to the target customers

B

convey the message using the traditional motifs of the target customers

C

not use any negative words in his message

D

not distract the customer's mind by use of images or stories

E

not overwhelm the customer's mind by presenting a lot of information

Sub-Question 6 of 6

The author of the passage

A

supports the Cartesian hypothesis

B

supports the Spinozan hypothesis

C

has a neutral stance towards the two hypotheses

D

rejects both the hypotheses

E

belongs to the scientific community

GMAT Reading passage 2

Chief Executive Officers are often driven more by their short-term personal interests than by the long-term good of their company. Therefore, it is a critical responsibility of the board of directors to ensure that executive compensation is linked to such performance targets that cannot be easily gamed by the CEO and so, can be achieved only if he creates actual and sustainable value for the company. Only such performance targets may be deemed to be good. Also, since they are difficult to manipulate, CEOs would statistically be as likely to meet these targets as to miss them; it is unlikely that, if no manipulation takes place, CEOs will just overperform most of the time. However, recent research has found that, in actual practice, CEOs meet their targets far often than they miss them.

The performance targets of CEOs are often based on a single metric such as quarterly profitability or earnings per share. Such a system can be easily manipulated by them – by, for example, cutting the research and development spending that is critical for the organization's future. In contrast, when their payouts depend on three to five performance targets – based on metrics that are not closely

correlated – CEOs are found to be just as likely to miss a given target as they are to exceed it.

Boards often determine their CEO's performance goals based on the company and sector growth forecasts provided by external analysts and the CEO himself. In self-interest, CEOs often lowball forecasts to get easily achievable targets. However, the resulting low performance targets prevent their company from growing to its full potential.

Another feature of the executive compensation structure compounds this problem. Most boards specify a minimum performance threshold for their CEOs, below which the CEO receives no bonus. Then, his rewards rise steeply until the target is reached. Rewards for performing beyond this target grow much more slowly and eventually taper off. Thus, a CEO does not receive much personal profit from achieving spectacular results as opposed to merely satisfactory ones and, therefore, rarely strives for them. The result of all this is a sated CEO but a stunted company.

Sub-Question 1 of 6

The author of the passage would be most likely to attribute the research finding mentioned in the first paragraph to which of the following causes?

A

Most boards act in their personal best-interest even if it is to the detriment of their organization.

B

Most boards fail to set such executive performance targets that cannot be manipulated by the CEOs.

C

Most boards use closely correlated performance metrics to measure executive performance.

D

Most boards accept without debate the company and sector growth forecasts presented to them by the CEOs.

E

Most boards offer lucrative payouts to CEOs upon the achievement of the set performance targets.

Sub-Question 2 of 6

The passage implies that which of the following is likely to be true about metrics X, Y and Z if the CEOs who are given performance targets based on these three metrics are far more likely to meet their targets than to miss them?

A

The boards which set performance targets based on X, Y and Z metrics do not consult external analysts before deciding the targets.

B

X, Y and Z are quantitative metrics and, therefore, easy to track.

C

X, Y and Z encompass a broad range of corporate activities.

D

Achievement of the target value of one of the three metrics automatically results in achievement of the target values of the other two.

E

X, Y and Z are popular metrics used in executive performance targets.

Sub-Question 3 of 6

According to the passage, which of the following is not a feature of good performance targets set by a board for its CEO?

A

They involve multiple metrics.

B

They are challenging to achieve.

C

They cannot be easily gamed by the CEO.

D

They reward the CEO for superlative performance.

E

They are aligned to the long-term good of the company.

Sub-Question 4 of 6

Which of the following rationale to taper off CEO rewards for performance beyond the set targets can be inferred from the passage?

A

Most boards are concerned that executive compensation should seem reasonable to the shareholders.

B

It is highly unlikely that CEOs will achieve beyond their set targets.

C

CEOs are usually more interested in earning their bonus than in improving their performance beyond the set targets.

D

If the rewards are not capped around the set targets, CEOs are encouraged to game their performance.

E

If payouts increase at a constant rate relative to performance, CEOs are likely to take excessive risks to achieve higher and higher payouts.

Sub-Question 5 of 6

The passage supports each of the following statements EXCEPT

A

The performance targets of most CEOs are not aligned to their company's mission and values.

B

If the bonus of a CEO depends only on the earnings per share of his company, then he is likely to make a strategic choice that improves earnings per share even if it hurts revenue growth.

C

Most CEOs strive hard to hit the performance targets that are linked to their compensation.

D

The boards of most companies fail to set multiple performance targets for their CEOs.

E

In most companies, CEO rewards for performance do not increase at a steady rate.

Sub-Question 6 of 6

The author is primarily concerned with

A

Analyzing the consequences of an entity's behavior

B

Discussing the flaws in the way an entity discharges its duty

C

Giving counter-examples against a claim made about an entity

D

Enumerating the responsibilities of an entity

E

Suggesting a better way to execute a particular task