

Angka Giliran:

No. Tempat Duduk:

UNIVERSITI SAINS MALAYSIA

Peperiksaan Semester Kedua
Sidang Akademik 2007/2008

April 2008

LSP 403 – Bahasa Inggeris Perniagaan dan Komunikasi
(Business and Communication English)

Masa: 2 jam

INSTRUCTIONS TO CANDIDATES:

1. Please note that this question paper contains **2 (TWO)** questions on **12 (TWELVE)** printed pages. Check that the paper is complete.
2. Answer **BOTH** questions in this booklet.

UNTUK KEGUNAAN PEMERIKSA SAHAJA		
SOALAN	MARKAH PENUH	MARKAH DIPEROLEH
1	70	
2	30	
JUMLAH	100	

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QUESTION 1 (70 marks)

Read the text below and answer all the questions that follow.

- 1 This would seem to be a terrible time to be the boss of a big pharmaceutical company. Customers and regulators are *fretting* about safety after the high-profile recall of Merck's Vioxx, a painkiller that turned out to be dangerous for some patients. The number of new drugs gaining approval has plunged in recent years, casting doubt on the industry's research model. Poor countries are making noisy demands for free drugs and are threatening to override patents through "compulsory licensing". All this has battered the shares of the drugs giants and forced out the chief executives of three of the biggest in the past two years. And yet here is Jean-Pierre Garnier, the boss of GlaxoSmithKline (GSK), beaming confidently as he defends his industry. "My generation of chief executives is the first that 'gets it'," he declares.
- 2 What explains the cheerfulness displayed by J.P., as he is universally known? One reason is his successful defence of Avandia, a blockbuster diabetes drug that had threatened to go the way of Vioxx. A safety scandal blew up in May when a leading cardiologist published a statistical study suggesting that Avandia might increase the risk of cardiovascular problems. Sales, which topped \$3.3 billion last year, plunged by a fifth in the quarter ending in June. In the wake of the Vioxx scandal many drug companies have been eager to avoid messy confrontations over safety. But not Mr. Garnier. He came out swinging, accusing critics of politicising the regulation of drugs and *rebutting* the study's claims with his firm's own data. This week an expert panel convened by America's Food and Drug Administration (FDA) voted overwhelmingly to keep Avandia on the market, on condition that it would carry stronger warnings about potential side-effects. As one analyst put it, GSK "dodged the FDA bullet".

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- 3 Another reason Mr. Garnier is smiling is that GSK has the strongest drugs pipeline of any big firm. It has 33 drugs in the late stage of clinical trials, with perhaps two dozen due to be launched between now and the end of 2009. That is much better than at rival firms, and far better than the pitiful prospects Mr. Garnier inherited when he took over as boss of SmithKline Beecham in 2000, just before the merger with Glaxo Wellcome. The industry's poor research output has led some critics to argue that the huge mergers of the past decade have produced giant firms that are too big and bloated to innovate. Mr. Garnier disagrees. "R&D productivity is not linked to size," he insists. He invokes the image of a successful sumo wrestler and says giants can be nimble if **they** are clever. Indeed, size can be an advantage in marketing, or when organising massive clinical trials, he observes.
- 4 But he accepts that size is a problem early in the drug-development process. "Drug finders" and innovators may well get tripped up by bureaucracy and tangled in red tape; good ideas are lost. Even worse, bad ideas may not be weeded out in time: Pfizer, for example, spent \$1 billion to get Torcetrapib, a cholesterol drug, to late-stage testing only to discover dangerous side-effects that forced **it** to abandon the potential blockbuster.
- 5 So Mr. Garnier has tried hard to decentralise. He did away with GSK's top-down approach to research, replacing it with a number of autonomous research clusters known as "centres of excellence in drug discovery". The idea is that **these smaller groups** will take many more "shots on goal" than bureaucratic research monoliths like Pfizer. Crucially, he wants them to fail more quickly too, thus sparing the firm the huge expense of a late-stage withdrawal. Surprisingly for an industry veteran, Mr. Garnier has also taken on the tradition of secrecy by experimenting with "open innovation" models. Managers are now rewarded for successful inventions whether they were developed in-house or acquired from outside. Apart from that, he has given generics-makers access to GSK's formulations.

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- 6 A driving force behind Mr. Garnier's success is a brash self-confidence that even one of his lieutenants considers "arrogant". The American-educated Frenchman, who lives with his family in Philadelphia, has ended up in hot water a few times as a result. In 2003 he was branded a "fat cat" by the press for trying to push through a £22m(\$36m) pay-and-benefits package. In a move rarely seen at a British firm, shareholders voted against the resolution. Mr. Garnier now seems to have a healthy respect for shareholders, even initiating a recent share-buyback to reduce **their** fears about a weak share price. His instinctive *cockiness* also got him into trouble with developing countries. Soon after taking over as boss of GSK he found himself ensnared in a controversy over access to cheap HIV drugs, a row portrayed in the media as drugs giants cruelly ignoring the *plight* of dying Africans. Mr. Garnier's first instinct was to fight. But although he was confident of his firm's legal position, he was losing the media war. So he chose to cut his losses and made a dramatic U-turn. "For the very poor countries of this world," he explains, "we decided to sell our drugs completely not-for-profit."
- 7 GSK's attitudes towards the poor are now regarded as a model for others. The firm encourages generics-makers to produce its formulations, so costs can fall further. It offers tiered pricing, linking the price of drugs to a country's ability to pay and offering subsidies for **the poorest**. Even the World Health Organisation, a United Nations agency not known for cosiness with the pharmaceutical industry, applauded GSK's decision in June to donate 50m doses of its new flu vaccine to be held in an emergency stockpile. This transformation, of both GSK and of its boss, suggests there is hope yet for the pharmaceutical industry. "Society puts up with Big Pharma only because we come up with innovative drugs," says Mr. Garnier. The world desperately needs a self-confident drugs industry willing to take risks to discover new therapies, but will no longer tolerate **its** arrogance and neglect of the poor.

(Source: Adapted from The Economist, August 4th 2007)

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SECTION A (19 marks)

1. What do the following words / phrases (underlined in the text) refer to?

- (a) they (paragraph 3) _____
- (b) it (paragraph 4) _____
- (c) these smaller groups (paragraph 5) _____
- (d) their (paragraph 6) _____
- (e) the poorest (paragraph 7) _____
- (f) its (paragraph 7) _____

(9 marks)

2. What do the following words / phrase (underlined in the text) mean?

- (a) fretting (paragraph 1) _____
- (b) rebutting (paragraph 2) _____
- (c) weeded out (paragraph 4) _____
- (d) cockiness (paragraph 6) _____
- (e) plight (paragraph 6) _____

(10 marks)

SECTION B (8 marks)

For each of the following questions, circle the letter corresponding with the correct answer, e.g. A, if A is the answer.

1. Which of the following statements is **true**?

- A. Merck no longer sells Vioxx.
- B. Sales of Avandia reached \$3.3 billion in the quarter ending in June.
- C. The Vioxx scandal resulted in other drugs firms producing safer painkillers.
- D. The FDA's expert panel decided that GSK could sell Avandia without making any changes.

2. Which of the following statements is **true**?

- A. Between now and the end of 2009, GSK will have put more than 30 new drugs on the market.
- B. GSK has the best research output in the pharmaceutical industry.
- C. GSK was formed before SmithKline Beecham merged with Glaxo Wellcome.
- D. In the controversy over access to cheap HIV drugs, GSK was legally wrong.

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SECTION C (12 marks)

Only **three** of the following ideas can be inferred from the text. Tick the boxes corresponding with these three ideas. Marks will be deducted if you tick more than three boxes.

1. Mr. Garnier believes that the pharmaceutical industry has always had good chief executives.
2. America's Food and Drug Administration has little control over the drugs sold in America.
3. SmithKline Beecham did not have a good drugs pipeline when Mr. Garnier became its boss.
4. Mr. Garnier believes that any difficulties faced by large drugs firms are not caused by their size.
5. Managers who have been in the pharmaceutical industry for a long time do not usually go against the tradition of secrecy.
6. In 2003, the press called Mr. Garnier a "fat cat" to show that they liked him.
7. GlaxoSmithKline is a British company.
8. The media supported the drugs firms in the controversy over access to cheap HIV drugs.
9. GlaxoSmithKline has never wanted to make a profit from selling HIV drugs to very poor countries.

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SECTION D (11 marks)

Answer the following questions.

1. What **four** factors have had a bad impact on the shares of the large drugs firms?

(a) _____

(b) _____

(c) _____

(d) _____

(4 marks)

2. According to Mr. Garnier, when can large drugs firms benefit from their size?

(3 marks)

3. What are **two** of Mr. Garnier's qualities that have contributed to his success?

(a) _____

(b) _____

(4 marks)

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SECTION E (20 marks)

1. Fill in the outline below with points from **paragraph 5**.

I. Mr. Garnier has made some changes to GSK's policies.

A. He has tried hard to decentralise by:

1. doing away with GSK's top-down approach to research.

2. _____
_____ (2 marks)

(a) _____
_____ (2 marks)

(b) _____
_____ (2 marks)

B. _____ :
_____ (2 marks)

1. _____
_____ (2 marks)

(a) _____
_____ (2 marks)

(b) Managers are rewarded for successful inventions acquired from outside.

2. _____
_____ (2 marks)

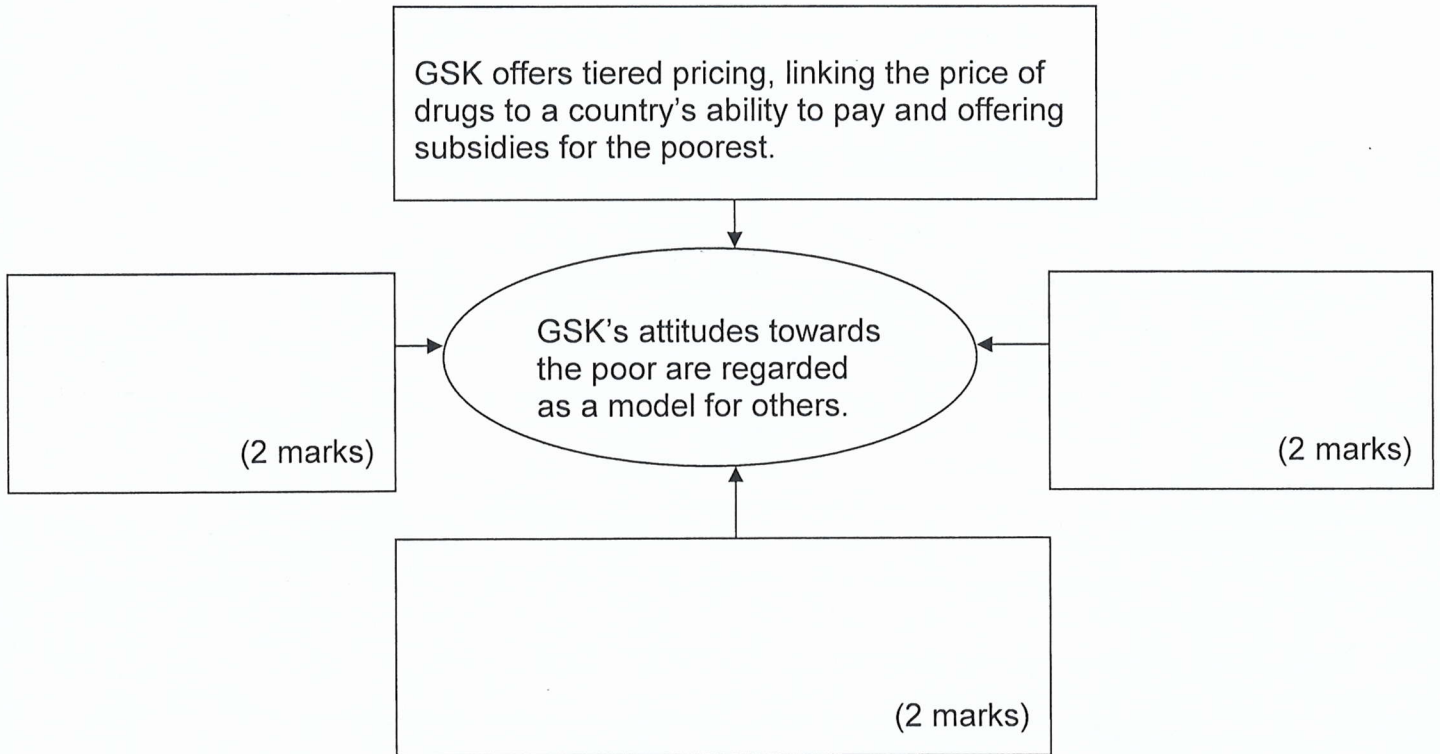
(14 marks)

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2. Some of GSK's actions have made its attitudes towards the poor a model for others. State these actions in the empty boxes below.



(6 marks)

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QUESTION 2(30 marks)

In about 350 words, write an essay on **ONE** of the following:

- 1. Name a famous person in the field of management **or** communications (e.g. broadcasting, journalism and public relations) whom you admire. Explain why you admire him/her.

OR

- 2. How can good management **or** communication skills help a country achieve developed-nation status?

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