

**Exam:**

# **Business Administration in the Service Industry**

**Version A**

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**October 22, 2008**

- The duration of the exam is 2 hours;
- This exam consists of 60 multiple choice questions;
- Grades will be announced on November 10<sup>th</sup> ;
- The exam may be reviewed on November 29<sup>th</sup>; number of the room will be announced later.

1. Which of the following statements is/are correct?
  - I. A manufacturer is not allowed to provide services to its customers.
  - II. The Belastingdienst is an example of a non-governmental-organisation (NGO).
  - A. Statement I and statement II are false
  - B. Statement I is false and statement II is correct
  - C. Statement I is correct and statement II is false
  - D. Statement I and II are correct.
  
2.
  - I. The Vrije Universiteit is a non-profit firm
  - II. The Vrije Universiteit supplies services in the business-to-consumer market
  - A. Statement I and statement II are false
  - B. Statement I is false and statement II is correct
  - C. Statement I is correct and statement II is false
  - D. Statement I and II are correct.
  
3.
  - I. Classifying organizations makes sense from a management perspective
  - II. The contribution of service firms to the Gross National Product exceeds the contribution of manufacturers.
  - A. Statement I and statement II are false
  - B. Statement I is false and statement II is correct
  - C. Statement I is correct and statement II is false
  - D. Statement I and II are correct.
  
4.
  - I. The words “stakeholder” and “shareholder” are synonyms.
  - II. In a non-profit firm the stake of shareholders can be ignored
  - A. Statement I and statement II are false
  - B. Statement I is false and statement II is correct
  - C. Statement I is correct and statement II is false
  - D. Statement I and II are correct.
  
5. Which of the following statements is/are correct?
  - I. Employees are a firm’s most important stakeholders.
  - II. In the Fortis case the ABN AMRO managers can be considered as external stakeholders.
  - A. Statement I and statement II are false
  - B. Statement I is false and statement II is correct
  - C. Statement I is correct and statement II is false
  - D. Statement I and II are correct.

6. Marginal stakeholders have a
- A. High potential for threat to the organization and a high potential for co-operation with the organization.
  - B. Low potential for threat to the organization and a low potential for co-operation with the organization.
  - C. High potential for threat to the organization and a low potential for co-operation with the organization.
  - D. Low potential for threat to the organization and a high potential for co-operation with the organization.
7. Which of the following firms cannot be regarded as a mass service supplier?
- A. The Efteling
  - B. NS
  - C. KPN Telecom
  - D. TNT Post
8. The most effective management strategy in the case of supportive stakeholders is
- A. Collaboration
  - B. Monitoring
  - C. Defense
  - D. Involvement
9. Which are characteristics of service shops?
- A. low contact time, low discretion, high customization
  - B. high contact time, high discretion, low customization
  - C. high contact time, high discretion, high customization
  - D. neither A, nor B, nor C
10. When a stakeholder is less powerful than the organization, its potential for cooperation
- A. increases
  - B. decreases
  - C. either increases or decreases
  - D. neither increases nor decreases
11. Which of the following statements is/are correct?
- I. A customer of a service firm can be considered as a co-producer of the service supplied.
  - II. The production and consumption of services proceed sequentially.
- A. Statement I and statement II are false
  - B. Statement I is false and statement II is correct
  - C. Statement I is correct and statement II is false

- D. Statement I and II are correct.
12. Which of the following is –according to Van Looy *et al.* (2003)- a distinctive service characteristic?
- A. Assurance
  - B. Perishability
  - C. Responsiveness
  - D. Reliability
13. Which of the following is –according to Van Looy *et al.* (2003) NOT among the distinctive service characteristics?
- A. Simultaneity
  - B. Heterogeneity
  - C. Intangibility
  - D. Reliability
14. Which of the following statements is/are correct?
- I Search qualities dominate experience qualities in the search for services.
  - II The heterogeneity of services implies that managing service quality is quite problematic.
- A. Statement I and statement II are false
  - B. Statement I is false and statement II is correct
  - C. Statement I is correct and statement II is false
  - D. Statement I and II are correct.
15. Which of the following statements is/are correct?
- I Visiting a concert of Madonna in the Amsterdam Arena can be considered as buying a professional service.
  - II Dry cleaning services (stomerij) can be considered as an example of providing personal interactive services.
- A. Statement I and statement II are false
  - B. Statement I is false and statement II is correct
  - C. Statement I is correct and statement II is false
  - D. Statement I and II are correct.
16. Which of the following statements is/are correct?
- I Playing a computer game on the Internet can be considered as consuming a personal interactive service.
  - II Visiting a fitness centre can be considered as consuming a service in a service shop.
- A. Statement I and statement II are false
  - B. Statement I is false and statement II is correct

- C. Statement I is correct and statement II is false
- D. Statement I and II are correct.

17. Which of the following statements is/are correct?

- I. A manufacturer supplying maintenance services has completed the servitization transition process for sure.
  - II. Intangible elements of a service firm's offering can be easily imitated by competitors.
- A. Statement I and statement II are false
  - B. Statement I is false and statement II is correct
  - C. Statement I is correct and statement II is false
  - D. Statement I and II are correct.

18. Which of the following statements is/are correct?

- I. Empowerment is **NOT** a prerequisite for a smooth servitization process at the firm level.
  - II. Supplier information enables the servitization transition process.
- A. Statement I and statement II are false
  - B. Statement I is false and statement II is correct
  - C. Statement I is correct and statement II is false
  - D. Statement I and II are correct.

19. Which of the following statements is/are correct?

- I. Customer satisfaction is neither a necessary nor a sufficient condition for customer loyalty.
  - II. The relationship between customer satisfaction and customer loyalty is  $\cap$  shaped.
- A. Statement I and statement II are false
  - B. Statement I is false and statement II is correct
  - C. Statement I is correct and statement II is false
  - D. Statement I and II are correct.

20. Which of the following is **NOT** an aspect of Heskett's profit chain?

- A. retention
- B. reliability
- C. satisfaction
- D. loyalty

21. What are characteristics of spurious loyalty?

- A. positive attitude-positive buying pattern
- B. positive attitude-negative buying pattern
- C. negative attitude-positive buying pattern
- D. negative attitude-negative buying pattern

22. Which of the following statements is/are correct?

- I Customer events are an example of level two relationship marketing.
  - II Level two relationship marketing focuses at the financial aspects of a relationship exemplified by regularly billing customers.
- A. Statement I and statement II are false
  - B. Statement I is false and statement II is correct
  - C. Statement I is correct and statement II is false
  - D. Statement I and II are correct.

23. Which of the following statements is/are correct?

- I All loyal customers are willing to pay a price premium.
  - II All loyal customers are generating positive word-of-mouth effects.
- A. Statement I and statement II are false
  - B. Statement I is false and statement II is correct
  - C. Statement I is correct and statement II is false
  - D. Statement I and II are correct.

24. Getting familiar with the new brand MAANDAG as a consequence of promoting the brand intensively can be considered as

- A. a cognitive consequence of the promotional efforts
- B. an affective consequence of the promotional effort
- C. a promotional consequence of the promotional effort
- D. neither A nor B nor C

25. When customers switch from one service brand to another service brand as a consequence of communication efforts, these efforts have

- A. cognitive effects
- B. affective effects
- C. promotional effects
- D. behavioural effects

26. Who's lowest on the customer loyalty ladder

- A. Advocate
- B. Client
- C. Prospect
- D. Customer

27. When the unit cost of a certain maintenance service is € 2200 and the desired mark-up is 25% than the mark-up price should be set at

- A. € 1875

- B. € 2250  
C. € 2000  
D. Neither A nor B nor C.
28. When the unit cost of a certain maintenance service is € 1500, the desired return on investment is 15%, the expected number of maintenance services sold is 1000, and the investment in maintenance machines is € 1.000.000 then the target return price of the maintenance service is  
A. € 1650  
B. € 3150  
C. € 2850  
D. Neither A nor B nor C.
29. Which sequence is part of the Lavidge and Steiner model of the customer adoption process.  
A. liking-conviction-knowledge  
B. awareness-knowledge-conviction  
C. awareness-knowledge-liking  
D. Neither A nor B nor C.
30. Which of the following statements is/are correct?  
I Customers' value potential should be an important input for allocating the budget for relationship marketing.  
II The perceived service quality and the perceived monetary price of a service offering determine the customer's perceived sacrifice according to Zeithaml and Bitner.  
A. Statement I and statement II are false  
B. Statement I is false and statement II is correct  
C. Statement I is correct and statement II is false  
D. Statement I and II are correct.
31. Dealing with complaints effectively is very important. Which of the following factors is in the list of factors supporting a short response time according to Van Looy *et al.*?  
A. Empowering frontline staff  
B. Communicating how the organization can be contacted  
C. Filing complaints  
D. Tackling the root causes
32. Which of the following statements is/are correct?  
I. A service guarantee makes a customer a meaningful promise and specifies the pay out to be paid out in cases of underperformance.  
II. Service performance is a joint responsibility of the supplier and the customer in case of a service guarantee.  
A. Statement I and statement II are false

- B. Statement I is false and statement II is correct
- C. Statement I is correct and statement II is false
- D. Statement I and II are correct.

33. Which of the following statements is/are correct?

- I Service guarantees are used only in Business-to-Consumer relationships.
  - II The payout as a consequence of underperformance is a fine or a reward in case of a service guarantee.
- A. Statement I and statement II are false
  - B. Statement I is false and statement II is correct
  - C. Statement I is correct and statement II is false
  - D. Statement I and II are correct.

34. Which of the following statements is/are correct?

- I Low employee turnover has a negative effect on customer loyalty.
  - I In the textbook three HRM models are presented; in the Harvard model people are primarily seen as resources which should 'fit' with business strategies.
- A. Statement I and statement II are both correct
  - B. Statement I is false and statement II is correct
  - C. Statement I is correct and statement II is false
  - D. Statement I and II are both false.

35. Which element below is NOT one which should be reflected in HR practices for services?

- A. Empowerment
- B. Collaboration
- C. Competence
- D. Supervision

36. Which pair does NOT reflect a difference between the control-oriented model and the process-oriented model of competence management development?

- |                             |                     |     |                              |
|-----------------------------|---------------------|-----|------------------------------|
| A. Strategy is seen as:     | a planning process  | vs. | a learning process           |
| B. HRM's function is:       | to control          | vs. | to facilitate                |
| C. Customers need:          | transactions        | vs. | interactions                 |
| D. Individual competencies: | are generic defined | vs. | are context specific defined |

37. Customer orientation as a competency may be measured in certain levels, for instance the employee:

- a. takes time to gain an insight into customer's problems
- b. looks for ways to improve customer service
- c. takes specific needs of the customer explicitly into account when undertaking action.

Which sequence orders the levels from 'low' to 'high'?



- A. a,b,c
- B. a,c,b
- C. b,c,a
- D. c,b,a

38. Which of the following statements is/are correct?

- I Technical competencies refer to knowledge and skills.
- II Behavioural repertoire is relatively most important for personal interactive services.

- A. Statement I and statement II are false
- B. Statement I is false and statement II is correct
- C. Statement I is correct and statement II is false
- D. Statement I and statement II are correct.

39. The dictionary definition of capacity as *'the ability to hold, receive, store or accommodate a certain volume'* is inappropriate in most organizations because of the following shortcoming(s).

- A. It is limited to the capacity of input resources
- B. It oversees possible variation in service times between parts of the overall process
- C. It lacks the time dimension with respect to use of assets
- D. All of the above

40. Which of the following statements is/are true?

- I There are many similarities between capacity management problems in the service industry and the manufacturing industry..
- II Capacity and its use greatly influence the customer's 'experience' and so it is an important aspect of the service as such..

- A. Statement I and statement II are both true
- B. Statement I is false and statement II is true
- C. Statement I is true and statement II is false
- D. Statement I and II are both false.

41. When launching a new service, building up capacity quickly and in large numbers may be of crucial importance for the launching firm. If its own means prohibit its expansion capability, the firm may seek to expand by

- A. merchandising
- B. franchising
- C. rationalizing
- D. downsizing.

42. In a fast food restaurant the decrease in average waiting time for customers at the service counter will be most significant when the number of service employees is increased

- A. from one to two
  - B. from two to three
  - C. from three to four
  - D. from four to five
43. Which of the following is the correct sequence of levels -from strategic to operational- in integrated manpower planning?
- A. workforce scheduling - daily reassignment - manpower planning - workforce staffing
  - B. manpower planning - workforce staffing - workforce scheduling - daily reassignment
  - C. workforce staffing - workforce scheduling - daily reassignment - manpower planning
  - D. daily reassignment - manpower planning - workforce staffing - workforce scheduling
44. People tend to overestimate waiting time, for instance while awaiting their turn at a checkout counter. Study has revealed that in this situation real waiting time RWT and perceived waiting time PWT (in seconds) are related as follows:
- $$RWT = 18 + 0,4 \times PWT.$$
- After how many seconds do people start overestimating their waiting time?
- A. after 10 seconds
  - B. after 20 seconds
  - C. after 30 seconds
  - D. after 40 seconds
45. Which set of factors influences the tolerance for waiting by a customer twofold in a positive way?
- A. Being unoccupied                      AND    having a solo wait
  - B. Having an equitable wait            AND    having no personal control
  - C. Waiting for a valuable service    AND    receiving an explanation
  - D. Being in pre-process                AND    waiting in a group
46. In service organizations decisions on facilities typically affect
- A. marketing goals and operational goals.
  - B. human resources goals and marketing goals.
  - C. none of the above.
  - D. all of the above.
47. Which is NOT a major design consideration for 'back office'?
- A. With respect to 'location'                -> it should be near the supply of resources.
  - B. With respect to 'process design'        -> it should be focused on efficiency.
  - C. With respect to 'physical setting'       -> it should be appealing to customers and employees.
  - D. With respect to 'operations strategy'   -> it should be based on low cost strategy.

48. The owner of a chain of book shops has to choose between three possible shopping malls (A, B, C) to locate her newest outlet. She will base her decision on three factors which are rated on a 10-point scale (parking facilities, security situation, rent to be paid per m<sup>2</sup>) each having a different weight, as is shown in the table. Which shopping mall will be most attractive for this owner?

Factor	Weight	Mall A	Mall B	Mall C
Parking	5	6	5	7
Security	2	7	9	1
Rent	3	5	5	7
<b>Total score</b>		<b>?</b>	<b>?</b>	<b>?</b>

- A. Mall A
- B. Mall B
- C. Mall C
- D. Mall B and C alike

49. Which of the following statements is/are correct?

- I The design of the 'serviscape' influences whether a 'cycle of success' will develop or not.
  - II 'Approach/avoidance' behaviour is reflected in entry behaviour but NOT in the degree of success of actual customer experience.
- A. Statement I and statement II are false
  - B. Statement I is false and statement II is correct
  - C. Statement I is correct and statement II is false
  - D. Statement I and statement II are correct.

50. Which combination LEAST adequately characterizes the more recent and advanced paradigm of innovation?

- A. concurrency and value chain
- B. concurrency and value constellation
- C. linearity and value constellation
- D. linearity and value chain

51. In the innovation portfolio a project which leads to noticeable but not altogether new services AND noticeable but not altogether new processes is called a

- A. breakthrough project
- B. derivative project
- C. platform project
- D. research project

52. With respect to creating and maintaining a balanced innovation portfolio, which influencing dimension is NOT mentioned in the textbook of Van Looy et.al.?

- A. Reward versus risk expectations..

- B. Time-to-market distributions.
- C. Human resources qualifications.
- D. Life cycle considerations.

53. Which of the following statements is/are correct?

- I The less familiar a company is with a technology which it needs for innovation, the more it should acquire lacking competencies via an embodied transfer mode.
  - II In the make-or-buy decision spectrum an alliance is a way to allow for 'buy' considerations while maintaining some 'make' aspects at the same time.
- A. Statement I and statement II are false
  - B. Statement I is false and statement II is correct
  - C. Statement I is correct and statement II is false
  - D. Statement I and statement II are correct.

54. In safeguarding a firm's longevity decisions with respect to setting objectives for a desirable future are related to the strategic question

- A. What are we allowed to do?
- B. What can we do?
- C. What should we do?
- D. What do we want to do?

55. Porter distinguishes three types of strategies. Which of the following strategies does **NOT** belong to Porter's strategy typology?

- A. A cost leadership strategy
- B. A market leader strategy
- C. A differentiation strategy
- D. A focus strategy

56. Which of the following statements is/are correct?

- I A competitive advantage can NOT be destroyed by mechanisms such as imitation and resource mobilization.
  - II Substitution becomes possible when a new technology leads to a new service which fulfils the same function for the same customers.
- A. Statement I and statement II are false
  - B. Statement I is false and statement II is correct
  - C. Statement I is correct and statement II is false
  - D. Statement I and II are correct.

57. Which of the following statements is/are correct?

- I Value creation by the service provider may be hindered severely because of insufficient performance of the client in other value creating activities, which are necessary for creating the over all service.
  - II Introducing technology as a substitute for the human factor may allow the client to become more involved in the service delivery process and so result in cost savings.
- A. Statement I and statement II are false
  - B. Statement I is false and statement II is correct
  - C. Statement I is correct and statement II is false
  - D. Statement I and II are correct.

58. Which of the following dimensions is NOT part of the SERVQUAL model?

- A. Reliability
- B. Flexibility
- C. Assurance
- D. Empathy

59. What is the meaning of “empathy”?

- A. the capacity to respond to change quickly
- B. the capacity to recognize or understand another's state of mind or emotion
- C. Neither A nor B

60. Which of the following promotional channels is not relevant in the alignment and specification stage of the service delivery process?

- A. PR and Sponsoring
- B. One-way media communication
- C. Surroundings communication
- D. Personal communication