



Faculty of Economics and Business Administration

Exam: Business Administration in the Service Industry (BASI 1.1)

Code: 61111030

Coordinator: dr. M. J. Flikkema

Date: October 26th 2010

Time: 11:45 – 13:45 hrs

Duration: 2 hours

Calculator allowed: Yes

Graphical calculator allowed: No

Number of questions: 60

Type of questions: Multiple choice

Answers:	Use the provided form to mark the answers <u>Don't forget to mark the version letter on the form</u> <u>This is version A !</u>
----------	---

Note: The exam is governed by the Academic and Examination Regulations and the Regulations and Guidelines for (interim) examinations of the Faculty of Economics and Business Administration

Credit score: Scoring 40 out of 60 questions means a grade of at least 5,5 (five and half)

Grades: The grades will be made public on: Tuesday November 9th at the latest

Inspection: For this exam no review session is scheduled. Issues with respect to the outcome of the exam may be directed via email to the coordinator of the course

Number of pages: 12 (including front page)

Succes!

1. Which of the following is - according to Van Looy *et al.* (2003) - NOT a distinctive service characteristic?
 - A. Intangibility
 - B. Simultaneity
 - C. Responsiveness
 - D. Heterogeneity

2. Which of the following statements is/are correct?
 - I Maintenance interactive services are standardized services.
 - II Providing therapy is 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.

3. Which of the following statements is/are correct?
 - I Visiting a concert in the Heineken Music Hall can be considered as buying a professional service.
 - II Teaching BASI 1.1 at VU University is an example of providing task-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.

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. Supportive stakeholders have a
 - A. High potential for threat to the organization and a high potential for cooperation with the organization.
 - B. Low potential for threat to the organization and a low potential for cooperation with the organization.
 - C. High potential for threat to the organization and a low potential for cooperation with the organization.
 - D. Low potential for threat to the organization and a high potential for cooperation with the organization.

6. Which of the following statements is/are correct?
- I. Servitization of the industrial sector means that the borders between manufacturing firms and service firms become blurred.
 - II. Adding intangible elements to a manufacturing firm's offering hinders successful imitation attempts 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.
7. Which of the following statements is/are correct?
- I. Empowerment is NOT a prerequisite for a smooth servitization process at the firm level.
 - II. Customer 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.
8. Which of the following statements is/are correct?
- I. By definition, a customer having a positive attitude towards its supplier is a loyal customer.
 - II. The word-of-mouth effect is a possible cause of a service firm's decreasing profitability.
- 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.
9. Which actors are NOT represented in Heskett's service profit chain?
- A. customers
 - B. employees
 - C. suppliers
 - D. neither A nor B nor C
10. The value spectrum model emphasizes the importance of the relationship between
- A. value potential and customer satisfaction
 - B. customer loyalty and employee retention
 - C. value potential and customer loyalty
 - D. neither A nor B nor C
11. When customers get acquainted with a new service brand as a consequence of communication efforts by its provider, these efforts have led to
- A. cognitive effects
 - B. affective effects
 - C. behavioural effects
 - D. neither A nor B nor C

12. Which of the following statements is/are correct?
- I Advertisement of Walibi World in Flevoland takes informational needs as the basis of their message.
 - II Positively oriented buying motives refer to transformational needs.
- 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.
13. When drawing up a promotion plan, the right sequence of stages is;
- A. assigning budgets – selecting channels – determining audiences – setting objectives
 - B. selecting channels – determining audiences – assigning budgets – setting objectives
 - C. determining audiences – setting objectives – assigning budgets – selecting channels
 - D. setting objectives – determining audiences – selecting channels – assigning budgets
14. Offering customers ‘Two for the price of one’ is an example of
- A. a pricing strategy
 - B. a pricing structure
 - C. a pricing objective
 - D. a pricing tactic
15. If the unit cost of a service is € 4000 and the desired mark-up is 20%, then the mark-up price is
- A. € 3200
 - B. € 4800
 - C. € 5000
 - D. Neither A nor B nor C.
16. Which of the following statements does refer to price discrimination?
- A. The different market segments are geographically nearby and easily approachable
 - B. The different market segments are identifiable and a mechanism exists to charge them different prices.
 - C. The different market segments differ in prosperity and have different needs
 - D. Neither A nor B nor C
17. Which of the following answers is NOT a dimension of the latest SERVQUAL model?
- A. Tangibles
 - B. Empathy
 - C. Flexibility
 - D. Responsiveness
18. 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

19. In assessing whether a complaint should receive priority or not, the criterion should be the business at risk. This depends NOT on the following factor:
- A. Problem characteristics
 - B. Expected action by the complainer
 - C. Expected action by competitors
 - D. Neither A nor B nor C
20. Complainers not only demand a quick response, they also expect proper redress. Customers judge the redress by:
- A. The routing
 - B. The sincerity
 - C. The employee empowerment
 - D. Neither A nor B nor C
21. Which of the following statements is/are correct?
- I. A service guarantee makes a customer a meaningful promise and specifies a pay out and an invocation procedure in case of underperformance.
 - II. In case of a service guarantee the service performance is a joint responsibility of the supplier and the customer.
- 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.
22. Which of the following statements about service level agreements (SLA's) is/are correct?
- I SLA's are used in both Business-to-Business and Business-to-Consumer relationships.
 - II The promise in SLA's is the result of a negotiation 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.
23. Internal service guarantees or internal service level agreements
- A. are possible only between EDP (electronic data processing) departments and other departments
 - B. are not possible because providers and customers are part of the same organization
 - C. are useful because they help to counteract monopolies of internal suppliers
 - D. are not useful because they cause distrust inside the organization
24. The concept of the 'satisfaction mirror' is primarily about the relationship between
- A. Employee satisfaction and customer satisfaction
 - B. Employee satisfaction and employee retention
 - C. Customer satisfaction and customer retention
 - D. None of the above

25. Which element should be reflected in HR practices for services?
- A. Empowerment
 - B. Collaboration
 - C. Competence
 - D. All of the above.
26. A competency profile for a specific function shows
- A. The competencies which are relevant for this function
 - B. For each competency the required level
 - C. Both A and B
 - D. Neither A nor B
27. Which of the following statements is/are correct?
- I Personal characteristics are situated 'on the surface' of a person.
 - II Technical competencies are –on the average- equally important for each type of service.
- 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.
28. Which is NOT typically part of an assessment centre?
- A. A large scale survey among employees
 - B. Videotape recording of concrete simulations
 - C. Use of trained assessors
 - D. Observation of actual behaviour.
29. In leadership styles the combination of active and autocratic behaviour is typical for
- A. Overpowering leadership
 - B. Powerless leadership
 - C. Power-building leadership
 - D. Empowering employees
30. Which of the following statements is/are correct?
- I Employees with a high level of empowerment contribute more to service quality and, in the end, to profitability
 - II Of the three HRM models presented in the textbook the Michigan model is the most context-specific one
- 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.

31. In order to systematically take care of customer needs in developing service processes, quality function deployment is used as a process tool
- A. monitoring
 - B. design
 - C. simulation
 - D. re-engineering
32. A company that wants to re-engineer processes has to walk to the following 6 Rs:
- A. Realization, Requirements, Rethink, Redesign, Retool and Re-evaluate
 - B. Realization, Reconsider, Rethink, Redesign, Retool and Re-evaluate
 - C. Realization, Requirements, Rediscover, Redesign, Retool and Re-evaluate
 - D. Redefinition, Requirements, Rediscover, Redesign, Retool and Re-evaluate
33. The four sub-systems of logistics are called:
- A. Purchasing logistics, production logistics, distribution logistics and reverse logistics
 - B. Procurement logistics, purchasing logistics, materials logistics and reverse logistics
 - C. Supply logistics, manufacturing logistics, distribution logistics and services logistics
 - D. Purchasing logistics, distribution logistics, supply logistics and returns logistics
34. Which one is NOT a particular problem of managing capacity in service organizations?
- A. Capacity cannot be stored
 - B. Production and consumption are simultaneous
 - C. Service is intangible
 - D. Service is expensive
35. Which are NOT means to influence demand in capacity management?
- A. Price incentives
 - B. Demand forecasting systems
 - C. Reservation systems
 - D. Promoting off-peak demand
36. Which of the following statements is/are correct?
- I Capacity management consists of capacity planning and capacity scheduling.
 - II Yield management is the process of allocating the right type of capacity to the right kind of customer at the right price so as to maximize revenue.
- 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.

37. What of the following resembles the characteristics of a yield management environment best?
- Flexible capacity, the ability to segment markets and perishable inventory
 - Fixed capacity, stable demand patterns and advanced reservations
 - Fixed capacity, possibility to segment markets and perishable capacity
 - High marginal sales costs and low costs to change capacity, one unsegmented market
38. Which of the following statements is/are correct?
- Facilities management (FM) is concerned with all the INtangible aspects of the service delivery system.
 - A facilities manager is concerned with the design of the servicescape.
- Statement I and statement II are false
 - Statement I is false and statement II is correct
 - Statement I is correct and statement II is false
 - Statement I and II are correct.
39. An owner of a chain of shoe shops has to choose between three possible shopping malls (X,Y,Z) where to locate his 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 m²) each having a different weight, as is shown in the table. Which shopping mall will be most attractive for this owner?

Factor	Weight	Mall X	Mall Y	Mall Z
Parking	5	6	5	7
Security	2	7	9	1
Rent	3	5	5	7
Total score		?	?	?

- Mall X
 - Mall Y
 - Mall Z
 - Mall Y and Z alike
40. Which is NOT a design consideration for the front office?
- Operations must be near the customer
 - Focus on efficiency through economies of scale
 - Appeal to customers and employees alike
 - Differentiation strategy
41. In chapter 17 of the textbook (and in the lecture about social media) the change from a 'market place' towards a 'market space' is discussed. Which description best reflects this development?
- The increased use of 3D Virtual Worlds for selling services
 - The increasing 'virtualisation' of relations between firms and consumers due to the rise of ICT (E-business a.o.)
 - The globalisation of the world market
 - The fact that roles of supplier, buyer and intermediary increasingly are becoming mixed

42. In the lecture about social media ICT-developments have been presented which also have led to the development of social media. Which is an example of a relevant development at the level of 'systems software'?
- A. Increased transmission capacity by smarter protocols
 - B. Increased transmission capacity by the rise of glass fibre cable
 - C. Increased integration of functions like storing content, cooperation and communication
 - D. Increased mobility of work due to the introduction of the iPad.
43. In the lecture about social media the relation between (1) technology, (2) organisation and (3) individuals has been discussed as it has formed the creation and impact of social media. Which statement best describes this relationship?
- A. Technology leads toward changes in organisations; organisations pass these changes on towards individual employees.
 - B. Individual employees create new ways of working; these ways change the organization; and technology is adapted to meet this organizational change.
 - C. The environment of organisations changes; therefore they need a new kind of employees and new technologies to adapt themselves to the environment.
 - D. Technology, organisation and individual influence each other in continuous interaction, without any clearly distinguishable cause or effect.
44. The 'commodity magnet' is a concept which depicts 'how high value, high cost' services are pulled towards areas where market prices are below the cost of the service and value creation becomes absent. Which way helps to stay or regain a value creating E-business in services?
- A. Enhance efficiency and increase consumer retention
 - B. Bundle offerings and produce novelty
 - C. All of the above
 - D. None of the above
45. In McAfee's article ("Shattering the myths about Enterprise 2.0") a couple of misunderstandings about social media are discussed. Why, according to McAfee (also see the lecture), is it NOT true that social media (or Enterprise 2.0 in McAfee's words) derive their value mostly because the information which is created with these applications?
- A. Because the quality of this information in general is very poor.
 - B. Because this information indeed possesses high quality, but it is irretrievable (hard to find) because of the unstructured and bottom-up characteristics of social media.
 - C. Because the most important value brought about by social media stems from the (new) connections which are created between people.
 - D. Because the most important value brought about by social media stems from their contribution to service innovation.
46. In their article ("Users of the world unite") Kaplan and Haenlein make a distinction between various categories of social media. To which category do wiki's belong?
- A. Blogs
 - B. Content communities
 - C. Collaborative projects
 - D. Social networking sites

47. In their article, Bernoff & Schadler define a new type of worker, called 'HEROes' (an acronym for Highly Empowered and Resourceful Operatives. What statement is/are correct?
- I HEROes do feel empowered AND act resourceful.
 - II HEROes are highly independent which goes so far that they don't need any management guidance nor IT-support and still they do what is best for the company and its customers.
- 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.
48. Let's assume the airline company Ryanair, in its innovation program, starts a new business named 'RyanOcean' which offers sea freight transport services. In its portfolio this project would be most suitably qualified as a
- A. research project
 - B. derivative project
 - C. platform project
 - D. break through project.
49. 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 disembodied transfer.
 - II In the make-or-buy decision spectrum venture capital investments is a way to facilitate a 'buy' decision.
- 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. According to Flikkema, innovation in services is about recombining
- A. products, promotion and pricing
 - B. products, places and performances
 - C. promotion, pricing and performance
 - D. places, pricing and profit
51. In chapter 20 of Van Looy et.al, which pair is identified as drivers for internationalization?
- A. Leisure travelling to exotic destinations and mobile internet
 - B. Local/regional wars and global NGO's (non-governmental organizations)
 - C. Global customers and outsourcing by multinational firms
 - D. English as common language and international culinary tastes

HC-10

52. Which of the following statements is/are correct?
- I The societal culture in the United States of America is clearly individualistic and future oriented.
 - II McDonald's serving beer in Belgium is an example of how to solve a conflict between firm values and host country assumptions.
- 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.
53. Which internationalization strategy leads towards an unstable situation and thus makes a move to another strategy advisable?
- A. Global strategy
 - B. Multi-domestic strategy
 - C. Transnational strategy
 - D. International strategy
54. In safeguarding a firm's longevity the strategic question 'what are we allowed to do' is directed at
- A. setting objectives towards a desirable future
 - B. managing the firm-environment fit
 - C. resources and resource allocation patterns
 - D. defining ethical standards and corporate values
55. The Antoni van Leeuwenhoek Hospital in Amsterdam is exclusively dedicated to top level treatment of patients with oncological disorders ('cancer'). According to Porter's strategy typology this example is most accurately categorized as
- A. cost leadership strategy
 - B. differentiation strategy
 - C. cost leadership strategy combined with focus strategy
 - D. differentiation strategy combined with focus strategy
56. Which of the following statements is/are correct?
- I A competitive advantage can be destroyed by mechanisms such as substitution and resource mobilization.
 - II Corporate culture is easy to imitate and will not contribute to a sustainable competitive advantage.
- 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 'spread' does a bank charge for a loan it provides to companies, in addition to the funding costs?
- A. Spread for expected losses on loans, costs of buffer (equity) and operating costs
 - B. Spread for expected losses on loans and costs of buffer (equity)
 - C. Spread for expected losses on loans and operating costs
 - D. Spread for costs of buffer (equity) and operating costs.
58. What is the immediate cause of the credit crisis in 2007?
- A. The fact that banks no longer trust each other
 - B. The sharp decrease in the exchange rate of subprime mortgages in the US
 - C. Intervention by the central bank in weak banks
 - D. The bonus system for managers at banks.
59. The total amount of subprime mortgages that was provided in the US in the middle of 2007 was most close to
- A. 10.000 billion US dollar
 - B. 1.500 billion US dollar
 - C. 2.400 billion US dollar
 - D. 900 billion US dollar
60. According to Reinartz & Kumar (in their Harvard Business Review whitepaper) no company should ever take for granted the idea that managing customers
- A. for loyalty is the same as managing them for profits.
 - B. for loyalty is the same as managing them for cost reduction.
 - C. for satisfaction is the same as managing them for profits.
 - D. for satisfaction is the same as managing them for cost reduction.

Don't forget to mark the version letter on the form

This is version A !