

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

Code: E_BK1_BASI

Coordinator: dr. M. J. Flikkema

Date: Tuesday October 25th 2011

Time: 15:15 – 17:15 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

Don't forget to mark the version letter on the form **This is version A !**

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 38 (37,5) out of 60 questions means a grade of at least 5 (five)

Grades: The grades will be made public on: Tuesday November 8th at the latest, as well as the final credit score.

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)

Success!

1. Which of the following is - according to Van Looy *et al.* (2003) - NOT a distinctive service characteristic?
 - A. Intangibility
 - B. Reliability
 - C. Heterogeneity
 - D. Perishability
2. Mills and Margulies rank services according to the nature and intensity of contact. Which sequence ranks services from low to high intensity of contact?
 - A. Maintenance-interactive / Task-interactive/ Personal-interactive services
 - B. Personal-interactive / Maintenance-interactive/ Task-interactive services
 - C. Task-interactive / Personal-interactive services/ Maintenance-interactive services
 - D. Personal-interactive / Task-interactive/ Maintenance-interactive services
3. Which of the following statements with respect to Maister's framework of service classification is/are correct?
 - I The service provided by a tax specialist can be labelled as a 'pharmacist'-type service.
 - II The service provided by a waiter in a restaurant can be labelled as a 'nurse'-type 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 II are correct.
4. Which of the following statements with respect to Savage's *et. al* (1991) view on stakeholders is/are correct?
 - I. An institutional stockholder is an example of a secondary stakeholder
 - II. A consumer interest group is an example of a primary stakeholder
 - 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. Mixed blessing stakeholders, according to Savage *et al* (1991), 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. Servitization is prompted by at least two motives: (i) more fully satisfying customer needs and (ii) differentiating one's firm from its 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 activities is NOT indicated by Van Looy et.al as relevant to make a smooth transition towards servitization?
- A. Install a detailed customer information system
 - B. In the organization: replace vertical structures by horizontal structures
 - C. Induce in the employees a service orientation
 - D. Make the back office larger and the front office smaller
8. Which of the following statements is/are correct?
- I. By definition, a customer having a positive buying pattern is a 'true loyal' customer.
 - II. Different types of loyalty –for example “barnacles” or “true friends”- are characterized by differences in frequency and profundity of the relationship between customer and service provider.
- 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 type of actors is represented in Heskett's service profit chain?
- A. shareholders
 - B. customers
 - C. managers
 - D. suppliers
10. The value spectrum model indicates
- A. the value of all services which a service provider offers
 - B. the distribution of marketing costs over customer segments
 - C. various customer segments according to their value potential AND their loyalty
 - D. neither A nor B nor C
11. When customers try and adopt a new service as a consequence of communication efforts by its provider, these efforts have, ultimately, led to
- A. cognitive effects
 - B. affective effects
 - C. behavioural effects
 - D. neither A nor B nor C

12. Buying motives are divided into informational and transformational motives. Which statement is correct?
- A. Informational motives are positively oriented towards problem solving
 - B. Transformational motives are positively oriented towards enjoyment
 - C. Informational motives are negatively oriented towards enjoyment
 - D. Transformational motives are negatively oriented towards problem solving
13. When drawing up a promotion plan, the right sequence of stages is;
- A. assigning budgets – selecting channels – determining audiences – setting objectives
 - B. setting objectives – determining audiences – selecting channels – assigning budgets
 - C. determining audiences – setting objectives – assigning budgets – selecting channels
 - D. selecting channels – determining audiences – assigning budgets – setting objectives
14. Making decisions on what will or will not be included in the price of a service is part of the
- A. pricing objective
 - B. pricing strategy
 - C. pricing structure
 - D. pricing tactic
15. If the unit cost of a service is € 4000 and the mark-up price is set at € 5000, that means a desired mark up of
- A. 15%
 - B. 20%
 - C. 25%
 - D. Neither A nor B nor C.
16. Price discrimination is possible under certain circumstances. Which is a valid one?
- A. Different market segments should be equally sensitive to different prices
 - B. Access to lower prices can easily be passed to all segments
 - C. Offer of different prices does not confuse customers
 - D. Fierce competition.
17. Which of the following answers is NOT a dimension of the latest SERVQUAL model?
- A. Tangibles
 - B. Reliability
 - C. Price
 - D. Empathy
18. Adequately dealing with complaints is very important. Which of the following factors helps to establish satisfaction with complaint handling?
- A. Reducing the number of frontline staff
 - B. Ignoring the receipt of a complaint
 - C. Handling complaints on a first come-first served basis
 - D. Neither A nor B nor C

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. Customer characteristics
 - C. Expected action by the complainer
 - D. Expected action by government
20. Complainers not only demand a quick response, they also expect proper redress. Customers judge the redress by:
- A. The compensation (symbolic or complete)
 - B. The comparison with other customers
 - C. The employee empowerment
 - D. Neither A nor B nor C
21. Which of the following statements is/are correct?
- I. With a service level agreement the established 'promise' is the result of negotiation between provider and receiver.
 - II. In case of a service guarantee the service performance is a responsibility of the supplier only.
- 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. Service guarantees are exclusively used in Business-to-Consumer relationships.
 - II. SLA's best belong to long-lasting customer-supplier relationships
- 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 most prominent lesson of the 'cycle of failure' and the 'cycle of success' is the relationship between
- A. Customer satisfaction and customer retention
 - B. Customer satisfaction and employee retention
 - C. Employee satisfaction and customer satisfaction
 - D. Employee satisfaction and employee retention

25. Which element is a source for employee satisfaction?
- A. Latitude to meet the customer
 - B. Authority to serve the customer
 - C. Rewards for serving the customer well
 - D. All of the above.
26. Which sequence points to an increasing level of customer orientation?
- A. Showing consideration for customers - Taking concrete action to meet customer preferences - Looking for ways to improve customer service
 - B. Taking concrete action to meet customer preferences - Looking for ways to improve customer service - Showing consideration for customers
 - C. Looking for ways to improve customer service - Showing consideration for customers - Taking concrete action to meet customer preferences
 - D. Neither A nor B
27. Which of the following statements is/are correct?
- I Behavioural repertoire is situated 'on the surface' of a person.
 - II Personal characteristics are - on average- equally important in 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. Setting up simulations corresponding to the actual role to be performed
 - B. Observing actual behaviour
 - C. Use of trained assessors
 - D. Use of interviews
29. In leadership styles the combination of passive and democratic behaviour is typical for
- A. Overpowering leadership
 - B. Powerless leadership
 - C. Power-building leadership
 - D. Empowering leadership

30. Which of the following statements is/are correct?
- I The Harvard model of HRM is broader than the Michigan model as it recognizes more stakeholders than just employees
 - II Of the three HRM models presented in the textbook the Warwick 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 service process design several variables have to be taken into account to determine the type of service to be designed. Services that are equipment focused, with a low degree of customization, and a high proportion of back office staff are labelled (by Silvestro et. al):
- A. professional services
 - B. service shop
 - C. mass services
 - D. general services
32. Re-engineering service processes entails rethinking the existing situation, using several considerations. What consideration is of over-arching importance to decide whether an activity should be maintained or deleted (as 'waste') from the process?
- A. The cost of this activity
 - B. The time required for this activity
 - C. The employee satisfaction with this activity
 - D. The added value of this activity
33. The four sub-systems of logistics are called:
- A. Supply logistics, manufacturing logistics, distribution logistics and services logistics
 - B. Procurement logistics, purchasing logistics, materials logistics and reverse logistics
 - C. Purchasing logistics, production logistics, distribution logistics and reverse logistics
 - D. Purchasing logistics, distribution logistics, supply logistics and returns logistics
34. How can you refer to the demand for sugar on an airplane?
- A. As an independent demand item
 - B. As a dependent demand item
 - C. As a pseudo-independent demand item
 - D. As a pseudo-dependent demand item
35. Most service organizations explicitly or implicitly try to influence demand patterns to provide a better match between supply (i.e. the available capacity) and demand. When hotels in ski-resorts offer a range of summer sports activities like mountain biking or hiking trips, this would be called:
- A. Altering the product/service
 - B. Promoting off-peak demand
 - C. Advertising
 - D. Introducing price-incentives

36. Yield management is the process of allocating the right type of capacity to the right type of customer at the right price to maximize revenue or yield. Organizations may be confronted with the need to do yield management if
- A. markets cannot be segmented but capacity is perishable
 - B. markets can be segmented and capacity is not perishable
 - C. markets cannot be segmented and capacity is not perishable
 - D. markets can be segmented and capacity is perishable
37. Which of the following statements is/are correct?
- I. Front offices are best placed near the supply of skilled or cheap resources and facilities
 - II. In a front office it is relevant to make the environment appealing for both customers and employees
- 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.
38. Which of the following statements is/are correct?
- I. Facilities management (FM) is concerned with all the INtangible aspects of the service delivery system.
 - II. A facilities manager is concerned with the design of the servicescape.
- 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.
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	4	5	7
Total score		?	?	?

- A. Mall X
 - B. Mall Y
 - C. Mall Z
 - D. Mall Y and Z alike
40. Which is NOT a design consideration for the back office?
- A. Operations must be near the customer
 - B. Focus on efficiency
 - C. Appeal to employees
 - D. Low-cost 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?
- A. The increased use of 3D Virtual Worlds for selling services
 - B. The increasing 'virtualisation' of relations between firms and consumers due to the rise of ICT (E-business a.o.)
 - C. The globalisation of the world market
 - D. The fact that roles of supplier, buyer and intermediary increasingly are becoming mixed
42. The lecture on social media started with a definition of what social media are. According to this lecture and the paper by Kaplan and Haenlein ("Users of the world unite"), what is the relationship between Web 2.0 and social media?
- A. Web 2.0 is the predecessor of social media.
 - B. Web 2.0 is the newest generation of social media.
 - C. Web 2.0 is about the network infrastructure (cables and servers), social media about the software on that infrastructure.
 - D. Web 2.0 provides the platform (the technological and ideological foundations) for social media.
43. In Chapter 17 of Van Looy et al., and the lecture on social media, the shift from a market place to a market space was discussed. The theory of "media richness" was used to explain for which kinds of services this shift would be more relevant. Following the logic in the book chapter, which kinds of services are least likely to shift towards the market space?
- A. Maintenance-interactive services
 - B. Personal-interactive services
 - C. Virtual-inactive services
 - D. Task-interactive services
44. In the lecture on social media, a number of developments in the area of ICT (Information and Communication Technology) were described that have been conducive to the emergence of social media. Three levels were distinguished: infrastructure, systems software and applications software. What is an example of a relevant development at the level of "infrastructure"?
- A. Increased processing capacity of computers
 - B. Increased transmission capacity through smarter protocols such as MPEG.
 - C. Increased integration of different functionalities in applications, such as storing content, collaboration and communication.
 - D. The emergence of the 3G network.

45. One of the myths that McAfee discusses in his paper on “Shattering the myths about Enterprise 2.0” is that the ROI of Enterprise 2.0 must be calculated in monetary terms. Why is this a myth in McAfee’s opinion – in other words, why does he say this is not correct?
- A. Because there is absolutely no money to be made with Enterprise 2.0.
 - B. Because the main value of Enterprise 2.0 is in developing the organization’s intangible assets (such as knowledge, and customer intimacy).
 - C. Because using social media for interaction with customers will always lead to reputation damage for an organization.
 - D. Because the main value of Enterprise 2.0 is not in the information it generates, but in the connections it establishes.
46. In the lecture on social media, and the Kaplan and Haenlein paper (“Users of the world unite”), different categories of social media are distinguished based on their “media richness”. What are the two categories of social media that score the lowest on media richness according to Kaplan and Haenlein?
- A. Collaborative projects and virtual game worlds
 - B. Social networking sites and content communities
 - C. Blogs and collaborative projects
 - D. Social networking sites and blogs.
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. NS (Nederlandse Spoorwegen), in its innovation program, has decided to install free Internet access in its new trains and later on also in its older trains. In its innovation portfolio, what type of innovation project is this?
- A. a research project
 - B. a derivative project
 - C. a platform project
 - D. a break through project.

49. Which of the following statements is/are correct?
- I The more familiar a company is with a technology which it needs for innovation, the more it is able to acquire lacking competencies via disembodied transfer (= without use of people, but for instance only using information transfer).
 - II In the spectrum of make-or-buy decisions, internal ventures are a way to hold on to talented entrepreneurial employees who otherwise might leave the company to start their own firm..
- 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. The success of an innovation project depends, among others, on
- A. customer involvement
 - B. supplier involvement
 - C. both customer involvement and supplier involvement
 - D. neither customer involvement nor supplier involvement
51. In chapter 20 of Van Looy et.al, which pair (a.o.) is identified as drivers for internationalization?
- A. Leisure travelling to exotic destinations and mobile internet
 - B. Homogenization of customer needs and global segmentation
 - C. Local/regional wars and global NGO's (non-governmental organizations)
 - D. English as common language and international culinary tastes
52. Which of the following tests is NOT in Flikkema's list of new service design tests?
- A. The feasibility test
 - B. The sustainability test
 - C. The market advantage test
 - D. The mother-in-law test
53. Which internationalization strategy is characterized by a simultaneous need for both local responsiveness and global integration?
- A. Global strategy
 - B. Multi-domestic strategy
 - C. Transnational strategy
 - D. International strategy
54. In safeguarding a firm's longevity the strategic question 'what do we want 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. What should a bank charge to their borrowers on top of the funding costs?
- A. a spread reflecting the expected loss, costs of risk capital and operational costs
 - B. a spread reflecting the expected loss and costs of risk capital
 - C. a spread reflecting the expected loss and operational costs
 - D. a spread reflecting the expected loss, costs of debt and operational costs
56. What is contributing mostly to the total spread (lending rate minus funding rate) for European Banks before the banking crisis in 2008?
- A. Asset spread
 - B. Funding spread
 - C. Interest rate
 - D. Euribor
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. Which parameter is not included in the Basel II capital requirement model?
- A. C confidence level
 - B. PD, probability of default
 - C. ρ , correlation coefficient
 - D. N, number of obligors in the portfolio
59. What is Flikkema's opinion on customer experience management (CEM)?
- A. CEM is designing, delivering and evaluating branded experiences.
 - B. CEM is designing, testing and evaluating branded experiences.
 - C. CEM is testing, delivering and evaluating branded experiences.
 - D. CEM is designing, testing and implementing branded experiences.
60. What is NOT a characteristic of every service experience? Every service experience is...
- A. strictly personal
 - B. tangible
 - C. the consequence of interacting with a service firms' delivery system
 - D. Neither A nor B nor C

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

This is version A !