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Section 1 - Section 1

1) A is an exceptional surgeon working in Hospital K. He decides to decline an offer from a newly set up Hospital - B which is still in the process of adding in the necessary infrastructure. From an RBV perspective, his decision is most likely to be driven by which of the following reasons:

- A) None of these
  - B) Need for interconnected resources
  - C) Need for professional recognition
  - D) Need for increased pay
- 

2) Which of the following statements is/are INCORRECT ways of explaining corporate and business strategy?

- A) Corporate strategy is the task of domain navigation and business strategy is the task of domain selection
  - B) Corporate strategy answers the question 'Where to compete?
  - C) Corporate strategy defines the industries and markets in which it competes and business strategy is concerned with how the firm competes within a particular industry or market
  - D) Corporate strategy helps a firm to locate in an industry where the overall rates of return are attractive and business strategy helps a firm to attain a position of advantage vis-a-vis its competitors within that industry and thus earn a return in excess of the industry average
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3) Wal-Mart's ability to negotiate a hard bargain with suppliers can be a source of competitive advantage if

- A) there is economies of scope
- B) there is economies of scale
- C) other retailers can replicate over time
- D) other retailers find it difficult to imitate

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4) Plant and machinery form the \_\_\_\_\_ resources for a firm

- A) All of the above
  - B) Capable
  - C) Tangible
  - D) Intangible
- 

5) Which of these makes it relatively easier to imitate resources?

- A) Interconnected asset stocks
  - B) Resource compression diseconomies
  - C) Path dependence
  - D) Visible assets
- 

6) Naukri.com is a job portal which has both the highest number of job seekers and also the highest number of employers seeking candidates registered on its platform. The source of competitive advantage for Naukri.com in this case can be attributed to:

- A) Social complexity
  - B) Access to unique candidate profiles
  - C) causal ambiguity
  - D) network effects
- 

7) Industry analysis using IO is \_\_\_\_\_ focused where as RBV is \_\_\_\_\_ focused.

- A) external, internal
- B) Competition, strategy
- C) resource, advantage
- D) internal, external

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8) The VRIN test for evaluating resources and capabilities under RBV does NOT include –

- A) The resource should be non-substitutable
  - B) The resource should be inimitable
  - C) The resource should be durable
  - D) The resource should be valuable and rare
- 

9) Competitive advantage can be defined as

- A) A concept that is meaningless because the definition requires so many approximations
  - B) A firm's ability to consistently outperform the stock market index in terms of shareholder returns
  - C) A firm's ability to achieve a greater market share than its competitors
  - D) The ability for a firm to earn a persistent rate of profit which is higher than its rivals
- 

10) Which of these is not a driver of cost advantage

- A) Capacity utilization
  - B) Production techniques
  - C) Differentiation variable
  - D) Economies of scale
- 

11) The following is/are a part of the organization's resource-based view of strategy analysis

- A) Intangible assets
- B) All of the above
- C) Capabilities
- D) Physical resources

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12) Southwest Airlines' activities to achieve lower cost have been well documented in academics and business press. Yet most of the low cost airlines fail to match its success while imitating its strategy. This can be explained by:

- A) Social complexity
  - B) Unique Organizational Culture
  - C) All of these
  - D) Interconnected resources
- 

13) Which of the following is easier to identify?

- A) Organizational capabilities
  - B) Organization culture
  - C) intangible resources
  - D) tangible resources
- 

14) When it is difficult to understand what a company's valuable resource/capability is and how to recreate it, then that characteristic of the resource, which makes it inimitable, is called –

- A) Economic deterrence
  - B) Causal ambiguity
  - C) Path dependency
  - D) Physical uniqueness
- 

15) Some of the resources become inimitable because of all that has happened over time along the path taken by the organization in their accumulation. This is called \_\_\_\_\_.

- A) Path dependency
- B) None of the above
- C) Causal ambiguity
- D) Physical uniqueness

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16) The primary concern of resource based view is industry selection and positioning

- A) Depends
  - B) FALSE
  - C) None of the above
  - D) TRUE
- 

17) Reputation assets is an example of

- A) Organizational Capability
  - B) Human resource
  - C) Intangible resource
  - D) Tangible resource
- 

18) Porter's five force analysis helps to understand why one \_\_\_\_\_ is more profitable than other, and resource based view helps to understand why one \_\_\_\_\_ is more profitable than other.

- A) industry, firm
  - B) firm, industry
  - C) industry, market
  - D) industry, resource
- 

19) Isolating Mechanisms in firms are similar to Entry Barriers in:

- A) Firms
  - B) Industry
  - C) Nations
  - D) Associations
-

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20) A firm possessing resources that are valuable, rare, difficult to imitate and difficult to substitute may not get sustained competitive advantage. This is possible if it fails to \_\_\_\_\_.

- A) replicate it
  - B) attract customer
  - C) gain market share
  - D) organizationally exploit it
- 

21) Which of these makes it costly to imitate resources?

- A) Asset mass efficiencies
  - B) Social complexity
  - C) Causal ambiguity
  - D) All of these
- 

22) Higher level of tacit knowledge can make it difficult to imitate because tacit knowledge can lead to \_\_\_\_\_.

- A) resource parity
  - B) path dependence
  - C) resource disadvantage
  - D) causal ambiguity
- 

23) Some of the critics of Porter's Five Forces framework say that the government is also an important force in an industry and hence should be included in the analysis. Porter's response to this is –

- A) The government is not important
- B) The government does not impact any of the five forces
- C) The government's actions are reflected through their impact on one of the five forces and hence naturally get included in the industry analysis
- D) None of the above

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24) Company A has successfully launched its product in the market and has reaped rich dividends for the same. S is a top executive of the firm who is planning to move out to start the same business supported by a few investors. 6 months later, despite the product launch S has not been able to replicate the same success as in company A. Which of these is a possible reason?

- A) Imperfect mobility of the resource
  - B) Firm performance differentials
  - C) None of these
  - D) Legal restrictions
- 

25) The threat of entry in any industry depends upon:

- A) The number of incumbents in that particular industry
  - B) The height of entry barriers that are present and the reaction from incumbents
  - C) The level of prices charged by the incumbents in the industry
  - D) The level of profitability of the industry
- 

26) If a resource or capability passes through all the tests of VRIN or VRIO framework under RBV, then it is said to provide the organization with –

- A) Temporary competitive advantage
  - B) Competitive disadvantage
  - C) Competitive parity
  - D) Sustainable competitive advantage
- 

27) Which of these is a tangible barrier to imitation by a competing firm?

- A) Path Dependence
  - B) Social Complexity
  - C) Causal Ambiguity
  - D) Patents
-

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28) Network externalities, which exist when the value of a product to an individual customer depends on the number of other users of that product, arises from the following source(s) –

- A) All of the above
  - B) Products where users are linked to a network
  - C) Economizing on switching costs
  - D) Availability of complementary products and services
- 

29) Differentiation offers a \_\_\_\_\_ basis for competitive advantage over low cost strategies because\_\_\_\_\_.

- A) Inferior, the high cost of differentiation erodes profitability over time.
  - B) Inferior, low cost strategies leverage on economies of scale and are thus more fundamental to the business.
  - C) Superior, differentiation efforts inherently drives costs down leading to dual advantage.
  - D) Superior, differentiation is less vulnerable to changes in external environment and replication is difficult for competition.
- 

30) From an RBV perspective, with respect to resources, the source of heterogeneity among firms is

- A) is way resources are acquired
  - B) the way resource value is calculated
  - C) the way resources are stored
  - D) the way firms bundle resources and their interconnected nature
- 

31) A differentiation advantage is said to exist when \_\_\_\_\_

- A) Causal ambiguity is sufficient to lead to uncertain imitability.
- B) Low cost strategy is susceptible to imitation.
- C) Low cost strategy offers inferior basis for sustainable competitive advantage.
- D) The price premium exceeds the cost of differentiation.

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32) Which of these is an inherent assumption in the Resource based view of the firm?

- A) Resource incarnation
  - B) Resource neutrality
  - C) Resource bricolage
  - D) Resource immobility
- 

33) The boundaries of any industry consist of:

- A) The scope of products or services
  - B) The level of competition
  - C) Both (A) and (B)
  - D) The geographic scope
- 

34) If your company enters into an arrangement with distributors such that it prohibits them from carrying products of competitors, then the threat of new entrants in your industry will decrease due to

- A) High capital investment required
  - B) Unequal access to channels of distribution
  - C) None of the above
  - D) Limited access to raw materials
- 

35) If an industry's key customer poses a very high threat of backward integration, then the bargaining power of buyers for that industry is considered –

- A) High
- B) None of the above
- C) Depends
- D) Low

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36) The Resource Based View of the Firm is aligned with which of the following constituents of the SWOT

- A) SW
  - B) ST
  - C) OS
  - D) OT
- 

37) The source of different firms having different competitive advantages emerges from Resource –

- A) Hysteria
  - B) Hierarchy
  - C) Homogeneity
  - D) Heterogeneity
- 

38) The primary objective of analyzing the external environment of a firm in any industry is:

- A) The sources of profit in the industry
  - B) The five forces of the Porter's model
  - C) The barriers of entry and exit in that industry
  - D) The expected level of profit in the mid-term for that industry
- 

39) Goodwill and patents are considered as \_\_\_\_\_ for a firm under RBV

- A) None of the above
- B) Capabilities
- C) Tangible resources
- D) Intangible resources

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40) The primary goal of resource analysis is to understand the potential for creating competitive advantage

- A) Depends
  - B) FALSE
  - C) None of the above
  - D) TRUE
- 

41) When the buyers' switching costs for your product are very high, then the bargaining power of buyers is –

- A) Low
  - B) Not related
  - C) High
  - D) None of the above
- 

42) Causal ambiguity makes it difficult to imitate

- A) All of these
  - B) across firms within the industry
  - C) across units within the firm
  - D) across industries
- 

43) Southwest Airlines' activities to achieve lower cost have been well documented in academics and business press. Yet most of the low cost airlines fail to match its success why imitating its strategy. This can be explained by?

- A) higher quality
- B) higher market share
- C) higher profitability
- D) resource inimitability

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44) Differentiation and Segmentation are different from each other. Differentiation is concerned with \_\_\_\_\_ a firm competes, while Segmentation is concerned with \_\_\_\_\_ a firm competes.

- A) how, why
  - B) how, where
  - C) why, how
  - D) where, how
- 

45) In RBV of the firm, the resources with each firm are \_\_\_\_\_

- A) unique and homogeneous
  - B) irrelevant
  - C) heterogeneous and unilateral
  - D) unique and heterogeneous
- 

46) Which of the following is not a generic strategy as propounded by Michael Porter

- A) Leverage Player
  - B) Differentiation
  - C) Focused Player
  - D) Overall Cost Leader
- 

47) Your firm is in an industry in which the exit barriers (e.g. government regulations for firms who want to leave the industry) are very high. Hence, the rivalry in your industry will be \_\_\_\_\_.

- A) Low
- B) Not impacted
- C) Can't say
- D) High

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48) The interpersonal relationships in a team can result in a basket ball team filled with star players losing to a well oiled basket ball team with lesser known players. Which of the following phenomenon can explain the performance difference:

- A) superior processes
  - B) network effects
  - C) Path dependence
  - D) Social complexity
- 

49) If a firm attempts to simultaneously implement a cost-leadership and product differentiation strategy then it risks the danger of being

- A) survive in the middle
  - B) more a differentiator than a cost leader
  - C) more a cost leader than a differentiator
  - D) stuck in the middle
- 

50) The primary goal of resource analysis is to value a company's assets.

- A) FALSE
- B) TRUE
- C) Depends
- D) None of the above

Section 2 - Section 2

51) Which of the following can act against a firm following a differentiation strategy?

- A) Uniqueness in offering isn't valued by customers
  - B) The product is an experience good
  - C) Inelastic consumer demand
  - D) Rapid technology changes
- 

52) Which of these analysis frameworks that helps classify the firm's activities

- A) Variance analysis
  - B) Variability analysis
  - C) Value-chain analysis
  - D) Value-add analysis
- 

53) A strategy which is an outcome of detailed and deliberate planning is called \_\_\_\_\_ strategy, whereas a strategy which is a result of the collective experience, learning and day-to-day prioritization decisions of managers is called \_\_\_\_\_ strategy.

- A) Realized, Intended
  - B) Intended, Emergent
  - C) None of the above
  - D) Emergent, Intended
- 

54) Which of these is a rationale for a firm to enter into multiple businesses? [V(A) represents the value of a business A and so on]

- A)  $\text{Cost (A + B + C)} > \text{Cost (A)} + \text{Cost (B)} + \text{Cost (C)}$
  - B)  $V (A + B + C) < V (A) + V (B) + V (C)$
  - C) None of these
  - D)  $V (A + B + C) > V (A) + V (B) + V (C)$
-

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55) In the BCG growth share matrix a cash cow is a business that has \_\_\_\_\_ and \_\_\_\_\_.

- A) low growth rate, low market share
  - B) low growth rate, high market share
  - C) high growth rate, high market share
  - D) high growth rate, low market share
- 

56) The Value Chain and RBV can be usefully combined to assess

- A) firm homogeneity
  - B) focus differentiation
  - C) how each of the firm's activities fare with regard to the VRIO conditions
  - D) focus cost leadership
- 

57) The purpose(s) of Porter's five forces framework is/are to:

- A) All of the above
  - B) Assess the industry attractiveness
  - C) Guide the strategic decisions and choices of the firm
  - D) Determine the profitability (or profit potential) of the industry
- 

58) The concept of 'core rigidities' implies that:

- A) Firms must convert static capabilities into dynamic capabilities
- B) The tenure of a CEO should not normally be allowed to exceed five years
- C) Firms must continually avoid becoming trapped by inertia
- D) Firms with the most highly developed capabilities may also have the greatest difficulty in developing new capabilities

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59) Firm A has made a huge financial investment recently in upgrading its manufacturing operations believing a commitment from its old client, Firm B. When A informed B about this investment, B held back the order for 6 months. B returned and then managed to negotiate for a better price for A's output. This is an example of:

- A) contract
  - B) value capture
  - C) hold up
  - D) value creation
- 

60) A company that is in the business of retailing synthetic fabric decides to manufacture the fabric in-house. This is an example of increase in \_\_\_\_\_.

- A) vertical scope
  - B) geographic scope
  - C) market scope
  - D) product scope
- 

61) If the expected retaliation from existing firms in an industry is very high, then the industry's attractiveness (as per Porter's five forces analysis) is –

- A) All of the above
  - B) Driven down
  - C) Increases
  - D) Hardly matters
- 

62) Porter's Five Forces framework is at the \_\_\_\_\_ level and Resource Based View (RBV) is at the \_\_\_\_\_ level

- A) Industry, Industry
  - B) Industry, Firm
  - C) Firm, Firm
  - D) Firm, Industry
-

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63) A cost leader's value chain is geared towards

- A) enhancing leadership across each of the firm's activities
  - B) enhancing differentiation across each of the firm's activities
  - C) enhancing cost reduction across each of the firm's activities
  - D) enhancing uniqueness of each of the firm's activities
- 

64) Cost leadership focuses on \_\_\_\_\_ where as differentiation strategy focuses on \_\_\_\_\_.

- A) reducing cost, increasing price
  - B) reducing cost, reducing price
  - C) reducing price, increasing cost
  - D) reducing cost, increasing willingness to pay
- 

65) In the Ashridge Portfolio Display, a business for which fit between parent's management style and the needs of the business is low, and the potential for the parent to add value to the business is high is considered as a \_\_\_\_\_ business

- A) heartland
  - B) value trap
  - C) alien territory
  - D) ballast
- 

66) L is a mobile handset manufacturer that is currently based in India. It now plans to launch the same products with additional language support in some African countries. This would be an example of increase in \_\_\_\_\_.

- A) venturing scope
- B) geographic scope
- C) vertical scope
- D) product scope

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67) Harley Davidson positions itself as a lifestyle beyond just a super bike with annual fairs, community drives and so on. What is the strategy followed here?

- A) Focused differentiation
  - B) broad cost leader
  - C) Broad differentiation
  - D) focused cost leader
- 

68) Which of these is not a way in which a product differentiator firm would differentiate itself on

- A) Product features
  - B) Reputation
  - C) Linkage between functions
  - D) Cost
- 

69) Porter's five forces analysis for an industry remains the same irrespective of whether it is done by an incumbent (insider/existing firm) or an outsider (or prospective entrant)

- A) TRUE
  - B) FALSE
  - C) None of the above
  - D) Depends
- 

70) If the barriers to entry for an industry are low, then the industry's attractiveness (as per Porter's framework) is –

- A) None of the above
- B) Not impacted
- C) High
- D) Low

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71) The Strengths and Weaknesses part of the SWOT analysis refers to \_\_\_\_\_ analysis, and the Opportunities and Threats part refers to \_\_\_\_\_ analysis

- A) Internal, External
  - B) External, External
  - C) Internal, Internal
  - D) External, Internal
- 

72) Which of these is not a reflection of a firm following cost leadership?

- A) Increased product mix and wider choices
  - B) Tight control on overhead costs
  - C) Efficient organization systems
  - D) Leveraging economies of scale to lower production cost
- 

73) An important implication of the resource-based perspective is that:

- A) Firms focus on preventing new entrants from entering the market
  - B) Firms focus on becoming first movers
  - C) Firms focus on uniqueness leading to increased firm heterogeneity
  - D) Firms tend to adopt similar or close strategies
- 

74) Porter's Five Forces framework is NOT a tool for \_\_\_\_\_ analysis

- A) None of the above
- B) Internal
- C) External
- D) Industry

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75) Bigbasket.com allows customers to order their groceries, vegetables online and get it home delivered at a convenient time. Which of these conditions would suggest it is following a differentiation strategy?

- A) It offers fresh fruits and vegetables at comparable price to physical retail store
- B) Its customers are loyal and don't mind paying higher than that of physical retail store
- C) When it tried to reduce the discounts some customers opted to buy from physical store
- D) It offers fresh fruits and vegetables at a lower price compared to physical retail store

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**ANSWER KEY****Question Paper No: 60921\_8**

|    |   |    |   |    |   |
|----|---|----|---|----|---|
| 1  | B | 26 | D | 51 | A |
| 2  | A | 27 | D | 52 | C |
| 3  | D | 28 | A | 53 | B |
| 4  | C | 29 | D | 54 | D |
| 5  | D | 30 | D | 55 | B |
| 6  | D | 31 | D | 56 | C |
| 7  | A | 32 | D | 57 | A |
| 8  | C | 33 | C | 58 | D |
| 9  | D | 34 | B | 59 | C |
| 10 | C | 35 | A | 60 | A |
| 11 | B | 36 | A | 61 | B |
| 12 | C | 37 | D | 62 | B |
| 13 | D | 38 | A | 63 | C |
| 14 | B | 39 | D | 64 | D |
| 15 | A | 40 | D | 65 | B |
| 16 | B | 41 | A | 66 | B |
| 17 | C | 42 | A | 67 | A |
| 18 | A | 43 | D | 68 | D |
| 19 | B | 44 | B | 69 | A |
| 20 | D | 45 | D | 70 | D |
| 21 | D | 46 | A | 71 | A |
| 22 | D | 47 | D | 72 | A |
| 23 | C | 48 | D | 73 | C |
| 24 | A | 49 | D | 74 | B |
| 25 | B | 50 | A | 75 | B |