

Section 1 - Advanced Corporate Strategy

1) Which of the following is true?

- A) All of the above
 - B) Operating a global supply chain has benefits of reduced costs, improved quality and enhanced value
 - C) An MNE can extend its product's life cycle by geographic diversification
 - D) Companies sometimes go global just to prevent future competition by pre-empting competitors and imitators
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2) The difference between related linked and related constrained diversification is

- A) The former involves leveraging more generic capabilities while the latter entails leveraging business specific capabilities
 - B) None of the above
 - C) The later involves leveraging more generic capabilities while the former entails leveraging business specific capabilities
 - D) Both types of diversification do not involve any sharing or leveraging of capabilities
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3) Which of the following about internationalization is not true?

- A) It cannot lead to transfer of ideas and technologies across countries
 - B) It can lead to some individuals, industries and sectors to benefit more than others
 - C) It can make MNEs seriously monopolistic that can exercise their power over regional economies
 - D) It can lead to more competition within a country and drive out inefficient domestic competitors or force them to improve
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4) Transaction costs do not include:

- A) Costs of negotiating a contract
- B) Costs of finding an appropriate supplier
- C) Setting up joint ventures with foreign firms
- D) Costs of monitoring and enforcing contracts

5) As the CEO of a firm which of the following factors will you consider before deciding to undertake geographic diversification?

- A) Select the target location for internationalization using the CAGE framework
 - B) All of the above
 - C) Select the scale of entry and decide on the vertical scope
 - D) Decide on the timing of internationalization
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6) Which category of businesses neither consume a lot of cash nor generate it?

- A) Stars
 - B) Dogs
 - C) Cash cows
 - D) Question marks
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7) In which of the following ways can alliances create value?

- A) All of the above
 - B) Improving current operations
 - C) Destroying the competitive environment
 - D) Preventing entry and exit
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8) The benefits of setting up a greenfield venture in a foreign location are

- A) Firms can have much greater control over their operations and potentially earn much higher returns compared to the other modes
 - B) Higher risks of losing technology, resources or intellectual property
 - C) Lower investment
 - D) High liabilities of foreignness
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9) When both operational and corporate relatedness are low, the possible motives for the diversification

- A) Saving tax and reducing regulatory interference
 - B) Pure financial motives
 - C) Managerial hubris
 - D) All of the above
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10) A wood pulp manufacturing company, in order to secure the supply of the raw materials required for making pulp, decides to purchase large tracks of forests. This is an example of

- A) Horizontal Integration
 - B) None of the above
 - C) Forward Integration
 - D) Backward Integration
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11) Which of the following leads to high bureaucratic costs in a multi-business firm?

- A) Hiring of plant workers
 - B) Research and development
 - C) Corporate resource allocation
 - D) Branding and marketing of products
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12) A conglomerate merger is characterized by:

- A) Large investment opportunity
 - B) Transfer of industry-specific managerial capability
 - C) Low capital investment for sustainable growth
 - D) Long gestation returns to small investments
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13) A defender strategy is likely to be successful when:

- A) The firm has resources and capabilities that are useful in other countries
 - B) The pressure to globalize is high, and the firm has capabilities to go beyond borders
 - C) The pressure to globalize is high, but the firm's resources and capabilities are customized to the local market
 - D) The pressure to globalize is low and the firm is focused on market segments where multinationals are weak
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14) Which of the following is a cornerstone of alliance management capabilities?

- A) Implementation of firm-level processes to accumulate and leverage alliance management know-how and skills
- B) All of the above
- C) Prior alliance experience
- D) Creation of a dedicated alliance function

15) Liabilities of foreignness arise due to

- A) Increase in complexity of management owing to high governance and coordination costs
 - B) Non-familiarity of the firm with the local culture, languages, norms, economic conditions and government regulations
 - C) Discrimination against foreign companies either explicitly or non-explicitly by the host country
 - D) Both A and C
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16) Which among the following is a step involved in the process of internationalization?

- A) All of the above
 - B) Decisions on which markets to enter
 - C) Deciding whether to transfer technology to manufacturers or assemblers in foreign markets
 - D) Choosing the mode of entry
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17) Which of the following is an advantage of buying from an independent supplier?

- A) Achieve lower economies of scale
 - B) Easier to provide high powered incentives in markets
 - C) An outside supplier has neither lower costs nor higher quality
 - D) It is easier to fire an employee than an external supplier
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18) The telecom sector value chain suffers from mismatch in growth opportunities between the backend and the customer facing end of the value chain. The most likely M&A motive of a backend player into the customer facing end of the telecom industry is

- A) Purely financial
- B) Growth or expansion in product, market, and geographies
- C) Enhancement of its product-market scope
- D) To move up the value chain to sustain its financial and market performances

19) Firms do not engage in Mergers and Acquisitions when the industry is characterized by:

- A) High minimum economies of scale
 - B) Over-capacity
 - C) Low entry barriers
 - D) High costs of learning
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20) Second degree price discrimination is also known as:

- A) Block pricing discrimination
 - B) Continuous price discrimination
 - C) Perfect price discrimination
 - D) Competitive price discrimination
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21) A firm can be a successful price discriminator if:

- A) It cannot identify segments of buyers with different willingness to pay and demand elasticities
 - B) If it benchmarks its price with global competitors
 - C) It can ensure that different groups of people do not sell to each other
 - D) It becomes a price taker
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22) The Open Handset Alliance that has developed Android as an open standard for mobile devices is an example of

- A) Firms combining some part of the operations to help them achieve economies of scale
 - B) Firms forming alliances to facilitate entry and exit from an industry
 - C) All of the above
 - D) Firms forming alliances to shape the competitive environment
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23) Which of the following is not a disadvantage of exporting?

- A) The firm needs to handle only marketing and distribution
- B) Transportation costs and import duties may be high
- C) It is difficult to customize products through local markets
- D) Uncertainty may be high due to fluctuation in exchange rates

24) Parenting advantage implies –

- A) Simultaneously pursuing vertical, horizontal and geographic diversification.
 - B) Creating more value through diversification than your rival would.
 - C) Being ahead of rivals in your business level strategies.
 - D) Making sure that you currently possess better corporate advantage than earlier.
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25) What kind of a contract should be used if the asset specificity and durability are high, but the frequency of transactions is rare?

- A) Detailed, standard contracts
 - B) Standardized contracts
 - C) No contracts are required
 - D) Detailed, custom-drafted contracts
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26) Which of the following statements about licensing and franchising is incorrect?

- A) Local contractors may not adhere to contractual agreements
 - B) It allows the firm to customize products and services to the local market
 - C) Local contractors may undertake action that maybe harmful to the company's reputation
 - D) The firm could lose its intellectual property to local contractors
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27) Which of the following can be classified as a type of diversification?

- A) Vertical Integration
 - B) Geographic Diversification
 - C) Horizontal Diversification
 - D) All of the above
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28) Which of the following statements about the post-merger integration process after an acquisition is correct?

- A) It is important to keep the finances of the two companies separate for as long as possible
- B) It is important to fire the top management of the target company
- C) It is important to integrate systems, processes, routines, and rituals
- D) It is valuable to slow down the integration process

29) Which of the following is an advantage of cross border greenfield expansion?

- A) The liability of foreignness is low
 - B) It is faster compared to acquiring a local company
 - C) This mode is also the least risky since the firm has to set up new operations in a country that it may not be familiar with
 - D) Firms can have much more control over their operations
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30) Acquisitions are preferred over alliances when

- A) The two firms have complementary resources
 - B) Transaction-specific assets are not required
 - C) Anti-trust issues exist
 - D) There is high uncertainty
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31) Which of the following is a valid motive for geographical diversification?

- A) To gain location economies
 - B) To leverage local expertise
 - C) All of the above
 - D) To gain economies of learning
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32) Which of the statements about outsourcing is correct?

- A) Helps firms convert fixed costs into variable costs
 - B) All of the above
 - C) Helpful in industries fraught with frequent changes
 - D) Allows for activities that are best performed by specialists with economies of scale and scope
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33) Which of the following is not an indicator of economic distance?

- A) Organizational capabilities
- B) Cost of labor
- C) Managerial capabilities
- D) Free trade agreements

34) Which of the following best describes related-linked diversification strategy?

- A) It leverages both operational and corporate relatedness in its diversification strategy
 - B) It leverages corporate relatedness more than operational relatedness
 - C) It leverages only operational relatedness
 - D) It leverages operational relatedness with little corporate relatedness
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35) Why are cross border acquisitions difficult?

- A) Formal and informal barriers operate against foreign companies
 - B) All of the above
 - C) The post-merger integration is complex due to cultural and structural differences
 - D) Sufficient information about the target is not available
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36) Which of the following is not an actual liability of internationalization?

- A) Liability of newness
 - B) Liability of capital
 - C) Liability of origin
 - D) Liability of foreignness
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37) Which of the following is evaluated by firms during the due diligence stage of the M&A process?

- A) All of the above
 - B) Investment needs and opportunities
 - C) Current and future profitability potential
 - D) Cultural fit
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38) The reasons for the growth in globalization over the last several decades are

- A) The general acceptance that globalization benefits everyone
- B) A reduction in the costs of transport, travel, communications and information technology
- C) All of the above
- D) Increase in capabilities of MNEs to manage overseas operations

39) Which matrix focuses on parenting advantage?

- A) GE McKinsey Matrix
 - B) BCG Matrix
 - C) Growth share model
 - D) Ashridge portfolio matrix
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40) Which of the following is not a motive for diversification?

- A) Leveraging financial economies and managing risks
 - B) Leveraging economies of scope
 - C) Decreasing economies of scope
 - D) Increasing and sustaining market power
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41) Which of the following is not a benefit of an alliance?

- A) It is easier to terminate an alliance
 - B) Their losses are contained as partners share equity
 - C) Reduces redundant resources
 - D) The companies have complementary resources
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42) Which of the following is a feature of the 'transnational organization form' as described by Bartlett and Ghosal?

- A) Balance between high global integration and demand for high local responsiveness
 - B) More concerned about local responsiveness than global products and services
 - C) Tightly integrated with the global headquarters in terms of their policies and procedures
 - D) Financially independent local organizations
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43) Which of the following is a benefit of a firm having market power?

- A) Prevent new companies from entering the market by lowering entry barriers
- B) Encourage competitors to enter the market through predatory pricing
- C) Decrease customers' switching costs
- D) Raise its prices well over its marginal costs

44) Businesses are classified as 'cash cows' when they are in:

- A) Low growth industries with dominant market positions
 - B) Low growth industries with low market shares
 - C) High growth industries with low market shares
 - D) High growth industries with dominant positions
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45) Which statement matches the definition of liability of origin?

- A) Include those barriers imposed on the firm, primarily due to it not belonging to the host country
 - B) The firm's need to establish the credibility of its home country as a legitimate producer of such goods and services
 - C) The need for the firm to compete with established incumbents
 - D) The need to offer products and services using proven technologies and stable processes
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46) If a firm moves upstream while diversifying (like Google moving into server manufacturing) it is a case of

- A) Backward Integration
 - B) Parallel Integration
 - C) Horizontal Integration
 - D) Forward Integration
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47) Which of the following best describes the international organizational form as described by Bartlett and Ghosal?

- A) Need for global integration is low and need for local responsiveness is low
 - B) Need for global integration is low and need for local responsiveness is high
 - C) Need for high global integration is high and need for local responsiveness is high
 - D) Need for global integration is high and need for local responsiveness is low
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48) During an alliance between a multinational company from a developed market and a local player from an emerging market, which of the following complementary resources does the local player provide?

- A) Brands and cutting-edge technologies
- B) Advanced management practices
- C) Knowledge about the host country and take actions to reduce legal and political risks
- D) Product development capabilities

49) What kind of a firm would acquirers not target with the purpose of restructuring?

- A) Those with stable financial performance
 - B) Those which are unable to expand or grow
 - C) Those with inefficient operations
 - D) Those with inferior market positions despite acceptable product quality
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50) Which of the following is false?

- A) Outsourcing is about contracting the firm scope where firms find partners to perform non-core activities
 - B) Divestitures are the converse of mergers and acquisitions – when two firms combine their activities and form a combined entity
 - C) Acquisitions are actions where an acquiring firm buys controlling stake and ownership of a target firm
 - D) Diversification by green field expansion is too time consuming and uses significant organizational resources
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51) Coordination with an internal supplier can be better than with an external supplier because:

- A) Typically, it is easier to monitor the activities of an internal supplier compared to monitoring the activities of an external supplier
 - B) Typically, it is easier to align incentives with an internal supplier than with an external supplier
 - C) All of the above
 - D) There is a shared identity with the internal supplier and possible common routines and processes all of which can lead to better communication between the different stages
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52) An FMCG major that leverages its product development capabilities and brand strength across geographic markets is a good example of exploiting which of the three advantages in Dunning's OLI framework?

- A) None of the above
- B) Internalization advantage
- C) Ownership advantage
- D) Location advantage

53) Which of the following best describes Heartland businesses?

- A) They do not have any fit or synergies with the existing businesses
 - B) They represent opportunities for high value creation due to similarities with existing businesses
 - C) They can neither add significant value to the business, nor can leverage synergies from its existing businesses
 - D) They generate lesser cash than existing businesses
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54) Which one of the following does not measure the performance of M&A?

- A) Improvement in competitive position
 - B) Financial returns for shareholder
 - C) Achievement of intended synergies
 - D) Increased managerial compensation
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55) Vertical integration is most recommended in which of the following situations?

- A) A manufacturer of paints is frequently required to purchase a specific grade of chemicals
 - B) A bank designing and manufacturing ATM machines
 - C) None of the above
 - D) A university hiring architecture design services for the construction of a sports complex
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56) Which of the following does not describe a divestiture?

- A) Firms find partners who perform non-core activity
 - B) Sale of ownership, including sale of controlling stake to another firm
 - C) Firms that sell a unit of the firm to other firms
 - D) The converse of an acquisition
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57) Which of the following is not a drawback of a multidivisional firm as compared to a business group?

- A) The business units can leverage intangible resources like brands throughout the firm
- B) Resource allocation between business units is a challenging task due to mismatches in demand and supply of money, bureaucratic delays and politicking
- C) The business units do not have the freedom to make their own strategic decisions
- D) The business units have constraints on how they can design incentives

58) Which of the following is an advantage of a business group?

- A) Incentives in one company are tied to the incentives of another company
 - B) Each group company has access to sister companies that it can utilize for growth opportunities
 - C) Each company must return their excess cash to the shareholders
 - D) Individual companies in a business group have less autonomy in decision making because they have their own board of directors
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59) When should a firm avoid an alliance?

- A) When the two firms cannot be integrated easily because of cultural and structural issues
 - B) When its headquarters is far away from the other firm
 - C) When critical employees from the target company are likely to leave
 - D) When there are high transaction - specific investments
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60) Which of the following statements on globalization of firms is incorrect?

- A) Born global companies are implicitly global from their inception
 - B) The more globalized the world is, the lower are the liabilities of foreignness and the easier it is to set up wholly owned subsidiaries
 - C) Typically, firms start with exports and then move on to alliances, acquisitions and finally, to wholly owned subsidiaries
 - D) None of the above
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61) Which of the following is a negative consequence of geographic diversification?

- A) It can lead to transfer of ideas and technologies across countries, benefiting everyone
- B) It can lead to economies of scale and development of specialized capabilities
- C) It can lead to more competition within a country and drive out inefficient domestic competitors or force them to improve
- D) It can make MNEs seriously monopolistic that can exercise their power over regional economies

62) Diversifying acquirers revitalize target firms through:

- A) Investing in operational efficiency
 - B) Diluting equity
 - C) Eliminating the need for having contracts
 - D) Reducing returns to stockholders
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63) Which of the following is one of the early reasons for developed country MNEs to enter emerging markets?

- A) Internationalize only after their domestic operations have stabilized
 - B) To respond to their competitors' internationalization behaviours
 - C) Extending the product life cycle
 - D) Enter new markets in response to specific customer enquiries
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64) Firms tend to vertically integrate when:

- A) Asset specificity is low
 - B) The frequency of transactions is low
 - C) Uncertainty is high
 - D) Uncertainty is low
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65) Which of the following is one of the benefits of outsourcing?

- A) It reduces the core competencies of the firm
 - B) Helps firm reduce fixed costs and translate them into variable costs
 - C) Allows for reduction of external coordination costs
 - D) Presence of high-powered incentives within the firm
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66) Which of the following statements about how parent firms can create value is correct?

- A) Preventing sharing of resources across businesses
- B) Making choices as to what should be in its portfolio
- C) Leave each business to itself to set their own strategies
- D) Decrease coordination between businesses

67) Companies procure global capabilities by:

- A) All of the above
 - B) Acquiring firms from developed economies and then transferring capabilities from the subsidiary to the parent
 - C) Hiring expatriates who have the necessary skills or source technology from developed countries
 - D) Transferring employees for overseas training to absorb the latest technologies
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68) An IT firm derives 95% of its revenue from customized business process management and the balance 5% by providing other related services also in the IT sector. What label will you give to the diversification strategy of such a firm?

- A) Unrelated
 - B) Related constrained
 - C) Dominant business-driven
 - D) Related linked
-

69) A biotech company focused on discovering new drugs partners with an established pharmaceutical company that has complementary capabilities to manufacture, sell and distribute drugs but does not possess the specific research skills that the biotech company possesses. This is an example of

- A) Firms forming alliances to exploit their partner's complementarity resources and capabilities
 - B) Firms forming alliances to shape the competitive environment
 - C) Firms combining some part of the operations to help them achieve economies of scale
 - D) Firms forming alliances to facilitate entry and exit from an industry
-

70) Which of the following statements is true?

- A) Legal frameworks are stronger in emerging economies than in developed countries such as Japan
- B) Access to capital has not been a constraint for entrepreneurial growth in emerging markets
- C) Labour markets are stronger in emerging markets due to their large workforce
- D) There is a mature market for intermediate products and services in developed countries

71) A firm can operate as a multidomestic firm if

- A) The need for both global integration and local responsiveness is low
 - B) The need for global integration as well as the demand for local responsiveness is high
 - C) The need for global integration is low and the need for local responsiveness is high
 - D) The need for global integration is high but the need for local responsiveness is low
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72) Which of the following is not a pillar of the OLI framework?

- A) Internationalization
 - B) Location
 - C) Ownership
 - D) Integration
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73) A dodger is defined as:

- A) A firm that focuses on leveraging local assets in market segments where multinationals are weak
 - B) A firm that focuses on expanding into markets similar to those of the home base, using competencies developed at home
 - C) A firm that focuses on a locally oriented link in the value chain
 - D) A firm that focuses on upgrading capabilities and resources, starting with niche markets
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74) According to the CAGE framework, which of the following does not fall under administrative distance?

- A) Political associations
 - B) Historical link
 - C) Common administrative and legal framework
 - D) Social norms and values
-

75) What is first degree price discrimination?

- A) Charge different prices for different segment of buyers, differentiated on parameters other than quantity
- B) Occurs when different sellers charge different prices for different quantities of purchases
- C) When the seller is able to identify the specific willingness of pay for each individual buyer and charge that price for each of them
- D) Sellers charge different prices for different products

76) How does vertical integration destroy value?

- A) It increases costs of intra-firm transactions
 - B) It increases barriers to entry in complementary markets
 - C) It helps incur lower costs of procurement
 - D) It creates higher economies of scope
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77) Leveraging of intangible resources by corporations will provide them with

- A) None of the above
 - B) Non-sustainable competitive advantage
 - C) Relatively sustainable competitive advantage
 - D) Business unit advantage
-

78) Which of the following best describes joint ventures?

- A) Two firms combine their activities and form a single combined entity
 - B) Firms enter into partnerships with other firms with complementary businesses to enter into new businesses, without creating a new entity
 - C) Special form of strategic alliances where a new entity is formed
 - D) Are actions where an acquiring firm buys controlling stake and ownership of a target firm
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79) A firm 'ABC' is into the business of running airlines, producing music labels, owning a telecom service provider, and into specialty health care. What type of diversification strategy does ABC follow?

- A) Dominant business-driven
 - B) Related constrained
 - C) Unrelated
 - D) Related linked
-

80) An EMNE should consider entering other emerging markets because:

- A) An EMNE's liability of origin will be higher
 - B) The EMNE can overcome its liability of newness
 - C) The administrative distance and economic distance are likely to be higher
 - D) The growth rates are higher in emerging economies
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81) In a firm that possesses two businesses A & B, the value of each business is $V(A)$ and $V(B)$ respectively and the value of the combined business is $V(AB)$, when can one consider synergy to exist?

- A) $V(AB) = V(A) - V(B)$
 - B) $V(AB) = V(A) + V(B)$
 - C) $V(AB) < V(A) + V(B)$
 - D) $V(AB) > V(A) + V(B)$
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82) How do economies of scope arise?

- A) None of the above
 - B) When large volumes of the same product are produced by a firm, i. e., when a firm scales up its existing business
 - C) When there is sharing and/or joint utilization of inputs and resources
 - D) When there is no sharing of resources and inputs between firms
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83) Based on the research carried out on M&A performance, which of the following intent is likely to lead to a successful M&A?

- A) M&A to create value through synergy generation
 - B) M&A for the sake of manager's hubris or to grow in size
 - C) M&A with the intent of spending excess cash
 - D) None of the above
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84) On the continuum of diversification strategies, which of the following is located at one end?

- A) Related-constrained diversification
- B) Conglomerate diversification
- C) Related – linked diversification
- D) Tapered diversification

85) Which of the following statements is incorrect?

- A) Vertical integration destroys value when the market for intermediate goods is mature and there are many suppliers available to produce these products competitively
 - B) Vertical integration destroys value when the intermediate products are not critical to quality and could be manufactured through generic investments by competitive supplier
 - C) Vertical integration destroys value when outsourcing contracts are easy to govern
 - D) Vertical integration destroys value when it reduces bureaucratic costs of coordination
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86) Corporate Strategy is concerned with which of the following:

- A) How to manage a diversified firm
 - B) Types of diversification
 - C) Modes of diversification
 - D) All of the above
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87) Which of the following will you consider to be a good review of business unit performance?

- A) Reviews done against performance on the targets set, and the utilization of budgets.
 - B) Reviews done against targets decided by the management immediately prior to the review.
 - C) Review current status of performance without any set target.
 - D) None of the above.
-

88) Combination of routines and processes provide corporate advantage because

- A) The combination is difficult to observe and imitate by competitors
 - B) Other firms can easily copy the combination
 - C) The combination always provides cost leadership
 - D) All of the above
-

89) Moral hazards and hold-ups can be mitigated by:

- A) Improving quality
 - B) Investment in new product development
 - C) Relying on trust and reputation in managing relationships
 - D) Tapered diversification
-

90) Which of the following is a reason for market failures?

- A) High asset specificities resulting in increased hold up risks
 - B) Many products fail
 - C) No asymmetric information between the principal and vendor
 - D) Too many vendors
-

91) Which of the following is a feature of Capability Acquisition M&A?

- A) Matching growth rate
 - B) Specific mismatches across the value chain
 - C) Product diversification
 - D) Lack of technological innovation
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92) Which of the following can hurt success of MNEs when they expand globally?

- A) All of the above
 - B) Not having the ability to replicate their business model in countries that have structural similarities
 - C) Inability to acquire global capabilities to compensate for institutional voids
 - D) Incapable of adapting their business models to developed markets
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93) Diversification destroys value by:

- A) Decreases overhead cost
 - B) Eliminates market discipline in within-corporation transactions
 - C) None of the above
 - D) Contributing to pooling of risk
-

94) The reason an EMNE should enter a developed market is:

- A) They are great markets for acquiring capabilities and advanced technology
- B) There are lesser chances of incurring losses
- C) Markets in such economies may be large
- D) Both 'A' and 'B'

95) Which of the following is an example of sharing of intangible resource?

- A) Utilizing common warehousing for storage across businesses
 - B) Having the same distribution networks for different products
 - C) Sharing of new product development processes
 - D) Using common manufacturing facilities across different products
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96) Which of the following statements related to licensing and franchising in international markets is incorrect?

- A) None of the above
 - B) Licensing and franchising are relatively less risky since the local partner bears the risk
 - C) Licensing and franchising have low development costs and provide easy returns since the local operations are managed by the local partner
 - D) Licensing and franchising provide relatively fewer returns as compared to other entry modes
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97) Which is the first step in the M&A process?

- A) Valuation
 - B) Target appraisal and selection
 - C) Due diligence
 - D) Articulate intent
-

98) When a firm chooses to buy a portion of its input from the market and make the rest by itself, it is known as:

- A) Tapered integration
 - B) Backward integration
 - C) Vertical integration
 - D) Forward integration
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99) Restructuring of acquired firms creates value through identification and exploitation of synergies that arise from which of the following sources.

- A) Technical and administrative economies of scale
 - B) All of the above
 - C) Reduction in uncertainty or improvement in quality that has arisen out of vertical integration
 - D) Concentric or conglomerate benefits, such as benefits arising out of sharing corporate activities
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100) When should a firm adopt tapered outsourcing for an activity?

- A) When the activity is critical for competitive advantage and the potential for market failure is low
- B) When the activity is not critical for competitive advantage, but the potential for market failure is high
- C) When there are sufficient number of vendors, and the activity is not critical for competitive advantage
- D) When the market failure is high, and the activity is critical for competitive advantage

Answer Key
Question Paper No: 60875_6

1	A	26	B	51	C	76	A
2	A	27	D	52	C	77	C
3	A	28	C	53	B	78	C
4	C	29	D	54	D	79	C
5	B	30	C	55	A	80	D
6	B	31	C	56	A	81	D
7	B	32	B	57	A	82	C
8	A	33	D	58	B	83	A
9	D	34	B	59	D	84	B
10	D	35	B	60	D	85	D
11	C	36	B	61	D	86	D
12	A	37	A	62	A	87	A
13	D	38	C	63	C	88	A
14	B	39	D	64	C	89	C
15	D	40	C	65	B	90	A
16	A	41	C	66	B	91	B
17	B	42	A	67	A	92	A
18	D	43	D	68	C	93	D
19	C	44	A	69	A	94	D
20	A	45	B	70	D	95	C
21	C	46	A	71	C	96	A
22	C	47	A	72	D	97	D
23	A	48	C	73	C	98	A
24	B	49	A	74	D	99	B
25	D	50	B	75	C	100	A