

National Testing Agency

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Advanced Corporate Strategy

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Advanced Corporate Strategy-1

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Question Number : 1 Question Id : 9409181870 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which of the following can be classified as a type of diversification?

1. Horizontal Diversification
2. Vertical Integration
3. Geographic Diversification
4. All of these

Options :

9409186445. 1

9409186446. 2

9409186447. 3

9409186448. 4

Question Number : 2 Question Id : 9409181871 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which of the statements about outsourcing is correct?

1. Helps firms convert fixed costs into variable costs
2. Allows for activities that are best performed by specialists with economies of scale and scope
3. Helpful in industries fraught with frequent changes
4. All of these

Options :

- 9409186449. 1
- 9409186450. 2
- 9409186451. 3
- 9409186452. 4

Question Number : 3 Question Id : 9409181872 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which of the following is not a pillar of the OLI framework?

- 1. Ownership
- 2. Integration
- 3. Internationalization
- 4. Location

Options :

- 9409186453. 1
- 9409186454. 2
- 9409186455. 3
- 9409186456. 4

Question Number : 4 Question Id : 9409181873 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

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

- 1. Low growth industries with low market shares
- 2. Low growth industries with dominant market positions
- 3. High growth industries with low market shares
- 4. High growth industries with dominant positions

Options :

- 9409186457. 1
- 9409186458. 2
- 9409186459. 3

9409186460. 4

Question Number : 5 Question Id : 9409181874 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which category of businesses neither consume a lot of cash nor generate it?

1. Cash cows
2. Stars
3. Dogs
4. Question marks

Options :

9409186461. 1

9409186462. 2

9409186463. 3

9409186464. 4

Question Number : 6 Question Id : 9409181875 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which matrix focuses on parenting advantage?

1. GE McKinsey Matrix
2. BCG Matrix
3. Growth share model
4. Ashridge portfolio matrix

Options :

9409186465. 1

9409186466. 2

9409186467. 3

9409186468. 4

Question Number : 7 Question Id : 9409181876 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which is the first step in the M&A process?

1. Articulate intent
2. Target appraisal and selection
3. Valuation
4. Due diligence

Options :

9409186469. 1

9409186470. 2

9409186471. 3

9409186472. 4

Question Number : 8 Question Id : 9409181877 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which of the following best describes Heartland businesses?

1. They do not have any fit or synergies with the existing businesses
2. They represent opportunities for high value creation due to similarities with existing businesses
3. They generate lesser cash than existing businesses
4. They can neither add significant value to the business, nor can leverage synergies from its existing businesses

Options :

9409186473. 1

9409186474. 2

9409186475. 3

9409186476. 4

Question Number : 9 Question Id : 9409181878 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

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

1. It leverages both operational and corporate relatedness in its diversification strategy
2. It leverages operational relatedness with little corporate relatedness
3. It leverages only operational relatedness
4. It leverages corporate relatedness more than operational relatedness

Options :

9409186477. 1

9409186478. 2

9409186479. 3

9409186480. 4

Question Number : 10 Question Id : 9409181879 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which of the following statements is true?

1. Legal frameworks are stronger in emerging economies than in developed countries such as Japan
2. There is a mature market for intermediate products and services in developed countries
3. Labour markets are stronger in emerging markets due to their large workforce
4. Access to capital has not been a constraint for entrepreneurial growth in emerging markets

Options :

9409186481. 1

9409186482. 2

9409186483. 3

9409186484. 4

Question Number : 11 Question Id : 9409181880 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

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

1. Forward integration
2. Backward integration
3. Tapered integration
4. Vertical integration

Options :

9409186485. 1

9409186486. 2

9409186487. 3

9409186488. 4

Question Number : 12 Question Id : 9409181881 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which of the following is not a benefit of an alliance?

1. It is easier to terminate an alliance
2. Their losses are contained as partners share equity
3. Reduces redundant resources
4. The companies have complementary resources

Options :

9409186489. 1

9409186490. 2

9409186491. 3

9409186492. 4

Question Number : 13 Question Id : 9409181882 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

What kind of a contract should be used if the asset specificity and durability are high, but the frequency of transactions is rare?

1. Detailed, standard contracts
2. Standardized contracts
3. Detailed, custom-drafted contracts
4. No contracts are required

Options :

9409186493. 1

9409186494. 2

9409186495. 3

9409186496. 4

Question Number : 14 Question Id : 9409181883 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

When should a firm adopt tapered outsourcing for an activity?

1. When the market failure is high, and the activity is critical for competitive advantage
2. When there are sufficient number of vendors, and the activity is not critical for competitive advantage
3. When the activity is critical for competitive advantage and the potential for market failure is low
4. When the activity is not critical for competitive advantage, but the potential for market failure is high

Options :

9409186497. 1

9409186498. 2

9409186499. 3

9409186500. 4

Question Number : 15 Question Id : 9409181884 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which of the following is one of the early reasons for developed country MNEs to enter emerging markets?

1. Enter new markets in response to specific customer enquiries
2. To respond to their competitors' internationalization behaviours
3. Internationalize only after their domestic operations have stabilized
4. Extending the product life cycle

Options :

9409186501. 1

9409186502. 2

9409186503. 3

9409186504. 4

Question Number : 16 Question Id : 9409181885 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which of the following best describes the international organizational form as described by Bartlett and Ghosal?

1. Need for global integration is low and need for local responsiveness is low
2. Need for global integration is low and need for local responsiveness is high
3. Need for global integration is high and need for local responsiveness is low
4. Need for high global integration is high and need for local responsiveness is high

Options :

9409186505. 1

9409186506. 2

9409186507. 3

9409186508. 4

Question Number : 17 Question Id : 9409181886 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which of the following is not an indicator of economic distance?

1. Cost of labor
2. Managerial capabilities
3. Organizational capabilities
4. Free trade agreements

Options :

9409186509. 1

9409186510. 2

9409186511. 3

9409186512. 4

Question Number : 18 Question Id : 9409181887 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which of the following is evaluated by firms during the due diligence stage of the M&A process?

1. Cultural fit
2. Current and future profitability potential
3. Investment needs and opportunities
4. All of these

Options :

9409186513. 1

9409186514. 2

9409186515. 3

9409186516. 4

Question Number : 19 Question Id : 9409181888 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

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

1. Those with inefficient operations
2. Those with inferior market positions despite acceptable product quality
3. Those with stable financial performance
4. Those which are unable to expand or grow

Options :

9409186517. 1

9409186518. 2

9409186519. 3

9409186520. 4

Question Number : 20 Question Id : 9409181889 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which statement matches the definition of liability of origin?

1. Include those barriers imposed on the firm, primarily due to it not belonging to the host country
2. The firm's need to establish the credibility of its home country as a legitimate producer of such goods and services
3. The need for the firm to compete with established incumbents
4. The need to offer products and services using proven technologies and stable processes

Options :

9409186521. 1

9409186522. 2

9409186523. 3

9409186524. 4

Question Number : 21 Question Id : 9409181890 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

When should a firm avoid an alliance?

1. When there are high transaction-specific investments
2. When its headquarters is far away from the other firm
3. When critical employees from the target company are likely to leave
4. When the two firms cannot be integrated easily because of cultural and structural issues

Options :

9409186525. 1

9409186526. 2

9409186527. 3

9409186528. 4

Question Number : 22 Question Id : 9409181891 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which of the following is not a disadvantage of exporting?

1. Transportation costs and import duties may be high
2. Uncertainty may be high due to fluctuation in exchange rates
3. The firm needs to handle only marketing and distribution
4. It is difficult to customize products through local markets

Options :

9409186529. 1

9409186530. 2

9409186531. 3

9409186532. 4

Question Number : 23 Question Id : 9409181892 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which of the following statements about licensing and franchising is incorrect?

1. Local contractors may not adhere to contractual agreements
2. Local contractors may undertake action that may be harmful to the company's reputation
3. It allows the firm to customize products and services to the local market
4. The firm could lose its intellectual property to local contractors

Options :

9409186533. 1

9409186534. 2

9409186535. 3

9409186536. 4

Question Number : 24 Question Id : 9409181893 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

During an alliance between a multinational company from a developed market and a local player from an emerging market, which of the following complimentary resources does the local player provide?

1. Knowledge about the host country and take actions to reduce legal and political risks
2. Product development capabilities
3. Advanced management practices
4. Brands and cutting-edge technologies

Options :

9409186537. 1

9409186538. 2

9409186539. 3

9409186540. 4

Question Number : 25 Question Id : 9409181894 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which of the following statements is incorrect?

1. Vertical integration destroys value when the market for intermediate goods is mature and there are many suppliers available to produce these products competitively
2. Vertical integration destroys value when it reduces bureaucratic costs of coordination
3. Vertical integration destroys value when the intermediate products are not critical to quality and could be manufactured through generic investments by competitive supplier
4. Vertical integration destroys value when outsourcing contracts are easy to govern

Options :

9409186541. 1

9409186542. 2

9409186543. 3

9409186544. 4

Question Number : 26 Question Id : 9409181895 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which of the following does not describe a divestiture?

1. Firms that sell a unit of the firm to other firms
2. The converse of an acquisition
3. Firms find partners who perform non-core activity
4. Sale of ownership, including sale of controlling stake to another firm

Options :

9409186545. 1

9409186546. 2

9409186547. 3

9409186548. 4

Question Number : 27 Question Id : 9409181896 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

According to the CAGE framework, which of the following does not fall under administrative distance?

1. Political associations
2. Common administrative and legal framework
3. Historical link
4. Social norms and values

Options :

9409186549. 1

9409186550. 2

9409186551. 3

9409186552. 4

Question Number : 28 Question Id : 9409181897 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which of the following is not a drawback of a multidivisional firm as compared to a business group?

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

Options :

9409186553. 1

9409186554. 2

9409186555. 3

9409186556. 4

Question Number : 29 Question Id : 9409181898 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Why are cross-border acquisitions difficult?

1. Sufficient information about the target is not available
2. Formal and informal barriers operate against foreign companies
3. The post-merger integration is complex due to cultural and structural differences
4. All of these

Options :

9409186557. 1

9409186558. 2

9409186559. 3

9409186560. 4

Question Number : 30 Question Id : 9409181899 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which of the following leads to high bureaucratic costs in a multi-business firm?

1. Corporate resource allocation
2. Hiring of plant workers
3. Branding and marketing of products
4. Research and development

Options :

9409186561. 1

9409186562. 2

9409186563. 3

9409186564. 4

Question Number : 31 Question Id : 9409181900 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

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

1. Low entry barriers
2. High costs of learning
3. Over-capacity
4. High minimum economies of scale

Options :

9409186565. 1

9409186566. 2

9409186567. 3

9409186568. 4

Question Number : 32 Question Id : 9409181901 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Transaction costs do not include:

1. Costs of monitoring and enforcing contracts
2. Costs of finding an appropriate supplier
3. Costs of negotiating a contract
4. Setting up joint ventures with foreign firms

Options :

9409186569. 1

9409186570. 2

9409186571. 3

9409186572. 4

Question Number : 33 Question Id : 9409181902 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

On the continuum of diversification strategies, which of the following is located at one end?

1. Related-constrained diversification
2. Related – linked diversification
3. Tapered diversification
4. Conglomerate diversification

Options :

9409186573. 1

9409186574. 2

9409186575. 3

9409186576. 4

Question Number : 34 Question Id : 9409181903 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which of the following is not a motive for diversification?

1. Leveraging economies of scope
2. Decreasing economies of scope
3. Increasing and sustaining market power
4. Leveraging financial economies and managing risks

Options :

9409186577. 1

9409186578. 2

9409186579. 3

9409186580. 4

Question Number : 35 Question Id : 9409181904 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which of the following is a cornerstone of alliance management capabilities?

1. Prior alliance experience
2. Creation of a dedicated alliance function
3. Implementation of firm-level processes to accumulate and leverage alliance management know-how and skills
4. All of these

Options :

9409186581. 1

9409186582. 2

9409186583. 3

9409186584. 4

Question Number : 36 Question Id : 9409181905 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which of the following is a benefit of a firm having market power?

1. Decrease customers' switching costs
2. Encourage competitors to enter the market through predatory pricing
3. Prevent new companies from entering the market by lowering entry barriers
4. Raise its prices well over its marginal costs

Options :

9409186585. 1

9409186586. 2

9409186587. 3

9409186588. 4

Question Number : 37 Question Id : 9409181906 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which of the following is an advantage of buying from an independent supplier?

1. Achieve lower economies of scale
2. It is easier to fire an employee than an external supplier
3. Easier to provide high powered incentives in markets
4. An outside supplier has neither lower costs nor higher quality

Options :

9409186589. 1

9409186590. 2

9409186591. 3

9409186592. 4

Question Number : 38 Question Id : 9409181907 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

A firm can be a successful price discriminator if:

1. It can ensure that different groups of people do not sell to each other
2. It cannot identify segments of buyers with different willingness to pay and demand elasticities
3. It becomes a price taker
4. It benchmarks its price with global competitors

Options :

9409186593. 1

9409186594. 2

9409186595. 3

9409186596. 4

Question Number : 39 Question Id : 9409181908 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which of the following is a reason for market failures?

1. No asymmetric information between the principal and vendor
2. Too many vendors
3. High asset specificities resulting in increased hold up risks
4. Many products fail

Options :

9409186597. 1

9409186598. 2

9409186599. 3

9409186600. 4

Question Number : 40 Question Id : 9409181909 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which of the following is one of the benefits of outsourcing?

1. Helps firm reduce fixed costs and translate them into variable costs
2. Allows for reduction of external coordination costs
3. Presence of high-powered incentives within the firm
4. It reduces the core competencies of the firm

Options :

9409186601. 1

9409186602. 2

9409186603. 3

9409186604. 4

Question Number : 41 Question Id : 9409181910 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Corporate Strategy is concerned with which of the following:

1. Types of diversification
2. Modes of diversification
3. How to manage a diversified firm
4. All of these

Options :

9409186605. 1

9409186606. 2

9409186607. 3

9409186608. 4

Question Number : 42 Question Id : 9409181911 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which of the following statements about the post-merger integration process after an acquisition is correct?

1. It is important to fire the top management of the target company
2. It is important to keep the finances of the two companies separate for as long as possible
3. It is valuable to slow down the integration process
4. It is important to integrate systems, processes, routines, and rituals.

Options :

9409186609. 1

9409186610. 2

9409186611. 3

9409186612. 4

Question Number : 43 Question Id : 9409181912 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which of the following best describes joint ventures?

1. Firms enter into partnerships with other firms with complementary businesses to enter into new businesses, without creating a new entity
2. Where an acquiring firm buys controlling stake and ownership of a target firm
3. Special form of strategic alliances where a new entity is formed
4. Two firms combine their activities and form a single combined entity

Options :

9409186613. 1

9409186614. 2

9409186615. 3

9409186616. 4

Question Number : 44 Question Id : 9409181913 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which one of the following does not measure the performance of M&A?

1. Financial returns for shareholder
2. Improvement in competitive position
3. Increased managerial compensation
4. Achievement of intended synergies

Options :

9409186617. 1

9409186618. 2

9409186619. 3

9409186620. 4

Question Number : 45 Question Id : 9409181914 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which of the following is not an actual liability of internationalization?

1. Liability of foreignness
2. Liability of newness
3. Liability of origin
4. Liability of capital

Options :

9409186621. 1

9409186622. 2

9409186623. 3

9409186624. 4

Question Number : 46 Question Id : 9409181915 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

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

1. Each company must return their excess cash to the shareholders
2. Each group company has access to sister companies that it can utilize for growth opportunities
3. Incentives in one company are tied to the incentives of another company
4. Individual companies in a business group have less autonomy in decision making because they have their own board of directors

Options :

9409186625. 1

9409186626. 2

9409186627. 3

9409186628. 4

Question Number : 47 Question Id : 9409181916 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which of the following statements about how parent firms can create value is correct?

1. Leave each business to itself to set their own strategies
2. Decrease coordination between businesses
3. Preventing sharing of resources across businesses
4. Making choices as to what should be in its portfolio

Options :

9409186629. 1

9409186630. 2

9409186631. 3

9409186632. 4

Question Number : 48 Question Id : 9409181917 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which of the following is a feature of the 'transnational organization form' as described by Bartlett and Ghosal?

1. Balance between high global integration and demand for high local responsiveness
2. More concerned about local responsiveness than global products and services
3. Tightly integrated with the global headquarters in terms of their policies and procedures
4. Financially independent local organizations

Options :

9409186633. 1

9409186634. 2

9409186635. 3

9409186636. 4

Question Number : 49 Question Id : 9409181918 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

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

1. Firms can have much more control over their operations
2. 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
3. The liability of foreignness is low
4. It is faster compared to acquiring a local company

Options :

9409186637. 1

9409186638. 2

9409186639. 3

9409186640. 4

Question Number : 50 Question Id : 9409181919 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

What is first degree price discrimination?

1. When the seller is able to identify the specific willingness of pay for each individual buyer and charge that price for each of them
2. Occurs when different sellers charge different prices for different quantities of purchases
3. Charge different prices for different segment of buyers, differentiated on parameters other than quantity
4. Sellers charge different prices for different products

Options :

9409186641. 1

9409186642. 2

9409186643. 3

9409186644. 4