

Chapter 1: Introduction to Managing Global Operations and Supply Chains Test Bank

Multiple Choice

1. The proportion of businesses that operate in global markets is _____.

- a. not known
- b. about 50%
- c. less than 58%
- d. more than 65%

Ans: D

Cognitive Domain: Knowledge (Remember)

Learning Objective: 1-4. Explain why it is important to have an integrated view of operations from a larger supply-chain framework.

Answer Location: The Effect of Globalization on Supply Chains and Operations Management

Difficulty Level: Easy

AACSB: Systems and processes in organizations, including planning and design, production/operations, supply chains, marketing, and distribution

2 By *globalization*, we mean, among other things, that _____.

- a. a business can sell in a foreign country
- b. a business can source materials from an overseas supplier
- c. both A and B
- d. neither A nor B

Ans: C

Cognitive Domain: Knowledge (Remember)

Learning Objective: 1-1. Explain how globalization has influenced the management of supply chains and their operations.

Answer Location: The Effect of Globalization on Supply Chains and Operations Management

Difficulty Level: Easy

AACSB: Systems and processes in organizations, including planning and design, production/operations, supply chains, marketing, and distribution

3. The benefits of offshoring include _____.

- a. availability of skilled human resources
- b. increased labor costs
- c. high processing costs
- d. availability of child labor

Ans: A

Cognitive Domain: Knowledge (Remember)

Learning Objective: 1-1. Explain how globalization has influenced the management of supply chains and their operations.

Answer Location: Offshoring and Outsourcing

Difficulty Level: Easy

AACSB: Systems and processes in organizations, including planning and design, production/operations, supply chains, marketing, and distribution

4. Which of the following is a risk that a company faces when it outsources its operations?
- a. The third-party provider may not have the degree of expertise that the outsourcing company has.
 - b. The cost of labor for the outsourcing company may decline.
 - c. If the outsourcing operation is too profitable, the outsourcing company may want to acquire the third-party provider.
 - d. If the outsourcing operation is too successful, the third-party provider may want to acquire the outsourcing company.

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 1-4. Explain why it is important to have an integrated view of operations from a larger supply-chain framework.

Answer Location: Offshoring and Outsourcing

Difficulty Level: Hard

AACSB: Analytical thinking (able to analyze and frame problems)

5. Thanks to the benefits of outsourcing and offshoring, manufacturing in the United States, as a percentage of GDP, has _____.
- a. declined from about 30% after World War II to 10% by 2008
 - b. increased from about 10% after World War II to 30% by 2008
 - c. declined from about 65% after World War II to 45% by 2010
 - d. increased from about 45% after World War II to 65% by 2010

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 1-1. Explain how globalization has influenced the management of supply chains and their operations.

Answer Location: Offshoring and Outsourcing

Difficulty Level: Hard

AACSB: Analytical thinking (able to analyze and frame problems)

6. Which of the following strategies can American manufacturers follow to survive the drain of manufacturing operations to other countries?
- a. develop cutting-edge technologies that are difficult to replicate
 - b. reduce prices
 - c. switch to new products that are not manufactured elsewhere
 - d. reduce quality with a view to reduce costs

Ans: B

Cognitive Domain: Analysis (Analyze)

Learning Objective: 1-1. Explain how globalization has influenced the management of supply chains and their operations.

Answer Location: Consider This 1.1: Is American Manufacturing Dead?

Difficulty Level: Hard

AACSB: Analytical thinking (able to analyze and frame problems)

7. Which of the following statements about a supply chain is true?

- a. A supply chain refers to the organizations to which a company either offshores or outsources production or other operations.
- b. A supply chain includes all organizations that contribute to the development, manufacture, and shipping of products to a consumer.
- c. A company that does not offshore or outsource production or other operations is said not to have a supply chain.
- d. A supply chain focuses on the organizations involved in transforming raw materials to finished products but does not include the handling and management of products returned by customers.

Ans: B

Cognitive Domain: Analysis (Analyze)

Learning Objective: 1-3. Trace the path of a raw material from the start of the supply chain to the final consumer.

Answer Location: Globalization, Supply Chains, and Operations Management

Difficulty Level: Hard

AACSB: Analytical thinking (able to analyze and frame problems)

8. Which of the following statements about managing a supply chain is true?

- a. Managing supply chains has become difficult over the years, as it involves working with a large number of organizations.
- b. Managing supply chains has become easier, as a large number of operations are outsourced to other companies.
- c. The difficulty of managing supply chains has remained about the same.
- d. Managing supply chains has become easier, as an organization can function simply by offshoring all its operations.

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 1-4. Explain why it is important to have an integrated view of operations from a larger supply-chain framework.

Answer Location: Globalization, Supply Chains, and Operations Management

Difficulty Level: Hard

AACSB: Analytical thinking (able to analyze and frame problems)

9. Which of the following statements is true about logistics operations?

- a. Logistics is the transformation of raw materials into finished products.
- b. Logistics refers to the transportation and activities associated with transportation of raw materials and finished goods.
- c. Logistics are usually the first operations activity to be offshored.
- d. Logistics are usually the first operations to be outsourced.

Ans: B

Cognitive Domain: Comprehension (Understand)

Learning Objective: 1-2. Describe the role of operations management within a company and in society.

Answer Location: Consider This 1.2: Why You Should Consider a Career in Operations and Supply Chain Management

Difficulty Level: Easy

AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

10. Which of the following are reasons a company may outsource its operations?

- a. to access specialized skills
- b. to have greater control over its operations
- c. to comply with foreign government regulations
- d. to avoid trade barriers

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 1-3. Trace the path of a raw material from the start of the supply chain to the final consumer.

Answer Location: Offshoring and Outsourcing

Difficulty Level: Easy

AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

11. The growth of the service sector in the United States has _____.

- a. limited the number of career possibilities for professionals in supply chain management
- b. been about the same as the growth in manufacturing sector
- c. led to the decline in importance for supply chain management as this is relevant only to physical goods and services
- d. increased career opportunities for professionals in supply chain management

Ans: D

Cognitive Domain: Application (Apply)

Learning Objective: 1-2. Describe the role of operations management within a company and in society.

Answer Location: Consider This 1.2: Why You Should Consider a Career in Operations and Supply Chain Management

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

12. Contracting with a third party or an external company to manufacture a good or deliver a service is known as _____.

- a. offshoring
- b. outsourcing
- c. domestic production
- d. internalization

Ans: B

Cognitive Domain: Comprehension (Understand)

Learning Objective: 1-3. Trace the path of a raw material from the start of the supply chain to the final consumer.

Answer Location: Offshoring and Outsourcing

Difficulty Level: Easy

AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

13. By effective operations management, we can _____.

- a. increase costs to the consumer
- b. improve quality of goods and service
- c. reduce the aesthetic appearance of goods
- d. deliver products to customer more slowly

Ans: B

Cognitive Domain: Knowledge (Remember)

Learning Objective: 1-2. Describe the role of operations management within a company and in society.

Answer Location: What Does Operations Management Entail?

Difficulty Level: Easy

AACSB: Systems and processes in organizations, including planning and design, production/operations, supply chains, marketing, and distribution

14. Which of the following is a characteristic of a product or good (i.e., not a service)?

- a. helps to transform the customer physically or psychologically
- b. is intangible
- c. can be inventoried (i.e., produced and used later)
- d. always requires a high degree of customer contact

Ans: C

Cognitive Domain: Comprehension (Understand)

Learning Objective: 1-2. Describe the role of operations management within a company and in society.

Answer Location: What Does Operations Management Entail?

Difficulty Level: Easy

AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

15. Which of the following is a characteristic of a service (i.e., not a product or good)?

- a. usually labor intensive
- b. involves the transformation of raw materials
- c. easy to track and monitor quality
- d. can be easily stored for future use

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 1-2. Describe the role of operations management within a company and in society.

Answer Location: What Does Operations Management Entail?

Difficulty Level: Easy

AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

16. The fact that services cannot be stored for future use leads to services being described as _____.

- a. time-perishable
- b. readily depreciated
- c. consumable
- d. temporary

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 1-2. Describe the role of operations management within a company and in society.

Answer Location: What Does Operations Management Entail?

Difficulty Level: Easy

AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

17. The nature of services is such that _____.

- a. customers need not be involved in the delivery of the service
- b. a service to one customer can be transferred to another customer
- c. it is primarily capital (and not labor) intensive
- d. a service needs to be consumed as it is produced

Ans: D

Cognitive Domain: Application (Apply)

Learning Objective: 1-2. Describe the role of operations management within a company and in society.

Answer Location: What Does Operations Management Entail?

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

18 Which of the following statements is true with regard to a service:

- a. A uniform standard of quality can be applied to all customers
- b. Quality is more easily measured, as compared to products
- c. Different customers may view the same service as having varying degrees of quality
- d. The definition of the quality of a service is not elusive

Ans: C

Cognitive Domain: Application (Apply)

Learning Objective: 1-2. Describe the role of operations management within a company and in society.

Answer Location: What Does Operations Management Entail?

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

19. Which of the following statements is true when we consider operations as a transformation system?

- a. Raw materials and finished goods are considered part of the transportation process.
- b. Labor, capital, and energy are considered as inputs into the system.
- c. Finished products and services are in the middle stage of the transformation process.
- d. The communication from inputs to outputs is considered a feedback loop.

Ans: B

Cognitive Domain: Application (Apply)

Learning Objective: 1-3. Trace the path of a raw material from the start of the supply chain to the final consumer.

Answer Location: Consider This 1.3: Service Operations in India

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

20. The following are pairs of transformation types with examples of the transformation. Which of these is correctly paired?

- a. Physical transformation, as in teaching and communication
- b. Locational transformation, as in banking and retail operations
- c. Psychological transformation, as in entertainment
- d. Informational transformation, as in transportation and warehouse operations

Ans: C

Cognitive Domain: Application (Apply)

Learning Objective: 1-3. Trace the path of a raw material from the start of the supply chain to the final consumer.

Answer Location: What Does Operations Management Entail?

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

21. The operations management function _____.

- a. transforms outputs such as materials and energy and labor into useful products and services
- b. is responsible for designing, operating, and improving the processes used to produce goods and services that the final consumer values
- c. refers to the efficient and effective management of capital
- d. helps the company to identify new markets and what customers in these markets want

Ans: B

Cognitive Domain: Application (Apply)

Learning Objective: 1-3. Trace the path of a raw material from the start of the supply chain to the final consumer.

Answer Location: What Does Operations Management Entail?

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

22. In the context of a global supply chain, which of the following players does the operations management function bring together?

- a. the individual firm and its global suppliers
- b. potential consumers of the firm's products and local retailers
- c. sources of finance (e.g., banks) and consumers of capital
- d. equipment manufacturers and suppliers of equipment parts

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 1-3. Trace the path of a raw material from the start of the supply chain to the final consumer.

Answer Location: What Does Operations Management Entail?

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

23. To be responsive to changes in customer demands, technology, competition, and resources, _____.

- a. the operations management function must be careful about choosing the right area in which to function
- b. the operations management function must be dynamic
- c. the operations management function must be cost conscious to ensure that change is not too expensive
- d. the operations management function must seek to outsource more of its operations

Ans: B

Cognitive Domain: Analysis (Analyze)

Learning Objective: 1-2. Describe the role of operations management within a company and in society.

Answer Location: What Does Operations Management Entail?

Difficulty Level: Hard

AACSB: Analytical thinking (able to analyze and frame problems)

24. The following are different organizational functions paired with a description of the function. Which of these is correctly paired?

- a. Finance function: gathers market intelligence and can provide the operations group with meaningful ideas for product-improvement programs
- b. Marketing function: provides the operations group with technical information support
- c. Information technology function: provides funding that allows a firm's operations group to produce products and invest in new production equipment
- d. Human resources function: provides the recruitment, hiring, and training of operations personnel as well as health-and-safety compliance training and advice related to current environmental and regulatory issues

Ans: D

Cognitive Domain: Comprehension (Understand)

Learning Objective: 1-2. Describe the role of operations management within a company and in society.

Answer Location: What Does Operations Management Entail?

Difficulty Level: Easy

AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

25. The scope of the operations function _____.

- a. is restricted to areas within the firm
- b. is applicable only to manufacturing
- c. is applicable only to services
- d. applies both within and outside the firm

Ans: D

Cognitive Domain: Comprehension (Understand)

Learning Objective: 1-2. Describe the role of operations management within a company and in society.

Answer Location: What Does Operations Management Entail?

Difficulty Level: Easy

AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

26. The operations function needs to interface with which organizations?

- a. government agencies or regulatory organizations to comply with given rules and regulations
- b. competitors so as to be able to fix prices to ensure good margins on products and services
- c. the agencies of the United Nations to ensure compliance with global regulations
- d. agencies representing consumers to ensure that consumer wants are satisfied

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 1-2. Describe the role of operations management within a company and in society.

Answer Location: What Does Operations Management Entail?

Difficulty Level: Easy

AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

27. Which of the following is a challenge that an organization will face in managing global supply chains?

- a. deciding which functions that should be outsourced and functions which should be performed in-house
- b. deciding the sources and uses of capital
- c. identifying new markets for its products
- d. recruiting employees for global operations

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 1-1. Explain how globalization has influenced the management of supply chains and their operations.

Answer Location: What Does Operations Management Entail?

Difficulty Level: Easy

AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

28. See the operations profile on Zara. The phrase *fashion doesn't sleep* refers to _____.

- a. fashionable garments for daytime wear
- b. the dynamic nature of the fashion industry
- c. the fact that operations management in the fashion industry is a 24/7 undertaking
- d. Zara needs to design clothing that can be worn 24/7

Ans: C

Cognitive Domain: Comprehension (Understand)

Learning Objective: 1-2. Describe the role of operations management within a company and in society.

Answer Location: Operations Profile: Zara—Bringing Speed to Fashion Through Supply Chain Management

Difficulty Level: Easy

AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

29. See the operations profile on Zara. How does Zara attract customers?

- a. speed to market
- b. poor quality
- c. keeping styles available for extended periods
- d. slow turnaround

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 1-2. Describe the role of operations management within a company and in society.

Answer Location: Operations Profile: Zara—Bringing Speed to Fashion Through Supply Chain Management

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

30. See the operations profile on Zara. The secret to Zara's success is a well-developed supply chain that includes _____.

- a. the firm's hand-picked employees
- b. the firm's design and manufacturing center
- c. the firm's sources of capital
- d. providers of high-quality raw materials

Ans: B

Cognitive Domain: Application (Apply)

Learning Objective: 1-4. Explain why it is important to have an integrated view of operations from a larger supply chain framework.

Answer Location: Operations Profile: Zara—Bringing Speed to Fashion Through Supply Chain Management

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

31. See the operations profile on Zara. Which of the following is NOT one of the techniques by which Zara is able to get products quickly to the customer?

- a. Zara presses and wraps clothing.
- b. Zara facilitates the process by which retailers get the products onto shelves and displays.
- c. Zara uses express shipping to get products quickly to customers.
- d. Zara tags all clothing and puts it on hangers at their distribution centers.

Ans: C

Cognitive Domain: Application (Apply)

Learning Objective: 1-4. Explain why it is important to have an integrated view of operations from a larger supply chain framework.

Answer Location: Operations Profile: Zara—Bringing Speed to Fashion Through Supply Chain Management

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

32. Which of the following is part of the outbound portion of a company's supply chain?

- a. local or foreign suppliers of product ideas and designs
- b. suppliers of raw materials
- c. distribution centers
- d. suppliers of partly assembled products and other inputs

Ans: C

Cognitive Domain: Application (Apply)

Learning Objective: 1-4. Explain why it is important to have an integrated view of operations from a larger supply chain framework.

Answer Location: Supply Chain Structures and Partners

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

33. Which of the following is part of the inbound portion of a company's supply chain?

- a. retailers
- b. basic raw materials and components, transportation links, and warehouses
- c. wholesalers
- d. regulatory organizations and government agencies

Ans: B

Cognitive Domain: Application (Apply)

Learning Objective: 1-4. Explain why it is important to have an integrated view of operations from a larger supply chain framework.

Answer Location: Supply Chain Structures and Partners

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

34. *First-tier suppliers* refers to _____.

- a. suppliers who provide components, systems, or finished goods and services to the primary firm
- b. suppliers who provide components, systems, or finished goods and services that are of high quality
- c. suppliers who provide components, systems, or finished goods and services at the lowest cost
- d. suppliers who provide components, systems, or finished goods and services at the highest cost

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 1-4. Explain why it is important to have an integrated view of operations from a larger supply chain framework.

Answer Location: First-Tier Suppliers

Difficulty Level: Easy

AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

35. First-tier suppliers are those who _____.

- a. depend on the primary firm for certain supplies or raw materials
- b. depend on other suppliers for certain supplies or raw materials
- c. charge the highest prices
- d. charge the lowest prices

Ans: B

Cognitive Domain: Application (Apply)

Learning Objective: 1-4. Explain why it is important to have an integrated view of operations from a larger supply chain framework.

Answer Location: First-Tier Suppliers

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

36. Which of the following is true with regard to primary firms, first-tier suppliers, and second-tier suppliers?

- a. A first-tier supplier is the primary firm to a second-tier supplier.
- b. A second-tier supplier is the primary firm to a first-tier supplier.
- c. Second-tier suppliers are not as important as first-tier suppliers.
- d. To a primary firm, a first-tier supplier supplies finished goods and a second-tier supplier supplies raw materials.

Ans: D

Cognitive Domain: Application (Apply)

Learning Objective: 1-4. Explain why it is important to have an integrated view of operations from a larger supply chain framework.

Answer Location: Second-Tier Suppliers

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

37. Which of the following statements is true with regard to storage?

- a. Outbound storage refers to the storage of materials that, if not available, will impede manufacturing flow.
- b. Inbound storage refers to the storage of products and services after production and prior to shipment to customer.
- c. Inbound storage is one of the first operations activities to be outsourced.
- d. Outbound warehousing refers to storing finished goods prior to their shipment to a wholesale or retail destination.

Ans: D

Cognitive Domain: Application (Apply)

Learning Objective: 1-4. Explain why it is important to have an integrated view of operations from a larger supply chain framework.

Answer Location: Inbound and Outbound Storage

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

38. Which of the following statements is false with regard to storage?

- a. Storage refers to the warehousing function that organizations use.
- b. Outbound storage refers to the storage of products and services after production and prior to shipment to customer.
- c. Each manufacturer may have multiple storage facilities.
- d. Only the primary firm (not first- or second-tier suppliers) have storage facilities.

Ans: D

Cognitive Domain: Application (Apply)

Learning Objective: 1-4. Explain why it is important to have an integrated view of operations from a larger supply chain framework.

Answer Location: Inbound and Outbound Storage

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

39. Which of the following statements is true with regard to the primary firm, wholesalers, and retailers?

- a. A primary firm may have many wholesalers and retailers.
- b. Retailers receive goods directly from the primary firm and sell to wholesalers.
- c. Wholesalers sell directly to customers.
- d. A primary firm does not sell directly to customers.

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 1-4. Explain why it is important to have an integrated view of operations from a larger supply chain framework.

Answer Location: Wholesalers and Retailers

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

40 Final consumers are _____.

- a. those people and firms who actually consume the goods produced by the primary firm
- b. also known as intermediate users
- c. those people and firms who make the decision to purchase the product
- d. those people and firms involved in financing the purchase of the product

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 1-4. Explain why it is important to have an integrated view of operations from a larger supply chain framework.

Answer Location: Final Consumers

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

41. In the operations profile on Apple, the book indicates that when Apple makes a product announcement _____.

- a. it does not have an impact on the company's stock price, as Apple produces many different products the consequence of one single product is negligible
- b. technology used in the product need not be verified, as Apple can always issue a product recall
- c. it does not have to bother with checking the raw materials used by its suppliers, as this is the responsibility of the suppliers
- d. it needs to ensure that suppliers have been certified

Ans: D

Cognitive Domain: Application (Apply)

Learning Objective: 1-4. Explain why it is important to have an integrated view of operations from a larger supply chain framework.

Answer Location: Operations Profile: Lessons Learned: Apple Puts All Its Eggs in One (Very Expensive) Basket

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

42. In the operations profile on Apple, the phrase *putting all its eggs in one basket* refers to _____.

- a. focusing only on the iPhone as a source of revenues for the company

- b. contracting with Intel to produce the microprocessor on which iPhone runs
- c. depending on one supplier to produce the sapphire screen
- d. relying on one single market for sale of its products

Ans: C

Cognitive Domain: Application (Apply)

Learning Objective: 1-4. Explain why it is important to have an integrated view of operations from a larger supply chain framework.

Answer Location: Operations Profile: Lessons Learned: Apple Puts All Its Eggs in One (Very Expensive) Basket

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

43. The three general types of decisions with regard to the operations and supply chain function include _____.

- a. decisions related to the primary firm, first-tier suppliers, second-tier suppliers
- b. corporate, business, functional decisions
- c. strategic, tactical, operational decisions
- d. logistics, transportation, warehousing decisions

Ans: C

Cognitive Domain: Application (Apply)

Learning Objective: 1-4. Explain why it is important to have an integrated view of operations from a larger supply chain framework.

Answer Location: Decisions in Operations and Supply Chain Management

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

44. Which of the following represents the correct pairing of one of the three general types of decisions with regard to the operations and supply chain function with its description?

- a. strategic: medium-term decisions
- b. tactical: long-term decisions
- c. operational: decisions with respect to day-to-day operations
- d. functional: decisions with regard to diversification of the firm

Ans: C

Cognitive Domain: Application (Apply)

Learning Objective: 1-4. Explain why it is important to have an integrated view of operations from a larger supply chain framework.

Answer Location: Decisions in Operations and Supply Chain Management

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

45. Which of the following is true with respect to strategic decisions?

- a. Each strategic decision is independent of other decisions.

- b. Master production scheduling and material requirements planning are examples of strategic decisions.
- c. In the hierarchy of decisions, strategic decisions follow operational decisions.
- d. Strategic decisions are long-term in nature.

Ans: D

Cognitive Domain: Application (Apply)

Learning Objective: 1-4. Explain why it is important to have an integrated view of operations from a larger supply chain framework.

Answer Location: Decisions in Operations and Supply Chain Management

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

46. Which of the following is true with respect to strategic, tactical, and operational decisions?

- a. Tactical and operational decisions have to conform to their higher-order, strategic choices.
- b. The hierarchy of decisions suggests that strategic, tactical, and operational decisions are independent of each other.
- c. Customer relationship planning is often considered a strategic decision.
- d. Tactical and operational decisions are clearly delineated.

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 1-4. Explain why it is important to have an integrated view of operations from a larger supply chain framework.

Answer Location: Decisions in Operations and Supply Chain Management

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

47. Which of the following is true with regard to operations interfaces in a product supply chain?

- a. Operations interfaces refer to the interrelationships between the primary firm and its first-tier and second-tier suppliers.
- b. The interfaces include upstream, downstream, and vertical interfaces.
- c. Downstream interfaces refer to supplier management.
- d. Upstream interfaces refer to customer management.

Ans: B

Cognitive Domain: Application (Apply)

Learning Objective: 1-4. Explain why it is important to have an integrated view of operations from a larger supply chain framework.

Answer Location: Operations Interfaces in a Product Supply Chain

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

48. Which of the following is true with regard to operations interfaces in a product supply chain?

- a. Upstream interfaces typically include individuals or companies that buy and use the firm's finished products.
- b. Downstream interfaces typically include suppliers that provide raw materials, components, and parts required in downstream operations.
- c. Vertical interfaces include technology management and service support.
- d. Horizontal interfaces include the company's relations with its competitors.

Ans: C

Cognitive Domain: Application (Apply)

Learning Objective: 1-4. Explain why it is important to have an integrated view of operations from a larger supply chain framework.

Answer Location: Operations Interfaces in a Product Supply Chain

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

49. Which of the following statements is true with regard to technology management and service support functions?

- a. Technology management and service support functions refer to management issues outside the firm
- b. With technology management, we are continuously looking for ways to improve the design of facilities and engineer our processes to make our production more efficient.
- c. Interfaces with respect to technology management are more challenging than those of interfaces with first-tier suppliers.
- d. Interfaces with respect to first-tier suppliers are more challenging than those of interfaces with second-tier suppliers.

Ans: B

Cognitive Domain: Application (Apply)

Learning Objective: 1-4. Explain why it is important to have an integrated view of operations from a larger supply chain framework.

Answer Location: Operations Interfaces in a Product Supply Chain

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

50. A service supply chain _____.

- a. is a stand-alone organization (i.e., not connected to other organizations)
- b. uses resources and transforms inputs (skills and knowledge) into services
- c. is involved in processing the financing and other services associated with a supply chain for products
- d. is less demanding of operations management than a supply chain for products

Ans: B

Cognitive Domain: Application (Apply)

Learning Objective: 1-4. Explain why it is important to have an integrated view of operations from a larger supply chain framework.

Answer Location: Operations Interfaces in a Service Supply Chain

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

51. In a service supply chain, _____.

- a. activities such as supplier relationship management, demand management, and customer relationship management are very different from those that exist in a product supply chain
- b. the main similarity with the product supply chain is the degree of interaction between the value provider and the customer
- c. there is a greater distance between the supplier and consumer of the service in comparison to a product supply chain
- d. the interfaces and activities such as supplier relationship management, demand management, and customer relationship management are identical to those that exist in a product supply chain

Ans: D

Cognitive Domain: Application (Apply)

Learning Objective: 1-4. Explain why it is important to have an integrated view of operations from a larger supply chain framework.

Answer Location: Operations Interfaces in a Service Supply Chain

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

52. If we look back in history and reflect on the great civilizations, we can find early examples of production accomplishments in _____.

- a. China
- b. the United States of America
- c. Austria
- d. Bangladesh

Ans: A

Cognitive Domain: Knowledge (Remember)

Learning Objective: 1-5. Describe the evolution of operations and supply chain management from the Industrial Revolution to the present.

Answer Location: The Evolution of Operations and Supply Chain Management

Difficulty Level: Easy

AACSB: Systems and processes in organizations, including planning and design, production/operations, supply chains, marketing, and distribution

53. Organized and large-scale production of consumer goods began _____.

- a. during the Industrial Revolution
- b. around 300 BCE
- c. only in the early 20th century
- d. after World War II

Ans: A

Cognitive Domain: Knowledge (Remember)

Learning Objective: 1-5. Describe the evolution of operations and supply chain management from the Industrial Revolution to the present.

Answer Location: The Evolution of Operations and Supply Chain Management

Difficulty Level: Easy

AACSB: Systems and processes in organizations, including planning and design, production/operations, supply chains, marketing, and distribution

54. Most of the innovations in operations management occurred during the _____ century.

- a. 18th
- b. early 19th
- c. late 19th
- d. 20th

Ans: D

Cognitive Domain: Knowledge (Remember)

Learning Objective: 1-5. Describe the evolution of operations and supply chain management from the Industrial Revolution to the present.

Answer Location: The Evolution of Operations and Supply Chain Management

Difficulty Level: Easy

AACSB: Systems and processes in organizations, including planning and design, production/operations, supply chains, marketing, and distribution

55. The importance of operations strategies was stimulated by _____.

- a. loss of market share due to global competition
- b. operations personnel making significant contributions to corporate strategy
- c. the adoption of operations strategies worldwide
- d. less emphasis being placed on marketing and finance functions

Ans: A

Cognitive Domain: Knowledge (Remember)

Learning Objective: 1-5. Describe the evolution of operations and supply chain management from the Industrial Revolution to the present.

Answer Location: The Evolution of Operations and Supply Chain Management

Difficulty Level: Easy

AACSB: Systems and processes in organizations, including planning and design, production/operations, supply chains, marketing, and distribution

56. Which of the following is NOT one of the functions of operations strategy?

- a. It uses an organization's resources efficiently to gain a competitive edge in the marketplace.
- b. It helps achieve key objectives related to cost, service, and innovation.
- c. It facilitates identifying whether sales can be improved through rebates or advertising.
- d. It helps achieve key objectives related to product quality, delivery.

Ans: C

Cognitive Domain: Application (Apply)

Learning Objective: 1-5. Describe the evolution of operations and supply chain management from the Industrial Revolution to the present.

Answer Location: The Evolution of Operations and Supply Chain Management

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

57. As a result of global competition, many companies _____.

- a. lost their competitive edge and market share
- b. realized the importance of operations strategies
- c. adopted total quality management
- d. all of these

Ans: D

Cognitive Domain: Application (Apply)

Learning Objective: 1-5. Describe the evolution of operations and supply chain management from the Industrial Revolution to the present.

Answer Location: The Evolution of Operations and Supply Chain Management

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

58. Achieving total quality requires _____.

- a. the commitment of the organization's management and employees
- b. the involvement of the United Nations
- c. the involvement of the ISO
- d. the involvement of the U.S. Senate

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 1-5. Describe the evolution of operations and supply chain management from the Industrial Revolution to the present.

Answer Location: The Evolution of Operations and Supply Chain Management

Difficulty Level: Easy

AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

59. The Six Sigma approach to quality _____.

- a. was initiated by Motorola
- b. was started in 1962
- c. was welcomed by all companies
- d. applies only to manufacturing

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 1-5. Describe the evolution of operations and supply chain management from the Industrial Revolution to the present.

Answer Location: The Evolution of Operations and Supply Chain Management

Difficulty Level: Easy

AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

60. The application of Six Sigma is least likely to be appropriate for _____.

- a. manufacturing
- b. services
- c. supply chain
- d. creative works like painting

Ans: D

Cognitive Domain: Comprehension (Understand)

Learning Objective: 1-5. Describe the evolution of operations and supply chain management from the Industrial Revolution to the present.

Answer Location: The Evolution of Operations and Supply Chain Management

Difficulty Level: Easy

AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

61. Six Sigma was introduced by _____.

- a. General Electric
- b. Toyota
- c. Motorola
- d. Pennril Datacom

Ans: C

Cognitive Domain: Comprehension (Understand)

Learning Objective: 1-5. Describe the evolution of operations and supply chain management from the Industrial Revolution to the present.

Answer Location: The Evolution of Operations and Supply Chain Management

Difficulty Level: Easy

AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

62. Which one of the following is NOT one of the approaches with regard to quality improvement?

- a. lean manufacturing
- b. agile manufacturing
- c. total rework
- d. Six Sigma

Ans: C

Cognitive Domain: Comprehension (Understand)

Learning Objective: 1-5. Describe the evolution of operations and supply chain management from the Industrial Revolution to the present.

Answer Location: The Evolution of Operations and Supply Chain Management

Difficulty Level: Easy

AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

63. Which of the following quality philosophies is correctly paired with its strategy?

- a. lean: improving quality by reducing the number of defects
- b. Six Sigma: eliminating waste
- c. agile manufacturing: using technology to integrate different operations
- d. TQM: expediting rework

Ans: C

Cognitive Domain: Application (Apply)

Learning Objective: 1-5. Describe the evolution of operations and supply chain management from the Industrial Revolution to the present.

Answer Location: The Evolution of Operations and Supply Chain Management

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

64. Which of the following statements is true with regard to business process reengineering (BPR)?

- a. BPR is an aggressive methodology that focuses primarily on reducing defects in a process.
- b. BPR is the radical redesign of a firm's existing workflows and resources to reduce operational costs.
- c. Many U.S. companies had adopted BPR by the early 1960s.
- d. BPR is also known as business process management (BPM).

Ans: B

Cognitive Domain: Application (Apply)

Learning Objective: 1-5. Describe the evolution of operations and supply chain management from the Industrial Revolution to the present.

Answer Location: The Evolution of Operations and Supply Chain Management

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

65. Which of the following statements is false with regard to enterprise resource planning (ERP)?

- a. ERP systems were developed in the early 1960s.
- b. An ERP system is an information system that integrates information across all departments of an organization, such as finance, accounting, manufacturing, sales, and service.
- c. The purpose of an ERP system is to manage the flow of information across all functions.
- d. The purpose of an ERP system is to manage the flow of information with its external stakeholders.

Ans: A

Cognitive Domain: Knowledge (Remember)

Learning Objective: 1-5. Describe the evolution of operations and supply chain management from the Industrial Revolution to the present.

Answer Location: The Evolution of Operations and Supply Chain Management

Difficulty Level: Easy

AACSB: Systems and processes in organizations, including planning and design, production/operations, supply chains, marketing, and distribution

66. The General Agreement on Tariffs and Trade (GATT) _____.

- a. is a treaty governing interstate commerce within different countries
- b. is designed to promote trade between different states within a country
- c. levies a flat rate or tariff on trade between member countries
- d. was established in 1947

Ans: D

Cognitive Domain: Comprehension (Understand)

Learning Objective: 1-5. Describe the evolution of operations and supply chain management from the Industrial Revolution to the present.

Answer Location: The Evolution of Operations and Supply Chain Management

Difficulty Level: Easy

AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

67. The WTO (World Trade Organization) _____.

- a. replaced the GATT in 1945
- b. governs trade in goods but not services
- c. has opened up markets for regulated industries (e.g., agriculture and textiles)
- d. is governed by NAFTA

Ans: C

Cognitive Domain: Comprehension (Understand)

Learning Objective: 1-5. Describe the evolution of operations and supply chain management from the Industrial Revolution to the present.

Answer Location: The Evolution of Operations and Supply Chain Management

Difficulty Level: Easy

AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

68. The formation of the European Union _____.

- a. encouraged trade barriers among European countries
- b. led to strict quality and environmental standards that companies have to meet in order to do business with member countries.
- c. was initiated by World War I
- d. was initiated by World War II

Ans: B

Cognitive Domain: Comprehension (Understand)

Learning Objective: 1-5. Describe the evolution of operations and supply chain management from the Industrial Revolution to the present.

Answer Location: The Evolution of Operations and Supply Chain Management

Difficulty Level: Easy

AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

69. Which of the following is NOT one of the consequences of globalization?

- a. an increase in strategic partnerships among global business partners
- b. an increase in joint ventures, licensing arrangements
- c. the formation of global supply chains
- d. an increase in consolidation of businesses

Ans: D

Cognitive Domain: Comprehension (Understand)

Learning Objective: 1-5. Describe the evolution of operations and supply chain management from the Industrial Revolution to the present.

Answer Location: The Evolution of Operations and Supply Chain Management

Difficulty Level: Easy

AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

70. Which of the following is a management challenge faced in recent years by supply chain managers?

- a. The growth in prosperity of developing countries has increased the demand for goods and services from developed nations, causing a strain on managing the distribution to developing countries.
- b. Managers are now expected to handle a shift from low to high-volume production.
- c. Most of the problems faced by supply chain managers are internal to their company's operations.
- d. Managers must deal with an increase in trade turbulence.

Ans: D

Cognitive Domain: Application (Apply)

Learning Objective: 1-6. Identify some of the current and emerging trends in operations and supply chain management.

Answer Location: Current and Emerging Issues in Operations and Supply Chain

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

71. Risks in global supply chain management are increasing due to _____.

- a. greater levels of outsourcing and offshoring
- b. reduction in complexity of products and services
- c. an increase in domestic resourcing and manufacturing
- d. emphasis on supporting local manufacturers

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 1-6. Identify some of the current and emerging trends in operations and supply chain management.

Answer Location: Current and Emerging Issues in Operations and Supply Chain

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

72. Factors that have increased the risk of global supply chain management include the _____.

- a. reduced financial volatility
- b. stability of energy prices
- c. increases in complexity of goods and services produced
- d. emergence of the European Union as a major economic power

Ans: C

Cognitive Domain: Application (Apply)

Learning Objective: 1-6. Identify some of the current and emerging trends in operations and supply chain management.

Answer Location: Greater Supply Chain Risks and Supply Chain Restructuring

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

73. Which of the following is NOT a response to managing challenges in the supply chain?

- a. Supply chains are being broken up into smaller fragments to make them more flexible.
- b. Manufacturing facilities are reconfigured to focus on a narrower scope of production.
- c. There is a reduction of outsourcing.
- d. There is a reduction of offshoring.

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 1-6. Identify some of the current and emerging trends in operations and supply chain management.

Answer Location: Greater Supply Chain Risks and Supply Chain Restructuring

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

74. The growing demand for businesses to operate in a socially responsible manner means that _____.

- a. focusing solely on costs and time efficiency is sufficient to meet sustainability goals
- b. business strategies should also incorporate responsible labor practices
- c. operations should maximize the use of the world's resources before they are used up by others
- d. governments should reduce emphasis on free trade

Ans: B

Cognitive Domain: Application (Apply)

Learning Objective: 1-6. Identify some of the current and emerging trends in operations and supply chain management.

Answer Location: Sustainability

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

75. The operations function of most businesses focuses _____.

- a. only on services
- b. only on goods
- c. on a mix of goods and services
- d. on a mix of goods and financing

Ans: C

Cognitive Domain: Application (Apply)

Learning Objective: 1-6. Identify some of the current and emerging trends in operations and supply chain management.

Answer Location: What Does Operations Management Entail?

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

76. Sustainability refers to _____.

- a. the use of methods, systems, and materials that will not deplete resources or harm natural cycles
- b. a company's ability to ensure that suppliers deliver raw materials and other inputs on a timely basis over an extended period
- c. the financial capability of a firm to maintain its operations without resorting to external funding
- d. the use of proper methods for maintaining the longevity of machines and other equipment

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 1-6. Identify some of the current and emerging trends in operations and supply chain management.

Answer Location: Sustainability

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

77. Outsourcing refers to contracting a portion of operations to a third party. Such outsourcing _____.

- a. refers to third-party contracting for manufacturing only
- b. refers to third-party contracting when the third party is located in a different country
- c. is applicable only for services
- d. can improve operational flexibility

Ans: D

Cognitive Domain: Application (Apply)

Learning Objective: 1-6. Identify some of the current and emerging trends in operations and supply chain management.

Answer Location: Offshoring and Outsourcing

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

78. Companies that take a creative and proactive approach to incorporating sustainability into their operations and supply chains _____.

- a. can reduce reliance on external resources
- b. craft legal contracts that will penalize suppliers in case of failure to meet the company's supply requirements
- c. can reduce costs and mitigate risks
- d. can charge high prices for products of poor quality

Ans: C

Cognitive Domain: Application (Apply)

Learning Objective: 1-6. Identify some of the current and emerging trends in operations and supply chain management.

Answer Location: Sustainability

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

79. The fact that people around the world can watch MTV, wear Levi's, or eat at Pizza Hut points primarily to _____.

- a. the ability of consumers to buy products or services from firms, regardless of where the firms or the customers are located
- b. economies of scale in production
- c. the increase in global offshoring
- d. the increase in global outsourcing

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 1-1. Explain how globalization has influenced the management of supply chains and their operations.

Answer Location: The Effect of Globalization on Supply Chains and Operations Management

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

80. Which of the following is NOT an implication of globalization of business?

- a. Globalization means a business can sell in a foreign country.
- b. Globalization means a business can manufacture products in a foreign land.
- c. Globalization means a business can buy materials from overseas suppliers.
- d. Globalization means a business can avoid payment of tariffs on goods and services.

Ans: D

Cognitive Domain: Application (Apply)

Learning Objective: 1-1. Explain how globalization has influenced the management of supply chains and their operations.

Answer Location: The Effect of Globalization on Supply Chains and Operations Management

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

81. A supply chain _____.

- a. is also known as a customer chain as it provides value to the customer
- b. includes reverse logistics (process by which customers return products that are sent back to manufacturer)
- c. is an area that has always received a lot of attention from senior management
- d. includes other operational areas such as manufacturing

Ans: B

Cognitive Domain: Application (Apply)

Learning Objective: 1-1. Explain how globalization has influenced the management of supply chains and their operations.

Answer Location: Globalization, Supply Chains, and Operations Management

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

82. Which of the following statements is true with respect to offshoring and outsourcing?

- a. Offshoring is a subset of outsourcing.
- b. Outsourcing is a subset of offshoring.
- c. Companies typically engage in either outsourcing or offshoring but not both.
- d. Offshoring practices are common in the early stages of the product life cycle.

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 1-1. Explain how globalization has influenced the management of supply chains and their operations.

Answer Location: Offshoring and Outsourcing

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

83. A career in operations management is facilitated by _____.

- a. membership in the WTO
- b. an undergraduate or graduate degree in operations management
- c. membership in the GATT
- d. an interest in manufacturing rather than services

Ans: B

Cognitive Domain: Application (Apply)

Learning Objective: 1-1. Explain how globalization has influenced the management of supply chains and their operations.

Answer Location: Consider This 1.2: Why You Should Consider a Career in Operations and Supply Chain Management

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

84. Which of the following activities is NOT a responsibility of the purchasing manager?

- a. supervise and manage the acquisition of goods and services
- b. coordinate the quantity and timing of the delivery of materials needed by the firm
- c. schedule production and manages inventory of raw materials, work-in-progress, and finished products
- d. oversee the quality and price of materials acquired by the firm

Ans: C

Cognitive Domain: Application (Apply)

Learning Objective: 1-2. Describe the role of operations management within a company and in society.

Answer Location: Table 1.1: Careers in Operations and Supply Chain Management

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

85. Which of the following is false about the quality assurance manager?

- a. responsible for the elimination of product defects
- b. ensures preestablished quality standards are met
- c. an integral part of a firm's TQM strategic initiatives
- d. always reports directly to the CEO of the company

Ans: D

Cognitive Domain: Application (Apply)

Learning Objective: 1-2. Describe the role of operations management within a company and in society.

Answer Location: Table 1.1: Careers in Operations and Supply Chain Management

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

86. Who among the following is responsible for the physical environment (e.g., a company's buildings, furniture and equipment)?

- a. quality assurance manager
- b. facilities coordinator
- c. logistics manager
- d. warehouse operations manager

Ans: B

Cognitive Domain: Comprehension (Understand)

Learning Objective: 1-2. Describe the role of operations management within a company and in society.

Answer Location: Table 1.1: Careers in Operations and Supply Chain Management

Difficulty Level: Easy

AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

87. Operations management in an organization _____.
a. is concerned only with short-term strategies as the environment is rapidly changing
b. guides corporate strategy
c. is a part of functional strategy
d. has declined in importance in recent years

Ans: C

Cognitive Domain: Comprehension (Understand)

Learning Objective: 1-2. Describe the role of operations management within a company and in society.

Answer Location: What Does Operations Management Entail?

Difficulty Level: Easy

AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

88. Operations management can add economic value by _____.
a. increasing costs to customers
b. enhancing the value of products and services
c. identifying markets for new products
d. identifying new markets for existing products

Ans: C

Cognitive Domain: Application (Apply)

Learning Objective: 1-2. Describe the role of operations management within a company and in society.

Answer Location: What Does Operations Management Entail?

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

89. The textbook discusses Frito-Lay's preestablished standards to measure crunchiness and salt content of its chips as an example of _____.
a. the quality of the products Frito-Lay produces
b. the ease of measuring quality in products as contrasted to services
c. the type of benchmarks and standards companies may have for their products and services
d. the superiority of Frito-Lay's chips to McDonnell's French fries

Ans: B

Cognitive Domain: Application (Apply)

Learning Objective: 1-2. Describe the role of operations management within a company and in society.

Answer Location: Table 1.2: Differences Between Goods and Services

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

90. The subjective nature of service quality means that _____.
a. the same service may be viewed differently by different customers
b. different services are viewed in an identical fashion by different customers
c. it is easier to assess service quality than product quality
d. it is easier to satisfy service customers than product customers

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 1-2. Describe the role of operations management within a company and in society.

Answer Location: Table 1.2: Differences Between Goods and Services

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

91. Which of the following countries is the world's leading provider of services?
a. Brazil
b. Russia
c. India
d. China

Ans: C

Cognitive Domain: Knowledge (Remember)

Learning Objective: 1-1. Explain how globalization has influenced the management of supply chains and their operations.

Answer Location: Consider This 1.3: Service Operations in India

Difficulty Level: Easy

AACSB: Systems and processes in organizations, including planning and design, production/operations, supply chains, marketing, and distribution

92. The provision of services can include services such as _____.
a. manufacture of parts
b. development of raw materials in house
c. provision of finance
d. research and development

Ans: D

Cognitive Domain: Knowledge (Remember)

Learning Objective: 1-1. Explain how globalization has influenced the management of supply chains and their operations.

Answer Location: Consider This 1.3: Service Operations in India

Difficulty Level: Easy

AACSB: Systems and processes in organizations, including planning and design, production/operations, supply chains, marketing, and distribution

93. In the process of transforming inputs into value added goods and services, it is useful to have a feedback loop. Which of the following is less likely to be considered part of the operations feedback loop?

- a. communications from customers to the company
- b. feedback from the manufacturer to its suppliers
- c. communications from the manufacturing manager to the company's management
- d. communications from customers to the company's suppliers

Ans: C

Cognitive Domain: Knowledge (Remember)

Learning Objective: 1-1. Explain how globalization has influenced the management of supply chains and their operations.

Answer Location: What Does Operations Management Entail?

Difficulty Level: Easy

AACSB: Systems and processes in organizations, including planning and design, production/operations, supply chains, marketing, and distribution

94. In viewing the educational system as a process of transforming inputs into outputs, which of the following pairs is correct?

- a. inputs: students graduating with good grades
- b. outputs: students and faculty
- c. transformation process: teaching
- d. feedback loop: research publications by faculty

Ans: C

Cognitive Domain: Application (Apply)

Learning Objective: 1-3. Trace the path of a raw material from the start of the supply chain to the final consumer.

Answer Location: What Does Operations Management Entail?

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

95. Which of the following statements is true with regard to the current global business environment?

- a. Companies are competing in a very complex environment.
- b. Companies are well equipped to deal with challenges in the current environment.
- c. Turbulence in the trade environment is declining.
- d. Free trade has increased the complexity of global business.

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 1-3. Trace the path of a raw material from the start of the supply chain to the final consumer.

Answer Location: Current and Emerging Issues in Operations and Supply Chain Management

Difficulty Level: Hard

AACSB: Analytical thinking (able to analyze and frame problems)

96. Trends that are expected to continue with regard to resource usage include _____.

- a. elimination of waste
- b. decline in productivity

- c. increase in resource price
- d. decline in sustainability

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 1-6. Identify some of the current and emerging trends in operations and supply chain management.

Answer Location: Greater Supply Chain Risks and Supply Chain Restructuring

Difficulty Level: Easy

AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

97. Challenges that a company can face with regard to global supply chains include _____.

- a. political upheavals
- b. decline in the importance of offshoring
- c. decline in the importance of outsourcing
- d. impact of organizations such as the European Union

Ans: C

Cognitive Domain: Application (Apply)

Learning Objective: 1-6. Identify some of the current and emerging trends in operations and supply chain management.

Answer Location: Current and Emerging Issues in Operations and Supply Chain Management

Difficulty Level: Medium

AACSB: Application of knowledge (able to translate knowledge of business and management into practice)

98. Some of the risks presented by offshoring jobs include _____.

- a. geopolitical risks
- b. increasing use of English as a common language
- c. reduction in trade barriers
- d. growth in political stability in developing economies

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 1-3. Trace the path of a raw material from the start of the supply chain to the final consumer.

Answer Location: Offshoring and Outsourcing

Difficulty Level: Easy

AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

99. One reason why many of the manufacturing jobs are outsourced is _____.

- a. lower labor cost in these countries
- b. increased political risk
- c. trade barriers
- d. greater potential for products of poor quality

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 1-3. Trace the path of a raw material from the start of the supply chain to the final consumer.

Answer Location: Offshoring and Outsourcing

Difficulty Level: Easy

AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society

100. A U.S. manufacturing worker's average hourly compensation is approximately equal to _____.

- a. the weekly average compensation for a manufacturing worker in Sri Lanka
- b. the weekly average compensation for a German manufacturing worker
- c. the monthly average compensation for a manufacturing worker in Sri Lanka
- d. the monthly average compensation for a German manufacturing worker

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 1-3. Trace the path of a raw material from the start of the supply chain to the final consumer.

Answer Location: Offshoring and Outsourcing

Difficulty Level: Easy

AACSB: Economic, political, regulatory, legal, technological, and social contexts of organizations in a global society