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

KEY: Learning Objective: 1.1: Explain how globalization has influenced the management of supply chains and their operations.

REF: Cognitive Domain: Knowledge

Answer Location: Supply chains and operations management in the global economy

Difficulty Level: Easy

TOP: AACSB: Systems and processes in organizations

2. 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

KEY: Learning Objective: 1.1: Explain how globalization has influenced the management of supply chains and their operations.

REF: Cognitive Domain: Knowledge

Answer Location: Offshoring and Outsourcing

Difficulty Level: Easy

TOP: AACSB: Systems and processes in organizations

3. 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 in in-house operations 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

KEY: Learning Objective: 1.1: Explain how globalization has influenced the management of supply chains and their operations.

REF: Cognitive Domain: Analysis

Answer Location: Offshoring and Outsourcing

Difficulty Level: Hard

TOP: AACSB: Analytical thinking

4. 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 12% by 2017

B. increased from about 12% after World War II to 30% by 2017

C. declined from about 65% after World War II to 30% by 2017

D. increased from about 30% after World War II to 65% by 2017

Ans: A

KEY: Learning Objective: 1.1: Explain how globalization has influenced the management of supply chains and their operations.

REF: Cognitive Domain: Analysis

Answer Location: Offshoring and Outsourcing

Difficulty Level: Hard

TOP: AACSB: Analytical thinking

5. 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: A

KEY: Learning Objective: 1.1: Explain how globalization has influenced the management of supply chains and their operations.

REF: Cognitive Domain: Analysis

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

Difficulty Level: Hard

TOP: AACSB: Analytical thinking

6. 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

KEY: Learning Objective: 1.2: Describe the role of operations management within a company and in society.

REF: Cognitive Domain: Comprehension

Answer Location: Offshoring and Outsourcing

Difficulty Level: Easy

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

7. 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

KEY: Learning Objective: 1.2: Describe the role of operations management within a company and in society.

REF: Cognitive Domain: Application

Answer Location: Globalization, Supply Chains, and Operations Management

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

8. 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

KEY: Learning Objective: 1.2: Describe the role of operations management within a company and in society.

REF: Cognitive Domain: Comprehension

Answer Location: Offshoring and Outsourcing

Difficulty Level: Easy

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

9. 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

KEY: Learning Objective: 1.2: Describe the role of operations management within a company and in society.

REF: Cognitive Domain: Knowledge

Answer Location: What Does Operations Management Entail?

Difficulty Level: Easy

TOP: AACSB: Systems and processes in organizations

10. 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

D. always requires a high degree of customer contact

Ans: C

KEY: Learning Objective: 1.2: Describe the role of operations management within a company and in society.

REF: Cognitive Domain: Comprehension (Understand)

Answer Location: What Does Operations Management Entail?

Difficulty Level: Easy

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

11. 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

KEY: Learning Objective: 1.2: Describe the role of operations management within a company and in society.

REF: Cognitive Domain: Comprehension

Answer Location: What Does Operations Management Entail?

Difficulty Level: Easy

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

12. 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

KEY: Learning Objective: 1.2: Describe the role of operations management within a company and in society.

REF: Cognitive Domain: Comprehension

Answer Location: What Does Operations Management Entail?

Difficulty Level: Easy

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

13. 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

KEY: Learning Objective: 1.2: Describe the role of operations management within a company and in society.

REF: Cognitive Domain: Application

Answer Location: What Does Operations Management Entail?

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

14. 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

KEY: Learning Objective: 1.2: Describe the role of operations management within a company and in society.

REF: Cognitive Domain: Application

Answer Location: What Does Operations Management Entail?

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

15. 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

KEY: Learning Objective: 1.2: Describe the role of operations management within a company and in society.

REF: Cognitive Domain: Application

Answer Location: What Does Operations Management Entail?

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

16. 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

KEY: Learning Objective: 1.2: Describe the role of operations management within a company and in society.

REF: Cognitive Domain: Application

Answer Location: What Does Operations Management Entail?

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

17. 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

KEY: Learning Objective: 1.2: Describe the role of operations management within a company and in society.

REF: Cognitive Domain: Analysis

Answer Location: What Does Operations Management Entail?

Difficulty Level: Hard

TOP: AACSB: Analytical thinking

18. 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

KEY: Learning Objective: 1.2: Describe the role of operations management within a company and in society.

REF: Cognitive Domain: Comprehension

Answer Location: What Does Operations Management Entail?

Difficulty Level: Easy

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

19. 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

KEY: Learning Objective: 1.2: Describe the role of operations management within a company and in society.

REF: Cognitive Domain: Comprehension

Answer Location: What Does Operations Management Entail?

Difficulty Level: Easy

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

20. 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

KEY: Learning Objective: 1.2: Describe the role of operations management within a company and in society.

REF: Cognitive Domain: Comprehension

Answer Location: What Does Operations Management Entail?

Difficulty Level: Easy

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

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

A. deciding which functions should be outsourced and which functions 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

KEY: Learning Objective: 1.1: Explain how globalization has influenced the management of supply chains and their operations.

REF: Cognitive Domain: Comprehension

Answer Location: What Does Operations Management Entail?

Difficulty Level: Easy

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

22. 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

KEY: Learning Objective: 1.4: Explain why it is important to have an integrated view of operations from a larger supply chain framework.

REF: Cognitive Domain: Application

Answer Location: Supply Chain Structures and Partners

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

23. 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

KEY: Learning Objective: 1.4: Explain why it is important to have an integrated view of operations from a larger supply chain framework.

REF: Cognitive Domain: Application

Answer Location: Supply Chain Structures and Partners

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

24. *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

KEY: Learning Objective: 1.4: Explain why it is important to have an integrated view of operations from a larger supply chain framework.

REF: Cognitive Domain: Comprehension

Answer Location: First-Tier Suppliers

Difficulty Level: Easy

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

25. 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

KEY: Learning Objective: 1.4: Explain why it is important to have an integrated view of operations from a larger supply chain framework.

REF: Cognitive Domain: Application

Answer Location: First-Tier Suppliers

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

26. 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

KEY: Learning Objective: 1.4: Explain why it is important to have an integrated view of operations from a larger supply chain framework.

REF: Cognitive Domain: Application

Answer Location: Final Consumers

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

27. 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, and second-tier suppliers

B. corporate, business, and functional decisions

C. strategic, tactical, and operational decisions

D. logistics, transportation, and warehousing decisions

Ans: C

KEY: Learning Objective: 1.4: Explain why it is important to have an integrated view of operations from a larger supply chain framework.

REF: Cognitive Domain: Application

Answer Location: Decisions in Operations and Supply Chain Management

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

28. 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

KEY: Learning Objective: 1.4: Explain why it is important to have an integrated view of operations from a larger supply chain framework.

REF: Cognitive Domain: Application

Answer Location: Decisions in Operations and Supply Chain Management

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

29. 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

KEY: Learning Objective: 1.4: Explain why it is important to have an integrated view of operations from a larger supply chain framework.

REF: Cognitive Domain: Application

Answer Location: Operations Interfaces in a Service Supply Chain

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

30. 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

KEY: Learning Objective: 1.4: Explain why it is important to have an integrated view of operations from a larger supply chain framework.

REF: Cognitive Domain: Application

Answer Location: Operations Interfaces in a Service Supply Chain

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

31. 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

C. Austria

D. Bangladesh

Ans: A

KEY: Learning Objective: 1.5: Describe the evolution of operations and supply chain management from the Industrial Revolution to the present.

REF: Cognitive Domain: Knowledge

Answer Location: The Evolution of Operations and Supply Chain Management

Difficulty Level: Easy

TOP: AACSB: Systems and processes in organizations

32. Organized and large-scale production of consumer goods began \_\_\_\_\_\_.

A. during the Industrial Revolution

B. around 300 B.C.E

C. only in the early 20th century

D. after World War II

Ans: A

KEY: Learning Objective: 1.5: Describe the evolution of operations and supply chain management from the Industrial Revolution to the present.

REF: Cognitive Domain: Knowledge

Answer Location: The Evolution of Operations and Supply Chain Management

Difficulty Level: Easy

TOP: AACSB: Systems and processes in organizations

33. Most of the innovations in operations management occurred during the \_\_\_\_\_\_ century.

A. 18th

B. early 19th

C. late 19th

D. 20th

Ans: D

KEY: Learning Objective: 1.5: Describe the evolution of operations and supply chain management from the Industrial Revolution to the present.

REF: Cognitive Domain: Knowledge

Answer Location: The Evolution of Operations and Supply Chain Management

Difficulty Level: Easy

TOP: AACSB: Systems and processes in organizations

34. 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

KEY: Learning Objective: 1.5: Describe the evolution of operations and supply chain management from the Industrial Revolution to the present.

REF: Cognitive Domain: Knowledge

Answer Location: The Evolution of Operations and Supply Chain Management

Difficulty Level: Easy

TOP: AACSB: Systems and processes in organizations

35. 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

KEY: Learning Objective: 1.5: Describe the evolution of operations and supply chain management from the Industrial Revolution to the present.

REF: Cognitive Domain: Comprehension

Answer Location: The Evolution of Operations and Supply Chain Management

Difficulty Level: Easy

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

36. 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

KEY: Learning Objective: 1.5: Describe the evolution of operations and supply chain management from the Industrial Revolution to the present.

REF: Cognitive Domain: Comprehension

Answer Location: The Evolution of Operations and Supply Chain Management

Difficulty Level: Easy

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

37. 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

KEY: Learning Objective: 1.5: Describe the evolution of operations and supply chain management from the Industrial Revolution to the present.

REF: Cognitive Domain: Comprehension

Answer Location: The Evolution of Operations and Supply Chain Management

Difficulty Level: Easy

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

38. 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

KEY: Learning Objective: 1.5: Describe the evolution of operations and supply chain management from the Industrial Revolution to the present.

REF: Cognitive Domain: Application

Answer Location: The Evolution of Operations and Supply Chain Management

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

39. 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

KEY: Learning Objective: 1.5: Describe the evolution of operations and supply chain management from the Industrial Revolution to the present.

REF: Cognitive Domain: Comprehension

Answer Location: The Evolution of Operations and Supply Chain Management

Difficulty Level: Easy

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

40. 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

KEY: Learning Objective: 1.5: Describe the evolution of operations and supply chain management from the Industrial Revolution to the present.

REF: Cognitive Domain: Comprehension

Answer Location: The Evolution of Operations and Supply Chain Management

Difficulty Level: Easy

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

41. 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

KEY: Learning Objective: 1.5: Describe the evolution of operations and supply chain management from the Industrial Revolution to the present.

REF: Cognitive Domain: Comprehension

Answer Location: The Evolution of Operations and Supply Chain Management

Difficulty Level: Easy

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

42. 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

KEY: Learning Objective: 1.6: Identify some of the emerging trends in operations and supply chain management.

REF: Cognitive Domain: Application

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

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

43. 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

KEY: Learning Objective: 1.6: Identify some of the emerging trends in operations and supply chain management.

REF: Cognitive Domain: Application

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

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

44. 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

KEY: Learning Objective: 1.6: Identify some of the emerging trends in operations and supply chain management.

REF: Cognitive Domain: Application

Answer Location: Greater Supply Chain Risks and Supply Chain Restructuring

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

45. 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

KEY: Learning Objective: 1.6: Identify some of the emerging trends in operations and supply chain management.

REF: Cognitive Domain: Application

Answer Location: Sustainability

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

46. 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

KEY: Learning Objective: 1.6: Identify some of the emerging trends in operations and supply chain management.

REF: Cognitive Domain: Application

Answer Location: What Does Operations Management Entail?

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

47. 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

KEY: Learning Objective: 1.6: Identify some of the emerging trends in operations and supply chain management.

REF: Cognitive Domain: Application

Answer Location: Sustainability

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

48. 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

KEY: Learning Objective: 1.6: Identify some of the emerging trends in operations and supply chain management.

REF: Cognitive Domain: Application

Answer Location: Offshoring and Outsourcing

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

49. 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

KEY: Learning Objective: 1.6: Identify some of the emerging trends in operations and supply chain management.

REF: Cognitive Domain: Application

Answer Location: Sustainability

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

50. 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

KEY: Learning Objective: 1.1: Explain how globalization has influenced the management of supply chains and their operations.

REF: Cognitive Domain: Application

Answer Location: Globalization, Supply Chains, and Operations Management

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

51. 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

KEY: Learning Objective: 1.1: Explain how globalization has influenced the management of supply chains and their operations.

REF: Cognitive Domain: Application

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

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

52. 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

KEY: Learning Objective: 1.2: Describe the role of operations management within a company and in society.

REF: Cognitive Domain: Comprehension

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

Difficulty Level: Easy

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

53. 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

KEY: Learning Objective: 1.2: Describe the role of operations management within a company and in society.

REF: Cognitive Domain: Comprehension

Answer Location: What Does Operations Management Entail?

Difficulty Level: Easy

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

54. 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

KEY: Learning Objective: 1.2: Describe the role of operations management within a company and in society.

REF: Cognitive Domain: Application

Answer Location: What Does Operations Management Entail?

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

55. 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

KEY: Learning Objective: 1.2: Describe the role of operations management within a company and in society.

REF: Cognitive Domain: Application

Answer Location: Table 1.2: Differences Between Goods and Services

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

56. 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

KEY: Learning Objective: 1.2: Describe the role of operations management within a company and in society.

REF: Cognitive Domain: Application

Answer Location: Table 1.2: Differences Between Goods and Services

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

57. Which of the following countries is the world’s leading provider of services?

A. Brazil

B. Russia

C. India

D. China

Ans: C

KEY: Learning Objective: 1.1: Explain how globalization has influenced the management of supply chains and their operations.

REF: Cognitive Domain: Knowledge

Answer Location: Consider This 1.3: Service Operations in India

Difficulty Level: Easy

TOP: AACSB: Systems and processes in organizations

58. 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

KEY: Learning Objective: 1.1: Explain how globalization has influenced the management of supply chains and their operations.

REF: Cognitive Domain: Knowledge

Answer Location: Consider This 1.3: Service Operations in India

Difficulty Level: Easy

TOP: AACSB: Systems and processes in organizations

59. 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: D

KEY: Learning Objective: 1.1: Explain how globalization has influenced the management of supply chains and their operations.

REF: Cognitive Domain: Knowledge

Answer Location: What Does Operations Management Entail?

Difficulty Level: Easy

TOP: AACSB: Systems and processes in organizations

60. 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

KEY: Learning Objective: 1.3: Trace the path of a raw material from the start of the supply chain to the final consumer.

REF: Cognitive Domain: Application

Answer Location: What Does Operations Management Entail?

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

61. 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

KEY: Learning Objective: 1.6: Identify some of the emerging trends in operations and supply chain management.

REF: Cognitive Domain: Comprehension

Answer Location: Greater Supply Chain Risks and Supply Chain Restructuring

Difficulty Level: Easy

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

62. 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

KEY: Learning Objective: 1.6: Identify some of the emerging trends in operations and supply chain management.

REF: Cognitive Domain: Application

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

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

63. 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

KEY: Learning Objective: 1.3: Trace the path of a raw material from the start of the supply chain to the final consumer.

REF: Cognitive Domain: Comprehension

Answer Location: Offshoring and Outsourcing

Difficulty Level: Easy

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

64. 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

KEY: Learning Objective: 1.1: Explain how globalization has influenced the management of supply chains and their operations.

REF: Cognitive Domain: Comprehension

Answer Location: Offshoring and Outsourcing

Difficulty Level: Easy

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

65. 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

KEY: Learning Objective: 1.1: Explain how globalization has influenced the management of supply chains and their operations.

REF: Cognitive Domain: Comprehension

Answer Location: Offshoring and Outsourcing

Difficulty Level: Easy

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

# True/False

1. A supply chain includes all organizations that contribute to the development, manufacture, and shipping of products to a consumer.

Ans: T

KEY: Learning Objective: 1.4: Explain why it is important to have an integrated view of operations from a larger supply chain framework.

REF: Cognitive Domain: Analysis

Answer Location: Globalization, Supply Chains, and Operations Management

Difficulty Level: Hard

TOP: AACSB: Analytical thinking

2. Managing supply chains has become easier, as a large number of operations are outsourced to other companies.

Ans: F

KEY: Learning Objective: 1.4: Explain why it is important to have an integrated view of operations from a larger supply chain framework.

REF: Cognitive Domain: Analysis

Answer Location: Globalization, Supply Chains, and Operations Management

Difficulty Level: Hard

TOP: AACSB: Analytical thinking

3. Logistics refers to the transportation and storage of goods and materials both for the outbound and inbound areas of the supply chain.

Ans: T

KEY: Learning Objective: 1.2: Describe the role of operations management within a company and in society.

REF: Cognitive Domain: Comprehension

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

Difficulty Level: Easy

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

4. Different customers may view the same service as having varying degrees of quality.

Ans: T

KEY: Learning Objective: 1.2: Describe the role of operations management within a company and in society.

REF: Cognitive Domain: Application

Answer Location: What Does Operations Management Entail?

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

5. When we consider operations as a transformation system, labor, capital, and energy are considered as inputs into the system.

Ans: T

KEY: Learning Objective: 1.2: Describe the role of operations management within a company and in society.

REF: Cognitive Domain: Application

Answer Location: What Does Operations Management Entail?

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

6. To a primary firm, a first-tier supplier supplies finished goods and a second-tier supplier supplies raw materials.

Ans: T

KEY: Learning Objective: 1.4: Explain why it is important to have an integrated view of operations from a larger supply chain framework.

REF: Cognitive Domain: Application

Answer Location: First-Tier Suppliers | Second-Tier Suppliers

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

7. Outbound warehousing refers to storing finished goods prior to their shipment to a wholesale or retail destination.

Ans: T

KEY: Learning Objective: 1.4: Explain why it is important to have an integrated view of operations from a larger supply chain framework.

REF: Cognitive Domain: Application

Answer Location: Inbound and Outbound Storage

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

8. Only the primary firms (not first- or second-tier suppliers) have storage facilities.

Ans: F

KEY: Learning Objective: 1.4: Explain why it is important to have an integrated view of operations from a larger supply chain framework.

REF: Cognitive Domain: Application

Answer Location: Inbound and Outbound Storage

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

9. A primary firm may have many wholesalers and retailers.

Ans: T

KEY: Learning Objective: 1.4: Explain why it is important to have an integrated view of operations from a larger supply chain framework.

REF: Cognitive Domain: Application

Answer Location: Wholesalers and Retailers

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

10. In the hierarchy of decisions, strategic decisions follow operational decisions.

Ans: F

KEY: Learning Objective: 1.4: Explain why it is important to have an integrated view of operations from a larger supply chain framework.

REF: Cognitive Domain: Application

Answer Location: Decisions in Operations and Supply Chain Management

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

11. Tactical and operational decisions have to conform to their higher-order, strategic choices.

Ans: T

KEY: Learning Objective: 1.4: Explain why it is important to have an integrated view of operations from a larger supply chain framework.

REF: Cognitive Domain: Application

Answer Location: Decisions in Operations and Supply Chain Management

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

12. Operations interfaces in a product supply chain include upstream, downstream, and vertical interfaces.

Ans: T

KEY: Learning Objective: 1.4: Explain why it is important to have an integrated view of operations from a larger supply chain framework.

REF: Cognitive Domain: Application

Answer Location: Operations Interfaces in a Product Supply Chain

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

13. With regard to operations interfaces in a product supply chain, vertical interfaces include technology management and service support.

Ans: T

KEY: Learning Objective: 1.4: Explain why it is important to have an integrated view of operations from a larger supply chain framework.

REF: Cognitive Domain: Application

Answer Location: Operations Interfaces in a Product Supply Chain

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

14. 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.

Ans: T

KEY: Learning Objective: 1.4: Explain why it is important to have an integrated view of operations from a larger supply chain framework.

REF: Cognitive Domain: Application

Answer Location: Operations Interfaces in a Product Supply Chain

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

15. The function of operations strategy is to facilitate in identifying whether sales can be improved through rebates or advertising.

Ans: F

KEY: Learning Objective: 1.5: Describe the evolution of operations and supply chain management from the Industrial Revolution to the present.

REF: Cognitive Domain: Application

Answer Location: The Evolution of Operations and Supply Chain Management

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

16. BPR is the radical redesign of a firm’s existing workflows and resources to reduce operational costs.

Ans: T

KEY: Learning Objective: 1.5: Describe the evolution of operations and supply chain management from the Industrial Revolution to the present.

REF: Cognitive Domain: Application

Answer Location: The Evolution of Operations and Supply Chain Management

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

17. ERP systems were developed in the early 1960s.

Ans: F

KEY: Learning Objective: 1.5: Describe the evolution of operations and supply chain management from the Industrial Revolution to the present.

REF: Cognitive Domain: Knowledge

Answer Location: The Evolution of Operations and Supply Chain Management

Difficulty Level: Easy

TOP: AACSB: Systems and processes in organizations

18. One of the consequences of globalization is an increase in consolidation of businesses.

Ans: F

KEY: Learning Objective: 1.5: Describe the evolution of operations and supply chain management from the Industrial Revolution to the present.

REF: Cognitive Domain: Comprehension

Answer Location: The Evolution of Operations and Supply Chain Management

Difficulty Level: Easy

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

19. As a response to managing challenges in the supply chain, supply chains are being broken up into smaller fragments to make them more flexible.

Ans: F

KEY: Learning Objective: 1.6: Identify some of the emerging trends in operations and supply chain management.

REF: Cognitive Domain: Application

Answer Location: Greater Supply Chain Risks and Supply Chain Restructuring

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

20. Globalization means a business can avoid payment of tariffs on goods and services.

Ans: F

KEY: Learning Objective: 1.1: Explain how globalization has influenced the management of supply chains and their operations.

REF: Cognitive Domain: Application

Answer Location: Globalization, Supply Chains, and Operations Management

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

21. Companies typically engage in either outsourcing or offshoring but not both.

Ans: F

KEY: Learning Objective: 1.1: Explain how globalization has influenced the management of supply chains and their operations.

REF: Cognitive Domain: Application

Answer Location: Offshoring and Outsourcing

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

22. Responsibility of the purchasing manager includes scheduling production and managing inventory of raw materials, work-in-progress, and finished products.

Ans: F

KEY: Learning Objective: 1.2: Describe the role of operations management within a company and in society.

REF: Cognitive Domain: Application

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

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

23. The Quality assurance manager always reports directly to the CEO of the company.

Ans: F

KEY: Learning Objective: 1.2: Describe the role of operations management within a company and in society.

REF: Cognitive Domain: Application

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

Difficulty Level: Medium

TOP: AACSB: Application of knowledge

24. With regard to the current global business environment, companies are competing in a very complex environment.

Ans: T

KEY: Learning Objective: 1.3: Trace the path of a raw material from the start of the supply chain to the final consumer.

REF: Cognitive Domain: Analysis

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

Difficulty Level: Hard

TOP: AACSB: Analytical thinking