Chapter 01

Introduction to Operations Management

**True / False Questions**

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| 1. | Operations managers are responsible for assessing consumer wants and needs and selling and promoting the organization's goods or services.    True    False |

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| 2. | Often, the collective success or failure of companies' operations functions will impact the ability of a nation to compete with other nations.    True    False |

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| 3. | Companies are either producing goods or delivering services. This means that only one of the two types of operations management strategies are used.    True    False |

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| 4. | Operations, marketing, and finance function independently of each other in most organizations.    True    False |

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| 5. | The greater the degree of customer involvement, the more challenging the design and management of operations.    True    False |

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| 6. | Goods-producing organizations are not involved in service activities.    True    False |

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| 7. | Service operations require additional inventory because of the unpredictability of consumer demand.    True    False |

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| 8. | The value of outputs is measured by the prices customers are willing to pay for goods or services.    True    False |

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| 9. | The use of models will guarantee the best possible decisions.    True    False |

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| 10. | People who work in the field of operations should have skills that include both knowledge and people skills.    True    False |

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| 11. | Assembly lines achieved productivity but at the expense of standard of living.    True    False |

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| 12. | The operations manager has primary responsibility for making operations system design decisions, such as system capacity and location of facilities.    True    False |

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| 13. | The word "technology" is used only to refer to "information technology."    True    False |

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| 14. | "Value added" by definition is always a positive number since "added" implies increases.    True    False |

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| 15. | Service often requires greater labor content, whereas manufacturing is more capital intensive.    True    False |

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| 16. | Measurement of productivity in service is more straightforward than in manufacturing since it is not necessary to take into account the cost of materials.    True    False |

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| 17. | Special-purpose technology is a common way of offering increased customization in manufacturing or services without taking on additional labor costs.    True    False |

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| 18. | One concern in the design of production systems is the degree of standardization.    True    False |

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| 19. | Most people encounter operations only in profit-making organizations.    True    False |

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| 20. | Service involves a much higher degree of customer contact than manufacturing.    True    False |

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| 21. | A systems approach emphasizes interrelationships among subsystems, but its main theme is that the whole is greater than the sum of its individual parts.    True    False |

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| 22. | The Pareto phenomenon is one of the most important and pervasive concepts that can be applied at all levels of management.    True    False |

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| 23. | Operations managers, who usually use quantitative approaches, are not really concerned with ethical decision making.    True    False |

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| 24. | The optimal solutions produced by quantitative techniques should always be evaluated in terms of the larger framework.    True    False |

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| 25. | Managers should most often rely on quantitative techniques for important decisions since quantitative approaches result in more accurate decisions.    True    False |

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| 26. | Many operations management decisions can be described as trade-offs.    True    False |

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| 27. | A systems approach means that we concentrate on efficiency within a subsystem and thereby assure overall efficiency.    True    False |

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| 28. | Prior to the Industrial Revolution, goods were produced primarily by craftsmen or their apprentices using custom-made parts.    True    False |

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| 29. | Elton Mayo's Hawthorne experiments were the focal point of the human relations movement, which emphasized the importance of the human element in job design.    True    False |

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| 30. | Among Ford's many contributions was the introduction of mass production, using the concepts of interchangeable parts and division of labor.    True    False |

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| 31. | Operations management and marketing are the two functional areas that exist to support activities in other functions such as accounting, finance, IT, and human resources.    True    False |

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| 32. | Lean production systems incorporate the advantages of both mass production and craft production.    True    False |

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| 33. | As an abstraction of reality, a model is a simplified version of a real phenomenon.    True    False |

**Multiple Choice Questions**

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| 34. | In addition to operations, which of the following is considered a "line" function?      |  |  | | --- | --- | | A. | accounting |  |  |  | | --- | --- | | B. | finance |  |  |  | | --- | --- | | C. | IT |  |  |  | | --- | --- | | D. | procurement |  |  |  | | --- | --- | | E. | sales | |

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| 35. | Knowledge about challenges specific to the operations function can help marketing personnel to judge how \_\_\_\_\_\_\_\_\_\_\_\_\_ new product designs will be.      |  |  | | --- | --- | | A. | marketable |  |  |  | | --- | --- | | B. | segmentable |  |  |  | | --- | --- | | C. | manufacturable |  |  |  | | --- | --- | | D. | measurable |  |  |  | | --- | --- | | E. | nameable | |

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| 36. | Managing the supply chain has become more important as a result of firms increasing their levels of:      |  |  | | --- | --- | | A. | overtime. |  |  |  | | --- | --- | | B. | outsourcing. |  |  |  | | --- | --- | | C. | marketing. |  |  |  | | --- | --- | | D. | promotions. |  |  |  | | --- | --- | | E. | shipping. | |

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| 37. | Which of the following would tend to increase the importance of supply chain management?      |  |  | | --- | --- | | A. | increased supply chain stability |  |  |  | | --- | --- | | B. | lower levels of outsourcing |  |  |  | | --- | --- | | C. | reduced competitive pressures |  |  |  | | --- | --- | | D. | increased globalization |  |  |  | | --- | --- | | E. | greater emphasis on local markets | |

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| 38. | Operations management involves continuous decision making; hopefully most decisions made will be:      |  |  | | --- | --- | | A. | redundant. |  |  |  | | --- | --- | | B. | minor in nature. |  |  |  | | --- | --- | | C. | informed. |  |  |  | | --- | --- | | D. | quantitative. |  |  |  | | --- | --- | | E. | qualitative. | |

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| 39. | A "product package" consists of:      |  |  | | --- | --- | | A. | the exterior wrapping. |  |  |  | | --- | --- | | B. | the shipping container. |  |  |  | | --- | --- | | C. | a combination of goods and services. |  |  |  | | --- | --- | | D. | goods if a manufacturing organization. |  |  |  | | --- | --- | | E. | customer relations if a service organization. | |

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| 40. | Business organizations consist of three major functions which, ideally:      |  |  | | --- | --- | | A. | support one another. |  |  |  | | --- | --- | | B. | are mutually exclusive. |  |  |  | | --- | --- | | C. | exist independently of each other. |  |  |  | | --- | --- | | D. | function independently of each other. |  |  |  | | --- | --- | | E. | do not interface with each other. | |

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| 41. | Which of the following is not a type of operations?      |  |  | | --- | --- | | A. | goods production |  |  |  | | --- | --- | | B. | storage/transportation |  |  |  | | --- | --- | | C. | entertainment |  |  |  | | --- | --- | | D. | communication |  |  |  | | --- | --- | | E. | advertising | |

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| 42. | Technology choices seldom affect:      |  |  | | --- | --- | | A. | costs. |  |  |  | | --- | --- | | B. | productivity. |  |  |  | | --- | --- | | C. | union activity. |  |  |  | | --- | --- | | D. | quality. |  |  |  | | --- | --- | | E. | flexibility. | |

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| 43. | Measurements taken at various points in the transformation process for control purposes are called:      |  |  | | --- | --- | | A. | plans. |  |  |  | | --- | --- | | B. | directions. |  |  |  | | --- | --- | | C. | controls. |  |  |  | | --- | --- | | D. | feedback. |  |  |  | | --- | --- | | E. | budgets. | |

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| 44. | Budgeting, analysis of investment proposals, and provision of funds are activities associated with the \_\_\_\_\_\_\_ function.      |  |  | | --- | --- | | A. | operation |  |  |  | | --- | --- | | B. | marketing |  |  |  | | --- | --- | | C. | purchasing |  |  |  | | --- | --- | | D. | finance |  |  |  | | --- | --- | | E. | internal audit | |

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| 45. | Which one of the following would not generally be classified under the heading of transformation?      |  |  | | --- | --- | | A. | assembling |  |  |  | | --- | --- | | B. | teaching |  |  |  | | --- | --- | | C. | staffing |  |  |  | | --- | --- | | D. | farming |  |  |  | | --- | --- | | E. | consulting | |

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| 46. | Manufacturing work sent to other countries is called:      |  |  | | --- | --- | | A. | downsizing. |  |  |  | | --- | --- | | B. | outsourcing. |  |  |  | | --- | --- | | C. | internationalization. |  |  |  | | --- | --- | | D. | vertical integration. |  |  |  | | --- | --- | | E. | entrepreneurship. | |

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| 47. | Product design and process selection are examples of \_\_\_\_\_\_\_ decisions.      |  |  | | --- | --- | | A. | financial |  |  |  | | --- | --- | | B. | tactical |  |  |  | | --- | --- | | C. | system design |  |  |  | | --- | --- | | D. | system operation |  |  |  | | --- | --- | | E. | forecasting | |

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| 48. | The responsibilities of the operations manager are:      |  |  | | --- | --- | | A. | planning, organizing, staffing, procuring, and reviewing. |  |  |  | | --- | --- | | B. | planning, organizing, staffing, directing, and controlling. |  |  |  | | --- | --- | | C. | forecasting, designing, planning, organizing, and controlling. |  |  |  | | --- | --- | | D. | forecasting, designing, operating, procuring, and reviewing. |  |  |  | | --- | --- | | E. | designing and operating. | |

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| 49. | Knowledge skills usually don't include:      |  |  | | --- | --- | | A. | process knowledge. |  |  |  | | --- | --- | | B. | accounting skills. |  |  |  | | --- | --- | | C. | communication skills. |  |  |  | | --- | --- | | D. | global knowledge. |  |  |  | | --- | --- | | E. | financial skills. | |

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| 50. | Which of the following is not true about the systems approach?      |  |  | | --- | --- | | A. | A systems viewpoint is almost always beneficial in decision making. |  |  |  | | --- | --- | | B. | A systems approach emphasizes interrelationships among subsystems. |  |  |  | | --- | --- | | C. | A systems approach concentrates on efficiency within subsystems. |  |  |  | | --- | --- | | D. | A systems approach is essential whenever something is being redesigned or improved. |  |  |  | | --- | --- | | E. | All of the choices are true. | |

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| 51. | What is credited with gains in industrial productivity, increased standards of living, and affordable products?      |  |  | | --- | --- | | A. | personal computers |  |  |  | | --- | --- | | B. | the Internet |  |  |  | | --- | --- | | C. | mass transportation |  |  |  | | --- | --- | | D. | mass production |  |  |  | | --- | --- | | E. | multilevel marketing | |

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| 52. | Production systems with customized outputs typically have relatively:      |  |  | | --- | --- | | A. | high volumes of output. |  |  |  | | --- | --- | | B. | low unit costs. |  |  |  | | --- | --- | | C. | high amount of specialized equipment. |  |  |  | | --- | --- | | D. | fast work movement. |  |  |  | | --- | --- | | E. | skilled workers. | |

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| 53. | Which is not an area of significant difference between manufacturing and service operations?      |  |  | | --- | --- | | A. | cost per unit |  |  |  | | --- | --- | | B. | uniformity of output |  |  |  | | --- | --- | | C. | labor content of jobs |  |  |  | | --- | --- | | D. | customer contact |  |  |  | | --- | --- | | E. | measurement of productivity | |

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| 54. | Which of the following is not a characteristic of service operations?      |  |  | | --- | --- | | A. | intangible output |  |  |  | | --- | --- | | B. | high customer contact |  |  |  | | --- | --- | | C. | high labor content |  |  |  | | --- | --- | | D. | easy measurement of productivity |  |  |  | | --- | --- | | E. | low uniformity of output | |

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| 55. | Which of the following most involves coordinating the activities among all the elements of the business?      |  |  | | --- | --- | | A. | pollution control |  |  |  | | --- | --- | | B. | quality management |  |  |  | | --- | --- | | C. | supply chain management |  |  |  | | --- | --- | | D. | competition from foreign manufacturers |  |  |  | | --- | --- | | E. | technological change | |

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| 56. | Farming is an example of:      |  |  | | --- | --- | | A. | an obsolete activity. |  |  |  | | --- | --- | | B. | a virtual organization. |  |  |  | | --- | --- | | C. | nonmanufactured goods. |  |  |  | | --- | --- | | D. | a growth industry. |  |  |  | | --- | --- | | E. | customized manufacturing. | |

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| 57. | Dealing with the fact that certain aspects of any management situation are more important than others is called:      |  |  | | --- | --- | | A. | analysis of trade-offs. |  |  |  | | --- | --- | | B. | sensitivity analysis. |  |  |  | | --- | --- | | C. | recognition of priorities. |  |  |  | | --- | --- | | D. | analysis of variance. |  |  |  | | --- | --- | | E. | decision table analysis. | |

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| 58. | The fact that a few improvements in a few key areas of operations will have more impact than many improvements in many other areas is consistent with the:      |  |  | | --- | --- | | A. | Irwin phenomenon. |  |  |  | | --- | --- | | B. | Pareto phenomenon. |  |  |  | | --- | --- | | C. | Stevenson phenomenon. |  |  |  | | --- | --- | | D. | Tellier phenomenon. |  |  |  | | --- | --- | | E. | Adam Smith phenomenon. | |

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| 59. | The process of comparing outputs to previously established standards to determine if corrective action is needed is called:      |  |  | | --- | --- | | A. | planning. |  |  |  | | --- | --- | | B. | directing. |  |  |  | | --- | --- | | C. | controlling. |  |  |  | | --- | --- | | D. | budgeting. |  |  |  | | --- | --- | | E. | disciplining. | |

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| 60. | Which of the following does not relate to system design?      |  |  | | --- | --- | | A. | altering the system capacity |  |  |  | | --- | --- | | B. | location of facilities |  |  |  | | --- | --- | | C. | inventory management |  |  |  | | --- | --- | | D. | selection and acquisition of equipment |  |  |  | | --- | --- | | E. | physical arrangement of departments | |

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| 61. | Taking a systems viewpoint with regard to operations in today's environment increasingly leads decision makers to consider \_\_\_\_\_\_\_\_\_\_\_\_\_\_ in response to the \_\_\_\_\_\_\_\_\_\_\_.      |  |  | | --- | --- | | A. | flexibility; pressure to be more efficient |  |  |  | | --- | --- | | B. | offshoring; need to promote domestic production |  |  |  | | --- | --- | | C. | sustainability; threat of global warming |  |  |  | | --- | --- | | D. | technology; impact of random variation |  |  |  | | --- | --- | | E. | forecasting; stabilization of demand | |

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| 62. | Some companies attempt to maximize the revenue they receive from fixed operating capacity by influencing demands through price manipulation. This is an example of:      |  |  | | --- | --- | | A. | illegal price discrimination. |  |  |  | | --- | --- | | B. | collusion. |  |  |  | | --- | --- | | C. | volume analysis. |  |  |  | | --- | --- | | D. | revenue management. |  |  |  | | --- | --- | | E. | outsourcing. | |

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| 63. | Which of the following is not an ongoing trend in manufacturing?      |  |  | | --- | --- | | A. | globalization |  |  |  | | --- | --- | | B. | quality improvement |  |  |  | | --- | --- | | C. | flexibility and agility |  |  |  | | --- | --- | | D. | mass production for greater economies of scale |  |  |  | | --- | --- | | E. | technological advances | |

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| 64. | Which of the following is not a benefit of using models in decision making?      |  |  | | --- | --- | | A. | They provide a standardized format for analyzing a problem. |  |  |  | | --- | --- | | B. | They serve as a consistent tool for evaluation. |  |  |  | | --- | --- | | C. | They are easy to use and less expensive than dealing with the actual situation. |  |  |  | | --- | --- | | D. | They force the decision maker to take into account qualitative issues such as personalities and emotions. |  |  |  | | --- | --- | | E. | They offer insights into fundamental issues at play in a decision-making setting. | |

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| 65. | Modern firms increasingly rely on other firms to supply goods and services instead of doing these tasks themselves. This increased level of \_\_\_\_\_\_\_\_\_\_\_\_\_ is leading to increased emphasis on \_\_\_\_\_\_\_\_\_\_\_\_ management.      |  |  | | --- | --- | | A. | outsourcing; supply chain |  |  |  | | --- | --- | | B. | offshoring; lean |  |  |  | | --- | --- | | C. | downsizing; total quality |  |  |  | | --- | --- | | D. | optimizing; inventory |  |  |  | | --- | --- | | E. | internationalization; intercultural | |

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| 66. | Operations and sales are the two \_\_\_\_\_\_\_\_ functions in businesses.      |  |  | | --- | --- | | A. | strategic |  |  |  | | --- | --- | | B. | tactical |  |  |  | | --- | --- | | C. | support |  |  |  | | --- | --- | | D. | value-adding |  |  |  | | --- | --- | | E. | line | |

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| 67. | Marketing depends on operations for information regarding:      |  |  | | --- | --- | | A. | productivity. |  |  |  | | --- | --- | | B. | lead time. |  |  |  | | --- | --- | | C. | cash flow. |  |  |  | | --- | --- | | D. | budgeting. |  |  |  | | --- | --- | | E. | corporate intelligence. | |

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| 68. | Two widely used metrics of variation are the \_\_\_\_\_\_\_\_\_\_ and the \_\_\_\_\_\_\_\_\_.      |  |  | | --- | --- | | A. | mean; standard deviation |  |  |  | | --- | --- | | B. | productivity ratio; correlation |  |  |  | | --- | --- | | C. | standardized mean; assignable deviation |  |  |  | | --- | --- | | D. | randomized mean; standardized deviation |  |  |  | | --- | --- | | E. | normal distribution; random variation | |

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| 69. | Which of the following statements about variation is false?      |  |  | | --- | --- | | A. | Variation prevents a production process from being as efficient as it can be. |  |  |  | | --- | --- | | B. | Some variation can be prevented. |  |  |  | | --- | --- | | C. | Variation can either be assignable or random. |  |  |  | | --- | --- | | D. | Any variation makes a production process less productive. |  |  |  | | --- | --- | | E. | Random variation generally cannot be influenced by managers. | |

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| 70. | Which of the following is essential to consider with respect to managing a process to meet demand?      |  |  | | --- | --- | | A. | advertising |  |  |  | | --- | --- | | B. | trends in fashion |  |  |  | | --- | --- | | C. | global economic trends |  |  |  | | --- | --- | | D. | financial reporting standards |  |  |  | | --- | --- | | E. | capacity | |

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| 71. | Which of the following refers to service and production processes that use resources in ways that do not harm ecological systems?      |  |  | | --- | --- | | A. | sustainability |  |  |  | | --- | --- | | B. | supportability |  |  |  | | --- | --- | | C. | marketability |  |  |  | | --- | --- | | D. | perishability |  |  |  | | --- | --- | | E. | transportability | |

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| 72. | Which of the following principles emphasizes that actions should make the community as a whole better off?      |  |  | | --- | --- | | A. | The Rights Principle |  |  |  | | --- | --- | | B. | The Fairness Principle |  |  |  | | --- | --- | | C. | The Virtue Principle |  |  |  | | --- | --- | | D. | The Common Good Principle |  |  |  | | --- | --- | | E. | The Utilitarian Principle | |

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| 73. | If one organization is better able than most to respond to changes in demands or opportunities, we say that organization exhibits higher:      |  |  | | --- | --- | | A. | sustainability. |  |  |  | | --- | --- | | B. | efficiency. |  |  |  | | --- | --- | | C. | productivity. |  |  |  | | --- | --- | | D. | agility. |  |  |  | | --- | --- | | E. | marketability. | |

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| 74. | Supplying operations with parts and materials, performing work on products, and/or performing services are part of the firm's:      |  |  | | --- | --- | | A. | division of labor. |  |  |  | | --- | --- | | B. | market development. |  |  |  | | --- | --- | | C. | outsourcing. |  |  |  | | --- | --- | | D. | external process orientation. |  |  |  | | --- | --- | | E. | internal supply chain. | |

Chapter 01 Introduction to Operations Management Answer Key

**True / False Questions**

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| 1. | Operations managers are responsible for assessing consumer wants and needs and selling and promoting the organization's goods or services.    **FALSE**  Operation managers are not responsible for promoting goods/services. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-06 Describe the operations function and the nature of the operations manager's job. Level of Difficulty: 1 Easy Topic: The Scope of Operations Management* |

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| 2. | Often, the collective success or failure of companies' operations functions will impact the ability of a nation to compete with other nations.    **TRUE**  A nation is often only as competitive as its companies. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-01 Define the terms operations management and supply chain. Level of Difficulty: 1 Easy Topic: Operations Today* |

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| 3. | Companies are either producing goods or delivering services. This means that only one of the two types of operations management strategies are used.    **FALSE**  Most systems involve a blend of goods and services. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Understand Learning Objective: 01-02 Identify similarities and differences between production and service operations. Level of Difficulty: 2 Medium Topic: Introduction to Operations Management* |

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| 4. | Operations, marketing, and finance function independently of each other in most organizations.    **FALSE**  Operations, marketing, and finance are naturally dependent upon one another. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-04 Identify the three major functional areas of organizations and describe how they interrelate. Level of Difficulty: 2 Medium Topic: Introduction to Operations Management* |

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| 5. | The greater the degree of customer involvement, the more challenging the design and management of operations.    **TRUE**  Greater customer involvement leads to more complexity in the design and management of operations. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-06 Describe the operations function and the nature of the operations manager's job. Level of Difficulty: 1 Easy Topic: Introduction to Operations Management* |

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| 6. | Goods-producing organizations are not involved in service activities.    **FALSE**  Most systems involve a blend of goods and services. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-02 Identify similarities and differences between production and service operations. Level of Difficulty: 2 Medium Topic: Production of Goods versus Providing Services* |

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| 7. | Service operations require additional inventory because of the unpredictability of consumer demand.    **FALSE**  Service operations cannot use inventory as a hedge against unpredictable demand. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Understand Learning Objective: 01-02 Identify similarities and differences between production and service operations. Level of Difficulty: 1 Easy Topic: Production of Goods versus Providing Services* |

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| 8. | The value of outputs is measured by the prices customers are willing to pay for goods or services.    **TRUE**  Customers' willingness to pay for goods or services sets the value of these outputs. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-06 Describe the operations function and the nature of the operations manager's job. Level of Difficulty: 1 Easy Topic: Introduction to Operations Management* |

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| 9. | The use of models will guarantee the best possible decisions.    **FALSE**  Models are useful, but their use does not guarantee the best decisions. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Understand Learning Objective: 01-07 Explain the key aspects of operations management decision making. Level of Difficulty: 2 Medium Topic: Operations Management and Decision Making* |

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| 10. | People who work in the field of operations should have skills that include both knowledge and people skills.    **TRUE**  Operations management requires a blend of knowledge and people skills. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-06 Describe the operations function and the nature of the operations manager's job. Level of Difficulty: 2 Medium Topic: The Scope of Operations Management* |

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| 11. | Assembly lines achieved productivity but at the expense of standard of living.    **FALSE**  Productivity and standard of living go hand in hand. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-08 Briefly describe the historical evolution of operations management. Level of Difficulty: 3 Hard Topic: The Historical Evolution of Operations Management* |

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| 12. | The operations manager has primary responsibility for making operations system design decisions, such as system capacity and location of facilities.    **FALSE**  The operations manager plays a role in these decisions but is not primarily responsible for them. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Understand Learning Objective: 01-06 Describe the operations function and the nature of the operations manager's job. Level of Difficulty: 3 Hard Topic: The Scope of Operations Management* |

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| 13. | The word "technology" is used only to refer to "information technology."    **FALSE**  Technology also refers to the technology involved in resource transformations. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-09 Describe current issues in business that impact operations management. Level of Difficulty: 1 Easy Topic: Operations Today* |

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| 14. | "Value added" by definition is always a positive number since "added" implies increases.    **FALSE**  Some transformations result in the output being worth less than the inputs. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Understand Learning Objective: 01-06 Describe the operations function and the nature of the operations manager's job. Level of Difficulty: 2 Medium Topic: Introduction to Operations Management* |

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| 15. | Service often requires greater labor content, whereas manufacturing is more capital intensive.    **TRUE**  Service operations tend to be more labor-intensive than manufacturing. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-02 Identify similarities and differences between production and service operations. Level of Difficulty: 2 Medium Topic: Production of Goods versus Providing Services* |

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| 16. | Measurement of productivity in service is more straightforward than in manufacturing since it is not necessary to take into account the cost of materials.    **FALSE**  Materials cost must be considered in services as well. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Understand Learning Objective: 01-02 Identify similarities and differences between production and service operations. Level of Difficulty: 2 Medium Topic: Production of Goods versus Providing Services* |

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| 17. | Special-purpose technology is a common way of offering increased customization in manufacturing or services without taking on additional labor costs.    **FALSE**  Special-purpose technology typically reduces costs through standardization. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Understand Learning Objective: 01-06 Describe the operations function and the nature of the operations manager's job. Level of Difficulty: 3 Hard Topic: Operations Today* |

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| 18. | One concern in the design of production systems is the degree of standardization.    **TRUE**  How standardized outputs will be is a critical consideration in the system design question. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-06 Describe the operations function and the nature of the operations manager's job. Level of Difficulty: 1 Easy Topic: Operations Management and Decision Making* |

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| 19. | Most people encounter operations only in profit-making organizations.    **FALSE**  Operations are also relevant to not-for-profit organizations such as the Red Cross. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Understand Learning Objective: 01-06 Describe the operations function and the nature of the operations manager's job. Level of Difficulty: 2 Medium Topic: Introduction to Operations Management* |

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| 20. | Service involves a much higher degree of customer contact than manufacturing.    **TRUE**  Customer contact tends to be much higher in services. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-02 Identify similarities and differences between production and service operations. Level of Difficulty: 1 Easy Topic: Production of Goods versus Providing Services* |

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| 21. | A systems approach emphasizes interrelationships among subsystems, but its main theme is that the whole is greater than the sum of its individual parts.    **TRUE**  Optimizing the performance of individual subsystems does not guarantee optimal performance from the overall system. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Understand Learning Objective: 01-07 Explain the key aspects of operations management decision making. Level of Difficulty: 2 Medium Topic: Operations Management and Decision Making* |

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| 22. | The Pareto phenomenon is one of the most important and pervasive concepts that can be applied at all levels of management.    **TRUE**  Pareto phenomena can be observed in a wide variety of organizational situations. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-07 Explain the key aspects of operations management decision making. Level of Difficulty: 2 Medium Topic: Operations Management and Decision Making* |

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| 23. | Operations managers, who usually use quantitative approaches, are not really concerned with ethical decision making.    **FALSE**  Ethics issues are touching on all areas of management, including operations. |

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| *AACSB: Ethics Accessibility: Keyboard Navigation Blooms: Understand Learning Objective: 01-06 Describe the operations function and the nature of the operations manager's job. Level of Difficulty: 2 Medium Topic: Key Issues for Today's Business Operations* |

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| 24. | The optimal solutions produced by quantitative techniques should always be evaluated in terms of the larger framework.    **TRUE**  Quantitative techniques have limitations that must be considered. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-07 Explain the key aspects of operations management decision making. Level of Difficulty: 2 Medium Topic: Operations Management and Decision Making* |

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| 25. | Managers should most often rely on quantitative techniques for important decisions since quantitative approaches result in more accurate decisions.    **FALSE**  Just as other techniques do, quantitative techniques have limitations. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Understand Learning Objective: 01-07 Explain the key aspects of operations management decision making. Level of Difficulty: 3 Hard Topic: Operations Management and Decision Making* |

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| 26. | Many operations management decisions can be described as trade-offs.    **TRUE**  Managing trade-offs is the essence of operations management. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-07 Explain the key aspects of operations management decision making. Level of Difficulty: 2 Medium Topic: Operations Management and Decision Making* |

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| 27. | A systems approach means that we concentrate on efficiency within a subsystem and thereby assure overall efficiency.    **FALSE**  Subsystem efficiency doesn't necessarily translate into overall efficiency. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Understand Learning Objective: 01-07 Explain the key aspects of operations management decision making. Level of Difficulty: 2 Medium Topic: Operations Management and Decision Making* |

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| 28. | Prior to the Industrial Revolution, goods were produced primarily by craftsmen or their apprentices using custom-made parts.    **TRUE**  After the Industrial Revolution, more standardized approaches became common. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-08 Briefly describe the historical evolution of operations management. Level of Difficulty: 2 Medium Topic: The Historical Evolution of Operations Management* |

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| 29. | Elton Mayo's Hawthorne experiments were the focal point of the human relations movement, which emphasized the importance of the human element in job design.    **TRUE**  The Hawthorne experiments were the beginning of the human relations movement. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-08 Briefly describe the historical evolution of operations management. Level of Difficulty: 2 Medium Topic: The Historical Evolution of Operations Management* |

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| 30. | Among Ford's many contributions was the introduction of mass production, using the concepts of interchangeable parts and division of labor.    **TRUE**  Ford made mass production a practical success. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-08 Briefly describe the historical evolution of operations management. Level of Difficulty: 1 Easy Topic: The Historical Evolution of Operations Management* |

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| 31. | Operations management and marketing are the two functional areas that exist to support activities in other functions such as accounting, finance, IT, and human resources.    **FALSE**  Operations management and marketing are supported by these functions. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Understand Learning Objective: 01-04 Identify the three major functional areas of organizations and describe how they interrelate. Level of Difficulty: 2 Medium Topic: Introduction to Operations Management* |

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| 32. | Lean production systems incorporate the advantages of both mass production and craft production.    **TRUE**  Lean production blends the best of both worlds. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-09 Describe current issues in business that impact operations management. Level of Difficulty: 2 Medium Topic: The Historical Evolution of Operations Management* |

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| 33. | As an abstraction of reality, a model is a simplified version of a real phenomenon.    **TRUE**  Models are valuable abstractions and simplifications of real, complex phenomena. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-07 Explain the key aspects of operations management decision making. Level of Difficulty: 1 Easy Topic: Operations Management and Decision Making* |

**Multiple Choice Questions**

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| 34. | In addition to operations, which of the following is considered a "line" function?      |  |  | | --- | --- | | A. | accounting |  |  |  | | --- | --- | | B. | finance |  |  |  | | --- | --- | | C. | IT |  |  |  | | --- | --- | | D. | procurement |  |  |  | | --- | --- | | **E.** | sales |   Operations and sales are considered line functions. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-03 Explain the importance of learning about operations management. Level of Difficulty: 2 Medium Topic: Why Learn About Operations Management?* |

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| 35. | Knowledge about challenges specific to the operations function can help marketing personnel to judge how \_\_\_\_\_\_\_\_\_\_\_\_\_ new product designs will be.      |  |  | | --- | --- | | A. | marketable |  |  |  | | --- | --- | | B. | segmentable |  |  |  | | --- | --- | | **C.** | manufacturable |  |  |  | | --- | --- | | D. | measurable |  |  |  | | --- | --- | | E. | nameable |   Greater understanding of operations helps product designers better judge the manufacturability of their new designs. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-03 Explain the importance of learning about operations management. Level of Difficulty: 2 Medium Topic: Why Learn About Operations Management?* |

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| 36. | Managing the supply chain has become more important as a result of firms increasing their levels of:      |  |  | | --- | --- | | A. | overtime. |  |  |  | | --- | --- | | **B.** | outsourcing. |  |  |  | | --- | --- | | C. | marketing. |  |  |  | | --- | --- | | D. | promotions. |  |  |  | | --- | --- | | E. | shipping. |   Firms are increasing their levels of outsourcing, increasing the need to manage the supply chain. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-10 Explain the need to manage the supply chain. Level of Difficulty: 2 Medium Topic: Key Issues for Today's Business Operations* |

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| 37. | Which of the following would tend to increase the importance of supply chain management?      |  |  | | --- | --- | | A. | increased supply chain stability |  |  |  | | --- | --- | | B. | lower levels of outsourcing |  |  |  | | --- | --- | | C. | reduced competitive pressures |  |  |  | | --- | --- | | **D.** | increased globalization |  |  |  | | --- | --- | | E. | greater emphasis on local markets |   Increased globalization leads to longer lead times, more heterogeneous markets and sources of supply, and greater sources of uncertainty. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-10 Explain the need to manage the supply chain. Level of Difficulty: 2 Medium Topic: Key Issues for Today's Business Operations* |

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| 38. | Operations management involves continuous decision making; hopefully most decisions made will be:      |  |  | | --- | --- | | A. | redundant. |  |  |  | | --- | --- | | B. | minor in nature. |  |  |  | | --- | --- | | **C.** | informed. |  |  |  | | --- | --- | | D. | quantitative. |  |  |  | | --- | --- | | E. | qualitative. |   Informed decisions incorporate all relevant issues. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-07 Explain the key aspects of operations management decision making. Level of Difficulty: 1 Easy Topic: Operations Management and Decision Making* |

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| 39. | A "product package" consists of:      |  |  | | --- | --- | | A. | the exterior wrapping. |  |  |  | | --- | --- | | B. | the shipping container. |  |  |  | | --- | --- | | **C.** | a combination of goods and services. |  |  |  | | --- | --- | | D. | goods if a manufacturing organization. |  |  |  | | --- | --- | | E. | customer relations if a service organization. |   Most firms are not pure service or manufacturing firms; they produce combinations of goods and services. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-03 Explain the importance of learning about operations management. Level of Difficulty: 2 Medium Topic: Production of Goods versus Providing Services* |

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| 40. | Business organizations consist of three major functions which, ideally:      |  |  | | --- | --- | | **A.** | support one another. |  |  |  | | --- | --- | | B. | are mutually exclusive. |  |  |  | | --- | --- | | C. | exist independently of each other. |  |  |  | | --- | --- | | D. | function independently of each other. |  |  |  | | --- | --- | | E. | do not interface with each other. |   Finance, marketing and operations are these major functions. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-04 Identify the three major functional areas of organizations and describe how they interrelate. Level of Difficulty: 2 Medium Topic: Introduction to Operations Management* |

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| 41. | Which of the following is not a type of operations?      |  |  | | --- | --- | | A. | goods production |  |  |  | | --- | --- | | B. | storage/transportation |  |  |  | | --- | --- | | C. | entertainment |  |  |  | | --- | --- | | D. | communication |  |  |  | | --- | --- | | **E.** | advertising |   Advertising is not a type of operations. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-01 Define the terms operations management and supply chain. Level of Difficulty: 2 Medium Topic: Introduction to Operations Management* |

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| 42. | Technology choices seldom affect:      |  |  | | --- | --- | | A. | costs. |  |  |  | | --- | --- | | B. | productivity. |  |  |  | | --- | --- | | **C.** | union activity. |  |  |  | | --- | --- | | D. | quality. |  |  |  | | --- | --- | | E. | flexibility. |   Union activity can affect a firm's technology choices, but not the other way around. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-09 Describe current issues in business that impact operations management. Level of Difficulty: 2 Medium Topic: Operations Today* |

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| 43. | Measurements taken at various points in the transformation process for control purposes are called:      |  |  | | --- | --- | | A. | plans. |  |  |  | | --- | --- | | B. | directions. |  |  |  | | --- | --- | | C. | controls. |  |  |  | | --- | --- | | **D.** | feedback. |  |  |  | | --- | --- | | E. | budgets. |   Feedback is used to monitor and improve processes. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-06 Describe the operations function and the nature of the operations manager's job. Level of Difficulty: 3 Hard Topic: Introduction to Operations Management* |

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| 44. | Budgeting, analysis of investment proposals, and provision of funds are activities associated with the \_\_\_\_\_\_\_ function.      |  |  | | --- | --- | | A. | operation |  |  |  | | --- | --- | | B. | marketing |  |  |  | | --- | --- | | C. | purchasing |  |  |  | | --- | --- | | **D.** | finance |  |  |  | | --- | --- | | E. | internal audit |   These are the primary tasks for the finance function. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-04 Identify the three major functional areas of organizations and describe how they interrelate. Level of Difficulty: 1 Easy Topic: Introduction to Operations Management* |

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| 45. | Which one of the following would not generally be classified under the heading of transformation?      |  |  | | --- | --- | | A. | assembling |  |  |  | | --- | --- | | B. | teaching |  |  |  | | --- | --- | | **C.** | staffing |  |  |  | | --- | --- | | D. | farming |  |  |  | | --- | --- | | E. | consulting |   Staffing doesn't involve transforming resources so much as it involves acquiring them. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-06 Describe the operations function and the nature of the operations manager's job. Level of Difficulty: 3 Hard Topic: Process Management* |

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| 46. | Manufacturing work sent to other countries is called:      |  |  | | --- | --- | | A. | downsizing. |  |  |  | | --- | --- | | **B.** | outsourcing. |  |  |  | | --- | --- | | C. | internationalization. |  |  |  | | --- | --- | | D. | vertical integration. |  |  |  | | --- | --- | | E. | entrepreneurship. |   Outsourcing is increasingly a part of operations management. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-09 Describe current issues in business that impact operations management. Level of Difficulty: 2 Medium Topic: The Scope of Operations Management* |

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| 47. | Product design and process selection are examples of \_\_\_\_\_\_\_ decisions.      |  |  | | --- | --- | | A. | financial |  |  |  | | --- | --- | | B. | tactical |  |  |  | | --- | --- | | **C.** | system design |  |  |  | | --- | --- | | D. | system operation |  |  |  | | --- | --- | | E. | forecasting |   These major decisions affect decisions made at lower levels. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-05 Summarize the two major aspects of process management. Level of Difficulty: 3 Hard Topic: The Scope of Operations Management* |

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| 48. | The responsibilities of the operations manager are:      |  |  | | --- | --- | | A. | planning, organizing, staffing, procuring, and reviewing. |  |  |  | | --- | --- | | **B.** | planning, organizing, staffing, directing, and controlling. |  |  |  | | --- | --- | | C. | forecasting, designing, planning, organizing, and controlling. |  |  |  | | --- | --- | | D. | forecasting, designing, operating, procuring, and reviewing. |  |  |  | | --- | --- | | E. | designing and operating. |   The scope of operations management ranges across the organization. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-06 Describe the operations function and the nature of the operations manager's job. Level of Difficulty: 2 Medium Topic: The Scope of Operations Management* |

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| 49. | Knowledge skills usually don't include:      |  |  | | --- | --- | | A. | process knowledge. |  |  |  | | --- | --- | | B. | accounting skills. |  |  |  | | --- | --- | | **C.** | communication skills. |  |  |  | | --- | --- | | D. | global knowledge. |  |  |  | | --- | --- | | E. | financial skills. |   Communication skills generally are considered to be people skills. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-06 Describe the operations function and the nature of the operations manager's job. Level of Difficulty: 2 Medium Topic: The Scope of Operations Management* |

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| 50. | Which of the following is not true about the systems approach?      |  |  | | --- | --- | | A. | A systems viewpoint is almost always beneficial in decision making. |  |  |  | | --- | --- | | B. | A systems approach emphasizes interrelationships among subsystems. |  |  |  | | --- | --- | | C. | A systems approach concentrates on efficiency within subsystems. |  |  |  | | --- | --- | | D. | A systems approach is essential whenever something is being redesigned or improved. |  |  |  | | --- | --- | | **E.** | All of the choices are true. |   Subsystem efficiency doesn't necessarily translate into overall system efficiency. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Understand Learning Objective: 01-07 Explain the key aspects of operations management decision making. Level of Difficulty: 2 Medium Topic: Operations Management and Decision Making* |

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| 51. | What is credited with gains in industrial productivity, increased standards of living, and affordable products?      |  |  | | --- | --- | | A. | personal computers |  |  |  | | --- | --- | | B. | the Internet |  |  |  | | --- | --- | | C. | mass transportation |  |  |  | | --- | --- | | **D.** | mass production |  |  |  | | --- | --- | | E. | multilevel marketing |   Mass production has played a prominent role in increasing standards of living. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-09 Describe current issues in business that impact operations management. Level of Difficulty: 3 Hard Topic: The Historical Evolution of Operations Management* |

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| 52. | Production systems with customized outputs typically have relatively:      |  |  | | --- | --- | | A. | high volumes of output. |  |  |  | | --- | --- | | B. | low unit costs. |  |  |  | | --- | --- | | C. | high amount of specialized equipment. |  |  |  | | --- | --- | | D. | fast work movement. |  |  |  | | --- | --- | | **E.** | skilled workers. |   Skilled workers are necessary to accommodate the variation inherent in customized outputs. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-07 Explain the key aspects of operations management decision making. Level of Difficulty: 3 Hard Topic: Operations Management and Decision Making* |

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| 53. | Which is not an area of significant difference between manufacturing and service operations?      |  |  | | --- | --- | | **A.** | cost per unit |  |  |  | | --- | --- | | B. | uniformity of output |  |  |  | | --- | --- | | C. | labor content of jobs |  |  |  | | --- | --- | | D. | customer contact |  |  |  | | --- | --- | | E. | measurement of productivity |   Manufacturing operations aren't necessarily more or less efficient than service operations. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Understand Learning Objective: 01-02 Identify similarities and differences between production and service operations. Level of Difficulty: 3 Hard Topic: Production of Goods versus Providing Services* |

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| 54. | Which of the following is not a characteristic of service operations?      |  |  | | --- | --- | | A. | intangible output |  |  |  | | --- | --- | | B. | high customer contact |  |  |  | | --- | --- | | C. | high labor content |  |  |  | | --- | --- | | **D.** | easy measurement of productivity |  |  |  | | --- | --- | | E. | low uniformity of output |   The productivity of service operations is often hard to measure. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Understand Learning Objective: 01-02 Identify similarities and differences between production and service operations. Level of Difficulty: 2 Medium Topic: Production of Goods versus Providing Services* |

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| 55. | Which of the following most involves coordinating the activities among all the elements of the business?      |  |  | | --- | --- | | A. | pollution control |  |  |  | | --- | --- | | B. | quality management |  |  |  | | --- | --- | | **C.** | supply chain management |  |  |  | | --- | --- | | D. | competition from foreign manufacturers |  |  |  | | --- | --- | | E. | technological change |   Supply chain management involves a broader systemic view of operations. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-09 Describe current issues in business that impact operations management. Level of Difficulty: 2 Medium Topic: Key Issues for Today's Business Operations* |

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| 56. | Farming is an example of:      |  |  | | --- | --- | | A. | an obsolete activity. |  |  |  | | --- | --- | | B. | a virtual organization. |  |  |  | | --- | --- | | **C.** | nonmanufactured goods. |  |  |  | | --- | --- | | D. | a growth industry. |  |  |  | | --- | --- | | E. | customized manufacturing. |   Farm operations are not manufacturing operations. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-02 Identify similarities and differences between production and service operations. Level of Difficulty: 2 Medium Topic: Introduction to Operations Management* |

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| 57. | Dealing with the fact that certain aspects of any management situation are more important than others is called:      |  |  | | --- | --- | | A. | analysis of trade-offs. |  |  |  | | --- | --- | | B. | sensitivity analysis. |  |  |  | | --- | --- | | **C.** | recognition of priorities. |  |  |  | | --- | --- | | D. | analysis of variance. |  |  |  | | --- | --- | | E. | decision table analysis. |   Solutions tend to be targeted toward higher priority aspects of a situation. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-07 Explain the key aspects of operations management decision making. Level of Difficulty: 3 Hard Topic: Operations Management and Decision Making* |

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| 58. | The fact that a few improvements in a few key areas of operations will have more impact than many improvements in many other areas is consistent with the:      |  |  | | --- | --- | | A. | Irwin phenomenon. |  |  |  | | --- | --- | | **B.** | Pareto phenomenon. |  |  |  | | --- | --- | | C. | Stevenson phenomenon. |  |  |  | | --- | --- | | D. | Tellier phenomenon. |  |  |  | | --- | --- | | E. | Adam Smith phenomenon. |   Pareto phenomena direct our attention to the difference between the "important few" and the "trivial many." |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Understand Learning Objective: 01-07 Explain the key aspects of operations management decision making. Level of Difficulty: 2 Medium Topic: Operations Management and Decision Making* |

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| 59. | The process of comparing outputs to previously established standards to determine if corrective action is needed is called:      |  |  | | --- | --- | | A. | planning. |  |  |  | | --- | --- | | B. | directing. |  |  |  | | --- | --- | | **C.** | controlling. |  |  |  | | --- | --- | | D. | budgeting. |  |  |  | | --- | --- | | E. | disciplining. |   Controls are used to maintain performance. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-06 Describe the operations function and the nature of the operations manager's job. Level of Difficulty: 3 Hard Topic: The Scope of Operations Management* |

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| 60. | Which of the following does not relate to system design?      |  |  | | --- | --- | | A. | altering the system capacity |  |  |  | | --- | --- | | B. | location of facilities |  |  |  | | --- | --- | | **C.** | inventory management |  |  |  | | --- | --- | | D. | selection and acquisition of equipment |  |  |  | | --- | --- | | E. | physical arrangement of departments |   Inventory management is a system operation decision area. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-05 Summarize the two major aspects of process management. Level of Difficulty: 2 Medium Topic: The Scope of Operations Management* |

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| 61. | Taking a systems viewpoint with regard to operations in today's environment increasingly leads decision makers to consider \_\_\_\_\_\_\_\_\_\_\_\_\_\_ in response to the \_\_\_\_\_\_\_\_\_\_\_.      |  |  | | --- | --- | | A. | flexibility; pressure to be more efficient |  |  |  | | --- | --- | | B. | offshoring; need to promote domestic production |  |  |  | | --- | --- | | **C.** | sustainability; threat of global warming |  |  |  | | --- | --- | | D. | technology; impact of random variation |  |  |  | | --- | --- | | E. | forecasting; stabilization of demand |   Sustainability is a relatively recent operations management consideration. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Understand Learning Objective: 01-07 Explain the key aspects of operations management decision making. Level of Difficulty: 3 Hard Topic: Operations Management and Decision Making* |

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| 62. | Some companies attempt to maximize the revenue they receive from fixed operating capacity by influencing demands through price manipulation. This is an example of:      |  |  | | --- | --- | | A. | illegal price discrimination. |  |  |  | | --- | --- | | B. | collusion. |  |  |  | | --- | --- | | C. | volume analysis. |  |  |  | | --- | --- | | **D.** | revenue management. |  |  |  | | --- | --- | | E. | outsourcing. |   Revenue management is used to ensure that as much perishable capacity as possible is sold. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-09 Describe current issues in business that impact operations management. Level of Difficulty: 2 Medium Topic: Operations Today* |

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| 63. | Which of the following is not an ongoing trend in manufacturing?      |  |  | | --- | --- | | A. | globalization |  |  |  | | --- | --- | | B. | quality improvement |  |  |  | | --- | --- | | C. | flexibility and agility |  |  |  | | --- | --- | | **D.** | mass production for greater economies of scale |  |  |  | | --- | --- | | E. | technological advances |   Manufacturers are moving away from mass production for economies of scale. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-09 Describe current issues in business that impact operations management. Level of Difficulty: 2 Medium Topic: Key Issues for Today's Business Operations* |

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| 64. | Which of the following is not a benefit of using models in decision making?      |  |  | | --- | --- | | A. | They provide a standardized format for analyzing a problem. |  |  |  | | --- | --- | | B. | They serve as a consistent tool for evaluation. |  |  |  | | --- | --- | | C. | They are easy to use and less expensive than dealing with the actual situation. |  |  |  | | --- | --- | | **D.** | They force the decision maker to take into account qualitative issues such as personalities and emotions. |  |  |  | | --- | --- | | E. | They offer insights into fundamental issues at play in a decision-making setting. |   While models are useful tools for making decisions without confronting the actual situation with all of its complexity, there is the risk that important qualitative information may be overlooked. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-07 Explain the key aspects of operations management decision making. Level of Difficulty: 3 Hard Topic: Operations Management and Decision Making* |

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| 65. | Modern firms increasingly rely on other firms to supply goods and services instead of doing these tasks themselves. This increased level of \_\_\_\_\_\_\_\_\_\_\_\_\_ is leading to increased emphasis on \_\_\_\_\_\_\_\_\_\_\_\_ management.      |  |  | | --- | --- | | **A.** | outsourcing; supply chain |  |  |  | | --- | --- | | B. | offshoring; lean |  |  |  | | --- | --- | | C. | downsizing; total quality |  |  |  | | --- | --- | | D. | optimizing; inventory |  |  |  | | --- | --- | | E. | internationalization; intercultural |   Supply chain management takes a more systemic view of the firm, its operations, and its suppliers. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Understand Learning Objective: 01-09 Describe current issues in business that impact operations management. Level of Difficulty: 2 Medium Topic: Key Issues for Today's Business Operations* |

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| 66. | Operations and sales are the two \_\_\_\_\_\_\_\_ functions in businesses.      |  |  | | --- | --- | | A. | strategic |  |  |  | | --- | --- | | B. | tactical |  |  |  | | --- | --- | | C. | support |  |  |  | | --- | --- | | D. | value-adding |  |  |  | | --- | --- | | **E.** | line |   Others are support functions. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-04 Identify the three major functional areas of organizations and describe how they interrelate. Level of Difficulty: 1 Easy Topic: Why Learn About Operations Management?* |

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| 67. | Marketing depends on operations for information regarding:      |  |  | | --- | --- | | A. | productivity. |  |  |  | | --- | --- | | **B.** | lead time. |  |  |  | | --- | --- | | C. | cash flow. |  |  |  | | --- | --- | | D. | budgeting. |  |  |  | | --- | --- | | E. | corporate intelligence. |   Marketing uses lead time information to make promises to customers. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-06 Describe the operations function and the nature of the operations manager's job. Level of Difficulty: 1 Easy Topic: Why Learn About Operations Management?* |

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| 68. | Two widely used metrics of variation are the \_\_\_\_\_\_\_\_\_\_ and the \_\_\_\_\_\_\_\_\_.      |  |  | | --- | --- | | **A.** | mean; standard deviation |  |  |  | | --- | --- | | B. | productivity ratio; correlation |  |  |  | | --- | --- | | C. | standardized mean; assignable deviation |  |  |  | | --- | --- | | D. | randomized mean; standardized deviation |  |  |  | | --- | --- | | E. | normal distribution; random variation |   The mean and standard deviation summarize important facets regarding the variation in a process. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-06 Describe the operations function and the nature of the operations manager's job. Level of Difficulty: 1 Easy Topic: Process Management* |

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| 69. | Which of the following statements about variation is false?      |  |  | | --- | --- | | A. | Variation prevents a production process from being as efficient as it can be. |  |  |  | | --- | --- | | B. | Some variation can be prevented. |  |  |  | | --- | --- | | C. | Variation can either be assignable or random. |  |  |  | | --- | --- | | **D.** | Any variation makes a production process less productive. |  |  |  | | --- | --- | | E. | Random variation generally cannot be influenced by managers. |   The choice to offer customers greater variety might increase variation but increase productivity even more. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Understand Learning Objective: 01-05 Summarize the two major aspects of process management. Level of Difficulty: 3 Hard Topic: Process Management* |

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| 70. | Which of the following is essential to consider with respect to managing a process to meet demand?      |  |  | | --- | --- | | A. | advertising |  |  |  | | --- | --- | | B. | trends in fashion |  |  |  | | --- | --- | | C. | global economic trends |  |  |  | | --- | --- | | D. | financial reporting standards |  |  |  | | --- | --- | | **E.** | capacity |   While all of these can play a role in determining the demands placed on a process, capacity is most directly associated with determining whether that process can actually meet demand. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Understand Learning Objective: 01-05 Summarize the two major aspects of process management. Level of Difficulty: 2 Medium Topic: Process Management* |

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| 71. | Which of the following refers to service and production processes that use resources in ways that do not harm ecological systems?      |  |  | | --- | --- | | **A.** | sustainability |  |  |  | | --- | --- | | B. | supportability |  |  |  | | --- | --- | | C. | marketability |  |  |  | | --- | --- | | D. | perishability |  |  |  | | --- | --- | | E. | transportability |   Sustainability refers to service and production processes that use resources in ways that do not harm those ecological systems that support both current and future human existence. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-09 Describe current issues in business that impact operations management. Level of Difficulty: 2 Medium Topic: Key Issues for Today's Business Operations* |

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| 72. | Which of the following principles emphasizes that actions should make the community as a whole better off?      |  |  | | --- | --- | | A. | The Rights Principle |  |  |  | | --- | --- | | B. | The Fairness Principle |  |  |  | | --- | --- | | C. | The Virtue Principle |  |  |  | | --- | --- | | **D.** | The Common Good Principle |  |  |  | | --- | --- | | E. | The Utilitarian Principle |   The Common Good Principle is that actions should contribute to the common good of the community. |

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| *AACSB: Ethics Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-09 Describe current issues in business that impact operations management. Level of Difficulty: 2 Medium Topic: Key Issues for Today's Business Operations* |

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| 73. | If one organization is better able than most to respond to changes in demands or opportunities, we say that organization exhibits higher:      |  |  | | --- | --- | | A. | sustainability. |  |  |  | | --- | --- | | B. | efficiency. |  |  |  | | --- | --- | | C. | productivity. |  |  |  | | --- | --- | | **D.** | agility. |  |  |  | | --- | --- | | E. | marketability. |   Agility refers to the ability of an organization to respond quickly to demands or opportunities. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-09 Describe current issues in business that impact operations management. Level of Difficulty: 2 Medium Topic: Operations Today* |

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| 74. | Supplying operations with parts and materials, performing work on products, and/or performing services are part of the firm's:      |  |  | | --- | --- | | A. | division of labor. |  |  |  | | --- | --- | | B. | market development. |  |  |  | | --- | --- | | C. | outsourcing. |  |  |  | | --- | --- | | D. | external process orientation. |  |  |  | | --- | --- | | **E.** | internal supply chain. |   The internal parts of a supply chain are part of the operations function itself, supplying operations with parts and materials, performing work on products, and/or performing services. |

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| *AACSB: Reflective Thinking Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-06 Describe the operations function and the nature of the operations manager's job. Level of Difficulty: 2 Medium Topic: Introduction to Operations Management* |