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Chapter 02 Test Bank Static

1. An operations and supply chain strategy must be integrated with the organization's corporate strategy.

TRUE

Operations and supply chain strategy is concerned with setting broad policies and plans for using the resources of a firm and must be integrated with corporate strategy.

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-01 Know what a sustainable business strategy is and how it relates to operations and supply chain management.
Topic: What Is Operations and Supply Chain Strategy?

2. One of the competitive dimensions that form the competitive position of a company when planning its strategies is cost.

TRUE

The major competitive dimensions that form the competitive position of a firm include cost (or price).

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-02 Define operations and supply chain strategy.
Topic: What Is Operations and Supply Chain Strategy?

3. One of the competitive dimensions that form the competitive position of a company when planning its strategies is delivery speed.

TRUE

The major competitive dimensions that form the competitive position of a firm include delivery speed.

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-02 Define operations and supply chain strategy.
Topic: What Is Operations and Supply Chain Strategy?

4. One of the competitive dimensions that form the competitive position of a company when planning its strategies is making the best trade-off.

FALSE

The major competitive dimensions that form the competitive position of a firm do not include making the best trade-off.

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-02 Define operations and supply chain strategy.
Topic: What Is Operations and Supply Chain Strategy?

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5. The process when a company seeks to match the benefits of a successful position while maintaining its existing position by adding new features, services, and technologies into its current portfolio is called flexibility.

FALSE

Straddling occurs when a company seeks to match the benefits of a successful position while maintaining its existing position.

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-02 Define operations and supply chain strategy.
Topic: What Is Operations and Supply Chain Strategy?

6. The process when a company seeks to match the benefits of a successful position while maintaining its existing position by adding new features, services, and technologies into its current portfolio it is called straddling.

TRUE

Straddling occurs when a company seeks to match the benefits of a successful position while maintaining its existing position.

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-02 Define operations and supply chain strategy.
Topic: What Is Operations and Supply Chain Strategy?

7. By following a straddling strategy, firms can broaden their capabilities and effectively compete with more focused firms in markets requiring low cost for success.

FALSE

Straddling is a risky strategy that often results in failure. More focused firms can effectively compete with a straddling firm in each segment the straddling firm enters.

AACSB: Analytic
Blooms: Remember
Difficulty: 2 Medium
Learning Objective: 02-02 Define operations and supply chain strategy.
Topic: What Is Operations and Supply Chain Strategy?

8. An order winner is a set of criteria that differentiates the products or services of one firm from another.

TRUE

An order winner is a criterion that differentiates the products or services of one firm from those of another.

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-02 Define operations and supply chain strategy.
Topic: What Is Operations and Supply Chain Strategy?

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9. An order winner is a set of screening criteria that permits a firm's products to be considered as possible candidates for purchase.

FALSE

An order qualifier is a screening criterion that permits a firm's products to even be considered as possible candidates for purchase.

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-02 Define operations and supply chain strategy.
Topic: What Is Operations and Supply Chain Strategy?

10. An order qualifier is a set of screening criteria that permits a firm's products to be considered as possible candidates for purchase.

TRUE

An order qualifier is a screening criterion that permits a firm's products to even be considered as possible candidates for purchase.

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-02 Define operations and supply chain strategy.
Topic: What Is Operations and Supply Chain Strategy?

11. Activity-system maps show how a company's strategy is delivered through a set of tailored activities.

TRUE

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Explain how operations and supply chain strategies are implemented.
Topic: Strategies Are Implemented Using Operations and Supply Chain Activities-IKEA S Strategy

12. Activity-system maps are useful in understanding how well a system of activities fits the overall company's strategy.

TRUE

This type of map can be useful in understanding how good the fit is between the system of activities and the company's strategy.

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Explain how operations and supply chain strategies are implemented.
Topic: Strategies Are Implemented Using Operations and Supply Chain Activities-IKEA S Strategy

13. Activity-system maps depict the geographic reach of a company's business strategies.

FALSE

Activity-system maps are conceptual have nothing to do with the physical geographic reach of a company.

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Explain how operations and supply chain strategies are implemented.
Topic: Strategies Are Implemented Using Operations and Supply Chain Activities-IKEA S Strategy

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14. An operations strategy must resist change because of the long-term nature of equipment and personnel investments.

FALSE

Because the goals of the larger organization change over time, the operations strategy must be designed to anticipate future needs.

AACSB: Analytic
Blooms: Understand
Difficulty: 1 Easy
Learning Objective: 02-02 Define operations and supply chain strategy.
Topic: What Is Operations and Supply Chain Strategy?

15. Operations and supply strategy can be viewed as part of a planning process that coordinates operational goals with those of the larger organization.

TRUE

Operations and supply chain strategy can be viewed as part of a planning process that coordinates operational goals with those of the larger organization.

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-02 Define operations and supply chain strategy.
Topic: What Is Operations and Supply Chain Strategy?

16. Infrastructure decisions within operations strategy include the selection of the appropriate technology, the role of inventory, and the location of facilities.

FALSE

Process design includes selecting the appropriate technology, sizing the process over time, determining the role of inventory in the process, and locating the process.

AACSB: Analytic
Blooms: Remember
Difficulty: 2 Medium
Learning Objective: 02-02 Define operations and supply chain strategy.
Topic: What Is Operations and Supply Chain Strategy?

17. Infrastructure decisions within operations strategy include the selection of the logic associated with the planning and control systems

TRUE

The infrastructure decisions involve the logic associated with the planning and control systems, quality assurance and control approaches, work payment structure, and organization of the operations and supply functions.

AACSB: Analytic
Blooms: Remember
Difficulty: 2 Medium
Learning Objective: 02-02 Define operations and supply chain strategy.
Topic: What Is Operations and Supply Chain Strategy?

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18. Once an operations strategy is adopted and articulated, the primary emphasis becomes perfecting the system of activities that make up the strategy through detailed refinements over a long period of time.

FALSE

See the discussion around Exhibit 2.2. Operations strategy is continually revised, re-planned, and coordinated with the ever-changing corporate strategy.

AACSB: Analytic
Blooms: Remember
Difficulty: 2 Medium
Learning Objective: 02-02 Define operations and supply chain strategy.
Topic: What Is Operations and Supply Chain Strategy?

19. The job of operations and supply chain strategy is to deliver the most feature-rich, highest quality product at the lowest price within specified parameters of delivery time and customization.

FALSE

Operations and supply chain strategy is concerned with setting broad policies and plans for using the resources of a firm and must be integrated with corporate strategy.

AACSB: Analytic
Blooms: Remember
Difficulty: 2 Medium
Learning Objective: 02-01 Know what a sustainable business strategy is and how it relates to operations and supply chain management.
Topic: What Is Operations and Supply Chain Strategy?

20. Productivity is a relative measure.

TRUE

Productivity is what we call a relative measure. In other words, to be meaningful, it needs to be compared with something else.

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Evaluate productivity in operations and supply chain management.
Topic: Productivity Measurement

21. In a partial measure of productivity, the denominator of the ratio would include all resources used or all inputs.

FALSE

In a partial measure of productivity, the denominator includes only a single input.

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Evaluate productivity in operations and supply chain management.
Topic: Productivity Measurement

22. In a multifactor measure of productivity, the numerator of the ratio would include all resources used or all inputs.

FALSE

In a multifactor measure of productivity, the denominator includes several but not all inputs.

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Evaluate productivity in operations and supply chain management.
Topic: Productivity Measurement

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23. The triple bottom line considers evaluating the firm against social, economic, and environmental criteria.

TRUE

The triple bottom line considers evaluating the firm against social, economic, and environmental criteria.

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-01 Know what a sustainable business strategy is and how it relates to operations and supply chain management.
Topic: A Sustainable Operations and Supply Chain Strategy

24. Sustainability means meeting a firm's current needs without excessively compromising the ability of future generations to meet their own needs.

FALSE

By adding "sustainability" to the concept (of strategy), we add the requirement to meet these current needs without compromising the ability of future generations to meet their own needs. (Excessively is not mentioned.)

AACSB: Analytic
Blooms: Remember
Difficulty: 2 Medium
Learning Objective: 02-01 Know what a sustainable business strategy is and how it relates to operations and supply chain management.
Topic: A Sustainable Operations and Supply Chain Strategy

25. The social impact of the triple bottom line concept pertains to fair and beneficial business practices toward labor, the community, and the region in which a firm conducts its business.

TRUE

"Social" pertains to fair and beneficial business practices toward labor, the community, and the region in which a firm conducts its business.

AACSB: Analytic
Blooms: Remember
Difficulty: 2 Medium
Learning Objective: 02-01 Know what a sustainable business strategy is and how it relates to operations and supply chain management.
Topic: A Sustainable Operations and Supply Chain Strategy

26. A firm's business practices toward its labor force pertain mainly to the economic aspect of the triple bottom line concept.

FALSE

AACSB: Analytic
Blooms: Remember
Difficulty: 2 Medium
Learning Objective: 02-01 Know what a sustainable business strategy is and how it relates to operations and supply chain management.
Topic: A Sustainable Operations and Supply Chain Strategy

27. According to the economic aspect of the triple bottom line concept, the firm is required to compensate shareholders by paying dividends and growing the value of their common stock faster than their competitors.

FALSE

The firm is obligated to compensate shareholders who provide capital through stock purchases and other financial instruments via a competitive return on investment.

AACSB: Analytic
Blooms: Remember
Difficulty: 2 Medium
Learning Objective: 02-01 Know what a sustainable business strategy is and how it relates to operations and supply chain management.
Topic: A Sustainable Operations and Supply Chain Strategy

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28. Within a sustainability framework, the economic dimension of the triple bottom line concept goes beyond just profit for the firm but also provides lasting economic benefit to society.

TRUE

Within a sustainability framework, this (economic) dimension goes beyond just profit for the firm but also provides lasting economic benefit to society.

AACSB: Analytic
Blooms: Remember
Difficulty: 2 Medium
Learning Objective: 02-01 Know what a sustainable business strategy is and how it relates to operations and supply chain management.
Topic: A Sustainable Operations and Supply Chain Strategy

29. Within a sustainability framework, the environmental dimension of the triple bottom line concept has to do with labor, the community, and the region in which a firm conducts its business.

FALSE

Social criteria pertains to fair and beneficial business practices toward labor, the community, and the region in which a firm conducts its business.

AACSB: Analytic
Blooms: Remember
Difficulty: 2 Medium
Learning Objective: 02-01 Know what a sustainable business strategy is and how it relates to operations and supply chain management.
Topic: A Sustainable Operations and Supply Chain Strategy

30. Which of the following is not a major strategic operational competitive dimension that forms a company's competitive position?

A. Cost or price
B. Delivery speed
C. Delivery reliability
D. Management acumen
E. Coping with changes in demand

The operational competitive dimensions that form a company's competitive position are listed in the text. Management acumen is not mentioned.

AACSB: Analytic
Blooms: Remember
Difficulty: 2 Medium
Learning Objective: 02-02 Define operations and supply chain strategy.
Topic: What Is Operations and Supply Chain Strategy?

31. A major competitive dimension that forms a company's strategic operational competitive position in their strategic planning is which of the following?

A. Cost or price
B. Focus
C. Automation
D. Straddling
E. Activity-system mapping

Cost or price is one of the competitive dimensions mentioned in the text.

AACSB: Analytic
Blooms: Remember
Difficulty: 2 Medium
Learning Objective: 02-02 Define operations and supply chain strategy.
Topic: What Is Operations and Supply Chain Strategy?

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32. When developing an operations and supply chain strategy, which of the following is an important product-specific criterion to consider?

A. Technical liaison
B. Learning curve
C. Competitor's product performance
D. Production lot size
E. Total quality management

Technical liaison and support. A supplier may be expected to provide technical assistance for product development, particularly during the early stages of design and manufacturing.

AACSB: Analytic
Blooms: Remember
Difficulty: 2 Medium
Learning Objective: 02-02 Define operations and supply chain strategy.
Topic: What Is Operations and Supply Chain Strategy?

33. In development of an operations and supply chain strategy, which of the following may be an important product-specific criteria to consider?

A. Focus
B. Production lot size
C. Supplier after-sale support
D. Learning curve
E. Total quality management

An important competitive dimension may be the ability of a firm to support its product after the sale.

AACSB: Analytic
Blooms: Remember
Difficulty: 2 Medium
Learning Objective: 02-02 Define operations and supply chain strategy.
Topic: What Is Operations and Supply Chain Strategy?

34. When a company seeks to match the benefits of a successful position while maintaining its existing position in offering customers a variety of differing services, what is this process called?

A. Operations capability analysis
B. Straddling
C. Order qualifying
D. Order winning
E. Inter-functional analysis

Straddling occurs when a company seeks to match the benefits of a successful position while maintaining its existing position.

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-02 Define operations and supply chain strategy.
Topic: What Is Operations and Supply Chain Strategy?

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35. An activity-system map is which of the following?

A. A network guide to route airlines
B. A listing of activities that make up a project
C. A diagram that shows how a company's strategy is delivered to customers
D. A facility layout schematic noting what is done where
E. A timeline displaying major planned events

Activity-system maps such as the one for IKEA show how a company's strategy is delivered through a set of tailored activities.

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Explain how operations and supply chain strategies are implemented.
Topic: Strategies Are Implemented Using Operations and Supply Chain Activities-IKEA S Strategy

36. Which of the following is a partial measure of productivity?

A. Output/Materials
B. Output/(Labor + Capital + Energy)
C. Output/All resources used
D. Output/Inputs
E. All of these

AACSB: Analytic
Blooms: Remember
Difficulty: 2 Medium
Learning Objective: 02-05 Evaluate productivity in operations and supply chain management.
Topic: Productivity Measurement

37. Which of the following is a multifactor measure of productivity?

A. Output/(Materials)
B. Output/(Labor + Capital + Energy)
C. Output/All resources used
D. Output/Inputs
E. All of these

AACSB: Analytic
Blooms: Remember
Difficulty: 2 Medium
Learning Objective: 02-05 Evaluate productivity in operations and supply chain management.
Topic: Productivity Measurement

38. Which of the following is a total measure of productivity?

A. Output/Materials
B. Output/(Labor + Capital + Energy)
C. Output/Labor
D. Output/Inputs
E. All of these

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Evaluate productivity in operations and supply chain management.
Topic: Productivity Measurement

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39. If all you knew about a production system was that total daily output was 400 units and the total labor necessary to produce the 400 units was 350 hours, what kind of productivity measure could you use to compute productivity?

A. Partial measure
B. Multifactor measure
C. Total measure
D. Global measure
E. All of these

Partial measure is correct. Without measures of other inputs only a partial output measure is possible.

AACSB: Analytic
Blooms: Analyze
Difficulty: 1 Easy
Learning Objective: 02-05 Evaluate productivity in operations and supply chain management.
Topic: Productivity Measurement

40. If all you knew about a production system was that total daily output was 400 units and the total labor necessary to produce the 400 units was 350 hours, and the total materials used were 425 units, what kind of productivity measure could you use to compute productivity?

A. Partial measure
B. Multifactor measure
C. Total measure
D. Partial measure and Multifactor measure
E. Multifactor measure and Total measure

Partial measure and multifactor measure is the most correct of the answers. You could use either a partial or a multifactor measure or both kinds of measure.

AACSB: Analytic
Blooms: Analyze
Difficulty: 1 Easy
Learning Objective: 02-05 Evaluate productivity in operations and supply chain management.
Topic: Productivity Measurement

41. The total output from a production system in one day is 500 units and the total labor necessary to produce the 500 units is 350 hours. Using the appropriate productivity measure, which of the following numbers represents the resulting productivity ratio?

A. 1.000
B. 1.428
C. 0.700
D. 0.411
E. None of these

500 units divided by 350 hours equals 1.428.

AACSB: Analytic
Blooms: Analyze
Difficulty: 2 Medium
Learning Objective: 02-05 Evaluate productivity in operations and supply chain management.
Topic: Productivity Measurement

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42. The total output from a production system in one day is 900 units and the total labor necessary to produce the 900 units is 900 hours. Using the appropriate productivity measure, what is the resulting productivity ratio?

A. 1.000
B. 1.428
C. 0.700
D. 0.411
E. None of these

900 units divided by 900 hours equals 1.0 units per hour.

AACSB: Analytic
Blooms: Analyze
Difficulty: 2 Medium
Learning Objective: 02-05 Evaluate productivity in operations and supply chain management.
Topic: Productivity Measurement

43. Larry's Auto Body Repair Shop had revenues that averaged $60,000 per week in April and $50,000 per week in May. During both months, the shop employed six full-time (40 hours/week) workers. In April the firm also had four part-time workers working 25 hours per week, but in May there were only two part-time workers and they only worked 10 hours per week. What is the percentage change in labor productivity from April to May for Larry's Auto Body Repair?

A. -20.00%
B. -15.82%
C. 8.98%
D. 2.3%
E. -25.00%

Labor productivity is output (revenue) divided by hours of labor input. For April, revenue per week was $60,000 and labor hours were 4 x [(40 x 6) + (25 x 4)]. This is 60,000/1,360 or 44.12 dollars per hour of labor. For May, revenue per week was $50,000 and labor hours were 4 x [(40 x 6) + (10 x 2)] This is 50,000/1,040 or 48.08 dollars per hour of labor a difference of $3.96 per hour. The percentage change in productivity between April and May, then, is 3.96/44.12 = 0.0898 x 100 = 8.98%. (Note: this analysis assumes four weeks in each month and equal productivity for each hour worked.)

AACSB: Analytic
Blooms: Analyze
Difficulty: 3 Hard
Learning Objective: 02-05 Evaluate productivity in operations and supply chain management.
Topic: Productivity Measurement

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44. Various financial data for SunPath Manufacturing for 2012 and 2013 follow.

		2012	2013
Output:	Sales	$300,000	$330,000
Inputs:	Labor	$40,000	$43,000
	Raw Materials:	$45,000	$51,000
	Energy:	$10,000	$9,000
	Capital Employed:	$250,000	$262,000
	Other:	$2,000	$6,000

What is the percentage change in SunPath's total productivity measure between 2012 and 2013?

A. -9.22
B. 2.33
C. -0.53
D. 2.88
E. 10.39

Total productivity for 2012 is $300,000 divided by the sum $40,000 + $45,000 + $10,000 + $250,000 + $2,000 or 0.8646. Total productivity for 2013 is $330,000 divided by the sum of $43,000 + $51,000 + $9,000 + 262,000 + $6,000 or 0.8895. The difference between 2012 and 2013 is 0.0249 and the percentage difference is 0.0249 divided by 0.8646 = 0.0288 or 2.88%.

AACSB: Analytic
Blooms: Analyze
Difficulty: 3 Hard
Learning Objective: 02-05 Evaluate productivity in operations and supply chain management.
Topic: Productivity Measurement

45. Various financial data for SunPath Manufacturing for 2012 and 2013 follow.

		2012	2013
Output:	Sales	$300,000	$330,000
Inputs:	Labor	$40,000	$43,000
	Raw Materials:	$45,000	$51,000
	Energy:	$10,000	$9,000
	Capital Employed:	$250,000	$262,000
	Other:	$2,000	$6,000

What is the percentage change in the energy partial productivity measure for SunPath between 2012 and 2013?

A. -9.22%
B. 2.33%
C. -0.53%
D. 2.88%
E. 22.2%

The energy partial productivity measure for 2012 is $300,000 divided by $10,000 or 30. For 2013 it is $330,000 divided by $9,000 or 36.66. The percentage change between 2012 and 2013 then is (36.66 - 30)/30 or 6.66 divided by 30 = 22.2%.

AACSB: Analytic
Blooms: Analyze
Difficulty: 2 Medium
Learning Objective: 02-05 Evaluate productivity in operations and supply chain management.
Topic: Productivity Measurement

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46. Various financial data for SunPath Manufacturing for 2012 and 2013 follow.

		2012	2013
Output:	Sales	$300,000	$330,000
Inputs:	Labor	$40,000	$43,000
	Raw Materials:	$45,000	$51,000
	Energy:	$10,000	$9,000
	Capital Employed:	$250,000	$262,000
	Other:	$2,000	$6,000

What is the percentage change in the labor partial productivity measure for SunPath between 2012 and 2013?

A. -9.22
B. 2.33
C. -0.53
D. 2.88
E. 10.39

The labor partial productivity measure for 2012 is $300,000 divided by $40,000 or 7.5. For 2013 it is $330,000 divided by $43,000 or 7.67. The percentage change between 2012 and 2013, then, is (7.67 - 7.5)/7.5 or 0.17 divided by 7.5 = 2.33%.

AACSB: Analytic
Blooms: Analyze
Difficulty: 2 Medium
Learning Objective: 02-05 Evaluate productivity in operations and supply chain management.
Topic: Productivity Measurement

47. Various financial data for SunPath Manufacturing for 2012 and 2013 follow.

		2012	2013
Output:	Sales	$300,000	$330,000
Inputs:	Labor	$40,000	$43,000
	Raw Materials:	$45,000	$51,000
	Energy:	$10,000	$9,000
	Capital Employed:	$250,000	$262,000
	Other:	$2,000	$6,000

What is the percentage change in the multifactor labor and raw materials productivity measure for SunPath between 2012 and 2013?

A. -9.22
B. 2.33
C. -0.53
D. -2.88
E. 10.39

The multifactor labor and raw materials productivity measure for 2012 is $300,000 divided by the sum $40,000 + $45,000 or 3.53. For 2013 it is $330,000 divided by the sum $51,000 + $43,000 or 3.51. The percentage change between 2012 and 2013, then is (3.51 - 3.53)/3.529 or -0.018 divided by 3.529 = -0.53%.

AACSB: Analytic
Blooms: Analyze
Difficulty: 3 Hard
Learning Objective: 02-05 Evaluate productivity in operations and supply chain management.
Topic: Productivity Measurement

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48. In a firm, if the employees attend a training program, then the time to assemble one unit reduces by 10%. Training program will

A. increase the labor productivity only
B. increase the multifactor productivity only
C. increase both labor and multifactor productivity
D. decrease capital productivity
E. have no effect on productivity.

Labor productivity will increase since it takes less labor. Since labor is one of the components of multifactor productivity, it will also increase. Clearly, it cannot decrease capital productivity. And E is also wrong.

AACSB: Analytic
Blooms: Analyze
Difficulty: 1 Easy
Learning Objective: 02-05 Evaluate productivity in operations and supply chain management.
Topic: Productivity Measurement

49. Order winners and order qualifiers are

A. two identical ways to define characteristics of a product or services
B. order winner is a screening criterion
C. order qualifier is a differentiating criterion
D. both B and C are true
E. order winner is a differentiating criterion and order qualifier is a screening criterion

Marketing – operations link.descrbing order winner as a differentiator from competition and order qualifier as a screen that permits the product or service to be even considered.

AACSB: Analytic
Blooms: Understand
Difficulty: 2 Moderate
Learning Objective: 02-02 Define operations and supply chain strategy.
Topic: What Is Operations and Supply Chain Strategy?

50. In a firm, all other things remaining the same, if the material usage per unit of final product decreases to half of the current usage, then the firm will

A. double the material productivity
B. increase the multifactor productivity
C. both A and B
D. decrease capital productivity
E. have no effect on productivity.

Labor productivity will not change. Material productivity doubles, since the denominator is halved. Has no effect on capital productivity. Affects overall productivity.

AACSB: Analytic
Blooms: Analyze
Difficulty: 2 Medium
Learning Objective: 02-05 Evaluate productivity in operations and supply chain management.
Topic: Productivity Measurement

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Chapter 02 Test Bank - Static Summary

Category	*# of Questions*
AACSB: Analytic	50
Blooms: Analyze	11
Blooms: Remember	37
Blooms: Understand	2
Difficulty: 1 Easy	24
Difficulty: 2 Medium	22
Difficulty: 3 Hard	3
Learning Objective: 02-01 Know what a sustainable business strategy is and how it relates to operations and supply chain management.	9
Learning Objective: 02-02 Define operations and supply chain strategy.	20
Learning Objective: 02-03 Explain how operations and supply chain strategies are implemented.	4
Learning Objective: 02-05 Evaluate productivity in operations and supply chain management.	17
Topic: A Sustainable Operations and Supply Chain Strategy	8
Topic: Productivity Measurement	17
Topic: Strategies Are Implemented Using Operations and Supply Chain Activities-IKEA S Strategy	4
Topic: What Is Operations and Supply Chain Strategy?	21

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