**Chapter 5: Managing for Quality**

**Test Bank**

**Multiple Choice**

1. Which of the following is NOT true of the Seal of Geneva?

a. It is a rigorous set of quality and aesthetic standards.

b. It is over 100 years old.

c. It represents The Official Seal of the City of Geneva.

d. It is a set of aesthetic standards.

Ans: C

Cognitive Domain: Knowledge (Remember)

Learning Objective: 5-1. Explain the importance of quality, the difficulties in measuring quality, and the differences in quality for different people or groups.

Answer Location: Operations Profile: Louis Vuitton Spares No Expense to Gain the Quality “Seal of Approval” for Its Watches

Difficulty Level: Easy

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

2. Quality may be defined as \_\_\_\_\_\_.

a. the product’s conformance to design specifications

b. the product’s fitness for its unintended use

c. the long term service contract associated with the product

d. the product’s usefulness for different applications

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 5-1. Explain the importance of quality, the difficulties in measuring quality, and the differences in quality for different people or groups.

Answer Location: Defining Quality

Difficulty Level: Easy

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

3. The fitness for use aspect of quality \_\_\_\_\_\_.

a. is specific for each user

b. means the same thing to different users

c. refers to the price of the product

d. refers to compliance with government regulations

Ans: A

Cognitive Domain: Knowledge (Remember)

Learning Objective: 5-1. Explain the importance of quality, the difficulties in measuring quality, and the differences in quality for different people or groups.

Answer Location: Defining Quality

Difficulty Level: Easy

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

4. Dimensions of tangible product quality can include \_\_\_\_\_\_.

a. packaging

b. empathy

c. reliability

d. price

Ans: C

Cognitive Domain: Application (Apply)

Learning Objective: 5-1. Explain the importance of quality, the difficulties in measuring quality, and the differences in quality for different people or groups.

Answer Location: Defining Quality

Difficulty Level: Medium

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

5. Which of the following statements is correct?

a. From the perspective of a consumer, quality refers to the value gained by buying a product or service at the lowest possible price.

b. From the perspective of a producer, quality refers to the value gained by arranging for the transportation and warehousing of a product at the lowest possible price.

c. From the perspective of a producer, quality refers to the compliance of the product with applicable government regulations.

d. From the perspective of a consumer, quality refers to the compliance of the product with applicable ISO requirements.

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 5-1. Explain the importance of quality, the difficulties in measuring quality, and the differences in quality for different people or groups.

Answer Location: Defining Quality

Difficulty Level: Medium

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

6. Which of the following terms is NOT correctly paired with its description?

a. performance: the extent to which a product’s design and operating features meet the specifications the producer of the product has established for it

b. conformance: a product’s primary attributes or operational features

c. durability: the average life of a product until it deteriorates and needs replacement

d. empathy: the price of a product relative to the service associated with it

Ans: D

Cognitive Domain: Analysis (Analyze)

Learning Objective: 5-1. Explain the importance of quality, the difficulties in measuring quality, and the differences in quality for different people or groups.

Answer Location: The Quality Dimensions of Products

Difficulty Level: Hard

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

7. Reliability, in the context of a service industry, refers to \_\_\_\_\_\_.

a. promptness

b. price

c. packaging

d. compliance

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 5-1. Explain the importance of quality, the difficulties in measuring quality, and the differences in quality for different people or groups.

Answer Location: The Quality Dimensions of Products

Difficulty Level: Medium

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

8. The Four Seasons Hotel and Toyota are cited as examples for which quality characteristic?

a. durability

b. reliability

c. performance

d. timeliness

Ans: B

Cognitive Domain: Application (Apply)

Learning Objective: 5-1. Explain the importance of quality, the difficulties in measuring quality, and the differences in quality for different people or groups.

Answer Location: The Quality Dimensions of Products

Difficulty Level: Medium

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

9. Perceived quality is \_\_\_\_\_\_.

a. the customer’s view of quality

b. the tangible characteristics of a product

c. the quality actually received by the consumer

d. the price paid by the consumer

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 5-1. Explain the importance of quality, the difficulties in measuring quality, and the differences in quality for different people or groups.

Answer Location: The Quality Dimensions of Products

Difficulty Level: Medium

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

10. For a firm, competing on all eight dimensions of quality \_\_\_\_\_\_.

a. is not likely to be feasible

b. is always required by a consumer

c. is required to be compliant with government regulations

d. is required to be compliant with ISO requirements

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 5-1. Explain the importance of quality, the difficulties in measuring quality, and the differences in quality for different people or groups.

Answer Location: The Quality Dimensions of Products

Difficulty Level: Medium

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

11. The goal of managing quality in the service sector \_\_\_\_\_\_.

a. is no different from that of the manufacturing sector

b. differs at different times

c. differs for different customers

d. is less important than quality in the manufacturing sector

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 5-1. Explain the importance of quality, the difficulties in measuring quality, and the differences in quality for different people or groups.

Answer Location: The Quality Dimensions of Services

Difficulty Level: Hard

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

12. The perception gap \_\_\_\_\_\_.

a. is the gap between what the customer expected and what the producer delivered

b. is subject to each individual’s interpretation

c. is dependent on government regulations

d. is dependent on ISO regulations

Ans: B

Cognitive Domain: Analysis (Analyze)

Learning Objective: 5-1. Explain the importance of quality, the difficulties in measuring quality, and the differences in quality for different people or groups.

Answer Location: The Quality Dimensions of Services

Difficulty Level: Hard

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

13. Which of the following is NOT one of the dimensions on which customers evaluate service quality?

a. service reliability

b. service responsiveness

c. service assurance

d. service durability

Ans: D

Cognitive Domain: Application (Apply)

Learning Objective: 5-1. Explain the importance of quality, the difficulties in measuring quality, and the differences in quality for different people or groups.

Answer Location: The Quality Dimensions of Services

Difficulty Level: Medium

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

14. Tangibles in the service sector include \_\_\_\_\_\_.

a. the physical features of the service facility

b. the price of the service

c. the packaging

d. the speed of delivery

Ans: C

Cognitive Domain: Application (Apply)

Learning Objective: 5-1. Explain the importance of quality, the difficulties in measuring quality, and the differences in quality for different people or groups.

Answer Location: The Quality Dimensions of Services

Difficulty Level: Medium

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

15. Which of the following can result from improving quality?

a. higher customer satisfaction

b. higher costs

c. reduced compliance

d. loss of market share

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 5-2. Outline the benefits and costs of creating quality products and services.

Answer Location: The Benefits and Costs of Managing Quality

Difficulty Level: Medium

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

16. The dimension most useful for understanding the cost of quality is \_\_\_\_\_\_.

a. conformance quality

b. service quality

c. duration quality

d. performance quality

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 5-2. Outline the benefits and costs of creating quality products and services.

Answer Location: The Benefits and Costs of Managing Quality

Difficulty Level: Medium

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

17. Which of the following is NOT a category of quality costs?

a. performance costs

b. prevention costs

c. appraisal costs

d. internal failure costs

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 5-2. Outline the benefits and costs of creating quality products and services.

Answer Location: The Benefits and Costs of Managing Quality

Difficulty Level: Hard

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

18. Prevention costs include \_\_\_\_\_\_.

a. costs incurred to prevent defects and errors from occurring before manufacturing the product or delivering the service

b. costs of inspecting employees after they have manufactured a product

c. costs of managing product returns

d. liability resulting from product defects

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 5-2. Outline the benefits and costs of creating quality products and services.

Answer Location: The Benefits and Costs of Managing Quality

Difficulty Level: Easy

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

19. Appraisal costs are \_\_\_\_\_\_.

a. the costs of measuring and inspecting products and services

b. the costs of managing product returns

c. the liability costs of product defects

d. the costs of training employees in quality

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 5-2. Outline the benefits and costs of creating quality products and services.

Answer Location: The Benefits and Costs of Managing Quality

Difficulty Level: Medium

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

20. Which of the following statements is true with regard to costs of quality?

a. Internal failure costs are costs that result from defects or quality problems discovered inside the factory.

b. External failure costs are costs resulting for defects in distribution or warehousing of products (i.e., outside the manufacturing facility).

c. An example of internal failure costs is the cost of managing product returns by unsatisfied customers.

d. An example of external failure costs is the cost of handling product warranties.

Ans: D

Cognitive Domain: Analysis (Analyze)

Learning Objective: 5-2. Outline the benefits and costs of creating quality products and services.

Answer Location: The Benefits and Costs of Managing Quality

Difficulty Level: Hard

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

21. Cost of quality training is a component of \_\_\_\_\_\_.

a. internal failure costs

b. external failure costs

c. appraisal costs

d. prevention costs

Ans: D

Cognitive Domain: Knowledge (Remember)

Learning Objective: 5-2. Outline the benefits and costs of creating quality products and services.

Answer Location: The Benefits and Costs of Managing Quality

Difficulty Level: Easy

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

22. Which of the following is NOT included in calculating the cost of quality?

a. activities to prevent poor quality

b. activities to measure quality

c. activities to fix poor quality

d. activities to fix price

Ans: D

Cognitive Domain: Application (Apply)

Learning Objective: 5-2. Outline the benefits and costs of creating quality products and services.

Answer Location: Consider This 5.1: Measuring Quality Costs

Difficulty Level: Medium

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

23. In the PAF Cost Model, *PAF* stands for \_\_\_\_\_\_.

a. prevention, appraisal, failure

b. planning, action, feedback

c. prevent, act, feedback

d. planning, appraisal, feedback

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 5-2. Outline the benefits and costs of creating quality products and services.

Answer Location: Consider This 5.1: Measuring Quality Costs

Difficulty Level: Hard

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

24. Prior to the 1700s, \_\_\_\_\_\_.

a. there was no way to check quality

b. the only way to check the quality of a product was by consuming the product

c. quality was not an important consideration in manufacturing

d. quality was checked by physically inspecting the product

Ans: D

Cognitive Domain: Knowledge (Remember)

Learning Objective: 5-3. Describe the evolution of quality management and identify the pioneers who contributed to modern quality management methods.

Answer Location: The Evolution of Quality Management and Its Pioneers

Difficulty Level: Easy

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

25. Eli Whitney \_\_\_\_\_\_.

a. invented the assembly line

b. encouraged the use of interchangeable parts

c. developed the concept of Six Sigma

d. introduced robust product design

Ans: B

Cognitive Domain: Knowledge (Remember)

Learning Objective: 5-3. Describe the evolution of quality management and identify the pioneers who contributed to modern quality management methods.

Answer Location: The Evolution of Quality Management and Its Pioneers

Difficulty Level: Easy

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

26. The standardization of parts was encouraged by \_\_\_\_\_\_.

a. Eli Whitney

b. Frederick Taylor

c. Adam Smith

d. Henry Ford

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 5-3. Describe the evolution of quality management and identify the pioneers who contributed to modern quality management methods.

Answer Location: The Evolution of Quality Management and Its Pioneers

Difficulty Level: Hard

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

27. Walter A. Shewhart \_\_\_\_\_\_.

a. worked as a statistician in Bell Laboratories during the 1920s

b. developed the assembly line

c. is associated with the Deming Wheel

d. introduced the concept of interchangeable parts

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 5-3. Describe the evolution of quality management and identify the pioneers who contributed to modern quality management methods.

Answer Location: The Evolution of Quality Management and Its Pioneers

Difficulty Level: Easy

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

28. Which of the following statements is true with regard to Edward Deming?

a. He taught statistical quality control methods to the Germans during World War II.

b. He taught statistical quality control methods to the Japanese after World War II.

c. He taught statistical quality control methods to the Russians before World War II.

d. He taught statistical quality control methods to the Japanese before World War I.

Ans: B

Cognitive Domain: Knowledge (Remember)

Learning Objective: 5-3. Describe the evolution of quality management and identify the pioneers who contributed to modern quality management methods.

Answer Location: The Evolution of Quality Management and Its Pioneers

Difficulty Level: Easy

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

29. W. Edward Deming suggested that slogans and targets for the work force \_\_\_\_\_\_.

a. create collaborative relationships

b. are not likely to be productive

c. will increase worker morale

d. will increase worker motivation

Ans: B

Cognitive Domain: Application (Apply)

Learning Objective: 5-3. Describe the evolution of quality management and identify the pioneers who contributed to modern quality management methods.

Answer Location: The Evolution of Quality Management and Its Pioneers

Difficulty Level: Medium

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

30. Which of the following is true with regard to the Deming Prize?

a. It was introduced by the U.S. government in 1950.

b. Today, its award is restricted to Japanese companies.

c. Its introduction was met with a lot of resistance from the ISO.

d. The Union of Japanese Scientists and Engineers instituted the Deming Prize.

Ans: D

Cognitive Domain: Analysis (Analyze)

Learning Objective: 5-3. Describe the evolution of quality management and identify the pioneers who contributed to modern quality management methods.

Answer Location: The Evolution of Quality Management and Its Pioneers

Difficulty Level: Hard

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

31. The term *total quality control* was introduced by \_\_\_\_\_\_.

a. Armand Feigenbaum in 1969

b. Joseph Juran in 1954

c. Eli Whitney in 1895

d. Adam Smith in 1776

Ans: A

Cognitive Domain: Knowledge (Remember)

Learning Objective: 5-3. Describe the evolution of quality management and identify the pioneers who contributed to modern quality management methods.

Answer Location: The Evolution of Quality Management and Its Pioneers

Difficulty Level: Easy

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

32. Which of the following quality gurus introduced both the quality circle and the cause-and-effect diagram?

a. Joseph Juran

b. Armand Feigenbaum

c. Kaoru Ishikawa

d. W. Edward Deming

Ans: C

Cognitive Domain: Knowledge (Remember)

Learning Objective: 5-3. Describe the evolution of quality management and identify the pioneers who contributed to modern quality management methods.

Answer Location: The Evolution of Quality Management and Its Pioneers

Difficulty Level: Easy

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

33. Which of the following is NOT true regarding the phrase *quality is free*?

a. It is attributed to Philip Crosby.

b. It is the title of a book.

c. It suggests that a quality program pays for itself.

d. Quality inspectors work for free.

Ans: D

Cognitive Domain: Application (Apply)

Learning Objective: 5-3. Describe the evolution of quality management and identify the pioneers who contributed to modern quality management methods.

Answer Location: Philip Crosby

Difficulty Level: Medium

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

34. Which of the following is true with regard to poka yoke?

a. It refers to mistake-proofing.

b. It was introduced by W. Edward Deming.

c. It was introduced in 2014.

d. It is applicable only in service industries.

Ans: A

Cognitive Domain: Knowledge (Remember)

Learning Objective: 5-3. Describe the evolution of quality management and identify the pioneers who contributed to modern quality management methods.

Answer Location: The Evolution of Quality Management and Its Pioneers

Difficulty Level: Easy

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

35. Which of the following concepts is NOT attributed to Genichi Taguchi?

a. tracking the financial loss to society as a result of poor quality

b. robust design

c. design of experiments

d. interchangeable parts

Ans: D

Cognitive Domain: Analysis (Analyze)

Learning Objective: 5-3. Describe the evolution of quality management and identify the pioneers who contributed to modern quality management methods.

Answer Location: Genichi Taguchi

Difficulty Level: Hard

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

36. Total quality management focuses on \_\_\_\_\_\_.

a. continuous inspection

b. kaizen

c. frequent inspection

d. instant rework

Ans: B

Cognitive Domain: Application (Apply)

Learning Objective: 5-4. Compare these major quality management initiatives: total quality management (TQM), the ISO 9000 family of quality standards, the Baldrige Award, Six Sigma, and DMADV methodologies.

Answer Location: Total Quality Management (TQM)

Difficulty Level: Medium

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

37. Which of the following is FALSE with regard to PDSA?

a. It stands for Plan, Do, Study, Act.

b. It represents kaizen.

c. It is known as the Juran Cycle.

d. It is often represented in a circle.

Ans: C

Cognitive Domain: Analysis (Analyze)

Learning Objective: 5-4. Compare these major quality management initiatives: total quality management (TQM), the ISO 9000 family of quality standards, the Baldrige Award, Six Sigma, and DMADV methodologies.

Answer Location: Total Quality Management (TQM)

Difficulty Level: Hard

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

38. CTQ stands for \_\_\_\_\_\_.

a. crucial to quality

b. critical to quality

c. consumer targeted quality

d. consumer tried quality

Ans: B

Cognitive Domain: Application (Apply)

Learning Objective: 5-4. Compare these major quality management initiatives: total quality management (TQM), the ISO 9000 family of quality standards, the Baldrige Award, Six Sigma, and DMADV methodologies.

Answer Location: Customer Involvement

Difficulty Level: Medium

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

39. Which of the following is NOT true about “specific, measurable characteristics of a product or service that customers say are necessary for their satisfaction”?

a. They are derived by the company.

b. They are given by the customer.

c. They are called CTQ requirements.

d. They are referred to as critical-to-quality.

Ans: B

Cognitive Domain: Analysis (Analyze)

Learning Objective: 5-4. Compare these major quality management initiatives: total quality management (TQM), the ISO 9000 family of quality standards, the Baldrige Award, Six Sigma, and DMADV methodologies.

Answer Location: Customer Involvement

Difficulty Level: Hard

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

40. Employees can be encouraged to contribute to quality by \_\_\_\_\_\_.

a. giving production workers more authority and responsibility

b. discouraging them from forming quality circles

c. firing them if they do not perform better

d. requiring each unit of each product to be inspected

Ans: A

Cognitive Domain: Knowledge (Remember)

Learning Objective: 5-4. Compare these major quality management initiatives: total quality management (TQM), the ISO 9000 family of quality standards, the Baldrige Award, Six Sigma, and DMADV methodologies.

Answer Location: Customer Involvement

Difficulty Level: Easy

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

41. A central feature of TQM \_\_\_\_\_\_.

a. is using statistical tools to collect and analyze data

b. is using only PhDs on the shop floor

c. is inspecting each unit of each product

d. is terminating employees if they make a single defective product

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 5-4. Compare these major quality management initiatives: total quality management (TQM), the ISO 9000 family of quality standards, the Baldrige Award, Six Sigma, and DMADV methodologies.

Answer Location: Customer Involvement

Difficulty Level: Medium

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

42. Benchmarking \_\_\_\_\_\_.

a. is the process of comparing the quality of your company’s products or services and its processes with those companies considered to be world leaders in quality

b. is one of the essential elements of the strategic marketing process

c. is required to be compliant with government regulations

d. is required by the ISO

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 5-5. Identify and describe some of the basic tools managers and employees use to manage quality in their firms.

Answer Location: Customer Involvement

Difficulty Level: Hard

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

43. In identifying a process against which to benchmark a particular process, a company should \_\_\_\_\_\_.

a. choose a process only from an ISO-certified firm

b. choose a process in a firm in any industry

c. choose a process in its own company

d. choose a process in the same department

Ans: B

Cognitive Domain: Analysis (Analyze)

Learning Objective: 5-5. Identify and describe some of the basic tools managers and employees use to manage quality in their firms.

Answer Location: Customer Involvement

Difficulty Level: Hard

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

44. TQM \_\_\_\_\_\_.

a. is a quick fix

b. is costless because quality is free

c. may take several years to implement fully

d. is required to meet ISO certification standards

Ans: C

Cognitive Domain: Application (Apply)

Learning Objective: 5-5. Identify and describe some of the basic tools managers and employees use to manage quality in their firms.

Answer Location: Total Quality Management (TQM)

Difficulty Level: Medium

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

45. Which of the following is FALSE regarding the International Organization for Standardization?

a. It is represented by the letters ISO.

b. It was created in 1966.

c. It is based in Geneva, Switzerland.

d. It has representatives from various national standards organizations.

Ans: B

Cognitive Domain: Knowledge (Remember)

Learning Objective: 5-5. Identify and describe some of the basic tools managers and employees use to manage quality in their firms.

Answer Location: ISO Standards

Difficulty Level: Easy

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

46. Which of the following is NOT an advantage of ISO 9000 certification?

a. It is a worldwide indicator of quality.

b. It can increase a firm’s credibility.

c. It can lower the cost of manufacturing.

d. It improves marketability of a firm’s products.

Ans: C

Cognitive Domain: Analysis (Analyze)

Learning Objective: 5-5. Identify and describe some of the basic tools managers and employees use to manage quality in their firms.

Answer Location: ISO Standards

Difficulty Level: Hard

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

47. To be ISO certified, \_\_\_\_\_\_.

a. a company must be audited by an external governing group

b. a company must be checked out by a government agency

c. a company must submit a report from an accounting firm that conducts audits

d. a company must be audited by its internal audit department

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 5-5. Identify and describe some of the basic tools managers and employees use to manage quality in their firms.

Answer Location: ISO Standards

Difficulty Level: Medium

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

48. ISO certification \_\_\_\_\_\_.

a. is a one-time activity; that is, if the firm does not get certified, it cannot reapply.

b. may take many assessments while the firm identifies its problems, improves, and reapplies for submission

c. is welcomed by a company’s employees but not its management

d. is welcomed by a company’s management but not its employees

Ans: B

Cognitive Domain: Application (Apply)

Learning Objective: 5-5. Identify and describe some of the basic tools managers and employees use to manage quality in their firms.

Answer Location: Major Quality Management Initiatives

Difficulty Level: Medium

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

49. ISO certification \_\_\_\_\_\_.

a. takes time but not much effort

b. takes a lot of effort but not much time

c. takes both time and effort

d. takes neither time nor effort

Ans: C

Cognitive Domain: Application (Apply)

Learning Objective: 5-5. Identify and describe some of the basic tools managers and employees use to manage quality in their firms.

Answer Location: Major Quality Management Initiatives

Difficulty Level: Medium

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

50. The Malcolm Baldrige National Quality Award \_\_\_\_\_\_.

a. was named after the U.S. Senator for Quality

b. honors organizations that produce quality products and services

c. is restricted to European companies

d. applies only to service industries

Ans: B

Cognitive Domain: Application (Apply)

Learning Objective: 5-5. Identify and describe some of the basic tools managers and employees use to manage quality in their firms.

Answer Location: Baldrige Standards

Difficulty Level: Medium

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

51. Which of the following is NOT true regarding the Malcolm Baldrige National Quality Award?

a. is now known as the Baldrige Performance Excellence Program

b. recognizes companies (e.g., Apple) for producing excellent products (e.g., iPhone)

c. can be awarded to hospitals (i.e., it does not apply only to manufacturing organizations)

d. was named after the U.S. Senator for Quality

Ans: D

Cognitive Domain: Application (Apply)

Learning Objective: 5-5. Identify and describe some of the basic tools managers and employees use to manage quality in their firms.

Answer Location: Baldrige Standards

Difficulty Level: Medium

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

52. Which of the following is NOT one of the goals of the Baldrige Quality Award?

a. making quality a national priority

b. disseminating best practices across the United States

c. lowering production costs across the country

d. contributing to the economy as a whole

Ans: C

Cognitive Domain: Analysis (Analyze)

Learning Objective: 5-5. Identify and describe some of the basic tools managers and employees use to manage quality in their firms.

Answer Location: Baldrige Standards

Difficulty Level: Hard

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

53. Six Sigma was developed by \_\_\_\_\_\_.

a. General Electric

b. Toyota

c. Motorola

d. Nissan

Ans: C

Cognitive Domain: Application (Apply)

Learning Objective: 5-5. Identify and describe some of the basic tools managers and employees use to manage quality in their firms.

Answer Location: Six Sigma

Difficulty Level: Medium

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

54. Which of the following is NOT true regarding Six Sigma?

a. It seeks to improve quality by removing defects.

b. It seeks to improve quality by minimizing process variations.

c. It is a data-driven quality management method.

d. It seeks to improve quality by eliminating waste.

Ans: D

Cognitive Domain: Application (Apply)

Learning Objective: 5-5. Identify and describe some of the basic tools managers and employees use to manage quality in their firms.

Answer Location: Six Sigma

Difficulty Level: Medium

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

55. Sigma represents \_\_\_\_\_\_.

a. a student fraternity at The University of Texas at Dallas

b. the standard deviation of outcomes in a process

c. the mean of outcomes in a process

d. the mode of outcomes in a process

Ans: B

Cognitive Domain: Application (Apply)

Learning Objective: 5-5. Identify and describe some of the basic tools managers and employees use to manage quality in their firms.

Answer Location: Six Sigma

Difficulty Level: Medium

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

56. Which of the following is NOT true regarding Six Sigma?

a. In it, the *six* refers to the total number of standard deviations from the mean (3 to the left of the mean, 3 to the right of the mean).

b. It represents a 99.9997% defect-free rate.

c. It represents 3.4 defect per million.

d. It was introduced by Motorola.

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 5-5. Identify and describe some of the basic tools managers and employees use to manage quality in their firms.

Answer Location: Six Sigma

Difficulty Level: Hard

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

57. Which of the following is true with regard to what a sigma quality level indicates?

a. It indicates how frequently a process can be expected to deliver products of good quality.

b. Lower sigma levels of quality mean that product reliability and customer satisfaction are higher.

c. A low sigma level suggests there is a high defect rate in the process.

d. A sigma quality level of 8 or higher is acceptable by ISO standards.

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 5-5. Identify and describe some of the basic tools managers and employees use to manage quality in their firms.

Answer Location: Six Sigma

Difficulty Level: Hard

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

58. Which of the following is NOT a consequence of a high sigma level of quality?

a. Product reliability and customer satisfaction are higher.

b. The need for testing and inspection is lower.

c. Cycle times and costs decrease.

d. Product returns are higher.

Ans: D

Cognitive Domain: Application (Apply)

Learning Objective: 5-5. Identify and describe some of the basic tools managers and employees use to manage quality in their firms.

Answer Location: Six Sigma

Difficulty Level: Medium

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

59. Which of the following is true of a 99.9% defect rate?

a. one incorrect surgical procedure every 10 years

b. two landing errors at major airports every day

c. one aircraft landing in a cornfield each week

d. one correct surgical procedure every year

Ans: B

Cognitive Domain: Application (Apply)

Learning Objective: 5-4. Compare these major quality management initiatives: total quality management (TQM), the ISO 9000 family of quality standards, the Baldrige Award, Six Sigma, and DMADV methodologies.

Answer Location: Six Sigma

Difficulty Level: Hard

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

60. In a typical health care organization, the medical error rates range \_\_\_\_\_\_.

a. from 67 to 309 per trillion opportunities

b. between two sigma and three sigma

c. to one error per second per hospital

d. to one error per physician per procedure per day

Ans: B

Cognitive Domain: Application (Apply)

Learning Objective: 5-5. Identify and describe some of the basic tools managers and employees use to manage quality in their firms.

Answer Location: Six Sigma

Difficulty Level: Medium

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

61. The success of Six Sigma efforts depends on \_\_\_\_\_\_.

a. the support of a firm’s management

b. the number of PhDs among the firm’s employees

c. whether the firm is ISO certified

d. whether the firm is in a manufacturing or in a service industry

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 5-5. Identify and describe some of the basic tools managers and employees use to manage quality in their firms.

Answer Location: Introducing Six Sigma Into an Organization

Difficulty Level: Hard

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

62. Six Sigma projects have \_\_\_\_\_\_.

a. specific operational targets

b. specific hiring levels

c. government-specified achievement levels

d. ISO-specified achievement levels

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 5-5. Identify and describe some of the basic tools managers and employees use to manage quality in their firms.

Answer Location: Introducing Six Sigma Into an Organization

Difficulty Level: Medium

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

63. With regard to Six Sigma training, which of the following statements is true?

a. Black Belt, Green Belt, and Master Black Belt represent the training level in increasing order of expertise.

b. Green Belts represent the highest level of Six Sigma training.

c. Green Belts have the most statistical trainings.

d. Master Black Belts check that Six Sigma efforts are applied consistently across an organization.

Ans: D

Cognitive Domain: Analysis (Analyze)

Learning Objective: 5-5. Identify and describe some of the basic tools managers and employees use to manage quality in their firms.

Answer Location: Introducing Six Sigma Into an Organization

Difficulty Level: Hard

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

64. Which of the following is NOT an element in a project charter?

a. the project’s objective

b. expected timeline

c. budget and scope

d. actual hours spent on a project

Ans: D

Cognitive Domain: Application (Apply)

Learning Objective: 5-5. Identify and describe some of the basic tools managers and employees use to manage quality in their firms.

Answer Location: Introducing Six Sigma Into an Organization

Difficulty Level: Medium

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

65. During the measure phase of Six Sigma, the project team \_\_\_\_\_\_.

a. gathers data

b. makes improvements to the process

c. ensures the problem is well defined

d. ensures the improvements are sustained

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 5-5. Identify and describe some of the basic tools managers and employees use to manage quality in their firms.

Answer Location: Introducing Six Sigma Into an Organization

Difficulty Level: Easy

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

66. During the analyze phase of Six Sigma, the project team \_\_\_\_\_\_.

a. uses statistical tools to determine the relationship between the suspected causes and their effects

b. makes improvements to the process

c. ensures the problem is well defined

d. ensures the improvements are sustained

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 5-5. Identify and describe some of the basic tools managers and employees use to manage quality in their firms.

Answer Location: Introducing Six Sigma Into an Organization

Difficulty Level: Hard

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

67. In which two of the five phases of Six Sigma are data collected?

a. analyze and improve

b. define and measure

c. measure and improve

d. improve and control

Ans: C

Cognitive Domain: Analysis (Analyze)

Learning Objective: 5-5. Identify and describe some of the basic tools managers and employees use to manage quality in their firms.

Answer Location: Introducing Six Sigma Into an Organization

Difficulty Level: Hard

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

68. In the control phase of a Six Sigma project, \_\_\_\_\_\_.

a. the senior management checks to see if the project manager is well in control of the project

b. the project team checks to see if quality improvements are sustained

c. the firm makes improvements to the process

d. the manager ensures the problem is well defined

Ans: B

Cognitive Domain: Application (Apply)

Learning Objective: 5-5. Identify and describe some of the basic tools managers and employees use to manage quality in their firms.

Answer Location: Introducing Six Sigma Into an Organization

Difficulty Level: Medium

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

69. The DMADV methodology is applied \_\_\_\_\_\_.

a. when we have a process with a lot of waste or non–value added steps

b. when we are introducing a new process

c. when we have an existing process that is highly defective

d. when we need to revamp a very old process

Ans: B

Cognitive Domain: Analysis (Analyze)

Learning Objective: 5-5. Identify and describe some of the basic tools managers and employees use to manage quality in their firms.

Answer Location: Introducing Six Sigma Into an Organization

Difficulty Level: Hard

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

70. In which stage of the DMADV methodology do we check the design performance of a product and its ability to meet customer needs?

a. the Verify stage

b. the Measure stage

c. the Analyze stage

d. the Design stage

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 5-5. Identify and describe some of the basic tools managers and employees use to manage quality in their firms.

Answer Location: Introducing Six Sigma Into an Organization

Difficulty Level: Hard

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

71. Which of the following statements does NOT correctly pair a quality tool with its description?

a. process flow chart: visually displays a process

b. histogram: identifies the pattern and frequency of data distribution

c. Pareto chart: identifies those problems that occur with the highest frequency

d. scatter diagram: shows the extent and direction of the relationship between two variables

Ans: C

Cognitive Domain: Analysis (Analyze)

Learning Objective: 5-5. Identify and describe some of the basic tools managers and employees use to manage quality in their firms.

Answer Location: Quality Management Tools and Techniques

Difficulty Level: Hard

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

72. The tool that monitors outputs from a process to determine if the process is operating within established limits is \_\_\_\_\_\_.

a. a control chart

b. a Pareto chart

c. a histogram

d. a scatter plot

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 5-5. Identify and describe some of the basic tools managers and employees use to manage quality in their firms.

Answer Location: Quality Management Tools and Techniques

Difficulty Level: Easy

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

73. Process capability is the extent to which \_\_\_\_\_\_.

a. a process meets a set of specification limits

b. a process falls within control limits

c. a process does not show a run or pattern

d. a process shows stability

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 5-5. Identify and describe some of the basic tools managers and employees use to manage quality in their firms.

Answer Location: Quality Management Tools and Techniques

Difficulty Level: Hard

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

74. In measuring service quality, the perception gap is the difference between what customers \_\_\_\_\_\_.

a. expect to receive from a service and what they actually receive

b. expect to pay for a service and what they actually pay

c. are paid for a service and what it cost the supplier to provide that service

d. receive from a service and what the government requirements stipulate they should receive

Ans: A

Cognitive Domain: Knowledge (Remember)

Learning Objective: 5-5. Identify and describe some of the basic tools managers and employees use to manage quality in their firms.

Answer Location: Service Quality Management Tools

Difficulty Level: Easy

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

75. Two models that firms can use to measure perception gap are \_\_\_\_\_\_.

a. the RATER model and the GAP model

b. the Du Pont model and the Monsanto model

c. the Consumer model and the Producer model

d. the Government model and the ISO model

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 5-5. Identify and describe some of the basic tools managers and employees use to manage quality in their firms.

Answer Location: Service Quality Management Tools

Difficulty Level: Easy

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

76. Which of the following is NOT one of the five dimensions that the RATER model focuses on?

a. reliability

b. responsiveness

c. empathy

d. durability

Ans: D

Cognitive Domain: Application (Apply)

Learning Objective: 5-5. Identify and describe some of the basic tools managers and employees use to manage quality in their firms.

Answer Location: The RATER Model

Difficulty Level: Medium

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

77. The knowledge gap refers to the difference between \_\_\_\_\_\_.

a. what consumers actually expect from a service compared with what the provider thinks the consumers expect

b. what consumers actually expect from a service compared with what consumers actually receive from the provider

c. what consumers paid for a service compared with the value the consumers receive

d. what it cost producers to provide a service compared with the value the consumers receive

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 5-5. Identify and describe some of the basic tools managers and employees use to manage quality in their firms.

Answer Location: The GAP Model

Difficulty Level: Hard

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

78. When the service provided does not measure up to the firm’s or to the industry’s standards, it is known as \_\_\_\_\_\_.

a. the service design and standards gap

b. the service delivery performance gap

c. the communication gap

d. the service planning gap

Ans: B

Cognitive Domain: Analysis (Analyze)

Learning Objective: 5-5. Identify and describe some of the basic tools managers and employees use to manage quality in their firms.

Answer Location: The GAP Model

Difficulty Level: Hard

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

79. SERVQUAL analysis \_\_\_\_\_\_.

a. uses defect rates in the production process to identify gaps between services customers expected to receive and what they actually receive

b. is a method for doing gap analysis

c. uses employee absenteeism rates to identify production defects

d. is a predictive model applied to how target markets can be serviced

Ans: B

Cognitive Domain: Application (Apply)

Learning Objective: 5-5. Identify and describe some of the basic tools managers and employees use to manage quality in their firms.

Answer Location: The GAP Model

Difficulty Level: Medium

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

80. Which of the following is NOT a recommended approach for companies to use in closing service gaps?

a. They involve their customers in the service-design process.

b. They make service improvements to respond to changes in the market.

c. They use teamwork to foster service excellence and continuously improve it.

d. They lower prices.

Ans: D

Cognitive Domain: Analysis (Analyze)

Learning Objective: 5-5. Identify and describe some of the basic tools managers and employees use to manage quality in their firms.

Answer Location: The GAP Model

Difficulty Level: Hard

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

81. Which of the following is NOT a good measure of electronic service quality for a company that has a website for marketing its products or services?

a. the quantity of the information on the site

b. how well it’s personalized for the shopper

c. the site’s safety or security

d. the site’s usability, reliability, and responsiveness

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 5-5. Identify and describe some of the basic tools managers and employees use to manage quality in their firms.

Answer Location: Electronic Service Quality (e-SQ)

Difficulty Level: Hard

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

82. Safety and security are particularly important aspects of electronic service quality for \_\_\_\_\_\_.

a. a company that offers financial services

b. a company that offers online education

c. a company that sells shares online

d. a company that sells garments online

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 5-5. Identify and describe some of the basic tools managers and employees use to manage quality in their firms.

Answer Location: Electronic Service Quality (e-SQ)

Difficulty Level: Medium

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

83. Which of the following is NOT a consequence of the poor management of the quality of a company’s supply chain?

a. damage to a company’s reputation

b. financial losses

c. legal liability issues

d. increase in customer satisfaction

Ans: D

Cognitive Domain: Analysis (Analyze)

Learning Objective: 5-6. Discuss the process of managing quality in supply chains.

Answer Location: Managing Quality for Supply Chains

Difficulty Level: Hard

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

84. A quality problem can originate in which stage of the supply chain?

a. acquisition of raw materials

b. product advertising

c. product marketing

d. product pricing

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 5-6. Discuss the process of managing quality in supply chains.

Answer Location: Managing Quality for Supply Chains

Difficulty Level: Easy

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

85. Companies can set more stringent quality requirements for their suppliers by \_\_\_\_\_\_.

a. implementing a comprehensive supplier certification program

b. requiring vendors to obtain ISO certification

c. terminating suppliers if they supply certain percentage of defective input

d. not outsourcing any raw material purchases

Ans: A

Cognitive Domain: Comprehension (Understand)

Learning Objective: 5-6. Discuss the process of managing quality in supply chains.

Answer Location: Managing Quality for Supply Chains

Difficulty Level: Easy

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

86. When suppliers become committed to Six Sigma, \_\_\_\_\_\_.

a. the improvement in the quality of the inputs they provide will flow downstream to a firm’s own operations

b. the improvement in the quality of the inputs they provide will flow upstream to a firm’s own operations

c. the end consumers will have to pay higher prices

d. ISO certification requirements can be easily met

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 5-6. Discuss the process of managing quality in supply chains.

Answer Location: Managing Quality for Supply Chains

Difficulty Level: Hard

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

87. Which of the following is NOT a quality organization?

a. the International Organization for Standardization (ISO)

b. the American National Standards Institute (ANSI)

c. the American Society for Quality (ASQ)

d. the United Nations

Ans: D

Cognitive Domain: Knowledge (Remember)

Learning Objective: 5-6. Discuss the process of managing quality in supply chains.

Answer Location: Procurement Quality

Difficulty Level: Easy

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

88. Which of the following is NOT a benefit to suppliers of adopting quality practices?

a. fewer defects and returned items

b. fewer customers

c. less scrap and rework

d. faster delivery and inventory replenishment times

Ans: B

Cognitive Domain: Application (Apply)

Learning Objective: 5-6. Discuss the process of managing quality in supply chains.

Answer Location: Procurement Quality

Difficulty Level: Medium

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

89. One step that a company can take to improve procurement is to \_\_\_\_\_\_.

a. monitor the costs of poor supplier quality

b. periodically change suppliers

c. frequently change the team in charge of procurement

d. inspect each unit of each product procured

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 5-6. Discuss the process of managing quality in supply chains.

Answer Location: Procurement Quality

Difficulty Level: Hard

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

90. Design for supply chain is \_\_\_\_\_\_.

a. the process of designing a product so that it matches up well with the capabilities of a firm’s supply chain members

b. the process of designing the supply chain so that it is capable of producing inputs to the primary firm

c. the process of designing the product so that it can be easily transported through the supply chain

d. the process of locating the firm so that suppliers are located close to the firm

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 5-6. Discuss the process of managing quality in supply chains.

Answer Location: Design Quality

Difficulty Level: Medium

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

91. Design for logistics is \_\_\_\_\_\_.

a. the process of designing a product so that it can be transported easily by the customer to its place of use

b. the process of designing a product so that it can be transported easily through the supply chain

c. the process of designing a product so that it matches up well with the capabilities of a firm’s supply chain members

d. the process of designing the supply chain so that it is capable of producing inputs to the primary firm

Ans: B

Cognitive Domain: Application (Apply)

Learning Objective: 5-6. Discuss the process of managing quality in supply chains.

Answer Location: Design Quality

Difficulty Level: Medium

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

92. Value analysis and engineering to improve the quality and safety of products\_\_\_\_\_\_.

a. is used by local governments to make the voting process in elections more efficient

b. has been used by the packaging industry

c. is required for ISO certification

d. is applicable only to the service industry

Ans: B

Cognitive Domain: Application (Apply)

Learning Objective: 5-6. Discuss the process of managing quality in supply chains.

Answer Location: Production and Delivery

Difficulty Level: Medium

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

93. Quality management systems and standards \_\_\_\_\_\_.

a. are standards made global through the International Organization for Standards

b. have the same technology or infrastructure requirements in different countries

c. can be readily applied, without modification, across different countries

d. can be challenging to transplant from one country to another because different cultures place different emphasis on quality

Ans: D

Cognitive Domain: Analyze (Analysis)

Learning Objective: 5-7. Discuss the challenges of managing quality in global supply chains.

Answer Location: Global Quality Management

Difficulty Level: Easy

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

94. Benefits of using third-party quality assurance services in international trade include \_\_\_\_\_\_.

a. maximizing [language differences between a company and its suppliers](file:///E:\DATA\BookReview\Package\Venkataraman_Chapters_and_Supplements\C5%20MCQ%20C5.xlsm#RANGE!_edn1)

b. eliminating or reducing the substantial travel expenses associated with sending a company representative abroad

c. maximizing [cultural differences between a company and its suppliers](file:///E:\DATA\BookReview\Package\Venkataraman_Chapters_and_Supplements\C5%20MCQ%20C5.xlsm#RANGE!_edn1)

d. eliminating the need for offshoring

Ans: B

Cognitive Domain: Application (Apply)

Learning Objective: 5-7. Discuss the challenges of managing quality in global supply chains.

Answer Location: Global Quality Management

Difficulty Level: Medium

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

95. In the past decade, countries that offshored their production to emerging economies have \_\_\_\_\_\_.

a. faced serious quality problems

b. been challenged for such practices in the World Trade Organization

c. lost market share due to their high prices as a consequence of offshoring

d. met with resistance from customers interested in purchasing locally produced products

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 5-7. Discuss the challenges of managing quality in global supply chains.

Answer Location: Global Quality Management

Difficulty Level: Hard

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

96. The Coca-Cola Company uses the same formula and basic bottle shape for Coke worldwide, but the labels on the bottles and their sizes vary depending upon the market. This illustrates \_\_\_\_\_\_.

a. thinking globally but acting locally

b. manufacturing locally but designing globally

c. thinking locally but acting globally

d. manufacturing globally but designing locally

Ans: A

Cognitive Domain: Analysis (Analyze)

Learning Objective: 5-7. Discuss the challenges of managing quality in global supply chains.

Answer Location: TQM and Global Quality

Difficulty Level: Hard

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

97. Flexibility in the production process suggests that \_\_\_\_\_\_.

a. the production process should allow for low volumes of production, high product variety, and low cost

b. the production process should allow for high volumes of production, low product variety, and high cost

c. the production process should allow for high volumes of production, high product variety, and high cost

d. the production process should allow for low volumes of production, low product variety, and high cost

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 5-7. Discuss the challenges of managing quality in global supply chains.

Answer Location: TQM and Global Quality

Difficulty Level: Medium

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

98. An important requirement of many laws and regulations governing products and services is \_\_\_\_\_\_.

a. that companies deliver value for the consumer

b. that companies meet certain quality standards

c. that companies deliver products and services at low prices

d. that companies deliver products and services within a short time of being ordered

Ans: B

Cognitive Domain: Analysis (Analyze)

Learning Objective: 5-8. Describe the ethical and legal relationship among quality, sustainability, and corporate social responsibility.

Answer Location: Legal, Ethical, and Sustainability Issues

Difficulty Level: Hard

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

99. Which one of the following actions should a company take IMMEDIATELY when it finds that its product is defective?

a. inform buyers about it

b. take corrective action in a timely manner

c. stop producing the product

d. lower the price

Ans: A

Cognitive Domain: Application (Apply)

Learning Objective: 5-8. Describe the ethical and legal relationship among quality, sustainability, and corporate social responsibility.

Answer Location: Legal, Ethical, and Sustainability Issues

Difficulty Level: Medium

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

100. To meet stockholder expectations of returns on their investment, a company finding a serious defect in its product should \_\_\_\_\_\_.

a. balance the cost of fixing the problem with the cost of potential liability from injuries to consumers

b. offer to buy back stock and boost share prices

c. inform its customers and take corrective action in a timely manner

d. declare bankruptcy

Ans: C

Cognitive Domain: Application (Apply)

Learning Objective: 5-8. Describe the ethical and legal relationship among quality, sustainability, and corporate social responsibility.

Answer Location: Legal, Ethical, and Sustainability Issues

Difficulty Level: Medium

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