1. Operations management is primarily concerned with…….
   A. Transforming inputs into outputs
   B. Preparing annual financial statements
   C. Recruiting only senior managers
   D. Setting tax rates

2. An operations strategy should primarily
   A. Maximise inventory levels
   B. Align production decisions with the organisation's overall strategy
   C. Focus only on advertising
   D. Eliminate all suppliers

3. Which of the following is an operations strategy decision?
   A. Capacity
   B. Dividend policy
   C. Share issue price
   D. Tax residence

4. A business competing mainly through low prices is most likely to prioritise
   A. High unit costs
   B. Cost efficiency and high volume
   C. Luxury features regardless of cost
   D. Low production reliability

5. Which activity is normally part of operations management?
   A. Process design
   B. Setting national interest rates
   C. Passing legislation
   D. Auditing competitors' tax returns

6. Value is created when……..
   A. The cost of inputs always exceeds selling price
   B. The customer perceives benefits that justify the price paid
   C. Inventory is kept indefinitely

D. All activities are outsourced

7. Porter's value chain is useful because it helps management
   A. Identify activities that create value and sources of competitive advantage
   B. Calculate income tax automatically
   C. Determine exchange rates
   D. Replace all operational staff

8. Which is a primary activity in Porter's value chain?
   A. Inbound logistics
   B. Human resource management
   C. Technology development
   D. Firm infrastructure

9. Which is a support activity in Porter's value chain?
   A. Marketing and sales
   B. Outbound logistics
   C. Procurement
   D. Service

10. A supply chain refers to
   A. Only the activities inside one department
   B. The network involved in moving materials and products from sources to end customers
   C. Only the final retailer
   D. A company's internal audit plan

11. The value created across a supply chain is important because
   A. Customers pay for the value delivered by the chain
   B. Every supplier must charge the same price
   C. It removes the need for quality control
   D. It guarantees no delays

12. Procurement is best described as:
   A. The process of acquiring resources needed by an entity

B. The sale of finished goods to customers
C. The preparation of payroll
D. The inspection of financial statements

13. A transactional or competitive supplier relationship typically emphasises
A. Long-term joint innovation
B. Negotiating hard for the lowest price
C. Sharing all business risks
D. Joint ownership of the buyer

14. A strategic supplier relationship is characterised by
A. Short-term price bargaining only
B. Long-term collaboration and mutual benefit
C. Avoiding communication
D. Changing suppliers every week

15. At the supportive stage of purchasing development, purchasing is viewed as
A. A function that can support the organisation's competitive advantage
B. A purely clerical activity with no value
C. An unnecessary department
D. A function concerned only with paying invoices

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16. A supply agreement is useful because it
A. Sets standard terms for repeated purchases
B. Removes the need to specify goods
C. Guarantees unlimited stock
D. Prevents suppliers from communicating

17. Which item may be included in a supply agreement?
A. Delivery lead times
B. A customer's personal password
C. The buyer's private medical history
D. A competitor's confidential strategy

18. A potential benefit of single-supplier sourcing is
    A. More complex purchasing administration
    B. Closer collaboration and possible shorter lead times
    C. Guaranteed absence of supply risk
    D. No need to assess supplier quality

19. Parallel sourcing means that
    A. All factories use one supplier only
    B. Different factory locations each use a single supplier, but suppliers differ between locations
    C. A company stops purchasing materials
    D. Suppliers sell directly to consumers only

20. Supplier associations may
    A. Promote industry standards and share information
    B. Set individual employees' salaries
    C. Replace all purchasing departments
    D. Guarantee every supplier a profit

21. E-commerce involves……
    A. Buying and selling goods or services through electronic dealings
    B. Only face-to-face cash transactions
    C. Manufacturing without customers
    D. Paper-based filing only

22. A virtual supply chain uses……..
    A. Electronic communication links between suppliers and customers
    B. Only physical transport routes
    C. No information exchange
    D. Manual stock cards exclusively

23. An important benefit of e-procurement is
    A. Longer purchasing lead times
    B. Reduced processing time and administrative cost
    C. More paperwork
    D. Less visibility of orders

24. Electronic payment can benefit buyers and suppliers by
    A. Increasing manual data entry
    B. Reducing processing costs and errors
    C. Removing the need for records
    D. Delaying settlement

25. In a vendor-managed inventory arrangement
    A. The supplier may monitor the buyer's stock and arrange replenishment
    B. The customer must manufacture its own materials
    C. The auditor selects all stock levels
    D. No party monitors inventory

26. The main objective of inventory management is to
    A. Maximise stock regardless of cost
    B. Balance the benefits and costs of holding inventory
    C. Eliminate all purchasing
    D. Keep every item at zero at all times

27. A stockout occurs when
    A. Inventory is greater than maximum capacity
    B. An item is unavailable when required
    C. A supplier offers a discount
    D. Goods are moved to a warehouse

28. Which is a benefit of holding inventory?
    A. It can help avoid lost sales when customer demand arises
    B. It always reduces storage costs
    C. It removes the need for forecasting
    D. It guarantees no obsolescence

29. Which is a cost of holding inventory?
    A. Storage and warehouse costs
    B. Customer loyalty
    C. Avoided stockouts
    D. Faster response to demand

30. The economic order quantity (EOQ) model aims to
    A. Find an order quantity that minimises relevant total inventory costs
    B. Maximise the number of orders
    C. Eliminate ordering costs only
    D. Set selling prices

31. In the basic EOQ model, demand is assumed to be
    A. Highly unpredictable
    B. Constant throughout the year
    C. Always zero
    D. Seasonal and unknown

32. A two-bin inventory system generally uses
    A. One bin for sales and one for wages
    B. One bin for current use and a second as reserve/reorder stock
    C. Two suppliers for every item
    D. Two warehouses for finished goods only

33. In a periodic review system, inventory levels are
    A. Checked at fixed time intervals
    B. Checked only when an annual audit occurs
    C. Never checked
    D. Checked continuously by customers

34. The ABC inventory method classifies items according to
    A. Their relative importance or inventory holding value
    B. Their alphabetical order only
    C. The age of the purchasing manager
    D. The colour of storage bins

35. Category A inventory items are generally
    A. Low-value items requiring little attention
    B. High-value or high-cost items needing close control
    C. Items that are never used
    D. Finished goods only

36. Just-in-time (JIT) is based on the principle that
    A. Items should be produced or purchased when needed
    B. Large inventories always add value
    C. Production should continue regardless of demand
    D. Suppliers should deliver whenever convenient

37. JIT requires suppliers to provide
    A. Unreliable deliveries in large batches
    B. Reliable, timely deliveries of good-quality materials
    C. Only annual deliveries
    D. Materials without quality checks

38. A key practical requirement for JIT is
    A. Frequent production stoppages
    B. Reliable processes and minimal defects
    C. High levels of obsolete stock
    D. Long set-up times

39. A work cell in JIT is
    A. A small group of employees and equipment organised to produce an item or component
    B. A warehouse for obsolete inventory
    C. A supplier's accounting office
    D. A method of calculating tax

40. Reducing set-up time is valuable because set-up activities
    A. Usually add no direct value to the product
    B. Always increase customer satisfaction
    C. Are the same as selling activities
    D. Cannot be improved

41. Total productive maintenance aims to
    A. Prevent equipment breakdowns and unplanned production stoppages
    B. Increase machine failures
    C. Replace all employees with machines
    D. Increase finished-goods inventory

42. Job production is most suitable when
    A. Products are made to specific customer requirements
    B. Identical products are made continuously in huge volumes
    C. Only one standard product is made
    D. Output cannot be customized

43. Batch production involves
    A. Making products in groups or production runs
    B. Producing one unique item only
    C. Continuous flow with no changeovers
    D. Providing services without a process

44. Flow production is commonly associated with
    A. Low-volume, highly customised projects
    B. Continuous or repetitive production of standardised products
    C. One-off construction projects only
    D. Production with no sequence

45. A fixed-position layout is appropriate when:
    A. The product is too large or heavy to move easily
    B. Products must pass through an assembly line
    C. All products are identical and small
    D. Materials never need to move

46. A product layout arranges machines
    A. In the sequence of operations required to make the product
    B. By employee seniority
    C. According to supplier location
    D. In alphabetical order

47. A process layout groups
    A. Similar machines or activities together
    B. All machines in a single product sequence
    C. Customers by age
    D. Finished goods by selling price

48. MRP I is primarily used to
    A. Plan materials and component requirements for production
    B. Set the organisation's dividend
    C. Calculate employee income tax
    D. Manage customer complaints

49. A bill of materials contains
    A. The components and materials required to make a product
    B. A list of competitors' prices
    C. Only employee attendance
    D. The organisation's bank balances

50. The theory of constraints focuses on
    A. Identifying and managing bottlenecks that restrict system output
    B. Increasing every inventory item
    C. Removing all quality inspections
    D. Maximising machine idle time

51. Internal failure costs arise when defects are identified
    A. Before products are delivered to customers
    B. Only after a customer takes legal action
    C. During advertising
    D. When suppliers are selected

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52. External failure costs may include
    A. Warranty repairs and customer complaints
    B. Preventive maintenance only
    C. Staff training before production
    D. Supplier selection costs

53. Total quality management (TQM) emphasises
    A. Continuous improvement and involvement across the organisation
    B. Quality as the sole responsibility of inspectors
    C. Detecting defects only after delivery
    D. Increasing waste to improve output

54. A quality circle is typically
    A. A small group of employees meeting regularly to discuss work problems and improvements
    B. A group of external auditors setting tax policy
    C. A supplier pricing committee
    D. A machine used in batch production

1. A 2. B 3. A 4. B 5. A 6. B 7. A 8. A 9. C 10. B

11. A 12. A 13. B 14. B 15. A 16. A 17. A 18. B 19. B 20. A

21. A 22. A 23. B 24. B 25. A 26. B 27. B 28. A 29. A 30. A

31. B 32. B 33. A 34. A 35. B 36. A 37. B 38. B 39. A 40. A

41. A 42. A 43. A 44. B 45. A 46. A 47. A 48. A 49. A 50. A

51. A 52. A 53. A 54. A

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