Lesson 3-2 Practice Quiz

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# Lesson 3-2 Practice Quiz

5/5 points earned (100%)

Excellent!

*Correct 1/1 points*

1. The bullwhip effect occurs as orders are relayed from retailers to wholesalers to the manufacturer.

**True**

Correct Response :  
The magnitude of demand volatility a company faces increases the further upstream it resides in the supply chain. Thus, the fluctuations in order quantities are progressively higher at the wholesalers and the manufacturer as compared to those at the retailers.

False

*Correct 1/1 points*

1. One reason for outsourcing rather than making in-house is to utilize surplus labor.

True

**False**

Correct Response :  
The presence of surplus labor would support completing production in-house. On the other hand, shortage in labor would be one reason to consider outsourcing production to make up for the deficit in capacity.

*Correct 1/1 points*

1. Social responsibility is an issue for investor relations departments and not a concern for supply chain managers.

True

**False**

Correct Response :  
Increasingly, customers are paying attention to the social and environmental performance of companies as well as the performance of their suppliers and their suppliers' suppliers. Being socially responsible in the supply chain leads to better performance on the triple bottom line that consists of social, environmental (or ecological), and financial metrics, and that focuses on the three Ps – people, planet, and profit – of sustainability. Thus, supply chain managers should be concerned with social responsibility.

*Correct 1/1 points*

1. There are only two types of supply chain relationships – arm's length buy-sell relationships and acquisitions for vertical integration.

True

**False**

Correct Response :  
Partnering between buyers and sellers to different extents by forming relationships such as long term contracts or strategic alliances form a continuum between the two extremes of arm's length buy-sell relationships and acquisitions for vertical integration.

*Correct 1/1 points*

1. Offering quantity discounts and special promotions to customers always helps to reduce the bullwhip effect in supply chains.

True

**False**

Correct Response :  
Quantity discounts and special promotions can distort demand, lead to higher variability, and thus increase the bullwhip effect.