Chapter 01

The Customer Service Profession

**True / False Questions**

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| 1. | The goals of providing customer service are similar despite the differences between organizations in their focus.    True    False |

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| 2. | Customer service is the ability of knowledgeable and capable employees to deliver products to their external and internal customers.    True    False |

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| 3. | The ultimate goal of customer relationship management is customer loyalty.    True    False |

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| 4. | Internet service providers are an example of organizations that provides, both, products and services.    True    False |

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| 5. | According to the Census Bureau and the Bureau of Labor Statistics, state and local governments are classified as the service sector while the federal government isn't.    True    False |

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| 6. | A manufacturer of consumer electronics, wanting to reduce costs, relocates his production facility to a rural location. This is an example of a cottage industry.    True    False |

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| 7. | Organizations such as the International Council of Customer Service Organizations (ICCSO) work to help develop and promote service and professional excellence standards throughout the world.    True    False |

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| 8. | According to the U.S. Bureau of Labor Statistics, the long-term shift from goods-producing to service-producing employment is expected to decline.    True    False |

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| 9. | Rapid growth in construction is likely to increase the overall employment in goods-producing industries.    True    False |

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| 10. | Employees who work from their homes or satellite locations are considered to be telecommuting.    True    False |

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| 11. | Workers employed in professional and business services, in financial activities, and in education and health services are least likely to work at home.    True    False |

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| 12. | Instant messaging refers to a form of Internet communication where users can transmit text messages or chat in real-time via the Internet to one or more people.    True    False |

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| 13. | The number of women in the workforce is projected to decrease from about 43 percent in the year 2000 to 39 percent by the year 2020.    True    False |

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| 14. | The Norris-La Guardia Act allocated $7 billion toward upgrading and expanding broadband access nationwide in order to provide access to rural areas and increase Internet capacity in schools, libraries, public safety offices, and other community buildings.    True    False |

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| 15. | Offshoring refers to the practice of contracting with third-party companies outside the organization.    True    False |

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| 16. | Deregulation is the removal of government restrictions on an industry.    True    False |

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| 17. | After the recession, economic reports are now indicating that people have begun to shift from a "cutting back" mentality to a slightly more optimistic "cautious spending" approach.    True    False |

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| 18. | Customer service professionals need to be abreast of current organizational policies and procedures.    True    False |

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| 19. | Customer satisfaction is the feelings of a person whose needs have been met by an organization.    True    False |

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| 20. | The customer is a key component of the customer service environment that is directly under the control of the service provider and staff.    True    False |

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| 21. | External customers are the ones who actively seek out; research; and buy, rent or lease products or services offered by the organization.    True    False |

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| 22. | Motivated and competent workers, planning, policy, and procedure change or system adaptation will have a positive impact on customer service.    True    False |

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| 23. | Older workers are more likely than younger workers to be short-tenured employees.    True    False |

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| 24. | Learning organizations are businesses that use knowledge as a basis for competitive advantage.    True    False |

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| 25. | In a learning organization, learning from mistakes and adapting accordingly is crucial.    True    False |

**Multiple Choice Questions**

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| 26. | The ability of knowledgeable, capable, and enthusiastic employees to deliver products and services to their internal and external clients in a manner that satisfies identified and unidentified needs and ultimately results in positive word-of-mouth publicity and return business is called \_\_\_\_.      |  |  | | --- | --- | | A. | downsizing |  |  |  | | --- | --- | | B. | networking |  |  |  | | --- | --- | | C. | customer service |  |  |  | | --- | --- | | D. | outsourcing | |

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| 27. | Analog Corp., a multinational software company, spends time and takes efforts to satisfy its clients by identifying their needs and establishing policies and procedures to support excellence in service delivery. In this case, Analog Corp. is most likely to be a(n) \_\_\_\_\_.      |  |  | | --- | --- | | A. | customer-focused organization |  |  |  | | --- | --- | | B. | offshoring organization |  |  |  | | --- | --- | | C. | cottage industry |  |  |  | | --- | --- | | D. | outsourcing organization | |

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| 28. | According to the Census Bureau and the Bureau of Labor Statistics, wholesale trade, retail trade, finance, insurance and the federal government are examples of the \_\_\_\_.      |  |  | | --- | --- | | A. | service sector |  |  |  | | --- | --- | | B. | primary sector |  |  |  | | --- | --- | | C. | public sector |  |  |  | | --- | --- | | D. | private sector | |

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| 29. | During the early days of business growth, many sold or bartered products from their homes in what became known as \_\_\_\_.      |  |  | | --- | --- | | A. | outsourcing organizations |  |  |  | | --- | --- | | B. | cottage industries |  |  |  | | --- | --- | | C. | service industries |  |  |  | | --- | --- | | D. | customer-focused organizations | |

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| 30. | RedAngle Corp. is a company that allows its employees to set up home offices and communicate electronically to its corporate office. This is an example of \_\_\_\_.      |  |  | | --- | --- | | A. | downsizing |  |  |  | | --- | --- | | B. | outsourcing |  |  |  | | --- | --- | | C. | telecommuting |  |  |  | | --- | --- | | D. | offshoring | |

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| 31. | The term that applies to the situation in which employees are terminated or empty positions are left unfilled once someone leaves an organization is \_\_\_\_.      |  |  | | --- | --- | | A. | offshoring |  |  |  | | --- | --- | | B. | downsizing |  |  |  | | --- | --- | | C. | networking |  |  |  | | --- | --- | | D. | outsourcing | |

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| 32. | \_\_\_\_\_ is the term applied to an ongoing trend of information, knowledge and resource sharing around the world.      |  |  | | --- | --- | | A. | Networking |  |  |  | | --- | --- | | B. | Telecommuting |  |  |  | | --- | --- | | C. | Globalization |  |  |  | | --- | --- | | D. | Deregulation | |

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| 33. | B2B stands for \_\_\_\_.      |  |  | | --- | --- | | A. | back-to-business |  |  |  | | --- | --- | | B. | brand-to-brand |  |  |  | | --- | --- | | C. | brokering-to-business |  |  |  | | --- | --- | | D. | business-to-business | |

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| 34. | \_\_\_\_\_ refers to the relocation of business services by an organization from one country to another.      |  |  | | --- | --- | | A. | Offshoring |  |  |  | | --- | --- | | B. | Insourcing |  |  |  | | --- | --- | | C. | Deregulation |  |  |  | | --- | --- | | D. | Outsourcing | |

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| 35. | \_\_\_\_\_ occurs when organizations decide to have its own employees assume functions and perform work instead of contracting out to third parties.      |  |  | | --- | --- | | A. | Insourcing |  |  |  | | --- | --- | | B. | Deregulation |  |  |  | | --- | --- | | C. | Outsourcing |  |  |  | | --- | --- | | D. | Offshoring | |

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| 36. | Which of the following countries is a part of the North American Free Trade Agreement (NAFTA)?      |  |  | | --- | --- | | A. | Mexico |  |  |  | | --- | --- | | B. | Costa Rica |  |  |  | | --- | --- | | C. | Bermuda |  |  |  | | --- | --- | | D. | Greenland | |

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| 37. | Which of the following statements best describes the term "e-commerce?"      |  |  | | --- | --- | | A. | It refers to an entire spectrum of companies that market products and services on the Internet and through other technology. |  |  |  | | --- | --- | | B. | It is a trade agreement entered into by the United States, Canada, and Mexico to help them eliminate barriers to trade. |  |  |  | | --- | --- | | C. | It is a process by which employees are terminated or empty positions are left unfilled once someone leaves an organization. |  |  |  | | --- | --- | | D. | It refers to the group of companies operated by the federal government that sells products for free of cost. | |

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| 38. | Which of the following statements is true of the impact of the economic recession on consumers' mindset?      |  |  | | --- | --- | | A. | A majority of consumers have started to act on impulse and buy whatever they desire to buy. |  |  |  | | --- | --- | | B. | Consumers have begun to reevaluate their paradigm or the way they look at products. |  |  |  | | --- | --- | | C. | A large number of consumers are opting to buy rather than rent homes, cars, and clothes. |  |  |  | | --- | --- | | D. | Consumers have begun to shift from a cautious spending approach to a cutting back mentality. | |

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| 39. | Service providers invest large amounts of money in training employees because \_\_\_\_.      |  |  | | --- | --- | | A. | they lose business and revenue if they do not meet the service expectations of customers |  |  |  | | --- | --- | | B. | they are unaffected by the economic recession and massive job losses |  |  |  | | --- | --- | | C. | a larger number of consumers are opting to buy rather than rent homes and cars |  |  |  | | --- | --- | | D. | consumers act on impulse and purchase any product or service that they desire to buy | |

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| 40. | Which of the following is a component of a customer service environment?      |  |  | | --- | --- | | A. | Technical know-how |  |  |  | | --- | --- | | B. | Suppliers |  |  |  | | --- | --- | | C. | Delivery systems |  |  |  | | --- | --- | | D. | Management | |

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| 41. | Those who actively seek out, research and buy, rent or lease products or services offered by a business are its \_\_\_\_.      |  |  | | --- | --- | | A. | external customers |  |  |  | | --- | --- | | B. | internal customers |  |  |  | | --- | --- | | C. | investors |  |  |  | | --- | --- | | D. | suppliers | |

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| 42. | Who among the following is an example of external customers?      |  |  | | --- | --- | | A. | Subordinates |  |  |  | | --- | --- | | B. | Suppliers |  |  |  | | --- | --- | | C. | Co-workers |  |  |  | | --- | --- | | D. | Security personnel | |

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| 43. | Employees of other departments or branches, co-workers and other people who work within the same organization are \_\_\_\_.      |  |  | | --- | --- | | A. | external customers |  |  |  | | --- | --- | | B. | internal customers |  |  |  | | --- | --- | | C. | online customers |  |  |  | | --- | --- | | D. | current customers | |

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| 44. | Who among the following is an example of internal customers?      |  |  | | --- | --- | | A. | Vendors |  |  |  | | --- | --- | | B. | Suppliers |  |  |  | | --- | --- | | C. | Potential clients |  |  |  | | --- | --- | | D. | Subordinates | |

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| 45. | The \_\_\_\_\_ includes an element of an organization that a customer experiences.      |  |  | | --- | --- | | A. | human resource |  |  |  | | --- | --- | | B. | organizational culture |  |  |  | | --- | --- | | C. | service environment |  |  |  | | --- | --- | | D. | service recovery | |

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| 46. | \_\_\_\_\_ undertakes activities such as recruiting, selecting, training, and retaining qualified people.      |  |  | | --- | --- | | A. | Human resource |  |  |  | | --- | --- | | B. | Delivery system |  |  |  | | --- | --- | | C. | Service recovery |  |  |  | | --- | --- | | D. | Organizational culture | |

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| 47. | \_\_\_\_\_ refers to the products or services offered by an organization.      |  |  | | --- | --- | | A. | Outsourcing |  |  |  | | --- | --- | | B. | Offshoring |  |  |  | | --- | --- | | C. | Deliverable |  |  |  | | --- | --- | | D. | Networking | |

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| 48. | The manner in which a company and its employees treat its customers when delivering the company's products or other deliverables is known as \_\_\_\_.      |  |  | | --- | --- | | A. | outsourcing |  |  |  | | --- | --- | | B. | offshoring |  |  |  | | --- | --- | | C. | service |  |  |  | | --- | --- | | D. | training | |

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| 49. | \_\_\_\_\_ is a term that describes an organization that uses knowledge as a basis for competitive advantage.      |  |  | | --- | --- | | A. | Learning organization |  |  |  | | --- | --- | | B. | Customer-focused organization |  |  |  | | --- | --- | | C. | Service industry |  |  |  | | --- | --- | | D. | Cottage industry | |

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| 50. | The process of correcting something that has gone wrong involving provision of a product to a client is called \_\_\_\_.      |  |  | | --- | --- | | A. | service recovery |  |  |  | | --- | --- | | B. | delivery system |  |  |  | | --- | --- | | C. | downsizing |  |  |  | | --- | --- | | D. | deregulation | |

**Short Answer Questions**

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| 51. | Define the service sector and list a few industries that it covers. |

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| 52. | Distinguish between offshoring and outsourcing. |

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| 53. | Define e-commerce. |

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| 54. | Discuss the term organizational culture. |

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| 55. | Explain the term service recovery. |

Chapter 01 The Customer Service Profession Answer Key

**True / False Questions**

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| 1. *(p. 6)* | The goals of providing customer service are similar despite the differences between organizations in their focus.    **FALSE**  The goals of providing customer service may vary depending on an organization's focus. |

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| *AACSB: Analytic Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-01 Define customer service. Level of Difficulty: 1 Easy Topic: Defining Customer Service* |

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| 2. *(p. 6)* | Customer service is the ability of knowledgeable and capable employees to deliver products to their external and internal customers.    **TRUE**  Customer service is defined as the ability of knowledgeable, capable, and enthusiastic employees to deliver products and services to their internal and external customers in a manner that satisfies identified and unidentified needs and ultimately results in positive word-of-mouth publicity and return business. |

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| *AACSB: Analytic Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-01 Define customer service. Level of Difficulty: 1 Easy Topic: Defining Customer Service* |

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| 3. *(p. 7)* | The ultimate goal of customer relationship management is customer loyalty.    **TRUE**  The concept of identifying customer needs, understanding and influencing customer behavior through on-going communication strategies in an effort to acquire, retain and satisfy the customer is known as customer relationship management. The ultimate goal is customer loyalty. |

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| *AACSB: Analytic Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-01 Define customer service. Level of Difficulty: 1 Easy Topic: Defining Customer Service* |

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| 4. *(p. 7)* | Internet service providers are an example of organizations that provides, both, products and services.    **FALSE**  Internet service providers, association banks, banks and credit unions, consulting firms are examples of organizations that specialize in providing only services. |

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| *AACSB: Analytic Accessibility: Keyboard Navigation Blooms: Understand Learning Objective: 01-01 Define customer service. Level of Difficulty: 2 Medium Topic: Defining Customer Service* |

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| 5. *(p. 8)* | According to the Census Bureau and the Bureau of Labor Statistics, state and local governments are classified as the service sector while the federal government isn't.    **FALSE**  The term service sector as used by the Census Bureau and the Bureau of Labor Statistics in their reports and projections typically includes transportation companies, communication companies, utilities companies, federal government, state, and local governments. |

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| *AACSB: Analytic Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-01 Define customer service. Level of Difficulty: 1 Easy Topic: Defining Customer Service* |

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| 6. *(p. 8)* | A manufacturer of consumer electronics, wanting to reduce costs, relocates his production facility to a rural location. This is an example of a cottage industry.    **FALSE**  Cottage industry is the term adopted in the early days of customer service when many people started small businesses in their homes or cottages and bartered products or services with neighbors. |

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| *AACSB: Analytic Accessibility: Keyboard Navigation Blooms: Understand Learning Objective: 01-01 Define customer service. Level of Difficulty: 1 Easy Topic: Defining Customer Service* |

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| 7. *(p. 9)* | Organizations such as the International Council of Customer Service Organizations (ICCSO) work to help develop and promote service and professional excellence standards throughout the world.    **TRUE**  Organizations such as the International Council of Customer Service Organizations (ICCSO) work to help develop and promote service and professional excellence standards throughout the world. |

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| *AACSB: Analytic Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-01 Define customer service. Level of Difficulty: 2 Medium Topic: Defining Customer Service* |

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| 8. *(p. 10)* | According to the U.S. Bureau of Labor Statistics, the long-term shift from goods-producing to service-producing employment is expected to decline.    **FALSE**  The employment shift in the U.S. economy away from goods-producing in favor of service-providing industries is expected to continue. |

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| *AACSB: Analytic Accessibility: Keyboard Navigation Blooms: Understand Learning Objective: 01-02 Describe factors that have impacted the growth of the service sector in the United States. Level of Difficulty: 2 Medium Topic: Growth of the Service Sector* |

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| 9. *(p. 12)* | Rapid growth in construction is likely to increase the overall employment in goods-producing industries.    **TRUE**  Overall employment in goods-producing industries is expected to increase by 1.7 million new jobs, driven largely by rapid growth in construction. |

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| *AACSB: Analytic Accessibility: Keyboard Navigation Blooms: Understand Learning Objective: 01-02 Describe factors that have impacted the growth of the service sector in the United States. Level of Difficulty: 2 Medium Topic: Growth of the Service Sector* |

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| 10. *(p. 14)* | Employees who work from their homes or satellite locations are considered to be telecommuting.    **TRUE**  A trend seen that allows employees to set up home offices and from there electronically communicate and forward information to their corporate offices is called telecommuting. |

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| *AACSB: Analytic Accessibility: Keyboard Navigation Blooms: Understand Learning Objective: 01-02 Describe factors that have impacted the growth of the service sector in the United States. Level of Difficulty: 2 Medium Topic: Growth of the Service Sector* |

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| 11. *(p. 15)* | Workers employed in professional and business services, in financial activities, and in education and health services are least likely to work at home.    **FALSE**  From an industry perspective, workers employed in professional and business services, in financial activities, and in education and health services are among the most likely to work at home. |

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| *AACSB: Analytic Accessibility: Keyboard Navigation Blooms: Understand Learning Objective: 01-02 Describe factors that have impacted the growth of the service sector in the United States. Level of Difficulty: 2 Medium Topic: Growth of the Service Sector* |

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| 12. *(p. 15)* | Instant messaging refers to a form of Internet communication where users can transmit text messages or chat in real-time via the Internet to one or more people.    **TRUE**  Instant messaging refers to a form of Internet communication where users can transmit text messages or chat in real-time via the Internet to one or more people. |

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| *AACSB: Analytic Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-02 Describe factors that have impacted the growth of the service sector in the United States. Level of Difficulty: 1 Easy Topic: Growth of the Service Sector* |

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| 13. *(p. 19)* | The number of women in the workforce is projected to decrease from about 43 percent in the year 2000 to 39 percent by the year 2020.    **FALSE**  The number of women in the workforce continues to grow and is projected to increase from about 39 percent in 2000 to approximately 32 percent in 2020. |

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| *AACSB: Analytic Accessibility: Keyboard Navigation Blooms: Understand Learning Objective: 01-03 Identify societal factors that have influenced customer service. Level of Difficulty: 2 Medium Topic: Societal Factors Affecting Customer Service* |

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| 14. *(p. 20)* | The Norris-La Guardia Act allocated $7 billion toward upgrading and expanding broadband access nationwide in order to provide access to rural areas and increase Internet capacity in schools, libraries, public safety offices, and other community buildings.    **FALSE**  The Recovery Act allocated $7 billion toward upgrading and expanding broadband access nationwide in order to provide access to rural areas and increase Internet capacity in schools, libraries, public safety offices, and other community buildings. |

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| *AACSB: Analytic Accessibility: Keyboard Navigation Blooms: Understand Learning Objective: 01-03 Identify societal factors that have influenced customer service. Level of Difficulty: 2 Medium Topic: Societal Factors Affecting Customer Service* |

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| 15. *(p. 21)* | Offshoring refers to the practice of contracting with third-party companies outside the organization.    **FALSE**  Offshoring refers to the relocation of business services by an organization from one country to another. |

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| *AACSB: Analytic Accessibility: Keyboard Navigation Blooms: Understand Learning Objective: 01-03 Identify societal factors that have influenced customer service. Level of Difficulty: 2 Medium Topic: Societal Factors Affecting Customer Service* |

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| 16. *(p. 21)* | Deregulation is the removal of government restrictions on an industry.    **TRUE**  Deregulation is the removal of government restrictions on an industry. |

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| *AACSB: Analytic Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-03 Identify societal factors that have influenced customer service. Level of Difficulty: 1 Easy Topic: Societal Factors Affecting Customer Service* |

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| 17. *(p. 28)* | After the recession, economic reports are now indicating that people have begun to shift from a "cutting back" mentality to a slightly more optimistic "cautious spending" approach.    **TRUE**  After the recession, economic reports are now indicating that people have begun to shift from a "cutting back" mentality to a slightly more optimistic "cautious spending" approach. |

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| *AACSB: Analytic Accessibility: Keyboard Navigation Blooms: Understand Learning Objective: 01-04 Recognize the changes in consumer behavior that are impacting service. Level of Difficulty: 2 Medium Topic: Consumer Behavior Shifts* |

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| 18. *(p. 29)* | Customer service professionals need to be abreast of current organizational policies and procedures.    **TRUE**  The expectation of quality service that most consumers have also creates a need for better-trained and better-educated customer service professionals. They need to be abreast of current organizational policies and procedures. |

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| *AACSB: Analytic Accessibility: Keyboard Navigation Blooms: Understand Learning Objective: 01-04 Recognize the changes in consumer behavior that are impacting service. Level of Difficulty: 2 Medium Topic: Consumer Behavior Shifts* |

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| 19. *(p. 30)* | Customer satisfaction is the feelings of a person whose needs have been met by an organization.    **TRUE**  Customer satisfaction refers to the feeling of a person whose needs have been met by an organization. |

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| *AACSB: Analytic Accessibility: Keyboard Navigation Blooms: Understand Learning Objective: 01-04 Recognize the changes in consumer behavior that are impacting service. Level of Difficulty: 2 Medium Topic: Consumer Behavior Shifts* |

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| 20. *(p. 31)* | The customer is a key component of the customer service environment that is directly under the control of the service provider and staff.    **FALSE**  The customer is a component of the customer service environment but the customer is the only component that is not directly under the control of the service provider and staff. |

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| *AACSB: Analytic Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-05 List the six major components of a customer-focused environment. Level of Difficulty: 1 Easy Topic: The Customer Service Environment* |

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| 21. *(p. 32)* | External customers are the ones who actively seek out; research; and buy, rent or lease products or services offered by the organization.    **TRUE**  External customers are the ones who actively seek out; research; and buy, rent or lease products or services offered by the organization. |

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| *AACSB: Analytic Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-05 List the six major components of a customer-focused environment. Level of Difficulty: 1 Easy Topic: The Customer Service Environment* |

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| 22. *(p. 33)* | Motivated and competent workers, planning, policy, and procedure change or system adaptation will have a positive impact on customer service.    **TRUE**  Without motivated, competent workers, any planning, policy, and procedure change or systems adaptation will not make a difference in customer service. |

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| *AACSB: Analytic Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-05 List the six major components of a customer-focused environment. Level of Difficulty: 1 Easy Topic: Human Resources* |

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| 23. *(p. 35)* | Older workers are more likely than younger workers to be short-tenured employees.    **FALSE**  Younger workers are more likely than older workers to be short-tenured employees. |

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| *AACSB: Analytic Accessibility: Keyboard Navigation Blooms: Understand Learning Objective: 01-05 List the six major components of a customer-focused environment. Level of Difficulty: 2 Medium Topic: The Customer Service Environment* |

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| 24. *(p. 37)* | Learning organizations are businesses that use knowledge as a basis for competitive advantage.    **TRUE**  Learning organizations are businesses that use knowledge as a basis for competitive advantage. |

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| *AACSB: Analytic Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-06 Explain how some companies are addressing the changes impacting the service sector. Level of Difficulty: 1 Easy Topic: Addressing the Changes* |

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| 25. *(p. 37)* | In a learning organization, learning from mistakes and adapting accordingly is crucial.    **TRUE**  Learning from mistakes, and adapting accordingly, is crucial in a learning organization. |

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| *AACSB: Analytic Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-06 Explain how some companies are addressing the changes impacting the service sector. Level of Difficulty: 1 Easy Topic: Addressing the Changes* |

**Multiple Choice Questions**

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| 26. *(p. 6)* | The ability of knowledgeable, capable, and enthusiastic employees to deliver products and services to their internal and external clients in a manner that satisfies identified and unidentified needs and ultimately results in positive word-of-mouth publicity and return business is called \_\_\_\_.      |  |  | | --- | --- | | A. | downsizing |  |  |  | | --- | --- | | B. | networking |  |  |  | | --- | --- | | **C.** | customer service |  |  |  | | --- | --- | | D. | outsourcing |   Customer service is the ability of knowledgeable, capable, and enthusiastic employees to deliver products and services to their internal and external customers in a manner that satisfies identified and unidentified needs and ultimately results in positive word-of-mouth publicity and return business. |

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| *AACSB: Analytic Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-01 Define customer service. Level of Difficulty: 1 Easy Topic: Defining Customer Service* |

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| 27. *(p. 7)* | Analog Corp., a multinational software company, spends time and takes efforts to satisfy its clients by identifying their needs and establishing policies and procedures to support excellence in service delivery. In this case, Analog Corp. is most likely to be a(n) \_\_\_\_\_.      |  |  | | --- | --- | | **A.** | customer-focused organization |  |  |  | | --- | --- | | B. | offshoring organization |  |  |  | | --- | --- | | C. | cottage industry |  |  |  | | --- | --- | | D. | outsourcing organization |   A customer-focused organization is a company that spends energy and effort on satisfying internal and external customers by first identifying customer needs, then establishing policies, procedures, and management and reward systems to support excellence in service delivery. |

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| *AACSB: Analytic Accessibility: Keyboard Navigation Blooms: Apply Learning Objective: 01-01 Define customer service. Level of Difficulty: 3 Hard Topic: Defining Customer Service* |

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| 28. *(p. 8)* | According to the Census Bureau and the Bureau of Labor Statistics, wholesale trade, retail trade, finance, insurance and the federal government are examples of the \_\_\_\_.      |  |  | | --- | --- | | **A.** | service sector |  |  |  | | --- | --- | | B. | primary sector |  |  |  | | --- | --- | | C. | public sector |  |  |  | | --- | --- | | D. | private sector |   The term service sector as used by the Census Bureau and the Bureau of Labor Statistics in their reports and projections typically includes wholesale trade, retail trade, finance, insurance, and federal government. |

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| *AACSB: Analytic Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-01 Define customer service. Level of Difficulty: 1 Easy Topic: Defining Customer Service* |

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| 29. *(p. 8)* | During the early days of business growth, many sold or bartered products from their homes in what became known as \_\_\_\_.      |  |  | | --- | --- | | A. | outsourcing organizations |  |  |  | | --- | --- | | **B.** | cottage industries |  |  |  | | --- | --- | | C. | service industries |  |  |  | | --- | --- | | D. | customer-focused organizations |   In the past, many people made and sold or bartered products from their homes in what came to be known as cottage industries. |

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| *AACSB: Analytic Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-01 Define customer service. Level of Difficulty: 1 Easy Topic: Defining Customer Service* |

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| 30. *(p. 14)* | RedAngle Corp. is a company that allows its employees to set up home offices and communicate electronically to its corporate office. This is an example of \_\_\_\_.      |  |  | | --- | --- | | A. | downsizing |  |  |  | | --- | --- | | B. | outsourcing |  |  |  | | --- | --- | | **C.** | telecommuting |  |  |  | | --- | --- | | D. | offshoring |   Telecommuting is a trend seen in many organizations that allows employees to set up home offices and from there electronically communicate and forward information to their corporate offices. |

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| *AACSB: Analytic Accessibility: Keyboard Navigation Blooms: Apply Learning Objective: 01-02 Describe factors that have impacted the growth of the service sector in the United States. Level of Difficulty: 3 Hard Topic: Growth of the Service Sector* |

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| 31. *(p. 15)* | The term that applies to the situation in which employees are terminated or empty positions are left unfilled once someone leaves an organization is \_\_\_\_.      |  |  | | --- | --- | | A. | offshoring |  |  |  | | --- | --- | | **B.** | downsizing |  |  |  | | --- | --- | | C. | networking |  |  |  | | --- | --- | | D. | outsourcing |   Downsizing is the term applied to the situation in which employees are terminated or empty positions are left unfilled once someone leaves an organization. |

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| *AACSB: Analytic Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-02 Describe factors that have impacted the growth of the service sector in the United States. Level of Difficulty: 1 Easy Topic: Growth of the Service Sector* |

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| 32. *(p. 21)* | \_\_\_\_\_ is the term applied to an ongoing trend of information, knowledge and resource sharing around the world.      |  |  | | --- | --- | | A. | Networking |  |  |  | | --- | --- | | B. | Telecommuting |  |  |  | | --- | --- | | **C.** | Globalization |  |  |  | | --- | --- | | D. | Deregulation |   Globalization is the term applied to an ongoing trend of information, knowledge, and resource sharing around the world. |

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| *AACSB: Analytic Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-03 Identify societal factors that have influenced customer service. Level of Difficulty: 1 Easy Topic: Societal Factors Affecting Customer Service* |

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| 33. *(p. 21)* | B2B stands for \_\_\_\_.      |  |  | | --- | --- | | A. | back-to-business |  |  |  | | --- | --- | | B. | brand-to-brand |  |  |  | | --- | --- | | C. | brokering-to-business |  |  |  | | --- | --- | | **D.** | business-to-business |   B2B refers to business-to-business customer service. |

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| *AACSB: Analytic Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-03 Identify societal factors that have influenced customer service. Level of Difficulty: 1 Easy Topic: Societal Factors Affecting Customer Service* |

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| 34. *(p. 21)* | \_\_\_\_\_ refers to the relocation of business services by an organization from one country to another.      |  |  | | --- | --- | | **A.** | Offshoring |  |  |  | | --- | --- | | B. | Insourcing |  |  |  | | --- | --- | | C. | Deregulation |  |  |  | | --- | --- | | D. | Outsourcing |   Offshoring refers to the relocation of business services by an organization from one country to another. |

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| *AACSB: Analytic Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-03 Identify societal factors that have influenced customer service. Level of Difficulty: 1 Easy Topic: Societal Factors Affecting Customer Service* |

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| 35. *(p. 21)* | \_\_\_\_\_ occurs when organizations decide to have its own employees assume functions and perform work instead of contracting out to third parties.      |  |  | | --- | --- | | **A.** | Insourcing |  |  |  | | --- | --- | | B. | Deregulation |  |  |  | | --- | --- | | C. | Outsourcing |  |  |  | | --- | --- | | D. | Offshoring |   Offshoring refers to the relocation of business services by an organization from one country to another. |

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| *AACSB: Analytic Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-03 Identify societal factors that have influenced customer service. Level of Difficulty: 1 Easy Topic: Societal Factors Affecting Customer Service* |

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| 36. *(p. 22)* | Which of the following countries is a part of the North American Free Trade Agreement (NAFTA)?      |  |  | | --- | --- | | **A.** | Mexico |  |  |  | | --- | --- | | B. | Costa Rica |  |  |  | | --- | --- | | C. | Bermuda |  |  |  | | --- | --- | | D. | Greenland |   North American Free Trade Agreement (NAFTA) was a trade agreement between the United States, Canada, and Mexico. |

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| *AACSB: Analytic Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-03 Identify societal factors that have influenced customer service. Level of Difficulty: 1 Easy Topic: Societal Factors Affecting Customer Service* |

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| 37. *(p. 27)* | Which of the following statements best describes the term "e-commerce?"      |  |  | | --- | --- | | **A.** | It refers to an entire spectrum of companies that market products and services on the Internet and through other technology. |  |  |  | | --- | --- | | B. | It is a trade agreement entered into by the United States, Canada, and Mexico to help them eliminate barriers to trade. |  |  |  | | --- | --- | | C. | It is a process by which employees are terminated or empty positions are left unfilled once someone leaves an organization. |  |  |  | | --- | --- | | D. | It refers to the group of companies operated by the federal government that sells products for free of cost. |   E-commerce refers to an entire spectrum of companies that market products and services on the Internet and through other technology, and the process of accessing them by consumers. |

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| *AACSB: Analytic Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-03 Identify societal factors that have influenced customer service. Level of Difficulty: 1 Easy Topic: Societal Factors Affecting Customer Service* |

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| 38. *(p. 28)* | Which of the following statements is true of the impact of the economic recession on consumers' mindset?      |  |  | | --- | --- | | A. | A majority of consumers have started to act on impulse and buy whatever they desire to buy. |  |  |  | | --- | --- | | **B.** | Consumers have begun to reevaluate their paradigm or the way they look at products. |  |  |  | | --- | --- | | C. | A large number of consumers are opting to buy rather than rent homes, cars, and clothes. |  |  |  | | --- | --- | | D. | Consumers have begun to shift from a cautious spending approach to a cutting back mentality. |   Economic reports are now starting to show that people have begun to shift from a "cutting back" mentality to a slightly more optimistic "cautious spending" approach. Part of their new strategy is to reevaluate their paradigm or the way they look at products. |

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| *AACSB: Analytic Accessibility: Keyboard Navigation Blooms: Understand Learning Objective: 01-04 Recognize the changes in consumer behavior that are impacting service. Level of Difficulty: 2 Medium Topic: Consumer Behavior Shifts* |

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| 39. *(p. 29)* | Service providers invest large amounts of money in training employees because \_\_\_\_.      |  |  | | --- | --- | | **A.** | they lose business and revenue if they do not meet the service expectations of customers |  |  |  | | --- | --- | | B. | they are unaffected by the economic recession and massive job losses |  |  |  | | --- | --- | | C. | a larger number of consumers are opting to buy rather than rent homes and cars |  |  |  | | --- | --- | | D. | consumers act on impulse and purchase any product or service that they desire to buy |   Companies recognize that if they do not meet the service expectations of customers, they lose business and revenue. Thus, the superior service providers invest large amounts of money in training employees. |

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| *AACSB: Analytic Accessibility: Keyboard Navigation Blooms: Understand Learning Objective: 01-04 Recognize the changes in consumer behavior that are impacting service. Level of Difficulty: 2 Medium Topic: Expectation of Quality Service* |

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| 40. *(p. 30)* | Which of the following is a component of a customer service environment?      |  |  | | --- | --- | | A. | Technical know-how |  |  |  | | --- | --- | | B. | Suppliers |  |  |  | | --- | --- | | **C.** | Delivery systems |  |  |  | | --- | --- | | D. | Management |   The six key components of a customer service environment are customer, organizational culture, human resources, products, delivery systems and service. |

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| *AACSB: Analytic Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-05 List the six major components of a customer-focused environment. Level of Difficulty: 1 Easy Topic: The Customer Service Environment* |

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| 41. *(p. 31)* | Those who actively seek out, research and buy, rent or lease products or services offered by a business are its \_\_\_\_.      |  |  | | --- | --- | | **A.** | external customers |  |  |  | | --- | --- | | B. | internal customers |  |  |  | | --- | --- | | C. | investors |  |  |  | | --- | --- | | D. | suppliers |   External customers may be current or potential customers or clients. They are the ones who actively seek out; research; and buy, rent, or lease products or services offered by an organization. |

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| *AACSB: Analytic Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-05 List the six major components of a customer-focused environment. Level of Difficulty: 1 Easy Topic: The Customer Service Environment* |

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| 42. *(p. 31)* | Who among the following is an example of external customers?      |  |  | | --- | --- | | A. | Subordinates |  |  |  | | --- | --- | | **B.** | Suppliers |  |  |  | | --- | --- | | C. | Co-workers |  |  |  | | --- | --- | | D. | Security personnel |   External customers are the people outside the organization who purchase or lease products and services. This group includes vendors, suppliers, and others not from the organization. |

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| *AACSB: Analytic Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-05 List the six major components of a customer-focused environment. Level of Difficulty: 1 Easy Topic: The Customer Service Environment* |

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| 43. *(p. 31)* | Employees of other departments or branches, co-workers and other people who work within the same organization are \_\_\_\_.      |  |  | | --- | --- | | A. | external customers |  |  |  | | --- | --- | | **B.** | internal customers |  |  |  | | --- | --- | | C. | online customers |  |  |  | | --- | --- | | D. | current customers |   Internal customers are co-workers, employees of other departments or branches, and other people who work within the same organization. |

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| *AACSB: Analytic Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-05 List the six major components of a customer-focused environment. Level of Difficulty: 1 Easy Topic: The Customer Service Environment* |

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| 44. *(p. 31)* | Who among the following is an example of internal customers?      |  |  | | --- | --- | | A. | Vendors |  |  |  | | --- | --- | | B. | Suppliers |  |  |  | | --- | --- | | C. | Potential clients |  |  |  | | --- | --- | | **D.** | Subordinates |   Internal customers include peers, co-workers, bosses, subordinates, and people from other areas of the organization. |

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| *AACSB: Analytic Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-05 List the six major components of a customer-focused environment. Level of Difficulty: 1 Easy Topic: The Customer Service Environment* |

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| 45. *(p. 33)* | The \_\_\_\_\_ includes an element of an organization that a customer experiences.      |  |  | | --- | --- | | A. | human resource |  |  |  | | --- | --- | | **B.** | organizational culture |  |  |  | | --- | --- | | C. | service environment |  |  |  | | --- | --- | | D. | service recovery |   Put simply, organizational culture is what the customer experiences. |

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| *AACSB: Analytic Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-05 List the six major components of a customer-focused environment. Level of Difficulty: 1 Easy Topic: The Customer Service Environment* |

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| 46. *(p. 33)* | \_\_\_\_\_ undertakes activities such as recruiting, selecting, training, and retaining qualified people.      |  |  | | --- | --- | | **A.** | Human resource |  |  |  | | --- | --- | | B. | Delivery system |  |  |  | | --- | --- | | C. | Service recovery |  |  |  | | --- | --- | | D. | Organizational culture |   To make the culture work, an organization must take great care in recruiting, selecting, training, and retaining qualified people. This is the core concept of human resources, a component of customer service environment. |

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| *AACSB: Analytic Accessibility: Keyboard Navigation Blooms: Understand Learning Objective: 01-05 List the six major components of a customer-focused environment. Level of Difficulty: 1 Easy Topic: The Customer Service Environment* |

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| 47. *(p. 36)* | \_\_\_\_\_ refers to the products or services offered by an organization.      |  |  | | --- | --- | | A. | Outsourcing |  |  |  | | --- | --- | | B. | Offshoring |  |  |  | | --- | --- | | **C.** | Deliverable |  |  |  | | --- | --- | | D. | Networking |   A deliverable may be a tangible item or a service available to the customer. In either case, there are two potential areas of customer satisfaction or dissatisfaction—quality and quantity. |

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| *AACSB: Analytic Accessibility: Keyboard Navigation Blooms: Understand Learning Objective: 01-05 List the six major components of a customer-focused environment. Level of Difficulty: 2 Medium Topic: The Customer Service Environment* |

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| 48. *(p. 36)* | The manner in which a company and its employees treat its customers when delivering the company's products or other deliverables is known as \_\_\_\_.      |  |  | | --- | --- | | A. | outsourcing |  |  |  | | --- | --- | | B. | offshoring |  |  |  | | --- | --- | | **C.** | service |  |  |  | | --- | --- | | D. | training |   Stated simply, service is the manner in which a company and other employees treat its customers and each other as they deliver the company's deliverables. |

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| *AACSB: Analytic Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-05 List the six major components of a customer-focused environment. Level of Difficulty: 1 Easy Topic: The Customer Service Environment* |

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| 49. *(p. 37)* | \_\_\_\_\_ is a term that describes an organization that uses knowledge as a basis for competitive advantage.      |  |  | | --- | --- | | **A.** | Learning organization |  |  |  | | --- | --- | | B. | Customer-focused organization |  |  |  | | --- | --- | | C. | Service industry |  |  |  | | --- | --- | | D. | Cottage industry |   Basically, a learning organization is one that uses knowledge as a basis for competitive advantage. |

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| *AACSB: Analytic Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-06 Explain how some companies are addressing the changes impacting the service sector. Level of Difficulty: 1 Easy Topic: Addressing the Changes* |

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| 50. *(p. 37)* | The process of correcting something that has gone wrong involving provision of a product to a client is called \_\_\_\_.      |  |  | | --- | --- | | **A.** | service recovery |  |  |  | | --- | --- | | B. | delivery system |  |  |  | | --- | --- | | C. | downsizing |  |  |  | | --- | --- | | D. | deregulation |   Service recovery is the process of righting a wrong or correcting something that has gone wrong involving provision of a product or service to a customer. |

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| *AACSB: Analytic Accessibility: Keyboard Navigation Blooms: Remember Learning Objective: 01-06 Explain how some companies are addressing the changes impacting the service sector. Level of Difficulty: 1 Easy Topic: Addressing the Changes* |

**Short Answer Questions**

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| 51. *(p. 8)* | Define the service sector and list a few industries that it covers.     Service sector refers to organizations and individuals involved in delivering service as a primary product. The term service sector as used by the Census Bureau and the Bureau of Labor Statistics in their reports and projections typically includes:  • Transportation, communication, and utilities • Wholesale trade • Retail trade • Finance, insurance, and real estate • Federal government • State and local governments  In addition, there are people who are self-employed and provide various types of services to their customers and clients. |

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| *AACSB: Analytic Blooms: Understand Learning Objective: 01-01 Define customer service. Level of Difficulty: 2 Medium Topic: Defining Customer Service* |

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| 52. *(p. 21)* | Distinguish between offshoring and outsourcing.     Offshoring refers to the relocation of business services by an organization from one country to another. The work may be kept in another entity of the organization that is located in another country or contracted to a third party. Typically, this is done to cut costs with cheaper worker salaries or tax savings. Outsourcing refers to the practice of contracting with third party companies or vendors outside the organization to deliver products and services to customers or produce products. |

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| *AACSB: Analytic Blooms: Understand Learning Objective: 01-03 Identify societal factors that have influenced customer service. Level of Difficulty: 2 Medium Topic: Societal Factors Affecting Customer Service* |

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| 53. *(p. 27)* | Define e-commerce.     E-commerce refers to the entire spectrum of companies that market products and services on the Internet and through other technology, and the process of accessing them by consumers. |

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| *AACSB: Analytic Blooms: Remember Learning Objective: 01-03 Identify societal factors that have influenced customer service. Level of Difficulty: 1 Easy Topic: Societal Factors Affecting Customer Service* |

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| 54. *(p. 32)* | Discuss the term organizational culture.     Organizational culture is what the customer experiences. This culture is made up of a collection of subcomponents, each of which contributes to the overall service environment made up of factors including: the customer, organizational culture, human resources, products or deliverables, delivery systems and service. |

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| *AACSB: Analytic Blooms: Remember Learning Objective: 01-05 List the six major components of a customer-focused environment. Level of Difficulty: 1 Easy Topic: The Customer Service Environment* |

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| 55. *(p. 37)* | Explain the term service recovery.     If a service breakdown does occur, managers in truly customer-focused organizations should empower employees at all levels to do whatever is necessary to satisfy the customer. For this to happen, management must educate and train staff members on the techniques and policies available to help serve the customer. They must then give employees the authority to act without asking first for management intervention in order to resolve customer issues. This concept is known as service recovery. |

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| *AACSB: Analytic Blooms: Remember Learning Objective: 01-06 Explain how some companies are addressing the changes impacting the service sector. Level of Difficulty: 1 Easy Topic: Addressing the Changes* |