

Chapter 2

Organizational Strategy, Competitive Advantage, and Information Systems

Question Type: True/False

1) A business process has inputs and outputs.

Answer: True

Learning Objective: Understand the concept of business processes, and provide examples of business processes in the functional areas of an organization.

Section Reference: 2.1 Business Processes

Difficulty: Easy

2) A business process can be a liability.

Answer: True

Learning Objective: Understand the concept of business processes, and provide examples of business processes in the functional areas of an organization.

Section Reference: 2.1 Business Processes

Difficulty: Medium

3) The activities of a business process can be measured.

Answer: True

Learning Objective: Understand the concept of business processes, and provide examples of business processes in the functional areas of an organization.

Section Reference: 2.1 Business Processes

Difficulty: Easy

4) Cross-functional processes are business processes require the cooperation of multiple functional areas.

Answer: True

Section: Business Processes

Learning Objective: Understand the concept of business processes, and provide examples of business processes in the functional areas of an organization.

Section Reference: 2.1 Business Processes

Difficulty: Easy

5) Cross-functional processes are executed within a single functional area.

Answer: False

Learning Objective: Understand the concept of business processes, and provide examples of business processes in the functional areas of an organization.

Section Reference: 2.1 Business Processes

Difficulty: Easy

6) The procurement process includes the sales function.

Answer: False

Learning Objective: Understand the concept of business processes, and provide examples of business processes in the functional areas of an organization.

Section Reference: 2.1 Business Processes

Difficulty: Medium

7) The long-term goal of business process management is to create a competitive advantage through organizational flexibility.

Answer: True

Learning Objective: Differentiate between the terms business process reengineering and business process management.

Section Reference: 2.1 Business Processes

Difficulty: Medium

8) An organization's business processes can create a competitive advantage.

Answer: True

Learning Objective: Understand the concept of business processes, and provide examples of business processes in the functional areas of an organization.

Section Reference: 2.1 Business Processes

Difficulty: Medium

9) A business process always includes information systems.

Answer: False

Learning Objective: Understand the concept of business processes, and provide examples of business processes in the functional areas of an organization.

Section Reference: 2.1 Business Processes

Difficulty: Medium

10) BPR is a strategy for improving the efficiency of an organization's data collection.

Answer: False

Learning Objective: Differentiate between the terms business process reengineering and business process management.

Section Reference: 2.2 Business Process Reengineering and Business Process Difficulty: Medium

11) E-Commerce is the process of buying, selling, transferring, or exchanging products, services, or information via computer networks, including the Internet.

Answer: True

Learning Objective: Differentiate between the terms business process reengineering and business process management.

Section Reference: 2.3.3 E-Business and E-Commerce

Difficulty: Easy

12) BPM is an implementation of BPR.

Answer: False

Learning Objective: Differentiate between the terms business process reengineering and business process management.

Section Reference: 2.2 Business Process Reengineering and Business Process Management

Difficulty: Hard

13) BPM can improve an organization's flexibility.

Answer: True

Learning Objective: Differentiate between the terms business process reengineering and business process management.

Section Reference: 2.2 Business Process Reengineering and Business Process Difficulty: Medium

14) The overall performance of an organization has little to do with how well it manages its business processes.

Answer: False

Learning Objective: Differentiate between the terms business process reengineering and business process management.

Section Reference: 2.2 Business Process Reengineering and Business Process Difficulty: Medium

15) Business process management includes methods and tools to support the design, analysis, implementation, management, and optimization of business processes.

Answer: True

Learning Objective: Differentiate between the terms business process reengineering and business process management.

Section Reference: 2.2 Business Process Reengineering and Business Process Difficulty: Easy

16) Differentiation is the result of optimizing the marketing and innovation processes.

Answer: True

Learning Objective: Differentiate between the terms business process reengineering and business process management.

Section Reference: 2.2 Business Process Reengineering and Business Process Difficulty: Hard

17) Productivity is the result of optimizing operations and supplier processes.

Answer: False

Learning Objective: Differentiate between the terms business process reengineering and business process management.

Section Reference: 2.2 Business Process Reengineering and Business Process Difficulty: Hard

18) Customer satisfaction is the result of optimizing and aligning business processes to fulfill customers' needs, wants, and desires.

Answer: True

Learning Objective: Differentiate between the terms business process reengineering and business process management.

Section Reference: 2.2 Business Process Reengineering and Business Process Difficulty: Hard

19) According to Friedman, the focus of Globalization 3.0 is on groups and individuals.

Answer: True

Learning Objective: Differentiate between the terms business process reengineering and business process management.

Section Reference: 2.2 Business Process Reengineering and Business Process
Difficulty: Hard

20) The business environment refers to the industry that a company is in.

Answer: False

Learning Objective: List and provide examples of the three types of business pressures, and describe one IT response to each.

Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support
Difficulty: Medium

21) Globalization is the integration and interdependence of many facets of life made possible by rapid advances in information technology.

Answer: True

Learning Objective: List and provide examples of the three types of business pressures, and describe one IT response to each.

Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support
Difficulty: Easy

22) The information technology environment is the combination of social, legal, economic, physical, and political factors that affect business activities.

Answer: False

Learning Objective: List and provide examples of the three types of business pressures, and describe one IT response to each.

Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support
Difficulty: Easy

23) In general, labor costs are higher in countries than in developed countries.

Answer: False

Learning Objective: List and provide examples of the three types of business pressures, and describe one IT response to each.

Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support
Difficulty: Easy

24) Developed countries usually provide greater fringe benefits than developing countries.

Answer: True

Learning Objective: List and provide examples of the three types of business pressures, and describe one IT response to each.

Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support

Difficulty: Easy

25) Information technology is facilitating the entry of a wide variety of employees into the workforce.

Answer: True

Learning Objective: List and provide examples of the three types of business pressures, and describe one IT response to each.

Section Reference: Business Pressures, Organizational Responses, and Information Technology Support

Difficulty: Easy

26) Internet access in Canada is not particularly related to household income.

Answer: False

Learning Objective: List and provide examples of the three types of business pressures, and describe one IT response to each.

Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support

Difficulty: Easy

27) In general, government deregulation decreases competition.

Answer: False

Learning Objective: List and provide examples of the three types of business pressures, and describe one IT response to each.

Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support

Difficulty: Easy

28) Ethical issues are important because, if handled poorly, they can damage an organization's image.

Answer: True

Learning Objective: List and provide examples of the three types of business pressures, and describe one IT response to each.

Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support

Difficulty: Easy

29) Build-to-stock is a strategy of producing customized products and services.

Answer: False

Learning Objective: List and provide examples of the three types of business pressures, and describe one IT response to each.

Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support

Difficulty: Easy

30) In mass production, a company produces a large quantity of identical items.

Answer: True

Learning Objective: List and provide examples of the three types of business pressures, and describe one IT response to each.

Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support

Difficulty: Easy

31) In mass customization, companies produce items in large quantity, but they tailor the items to meet the desires and needs of individual customers.

Answer: True

Learning Objective: List and provide examples of the three types of business pressures, and describe one IT response to each.

Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support

Difficulty: Easy

32) Customer intimacy is the process whereby a business learns as much as possible about its customers to better anticipate and address their needs.

Answer: True

Learning Objective: List and provide examples of the three types of business pressures, and describe one IT response to each.

Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support

Difficulty: Easy

33) A growing IT initiative called green IT is enabling organizations to reduce their carbon footprint.

Answer: True

Learning Objective: List and provide examples of the three types of business pressures, and describe one IT response to each.

Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support

Difficulty: Easy

34) The digital divide is the gap between data and knowledge.

Answer: False

Learning Objective: List and provide examples of the three types of business pressures, and describe one IT response to each.

Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support

Difficulty: Easy

35) The One Laptop per Child project aims to use technology to revolutionize how the world can educate its children.

Answer: True

Learning Objective: List and provide examples of the three types of business pressures, and describe one IT response to each.

Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support

Difficulty: Easy

36) Competitive advantage helps a company function effectively within a market and generate larger-than-average profits.

Answer: True

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Learning Objective: Describe the strategies that organizations typically adopt to counter the five competitive forces and achieve competitive advantage.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Easy

37) An information system that helps an organization gain a competitive advantage is called a competitive information system.

Answer: False

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Learning Objective: Describe the strategies that organizations typically adopt to counter the five competitive forces and achieve competitive advantage.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Easy

38) Every competitive organization is driven by the competitive forces identified by Michael Porter.

Answer: True

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Learning Objective: Describe the strategies that organizations typically adopt to counter the five competitive forces and achieve competitive advantage.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Easy

39) Michael Porter concludes that the overall impact of the Internet is to increase competition, which generally diminishes a firm's profitability.

Answer: True

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Learning Objective: Describe the strategies that organizations typically adopt to counter the five competitive forces and achieve competitive advantage.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Easy

40) The Internet increases traditional barriers to entry into a market.

Answer: False

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Learning Objective: Describe the strategies that organizations typically adopt to counter the five competitive forces and achieve competitive advantage.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Easy

41) The Internet decreases customers' bargaining power.

Answer: False

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Learning Objective: Describe the strategies that organizations typically adopt to counter the five competitive forces and achieve competitive advantage.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Easy

42) Information-based industries face the greatest threat from substitutes.

Answer: True

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Learning Objective: Describe the strategies that organizations typically adopt to counter the five competitive forces and achieve competitive advantage.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Easy

43) The music industry is a good example of the extremely low variable costs of digital products.

Answer: True

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Learning Objective: Describe the strategies that organizations typically adopt to counter the five competitive forces and achieve competitive advantage.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Easy

44) The internet impact on bargaining power of suppliers always favors buyers.

Answer: False

Learning Objective: Describe the strategies that organizations typically adopt to counter the five competitive forces and achieve competitive advantage.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Medium

45) The introduction of the ATM in the banking industry is an example of the innovation strategy.

Answer: True

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Learning Objective: Describe the strategies that organizations typically adopt to counter the five competitive forces and achieve competitive advantage.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Easy

46) An entry barrier is a long-term competitive advantage.

Answer: False

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Learning Objective: Describe the strategies that organizations typically adopt to counter the five competitive forces and achieve competitive advantage.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Easy

47) The bargaining power of suppliers is low when their buyers have few choices.

Answer: False

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Learning Objective: Describe the strategies that organizations typically adopt to counter the five competitive forces and achieve competitive advantage.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Medium

48) The bargaining power of suppliers is high when buyers have few choices and low when buyers have many choices.

Answer: True

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Medium

49) When there are many substitute products, a company can create a competitive advantage by increasing fees.

Answer: False

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Learning Objective: Describe the strategies that organizations typically adopt to counter the five competitive forces and achieve competitive advantage.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Easy

50) Porter's value chain model is a variation of his competitive advantage framework.

Answer: False

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Learning Objective: Describe the strategies that organizations typically adopt to counter the five competitive forces and achieve competitive advantage.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Easy

51) The primary activities in the value chain create the value for which customers are willing to pay.

Answer: True

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Learning Objective: Describe the strategies that organizations typically adopt to counter the five competitive forces and achieve competitive advantage.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Easy

52) It's a good idea for a company to select two competitive advantage strategies.

Answer: False

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Learning Objective: Describe the strategies that organizations typically adopt to counter the five competitive forces and achieve competitive advantage.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Easy

53) With a competitive strategy, companies only need to plan their own moves.

Answer: False

Learning Objective1: Describe the strategies that organizations typically adopt to counter the five competitive forces and achieve competitive advantage.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Medium

Question Type: Multiple Choice

54) Which of the following statements is false?

- a) Competitive advantage is based on some measurement such as cost, quality, or speed.
- b) Competitive advantage enables a company to function effectively within a market.
- c) Competitive advantage leads to higher-than-average profits.
- d) Competitive advantage requires the use of technology.
- e) Competitive advantage applies to companies of all sizes.

Answer: d

Learning Objective: Provide a real-world application of how information systems can contribute to organizational strategies and competitive advantage.

Section Reference: Opening Case: Double Trouble for BP

Difficulty: Easy

55) BP's April 2010 oil spill revealed the following about their business processes:

- a) BP continually ignored the automatic warnings provided by the drilling system.
- b) BP seemed to neglect the fact that the information systems that support its drilling operations are clearly just as strategic as the firm's business information systems.

- c) BP was able to use IT to create millions of dollars in cost savings.
- d) All of the above were revealed by the oil spill.

Answer: b

Learning Objective1: Provide a real-world application of how information systems can contribute to organizational strategies and competitive advantage.

Section Reference: Opening Case: Double Trouble for BP

Difficulty: Medium

56) BP's CIO was tasked with _____.

- a) Updating their IT systems
- b) Getting more IT vendors to support their systems
- c) Reducing the number of IT contractors
- d) Replace SAP with a better system

Answer: c

Learning Objective: Provide a real-world application of how information systems can contribute to organizational strategies and competitive advantage.

Section Reference: Opening Case: Double Trouble for BP

Difficulty: Medium

57) The term store power refers to:

- a) The increased number of products.
- b) The increased costs.
- c) The increased customer traffic.
- d) The increased sales force.

Answer: c

Learning Objective: Provide a real-world application of how information systems can contribute to organizational strategies and competitive advantage.

Section Reference: IT's About Small Business, Boosting Store Power

Difficulty: Medium

58) The store power can be significantly increased by:

- a) Proper showcasing of products online.
- b) Kijiji.
- c) Craig list.
- d) Sales force.

Answer: a

Learning Objective: Provide a real-world application of how information systems can contribute to organizational strategies and competitive advantage.

Section Reference: IT's About Small Business, Boosting Store Power

Difficulty: Easy.

59) The following company focused on providing a platform to companies to proper showcasing of their products.

- a) Kijiji.com
- b) Craigslist.com
- c) Salesforce.com
- d) Shopcaster.com

Answer: d

Learning Objective: Provide a real-world application of how information systems can contribute to organizational strategies and competitive advantage.

Section Reference: IT's About Small Business, Boosting Store Power

Difficulty: Easy

60) Which of the following statements concerning business processes is false?

- a) A process has inputs.
- b) A process has outputs.
- c) A process has activities that can be measured.
- d) A process creates value.
- e) A process cannot cross functional area boundaries.

Answer: e

Learning Objective: Understand the concept of business processes, and provide examples of business processes in the functional areas of an organization.

Section Reference: 2.1 Business Processes

Difficulty: Easy

61) A business process can be a competitive advantage when _____.

- a) The company becomes less responsive and efficient
- b) IT enables the company innovate or to execute better than its competitors
- c) Inputs are translated to outputs
- d) A product or service is delivered to the organization

Answer: b

Learning Objective: Understand the concept of business processes, and provide examples of business processes in the functional areas of an organization.

Section Reference: 2.1 Business Processes

Difficulty: Hard

62) Applying copyrights and trademarks is an example of a(n):

- a) Accounting business process
- b) Finance business process
- c) Marketing business process
- d) Production business process
- e) Management information systems business process

Answer: c

Learning Objective: Understand the concept of business processes, and provide examples of business processes in the functional areas of an organization.

Section Reference: 2.1 Business Processes

Difficulty: Medium

63) Reconciling bank accounts is an example of a(n):

- a) Accounting Business Process
- b) Finance Business Process
- c) Marketing Business Process
- d) Production Business Process
- e) Management Information Systems Business Process

Answer: a

Learning Objective: Understand the concept of business processes, and provide examples of business processes in the functional areas of an organization.

Section Reference: 2.1 Business Processes

Difficulty: Easy

64) Managing account collections is an example of a(n):

- a) Accounting Business Process
- b) Finance Business Process
- c) Marketing Business Process
- d) Production Business Process
- e) Management Information Systems Business Process

Answer: b

Learning Objective: Understand the concept of business processes, and provide examples of business processes in the functional areas of an organization.

Section Reference: 2.1 Business Processes

Difficulty: Medium

65) Collecting sales tax is an example of a(n):

- a) Accounting Business Process
- b) Finance Business Process
- c) Marketing Business Process
- d) Production Business Process
- e) Management Information Systems Business Process

Answer: c

Learning Objective: Understand the concept of business processes, and provide examples of business processes in the functional areas of an organization.

Section Reference: 2.1 Business Processes

Difficulty: Medium

66) Managing purchasing is an example of a(n):

- a) Accounting Business Process
- b) Finance Business Process
- c) Marketing Business Process
- d) Production Business Process
- e) Management Information Systems Business Process

Answer: d

Learning Objective: Understand the concept of business processes, and provide examples of business processes in the functional areas of an organization.

Section Reference: 2.1 Business Processes

Difficulty: Medium

67) Cross-functional business processes:

- a) Fall within a single functional area
- b) Cut across multiple functional areas
- c) Require collaboration
- d) A and C
- e) B and C

Answer: e

Learning Objective: Understand the concept of business processes, and provide examples of business processes in the functional areas of an organization.

Section Reference: 2.1 Business Processes

Difficulty: Medium

68) Managing pay and payroll is an example of a(n):

- a) Accounting Business Process
- b) Finance Business Process
- c) Marketing Business Process
- d) Human Resources Business Process
- e) Management Information Systems Business Process

Answer: d

Learning Objective: Understand the concept of business processes, and provide examples of business processes in the functional areas of an organization.

Section Reference: 2.1 Business Processes

Difficulty: Easy

69) Which of the following processes involves the warehouse, purchasing, and accounting functional areas?

- a) Procurement
- b) Fulfillment
- c) Order entry
- d) Accounts receivable
- e) Payroll

Answer: a

Learning Objective: Understand the concept of business processes, and provide examples of business processes in the functional areas of an organization.

Section Reference: 2.1 Business Processes

Difficulty: Easy

70) Which of the following processes involves the warehouse, sales, and accounting functional areas?

- a) Procurement
- b) Fulfillment
- c) Order entry
- d) Accounts Receivable
- e) Payroll

Answer: b

Learning Objective: Understand the concept of business processes, and provide examples of business processes in the functional areas of an organization.

Section Reference: 2.1 Business Processes

Difficulty: Easy

71) Which of the following is not a role that information systems play in businesses processes?

- a) Establish standards
- b) Execute the process
- c) Capture and store process data
- d) Monitor process performance
- e) Detect problems with the process.

Answer: a

Learning Objective: Understand the concept of business processes, and provide examples of business processes in the functional areas of an organization.

Section Reference: 2.1 Business Processes

Difficulty: Medium

72) An example of a cross-functional business process is _____.

- a) Warehousing
- b) Purchasing
- c) Procurement
- d) Accounting

Answer: c

Learning Objective: Understand the concept of business processes, and provide examples of business processes in the functional areas of an organization.

Section Reference: 2.1 Business Processes

Difficulty: Medium

73) For many organizations, business process reengineering

- a) Is easy to implement.
- b) Is not disruptive to implement.
- c) Has little impact on facilities.
- d) Is inexpensive.
- e) Has a major impact on the corporate culture.

Answer: e

Learning Objective: Understand the concept of business processes, and provide examples of business processes in the functional areas of an organization.

Section Reference: 2.1 Business Processes

Difficulty: Medium

74) Which of the following statements is false?

- a) BPM is a task-oriented approach.
- b) BPM can help companies reduce costs.
- c) BPM can help companies increase revenue.
- d) BPM can improve customer satisfaction.
- e) BPM can improve organizational flexibility

Answer: a

Learning Objective: Understand the concept of business processes, and provide examples of business processes in the functional areas of an organization.

Section Reference: 2.1 Business Processes

Difficulty: Medium

75) Business process _____ is a management technique that includes methods and tools to support the design, analysis, implementation, management, and optimization of business processes.

- a) Implementation
- b) Management
- c) Optimization
- d) Reengineering

Answer: b

Learning Objective: Differentiate between the terms business process reengineering and business process management.

Section Reference: 2.2 Business Process Reengineering and Business Process Management

Difficulty: Easy

76) The initial goal of business process management is _____.

- a) To be less radical, disruptive, and more incremental
- b) To improve profitability by decreasing costs and increasing revenue
- c) To create a competitive advantage through organizational flexibility
- d) To organize around the business process not the individual task

Answer: b

Learning Objective: Differentiate between the terms business process reengineering and business process management.

Section Reference: 2.2 Business Process Reengineering and Business Process Management

Difficulty: Hard

77) Which of the following statements is false?

- a) BPM begins with process modeling.
- b) Process modeling is a graphical depiction of all the steps in a process.
- c) BPM uses Web-enabled technologies for user interfaces.
- d) Business activity monitoring is used to measure and manage business processes.
- e) Business activity monitoring is a type of scheduled reporting.

Answer: e

Learning Objective: Differentiate between the terms business process reengineering and business process management.

Section Reference: 2.2 Business Process Reengineering and Business Process Management

Difficulty: Medium

78) _____ is the result of optimizing the manufacturing and logistics processes.

- a) Customer satisfaction
- b) Cost reduction
- c) Cycle and fulfillment time
- d) Differentiation

Answer: c

Learning Objective: Differentiate between the terms business process reengineering and business process management.

Section Reference: 2.2 Business Process Reengineering and Business Process Management

Difficulty: Medium

79) _____ is the result of optimizing the marketing and innovation processes.

- a) Customer satisfaction
- b) Cost reduction
- c) Cycle and fulfillment time
- d) Differentiation

Answer: d

Learning Objective: Differentiate between the terms business process reengineering and business process management.

Section Reference: 2.2 Business Process Reengineering and Business Process Management

Difficulty: Medium

80) Business process _____ is a strategy for improving the efficiency and effectiveness of an organization's business processes.

- a) Implementation
- b) Management
- c) Optimization
- d) Reengineering

Answer: d

Learning Objective: Differentiate between the terms business process reengineering and business process management.

Section Reference: 2.2 Business Process Reengineering and Business Process Management

Difficulty: Medium

81) _____ pressures are generated by the global economy, intense competition, the changing nature of the workforce, and powerful customers.

- a) Economic
- b) Market
- c) Social
- d) Technology

Answer: b

Learning Objective: Differentiate between the terms business process reengineering and business process management.

Section Reference: 2.2 Business Process Reengineering and Business Process Management

Difficulty: Medium

82) According to Friedman, the focus of Globalization 1.0 was on:

- a) Countries
- b) Companies
- c) Groups
- d) Individuals

Answer: a

Learning Objective: Differentiate between the terms business process reengineering and business process management.

Section Reference: 2.2 Business Process Reengineering and Business Process Management

Difficulty: Easy

83) According to Friedman, the focus of Globalization 2.0 was on:

- a) Countries
- b) Companies
- c) Groups
- d) Individuals

Answer: b

Learning Objective: Differentiate between the terms business process reengineering and business process management.

Section Reference: 2.2 Business Process Reengineering and Business Process Management

Difficulty: Easy

84) According to Friedman, the focus of Globalization 3.0 was on:

- a) Countries
- b) Companies
- c) Groups and Individuals
- d) Governments

Answer: c

Learning Objective: Differentiate between the terms business process reengineering and business process management.

Section Reference: 2.2 Business Process Reengineering and Business Process Management

Difficulty: Easy

85) New and improved technologies rapidly create and support substitutes for products, alternative service options, and superb quality. This is an example of _____ pressures.

- a) Economic
- b) Market
- c) Social
- d) Technology

Answer: d

Learning Objective: Differentiate between the terms business process reengineering and business process management.

Section Reference: 2.2 Business Process Reengineering and Business Process Management
Difficulty: Easy

86) Spending to protect against terrorism is an example of _____ pressure.

- a) Economic
- b) Market
- c) Social
- d) Technology

Answer: c

Learning Objective: Differentiate between the terms business process reengineering and business process management.

Section Reference: 2.2 Business Process Reengineering and Business Process Management
Difficulty: Easy

87) _____ is a strategy of producing a large quantity of items, but customizing them to fit the desire of each customer.

- a) Customer focus
- b) Make-to-order
- c) Mass customization
- d) Personalization

Answer: c

Learning Objective: Differentiate between the terms business process reengineering and business process management.

Section Reference: 2.2 Business Process Reengineering and Business Process Management
Difficulty: Easy

88) _____ is a strategy of producing customized (made to individual specifications) products and services.

- a) Customer focus
- b) Make-to-order
- c) Mass customization
- d) Personalization

Answer: b

Learning Objective: Differentiate between the terms business process reengineering and business process management.

Section Reference: 2.2 Business Process Reengineering and Business Process Management

Difficulty: Easy

89) Business pressures on organizations are created when there are changes in

- a) Social factors
- b) Economic factors
- c) Legal factors
- d) Political factors
- e) Changes in all of these will create business pressures.

Answer: e

Learning Objective: List and provide examples of the three types of business pressures, and describe one IT response to each.

Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support

Difficulty: Easy

90) Market pressures include which of the following?

- a) The global economy
- b) Weak competition
- c) A homogeneous workforce
- d) Weak customers
- e) High-cost offshore labor

Answer: a

Learning Objective: List and provide examples of the three types of business pressures, and describe one IT response to each.

Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support

Difficulty: Easy

91) The workforce in developed countries is exhibiting all of the following trends except:

- a) It is becoming more diversified.
- b) It includes more women.
- c) It includes more single parents.
- d) It includes fewer persons with disabilities.
- e) It includes more minority-group members.

Answer: d

Learning Objective: List and provide examples of the three types of business pressures, and describe one IT response to each.

Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support

Difficulty: Easy

92) Today's customers have _____.

- a) Less knowledge about products
- b) Less sophistication
- c) Difficulty in finding information about products
- d) Higher expectations
- e) Difficulty in comparing prices

Answer: d

Learning Objective: List and provide examples of the three types of business pressures, and describe one IT response to each.

Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support

Difficulty: Easy

93) Which of the following statements concerning technology pressures on modern businesses is true?

- a) Technology changes so rapidly that organizations should wait before they release new technology-based products.
- b) New technologies offer alternative service options.
- c) New technologies will never replace existing technologies.
- d) The amount of information on the Internet remains stable from year to year.
- e) The important information on the Internet is fee-based.

Answer: b

Learning Objective: List and provide examples of the three types of business pressures, and describe one IT response to each.

Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support

Difficulty: Easy

94) Which of the following is not an example of the growing initiative called green IT?

- a) Designing an IT infrastructure to support sustainability.
- b) Building systems that monitor carbon throughout the organization.
- c) Asking vendors about compliance on environmental standards.

- d) Building computer applications that use less energy
- e) Designing energy-efficient data centers.

Answer: d

Learning Objective: List and provide examples of the three types of business pressures, and describe one IT response to each.

Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support

Difficulty: Easy

95) The digital divide is an example of which type of societal pressure?

- a) Social responsibility
- b) Government regulations
- c) Protection against terrorism
- d) Ethics
- e) Information overload

Answer: a

Learning Objective: List and provide examples of the three types of business pressures, and describe one IT response to each.

Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support

Difficulty: Easy

96) Which one of the following statements is false?

- a) Businesses tend to view government regulations as expensive constraints on their activities.
- b) Government deregulation reduces competition.
- c) IT support is essential for compliance with many new regulations.
- d) IT has been used to identify patterns of behavior associated with terrorist activities.
- e) Information ethics can destroy the morale of a company's employees.

Answer: b

Learning Objective: List and provide examples of the three types of business pressures, and describe one IT response to each.

Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support

Difficulty: Easy

97) Which of the following is not a Section Reference by organizations to business pressures?

- a) Delay releases of innovated products.
- b) Build strategic systems that enable an organization to increase market share or profits.
- c) Provide tools that satisfy customers so they don't go to a competitor.
- d) Manufacture customized goods at a lower cost.
- e) Conduct business electronically with customers and business partners.

Answer: a

Learning Objective: List and provide examples of the three types of business pressures, and describe one IT response to each.

Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support

Difficulty: Medium

98) Producing identical items in large quantities is called:

- a) Strategic systems.
- b) Customer focus.
- c) Continuous improvement.
- d) Mass production.
- e) Mass customization.

Answer: d

Learning Objective: List and provide examples of the three types of business pressures, and describe one IT response to each.

Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support

Difficulty: Easy

99) Producing customized items in large quantities is called:

- a) Strategic systems.
- b) Customer focus.
- c) Continuous improvement.
- d) Mass production.
- e) Mass customization.

Answer: e

Learning Objective: List and provide examples of the three types of business pressures, and describe one IT response to each.

Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support

Difficulty: Easy

100) The Bodymetrics body scanner is best characterized as an example of:

- a) Mass production.
- b) Customer focus.
- c) Real-time customer input.
- d) Mass customization.
- e) Continuous improvement.

Answer: d

Learning Objective: List and provide examples of the three types of business pressures, and describe one IT response to each.

Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support

Difficulty: Medium

101) Information-based industries are most susceptible to which one of Porter's five forces?

- a) Threat of entry of new competitors
- b) Bargaining power of suppliers
- c) Bargaining power of customers
- d) Threat of substitute products
- e) Rivalry among existing firms in an industry

Answer: d

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Learning Objective: Describe the strategies that organizations typically adopt to counter the five competitive forces and achieve competitive advantage.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Medium

102) Competitive advantage for an organization manifests itself as all of the following except:

- a) Lower costs
- b) Higher quality
- c) Increased time to market
- d) Increased profits
- e) Increased speed

Answer: c

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Learning Objective: Describe the strategies that organizations typically adopt to counter the five competitive forces and achieve competitive advantage.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Medium

103) For most companies, the Web _____ the threat that new competitors will enter the market by _____ traditional barriers to entry.

- a) Decreases, increasing
- b) Increases, decreasing
- c) Increases, increasing
- d) Decreases, decreasing

Answer: b

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Learning Objective: Describe the strategies that organizations typically adopt to counter the five competitive forces and achieve competitive advantage.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Medium

104) _____ is a feature that must be offered by a competing organization in order to survive in the marketplace.

- a) Competitive advantage
- b) An entry barrier
- c) Strategic advantage
- d) Rapid time-to-market
- e) One-to-one marketing

Answer: b

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Learning Objective: Describe the strategies that organizations typically adopt to counter the five competitive forces and achieve competitive advantage.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Medium

105) The threat of competitors' entering the automobile manufacturing industry is _____ because barriers to entry are so _____.

- a) Low, low
- b) High, high

- c) High, low
- d) Low, high

Answer: d

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Learning Objective: Describe the strategies that organizations typically adopt to counter the five competitive forces and achieve competitive advantage.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Medium

106) The threat of competitors' entering a market is very high in industries that perform a(n) _____ role and in industries where the primary product or service is _____.

- a) Intermediation, physical
- b) Broker, physical
- c) Sales, financial
- d) Financial, digital
- e) Intermediation, digital

Answer: e

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Learning Objective: Describe the strategies that organizations typically adopt to counter the five competitive forces and achieve competitive advantage.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Hard

107) How does the Internet affect the way you purchase your textbooks?

- a) The Internet gives you fewer choices.
- b) The Internet increases your bargaining power.
- c) The Internet provides you with less information.
- d) The Internet decreases your bargaining power.
- e) The Internet increases your switching costs.

Answer: b

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Learning Objective: Describe the strategies that organizations typically adopt to counter the five competitive forces and achieve competitive advantage.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Medium

108) Buyer power is _____ when buyers have many choices from whom to buy and _____ when buyers have few choices.

- a) High, the same
- b) High, low
- c) Low, low
- d) Low, high
- e) Low, the same

Answer: b

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Learning Objective: Describe the strategies that organizations typically adopt to counter the five competitive forces and achieve competitive advantage.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Medium

109) The costs of delivering products in the _____ channel are much higher than delivering products in the _____ channel.

- a) E-commerce, digital
- b) Digital, e-commerce
- c) Digital, physical
- d) Physical, financial
- e) Physical, digital

Answer: e

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Learning Objective: Describe the strategies that organizations typically adopt to counter the five competitive forces and achieve competitive advantage.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Medium

110) Porter's competitive forces model helps organizations identify _____, whereas his value chain model helps organizations identify specific _____.

- a) Competitive opportunities, activities
- b) General strategies, activities
- c) Activities, competitive opportunities
- d) Activities, general strategies
- e) Primary activities, support activities

Answer: b

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Learning Objective: Describe the strategies that organizations typically adopt to counter the five competitive forces and achieve competitive advantage.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Medium

111) _____ activities create value for which customers are willing to pay, whereas _____ activities do not add value directly to the firm's products or services.

- a) Support, primary
- b) Human resource management, inbound logistics
- c) Procurement, operations
- d) Primary, support
- e) Accounting, outbound logistics

Answer: d

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Learning Objective: Describe the strategies that organizations typically adopt to counter the five competitive forces and achieve competitive advantage.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Medium

112) If there are _____ substitutes for an organization's products or services, then the threat of substitutes is _____.

- a) Many, high
- b) Few, low
- c) Few, high
- d) Many, low
- e) Few, negligible

Answer: a

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Learning Objective: Describe the strategies that organizations typically adopt to counter the five competitive forces and achieve competitive advantage.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Medium

113) New technologies can produce new products very _____, which _____ the threat from substitute products.

- a) Slowly, decreases
- b) Slowly, increases
- c) Slowly, does not affect
- d) Quickly, increases
- e) Quickly, does not affect

Answer: d

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Learning Objective: Describe the strategies that organizations typically adopt to counter the five competitive forces and achieve competitive advantage.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Medium

114) The visibility of Internet applications on the Web makes proprietary systems more difficult to keep secret. This is an example of which of Porter's five forces?

- a) Threat of entry of new competitors
- b) Bargaining power of suppliers
- c) Bargaining power of customers
- d) Threat of substitute products
- e) Rivalry among existing firms in an industry

Answer: e

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Learning Objective: Describe the strategies that organizations typically adopt to counter the five competitive forces and achieve competitive advantage.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Medium

115) Walmart's automatic inventory replenishment system, which enables the company to reduce inventory storage requirements, is an example of which strategy for competitive advantage?

- a) Cost leadership
- b) Differentiation
- c) Innovation
- d) Operational effectiveness
- e) Customer-orientation

Answer: a

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Learning Objective: Describe the strategies that organizations typically adopt to counter the five competitive forces and achieve competitive advantage.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Medium

116) Which strategy for competitive advantage involves offering different products, services, or product features?

- a) Cost leadership
- b) Differentiation
- c) Innovation
- d) Operational effectiveness
- e) Customer-orientation

Answer: b

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Learning Objective: Describe the strategies that organizations typically adopt to counter the five competitive forces and achieve competitive advantage.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Easy

117) Which strategy for competitive advantage involves introducing new products and putting new features in existing products?

- a) Cost leadership
- b) Differentiation
- c) Innovation
- d) Operational effectiveness
- e) Customer-orientation

Answer: c

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Learning Objective: Describe the strategies that organizations typically adopt to counter the five competitive forces and achieve competitive advantage.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Easy

118) The threat of entry of new competitors is _____ when it is easy to enter a market and _____ when significant barriers to entry exist.

- a) High, high
- b) High, low
- c) Low, low
- d) Low, high

Answer: b

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Medium

119) The bargaining power of suppliers is _____ when buyers have few choices and _____ when buyers have many choices.

- a) High, high
- b) High, low
- c) Low, low
- d) Low, high

Answer: b

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Medium

120) The introduction of ATM machines by Citibank was a classic example of which strategy for competitive advantage?

- a) Cost leadership
- b) Innovation
- c) Differentiation
- d) Operational effectiveness
- e) Customer-orientation

Answer: b

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Learning Objective: Describe the strategies that organizations typically adopt to counter the five competitive forces and achieve competitive advantage.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Easy

121) Southwest Airlines' low-cost, short-haul strategy is an example of which strategy for competitive advantage?

- a) Cost leadership
- b) Differentiation
- c) Innovation
- d) Operational effectiveness
- e) Customer-orientation

Answer: b

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Learning Objective: Describe the strategies that organizations typically adopt to counter the five competitive forces and achieve competitive advantage.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Easy

122) Which strategy for competitive advantage involves improving the manner in which an organization executes its internal business processes?

- a) Cost leadership
- b) Differentiation
- c) Innovation
- d) Operational effectiveness
- e) Customer-orientation

Answer: d

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Learning Objective: Describe the strategies that organizations typically adopt to counter the five competitive forces and achieve competitive advantage.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Easy

123) When Amazon welcomes you by name back to its Web site on your second visit, it is employing which strategy for competitive advantage?

- a) Cost leadership
- b) Differentiation
- c) Innovation

- d) Operational effectiveness
- e) Customer-orientation

Answer: e

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Learning Objective: Describe the strategies that organizations typically adopt to counter the five competitive forces and achieve competitive advantage.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Medium

124) IT will impact managers' jobs in all of the following ways except:

- a) Managers will have time to get into the field
- b) Managers can spend more time planning
- c) Managers can spend more time "putting out fires"
- d) Managers can gather information more quickly
- e) None of these

Answer: c

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Learning Objective: Describe the strategies that organizations typically adopt to counter the five competitive forces and achieve competitive advantage.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Medium

125) The bargaining power of buyers is _____ when buyers have many choices and _____ when buyers have few choices.

- a) High, high
- b) High, low
- c) Low, low
- d) Low, high

Answer: b

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Medium

126) The threat of substitute products or services is _____ when there are many substitutes for an organization's products or services and _____ when there are few substitutes.

- a) High, high
- b) High, low
- c) Low, low
- d) Low, high

Answer: b

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Medium

127) The rivalry among firms in an industry is _____ when there is fierce competition and _____ when competition is among fewer firms.

- a) High, high
- b) High, low
- c) Low, low
- d) Low, high

Answer: b

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Medium

128) In the airline industry, _____ is an example of differentiation strategy as it offers regional service at low cost.

- a) Air Canada
- b) Air Quebec
- c) WestJet
- d) EastJet

Answer: c

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Hard

129) Porter's _____ help(s) companies identify general strategies, whereas his _____ help(s) to identify specific activities where companies can use the strategies for greatest impact.

- a) Value chain model, competitive forces model
- b) Primary activities, support activities
- c) Competitive forces model, primary activities
- d) Competitive forces model, value chain model
- e) Value chain model, support activities

Answer: d

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Learning Objective: Describe the strategies that organizations typically adopt to counter the five competitive forces and achieve competitive advantage.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Medium

130) The internet _____ buyers' access to information, _____ buyer power.

- a) Decreases, decreasing
- b) Decreases, increasing
- c) Increases, decreasing
- d) Increases, increasing

Answer: d

Learning Objective: Describe the strategies that organizations typically adopt to counter the five competitive forces and achieve competitive advantage.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Medium

131) Which strategy for competitive advantage improves the manner in which internal business processes are executed so that a firm performs similar activities better than its rivals?

- a) Cost leadership
- b) Differentiation
- c) Innovation
- d) Operational effectiveness

Answer: d

Learning Objective: Describe the strategies that organizations typically adopt to counter the five competitive forces and achieve competitive advantage.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Medium

132) Which of the following is not an example of business – IT alignment?

- a) The company goals are clear to every IT and business employee.
- b) The company ensures that IT employees understand how the company makes money.
- c) The company views IT as a way to support the business but not as a way to create new revenue streams.
- d) IT professionals rotate into business departments.
- e) The company views customer service as extremely important.

Answer: c

Learning Objective: Define business-information technology alignment, and describe the characteristics of effective alignment.

Section Reference: 2.5 Business–Information Technology Alignment

Difficulty: Medium

133) Which of the following is not a cause of inadequate alignment between IT and business?

- a) A lack of communication
- b) Different objectives
- c) Not understanding each group's expertise
- d) Lack of IT knowledge on the part of the business executives
- e) Lack of funds

Answer: e

Learning Objective: Define business-information technology alignment, and describe the characteristics of effective alignment.

Section Reference: 2.5 Business–Information Technology Alignment

Difficulty: Medium

134) Which of the following is NOT a characteristic of excellent alignment between IT and business?

- a) Organizations create a vibrant and inclusive company culture.
- b) Organizations ensure business and IT professionals communicate solely from their area of expertise.
- c) Organizations ensure that IT employees understand how the company makes (or loses) money.
- d) Organizations view their internal and external customers and their customer service function as supremely important.

Answer: b

Learning Objective: Define business-information technology alignment, and describe the characteristics of effective alignment.

Section Reference: 2.5 Business–Information Technology Alignment

Difficulty: Medium

135) Alignment between IT and business is difficult because _____.

- a) the objectives of business managers and IT managers are so comprehensive.
- b) the business and IT departments know little of the other group's expertise.
- c) communicate well but find it hard to implement projects that are discussed.
- d) All of the above are reasons alignment is difficult.

Answer: b

Learning Objective: Define business-information technology alignment, and describe the characteristics of effective alignment.

Section Reference: 2.5 Business–Information Technology Alignment

Difficulty: Medium

136) Alignment between IT and business is characterized by a _____ of the IT function with strategy, mission, and goals of the organization.

- a) tight integration
- b) loose integration
- c) replacement
- d) upgrade

Answer: a

Learning Objective: Define business-information technology alignment, and describe the characteristics of effective alignment.

Section Reference: 2.5 Business–Information Technology Alignment

Difficulty: Medium

137) IT governance aims to add value while _____:

- a) Balancing risk versus return over IT and its processes.
- b) Maximizing profit.
- c) Minimizing cost.
- d) Creating a friendly environment

Answer: a

Learning Objective: Define the term "IT governance" and explain why information systems need to be effectively managed and planned.

Section Reference: 2.5 Business–Information Technology Alignment

Difficulty: Medium

138) Refer to IT's About Business– Sleek Audio: Which of Friedman's flatteners applies to Sleek Audio's decision to bring its manufacturing back to the United States?

- a) Offshoring
- b) Informing
- c) Work-flow software
- d) Supply chaining
- e) The Steroids

Answer: d

Learning Objective: List and provide examples of the three types of business pressures, and describe one IT response to each.

Section Reference: IT's About Business: Sleek Audio

Difficulty: Medium

139) _____ is a website where potential donors can decide where their money can be directed, stating whether it goes to a particular disaster relief fund.

- a) GiftFlow.org
- b) RedCross.ca
- c) Microsoft.ca
- d) Kiva.org

Answer: b

Learning Objective: List and provide examples of the three types of business pressures, and describe one IT response to each.

Section Reference: IT's About Business: The Internet Facilitates Generosity

Difficulty: Medium

140) According to "The Internet Facilitates Generosity" case, what is the order in which people most readily share?

- a) Information, Physical goods, Time
- b) Information, Time, Physical goods
- c) Time, Information, Physical goods
- d) Time, Physical goods, Information

Answer: b

Learning Objective: List and provide examples of the three types of business pressures, and describe one IT response to each.

Section Reference: IT's About Business: The Internet Facilitates Generosity

Difficulty: Medium

141) Refer to IT's About Business – The Internet Facilitates Generosity: Sociologists argue that posting experiences on message boards can actually improve a person's

- a) Self-esteem
- b) Independence
- c) Wealth
- d) Free time
- e) Social status

Answer: a

Learning Objective: List and provide examples of the three types of business pressures, and describe one IT response to each.

Section Reference: IT's About Business: The Internet Facilitates Generosity

Difficulty: Medium

142) The Lululemon Athletica Inc. (www.lululemon.com) focused on creating:

- a) Brand environment
- b) Culture of high quality
- c) Uniqueness
- d) enhanced customer service with IT
- e) All of the above

Answer: e

Learning Objective: Summarize the fundamental concepts and skills related to developing organizational strategies and competitive advantage.

Section Reference: Closing Case – Can Lululemon Sustain Competitive Advantage?

Difficulty: Medium

Question Type: Short Answer

143) Identify the three types of business pressures, and explain how organizations can use IT to respond to each one.

Learning Objective: List and provide examples of the three types of business pressures, and describe one IT response to each.

Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support
Difficulty: Medium

144) Using Porter's competitive forces model, contrast the bargaining power of suppliers and the bargaining power of customers (buyers).

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Learning Objective: Describe the strategies that organizations typically adopt to counter the five competitive forces and achieve competitive advantage.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
Difficulty: Medium

145) What are switching costs, and why would a company care about them?

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Learning Objective: Describe the strategies that organizations typically adopt to counter the five competitive forces and achieve competitive advantage.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
Difficulty: Medium

146) Differentiate between Porter's competitive forces model and his value chain model.

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Learning Objective: Describe the strategies that organizations typically adopt to counter the five competitive forces and achieve competitive advantage.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
Difficulty: Medium

147) Differentiate between primary activities and support activities in Porter's value chain model.

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Learning Objective: Describe the strategies that organizations typically adopt to counter the five competitive forces and achieve competitive advantage.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
Difficulty: Medium

148) Evaluate the assertion that an information system by itself can rarely provide a sustainable competitive advantage.

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Learning Objective: Describe the strategies that organizations typically adopt to counter the five competitive forces and achieve competitive advantage.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Medium

Question Type: Essay

149) Explain what a business environment is and what factors within the environment put pressure on the business.

Learning Objective: List and provide examples of the three types of business pressures, and describe one IT response to each.

Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support

Difficulty: Medium

150) Explain how changes in social responsibility, government regulation/deregulation, social programs, protection against terrorism, and ethics put pressure on modern businesses.

Learning Objective: List and provide examples of the three types of business pressures, and describe one IT response to each.

Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support

Difficulty: Hard

151) Identify the five forces of Porter's competitive forces model, and explain how the Internet impacts each one.

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Learning Objective: Describe the strategies that organizations typically adopt to counter the five competitive forces and achieve competitive advantage.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Hard

152) Discuss why the variable cost of digital products is extremely low.

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Learning Objective: Describe the strategies that organizations typically adopt to counter the five competitive forces and achieve competitive advantage.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Hard

153) Provide an example of each of the five strategies for competitive advantage. (Do not use the examples provided in the book).

Learning Objective: Identify the five competitive forces described by Porter, and explain how the Web impacts each one.

Learning Objective: Describe the strategies that organizations typically adopt to counter the five competitive forces and achieve competitive advantage.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

Difficulty: Hard

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