Chapter 2
Organizational Strategy, Competitive Advantage, and Information Systems

Question type: True/False

1) A business process has inputs and outputs.

Answer: True

Difficulty: Easy
Learning Objective: Discuss ways in which information systems enable cross-functional business processes and business processes for a single functional area.
Section Reference: 2.1 Business Processes
AACSB: Use of Information Technology
Bloomcode: Knowledge

2) A business process can be a liability.

Answer: True

Difficulty: Medium
Learning Objective: Discuss ways in which information systems enable cross-functional business processes and business processes for a single functional area.
Section Reference: 2.1 Business Processes
AACSB: Use of Information Technology
Bloomcode: Comprehension

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

Answer: True

Difficulty: Easy
Learning Objective: Discuss ways in which information systems enable cross-functional business processes and business processes for a single functional area.
Section Reference: 2.1 Business Processes
AACSB: Use of Information Technology
Bloomcode: Knowledge

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

Answer: True

Difficulty: Easy
Learning Objective: Discuss ways in which information systems enable cross-functional business processes and business processes for a single functional area.
Section Reference: 2.1 Business Processes
AACSB: Use of Information Technology
Bloomcode: Knowledge

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

Answer: False

Difficulty: Easy
Learning Objective: Discuss ways in which information systems enable cross-functional business processes and business processes for a single functional area.
Section Reference: 2.1 Business Processes
AACSB: Use of Information Technology
Bloomcode: Knowledge

6) The procurement process includes the sales function.

Answer: False

Difficulty: Medium
Learning Objective: Discuss ways in which information systems enable cross-functional business processes and business processes for a single functional area.
Section Reference: 2.1 Business Processes
AACSB: Use of Information Technology
Bloomcode: Knowledge

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

Answer: True

Difficulty: Medium
Learning Objective: Differentiate among business process reengineering, business process improvement, and business process management.
Section Reference: 2.2 Business Process Reengineering, Business Process Improvement, and Business Process Management
AACSB: Use of Information Technology
Bloomcode: Comprehension

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

Answer: True

Difficulty: Medium
Learning Objective: Discuss ways in which information systems enable cross-functional business processes and business processes for a single functional area.
Section Reference: 2.1 Business Processes
AACSB: Use of Information Technology
Bloomcode: Comprehension

9) A business process always includes information systems.

Answer: False

Difficulty: Medium
Learning Objective: Discuss ways in which information systems enable cross-functional business processes and business processes for a single functional area.
Section Reference: 2.1 Business Processes
AACSB: Use of Information Technology
Bloomcode: Comprehension

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

Answer: False

Difficulty: Medium
Learning Objective: Differentiate among business process reengineering, business process improvement, and business process management.
Section Reference: 2.2 Business Process Reengineering, Business Process Improvement, and Business Process Management
AACSB: Use of Information Technology
Bloomcode: Comprehension

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

Answer: True

Difficulty: Easy
Learning Objective: Identify effective IT responses to different kinds of business pressures.
Section Reference: 2.3 Business Pressures, Organizational Responses and Information Technology Support
AACSB: Use of Information Technology
Bloomcode: Knowledge

12) BPM is an implementation of BPR.

Answer: False

Difficulty: Hard
Learning Objective: Differentiate among business process reengineering, business process improvement, and business process management.
Section Reference: 2.2 Business Process Reengineering, Business Process Improvement, and Business Process Management
AACSB: Use of Information Technology
Bloomcode: Comprehension

13) BPM can improve an organization's flexibility.

Answer: True

Difficulty: Medium
Learning Objective: Differentiate among business process reengineering, business process improvement, and business process management.
Section Reference: 2.2 Business Process Reengineering, Business Process Improvement, and Business Process Management
AACSB: Use of Information Technology
Bloomcode: Comprehension

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

Answer: False

Difficulty: Medium
Learning Objective: Differentiate among business process reengineering, business process improvement, and business process management.
Section Reference: 2.2 Business Process Reengineering, Business Process Improvement, and Business Process Management
AACSB: Use of Information Technology
Bloomcode: Comprehension

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

Answer: True

Difficulty: Easy
Learning Objective: Differentiate among business process reengineering, business process improvement, and business process management.

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

Answer: True

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

Answer: False

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

Answer: True

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

Answer: False

Difficulty: Medium
Learning Objective: Identify effective IT responses to different kinds of business pressures.
Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support
AACSB: Use of Information Technology
Bloomcode: Knowledge

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

Answer: True

Difficulty: Easy
Learning Objective: Identify effective IT responses to different kinds of business pressures.
Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support
AACSB: Use of Information Technology
Bloomcode: Knowledge

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

Answer: False

Difficulty: Easy
Learning Objective: Identify effective IT responses to different kinds of business pressures.
Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support
AACSB: Use of Information Technology
Bloomcode: Knowledge

22) In general, labour costs are higher in developing countries than in developed countries.

Answer: False

Difficulty: Easy
Learning Objective: Identify effective IT responses to different kinds of business pressures.
Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support
AACSB: Use of Information Technology
Bloomcode: Knowledge

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

Answer: True

Difficulty: Easy
Learning Objective: Identify effective IT responses to different kinds of business pressures.
Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support
AACSB: Use of Information Technology
Bloomcode: Knowledge

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

Answer: True

Difficulty: Medium
Learning Objective: Identify effective IT responses to different kinds of business pressures.
Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support
AACSB: Use of Information Technology
Bloomcode: Comprehension

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

Answer: False

Difficulty: Easy
Learning Objective: Identify effective IT responses to different kinds of business pressures.
Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support
AACSB: Use of Information Technology
Bloomcode: Comprehension

26) In general, government deregulation decreases competition.

Answer: False

Difficulty: Easy
Learning Objective: Identify effective IT responses to different kinds of business pressures.
Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support
AACSB: Use of Information Technology
Bloomcode: Knowledge

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

Answer: True

Difficulty: Easy
Learning Objective: Identify effective IT responses to different kinds of business pressures.
Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support
AACSB: Use of Information Technology
Bloomcode: Knowledge

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

Answer: False

Difficulty: Easy
Learning Objective: Identify effective IT responses to different kinds of business pressures.
Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support
AACSB: Use of Information Technology
Bloomcode: Knowledge

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

Answer: True

Difficulty: Easy
Learning Objective: Identify effective IT responses to different kinds of business pressures.
Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support
AACSB: Use of Information Technology
Bloomcode: Knowledge

30) 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

Difficulty: Easy
Learning Objective: Identify effective IT responses to different kinds of business pressures.
Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support
AACSB: Use of Information Technology

Bloomcode: Knowledge

31) 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

Difficulty: Easy
Learning Objective: Identify effective IT responses to different kinds of business pressures.
Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support
AACSB: Use of Information Technology
Bloomcode: Knowledge

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

Answer: True

Difficulty: Easy
Learning Objective: Identify effective IT responses to different kinds of business pressures.
Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support
AACSB: Use of Information Technology
Bloomcode: Knowledge

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

Answer: False

Difficulty: Easy
Learning Objective: Identify effective IT responses to different kinds of business pressures.
Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support
AACSB: Use of Information Technology
Bloomcode: Knowledge

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

Answer: True

Difficulty: Easy
Learning Objective: Identify effective IT responses to different kinds of business pressures.

Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support
AACSB: Use of Information Technology
Bloomcode: Knowledge

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

Answer: True

Difficulty: Easy
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Knowledge

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

Answer: False

Difficulty: Easy
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Knowledge

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

Answer: True

Difficulty: Easy
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Knowledge

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

Answer: True

Difficulty: Easy
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Knowledge

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

Answer: False

Difficulty: Easy
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Knowledge

40) The Internet decreases customers' bargaining power.

Answer: False

Difficulty: Easy
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Knowledge

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

Answer: True

Difficulty: Easy
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Knowledge

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

Answer: True

Difficulty: Easy
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Knowledge

43) The Internet impact on the bargaining power of suppliers always favours buyers.

Answer: False

Difficulty: Medium
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Comprehension

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

Answer: True

Difficulty: Easy
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Knowledge

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

Answer: False

Difficulty: Easy
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Knowledge

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

Answer: False

Difficulty: Medium
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Comprehension

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

Answer: True

Difficulty: Medium
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Comprehension

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

Answer: False

Difficulty: Easy
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Knowledge

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

Answer: False

Difficulty: Easy
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode Knowledge

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

Answer: True

Difficulty: Easy
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Knowledge

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

Answer: False

Difficulty: Easy
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Knowledge

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

Answer: False

Difficulty: Medium
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Comprehension

Question type: Multiple Choice

53) 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

Difficulty: Easy
Learning Objective: Provide a real-world application of how information systems can contribute to organizational strategies and competitive advantage.
Section Reference: Case 2.1 BlackBerry Meets Android
AACSB: Use of Information Technology
Bloomcode: Knowledge

54) What does it mean that BlackBerry has diversified its software to traverse the roadway of Internet of Things?

a) That the software can support E-commerce
b) That the software can send e-mails
c) That the software can connect to RFID readers, laptops and larger computers
d) That the software has a firewall
e) That the software is fully compatible with TCP/IP

Answer: c

Difficulty: Medium
Learning Objective: Discuss ways in which information systems enable cross-functional business processes and business processes for a single functional area.
Section Reference: Case 2.1 BlackBerry Meets Android
AACSB: Use of Information Technology
Bloomcode: Knowledge

55) What major supplier can help BlackBerry to be a leader of self-driving cars?
a) Google
b) QNX
c) Microsoft
d) Macintosh
e) CISCO

Answer: b

Difficulty: Medium
Learning Objective: Discuss ways in which information systems enable cross-functional business processes and business processes for a single functional area.
Section Reference: Case 2.1 BlackBerry Meets Android
AACSB: Use of Information Technology
Bloomcode: Knowledge

56) What type of application did NASCAR develop in order to incorporate all the items on the paper-based form?

a) A dashboard view that displays each vehicle along with its progress through the inspection process
b) A mobile e-commerce application that allows customers to book inspections online
c) An accounting application that handles all the payroll and tax processes of the business
d) An e-commerce website for customers to pay online and book appointments
e) None of the above

Answer: a

Difficulty: Medium
Learning objective: Differentiate among business process reengineering, business process improvement, and business process management.
Section Reference: IT's About Business 2.1 NASCAR Uses IT in its Pre-Race Inspection
AACSB: Use of Information Technology
Bloomcode: Knowledge

57) One of the key benefits of the App developed by NASCAR is the cumulative value of the collected data that includes information on the pre-race inspections of all vehicles is collected and stored in real time. What can NASCAR executives identify with this data?

a) Trends and patterns to help maintain a level playing field for all racers
b) Information that can lead to a better tax strategy
c) Identification of customer profiles
d) Marketing information for better pricing strategy
e) Financial information for cost analysis

Answer: a

Difficulty: Medium
Learning objective: Differentiate among business process reengineering, business process improvement, and business process management.
Section Reference: IT's About Business 2.1 NASCAR Uses IT in its Pre-Race Inspection
AACSB: Use of Information Technology
Bloomcode: Knowledge

58) Which of the following is/are not a fundamental element of a business process?

a) feedback
b) input
c) output
d) resources

Answer: a

Difficulty: Easy
Learning Objective: Discuss ways in which information systems enable cross-functional business processes and business processes for a single functional area.
Section Reference: 2.1 Business Processes
AACSB: Use of Information Technology
Bloomcode: Knowledge

59) 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

Difficulty: Easy
Learning Objective: Discuss ways in which information systems enable cross-functional business processes and business processes for a single functional area.
Section Reference: 2.1 Business Processes
AACSB: Use of Information Technology
Bloomcode: Knowledge

60) 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

Difficulty: Hard
Learning Objective: Discuss ways in which information systems enable cross-functional business processes and business processes for a single functional area.
Section Reference: 2.1 Business Processes
AACSB: Use of Information Technology
Bloomcode: Comprehension

61) 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

Difficulty: Medium
Learning Objective: Discuss ways in which information systems enable cross-functional business processes and business processes for a single functional area.
Section Reference: 2.1 Business Processes
AACSB: Use of Information Technology
Bloomcode: Knowledge

62) 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

Difficulty: Easy
Learning Objective: Discuss ways in which information systems enable cross-functional business processes and business processes for a single functional area.
Section Reference: 2.1 Business Processes
AACSB: Use of Information Technology
Bloomcode: Knowledge

63) 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

Difficulty: Medium
Learning Objective: Discuss ways in which information systems enable cross-functional business processes and business processes for a single functional area.
Section Reference: 2.1 Business Processes
AACSB: Use of Information Technology
Bloomcode: Knowledge

64) 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

Difficulty: Medium
Learning Objective: Discuss ways in which information systems enable cross-functional business processes and business processes for a single functional area.
Section Reference: 2.1 Business Processes
AACSB: Use of Information Technology
Bloomcode: Knowledge

65) 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

Difficulty: Medium
Learning Objective: Discuss ways in which information systems enable cross-functional business processes and business processes for a single functional area.
Section Reference: 2.1 Business Processes
AACSB: Use of Information Technology
Bloomcode: Knowledge

66) 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

Difficulty: Medium
Learning Objective: Discuss ways in which information systems enable cross-functional business processes and business processes for a single functional area.
Section Reference: 2.1 Business Processes
AACSB: Use of Information Technology
Bloomcode: Comprehension

67) 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

Difficulty: Easy
Learning Objective: Discuss ways in which information systems enable cross-functional business processes and business processes for a single functional area.
Section Reference: 2.1 Business Processes
AACSB: Use of Information Technology
Bloomcode: Knowledge

68) 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

Difficulty: Easy
Learning Objective: Discuss ways in which information systems enable cross-functional business processes and business processes for a single functional area.
Section Reference: 2.1 Business Processes
AACSB: Use of Information Technology
Bloomcode: Knowledge

69) 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

Difficulty: Easy
Learning Objective: Discuss ways in which information systems enable cross-functional business processes and business processes for a single functional area.
Section Reference: 2.1 Business Processes
AACSB: Use of Information Technology
Bloomcode: Knowledge

70) 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

Difficulty: Medium
Learning Objective: Discuss ways in which information systems enable cross-functional business processes and business processes for a single functional area.
Section Reference: 2.1 Business Processes
AACSB: Use of Information Technology
Bloomcode: Comprehension

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

a) warehousing
b) purchasing
c) procurement
d) accounting

Answer: c

Difficulty: Medium
Learning Objective: Discuss ways in which information systems enable cross-functional business processes and business processes for a single functional area.
Section Reference: 2.1 Business Processes
AACSB: Use of Information Technology

Bloomcode: Knowledge

72) 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

Difficulty: Medium
Learning Objective: Differentiate among business process reengineering, business process improvement, and business process management.
Section Reference: 2.2 Business Process Reengineering, Business Process Improvement, and Business Process Management
AACSB: Use of Information Technology
Bloomcode: Comprehension

73) 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

Difficulty: Medium
Learning Objective: Differentiate among business process reengineering, business process improvement, and business process management.
Section Reference: 2.2 Business Process Reengineering, Business Process Improvement, and Business Process Management
AACSB: Use of Information Technology
Bloomcode: Comprehension

74) 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

Difficulty: Easy
Learning Objective: Differentiate among business process reengineering, business process improvement, and business process management.
Section Reference: 2.2 Business Process Reengineering, Business Process Improvement, and Business Process Management
AACSB: Use of Information Technology
Bloomcode: Knowledge

75) 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

Difficulty: Hard
Learning Objective: Differentiate among business process reengineering, business process improvement, and business process management.
Section Reference: 2.2 Business Process Reengineering, Business Process Improvement, and Business Process Management
AACSB: Use of Information Technology
Bloomcode: Comprehension

76) Which of the following statements is false?

a) BPM begins with process modelling.
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

Difficulty: Medium
Learning Objective: Differentiate among business process reengineering, business process improvement, and business process management.
Section Reference: 2.2 Business Process Reengineering, Business Process Improvement, and Business Process Management
AACSB: Use of Information Technology
Bloomcode: Comprehension

77) _____ 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

Difficulty: Medium
Learning Objective: Differentiate among business process reengineering, business process improvement, and business process management.
Section Reference: 2.2 Business Process Reengineering, Business Process Improvement, and Business Process Management
AACSB: Use of Information Technology
Bloomcode: Knowledge

78) _____ 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

Difficulty: Medium
Learning Objective: Differentiate among business process reengineering, business process improvement, and business process management.
Section Reference: 2.2 Business Process Reengineering, Business Process Improvement, and Business Process Management
AACSB: Use of Information Technology
Bloomcode: Knowledge

79) 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

Difficulty: Medium
Learning Objective: Differentiate among business process reengineering, business process improvement, and business process management.
Section Reference: 2.2 Business Process Reengineering, Business Process Improvement, and Business Process Management
AACSB: Use of Information Technology
Bloomcode: Knowledge

80) _____ 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

Difficulty: Medium
Learning Objective: Identify effective IT responses to different kinds of business pressures.
Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support
AACSB: Use of Information Technology
Bloomcode: Knowledge

81) Procurement is not completed in this functional area:

a) Accounting
b) Purchasing
c) Sales
d) Warehouse

Answer: c

Difficulty: Easy
Learning Objective: Discuss ways in which information systems enable cross-functional business processes and business processes for a single functional area.
Section Reference: 2.1 Business Processes
AACSB: Use of Information Technology
Bloomcode: Knowledge

82) Fulfillment is triggered in the _____ department.

a) Accounting
b) Purchasing

c) Sales
d) Warehouse

Answer: c

Difficulty: Easy
Learning Objective: Discuss ways in which information systems enable cross-functional business processes and business processes for a single functional area.
Section Reference: 2.1 Business Processes
AACSB: Use of Information Technology
Bloomcode: Knowledge

83) _____ is the result of optimizing operations and supplier processes.

a) Cost reduction
b) Differentiation
c) Productivity
d) Quality

Answer: a

Difficulty: Easy
Learning Objective: Business Process Reengineering, Business Process Improvement, and Business Process Management.
Section Reference: 2.2 Business Process Reengineering, Business Process Improvement, and Business Process Management
AACSB: Use of Information Technology
Bloomcode: Knowledge

84) 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

Difficulty: Easy
Learning Objective: Identify effective IT responses to different kinds of business pressures.
Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support
AACSB: Use of Information Technology
Bloomcode: Knowledge

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

a) economic
b) market
c) social
d) technology

Answer: c

Difficulty: Easy
Learning Objective: Identify effective IT responses to different kinds of business pressures.
Section Reference: 2.3 Business Pressures, Organizational Responses, and Information
Technology Support
AACSB: Use of Information Technology
Bloomcode: Knowledge

86) _____ 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

Difficulty: Easy
Learning Objective: Identify effective IT responses to different kinds of business pressures.
Section Reference: 2.3 Business Pressures, Organizational Responses, and Information
Technology Support
AACSB: Use of Information Technology
Bloomcode: Knowledge

87) _____ 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

Difficulty: Easy
Learning Objective: Identify effective IT responses to different kinds of business pressures.

Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support
AACSB: Use of Information Technology
Bloomcode: Knowledge

88) 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

Difficulty: Easy
Learning Objective: Identify effective IT responses to different kinds of business pressures.
Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support
AACSB: Use of Information Technology
Bloomcode: Knowledge

89) 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 labour

Answer: a

Difficulty: Easy
Learning Objective: Identify effective IT responses to different kinds of business pressures.
Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support
AACSB: Use of Information Technology
Bloomcode: Knowledge

90) 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

Difficulty: Easy
Learning Objective: Identify effective IT responses to different kinds of business pressures.
Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support
AACSB: Use of Information Technology
Bloomcode: Knowledge

91) 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

Difficulty: Easy
Learning Objective: Identify effective IT responses to different kinds of business pressures.
Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support
AACSB: Use of Information Technology
Bloomcode: Knowledge

92) 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

Difficulty: Easy
Learning Objective: Identify effective IT responses to different kinds of business pressures.
Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support
AACSB: Use of Information Technology
Bloomcode: Knowledge

93) 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 centres

Answer: d

Difficulty: Easy
Learning Objective: Identify effective IT responses to different kinds of business pressures.
Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support
AACSB: Use of Information Technology
Bloomcode: Knowledge

94) 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

Difficulty: Easy
Learning Objective: Identify effective IT responses to different kinds of business pressures.
Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support
AACSB: Use of Information Technology
Bloomcode: Knowledge

95) 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 behaviour associated with terrorist activities.
e) Information ethics can destroy the morale of a company's employees.

Answer: b

Difficulty: Easy
Learning Objective: Identify effective IT responses to different kinds of business pressures.
Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support
AACSB: Use of Information Technology
Bloomcode: Knowledge

96) 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

Difficulty: Easy
Learning Objective: Identify effective IT responses to different kinds of business pressures.
Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support
AACSB: Use of Information Technology
Bloomcode: Knowledge

97) 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

Difficulty: Easy
Learning Objective: Identify effective IT responses to different kinds of business pressures.
Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support
AACSB: Use of Information Technology
Bloomcode: Knowledge

98) 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

Difficulty: Medium
Learning Objective: Identify effective IT responses to different kinds of business pressures.
Section Reference: 2.3 Business Pressures, Organizational Responses, and Information
Technology Support
AACSB: Use of Information Technology
Bloomcode: Knowledge

99) 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

Difficulty: Medium
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's
five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Knowledge

100) 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

Difficulty: Medium
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's
five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Comprehension

101) 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

Difficulty: Medium
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Comprehension

102) _____ 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

Difficulty: Medium
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Knowledge

103) 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

Difficulty: Medium
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Comprehension

104) 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

Difficulty: Hard
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Comprehension

105) 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

Difficulty: Medium
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Comprehension

106) 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

Difficulty: Medium
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Comprehension

107) 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

Difficulty: Medium
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Comprehension

108) 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

Difficulty: Medium

Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Comprehension

109) _____ 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

Difficulty: Medium
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Knowledge

110) 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

Difficulty: Medium
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Comprehension

111) 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

Difficulty: Medium
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Comprehension

112) 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

Difficulty: Medium
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Comprehension

113) 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

Difficulty: Medium

Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Comprehension

114) 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

Difficulty: Easy
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Knowledge

115) 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

Difficulty: Easy
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Knowledge

116) 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

Difficulty: Medium
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Comprehension

117) 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

Difficulty: Medium
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Comprehension

118) 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

Difficulty: Easy
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

119) WestJet's 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

120) 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

121) When Amazon welcomes you by name back to its website 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

Difficulty: Medium
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Knowledge

122) 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

Difficulty: Medium
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Comprehension

123) 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

Difficulty: Medium
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Comprehension

124) 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

Difficulty: Medium
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Comprehension

125) 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

Difficulty: Medium
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Comprehension

126) 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) easyJet

Answer: c

Difficulty: Hard

Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Knowledge

127) 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

Difficulty: Medium
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Comprehension

128) The Internet _____ buyers' access to information, _____ buyer power.

a) decreases, decreasing
b) decreases, increasing
c) increases, decreasing
d) increases, increasing

Answer: d

Difficulty: Medium
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Comprehension

129) 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

Difficulty: Medium
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Knowledge

130) 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

Difficulty: Medium
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Comprehension

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

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

Difficulty: Medium
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Comprehension

132) 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

Difficulty: Medium
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Comprehension

133) 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) managers communicate well but find it hard to implement projects that are discussed.
d) All of the above are reasons alignment is difficult.

Answer: b

Difficulty: Medium
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Comprehension

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

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

Answer: a

Difficulty: Medium
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Knowledge

135) 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

Difficulty: Medium
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Knowledge

136) _____ 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

Difficulty: Medium
Learning Objective: Identify effective IT responses to different kinds of business pressures.
Section Reference: 2.3 Business Pressures, Organizational Responses and Information Technology Support
AACSB: Use of Information Technology
Bloomcode: Knowledge

Question type: Short Answer

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

Difficulty: Medium
Learning Objective: Identify effective IT responses to different kinds of business pressures.
Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support
AACSB: Use of Information Technology
Bloomcode: Comprehension

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

Difficulty: Medium
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Comprehension

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

Difficulty: Medium
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Comprehension

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

Difficulty: Medium
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Comprehension

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

Difficulty: Medium
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.

Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Comprehension

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

Difficulty: Medium
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Comprehension

Question type: Essay

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

Difficulty: Medium
Learning Objective: Identify effective IT responses to different kinds of business pressures.
Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support
AACSB: Use of Information Technology
Bloomcode: Comprehension

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

Difficulty: Hard
Learning Objective: Identify effective IT responses to different kinds of business pressures.
Section Reference: 2.3 Business Pressures, Organizational Responses, and Information Technology Support
AACSB: Use of Information Technology
Bloomcode: Comprehension

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

Difficulty: Hard
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems

AACSB: Use of Information Technology
Bloomcode: Comprehension

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

Difficulty: Hard
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Analysis

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

Difficulty: Hard
Learning Objective: Describe the strategies that organizations typically adopt to counter Porter's five competitive forces.
Section Reference: 2.4 Competitive Advantage and Strategic Information Systems
AACSB: Use of Information Technology
Bloomcode: Application

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