

Name _____

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 1) Which of the following is a virtual resource of the firm? 1) _____
A) personnel B) information C) money D) material

Answer: B

Explanation: A)
 B)
 C)
 D)

- 2) Which of the following are not environmental elements of all firms? 2) _____
A) labor unions B) materials C) suppliers D) customers

Answer: B

Explanation: A)
 B)
 C)
 D)

- 3) Which of the following is not an advantage of coordination for the MNC? 3) _____
A) increased operating costs
B) keeping abreast of market needs worldwide
C) flexibility
D) increased efficiency and effectiveness

Answer: A

Explanation: A)
 B)
 C)
 D)

- 4) When a firm links its value chain to the value chains of other organizations the linkage creates a(n): 4) _____
A) open-loop system. B) cross functional system.
C) interorganizational system. D) value system.

Answer: C

Explanation: A)
 B)
 C)
 D)

- 5) According to Porter, a firm achieves competitive advantage by: 5) _____
A) creating a margin. B) creating a value chain.
C) creating a value system. D) creating value activities.

Answer: B

Explanation: A)
 B)
 C)
 D)

- 6) The general systems model of a firm has the following resource flows except for: 6) _____
A) virtual resource flow. B) geographic resource flow.
C) physical resource flow. D) firm's control mechanism.

Answer: B

Explanation: A)
B)
C)
D)

- 7) A firm that operates across products, markets, nations, and cultures is referred to as a(n): 7) _____
A) strategic corporation. B) multinational corporation.
C) global corporation. D) enterprise.

Answer: B

Explanation: A)
B)
C)
D)

- 8) Which environmental element invests money in the firm? 8) _____
A) customers B) financial community
C) government D) stockholders

Answer: D

Explanation: A)
B)
C)
D)

- 9) Which of the following is/are not a primary value activity? 9) _____
A) outbound logistics B) inbound logistics
C) technology development D) marketing and sales operations

Answer: C

Explanation: A)
B)
C)
D)

- 10) The term to describe the use of information to gain leverage in the marketplace is: 10) _____
A) strategic advantage. B) strategic objective.
C) competitive objective. D) competitive advantage.

Answer: D

Explanation: A)
B)
C)
D)

- 11) The firm's information resources consist of the following except for: 11) _____
A) information specialists. B) suppliers.
C) software. D) hardware.

Answer: B

Explanation: A)
B)
C)
D)

- 12) Which environmental element provides skilled and unskilled workers for certain trades and industries? 12) _____
A) human resources B) labor unions
C) personnel D) global community

Answer: B

Explanation: A)
B)
C)
D)

- 13) When information presents a complete picture of a problem, which dimension of information is in use? 13) _____
A) relevancy B) completeness C) timeliness D) accuracy

Answer: B

Explanation: A)
B)
C)
D)

- 14) What type of resource includes computer hardware and software, information specialists, and users? 14) _____
A) conceptual resources B) information management
C) physical resources D) information resources

Answer: D

Explanation: A)
B)
C)
D)

- 15) The following are environmental elements except: 15) _____
A) government. B) competitors. C) suppliers. D) employees.

Answer: D

Explanation: A)
B)
C)
D)

- 16) The network that uses information to create competitive advantage is called a: 16) _____
A) network chain. B) value network. C) value system. D) value chain.
Answer: C
Explanation: A)
B)
C)
D)
- 17) Which of the following is not part of a firm's supply chain? 17) _____
A) stockholders B) firm C) suppliers D) customers
Answer: A
Explanation: A)
B)
C)
D)
- 18) What is the only resource that connects the firm with all of the environmental elements? 18) _____
A) information B) machines C) money D) material
Answer: A
Explanation: A)
B)
C)
D)
- 19) Which dimension of competitive advantage uses cookies to store information about a user's transactions? 19) _____
A) middle B) tactical C) operational D) strategic
Answer: C
Explanation: A)
B)
C)
D)
- 20) The following are just some of the constraints that GIS developers must address except for: 20) _____
A) restrictions on data processing.
B) restrictions on hardware purchases and imports.
C) restrictions on graphics and icons.
D) restrictions on data communications.
Answer: C
Explanation: A)
B)
C)
D)

- 21) Which of the following is concerned with obtaining such resources as materials and machines, which are used by primary activities? 21) _____
- A) service activities
B) operations
C) procurement
D) marketing and sales operations
- Answer: C
Explanation: A)
B)
C)
D)
- 22) Which activity is defined as acquiring information, using it in the most effective way, and discarding it at the proper time? 22) _____
- A) operational management
B) knowledge management
C) tactical management
D) strategic management
- Answer: B
Explanation: A)
B)
C)
D)
- 23) Which of the following is/are a support activity? 23) _____
- A) service activities
B) logistics
C) human resources management
D) marketing and sales operations
- Answer: C
Explanation: A)
B)
C)
D)
- 24) When information pertains to the problem at hand, which dimension of information is in use? 24) _____
- A) timeliness
B) relevancy
C) completeness
D) accuracy
- Answer: B
Explanation: A)
B)
C)
D)
- 25) Which environmental resource flow occurs more frequently than the others? 25) _____
- A) money flow from the government
B) material flow to suppliers
C) personnel flow to competitors
D) machine flow from suppliers
- Answer: D
Explanation: A)
B)
C)
D)

26) Which of the following is not included in a SPIR?

A) itemized budget

C) summarized work plan

B) goals of the information services unit

D) executive summary

26) _____

Answer: A

Explanation: A)
B)
C)
D)

27) Which of the following is not a physical resource of the firm?

A) personnel

B) material

C) money

D) data

27) _____

Answer: D

Explanation: A)
B)
C)
D)

28) At which managerial level can managers specify how the strategic plans will be implemented?

A) strategic

B) middle

C) operational

D) tactical

28) _____

Answer: D

Explanation: A)
B)
C)
D)

29) Which of the following is not one of the four basic dimensions of information?

A) efficiency

B) accuracy

C) relevancy

D) timeliness

29) _____

Answer: A

Explanation: A)
B)
C)
D)

30) Which environmental resource flow occurs less frequently than the others?

A) money flow to stockholders

B) material flow to customers

C) information flow from customers

D) money flow from the government

30) _____

Answer: D

Explanation: A)
B)
C)
D)

SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.

31) _____ is the movement of machine-readable data across national boundaries.

31) _____

Answer: Transborder data flow

Explanation:

32) _____ suggests that harm can come from having too much information.

32) _____

Answer: Information overload

Explanation:

- 33) _____ are organizations and individuals that exist outside the firm and that have a direct or indirect influence on it. 33) _____
Answer: Environmental elements
Explanation:
- 34) In the information field, _____ refers to the use of information to gain leverage in the marketplace. 34) _____
Answer: competitive advantage
Explanation:
- 35) The firm is connected to its environmental elements by _____. 35) _____
Answer: environmental resource flows
Explanation:
- 36) A _____ is one that has a fundamental effect in shaping the firm's operations. 36) _____
Answer: strategic advantage
Explanation:
- 37) These products and services are marketed to the firm's _____. 37) _____
Answer: customers
Explanation:
- 38) Browsers often have _____, small files of information on the user's computer, that can store account numbers, passwords, and other information pertinent to the user's transactions. 38) _____
Answer: cookies
Explanation:
- 39) _____ is the process of organizing a firm's information so that it can easily be captured, stored, processed, and used by decision makers. 39) _____
Answer: Knowledge management
Explanation:
- 40) A firm achieves a _____ when it implements a strategy in a better way than its competitors. 40) _____
Answer: tactical advantage
Explanation:
- 41) Firms create value by performing what Porter calls _____. 41) _____
Answer: value activities
Explanation:
- 42) An _____ is one that deals with everyday transactions and processes. 42) _____
Answer: operational advantage
Explanation:
- 43) The leading proponent of competitive advantage is _____. 43) _____
Answer: Michael Porter
Explanation:

44) _____ supply the materials, machines, services, people, and information that the firm uses to produce its products or services. 44) _____

Answer: Suppliers

Explanation:

45) M _____ is the value of the firm's products and services minus their costs, as perceived by the firm's customers. 45) _____

Answer: Margin

Explanation:

TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.

46) In a larger system, the environmental elements are referred to as society. 46) _____

Answer: ☒ True ☐ False

Explanation:

47) When a firm's executives are fully committed to strategic planning, they do not need each business area to develop its own strategic plan. 47) _____

Answer: ☐ True ☒ False

Explanation:

48) Knowledge management is the process of organizing a firm's information so that it can easily be captured, stored, processed, and used by decision makers. 48) _____

Answer: ☒ True ☐ False

Explanation:

49) Legacy systems are incompatible or only partially compatible with current information technology. 49) _____

Answer: ☒ True ☐ False

Explanation:

50) Coordinating information processing in the MNC causes the overall costs of operation to increase. 50) _____

Answer: ☐ True ☒ False

Explanation:

51) Management is guided in its decision making by the firm's physical resource flow. 51) _____

Answer: ☐ True ☒ False

Explanation:

52) Information has relevancy when it pertains to the problem at hand. 52) _____

Answer: ☒ True ☐ False

Explanation:

53) The information resources necessary to meet the objectives are one topic that should be included in each SPIR. 53) _____

Answer: ☒ True ☐ False

Explanation:

54) Technology development supports but does influence the primary activities of the firm. 54) _____

Answer: ☐ True ☒ False

Explanation:

- 55) The physical resources of the firm include personnel, material, machines, and money. 55) _____
Answer: ☒ True ☐ False
Explanation:
- 56) A tactical advantage is one that has a fundamental effect in shaping the firm's operations. 56) _____
Answer: ☐ True ☒ False
Explanation:
- 57) Cookies are small files of information on the firm's computers that store customer information. 57) _____
Answer: ☐ True ☒ False
Explanation:
- 58) The physical resources of the firm are used to produce the products and services the firm provides to its customers. 58) _____
Answer: ☒ True ☐ False
Explanation:
- 59) A multinational corporation is a firm that operates across products, markets, nations, and cultures. 59) _____
Answer: ☒ True ☐ False
Explanation:
- 60) The CIO is the manager of information services who contributes managerial skills to solving problems relating not only to the information resources but also to other areas of the firm's operations. 60) _____
Answer: ☒ True ☐ False
Explanation:
- 61) Strategic planning for information resources is the concurrent development of strategic plans for information services and the firm so that the firm's plan reflects the support to be provided by information services. 61) _____
Answer: ☒ True ☐ False
Explanation:
- 62) The only resource that connects the firm with all of the environmental elements is information. 62) _____
Answer: ☒ True ☐ False
Explanation:
- 63) Competitive advantage refers to the use of data to gain leverage over the competitors. 63) _____
Answer: ☐ True ☒ False
Explanation:
- 64) Operational advantage is one that deals with everyday transactions and processes. 64) _____
Answer: ☒ True ☐ False
Explanation:
- 65) Tactical advantage is achieved when a firm implements a strategy in a better way than its competitors. 65) _____
Answer: ☒ True ☐ False
Explanation:

- 66) The most publicized data communications restriction is that put on transborder data flows. 66) _____
Answer: ☒ True ☐ False
Explanation:
- 67) The firm's business partners work together to create synergy. 67) _____
Answer: ☒ True ☐ False
Explanation:
- 68) The CIO can position information services as a vital element in the organizational structure of the firm by focusing on keeping business processes as they are. 68) _____
Answer: ☐ True ☒ False
Explanation:
- 69) The feedback loop is composed of the physical resources. 69) _____
Answer: ☐ True ☒ False
Explanation:
- 70) A strategic advantage is one that has a fundamental effect in shaping the firm's products. 70) _____
Answer: ☐ True ☒ False
Explanation:
- 71) The firm exists for the purpose of making a profit. 71) _____
Answer: ☐ True ☒ False
Explanation:
- 72) A global information system is an information system that consists of networks that do not cross national boundaries. 72) _____
Answer: ☐ True ☒ False
Explanation:
- 73) Communication overload suggests that harm can come from too much information. 73) _____
Answer: ☐ True ☒ False
Explanation:
- 74) Interaction with technology can vary greatly among cultures. 74) _____
Answer: ☒ True ☐ False
Explanation:
- 75) Firms create value by performing value activities. 75) _____
Answer: ☒ True ☐ False
Explanation:

ESSAY. Write your answer in the space provided or on a separate sheet of paper.

76) Explain Porter's strategy for firms attempting to gain a competitive advantage.

Answer: A firm achieves competitive advantage by creating a value chain that consists of primary and support activities which contribute to margin. Margin is the objective of the chain. Firms create value by performing value activities. The primary activities include inbound logistics, the firm's operations, outbound logistics, marketing and sales operations, and service activities. The firm's support activities include the firm's infrastructure. Each activity contains purchased inputs, human resources, and technology. Finally, each activity uses and creates information.

77) Explain the four basic dimensions of information.

Answer: The four basic dimensions of information include relevancy, accuracy, timeliness, and completeness. Information has relevancy when it pertains to the problem at hand. The degree of accuracy depends on the level of accuracy needed. Applications involving money require 100% accuracy, but long-range economic forecasts do not need to be 100% accurate. For information to be timely, it must be available for solving a problem before a crisis develops or before opportunities are lost. The user should be able to obtain information that presents a complete picture of a problem or solution, but should not be drowned in a sea of information.

78) What are the advantages that accrue to the MNC because of good information processing capabilities and the ability to coordinate?

Answer: Flexibility in responding to competitors in different countries and markets. The ability to respond in one country to a change in another. The ability to keep abreast of market needs worldwide. The ability to transfer knowledge between units in different countries. Reduction in overall operating costs. Increased efficiency and effectiveness in meeting customer needs, and the ability to achieve and maintain diversity in the firm's products and in their production and distribution.

79) What advice should a CIO take so he/she can position information services as a vital element to the firm?

Answer: Spend time with the business so he/she can learn the business. Build partnerships with the business units and line managers. Focus on improving business processes. Explain IS costs in business terms. Build credibility by delivering reliable IS services. And lastly, be open to ideas from outside the information systems area.

80) What are the two core topics that should be included in every strategic plan for information resources?

Answer: The two core topics that should be included in every plan:

1. The objectives to be achieved by each category of systems during the time period covered by the plan
2. The information resources necessary to meet the objectives

Answer Key

Testname: C2

- 1) B
- 2) B
- 3) A
- 4) C
- 5) B
- 6) B
- 7) B
- 8) D
- 9) C
- 10) D
- 11) B
- 12) B
- 13) B
- 14) D
- 15) D
- 16) C
- 17) A
- 18) A
- 19) C
- 20) C
- 21) C
- 22) B
- 23) C
- 24) B
- 25) D
- 26) A
- 27) D
- 28) D
- 29) A
- 30) D
- 31) Transborder data flow
- 32) Information overload
- 33) Environmental elements
- 34) competitive advantage
- 35) environmental resource flows
- 36) strategic advantage
- 37) customers
- 38) cookies
- 39) Knowledge management
- 40) tactical advantage
- 41) value activities
- 42) operational advantage
- 43) Michael Porter
- 44) Suppliers
- 45) Margin
- 46) TRUE
- 47) FALSE
- 48) TRUE
- 49) TRUE
- 50) FALSE

- 51) FALSE
- 52) TRUE
- 53) TRUE
- 54) FALSE
- 55) TRUE
- 56) FALSE
- 57) FALSE
- 58) TRUE
- 59) TRUE
- 60) TRUE
- 61) TRUE
- 62) TRUE
- 63) FALSE
- 64) TRUE
- 65) TRUE
- 66) TRUE
- 67) TRUE
- 68) FALSE
- 69) FALSE
- 70) FALSE
- 71) FALSE
- 72) FALSE
- 73) FALSE
- 74) TRUE
- 75) TRUE
- 76) A firm achieves competitive advantage by creating a value chain that consists of primary and support activities which contribute to margin. Margin is the objective of the chain. Firms create value by performing value activities. The primary activities include inbound logistics, the firm's operations, outbound logistics, marketing and sales operations, and service activities. The firm's support activities include the firm's infrastructure. Each activity contains purchased inputs, human resources, and technology. Finally, each activity uses and creates information.
- 77) The four basic dimensions of information include relevancy, accuracy, timeliness, and completeness. Information has relevancy when it pertains to the problem at hand. The degree of accuracy depends on the level of accuracy needed. Applications involving money require 100% accuracy, but long-range economic forecasts do not need to be 100% accurate. For information to be timely, it must be available for solving a problem before a crisis develops or before opportunities are lost. The user should be able to obtain information that presents a complete picture of a problem or solution, but should not be drowned in a sea of information.
- 78) Flexibility in responding to competitors in different countries and markets. The ability to respond in one country to a change in another. The ability to keep abreast of market needs worldwide. The ability to transfer knowledge between units in different countries. Reduction in overall operating costs. Increased efficiency and effectiveness in meeting customer needs, and the ability to achieve and maintain diversity in the firm's products and in their production and distribution.
- 79) Spend time with the business so he/she can learn the business. Build partnerships with the business units and line managers. Focus on improving business processes. Explain IS costs in business terms. Build credibility by delivering reliable IS services. And lastly, be open to ideas from outside the information systems area.
- 80) The two core topics that should be included in every plan:
 - 1. The objectives to be achieved by each category of systems during the time period covered by the plan
 - 2. The information resources necessary to meet the objectives