

Management Information Systems: Managing the Digital Firm, 16e (Laudon)

Chapter 1 Information Systems in Global Business Today

1) Which of the following is *not* one of the six strategic business objectives of information systems?

- A) New products and services
- B) Improved decision making
- C) Improved community relations
- D) Competitive advantage
- E) Survival

Answer: C

Difficulty: Challenging

AACSB: Information technology

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

2) Verizon's use of a web-based digital dashboard to provide managers with precise real-time information enabled it to improve which of the following?

- A) Compliance with regulations
- B) Managerial decision making
- C) Efficiency in creation of new products
- D) Employee morale
- E) Intimacy with its suppliers

Answer: B

Difficulty: Challenging

AACSB: Information technology

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

3) Which of the following may lead to competitive advantage?

- 1. New products, services, and business models;
- 2. Charging less for superior products;
- 3. Responding to customers in real time

- A) 1 only
- B) 1 and 2
- C) 2 and 3
- D) 1 and 3
- E) 1, 2, and 3

Answer: E

Difficulty: Challenging

AACSB: Analytical thinking

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

4) A firm that invests in an information system because it is a necessity of doing business does so because it is seeking to achieve which of the following business objectives?

- A) Operational excellence
- B) Improved decision making
- C) Competitive advantage
- D) Customer intimacy
- E) Survival

Answer: E

Difficulty: Moderate

AACSB: Information technology

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

5) The Mandarin Oriental's use of computer systems to keep track of guests' preferences is an example of which of the following?

- A) Improved flexibility
- B) Improved decision making
- C) Improved efficiency
- D) Customer intimacy
- E) Operational excellence

Answer: D

Difficulty: Moderate

AACSB: Information technology

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

6) The Toxic Substances Control Act requires firms to retain records of employee exposure to toxic chemicals:

- A) for 10 years.
- B) for 5 years.
- C) for 30 years.
- D) for 1 year.
- E) forever.

Answer: C

Difficulty: Moderate

AACSB: Information technology

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

7) Which of the following is the key business objective behind the technologies implemented by PCL Construction, as discussed in the chapter-opening case?

- A) Higher customer satisfaction levels
- B) Survival
- C) Improved employee morale
- D) Reduced delays in document management
- E) Reduced cost of supplies

Answer: D

Difficulty: Moderate

AACSB: Analytical thinking

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

8) Which of the following is an example of a business using information systems to improve customer and supplier intimacy?

- A) Walmart's RetailLink system
- B) The Mandarin Oriental's use of computers to keep track of guest preferences
- C) Verizon's use of a web-based digital dashboard to provide real-time company information for managers
- D) Apple's creation of the iPad
- E) PCL Construction's use of cloud computing

Answer: B

Difficulty: Challenging

AACSB: Information technology

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

9) Walmart exemplifies the power of information systems coupled with state-of-the-art business practices and supportive management to achieve which of the following?

- A) New products and services
- B) Operational efficiency
- C) Survival
- D) Customer intimacy
- E) Competitive advantage

Answer: B

Difficulty: Challenging

AACSB: Information technology

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

10) How much did American businesses spend on information systems hardware, software, and telecommunications equipment in 2017?

- A) About \$100 million
- B) About \$1 billion
- C) About \$100 billion
- D) About \$1 trillion
- E) About \$10 trillion

Answer: D

Difficulty: Moderate

AACSB: Information technology

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

11) To make sure they stock clothes that their customers will purchase, a department store implements a new application that analyzes spending levels at their stores and cross-references this data to popular clothing styles. Which of the following business objectives is this information intended to support?

- A) Customer intimacy
- B) Survival
- C) Operational excellence
- D) Improved decision making
- E) New products and services

Answer: C

Difficulty: Moderate

AACSB: Analytical thinking

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

12) Approximately how much revenue was generated by e-commerce in 2017?

- A) About \$1 trillion
- B) About \$2 trillion
- C) About \$229 billion
- D) About \$700 billion
- E) About \$180 billion

Answer: D

Difficulty: Moderate

AACSB: Information technology

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

13) All of the following are new technology-related trends in MIS *except*:

- A) cloud computing.
- B) big data.
- C) IoT.
- D) the mobile digital platform.
- E) co-creation of business value.

Answer: E

Difficulty: Moderate

AACSB: Analytical thinking

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

14) Which of the following statements about digital firms is *not* true?

- A) In digital firms, time shifting and space shifting are the norm.
- B) Today, most firms are fully digital.
- C) Digital firms offer extraordinary opportunities for flexible global organization and management.
- D) Digital firms sense and respond to their environments more rapidly than traditional firms.
- E) Digital firms have more flexibility to survive in turbulent times.

Answer: B

Difficulty: Challenging

AACSB: Reflective thinking

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

15) A firm that must invest in new information systems capabilities in order to comply with federal legislation is investing to achieve which business objective?

- A) Customer intimacy
- B) Operational excellence
- C) Survival
- D) Creation of new products
- E) Improved decision making

Answer: C

Difficulty: Moderate

AACSB: Information technology

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

16) Which of the following is *not* one of the IT innovations changing the world of business today?

- A) IoT
- B) Big data
- C) The mobile digital platform
- D) Cloud computing
- E) Business intelligence

Answer: D

Difficulty: Easy

AACSB: Reflective thinking

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

17) Which of the following is *not* one of the current changes taking place in information systems technology?

- A) Growing business use of big data
- B) Growth in cloud computing
- C) Growth in the PC platform
- D) Emerging mobile digital platform
- E) Increased usage of data generated by the Internet of Things

Answer: C

Difficulty: Moderate

AACSB: Reflective thinking

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

18) Thomas Friedman's description of the world as "flat" refers to:

- A) the flattening of economic and cultural advantages of developed countries.
- B) the use of the Internet and technology for instantaneous communication.
- C) the reduction in travel times and the ubiquity of global exchange and travel.
- D) the growth of globalization.
- E) the increased use of global currencies.

Answer: A

Difficulty: Easy

AACSB: Reflective thinking

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

19) In 2017, what percent of the U.S. economy resulted from foreign trade?

- A) 10 percent
- B) 25 percent
- C) 30 percent
- D) 50 percent
- E) 66 percent

Answer: C

Difficulty: Challenging

AACSB: Information technology

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

20) All of the following describe the effects of globalization *except*:

- A) significant decreases in operating costs.
- B) reduction of labor costs through outsourcing.
- C) ability to find low-cost suppliers.
- D) increases in transaction costs.
- E) replication of business models in multiple countries.

Answer: D

Difficulty: Challenging

AACSB: Analytical thinking

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

21) How many service jobs move offshore to lower-wage countries in a typical year?

- A) 3,000
- B) 30,000
- C) 300,000
- D) 3 million
- E) 30 million

Answer: C

Difficulty: Challenging

AACSB: Reflective thinking

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

22) Which of the following statements is *not* true?

- A) In 2017, American businesses invested about \$1 trillion in information systems hardware, software, and telecommunications equipment.
- B) In 2017, American businesses spent \$500 billion on business and management consulting and information technology services.
- C) Private business investment in information technology has grown from 21 percent of total invested capital in 1999 to 33 percent of all invested capital in 2017.
- D) Most of the business value of IT investment derives from organizational, management, and cultural changes inside firms.
- E) Much of the money spent by American businesses on business and management consulting involves redesigning firms' business operations to take advantage of new technologies.

Answer: B

Difficulty: Challenging

AACSB: Application of knowledge

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

23) Approximately how many Americans access the Internet using a smartphone or tablet?

- A) 118 million
- B) 172 million
- C) 194 million
- D) 230 million
- E) 258 million

Answer: D

Difficulty: Challenging

AACSB: Application of knowledge

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

24) Which of the following statements is *not* true?

- A) Many Fortune 500 U.S. firms derive more than half their revenues from foreign operations.
- B) Most PCs manufactured in China use microprocessor chips manufactured in Korea.
- C) Eighty percent of the toys sold in the United States are manufactured in China.
- D) In 2017, 60 percent of Apple's revenue was generated outside of the United States.
- E) Technology companies are particularly dependent on offshore revenue.

Answer: B

Difficulty: Challenging

AACSB: Application of knowledge

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

25) Internet advertising is growing at approximately 5 percent a year.

Answer: FALSE

Difficulty: Challenging

AACSB: Reflective thinking

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

26) Creating a marketing plan is not an example of a business process.

Answer: FALSE

Difficulty: Easy

AACSB: Reflective thinking

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

27) In order to be considered a digital firm, all of the firm's significant business relationships and core business processes must be digitally enabled.

Answer: FALSE

Difficulty: Easy

AACSB: Reflective thinking

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

28) A business model describes how a company produces, delivers, and sells a product or service to create wealth.

Answer: TRUE

Difficulty: Easy

AACSB: Reflective thinking

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

29) Private business investment in information technology constituted 55 percent of all invested capital in 2017.

Answer: FALSE

Difficulty: Moderate

AACSB: Reflective thinking

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

30) You are starting a small bike messenger company. Given your type of services (hand-delivering packages within a small geographical area), could your firm be a digital firm? If so, what would make this a digital firm?

Answer: Yes, your firm could be a digital firm. Being a digital firm doesn't mean that you just offer digital goods and services. A digital firm would have most of its relationships with customers, suppliers, and employees be digitally enabled. Ordering deliveries, assigning deliveries, managing employees and assignments could certainly be digitally enabled; using cell phones, information systems, and handheld devices to connect customers, delivery management, and bike messengers.

Difficulty: Challenging

AACSB: Analytical thinking

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

31) What are the main changes taking place in organizational use of information systems? Which of these do you think is having the greatest impact on businesses?

Answer: The main organizational changes taking place are:

1. businesses using social networking platforms to deepen interactions with employees, customers, and suppliers,
2. growing numbers of employees using mobile devices to connect with their firm, customers, and suppliers.
3. co-creation of business value, with the sources of business value shifting from products to solutions and experiences and from internal sources to networks of suppliers and collaboration with customers.

Student answers as to the greatest impact will vary. An example answer is: The increase in collaboration is having the greatest impact, as customers are essentially gaining greater control in determining the end product; businesses who are flexible enough to listen to and respond to customer demand will be more successful.

Difficulty: Moderate

AACSB: Analytical thinking

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

32) Define *business process*. What might be a business process used at a hospital?

Answer: A business process is a set of logically related tasks and behaviors for accomplishing work. Hiring a new employee, customer intake, and filing medical records are examples of business processes at a hospital.

Difficulty: Moderate

AACSB: Analytical thinking

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

33) The three activities in an information system that produce the information organizations use to control operations are:

- A) information, research, and analysis.
- B) input, output, and feedback.
- C) data, information, and analysis.
- D) data analysis, processing, and feedback.
- E) input, processing, and output.

Answer: E

Difficulty: Easy

AACSB: Information technology

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

34) Data collected at checkout counters in a grocery store is an example of:

- A) output.
- B) processing.
- C) feedback.
- D) input.
- E) information systems.

Answer: D

Difficulty: Easy

AACSB: Information technology

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

35) The total number of food items with storage temperature problems is an example of which of the following?

- A) Input
- B) Raw data
- C) Meaningful information
- D) Feedback
- E) Processing

Answer: C

Difficulty: Easy

AACSB: Information technology

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

36) Output:

A) is feedback that has been processed to create meaningful information that can be used by others.

B) is information that is returned to appropriate members of the organization to help them evaluate the input stage.

C) transfers data to the people who will use it or to the activities for which it will be used.

D) is the result of processing raw input data into meaningful information.

E) converts raw input into a meaningful form.

Answer: D

Difficulty: Easy

AACSB: Information technology

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

37) Converting raw data into a more meaningful form is called:

A) capturing.

B) processing.

C) organizing.

D) feedback.

E) analysis.

Answer: B

Difficulty: Easy

AACSB: Information technology

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

38) Which of the following is an example of raw data from an automobile manufacturer?

A) An average of 120 Subarus sold daily in New York in 2017

B) 1,200 Subaru Outbacks sold during the first quarter 2017 in New York

C) One Subaru Outback sold July 27, 2017 in Mohegan Lake, New York for \$24,000

D) Annual sales of Subaru Outbacks increased 5.3 percent

E) An average sale price of \$25,500 for all Subaru Outbacks sold during July 2017 in Mohegan Lake, New York

Answer: C

Difficulty: Challenging

AACSB: Information technology

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

39) In a hierarchical organization, the upper level consists of:

- A) scientists.
- B) senior management.
- C) professional employees.
- D) data workers.
- E) knowledge workers.

Answer: B

Difficulty: Moderate

AACSB: Reflective thinking

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

40) The fundamental set of assumptions, values, and ways of doing things that has been accepted by most of a company's members is called its:

- A) culture.
- B) environment.
- C) atmosphere.
- D) business process.
- E) mission.

Answer: A

Difficulty: Easy

AACSB: Reflective thinking

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

41) Data management technology consists of which of the following?

- A) Physical hardware and media used by an organization for storing data
- B) Detailed, preprogrammed instructions that control and coordinate the computer hardware components in an information system
- C) Two or more computers to share data or resources
- D) Hardware and software used to transfer data
- E) Software governing the organization of data on physical storage media

Answer: E

Difficulty: Easy

AACSB: Information technology

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

42) Which of the following statements best describes organizational culture?

- A) It encompasses the sum of beliefs and assumptions by all members.
- B) It enables the organization to transcend the different levels and specialties of its employees.
- C) It reflects the senior management's perspective on the organization and goals.
- D) It allows a company to achieve greater operational efficiency.
- E) It is a fundamental set of assumptions, values, and ways of doing things that has been accepted by most members of the organization.

Answer: E

Difficulty: Moderate

AACSB: Analytical thinking

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

43) Networking and telecommunications technologies, along with computer hardware, software, data management technology, and the people required to run and manage them, constitute an organization's:

- A) data management environment.
- B) networked environment.
- C) information technology (IT) infrastructure.
- D) information system.
- E) culture.

Answer: C

Difficulty: Easy

AACSB: Information technology

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

44) Maintaining the organization's financial records is a central purpose of which main business function?

- A) Manufacturing and accounting
- B) Finance and accounting
- C) Sales and manufacturing
- D) Finance and sales
- E) Human resources

Answer: B

Difficulty: Easy

AACSB: Reflective thinking

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

45) All of the following are examples of environmental actors in an information system *except*:

- A) competitors.
- B) regulatory agencies.
- C) customers.
- D) suppliers.
- E) sales force.

Answer: E

Difficulty: Moderate

AACSB: Information technology

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

46) Which of the following best describes the primary reason for implementing a new information system, from a business perspective?

- A) The system enables the firm to create new products and services.
- B) The system will create new value for the firm, beyond its costs.
- C) The system will automate key business processes.
- D) The system is in use by our primary competitors.
- E) The system integrates well with the Web.

Answer: B

Difficulty: Moderate

AACSB: Information technology

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

47) Which of the following would *not* be a complementary asset for a solar panel manufacturer?

- A) International solar equipment certification standards
- B) Government funding for green technology
- C) Centralized hierarchical decision making
- D) Innovation-driven management team
- E) Subsidies for adoption of solar energy

Answer: C

Difficulty: Moderate

AACSB: Analytical thinking

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

48) In a business hierarchy, which of the following levels is responsible for monitoring the daily activities of the business?

- A) Middle management
- B) Service workers
- C) Production management
- D) Operational management
- E) Knowledge workers

Answer: D

Difficulty: Moderate

AACSB: Reflective thinking

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

49) In _____, raw data is systematically acquired and transformed during various stages that add value to that information.

- A) an information value chain
- B) the firm value chain
- C) information processing
- D) the feedback process
- E) the dissemination process

Answer: A

Difficulty: Moderate

AACSB: Information technology

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

50) A corporation that funds an employee training program to build computer skills could be seen as investing in which main category of complementary assets?

- A) Managerial
- B) Governmental
- C) Social
- D) Organizational
- E) Auxiliary

Answer: A

Difficulty: Moderate

AACSB: Analytical thinking

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

51) Which of the following is an example of an organizational complementary asset?

- A) Choosing the appropriate business model
- B) A collaborative work environment
- C) Laws and regulations
- D) The Internet and telecommunications infrastructure
- E) Strong senior management

Answer: A

Difficulty: Moderate

AACSB: Reflective thinking

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

52) Which of the following is an example of a social complementary asset?

- A) Technology and service firms in adjacent markets
- B) Training programs
- C) Distributed decision-making rights
- D) Incentives for management innovation
- E) A strong IS development team

Answer: A

Difficulty: Moderate

AACSB: Reflective thinking

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

53) Which of the following roles in a firm would be *least* affected by using mobile devices to access firm information systems?

- A) Senior executives
- B) Sales executives
- C) Production workers
- D) Operational managers
- E) Knowledge workers

Answer: C

Difficulty: Challenging

AACSB: Analytical thinking

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

54) Which of the following would be used as an input for an information system?

- A) Sales by region report
- B) Sales for stores in a region
- C) Product ID, and price
- D) Year to date sales of products
- E) Marketing costs report for each product

Answer: C

Difficulty: Moderate

AACSB: Information technology

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

55) The three principal levels within a business organization hierarchy are:

- A) senior management, operational management, and service workers.
- B) senior management, middle management, and operational management.
- C) senior management, operational management, and information systems.
- D) senior management, middle management, and service workers.
- E) senior management, data workers, and service workers.

Answer: B

Difficulty: Challenging

AACSB: Reflective thinking

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

56) Personnel who design new products or services for a firm belong to which level of a business hierarchy?

- A) Middle management
- B) Production workers
- C) Knowledge workers
- D) Data workers
- E) Service workers

Answer: C

Difficulty: Moderate

AACSB: Reflective thinking

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

57) Which main business function is responsible for maintaining employee records?

- A) Sales and marketing
- B) Human resources
- C) Finance and accounting
- D) Manufacturing and production
- E) Middle management

Answer: B

Difficulty: Easy

AACSB: Reflective thinking

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

58) Which of the following constitutes an organizational element in the UPS tracking system described in the chapter?

- A) The specification of procedures for identifying packages with sender and recipient information
- B) Monitoring service levels
- C) Promoting the company strategy of low-cost, superior service
- D) The use of handheld computers and networks for managing package delivery
- E) A web-based Post Sales Order Management System

Answer: A

Difficulty: Challenging

AACSB: Analytical thinking

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

59) Which of the following constitutes a managerial element in the UPS tracking system described in the chapter?

- A) Taking inventory
- B) Providing package status reports to customers
- C) Using information to creating plans to deal with competitors
- D) In-house package tracking software
- E) Ability to embed UPS functions in external sites

Answer: B

Difficulty: Moderate

AACSB: Analytical thinking

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

60) Which of the following is a global network that uses universal standards to connect millions of different networks around the world?

- A) An extranet
- B) The World Wide Web
- C) The Internet
- D) An intranet
- E) Verizon

Answer: C

Difficulty: Easy

AACSB: Information technology

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

61) Which of the following is a service provided by the Internet that uses universally accepted standards for storing, retrieving, formatting, and displaying information in a page format?

- A) HTML
- B) The World Wide Web
- C) E-mail
- D) An extranet
- E) FTP

Answer: B

Difficulty: Easy

AACSB: Information technology

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

62) Which of the following is a private corporate network extended to authorized users outside the organization?

- A) An intranet
- B) The World Wide Web
- C) The Internet
- D) An extranet
- E) FTP

Answer: D

Difficulty: Easy

AACSB: Information technology

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

63) Which of the following deals with behavioral issues as well as technical issues surrounding the development, use, and impact of information systems used by managers and employees in the firm?

- A) Information systems literacy
- B) Information systems architecture
- C) Business processes
- D) Information technology infrastructure
- E) Management information systems

Answer: E

Difficulty: Moderate

AACSB: Reflective thinking

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

64) Which field of study focuses on both a behavioral and technical understanding of information systems?

- A) Sociology
- B) Operations research
- C) Economics
- D) Computer science
- E) Management information systems

Answer: E

Difficulty: Moderate

AACSB: Information technology

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

65) Information technology (IT) consists of all hardware and software that a firm needs to use in order to achieve its business objectives.

Answer: TRUE

Difficulty: Moderate

AACSB: Information technology

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

66) Computers and programs are the only things required to produce the information an organization needs.

Answer: FALSE

Difficulty: Easy

AACSB: Information technology

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

67) Information systems literacy focuses primarily on knowledge of information technology.

Answer: FALSE

Difficulty: Easy

AACSB: Information technology

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

68) The three main dimensions of information systems are management, organizations, and information technology.

Answer: TRUE

Difficulty: Moderate

AACSB: Reflective thinking

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

69) Knowledge workers make long-range strategic decisions about products and services.

Answer: FALSE

Difficulty: Easy

AACSB: Reflective thinking

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

70) There are four major business functions: human resources; manufacturing and production; finance and accounting; and information technology.

Answer: FALSE

Difficulty: Easy

AACSB: Reflective thinking

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

71) You need to know something about the hierarchy and culture of the company in order to understand how a specific business firm uses information systems.

Answer: TRUE

Difficulty: Moderate

AACSB: Analytical thinking

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

72) All business processes are formally documented by an organization.

Answer: FALSE

Difficulty: Moderate

AACSB: Reflective thinking

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

73) Creative work driven by new knowledge and information is a significant part of management responsibility.

Answer: TRUE

Difficulty: Easy

AACSB: Reflective thinking

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

74) Intranets link different systems and networks within a firm.

Answer: TRUE

Difficulty: Moderate

AACSB: Information technology

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

75) UPS's use of web-based tools that allow customers to embed UPS functions such as tracking and cost calculations into their own website is an information systems solution used to achieve customer intimacy.

Answer: TRUE

Difficulty: Challenging

AACSB: Analytical thinking

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

76) There is little variation in returns on IT investment across firms.

Answer: FALSE

Difficulty: Moderate

AACSB: Information technology

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

77) Laws and regulations creating fair, stable market environments are examples of complementary social assets required to optimize returns from IT investments.

Answer: TRUE

Difficulty: Moderate

AACSB: Reflective thinking

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

78) A firm that invests in a strong IS development team is making an investment in organizational complementary assets.

Answer: TRUE

Difficulty: Moderate

AACSB: Reflective thinking

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

79) Data is information that has been shaped into a form that is meaningful to human beings.

Answer: FALSE

Difficulty: Easy

AACSB: Reflective thinking

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

80) Feedback is output returned to appropriate members of the organization to help them evaluate or correct the input stage.

Answer: TRUE

Difficulty: Moderate

AACSB: Reflective thinking

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

81) The key elements of an organization are its structure, business processes, politics, culture, and people.

Answer: TRUE

Difficulty: Moderate

AACSB: Reflective thinking

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

82) Middle managers make long-range strategic decisions about the firm's products and services.

Answer: FALSE

Difficulty: Moderate

AACSB: Reflective thinking

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

83) Detailed, programmed instructions that control computer hardware components in an information system are known as computer software.

Answer: TRUE

Difficulty: Easy

AACSB: Information technology

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

84) Define operational excellence. How can information systems help achieve it?

Answer: Operational excellence is the achievement of higher levels of productivity, efficiency, and profitability. Information systems can help achieve operational excellence by improving communications to suppliers and optimizing the supply chain. Information systems could help managers communicate with workers more efficiently, enable technological innovation in products, minimize warehouse overhead, and streamline distribution.

Difficulty: Moderate

AACSB: Analytical thinking

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

85) You work for an auto manufacturer and distributor. How could you use information systems to achieve greater customer intimacy?

Answer: You could create a website that allows customers to customize cars, communicate with support personnel and other car owners. You could create an automated e-mail service reminding car owners to take their car in for periodic checkups. You could have an information system that tracks customer preferences in local areas, so you can provide cars that reflect local customer needs and desires.

Difficulty: Challenging

AACSB: Analytical thinking

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

86) What is the difference between information technology and information systems? Describe some of the functions of information systems.

Answer: Information technology (IT) consists of all the hardware and software that a firm needs to use to achieve its business objectives. Information systems are more complex. An information system can be defined technically as a set of interrelated components that collect (or retrieve), process, store, and distribute information to support decision making and control in an organization.

An information system:

- supports decision making, coordination, and control.
- helps employees analyze problems.
- helps employees visualize complex subjects.
- helps create new products.

Difficulty: Moderate

AACSB: Analytical thinking

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

87) You are a marketing manager for a national movie theater chain. Give an example of data that your department could use for creating meaningful information. What type of information could that data produce?

Answer: Movie ticket sales from individual theaters would be an example of raw data.

Meaningful information from this would be: average number of tickets sold to seniors on certain days of the week.

Difficulty: Challenging

AACSB: Analytical thinking

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

88) This chapter discusses how each organization has its own culture and sets of values shared by most of its members. What kind of shared values might you find at a law firm?

Answer: Shared values at a law firm might be: The legal system works, the legal system is fair, lawyers help people, and people need help with the legal system because it is complicated.

Difficulty: Moderate

AACSB: Analytical thinking

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

89) You work at the business headquarters for a chain of movie theaters. Describe this firm's information value chain.

Answer: An information value chain adds value to data at various stages, transforming it into valuable data. At a chain of movie theaters, data would be gathered from ticket sales and concession sales. Information systems would help transform this into meaningful information, such as determining the types of movies popular in certain regions, times and days of the week that people most often saw movies, and what snacks were the most popular. This information would be valuable in making decisions, such as offering ticket discounts during less popular time slots and offering more popular snack items. Further feedback based on the results of these decisions could determine whether these decisions were effective.

Difficulty: Moderate

AACSB: Analytical thinking

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

90) How does a company's use of information systems affect its corporate strategies? Provide an example.

Answer: A firm's ability to effectively use information technology is interdependent with its ability to implement corporate strategies and achieve corporate goals. More and more, the ability to compete and succeed depends on a company's ability to implement technology. What a business would like to do in the future can depend on what its systems will be able to do. Examples of this might be a company who invests in information systems that enable it to create new products or to make its distribution system more efficient, allowing the company to become the low-cost producer.

Difficulty: Challenging

AACSB: Analytical thinking

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

91) Why is the building of a house an appropriate analogy for the building of an information system?

Answer: Houses are built with hammers, nails, and wood, but these do not make a house. The architecture, design, setting, landscaping, and all of the decisions that lead to the creation of these features are part of the house and are crucial for solving the problem of putting a roof over one's head. Computers and programs are the hammer, nails, and lumber of computer-based information systems, but alone they cannot produce the information a particular organization needs. To understand information systems, you must understand the problems they are designed to solve, their architectural and design elements, and the organizational processes that lead to these solutions.

Difficulty: Challenging

AACSB: Analytical thinking; Written and oral communication

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

92) What is the single most important theme of the book?

Answer: The single most important theme of the book is that managers need to consider the broader organization and management dimensions of information systems to understand current problems as well as to derive substantial above-average returns from information technology investments.

Difficulty: Moderate

AACSB: Analytical thinking; Written and oral communication

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

93) What are complementary assets and how does investment in them impact returns on technology investments?

Answer: Complementary assets are those assets required to derive value from a primary investment. Research indicates that firms that support their technology investments with investments in complementary assets, such as new business models, new business processes, management behavior, organizational culture, or training, receive superior returns, whereas those firms failing to make these complementary investments receive less or no returns on their information technology investments.

Difficulty: Moderate

AACSB: Analytical thinking; Written and oral communication

LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

94) Disciplines that contribute to the technical approach to information systems include:

- A) computer science, engineering, and networking.
- B) operations research, management science, and computer science.
- C) engineering, utilization management, and computer science.
- D) management science, computer science, and engineering.
- E) economics, sociology, and psychology.

Answer: B

Difficulty: Challenging

AACSB: Information technology

LO: 1-3: What academic disciplines are used to study information systems and how does each contribute to an understanding of information systems?

95) Which of the following disciplines focuses on mathematical techniques for optimizing parameters of organizations, such as transportation and inventory control?

- A) Management science
- B) MIS
- C) Computer science
- D) Utilization management
- E) Operations research

Answer: E

Difficulty: Challenging

AACSB: Reflective thinking

LO: 1-3: What academic disciplines are used to study information systems and how does each contribute to an understanding of information systems?

96) Sociologists study information systems with an eye to understanding:

- A) how systems affect individuals, groups, and organizations.
- B) how human decision makers perceive and use formal information.
- C) how new information systems change the control and cost structures within the firm.
- D) the production of digital goods.
- E) mathematically based models and physical technology.

Answer: A

Difficulty: Moderate

AACSB: Information technology

LO: 1-3: What academic disciplines are used to study information systems and how does each contribute to an understanding of information systems?

97) Psychologists study information systems with an eye to understanding:

- A) how systems affect individuals, groups, and organizations.
- B) how human decision makers perceive and use formal information.
- C) how new information systems change the control and cost structures within the firm.
- D) the production of digital goods.
- E) mathematically based models and physical technology.

Answer: B

Difficulty: Moderate

AACSB: Information technology

LO: 1-3: What academic disciplines are used to study information systems and how does each contribute to an understanding of information systems?

98) The behavioral approach to information systems focuses on analyzing the psychological, social, and economic impacts of systems rather than the technical aspects.

Answer: TRUE

Difficulty: Moderate

AACSB: Reflective thinking

LO: 1-3: What academic disciplines are used to study information systems and how does each contribute to an understanding of information systems?

99) Describe the sociotechnical view of management information systems.

Answer: In the sociotechnical view of management information systems, optimal organizational performance is achieved by jointly optimizing both the social and technical systems used in production. Adopting a sociotechnical system's perspective helps to avoid purely technological approach to information systems.

Difficulty: Moderate

AACSB: Analytical thinking; Written and oral communication

LO: 1-3: What academic disciplines are used to study information systems and how does each contribute to an understanding of information systems?

100) Which academic disciplines contribute to the behavioral approach to information systems?

Answer: Sociologists study information systems with an eye toward how groups and organizations shape the development of systems and also how systems affect individuals, groups, and organizations. Psychologists study information systems with an interest in how human decision makers perceive and use formal information. Economists study information systems with an interest in understanding the production of digital goods, the dynamics of digital markets, and how new information systems change the control and cost structures within the firm.

Difficulty: Moderate

AACSB: Analytical thinking; Written and oral communication

LO: 1-3: What academic disciplines are used to study information systems and how does each contribute to an understanding of information systems?