

Management Information Systems, 14e, Global Edition (Laudon)
Chapter 1 Information Systems in Global Business Today

1) The six important business objectives of information technology are new products, services, and business models; customer and supplier intimacy; survival; competitive advantage; operational excellence; and

- A) improved flexibility.
- B) improved decision making.
- C) improved business practices.
- D) improved efficiency.
- E) improved business value.

Answer: B

Page Ref: 45

Difficulty: Easy

AACSB: Information technology

CASE: Concept

LO: 1.1: How are information systems transforming business, and why are they so essential for running and managing a business today?

2) Verizon Corporation's use of a Web-based digital dashboard to provide managers with precise real-time information illustrates which business objective?

- A) improved flexibility
- B) improved decision making
- C) competitive advantage
- D) survival
- E) customer and supplier intimacy

Answer: B

Page Ref: 47

Difficulty: Difficult

AACSB: Information technology

CASE: Synthesis

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 choices 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: D

Page Ref: 47

Difficulty: Difficult

AACSB: Analytical thinking

CASE: Application

LO: 1.1: How are information systems transforming business, and why are they so essential for running and managing a business today?

4) The use of information systems because of necessity describes the business objective of

- A) operational excellence.
- B) improved business practices.
- C) competitive advantage.
- D) improved flexibility.
- E) survival.

Answer: E

Page Ref: 47

Difficulty: Moderate

AACSB: Information technology

CASE: Concept

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 hotel's use of computer systems to keep track of guests' preferences is an example of

- A) improved flexibility.
- B) improved decision making.
- C) improved efficiency.
- D) customer and supplier intimacy.
- E) operational excellence.

Answer: D

Page Ref: 46

Difficulty: Moderate

AACSB: Information technology

CASE: Application

LO: 1.1: How are information systems transforming business, and why are they so essential for running and managing a business today?

6) The move of retail banking to use ATMs after Citibank unveiled its first ATMs illustrates the use of information systems to achieve which business objective?

- A) improved efficiency
- B) customer and supplier intimacy
- C) survival
- D) competitive advantage
- E) improved decision making

Answer: C

Page Ref: 47

Difficulty: Moderate

AACSB: Information technology

CASE: Application

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 objectives best describes the business strategy behind the technologies implemented by the San Francisco Giants, as discussed in the chapter case?

- A) customer and supplier intimacy
- B) survival
- C) competitive advantage
- D) customer support
- E) operational excellence

Answer: C

Page Ref: 35-36

Difficulty: Moderate

AACSB: Analytical thinking

CASE: Application

LO: 1.1: How are information systems transforming business, and why are they so essential for running and managing a business today?

8) An example of a business using information systems to create new products and services is

- A) Wal-Mart's RetailLink system.
- B) the Mandarin Oriental hotel's customer-preference tracking system.
- C) Verizon's Web-based digital dashboard.
- D) Apple Inc.'s iPod.
- E) the San Francisco Giants play tracking system.

Answer: D

Page Ref: 46

Difficulty: Difficult

AACSB: Information technology

CASE: Application

LO: 1.1: How are information systems transforming business, and why are they so essential for running and managing a business today?

9) An example of a business using information systems to attain operational excellence is

- A) Wal-Mart's Retail Link system.
- B) the Mandarin Oriental hotel's customer-preference tracking system.
- C) Verizon's Web-based digital dashboard.
- D) Apple Inc.'s iPod.
- E) Citibank's ATMs.

Answer: A

Page Ref: 46

Difficulty: Difficult

AACSB: Information technology

CASE: Application

LO: 1.1: How are information systems transforming business, and why are they so essential for running and managing a business today?

10) An example of a business using information systems for customer and supplier intimacy is

- A) Wal-Mart's Retail Link system.
- B) the Mandarin Oriental hotel's customer-preference tracking system.
- C) Verizon's Web-based digital dashboard.
- D) Apple Inc.'s iPod.
- E) Citibank's ATMs.

Answer: B

Page Ref: 46

Difficulty: Moderate

AACSB: Information technology

CASE: Application

LO: 1.1: How are information systems transforming business, and why are they so essential for running and managing a business today?

11) The temp agency that you own is having serious difficulties placing temps because few of them are familiar with Internet research. Investing in training software to enhance your workers' skills is an example of using technology to achieve which business objective?

- A) customer and supplier intimacy
- B) survival
- C) operational excellence
- D) improved decision making
- E) new products and services

Answer: B

Page Ref: 47

Difficulty: Moderate

AACSB: Analytical thinking

CASE: Synthesis

LO: 1.1: How are information systems transforming business, and why are they so essential for running and managing a business today?

12) Apple Computer dominates the online legal music sales industry primarily because of a failure of recording label companies to

- A) invest in technology.
- B) assemble accurate data.
- C) invest in complementary assets.
- D) modernize their information value chain.
- E) adopt a new business model.

Answer: E

Page Ref: 59

Difficulty: Moderate

AACSB: Information technology

CASE: Concept

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 advantages, for a firm, of cloud computing *except*

- A) ability to support mobile computing.
- B) ability to support remote work.
- C) ability to improve communication.
- D) ability to rely on markets to build value.
- E) ability to reduce data storage costs.

Answer: C

Page Ref: 39

Difficulty: Moderate

AACSB: Analytical thinking

CASE: Synthesis

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 are key corporate assets?

- A) intellectual property, core competencies, and financial and human assets
- B) production technologies and business processes for sales, marketing, and finance
- C) knowledge and the firm's tangible assets, such as goods or services
- D) time and knowledge
- E) significant business relationships

Answer: A

Page Ref: 44

Difficulty: Difficult

AACSB: Reflective thinking

CASE: Concept

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 can be said to be investing to achieve which business objective?

- A) customer intimacy
- B) operational excellence
- C) survival
- D) improved reporting
- E) improved decision making

Answer: C

Page Ref: 47

Difficulty: Moderate

AACSB: Information technology

CASE: Application

LO: 1.1: How are information systems transforming business, and why are they so essential for running and managing a business today?

16) Internet advertising is growing at approximately 15 percent a year.

Answer: TRUE

Page Ref: 38-39

Difficulty: Difficult

AACSB: Reflective thinking

CASE: Concept

LO: 1.1: How are information systems transforming business, and why are they so essential for running and managing a business today?

17) Developing a new product, hiring a new employee, and fulfilling an order are examples of business processes.

Answer: TRUE

Page Ref: 44

Difficulty: Easy

AACSB: Reflective thinking

CASE: Concept

LO: 1.1: How are information systems transforming business, and why are they so essential for running and managing a business today?

18) A fully digital firm produces only digital goods or services.

Answer: FALSE

Page Ref: 44

Difficulty: Moderate

AACSB: Reflective thinking

CASE: Concept

LO: 1.1: How are information systems transforming business, and why are they so essential for running and managing a business today?

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

Answer: TRUE

Page Ref: 46

Difficulty: Easy

AACSB: Reflective thinking

CASE: Concept

LO: 1.1: How are information systems transforming business, and why are they so essential for running and managing a business today?

20) Investment in IT is 33% of all invested capital.

Answer: TRUE

Page Ref: 38

Difficulty: Moderate

AACSB: Reflective thinking

CASE: Concept

LO: 1.1: How are information systems transforming business, and why are they so essential for running and managing a business today?

21) _____ is known as the enormous volume of data generated by Internet activity, such as Web traffic and e-mail.

Answer: Big data

Page Ref: 40

Difficulty: Moderate

AACSB: Reflective thinking

CASE: Concept

LO: 1.1: How are information systems transforming business, and why are they so essential for running and managing a business today?

22) 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: Being a digital firm doesn't purely rely on having 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.

Page Ref: 44

Difficulty: Difficult

AACSB: Analytical thinking

CASE: Synthesis

LO: 1.1: How are information systems transforming business, and why are they so essential for running and managing a business today?

23) 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 networks to connect with customers and suppliers,
2. businesses expanding their use of the mobile platform, and
3. increase in collaboration, with customers and suppliers more connected by networks to the firm and able to contribute in new products and services.

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.

Page Ref: 40

Difficulty: Moderate

AACSB: Analytical thinking

CASE: Synthesis

LO: 1.1: How are information systems transforming business, and why are they so essential for running and managing a business today?

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

- A) information retrieval, 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

Page Ref: 48-49

Difficulty: Easy

AACSB: Information technology

CASE: Concept

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

25) Order data for baseball tickets and bar code data are examples of

- A) raw input.
- B) raw output.
- C) customer and product data.
- D) sales information.
- E) information systems.

Answer: A

Page Ref: 48

Difficulty: Easy

AACSB: Information technology

CASE: Concept

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

26) The average number of tickets sold daily online is an example of

- A) input.
- B) raw data.
- C) meaningful information.
- D) feedback.
- E) processing.

Answer: C

Page Ref: 49

Difficulty: Easy

AACSB: Information technology

CASE: Application

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

27) Output

- A) is feedback that has been processed to create meaningful information.
- 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) transfers processed information to the people who will use it or to the activities for which it will be used.
- E) converts raw input into a meaningful form.

Answer: D

Page Ref: 49

Difficulty: Easy

AACSB: Information technology

CASE: Concept

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

28) Converting raw data into a more meaningful form is called

- A) capturing.
- B) processing.
- C) organizing.
- D) feedback.
- E) analysis.

Answer: B

Page Ref: 49

Difficulty: Easy

AACSB: Information technology

CASE: Concept

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

29) An example of raw data from a national chain of automobile stores would be

- A) an average of 13 Toyotas are sold daily in Kentucky.
- B) 30-percent increase in Toyota RAV4 sales during September in Kentucky.
- C) 1 Toyota RAV4 sold March 3, 2013, in Louisville, Kentucky.
- D) 10-percent improvement in sales projections for Toyota sales next year.
- E) a demographic breakdown of all Toyota buyers in the past year.

Answer: C

Page Ref: 48-49

Difficulty: Difficult

AACSB: Information technology

CASE: Application

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

30) In a hierarchical organization, the upper levels consist of

- A) managerial and professional employees.
- B) managerial, professional, and technical employees.
- C) professional and operational employees.
- D) managerial, professional, and operational employees.
- E) knowledge workers.

Answer: B

Page Ref: 52

Difficulty: Moderate

AACSB: Reflective thinking

CASE: Concept

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

31) 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 platform
- E) increased usage of social networking by business

Answer: C

Page Ref: 40

Difficulty: Moderate

AACSB: Reflective thinking

CASE: Concept

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

32) 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) values.
- E) ethos.

Answer: A

Page Ref: 52

Difficulty: Easy

AACSB: Reflective thinking

CASE: Concept

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

33) Thomas Friedman's declaration that the world was now "flat" meant that

- A) the Internet has reduced the economic advantages of developed countries.
- B) globalization is starting to offer less advantage to large corporations.
- C) the global economy is increasingly commanded by fewer and larger corporations.
- D) global capitalism is homogenizing culture and business practices throughout the world.
- E) global shipping rates have reached historic lows.

Answer: A

Page Ref: 43

Difficulty: Easy

AACSB: Reflective thinking

CASE: Concept

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

- 34) Data management technology consists of the
- 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

Page Ref: 53

Difficulty: Moderate

AACSB: Information technology

CASE: Concept

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

- 35) 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 set of assumptions and values accepted by most members.

Answer: E

Page Ref: 52

Difficulty: Moderate

AACSB: Analytical thinking

CASE: Application

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

- 36) 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) IT infrastructure.
 - D) information system.
 - E) culture.

Answer: C

Page Ref: 54

Difficulty: Moderate

AACSB: Information technology

CASE: Concept

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

37) 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

Page Ref: 52

Difficulty: Easy

AACSB: Reflective thinking

CASE: Concept

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

38) Which of the following is *not* one of the primary environmental actors that interacts with an organization and its information systems?

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

Answer: E

Page Ref: 49

Difficulty: Moderate

AACSB: Information technology

CASE: Concept

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

39) 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

Page Ref: 57

Difficulty: Moderate

AACSB: Information technology

CASE: Synthesis

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

40) 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

Page Ref: 59

Difficulty: Moderate

AACSB: Analytical thinking

CASE: Synthesis

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

41) In a business hierarchy, the level that is responsible for monitoring the daily activities of the business is

- A) middle management.
- B) service workers.
- C) production management.
- D) operational management.
- E) knowledge workers.

Answer: D

Page Ref: 51

Difficulty: Moderate

AACSB: Reflective thinking

CASE: Concept

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

42) From a business perspective, raw data is transformed systematically during various stages, transforming it into valuable information, in a process called

- A) the information value chain.
- B) the IT value chain.
- C) information processing.
- D) feedback.
- E) dissemination.

Answer: A

Page Ref: 57-58

Difficulty: Moderate

AACSB: Information technology

CASE: Concept

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

43) A corporation that funds a political action committee, which in turn promotes and funds a political candidate who agrees with the values of that corporation, could be seen as investing in which main category of complementary assets?

- A) managerial
- B) governmental
- C) social
- D) organizational
- E) auxiliary

Answer: C

Page Ref: 60

Difficulty: Moderate

AACSB: Analytical thinking

CASE: Application

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

44) An example of an organizational complementary asset is

- A) using the appropriate business model.
- B) a collaborative work environment.
- C) laws and regulations.
- D) the Internet.
- E) strong senior management.

Answer: A

Page Ref: 60

Difficulty: Moderate

AACSB: Reflective thinking

CASE: Concept

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

45) An example of a social complementary asset is

- 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

Page Ref: 60

Difficulty: Moderate

AACSB: Reflective thinking

CASE: Concept

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

46) 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

Page Ref: 51

Difficulty: Difficult

AACSB: Analytical thinking

CASE: Application

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

47) Which of the following would *not* be used as an input for an information system?

- A) digital dashboard
- B) handheld computer
- C) barcode scanner
- D) cell phone
- E) RFID reading

Answer: A

Page Ref: 48-49

Difficulty: Moderate

AACSB: Information technology

CASE: Application

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

48) 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

Page Ref: 51

Difficulty: Difficult

AACSB: Reflective thinking

CASE: Concept

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

49) Engineers, scientists, or architects, 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

Page Ref: 51

Difficulty: Moderate

AACSB: Reflective thinking

CASE: Concept

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

50) 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

Page Ref: 52

Difficulty: Easy

AACSB: Reflective thinking

CASE: Concept

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

51) 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

Page Ref: 55

Difficulty: Difficult

AACSB: Analytical thinking

CASE: Synthesis

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

52) A managerial element in the UPS tracking system described in the chapter is

- A) taking inventory.
- B) providing package status reports to customers.
- C) the decision to use automation.
- D) in-house package tracking software.
- E) ability to embed UPS functions in external sites.

Answer: C

Page Ref: 54

Difficulty: Moderate

AACSB: Analytical thinking

CASE: Synthesis

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

53) Information technology (IT) consists of all the hardware that a firm needs to use in order to achieve its business objectives, whereas information systems consist of all the software and business processes needed.

Answer: FALSE

Page Ref: 48

Difficulty: Moderate

AACSB: Information technology

CASE: Concept

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

54) Computers make up the entirety of an information system.

Answer: FALSE

Page Ref: 50

Difficulty: Easy

AACSB: Information technology

CASE: Concept

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

55) Information systems literacy describes the behavioral approach to information systems, whereas computer literacy describes the sociotechnical approach.

Answer: FALSE

Page Ref: 50

Difficulty: Easy

AACSB: Information technology

CASE: Concept

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

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

Answer: TRUE

Page Ref: 51

Difficulty: Moderate

AACSB: Reflective thinking

CASE: Concept

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

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

Answer: FALSE

Page Ref: 51

Difficulty: Easy

AACSB: Reflective thinking

CASE: Concept

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

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

Answer: FALSE

Page Ref: 51

Difficulty: Easy

AACSB: Reflective thinking

CASE: Concept

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

59) 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

Page Ref: 51-52

Difficulty: Moderate

AACSB: Analytical thinking

CASE: Application

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

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

Answer: FALSE

Page Ref: 52

Difficulty: Moderate

AACSB: Reflective thinking

CASE: Concept

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

61) Creative work driven by new knowledge and information is an insignificant part of management responsibility.

Answer: FALSE

Page Ref: 53

Difficulty: Easy

AACSB: Reflective thinking

CASE: Concept

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

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

Answer: TRUE

Page Ref: 54

Difficulty: Moderate

AACSB: Information technology

CASE: Concept

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

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

Answer: TRUE

Page Ref: 55

Difficulty: Difficult

AACSB: Analytical thinking

CASE: Application

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

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

Answer: FALSE

Page Ref: 59

Difficulty: Moderate

AACSB: Information technology

CASE: Concept

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

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

Answer: TRUE

Page Ref: 60

Difficulty: Moderate

AACSB: Reflective thinking

CASE: Concept

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

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

Answer: TRUE

Page Ref: 60

Difficulty: Moderate

AACSB: Reflective thinking

CASE: Concept

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

67) The behavioral approach to information systems leaves aside technical solutions to instead analyze the psychological, social, and economic impacts of systems.

Answer: TRUE

Page Ref: 61-62

Difficulty: Moderate

AACSB: Reflective thinking

CASE: Concept

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

68) _____ is data that has been shaped into a form that is meaningful to human beings.

Answer: Information

Page Ref: 48

Difficulty: Easy

AACSB: Reflective thinking

CASE: Concept

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

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

Answer: Feedback

Page Ref: 50

Difficulty: Moderate

AACSB: Reflective thinking

CASE: Concept

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

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

Answer: people

Page Ref: 51

Difficulty: Moderate

AACSB: Reflective thinking

CASE: Concept

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

71) _____ makes long-range strategic decisions about the firm's products and services.

Answer: Senior management

Page Ref: 51

Difficulty: Moderate

AACSB: Reflective thinking

CASE: Concept

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

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

Answer: software

Page Ref: 53

Difficulty: Easy

AACSB: Information technology

CASE: Concept

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

73) _____ is a global network that uses universal standards to connect millions of different networks around the world.

Answer: The Internet

Page Ref: 53

Difficulty: Easy

AACSB: Information technology

CASE: Concept

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

74) The _____ is a service provided by the Internet that uses universally accepted standards for storing, retrieving, formatting, and displaying information in a page format.

Answer: World Wide Web/Web/WWW

Page Ref: 54

Difficulty: Easy

AACSB: Information technology

CASE: Concept

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

75) _____ are private corporate networks extended to authorized users outside the organization.

Answer: Extranets

Page Ref: 54

Difficulty: Easy

AACSB: Information technology

CASE: Concept

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

76) 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.

Page Ref: 45

Difficulty: Moderate

AACSB: Analytical thinking

CASE: Synthesis

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

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

Answer: You could create a Web site 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.

Page Ref: 46

Difficulty: Difficult

AACSB: Analytical thinking

CASE: Application

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

78) 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

Page Ref: 48-49

Difficulty: Moderate

AACSB: Analytical thinking

CASE: Synthesis

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

79) 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.

Page Ref: 48-50

Difficulty: Difficult

AACSB: Analytical thinking

CASE: Synthesis

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

80) 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.

Page Ref: 44

Difficulty: Moderate

AACSB: Analytical thinking

CASE: Synthesis

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

81) 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.

Page Ref: 52

Difficulty: Moderate

AACSB: Analytical thinking

CASE: Synthesis

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

82) 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, 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.

Page Ref: 57-58

Difficulty: Difficult

AACSB: Analytical thinking

CASE: Synthesis

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

83) 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.

Page Ref: 45

Difficulty: Difficult

AACSB: Analytical thinking

CASE: Synthesis

LO: 1.2: What is an information system? How does it work? What are its management, organization, and technology components and why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

84) The field that 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 is called

- A) information systems literacy.
- B) information systems architecture.
- C) business processes.
- D) information technology infrastructure.
- E) management information systems.

Answer: E

Page Ref: 50

Difficulty: Moderate

AACSB: Reflective thinking

CASE: Concept

LO: 1.3: What academic disciplines are used to study information systems and how does each contribute to an understanding of information systems?

85) Disciplines that contribute to the technical approach to information systems are

- 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

Page Ref: 61

Difficulty: Difficult

AACSB: Information technology

CASE: Concept

LO: 1.3: What academic disciplines are used to study information systems and how does each contribute to an understanding of information systems?

86) The discipline that focuses on mathematical techniques for optimizing parameters of organizations, such as transportation and inventory control, is

- A) management science.
- B) MIS.
- C) computer science.
- D) utilization management.
- E) operations research.

Answer: E

Page Ref: 62

Difficulty: Difficult

AACSB: Reflective thinking

CASE: Concept

LO: 1.3: What academic disciplines are used to study information systems and how does each contribute to an understanding of information systems?

- 87) 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

Page Ref: 62

Difficulty: Moderate

AACSB: Information technology

CASE: Concept

LO: 1.3: What academic disciplines are used to study information systems and how does each contribute to an understanding of information systems?

- 88) 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

Page Ref: 62

Difficulty: Moderate

AACSB: Information technology

CASE: Concept

LO: 1.3: What academic disciplines are used to study information systems and how does each contribute to an understanding of information systems?

- 89) Which field of study focuses on both a behavioral and technical understanding of information systems?
- A) sociology
 - B) operations research
 - C) economics
 - D) behavioral computing
 - E) management information systems

Answer: E

Page Ref: 50

Difficulty: Moderate

AACSB: Information technology

CASE: Concept

LO: 1.3: What academic disciplines are used to study information systems and how does each contribute to an understanding of information systems?

90) In a(n) _____ perspective, the performance of a system is optimized when both the technology and the organization mutually adjust to one another until a satisfactory fit is obtained.

Answer: sociotechnical

Page Ref: 63

Difficulty: Moderate

AACSB: Information technology

CASE: Concept

LO: 1.3: What academic disciplines are used to study information systems and how does each contribute to an understanding of information systems?