Processes Systems and Information 4th edition McKinney Test Bank

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Processes, Systems, and Information, 4e **(McKinney/Kroenke)**
Chapter 1 The Importance of MIS

1) As a result of Moore's Law, the ratio of price to performance of computers has increased dramatically over the years.
Answer: FALSE
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 1: Why is Introduction to MIS the most important class in the business school?
Course LO: Discuss the role of information systems in supporting business processes

2) The increasing growth of technologies such as social media is an example of how Moore's Law can impact the business environment.
Answer: TRUE
Difficulty: Moderate
AACSB: Information Technology
Chapter LO: 1: Why is Introduction to MIS the most important class in the business school?
Course LO: Discuss the role of information systems in supporting business processes

3) Because of Moore's Law, the cost of data processing, communications, and storage is essentially zero.
Answer: TRUE
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 1: Why is Introduction to MIS the most important class in the business school?
Course LO: Discuss the role of information systems in supporting business processes

4) Future business professionals need to be able to access, evaluate, and apply emerging information technology to business.
Answer: TRUE
Difficulty: Easy
AACSB: Information Technology; Reflective Thinking
Chapter LO: 1: Why is Introduction to MIS the most important class in the business school?
Course LO: Discuss the role of information systems in supporting business processes

5) Moore's Law helps explain why any routine skill will be outsourced to the lowest bidder.
Answer: TRUE
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 1: Why is Introduction to MIS the most important class in the business school?
Course LO: Discuss the role of information systems in supporting business processes

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6) The importance of nonroutine cognitive skills will decrease in the future.
Answer: FALSE
Difficulty: Easy
AACSB: Information Technology; Reflective Thinking
Chapter LO: 1: Why is Introduction to MIS the most important class in the business school?
Course LO: Explain how IS can enhance systems of collaboration and teamwork

7) Critical feedback undermines collaboration.
Answer: FALSE
Difficulty: Easy
AACSB: Interpersonal Relations and Teamwork
Chapter LO: 1: Why is Introduction to MIS the most important class in the business school?
Course LO: Explain how IS can enhance systems of collaboration and teamwork

8) Effective collaboration is all about being cordial to one's team members.
Answer: FALSE
Difficulty: Easy
AACSB: Interpersonal Relations and Teamwork
Chapter LO: 1: Why is Introduction to MIS the most important class in the business school?
Course LO: Explain how IS can enhance systems of collaboration and teamwork

9) Experimentation increases the fear of failure.
Answer: FALSE
Difficulty: Easy
AACSB: Application of Knowledge
Chapter LO: 1: Why is Introduction to MIS the most important class in the business school?
Course LO: Discuss the role of information systems in supporting business processes

10) Information systems and computer technology provide job and wage benefits beyond just IS professionals.
Answer: TRUE
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 1: Why is Introduction to MIS the most important class in the business school?
Course LO: Discuss the role of information systems in employment

11) MIS is defined as the management and use of processes, information systems, and information to help organizations achieve their strategies.
Answer: TRUE
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 2: What is MIS?
Course LO: Discuss the role of information systems in supporting business processes

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12) Focusing on business processes is key to improving organizational effectiveness and efficiency.
Answer: TRUE
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 2: What is MIS?
Course LO: Describe the components of an information system (IS)

13) An information system is a collection of components, including a computer, that stores and retrieves data and produces information.
Answer: TRUE
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 2: What is MIS?
Course LO: Describe the components of an information system (IS)

14) A process may use multiple information systems, and an information system may touch many different processes.
Answer: TRUE
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 2: What is MIS?
Course LO: Discuss the role of information systems in supporting business processes

15) A process is a meaningful insight that helps employees do their jobs.
Answer: FALSE
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 2: What is MIS?
Course LO: Describe the components of an information system (IS)

16) Like business processes, information systems need to be monitored to ensure that they continue to meet their requirements.
Answer: TRUE
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 2: What is MIS?
Course LO: Describe the components of an information system (IS)

17) Throughout your career, in whatever field you choose, you will likely take an active role with the management of processes, information systems, and information.
Answer: TRUE
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 2: What is MIS?
Course LO: Discuss the role of information systems in supporting business processes

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18) Processes, systems, and information need to be created by a company to avoid "falling behind the technology curve."
Answer: FALSE
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 2: What is MIS?
Course LO: Discuss the role of information systems in supporting business processes

19) Business processes can influence the design of information systems.
Answer: TRUE
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 3: How does MIS relate to organizational strategy?
Course LO: Discuss the role of information systems in supporting business processes

20) Competitive strategy determines the structure, features, and functions of every information system.
Answer: TRUE
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 3: How does MIS relate to organizational strategy?
Course LO: Discuss the role of information systems in supporting business processes

21) Organizational strategy begins with an assessment of the fundamental characteristics and structure of an industry.
Answer: TRUE
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 4: What five forces determine industry structure?
Course LO: Discuss the role of information systems in supporting business processes

22) Porter's five forces determines the characteristics of the industry, how profitable it is, and how sustainable that profitability will be.
Answer: TRUE
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 4: What five forces determine industry structure?
Course LO: Discuss the role of information systems in supporting business processes

23) A substitute performs different functions as an industry's product by another means.
Answer: FALSE
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 4: What five forces determine industry structure?
Course LO: Discuss the role of information systems in supporting business processes

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24) Low customer switching costs are a threat to new entrants in an established industry.
Answer: FALSE
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 4: What five forces determine industry structure?
Course LO: Discuss the role of information systems in supporting business processes

25) Competition from rivals is particularly high when industry growth is slow and when exit barriers are high.
Answer: TRUE
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 4: What five forces determine industry structure?
Course LO: Discuss the role of information systems in supporting business processes

26) The strength of the bargaining power of suppliers and customers depends on the switching costs and product differentiation.
Answer: TRUE
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 4: What five forces determine industry structure?
Course LO: Explain how IS can be used to gain and sustain competitive advantage

27) The cost or differentiation strategy must be employed across an entire industry and cannot be tailored to specific industry segments.
Answer: FALSE
Difficulty: Moderate
AACSB: Application of Knowledge
Chapter LO: 5: What is competitive strategy?
Course LO: Explain how IS can be used to gain and sustain competitive advantage

28) It is wrong for a company to try more than one competitive strategy at a time.
Answer: TRUE
Difficulty: Moderate
AACSB: Information Technology
Chapter LO: 5: What is competitive strategy?
Course LO: Explain how IS can be used to gain and sustain competitive advantage

29) A company that states a strategy of low cost leadership and a differentiation on customer service simultaneously is most likely to achieve a strong competitive advantage.
Answer: FALSE
Difficulty: Moderate
AACSB: Information Technology
Chapter LO: 5: What is competitive strategy?
Course LO: Discuss the role of information systems in supporting business processes

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30) All processes, information systems, and information must be constructed to facilitate an organization's competitive strategy.
Answer: TRUE
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 5: What is competitive strategy?
Course LO: Explain how IS can be used to gain and sustain competitive advantage

31) Cost is what it takes to produce a product or service.
Answer: TRUE
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 5: What is competitive strategy?
Course LO: Discuss the role of information systems in supporting business processes

32) According to Porter, only one company in an industry can be the cost leader.
Answer: TRUE
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 5: What is competitive strategy?
Course LO: Discuss the role of information systems in supporting business processes

33) If a firm's competitive strategy is to be a cost leader, then business activities need to be developed to provide essential functions at the lowest possible cost.
Answer: TRUE
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 6: How does competitive strategy determine value chain structure?
Course LO: Explain how IS can be used to gain and sustain competitive advantage

34) Porter's five forces model is also referred to as the value chain model.
Answer: FALSE
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 6: How does competitive strategy determine value chain structure?
Course LO: Discuss the role of information systems in supporting business processes

35) A business that selects a differentiation strategy would necessarily structure itself around least-cost activities.
Answer: FALSE
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 6: How does competitive strategy determine value chain structure?
Course LO: Explain how IS can be used to gain and sustain competitive advantage

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36) A business with a differentiation strategy will add cost to an activity as long as the activity has a positive margin.
Answer: TRUE
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 6: How does competitive strategy determine value chain structure?
Course LO: Explain how IS can be used to gain and sustain competitive advantage

37) The difference between the value that an activity generates and the cost of the activity is called value-addition.
Answer: FALSE
Difficulty: Moderate
AACSB: Information Technology
Chapter LO: 6: How does competitive strategy determine value chain structure?
Course LO: Explain how IS can be used to gain and sustain competitive advantage

38) Porter defined value as the amount of money that a customer is willing to pay for a resource, product, or service.
Answer: TRUE
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 6: How does competitive strategy determine value chain structure?
Course LO: Discuss the role of information systems in supporting business processes

39) In the value chain, the primary activity of sales and marketing is the collection, storage, and physical distribution of products to buyers.
Answer: FALSE
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 6: How does competitive strategy determine value chain structure?
Course LO: Discuss the role of information systems in supporting business processes

40) In the value chain, the primary activity of customer service is to assist customers in their use of the product, and thus maintain and enhance the product's value.
Answer: TRUE
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 6: How does competitive strategy determine value chain structure?
Course LO: Discuss the role of information systems in supporting business processes

41) Inbound logistics involves receiving, storing, and disseminating inputs to products.
Answer: TRUE
Difficulty: Easy
AACSB: Information Technology
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42) Each stage of the value chain accumulates costs and adds value to the product.
Answer: TRUE
Difficulty: Easy
AACSB: Information Technology
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Course LO: Discuss the role of information systems in supporting business processes

43) The support activities in the generic value chain contribute directly to the production, sale, and service of the product.
Answer: FALSE
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 6: How does competitive strategy determine value chain structure?
Course LO: Discuss the role of information systems in supporting business processes

44) Support activities in a value chain include the processes of finding vendors, setting up contractual arrangements, and negotiating prices.
Answer: TRUE
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 6: How does competitive strategy determine value chain structure?
Course LO: Discuss the role of information systems in supporting business processes

45) Supporting functions of the value chain add value indirectly, and hence do not incur costs.
Answer: FALSE
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 6: How does competitive strategy determine value chain structure?
Course LO: Discuss the role of information systems in supporting business processes

46) It is difficult to calculate the margin of supporting activities because the specific value added by supporting activities is difficult to know.
Answer: TRUE
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 6: How does competitive strategy determine value chain structure?
Course LO: Discuss the role of information systems in supporting business processes

47) Manufacturing systems use linkages to reduce inventory costs.
Answer: TRUE
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 6: How does competitive strategy determine value chain structure?
Course LO: Discuss the role of information systems in supporting business processes

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48) Value chains and linkages have led to the creation of integrated, cross-departmental business systems.
Answer: TRUE
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 6: How does competitive strategy determine value chain structure?
Course LO: Discuss the role of information systems in supporting business processes

49) The central idea of a business process design is that organizations should automate or improve existing functional systems.
Answer: FALSE
Difficulty: Moderate
AACSB: Information Technology
Chapter LO: 6: How does competitive strategy determine value chain structure?
Course LO: Discuss the role of information systems in supporting business processes

50) Business processes determine the scope and requirements of each organization's information systems.
Answer: TRUE
Difficulty: Moderate
AACSB: Information Technology
Chapter LO: 7: How does competitive strategy determine business processes and information systems?
Course LO: Discuss the role of information systems in supporting business processes

51) Information system managers should support strategy, but it should never influence strategy.
Answer: FALSE
Difficulty: Moderate
AACSB: Information Technology
Chapter LO: 7: How does competitive strategy determine business processes and information systems?
Course LO: Discuss the role of information systems in supporting business processes

52) A company's strategy should stay the same and never change.
Answer: FALSE
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 7: How does competitive strategy determine business processes and information systems?
Course LO: Discuss the role of information systems in supporting business processes

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53) Which of the following statements best describes Moore's Law?
A) A computer processor becomes obsolete within 18 months.
B) The speed of a computer processor doubles every 18 months.
C) The number of transistors per square inch on an integrated chip doubles every 18 months.
D) The total number of transistors produced in the world doubles every 18 months.
Answer: C
Difficulty: Moderate
AACSB: Information Technology
Chapter LO: 1: Why is Introduction to MIS the most important class in the business school?
Course LO: Discuss the role of information systems in supporting business processes

54) Which of the following is a misinterpretation of Moore's Law?
A) A computer processor becomes obsolete within 18 months.
B) The total number of transistors produced in the world doubles every 18 months.
C) The number of transistors per square inch on an integrated chip doubles every 18 months.
D) The speed of a computer doubles every 18 months.
Answer: D
Difficulty: Moderate
AACSB: Information Technology
Chapter LO: 1: Why is Introduction to MIS the most important class in the business school?
Course LO: Discuss the role of information systems in supporting business processes

55) Which of the following results is attributed to Moore's Law?
A) The price of software has come down drastically.
B) The ratio of price to performance of computers has fallen drastically.
C) The risk of technology becoming obsolete has decreased.
D) Piracy of software has increased.
Answer: B
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 1: Why is Introduction to MIS the most important class in the business school?
Course LO: Discuss the role of information systems in supporting business processes

56) Because of Moore's Law, the cost of data processing, communications, and storage _____.
A) has increased exponentially
B) has remained unchanged
C) is witnessing an upward trend
D) is essentially zero
Answer: D
Difficulty: Easy
AACSB: Information Technology
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57) Which of the following trends driven by the Moore's Law is changing the way businesses use information technology (IT)?
A) the rapid growth of Internet accessibility
B) the decrease in data produced each year
C) the decrease in usage of mobile devices
D) the frequent increase in communication costs
Answer: A
Difficulty: Moderate
AACSB: Information Technology
Chapter LO: 1: Why is Introduction to MIS the most important class in the business school?
Course LO: Discuss the role of information systems in supporting business processes

58) Which of the following is a nonroutine cognitive skill that would provide one with job security?
A) abstract reasoning
B) tax accounting
C) communication skills
D) computer knowledge
Answer: A
Difficulty: Easy
AACSB: Application of Knowledge
Chapter LO: 1: Why is Introduction to MIS the most important class in the business school?
Course LO: Discuss the role of information systems in supporting business processes

59) _____ is the ability to make and manipulate models.
A) Abstract reasoning
B) Systems thinking
C) Collaboration
D) Experimentation
Answer: A
Difficulty: Easy
AACSB: Application of Knowledge
Chapter LO: 1: Why is Introduction to MIS the most important class in the business school?
Course LO: Discuss the role of information systems in supporting business processes

60) Miguel proposes a new design idea for an automobile to his boss. He illustrates the model through a presentation, describes how the firm could profit from it, and how it meets customers' needs. Which of Reich's four critical skills is Miguel exhibiting?
A) abstract reasoning
B) systems thinking
C) collaboration
D) process orientation
Answer: A
Difficulty: Moderate
AACSB: Analytical Thinking
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61) _____ is the ability to model the components of a system and to connect the inputs and outputs among those components into a sensible whole, one that explains the phenomenon observed.
A) Abstract reasoning
B) Systems collaboration
C) Systems thinking
D) Experimentation
Answer: C
Difficulty: Easy
AACSB: Application of Knowledge
Chapter LO: 1: Why is Introduction to MIS the most important class in the business school?
Course LO: Discuss the role of information systems in supporting business processes

62) Which of the following is a necessary condition for effective collaboration?
A) the ability to be cordial at all times
B) the ability to manipulate models
C) the ability to give and receive critical feedback
D) the ability to dominate group members
Answer: C
Difficulty: Easy
AACSB: Interpersonal Relations and Teamwork
Chapter LO: 1: Why is Introduction to MIS the most important class in the business school?
Course LO: Explain how IS can enhance systems of collaboration and teamwork

63) Ellen is the marketing manager of Qtopia Inc. She often develops ideas and plans with the help of her colleagues, and provides and receives critical feedback. According to Reich's four critical skills, Ellen is displaying _____ skills.
A) collaboration
B) systems thinking
C) abstract reasoning
D) experimentation
Answer: A
Difficulty: Moderate
AACSB: Analytical Thinking
Chapter LO: 1: Why is Introduction to MIS the most important class in the business school?
Course LO: Explain how IS can enhance systems of collaboration and teamwork

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64) _____ is defined as making a careful and reasoned analysis of an opportunity, envisioning potential products or solutions or applications of technology, and then developing those ideas that seem to have the most promise, consistent with the resources one has.
A) Collaboration
B) Systems thinking
C) Abstract reasoning
D) Experimentation
Answer: D
Difficulty: Easy
AACSB: Information Technology; Application of Knowledge
Chapter LO: 1: Why is Introduction to MIS the most important class in the business school?
Course LO: Discuss the role of information systems in supporting business processes

65) As a candidate at a job interview for the position of video and graphic designer, Steve is asked to create a design using Corel VideoStudio X3, a relatively new software that he has not learned yet. Which of the following skills is the interviewer trying to test?
A) systems thinking
B) abstract reasoning
C) collaboration
D) ability to experiment
Answer: D
Difficulty: Moderate
AACSB: Information Technology; Analytical Thinking
Chapter LO: 1: Why is Introduction to MIS the most important class in the business school?
Course LO: Discuss the role of information systems in supporting business processes

66) Which of the following is NOT the most significant determinant of employment and salary today?
A) ability to interpret data mining results for improved marketing
B) knowing how to use information systems to improve business process quality
C) education and industry
D) ability to apply emerging information systems technology to business.
Answer: C
Difficulty: Moderate
AACSB: Information Technology
Chapter LO: 1: Why is Introduction to MIS the most important class in the business school?
Course LO: Discuss the role of information systems in employment

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67) A(n) _____ involves finding potential customers, contacting them, and assigning a sales person.
A) value chain
B) information system
C) business process
D) differentiation strategy
Answer: C
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 2: What is MIS?
Course LO: Describe the components of an information system (IS)

68) Which of the following statements regarding an information system is true?
A) It does not produce data, but merely retrieves it.
B) It is synonymous with business processes.
C) It stores and retrieves data.
D) It can use only a single business process.
Answer: C
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 2: What is MIS?
Course LO: Describe the components of an information system (IS)

69) _____ determines the structure, features, and functions of every information system.
A) Differentiation strategy
B) Competitive strategy
C) Organizational culture
D) Organizational objective
Answer: B
Difficulty: Moderate
AACSB: Information Technology
Chapter LO: 3: How does MIS relate to organizational strategy?
Course LO: Discuss the role of information systems in supporting business processes

70) An organization's goals and objectives are determined by its _____.
A) industry structure
B) value chains
C) competitive strategy
D) information systems
Answer: C
Difficulty: Moderate
AACSB: Information Technology
Chapter LO: 3: How does MIS relate to organizational strategy?
Course LO: Discuss the role of information systems in supporting business processes

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71) Which of the following is the first stage in the sequence of how organizational strategy determines MIS?
A) formulate the business process
B) formulate a competitive strategy
C) determine the industry structure
D) determine the value chain structure
Answer: C
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 3: How does MIS relate to organizational strategy?
Course LO: Discuss the role of information systems in supporting business processes

72) The intensity of Porter's five forces model determines _____.
A) the exact number of customers a company will have
B) the exit strategy of a firm
C) how sustainable an industry's profitability will be
D) how to achieve a monopoly in the market
Answer: C
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 4: What five forces determine industry structure?
Course LO: Discuss the role of information systems in supporting business processes

73) According to Porter's five forces model, established companies face stronger threats from substitutes if the substitute's _____.
A) price is lower
B) benefits are different
C) switching cost is higher
D) functions are different
Answer: A
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 4: What five forces determine industry structure?
Course LO: Discuss the role of information systems in supporting business processes

74) Which of the following is an industry barrier for new entrants in an established market?
A) low financial investments
B) government policies
C) low customer switching costs
D) accessible distribution channels
Answer: B
Difficulty: Moderate
AACSB: Analytical Thinking
Chapter LO: 4: What five forces determine industry structure?
Course LO: Discuss the role of information systems in supporting business processes

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75) Willoughby Inc., a large chain of superstores, sources its products from thousands of suppliers who have limited product differentiation. The products stored at the superstores are also available at smaller convenience stores with a marginal price differentiation. In this case, which of the following competitive forces is most likely to be a threat to the company?
A) threat of substitutions
B) bargaining power of suppliers
C) threat of new entrants
D) bargaining power of customers
Answer: D
Difficulty: Hard
AACSB: Analytical Thinking
Chapter LO: 4: What five forces determine industry structure?
Course LO: Discuss the role of information systems in supporting business processes

76) Which of the following is not one of the four fundamental competitive strategies?
A) lowest cost across an industry
B) better product/service across an industry
C) lowest cost within an industry segment
D) low cost and differentiation within an industry segment
Answer: D
Difficulty: Moderate
AACSB: Analytical Thinking; Application of Knowledge
Chapter LO: 5: What is competitive strategy?
Course LO: Discuss the role of information systems in supporting business processes

77) Which of the following is a key for companies when choosing a competitive strategy?
A) It is essential for companies to commit to more than one strategy at a time.
B) The competitive strategy of companies must be distinctive and maintainable.
C) Companies must sell products at the highest price to become a cost leader.
D) Companies should try to imitate the competitive strategies of competitors.
Answer: B
Difficulty: Moderate
AACSB: Analytical Thinking; Application of Knowledge
Chapter LO: 5: What is competitive strategy?
Course LO: Discuss the role of information systems in supporting business processes

78) A car rental company operates in two cities and offers rental cars at low rates specifically to college students from these areas. This is an example of a(n) _____.
A) industry-wide differentiation strategy
B) focused differentiation strategy
C) focused cost leadership strategy
D) industry-wide cost leadership strategy
Answer: C
Difficulty: Moderate
AACSB: Analytical Thinking
Chapter LO: 5: What is competitive strategy?
Course LO: Discuss the role of information systems in supporting business processes

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79) Staples sells office supplies and machines, furniture, and business services both in stores and online. It sells every kind of stationery that one can imagine. It has over 2,000 stores worldwide in 26 countries. This is most likely an example of a(n) _____.
A) industry-wide differentiation strategy
B) focused differentiation strategy
C) focused cost leadership strategy
D) industry-wide cost leadership strategy
Answer: A
Difficulty: Hard
AACSB: Analytical Thinking
Chapter LO: 5: What is competitive strategy?
Course LO: Discuss the role of information systems in supporting business processes

80) Porter defined _____ as the amount of money a customer is willing to pay for a resource, product, or service.
A) margin
B) value
C) premium
D) cost
Answer: B
Difficulty: Easy
AACSB: Application of Knowledge
Chapter LO: 6: How does competitive strategy determine value chain structure?
Course LO: Discuss the role of information systems in supporting business processes

81) The difference between the value an activity generates and the cost of the activity is called the _____.
A) margin
B) revenue
C) break-even point
D) value-addition point
Answer: A
Difficulty: Easy
AACSB: Application of Knowledge
Chapter LO: 6: How does competitive strategy determine value chain structure?
Course LO: Discuss the role of information systems in supporting business processes

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82) A _____ is defined as a network of value-creating activities.
A) value segment
B) value pyramid
C) value chain
D) value system
Answer: C
Difficulty: Easy
AACSB: Application of Knowledge
Chapter LO: 6: How does competitive strategy determine value chain structure?
Course LO: Discuss the role of information systems in supporting business processes

83) Which activity of the value chain includes ordering and receiving raw materials for manufacturing?
A) inbound logistics
B) operations
C) outbound logistics
D) marketing
Answer: A
Difficulty: Moderate
AACSB: Application of Knowledge
Chapter LO: 6: How does competitive strategy determine value chain structure?
Course LO: Discuss the role of information systems in supporting business processes

84) Which activity of the value chain includes inducing a customer to purchase a product?
A) inbound logistics
B) operations/manufacturing
C) outbound logistics
D) sales and marketing
Answer: D
Difficulty: Easy
AACSB: Application of Knowledge
Chapter LO: 6: How does competitive strategy determine value chain structure?
Course LO: Discuss the role of information systems in supporting business processes

85) Ben oversees the delivery process at a local store. After going through the week's delivery schedule, he calls his team and assigns territories for each individual. He contacts the supervisor to arrange the necessary transport. Which activity of the value chain is Ben executing?
A) marketing
B) inbound logistics
C) outbound logistics
D) operations
Answer: C
Difficulty: Hard
AACSB: Analytical Thinking
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Course LO: Discuss the role of information systems in supporting business processes

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86) The difference between the total value added and the total costs incurred is called the _____ of the value chain.
A) revenue
B) break-even point
C) total margin
D) total premium
Answer: C
Difficulty: Moderate
AACSB: Application of Knowledge
Chapter LO: 6: How does competitive strategy determine value chain structure?
Course LO: Discuss the role of information systems in supporting business processes

87) Which of the following is a support activity in the value chain?
A) receiving inputs for production
B) distributing products to buyers
C) helping customers use a product
D) negotiating prices with vendors
Answer: D
Difficulty: Moderate
AACSB: Application of Knowledge
Chapter LO: 6: How does competitive strategy determine value chain structure?
Course LO: Discuss the role of information systems in supporting business processes

88) Which of the following is a support activity in the value chain that includes activities within the firm for developing new techniques, methods, and procedures?
A) technology
B) human resources
C) firm infrastructure
D) procurement
Answer: A
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 6: How does competitive strategy determine value chain structure?
Course LO: Discuss the role of information systems in supporting business processes

89) According to Porter, _____ includes recruiting, compensation, evaluation, and training of full- and part-time employees.
A) human resources
B) firm infrastructure
C) technology
D) procurement
Answer: A
Difficulty: Easy
AACSB: Application of Knowledge
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Course LO: Discuss the role of information systems in supporting business processes

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90) Which of the following support activities of a generic value chain deals with legal and government affairs?
A) technology
B) human resources
C) firm infrastructure
D) procurement
Answer: C
Difficulty: Easy
AACSB: Application of Knowledge
Chapter LO: 6: How does competitive strategy determine value chain structure?
Course LO: Discuss the role of information systems in supporting business processes

91) According to Porter's model of business activities, _____ are interactions across value activities.
A) value-additions
B) linkages
C) support activities
D) margins
Answer: B
Difficulty: Easy
AACSB: Application of Knowledge
Chapter LO: 6: How does competitive strategy determine value chain structure?
Course LO: Discuss the role of information systems in supporting business processes

92) Porter's model of integrating the activities of all departments involved in a value chain is referred to as business _____.
A) outsourcing
B) development
C) analysis
D) process design
Answer: D
Difficulty: Moderate
AACSB: Analytical Thinking
Chapter LO: 6: How does competitive strategy determine value chain structure?
Course LO: Discuss the role of information systems in supporting business processes

93) What changes must a company make if its value chain's margin is negative?
A) The value must be decreased.
B) The costs of the value chain need to be increased.
C) The number of stages in the generic chain must be increased.
D) The value must be increased so that it exceeds the cost.
Answer: D
Difficulty: Moderate
AACSB: Application of Knowledge
Chapter LO: 7: How does competitive strategy determine business processes and information systems?
Course LO: Discuss the role of information systems in supporting business processes

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94) Which is not an example of how IS can influence strategy?
A) reducing the threat of new competitors
B) offering new opportunities for differentiation
C) using processes that require more sophisticated information systems
D) pursuing a low-cost competitive strategy
Answer: C
Difficulty: Moderate
AACSB: Analytical Thinking
Chapter LO: 7: How does competitive strategy determine business processes and information systems?
Course LO: Discuss the role of information systems in supporting business processes

95) Strategic planning should always ask the following except _____.
A) how is our industry changing
B) which markets and products should we exit
C) what new advancements in IT are out there
D) what is next
Answer: C
Difficulty: Moderate
AACSB: Information Technology
Chapter LO: 7: How does competitive strategy determine business processes and information systems?
Course LO: Discuss the role of information systems in supporting business processes

96) State Moore's Law and describe its effects on the business environment.
Answer: Moore's Law states that the number of transistors per square inch on an integrated chip doubles every eighteen months. Because of Moore's Law, the ratio of price to performance of computers has fallen drastically, and the cost of data processing, communications and storage is essentially zero. Moore's Law has led to trends of new apps, more access, more data, and greater mobile use are rapidly changing the way businesses use IT. In addition, the opportunities they present to connect to customers throughout the world and improve business activities within the organization mean that IT is more important to business today than any time in history.
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 1: Why is Introduction to MIS the most important class in the business school?
Course LO: Discuss the role of information systems in supporting business processes

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97) What is the Information Age? Provide two aspects of this age.
Answer: Technologies and others before them have ushered in the Information Age, where the production, distribution, and control of information are the primary driver of the economy. Indicators of this age–the exploding quantities of data and the growth of Internet users. There are two unique aspects of this age. First, the global world is flat. A new IT opportunity in India can quickly find the capital and connections needed to spread rapidly worldwide.
Second, in such a flat and connected world, businesses must adapt quickly or be overtaken by those who do.
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 1: Why is Introduction to MIS the most important class in the business school?
Course LO: Discuss the role of information systems in supporting business processes

98) What is abstract reasoning and systems thinking? Give an example for each.
Answer: Abstract reasoning is the ability to make and manipulate models. Constructing a model of the five components of an information system is an example of abstract reasoning.
Systems thinking is the ability to model the components of the system and to connect the inputs and outputs among those components into a sensible whole, one that explains the phenomenon observed. Modeling system components and showing how components' inputs and outputs relate to one another is an example of systems thinking.
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 1: Why is Introduction to MIS the most important class in the business school?
Course LO: Discuss the role of information systems in supporting business processes

99) Explain the meaning of collaboration and experimentation with the help of examples.
Answer: Effective collaboration isn't about being nice. In fact, surveys indicate the single most important skill for effective collaboration is to give and receive critical feedback. For example, providing inputs to the marketing strategies devised by a marketing manager, and accepting critical feedback for it is effective collaboration. Experimentation refers to making a careful and reasoned analysis of an opportunity, envisioning potential products or solutions or applications of technology, and then developing those ideas that seem to have the most promise, consistent with the resources one has. For instance, creating and testing promising new alternatives, consistent with available resources is considered as experimentation.
Difficulty: Moderate
AACSB: Interpersonal Relations and Teamwork
Chapter LO: 1: Why is Introduction to MIS the most important class in the business school?
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100) Explain why experimentation can contribute to an organization's success
Answer: Experimentation is, however, making a careful and reasoned analysis of an opportunity, envisioning potential products or solutions or applications of technology, and then developing those ideas that seem to have the most promise, consistent with the resources you have.
Successful experimentation also means learning from the experience: If it worked, why? If not, why not? Experimentation is essential in a flat and connected global economy as the payoff for success in a global market is higher than ever. If a company does not experiment, it has lowered its chances of a breakthrough success.
Difficulty: Moderate
AACSB: Information Technology
Chapter LO: 1: Why is Introduction to MIS the most important class in the business school?
Course LO: Discuss the role of information systems in supporting business processes

101) Define management information systems.
Answer: Management information systems, or MIS, is the management and use of processes, information systems, and information to help organizations achieve their strategies.
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 2: What is MIS?
Course LO: Discuss the role of information systems in supporting business processes

102) What are processes, information systems, and information?
Answer: A process, or as it is sometimes called, a business process, is a way of doing something. For example, a company has a process for acquiring new customers. The process involves finding potential customers, contacting them, assigning a sales person and so forth. Because organizations accomplish work via processes, focusing on them is key to improving organizational effectiveness and efficiency. An information system is a collection of components, including a computer, that stores and retrieves data and produces information. Business processes and information systems are not the same things. A process may use multiple information systems, and an information system may touch many different processes. Information is a meaningful insight that helps employees to do their jobs.
Difficulty: Moderate
AACSB: Information Technology
Chapter LO: 2: What is MIS?
Course LO: Discuss the role of information systems in supporting business processes

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103) How does MIS help organizations achieve their strategies?
Answer: MIS exists to help people who work in a business achieve the strategies of that business. Because of the rapid pace of technology development, it can be tempting to construct information systems just to be "modern" or for some other reason. Constructing systems for such reasons is unwise and wasteful of both time and money. Processes, information systems, and information need to be created to achieve the organization's strategy. They are not created because the IS department thinks they need to be created or because the company is "falling behind the technology curve." As a future business professional, one needs to learn to look at information systems and technologies only through the lens of business need.
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 2: What is MIS?
Course LO: Discuss the role of information systems in supporting business processes

104) How does MIS relate to organizational strategy?
Answer: MIS exists to help organizations achieve their strategy. An organization's goals and objectives are determined by its competitive strategy. Thus, ultimately, competitive strategy determines the structure, features, and functions of every information system. Business processes can also influence the design of information systems.
Difficulty: Moderate
AACSB: Information Technology
Chapter LO: 3: How does MIS relate to organizational strategy?
Course LO: Discuss the role of information systems in supporting business processes

105) Briefly describe Porter's five forces model.
Answer: A model used to assess an industry structure is Porter's five forces model. According to this model, five competitive forces determine industry profitability: bargaining power of customers, threat of substitutes, bargaining power of suppliers, threat of new entrants, and rivalry among existing firms. A substitute performs the same or similar function as an industry's product by another means.
The threat from new entrants is based on industry barriers to entry and the reaction new entrants can expect from established companies in the industry.
The competition from industry rivals, also called copycats, is high when rivals compete with each other using price discounting, new products, and service improvements.
The last two forces concern bargaining power forces from suppliers or from customers. The strength of these forces depends on the number of available suppliers and buyers, switching costs, the differentiation of the product, and the relative size of the firm compared to the size of suppliers or customers.
Difficulty: Moderate
AACSB: Information Technology
Chapter LO: 4: What five forces determine industry structure?
Course LO: Discuss the role of information systems in supporting business processes

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106) Explain what Walmart views to be a substitution threat and why?
Answer: Substitutes can also be doing without, buying used, or doing it yourself. The threat of a substitute is stronger if the substitute's price is lower, if the benefits of the substitute are similar, and if it is easy for the buyer to switch products. For example, Walmart views e-commerce and used products as substitution threats. Walmart judges the threat from e-commerce to be high because switching costs are low and prices can be low.
Difficulty: Moderate
AACSB: Information Technology
Chapter LO: 4: What five forces determine industry structure?
Course LO: Discuss the role of information systems in supporting business processes

107) What conditions create high competition from industry rivals?
Answer: The competition from industry rivals, also called copycats, is high when rivals compete with each other using price discounting, new products, and service improvements. Competition from rivals is particularly high when competitors are numerous, when industry growth is slow, and when exit barriers are high.
Difficulty: Moderate
AACSB: Information Technology
Chapter LO: 4: What five forces determine industry structure?
Course LO: Discuss the role of information systems in supporting business processes

108) What are the different competitive strategies according to Porter's model?
Answer: An organization responds to the structure of its industry by choosing a competitive strategy. Porter followed his five forces model with the model of four competitive strategies. According to Porter, a firm can engage in one of four fundamental competitive strategies. An organization can be the cost leader and provide products at the lowest prices in the industry, or it can focus on adding value to its products to differentiate them from those of the competition. Further, the organization can employ the cost or differentiation strategy across an industry, or it can focus its strategy on a particular industry segment. According to Porter, to be effective, the organization's goals, objectives, culture, and activities must be consistent with the organization's strategy.
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 5: What is competitive strategy?
Course LO: Discuss the role of information systems in supporting business processes

109) Define value, margin, and value chain.
Answer: Porter defined value as the amount of money that a customer is willing to pay for a resource, product, or service. The difference between the value that an activity generates and the cost of the activity is called the margin. A value chain is a network of value-creating activities. According to Porter, that generic chain consists of five primary activities and four support activities.
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 6: How does competitive strategy determine value chain structure?
Course LO: Discuss the role of information systems in supporting business processes

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110) What are the primary activities in the value chain?
Answer: The primary activities in the value chain include:
1. Inbound logistics - Receiving, storing, and handling raw materials and other inputs
2. Operations/manufacturing - Transforming inputs into the final product
3. Outbound logistics - Collecting, storing, and physically distributing the product to buyers
4. Sales and marketing - Inducing buyers to purchase the product and providing a means for them to do so
5. Customer service - Assisting customers' use of the product and thus maintaining and enhancing the product's value
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 6: How does competitive strategy determine value chain structure?
Course LO: Discuss the role of information systems in supporting business processes

111) What are the support activities of a value chain? What processes are part of the support activities?
Answer: The support activities in the generic value chain contribute or facilitate the primary value chain activities. They include procurement, technology, human resources, and firm infrastructure. Porter defined procurement as the processes of finding vendors, setting up contractual arrangements, and negotiating prices. He defined technology broadly. It includes research and development, but it also includes other activities within the firm for developing new techniques, methods, and procedures. He defined human resources as recruiting, compensation, evaluation, and training of full- and part-time employees. Finally, firm infrastructure includes general management, finance, accounting, legal, and government affairs.
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 6: How does competitive strategy determine value chain structure?
Course LO: Discuss the role of information systems in supporting business processes

112) Do supporting functions add value? How do they contribute to the margin?
Answer: Supporting functions add value, albeit indirectly, and they also have costs. supporting activities contribute to a margin. In the case of supporting activities, it would be difficult to calculate the margin because the specific value added of, say, the manufacturer's lobbyists in Washington, D.C., is difficult to know. But there is a value added, there are costs, and there is a margin, even if it is only in concept.
Difficulty: Moderate
AACSB: Information Technology
Chapter LO: 6: How does competitive strategy determine value chain structure?
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113) How does Porter define procurement, technology, human resources, and firm infrastructure?
Answer: Porter defined procurement as the processes of finding vendors, setting up contractual arrangements, and negotiating prices. He defined technology broadly to include research and development and other activities within the firm for developing new techniques, methods, and procedures. He defined human resources as recruiting, compensation, evaluation, and training of full- and part-time employees. Firm infrastructure includes general management, finance, accounting, legal, and government affairs.
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 6: How does competitive strategy determine value chain structure?
Course LO: Discuss the role of information systems in supporting business processes

114) Explain the meaning of value chain linkages with the help of an example.
Answer: Porter's model of business activities includes linkages, which are interactions across value activities. For example, manufacturing systems use linkages to reduce inventory costs. Such a system uses sales forecasts to plan production; it then uses the production plan to determine raw material needs and then uses the material needs to schedule purchases. The result is just-in-time inventory, which reduces inventory sizes and costs.
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 6: How does competitive strategy determine value chain structure?
Course LO: Discuss the role of information systems in supporting business processes

115) Define the concept of business process design.
Answer: By describing value chains and their linkages, Porter started a movement to create integrated, cross-departmental business systems. Over time, Porter's work led to the creation of a new discipline called business process design. The central idea is that organizations should not automate or improve existing functional systems. Rather, they should create new, more efficient business processes that integrate the activities of all departments involved in a value chain.
Difficulty: Easy
AACSB: Information Technology
Chapter LO: 6: How does competitive strategy determine value chain structure?
Course LO: Discuss the role of information systems in supporting business processes

116) How does competitive strategy determine business processes and information systems?
Answer: Organizations analyze their industry and choose a competitive strategy. Given that strategy, they examine their value chain and design business processes that span value-generating activities. Those processes determine the scope and requirements of each organization's information systems.
Difficulty: Easy
AACSB: Information Technology
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117) Using the example of bike rentals, explain what type of competitive strategy the "best of breed" rental company uses and how it differs from the low-cost rental company.
Answer: The second company has chosen a differentiation strategy. It provides "best-of-breed" rentals to executives at a high-end conference resort. Notice that this business has designed its business processes to ensure superb service. To achieve a positive margin, it must ensure that the value added will exceed the costs of providing the service. The high-service business uses processes that require more sophisticated information systems. It has a sales tracking database that tracks past customer rental activity and an inventory database that is used to select and up-sell bicycle rentals as well as control bicycle inventory with a minimum of fuss to its high-end customers.
Difficulty: Moderate
AACSB: Information Technology
Chapter LO: 7: How does competitive strategy determine business processes and information systems?
Course LO: Discuss the role of information systems in supporting business processes

118) Explain the difference in information systems required for the low-cost rentals versus high service rentals.
Answer: The processes used by the student rental business require minimal information systems support. The only computer/software/data component in its business is the machine provided by its bank for processing credit card transactions. The high-service business uses processes that require more sophisticated information systems. It has a sales tracking database that tracks past customer rental activity and an inventory database that is used to select and up-sell bicycle rentals as well as control bicycle inventory with a minimum of fuss to its high-end customers.
Difficulty: Moderate
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