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Management Information Systems, 17e **(Laudon/Laudon)**
Chapter 1 Information Systems in Global Business Today

1) Which of the following is *not* one of the six strategic business objectives that businesses are seeking to achieve when they invest in information systems?
A) Operational excellence
B) Improved decision making
C) Improved community relations
D) Competitive advantage
E) Survival
Answer: C
Difficulty: Challenging
AACSB: Information technology
LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

2) Verizon Corporation uses a web-based digital dashboard to provide managers with real-time information in order to:
A) comply with regulations.
B) improve decision making.
C) create customer intimacy.
D) improve employee morale.
E) create supplier intimacy.
Answer: B
Difficulty: Challenging
AACSB: Information technology
LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

3) Which of the following may lead to competitive advantage?
1. New products, services, and business models
2. Charging less for superior products
3. Responding to customers in real time
A) 1 only
B) 1 and 2
C) 2 and 3
D) 1 and 3
E) 1, 2, and 3
Answer: E
Difficulty: Challenging
AACSB: Analytical thinking
LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

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4) A firm that invests in an information system because it is a necessity of doing business does so because it is seeking to achieve which of the following business objectives?
A) Operational excellence
B) Improved decision making
C) Competitive advantage
D) Customer intimacy
E) Survival
Answer: E
Difficulty: Moderate
AACSB: Information technology
LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

5) The Mandarin Oriental uses computer systems to keep track of guests' preferences in order to:
A) Improve flexibility
B) Improve decision making
C) Increase efficiency
D) Enhance customer intimacy
E) Achieve operational excellence
Answer: D
Difficulty: Moderate
AACSB: Information technology
LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

6) All of the following are examples of challenges that required companies to create information systems as a necessity of doing business *except*:
A) Walmart's development of Retail Link.
B) Citibank's development of an ATM network.
C) the passage of the Toxic Substances Control Act.
D) the passage of the Sarbanes-Oxley Act.
E) the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act.
Answer: A
Difficulty: Challenging
AACSB: Information technology
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7) As discussed in the chapter-opening case, AWM Smart Shelf can help brands and retailers achieve which of the following?
A) Increased customer intimacy
B) Survival
C) Improved employee morale
D) Development of new products
E) Increased supplier intimacy
Answer: A
Difficulty: Moderate
AACSB: Analytical thinking
LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

8) Which of the following is an example of a business using information systems to improve supplier intimacy?
A) Citibank's ATM system
B) The Mandarin Oriental's use of computers to keep track of guest preferences
C) Verizon Corporation's use of a web-based digital dashboard to provide real-time information for managers
D) Apple's creation of the iPad
E) JCPenney's information system that allows its contract manufacturers to see what garments have been sold and need to be replaced
Answer: E
Difficulty: Challenging
AACSB: Information technology
LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

9) Walmart exemplifies the power of information systems coupled with state-of-the-art business practices and supportive management to achieve which of the following?
A) The development of new products and services
B) Operational efficiency
C) Survival
D) Customer intimacy
E) Competitive advantage
Answer: B
Difficulty: Challenging
AACSB: Information technology
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10) In each of the years between 1999 and 2019, capital investment in information technology, consisting of IT equipment, software, and research and development (R&D), accounted for over _____ percent of U.S. total capital spending (in nominal GDP).
A) 40
B) 50
C) 55
D) 65
E) 70
Answer: A
Difficulty: Moderate
AACSB: Information technology
LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

11) To make sure it stocks clothes that its customers will purchase, a department store implements a new application that analyzes spending levels at its stores and cross-references this data to popular clothing styles. Which of the following business objectives is this information intended to support?
A) Customer intimacy
B) Survival
C) New business models
D) Supplier intimacy
E) New services
Answer: A
Difficulty: Moderate
AACSB: Analytical thinking
LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

12) Approximately how much revenue was generated by e-commerce sales worldwide in 2019?
A) About $3.6 billion
B) About $36 billion
C) About $360 billion
D) About $3.6 trillion
E) About $36 trillion
Answer: D
Difficulty: Moderate
AACSB: Information technology
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13) All of the following are new technology-related innovations in MIS *except*:
A) cloud computing.
B) big data.
C) IoT.
D) the mobile digital platform.
E) co-creation of business value.
Answer: E
Difficulty: Moderate
AACSB: Information technology
LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

14) Which of the following statements about digital firms is *not* true?
A) In digital firms, time shifting and space shifting are the norm.
B) Today, most firms are fully digital.
C) Digital firms offer extraordinary opportunities for flexible global organization and management.
D) Digital firms sense and respond to their environments more rapidly than traditional firms.
E) Digital firms have more flexibility to survive in turbulent times.
Answer: B
Difficulty: Challenging
AACSB: Information technology
LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

15) A firm that must invest in new information systems capabilities in order to comply with federal legislation is investing to achieve which business objective?
A) Customer intimacy
B) Operational excellence
C) Survival
D) Creation of new products
E) Improved decision making
Answer: C
Difficulty: Moderate
AACSB: Information technology
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16) All of the following exemplify the new face of e-commerce in the twenty-first century *except*:
A) Netflix
B) Tumblr
C) Apple Music
D) Facebook
E) GE
Answer: E
Difficulty: Easy
AACSB: Application of knowledge
LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

17) All of the following are characteristics of twenty-first digital firms *except*:
A) use of social media to enter into conversations with customers.
B) greater awareness of changes in technology, consumer attitudes, and culture.
C) better understanding of the importance of information technology in creating and managing the firm.
D) greater emphasis on hierarchy and structure.
E) more emphasis on decision-making based on data and analysis.
Answer: D
Difficulty: Moderate
AACSB: Application of knowledge
LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

18) Journalist Thomas Friedman's description of the world as "flat" refers to the:
A) reduction of economic and cultural advantages of developed countries.
B) use of social media for instantaneous communication.
C) reduction in travel times and the ubiquity of global exchange and travel.
D) flattened hierarchies in digital firms.
E) increased use of global currencies.
Answer: A
Difficulty: Moderate
AACSB: Application of knowledge
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19) In 2019, what percent of the world economy resulted from foreign trade?
A) 10 percent
B) 25 percent
C) 30 percent
D) 50 percent
E) 66 percent
Answer: C
Difficulty: Challenging
AACSB: Application of knowledge
LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

20) All of the following describe the effects of globalization *except*:
A) significant decreases in operating costs.
B) ability to reliably obtain price and quality information worldwide.
C) increased ability to find low-cost suppliers.
D) increases in transaction costs.
E) ability of firms to replicate their business models in multiple countries without having to redesign expensive fixed-cost information systems infrastructure.
Answer: D
Difficulty: Challenging
AACSB: Analytical thinking
LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

21) How many service jobs move offshore to lower-wage countries in a typical year?
A) 3,000
B) 30,000
C) 300,000
D) 3 million
E) 30 million
Answer: C
Difficulty: Challenging
AACSB: Application of knowledge
LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

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22) Which of the following statements is *not* true?
A) In 2019, global spending on information technology (IT) and IT services was nearly $3.8 trillion.
B) In 2019, firms spent $160 billion on management consulting and services.
C) In 2019, U.S. spending on IT equipment, software, and research and development accounted for about 35 percent of total U.S. capital spending (in nominal GDP)
D) Most of the business value of IT investment derives from organizational, management, and cultural changes inside firms.
E) Much of the money spent by businesses on management consulting and services involves redesigning firms' business operations to take advantage of new technologies.
Answer: C
Difficulty: Challenging
AACSB: Application of knowledge
LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

23) What percent of Facebook's users access the service from mobile phones and tablets?
A) 90 percent
B) 93 percent
C) 95 percent
D) 98 percent
E) 100 percent
Answer: D
Difficulty: Challenging
AACSB: Application of knowledge
LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

24) Which of the following statements is *not* true?
A) Half of Fortune 500 U.S. firms derive nearly 50 percent of their revenues from foreign operations.
B) More than 50 percent of Intel's revenues in 2019 came from overseas sales of its microprocessors.
C) Since 2000, the United States has lost an estimated 5 million manufacturing jobs to offshore, low-wage producers.
D) The Internet has eased competitive tensions among nations as global trade expands.
E) A growing percent of the economy in the United States depends on imports and exports.
Answer: D
Difficulty: Challenging
AACSB: Application of knowledge
LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

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25) Outsourcing has accelerated the development of new information systems in the United States.
Answer: TRUE
Difficulty: Challenging
AACSB: Application of knowledge
LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

26) Creating a marketing plan is an example of a business process.
Answer: TRUE
Difficulty: Easy
AACSB: Application of knowledge
LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

27) In order to be considered a digital firm, all of the firm's significant business relationships and core business processes must be digitally enabled.
Answer: FALSE
Difficulty: Easy
AACSB: Application of knowledge
LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

28) A business model describes how a company produces, delivers, and sells a product or service to create wealth.
Answer: TRUE
Difficulty: Easy
AACSB: Application of knowledge
LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

29) In 2019, the supply of applicants far exceeded the number of job openings in information systems and technologies.
Answer: FALSE
Difficulty: Moderate
AACSB: Application of knowledge
LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

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30) You work for an auto dealer. How could you use information systems to achieve greater customer intimacy?
Answer: When a business really knows its customers and serves them well (customer intimacy), the customers generally respond by returning and purchasing more. This raises revenues and profits. To use information system to achieve greater customer intimacy for an auto dealer, you could create a website and/or mobile app that allows customers to order customized cars and communicate with support personnel and other car owners. You could create an automated email service reminding car owners to take their car in for periodic check-ups. You could have an information system that tracks customer preferences in your local area, so you can offer cars that reflect local customer needs and desires.
Difficulty: Challenging
AACSB: Application of knowledge; Information technology; Written and oral communication
LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

31) Define *operational excellence*. How have information systems helped Walmart achieve it?
Answer: Operational excellence involves the achievement of higher levels of efficiency and productivity. Walmart, the largest retailer on earth, exemplifies the power of information systems coupled with state-of-the-art business practices and supportive management to achieve operational excellence. Information systems such as Walmart's Retail Link system, which digitally links its suppliers to every one of Walmart's stores, have helped Walmart achieve operational excellence by improving communications with suppliers and optimizing its supply chain. As soon as a customer purchases an item, the supplier monitoring the item knows to ship a replacement to the shelf.
Difficulty: Moderate
AACSB: Application of knowledge; Information technology; Written and oral communication
LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

32) Define *business process*. What might be a business process used at a hospital?
Answer: A business process is a set of logically related tasks and behaviors that organizations develop over time to produce specific business results and the unique manner in which these activities are organized and coordinated. Hiring a new employee, customer intake, and filing medical records are examples of business processes at a hospital.
Difficulty: Moderate
AACSB: Analytical thinking; Written and oral communication
LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

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33) The three activities in an information system that produce the information organizations use to make decisions, control operations, analyze problems, and create new products are:
A) information, research, and analysis.
B) input, output, and feedback.
C) data, information, and analysis.
D) data analysis, processing, and feedback.
E) input, processing, and output.
Answer: E
Difficulty: Easy
AACSB: Information technology
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

34) Raw data collected at checkout counters in a grocery store is an example of:
A) output.
B) processing.
C) feedback.
D) input.
E) information systems.
Answer: D
Difficulty: Easy
AACSB: Information technology
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

35) The total number of food items with storage temperature problems is an example of which of the following?
A) Input
B) Raw data
C) Meaningful information
D) Feedback
E) Processing
Answer: C
Difficulty: Easy
AACSB: Information technology
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

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36) 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) transforms raw data into processed information.
D) transfers processed information to the people who will use it or to the activities for which it will be used.
E) is a stream of raw facts representing events occurring in organizations or the physical environment.
Answer: D
Difficulty: Easy
AACSB: Information technology
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

37) Converting raw data into a more meaningful form is called:
A) capturing.
B) processing.
C) organizing.
D) feedback.
E) inputting.
Answer: B
Difficulty: Easy
AACSB: Information technology
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

38) Which of the following is an example of raw data from an automobile manufacturer?
A) An average of 120 Subarus sold daily in New York in 2020
B) 1,200 Subaru Outbacks sold during the first quarter 2020 in New York
C) One Subaru Outback sold July 27, 2020 in Mohegan Lake, New York for $24,000
D) Annual sales of Subaru Outbacks increased 5.3 percent
E) An average sale price of $25,500 for all Subaru Outbacks sold during July 2020 in Mohegan Lake, New York
Answer: C
Difficulty: Challenging
AACSB: Information technology
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39) In a hierarchical business organization, the upper level consists of:
A) scientists.
B) senior management.
C) service workers.
D) data workers.
E) knowledge workers.
Answer: B
Difficulty: Moderate
AACSB: Application of knowledge
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

40) The fundamental set of assumptions, values, and ways of doing things that has been accepted by most of an organization's members is called its:
A) culture.
B) environment.
C) atmosphere.
D) business process.
E) mission.
Answer: A
Difficulty: Easy
AACSB: Application of knowledge
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

41) Data management technology consists of which of the following?
A) Physical hardware and media used by an organization to store data
B) Detailed, preprogrammed instructions that control and coordinate the computer hardware components in an information system
C) Two or more computers linked together to share data or resources
D) Hardware and software used to transfer data
E) Software governing the organization of data on physical storage media
Answer: E
Difficulty: Easy
AACSB: Information technology
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42) Which of the following statements best describes organizational culture?
A) It encompasses the sum of beliefs and assumptions by all members.
B) It enables the organization to transcend the different levels and specialties of its employees.
C) It reflects the senior management's perspective on the organization and goals.
D) It allows a company to achieve greater operational efficiency.
E) It is a fundamental set of assumptions, values, and ways of doing things that has been accepted by most members of the organization.
Answer: E
Difficulty: Moderate
AACSB: Analytical thinking
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

43) Networking and telecommunications technologies, along with computer hardware, software, data management technology, and the people required to run and manage them, constitute an organization's:
A) data management environment.
B) networked environment.
C) information technology (IT) infrastructure.
D) information system.
E) culture.
Answer: C
Difficulty: Easy
AACSB: Information technology
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

44) Maintaining the organization's financial records is a central purpose of which main business function?
A) Manufacturing and accounting
B) Finance and accounting
C) Sales and manufacturing
D) Finance and sales
E) Human resources
Answer: B
Difficulty: Easy
AACSB: Application of knowledge
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

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45) All of the following are examples of environmental actors in an information system *except*:
A) competitors.
B) regulatory agencies.
C) customers.
D) suppliers.
E) employees.
Answer: E
Difficulty: Moderate
AACSB: Information technology
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

46) Which of the following best describes the primary reason for implementing a new information system, from a business perspective?
A) The system enables the firm to create new products and services.
B) The system will create new value for the firm, beyond its costs.
C) The system will automate key business processes.
D) The system is in use by our primary competitors.
E) The system integrates well with the Web.
Answer: B
Difficulty: Moderate
AACSB: Information technology
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

47) Which of the following is *not* a key organizational complementary asset?
A) Supportive business culture that values efficiency and effectiveness.
B) Efficient business processes
C) Incentive systems that monitor and reward individual innovation
D) A strong information systems development team
E) Decentralization of authority
Answer: C
Difficulty: Challenging
AACSB: Analytical thinking
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

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48) In a business hierarchy, which of the following levels is responsible for monitoring the daily activities of the business?
A) Middle management
B) Service workers
C) Production management
D) Operational management
E) Knowledge workers
Answer: D
Difficulty: Moderate
AACSB: Application of knowledge
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

49) In _____, raw data is systematically acquired and transformed during various stages that add value to that information.
A) an information value chain
B) a firm value chain
C) an industry value chain
D) the feedback process
E) the dissemination process
Answer: A
Difficulty: Moderate
AACSB: Information technology
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

50) A corporation that funds an employee training program to enhance the development of decision making skills could be seen as investing in which main category of complementary assets?
A) Managerial
B) Governmental
C) Social
D) Organizational
E) Auxiliary
Answer: A
Difficulty: Moderate
AACSB: Analytical thinking
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

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51) Which of the following is an example of an organizational complementary asset?
A) Efficient business processes
B) A collaborative work environment
C) Laws and regulations
D) The Internet and telecommunications infrastructure
E) Strong senior management
Answer: A
Difficulty: Moderate
AACSB: Application of knowledge
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

52) Which of the following is an example of a social complementary asset?
A) Technology and service firms in adjacent markets to assist implementation
B) Teamwork and collaborative work environments
C) Distributed decision-making rights
D) Incentives for management innovation
E) A strong IS development team
Answer: A
Difficulty: Moderate
AACSB: Application of knowledge
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

53) Which of the following makes long-range strategic decisions about products and services as well as ensures financial performance of the firm?
A) Senior management
B) Middle management
C) Production workers
D) Operational management
E) Knowledge workers
Answer: A
Difficulty: Easy
AACSB: Application of knowledge
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

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54) Which of the following would be used as an input for an information system?
A) Sales by region report
B) Sales for stores in a region
C) Product ID and price
D) Year to date sales of products
E) Marketing costs report for each product
Answer: C
Difficulty: Moderate
AACSB: Information technology
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

55) The three principal levels within a business organization hierarchy are:
A) senior management, operational management, and service workers.
B) senior management, middle management, and operational management.
C) senior management, operational management, and information systems.
D) senior management, middle management, and service workers.
E) senior management, data workers, and service workers.
Answer: B
Difficulty: Challenging
AACSB: Application of knowledge
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

56) Which of the following work at the same level as middle management??
A) Operational managers
B) Production workers
C) Knowledge workers
D) Data workers
E) Service workers
Answer: C
Difficulty: Moderate
AACSB: Application of knowledge
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

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57) Which of the following business functions is responsible for maintaining employee records?
A) Sales and marketing
B) Human resources
C) Finance and accounting
D) Manufacturing and production
E) Middle management
Answer: B
Difficulty: Easy
AACSB: Application of knowledge
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

58) Which of the following constitutes an organizational element in the UPS package tracking system described in the chapter?
A) Anchoring the system in UPS's sales and production functions.
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) Routing software that creates the most efficient delivery route for each driver
Answer: A
Difficulty: Challenging
AACSB: Analytical thinking
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

59) Which of the following constitutes a managerial element in the UPS tracking system described in the chapter?
A) The specifications for required procedures for identifying packages
B) The decision to use computer systems to increase the ease of sending a package using UPS
C) Training provided to UPS drivers
D) In-house package tracking software
E) The ability to embed UPS functions in external sites
Answer: B
Difficulty: Moderate
AACSB: Analytical thinking
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

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60) Which of the following is a global network that uses universal standards to connect millions of different networks around the world?
A) An extranet
B) The World Wide Web
C) The Internet
D) An intranet
E) Verizon
Answer: C
Difficulty: Easy
AACSB: Information technology
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

61) Which of the following is a service provided by the Internet that uses universally accepted standards for storing, retrieving, formatting, and displaying information in a page format on the Internet?
A) HTML
B) The World Wide Web
C) E-mail
D) An extranet
E) FTP
Answer: B
Difficulty: Easy
AACSB: Information technology
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

62) Which of the following is a private corporate network extended to authorized users outside the organization?
A) An intranet
B) The World Wide Web
C) The Internet
D) An extranet
E) FTP
Answer: D
Difficulty: Easy
AACSB: Information technology
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

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63) Which of the following deals with behavioral issues as well as technical issues surrounding the development, use, and impact of information systems used by managers and employees in the firm?
A) Computer literacy
B) Information systems architecture
C) Business processes
D) Information technology infrastructure
E) Management information systems
Answer: E
Difficulty: Moderate
AACSB: Information technology
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

64) Which of the following is *not* an expression of a superior return on the investment in an information system?
A) Increase in productivity
B) Increase in revenue
C) Increase in the firm's stock market value
D) Increase in firm transaction costs
E) Superior long-term strategic positioning of the firm
Answer: D
Difficulty: Challenging
AACSB: Information technology
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

65) Information technology (IT) consists of all hardware and software that a firm needs to use in order to achieve its business objectives.
Answer: TRUE
Difficulty: Moderate
AACSB: Information technology
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

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66) Social complementary assets are investments made by a firm to optimize its return on information technology assets.
Answer: FALSE
Difficulty: Challenging
AACSB: Application of knowledge
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

67) Information systems literacy focuses primarily on knowledge of information technology.
Answer: FALSE
Difficulty: Easy
AACSB: Information technology
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

68) The three main dimensions of information systems are management, organizations, and information technology.
Answer: TRUE
Difficulty: Moderate
AACSB: Information technology
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

69) Knowledge workers make long-range strategic decisions about products and services.
Answer: FALSE
Difficulty: Easy
AACSB: Application of knowledge
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

70) There are four major business functions: human resources; manufacturing and production; finance and accounting; and information technology.
Answer: FALSE
Difficulty: Easy
AACSB: Application of knowledge
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

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71) Parts of an organization's culture can always be found embedded in its information systems.
Answer: TRUE
Difficulty: Moderate
AACSB: Analytical thinking
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

72) All business processes are formally documented by an organization.
Answer: FALSE
Difficulty: Moderate
AACSB: Application of knowledge
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

73) Creative work driven by new knowledge and information is a significant part of management responsibility.
Answer: TRUE
Difficulty: Easy
AACSB: Application of knowledge
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

74) Intranets are used by organization to coordinate their activities with other firms for making purchases, collaborating on design, and other interorganizational work.
Answer: FALSE
Difficulty: Moderate
AACSB: Information technology
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

75) UPS's use of web-based tools that allow customers to embed UPS functions such as tracking and cost calculations into their own website is an information systems solution used to achieve customer intimacy.
Answer: TRUE
Difficulty: Challenging
AACSB: Information technology
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

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76) There is little variation in returns on IT investment across firms.
Answer: FALSE
Difficulty: Moderate
AACSB: Information technology
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

77) Laws and regulations creating fair, stable market environments are examples of complementary social assets required to optimize returns from IT investments.
Answer: TRUE
Difficulty: Moderate
AACSB: Application of knowledge
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

78) A firm that invests in a strong IS development team is making an investment in organizational complementary assets.
Answer: TRUE
Difficulty: Moderate
AACSB: Application of knowledge
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

79) Data is information that has been shaped into a form that is meaningful to human beings.
Answer: FALSE
Difficulty: Easy
AACSB: Information technology
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

80) Feedback is output returned to appropriate members of the organization to help them evaluate or correct the input stage.
Answer: TRUE
Difficulty: Moderate
AACSB: Information technology
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

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81) The key elements of an organization are its structure, business processes, politics, culture, and people.
Answer: TRUE
Difficulty: Moderate
AACSB: Application of knowledge
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

82) Middle managers make long-range strategic decisions about the firm's products and services.
Answer: FALSE
Difficulty: Moderate
AACSB: Application of knowledge
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

83) Detailed, programmed instructions that control computer hardware components in an information system are known as computer software.
Answer: TRUE
Difficulty: Easy
AACSB: Information technology
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

84) Describe the role that management plays in an organization. What role can information technology play in helping managers?
Answer: Management's job is to make sense out of the many situations faced by organizations, make decisions, and formulate action plans to solve organizational problems. Managers perceive business challenges in the environment, they set the organizational strategy for responding to those challenges, and they allocate the human and financial resources to coordinate the work and achieve success. Throughout, they must exercise responsible leadership. But managers must do more than manage what already exists. They must also create new products and services and even re-create the organization from time to time. A substantial part of management responsibility is creative work driven by new knowledge and information. Information technology can play a powerful role in helping managers design and deliver new products and services and redirecting and redesigning their organizations. Information technology is also one of many tools managers can use to cope with change. innovation in products, minimize warehouse overhead, and streamline distribution.
Difficulty: Moderate
AACSB: Analytical thinking; Written and oral communication
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

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85) What do studies of returns on information technology investments show in terms of variation of returns on investment? What accounts for these results?
Answer: Studies of returns on information technology investments show that there is considerable variation in the return firms receive. Some firms invest a great deal and receive a great deal; others invest an equal amount and receive few returns. Still other firms invest little and receive much, whereas others invest little and receive little. This suggests that investing in information technology does not by itself guarantee a good return. The reason for this variation is that information technology investment alone cannot make organizations and managers more effective unless they are accompanied by supportive values, structures, and behavior patterns in the organization and other complementary assets. Business firms often need to change how they do business before they can really reap the advantages of new information technologies.
Difficulty: Challenging
AACSB: Analytical thinking; Written and oral communication
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

86) What is the difference between information technology and information systems? Describe some of the functions of information systems.
Answer: Information technology (IT) consists of all the hardware and software that a firm needs to use to achieve its business objectives. Information systems are more complex. An information system can be defined technically as a set of interrelated components that collect (or retrieve), process, store, and distribute information to support decision making and control in an organization. An information system has managerial and organizational components as well as technology.
An information system:
- supports decision making, coordination, and control.
- helps employees analyze problems.
- helps employees visualize complex subjects.
- helps create new products.

Difficulty: Moderate
AACSB: Analytical thinking; Written and oral communication
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

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87) You are a marketing manager for a national movie theater chain. Give an example of data that your department could use for creating meaningful information. What type of information could that data produce?
Answer: Movie ticket sales from individual theaters would be an example of raw data. Meaningful information from this data would be the average number of tickets sold to seniors on certain days of the week.
Difficulty: Challenging
AACSB: Analytical thinking; Written and oral communication
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

88) This chapter discusses how each organization has its own culture and sets of values shared by most of its members. What kind of shared values might you find at a law firm?
Answer: Shared values at a law firm might be: The legal system works, the legal system is fair, lawyers help people, and people need help with the legal system because it is complicated.
Difficulty: Moderate
AACSB: Analytical thinking; Written and oral communication
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

89) You work at the business headquarters for a chain of movie theaters. Describe this firm's information value chain.
Answer: An information value chain adds value to data at various stages, transforming it into valuable information. At a chain of movie theaters, data would be gathered from ticket sales and concession sales. Information systems would help transform this into meaningful information, such as determining the types of movies popular in certain regions, times and days of the week that people most often saw movies, and what snacks were the most popular. This information would be valuable in making decisions, such as offering ticket discounts during less popular time slots and offering more popular snack items. Further feedback based on the results of these decisions could determine whether these decisions were effective.
Difficulty: Moderate
AACSB: Analytical thinking; Written and oral communication
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

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90) How does a company's use of information systems affect its corporate strategies? Provide an example.
Answer: A firm's ability to effectively use information technology is interdependent with its ability to implement corporate strategies and achieve corporate goals. More and more, the ability to compete and succeed depends on a company's ability to implement technology. What a business would like to do in the future can depend on what its systems will be able to do. Examples of this might be a company who invests in information systems that enable it to create new products or to make its distribution system more efficient, allowing the company to become the low-cost producer.
Difficulty: Challenging
AACSB: Analytical thinking; Written and oral communication
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

91) Why is the building of a house an appropriate analogy for the building of an information system?
Answer: Houses are built with hammers, nails, and wood, but these do not make a house. The architecture, design, setting, landscaping, and all of the decisions that lead to the creation of these features are part of the house and are crucial for solving the problem of putting a roof over one's head. Computers and programs are the hammer, nails, and lumber of computer-based information systems, but alone they cannot produce the information a particular organization needs. To understand information systems, you must understand the problems they are designed to solve, their architectural and design elements, and the organizational processes that lead to these solutions.
Difficulty: Challenging
AACSB: Analytical thinking; Written and oral communication
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

92) What is the single most important theme of the book?
Answer: The single most important theme of the book is that managers need to consider the broader organization and management dimensions of information systems to understand current problems as well as to derive substantial above-average returns from information technology investments.
Difficulty: Moderate
AACSB: Analytical thinking; Written and oral communication
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

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93) What are complementary assets and how does investment in them impact returns on technology investments?
Answer: Complementary assets are those assets required to derive value from a primary investment. Research indicates that firms that support their technology investments with investments in complementary assets, such as new business models, new business processes, management behavior, organizational culture, or training, receive superior returns, whereas those firms failing to make these complementary investments receive less or no returns on their information technology investments.
Difficulty: Moderate
AACSB: Analytical thinking; Written and oral communication
LO: 1-2: What is an information system? How does it work? What are its management, organization, and technology components? Why are complementary assets essential for ensuring that information systems provide genuine value for organizations?

94) Disciplines that contribute to the technical approach to information systems include:
A) computer science, engineering, and networking.
B) operations research, management science, and computer science.
C) engineering, utilization management, and computer science.
D) management science, computer science, and engineering.
E) economics, sociology, and psychology.
Answer: B
Difficulty: Challenging
AACSB: Information technology
LO: 1-3: What academic disciplines are used to study information systems and how does each contribute to an understanding of information systems?

95) Which of the following disciplines focuses on mathematical techniques for optimizing parameters of organizations, such as transportation and inventory control?
A) Management science
B) MIS
C) Computer science
D) Utilization management
E) Operations research
Answer: E
Difficulty: Challenging
AACSB: Application of knowledge
LO: 1-3: What academic disciplines are used to study information systems and how does each contribute to an understanding of information systems?

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96) Sociologists study information systems with an eye to understanding:
A) how systems affect individuals, groups, and organizations.
B) how human decision makers perceive and use formal information.
C) how new information systems change the control and cost structures within the firm.
D) the production of digital goods.
E) mathematically based models and physical technology.
Answer: A
Difficulty: Moderate
AACSB: Information technology
LO: 1-3: What academic disciplines are used to study information systems and how does each contribute to an understanding of information systems?

97) Psychologists study information systems with an eye to understanding:
A) how systems affect individuals, groups, and organizations.
B) how human decision makers perceive and use formal information.
C) how new information systems change the control and cost structures within the firm.
D) the production of digital goods.
E) mathematically based models and physical technology.
Answer: B
Difficulty: Moderate
AACSB: Information technology
LO: 1-3: What academic disciplines are used to study information systems and how does each contribute to an understanding of information systems?

98) The behavioral approach to information systems focuses on analyzing the social, psychological, and economic impacts of systems rather than the technical aspects.
Answer: TRUE
Difficulty: Moderate
AACSB: Information technology
LO: 1-3: What academic disciplines are used to study information systems and how does each contribute to an understanding of information systems?

99) Describe the sociotechnical view of management information systems.
Answer: In the sociotechnical view of management information systems, optimal organizational performance is achieved by jointly optimizing both the social and technical systems used in production. Adopting a sociotechnical system's perspective helps to avoid purely technological approach to information systems. For instance, the fact that information technology is rapidly declining in cost and growing in power does not necessarily or easily translate into productivity enhancement or bottom-line profits. The fact that a firm has recently installed an enterprise-wide financial reporting system does not necessarily mean that it will be used or used effectively. Likewise, the fact that a firm has recently introduced new business procedures and processes does not necessarily mean employees will be more productive in the absence of investments in new information systems to enable those processes.
Difficulty: Moderate
AACSB: Analytical thinking; Written and oral communication
LO: 1-3: What academic disciplines are used to study information systems and how does each contribute to an understanding of information systems?

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100) Which academic disciplines contribute to the behavioral approach to information systems?
Answer: Sociologists study information systems with an eye toward how groups and organizations shape the development of systems and also how systems affect individuals, groups, and organizations. Psychologists study information systems with an interest in how human decision makers perceive and use formal information. Economists study information systems with an interest in understanding the production of digital goods, the dynamics of digital markets, and how new information systems change the control and cost structures within the firm.
Difficulty: Moderate
AACSB: Analytical thinking; Written and oral communication
LO: 1-3: What academic disciplines are used to study information systems and how does each contribute to an understanding of information systems?

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