Test Bank for Using MIS 11th Kroenke

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***Using MIS, 11e* (Kroenke)**
Chapter 2 Strategy and Information Systems

1) Which of the following factors determines the structure, features, and functions of an information system used in a company?
A) the competitive strategy
B) the value of its brands
C) the size of the company
D) the number of competitors
E) the company's PE ratio
Answer: A
Diff: 1
AACSB: Analytical Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.1: How does organizational strategy determine information systems structure?
Classification: Concept

2) Competitive strategy determines all of the following except _____.
A) structure of the information system
B) goals and objectives
C) features
D) functions
E) the company's PE ratio
Answer: E
Diff: 1
AACSB: Analytical Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.1: How does organizational strategy determine information systems structure?
Classification: Concept

3) An organization's goals and objectives are determined by its competitive strategy.
Answer: TRUE
Diff: 1
AACSB: Analytical Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.1: How does organizational strategy determine information systems structure?
Classification: Concept

4) The collective technical capability of an organization determines its competitive strategy.
Answer: FALSE
Diff: 1
AACSB: Analytical Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.1: How does organizational strategy determine information systems structure?
Classification: Concept

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5) Explain the relation between competitive strategies and information systems.
Answer: 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. In short, organizations examine the structure of their industry and determine a competitive strategy. That strategy determines value chains, which, in turn, determine business processes. The structure of business processes determines the design of supporting information systems.
Diff: 2
AACSB: Analytical Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.1: How does organizational strategy determine information systems structure?
Classification: Concept

6) Porter's five forces model is used to assess _____.
A) industry structure
B) market share
C) internal competition
D) life cycles of products
E) future product demand
Answer: A
Diff: 1
AACSB: Analytical Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.2: What five forces determine industry structure?
Classification: Concept

7) According to Porter's five forces model, which of the following firms would be least affected by the threat of substitutes?
A) a used car dealership in New York
B) a convenience store that sells retail products
C) a firm that sells the only drug for a disease
D) a corner latte shop in Atlanta
E) a food vendor at a county fair
Answer: C
Diff: 3
AACSB: Reflective Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.2: What five forces determine industry structure?
Classification: Application

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8) According to Porter's five forces model, a student's choice of lunch options at a large food court would be an example of a strong force for _____.
A) rivalry
B) threat of new entrants
C) threat of substitutions
D) bargaining power of customers
E) industry power
Answer: C
Diff: 2
AACSB: Analytical Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.2: What five forces determine industry structure?
Classification: Concept

9) According to Porter's five forces model, in which of the following situations would the supplier have the highest bargaining power?
A) a dealer of a patented material for smartphone manufacturers
B) a fashion designer catering to a niche market
C) a restaurant owner who serves only army veterans
D) a retailer who buys finished goods from many small suppliers
E) a defense contractor that only makes products for the U.S. Navy
Answer: A
Diff: 3
AACSB: Reflective Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.2: What five forces determine industry structure?
Classification: Application

10) According to Porter's five forces model, in which of the following examples would rivalry be considered as a weak force affecting the market?
A) search engine designers
B) used car dealers
C) holiday tour agents
D) packaged food manufacturers
E) insurance providers
Answer: A
Diff: 3
AACSB: Reflective Thinking
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Classification: Application

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11) A mining company develops a new processing technique using only light and patents the process. This situation is characterized by _____.
A) low threat of substitutions
B) high bargaining power of customers
C) high threat of new entrants
D) low bargaining power of suppliers
E) low threat of new entrants
Answer: A
Diff: 3
AACSB: Reflective Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.2: What five forces determine industry structure?
Classification: Application

12) According to Porter's five forces model, an oil producer will have increased _____ if the supply of oil drops sharply.
A) bargaining power
B) threat of substitutes
C) risk of rivalry
D) threat of new entrants
E) industry coalescence
Answer: A
Diff: 1
AACSB: Analytical Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.2: What five forces determine industry structure?
Classification: Concept

13) Bargaining power of customers is likely to be the highest for markets involving _____.
A) limited edition apparel
B) industrial products
C) patented drugs
D) vintage cars
E) rare paintings
Answer: B
Diff: 1
AACSB: Analytical Thinking
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Classification: Concept

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14) The automobile industry is characterized by many manufacturers and intense competition among them. According to Porter's five forces model, this statement illustrates _____.
A) low threat of substitutions
B) high bargaining power of suppliers
C) high levels of rivalry
D) low bargaining power of customers
E) low levels of rivalry
Answer: C
Diff: 2
AACSB: Analytical Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.2: What five forces determine industry structure?
Classification: Concept

15) LNG is a large multinational appliance manufacturer. The company gets raw materials from many vendors. In this case, LNG is characterized by _____.
A) very low threat of substitute products
B) high bargaining power over its suppliers
C) very low threat of new entrants in the market
D) very high bargaining power over its customers
E) low bargaining power over its suppliers
Answer: B
Diff: 3
AACSB: Reflective Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.2: What five forces determine industry structure?
Classification: Application

16) A major drawback of Porter's five forces model is that it ignores the rivalry among firms in the industry.
Answer: FALSE
Diff: 1
AACSB: Analytical Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.2: What five forces determine industry structure?
Classification: Concept

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17) Briefly explain Porter's five forces model.
Answer: Porter's five forces model is used to assess an industry structure. According to this model, five competitive forces determine industry profitability: bargaining power of customers, threat of substitutions, bargaining power of suppliers, threat of new entrants, and rivalry among existing firms. The intensity of each of the five forces determines the characteristics of the industry, how profitable it is, and how sustainable that profitability will be.
Diff: 3
AACSB: Analytical Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.2: What five forces determine industry structure?
Classification: Concept

18) I-scream-4 Ice Cream recently faced competition against their flagship brand of "Orange peel ice cream." A competitor made significant in-roads into the market by offering three varieties of "Orange peel ice cream." I-scream-4 Ice Cream decided to counter this threat by introducing five new varieties of ice creams. Which competitive strategy is I-scream-4 Ice Cream implementing?
A) cost leadership
B) product differentiation
C) cost differentiation
D) service focus
E) innovation focus
Answer: B
Diff: 3
AACSB: Reflective Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.3: How does analysis of industry structure determine competitive strategy?
Classification: Application

19) An automobile company decides to improve the quality of its products and bring more variety into its entire product line. The company has decided to adopt _____.
A) focused cost leadership
B) industry-wide differentiation
C) industry-wide cost leadership
D) focused differentiation
E) broad differentiation
Answer: B
Diff: 2
AACSB: Reflective Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.3: How does analysis of industry structure determine competitive strategy?
Classification: Application

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20) According to Porter, all of the following must be consistent with the organization's strategy except _____.
A) the budget
B) the culture
C) the activities
D) the goals
E) the objectives
Answer: A
Diff: 2
AACSB: Analytical Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.3: How does analysis of industry structure determine competitive strategy?
Classification: Concept

21) Focused cost leadership is observed when a product has the lowest cost _____.
A) within an industry segment
B) across the product mix offered by a company
C) across the entire industry
D) among a group of competitors
E) across multiple product categories
Answer: A
Diff: 2
AACSB: Analytical Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.3: How does analysis of industry structure determine competitive strategy?
Classification: Concept

22) According to Porter, to be effective all of the following must be consistent with the organization's strategy except _____.
A) goals
B) objectives
C) culture
D) activities
E) budget
Answer: E
Diff: 2
AACSB: Analytical Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.3: How does analysis of industry structure determine competitive strategy?
Classification: Concept

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23) An organization responds to the structure of its industry by choosing a competitive strategy.
Answer: TRUE
Diff: 1
AACSB: Analytical Thinking
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LO: 2.3: How does analysis of industry structure determine competitive strategy?
Classification: Concept

24) An automobile manufacturer focusing on low-end buyers is following an industry-wide differentiation strategy.
Answer: TRUE
Diff: 2
AACSB: Analytical Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.3: How does analysis of industry structure determine competitive strategy?
Classification: Application

25) According to Porters five forces model, companies compete in one of five strategies.
Answer: FALSE
Diff: 1
AACSB: Analytical Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.3: How does analysis of industry structure determine competitive strategy?
Classification: Concept

26) According to Porter's four competitive strategy model, what are the four competitive strategies from which firms can choose?
Answer: An organization responds to the structure of its industry by choosing a competitive strategy. According to Porter's competitive strategy model, firms engage in one of these four strategies. An organization can focus on being the cost leader, or it can focus on differentiating its products or services 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.
Diff: 2
AACSB: Analytical Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.3: How does analysis of industry structure determine competitive strategy?
Classification: Concept

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27) The difference between the value that an activity generates and the cost of the activity is called the _____.
A) margin
B) turnover
C) revenue
D) profit
E) quick ratio
Answer: A
Diff: 1
AACSB: Analytical Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.4: How does competitive strategy determine value chain structure?
Classification: Concept

28) Porter defined value as the _____.
A) amount of money that a customer is willing to pay for an offering
B) extent of after-sale service provided to customers
C) perceived satisfaction of the customers and sellers after a transaction
D) actual money exchanged in return of a product/service
E) perceived quality differences across products
Answer: A
Diff: 1
AACSB: Analytical Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.4: How does competitive strategy determine value chain structure?
Classification: Concept

29) Identify the activity in the value chain that involves receiving and handling of raw materials and other inputs to the product.
A) inbound logistics
B) procurement
C) manufacturing
D) outbound logistics
E) optimized ordering
Answer: A
Diff: 1
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Classification: Concept

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30) The difference between the total value added and the total costs incurred is called the _____ of the value chain.
A) actual value
B) total margin
C) total revenue
D) gross turnover
E) taxable income
Answer: B
Diff: 1
AACSB: Analytical Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.4: How does competitive strategy determine value chain structure?
Classification: Concept

31) A retail company sells agricultural produce and consumer products. The company procures materials from farmers and local producers. This process is an example of _____.
A) outbound logistics
B) inbound logistics
C) operational management
D) internal marketing
E) customer service
Answer: B
Diff: 2
AACSB: Reflective Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.4: How does competitive strategy determine value chain structure?
Classification: Application

32) Which of the following statements best describes the role of operations in a value chain?
A) transforming inputs into the final products
B) collecting, storing, and distributing products to buyers
C) inducing buyers to purchase products and providing a means for them to do so
D) receiving, storing, and disseminating inputs to products
E) assisting customers' use of products
Answer: A
Diff: 2
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Classification: Concept

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33) Which of the following value chain activities involves collecting, storing, and physically distributing the product to buyers?
A) inbound logistics
B) operations
C) customer service
D) outbound logistics
E) sales and marketing
Answer: D
Diff: 1
AACSB: Analytical Thinking
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LO: 2.4: How does competitive strategy determine value chain structure?
Classification: Concept

34) Which of the following value chain activities involves inducing buyers to purchase a product and providing a means for them to do so?
A) inbound logistics
B) operations
C) sales and marketing
D) outbound logistics
E) customer service
Answer: C
Diff: 1
AACSB: Analytical Thinking
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LO: 2.4: How does competitive strategy determine value chain structure?
Classification: Concept

35) Which of the following value chain activities involves assisting users with handling of the products after sale, thus maintaining and enhancing the products' value?
A) inbound logistics
B) customer service
C) operations
D) outbound logistics
E) sales and marketing
Answer: B
Diff: 1
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36) Which of the following is a primary activity in the value chain?
A) receiving and handling of raw materials and other inputs
B) negotiating prices with vendors
C) finding suitable vendors to supply raw materials
D) setting up contractual arrangements with various suppliers
E) investigating new designs
Answer: A
Diff: 2
AACSB: Analytical Thinking
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LO: 2.4: How does competitive strategy determine value chain structure?
Classification: Concept

37) Kai runs a local auto parts store. A customer comes in and asks for special supercharger. Kai orders it from the factory. This activity can be classified under _____.
A) inbound logistics
B) operations
C) customer service
D) marketing
E) outbound logistics
Answer: A
Diff: 3
AACSB: Reflective Thinking
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LO: 2.4: How does competitive strategy determine value chain structure?
Classification: Application

38) Lynn, the manager of a transportation company, goes through the product delivery schedule. She assigns territories to each executive of the delivery team, and also contacts the fleet supervisor to arrange trucks for transportation. Which activity of the value chain is Lynn executing?
A) inbound logistics
B) marketing
C) sales
D) outbound logistics
E) customer service
Answer: D
Diff: 3
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39) Madison, the project manager of a sports apparel company, estimates that the demand for jogging shoes is likely to decline in the coming months. He advises the procurement department to order raw material accordingly to ensure minimum wastage. This intercommunication that facilitates smooth operations is called _____.
A) market research
B) outbound logistics
C) strategizing
D) linkages
E) interoperation
Answer: D
Diff: 3
AACSB: Reflective Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.4: How does competitive strategy determine value chain structure?
Classification: Application

40) Which of the following employees performs a support activity in the value chain?
A) Jackson is involved in the development of technological infrastructure.
B) Sofia is a member of the recruitment team.
C) Nathaniel is in charge of setting up contractual agreements with vendors.
D) Nora is a financial analyst who rates and gives investment advice.
E) Noah is the corporate accountant who manages tax liabilities.
Answer: C
Diff: 3
AACSB: Reflective Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.4: How does competitive strategy determine value chain structure?
Classification: Application

41) Which of the following paved the way for the creation of a business process design?
A) support activities
B) triggers
C) linkages
D) primary activities
E) electronic data interchanges
Answer: C
Diff: 2
AACSB: Analytical Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.4: How does competitive strategy determine value chain structure?
Classification: Concept

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42) Which of the following statements is consistent with the central idea of business process design?
A) Technology should be used to supplement the existing value chain.
B) Business processes should focus on improving individual functional systems.
C) Organizations should create new business processes instead of improving existing systems.
D) Technology should be used to modify and improve standard business processes.
E) Experimental technology can drive innovative business processes.
Answer: C
Diff: 2
AACSB: Analytical Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.4: How does competitive strategy determine value chain structure?
Classification: Concept

43) The _____ created by Porter states that firms should create new, more efficient business processes that integrate the activities of all departments involved in a value chain.
A) Six Sigma methodology
B) product differentiation model
C) Lean Manufacturing method
D) business process design
E) Lean Innovation model
Answer: D
Diff: 1
AACSB: Analytical Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.4: How does competitive strategy determine value chain structure?
Classification: Concept

44) In the value chain, which of the following is an example of a primary activity?
A) service customers
B) procurement
C) human resources
D) manage company resources
E) support employees
Answer: A
Diff: 1
AACSB: Analytical Thinking
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Classification: Concept

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45) Porter recognized a movement to create integrated, cross-departmental systems. His work lead to the creation of a new discipline called _____.
A) value chaining
B) business process design
C) cost reduction planning
D) linkages
E) supporting activities
Answer: B
Diff: 1
AACSB: Analytical Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.4: How does competitive strategy determine value chain structure?
Classification: Concept

46) According to Porter, most of the value in service-oriented companies is generated by all of the following activities except _____.
A) operations
B) marketing
C) inbound logistics
D) sales
E) service activities
Answer: C
Diff: 1
AACSB: Analytical Thinking
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LO: 2.4: How does competitive strategy determine value chain structure?
Classification: Concept

47) Porter defined value as the amount of money that a customer is willing to pay for a resource, product, or service.
Answer: TRUE
Diff: 1
AACSB: Analytical Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.4: How does competitive strategy determine value chain structure?
Classification: Concept

48) The difference between the value that an activity generates and the cost of the activity is called margin.
Answer: TRUE
Diff: 1
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LO: 2.4: How does competitive strategy determine value chain structure?
Classification: Concept

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49) A business with a differentiation strategy will add cost to an activity only as long as the activity has a positive margin.
Answer: TRUE
Diff: 2
AACSB: Analytical Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.4: How does competitive strategy determine value chain structure?
Classification: Concept

50) In the inbound logistics activity of a value chain, the manufacturer receives, stores, and disseminates inputs to a product.
Answer: TRUE
Diff: 1
AACSB: Analytical Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.4: How does competitive strategy determine value chain structure?
Classification: Concept

51) The primary activity of sales and marketing is the collection, storage, and physical distribution of the products to the buyers.
Answer: FALSE
Diff: 1
AACSB: Analytical Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.4: How does competitive strategy determine value chain structure?
Classification: Concept

52) In the value chain, customer service is concerned with inducing buyers to purchase the product and providing a means for them to do so.
Answer: FALSE
Diff: 1
AACSB: Analytical Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.4: How does competitive strategy determine value chain structure?
Classification: Concept

53) The total margin of the value chain is the difference between the total value added and the total costs incurred.
Answer: TRUE
Diff: 1
AACSB: Analytical Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.4: How does competitive strategy determine value chain structure?
Classification: Concept

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54) Support activities in a value chain include the processes of finding vendors, setting up contractual arrangements, and negotiating prices.
Answer: TRUE
Diff: 1
AACSB: Analytical Thinking
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LO: 2.4: How does competitive strategy determine value chain structure?
Classification: Concept

55) A linkage is a network of activities that generate value by transforming inputs into outputs.
Answer: FALSE
Diff: 1
AACSB: Analytical Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.4: How does competitive strategy determine value chain structure?
Classification: Concept

56) Briefly describe the concepts of value, margin, and value chain as defined by Porter.
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. That generic chain consists of five primary activities and four support activities.
Diff: 2
AACSB: Analytical Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.4: How does competitive strategy determine value chain structure?
Classification: Concept

57) Define the primary activities in a generic value chain.
Answer: The primary activities in a generic value chain are as follows:
(1) Inbound logistics–It is the receiving, storing, and disseminating of inputs to the products.
(2) Operations/manufacturing–It is the transforming of inputs into the final products.
(3) Outbound logistics–It is the collecting, storing, and physically distributing of the products to buyers.
(4) Sales and marketing–It is defined as inducing buyers to purchase the products and providing a means for them to do so.
(5) Customer service–It is defined as assisting customers' use of the products and thus maintaining and enhancing the products' value.
Diff: 3
AACSB: Analytical Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.4: How does competitive strategy determine value chain structure?
Classification: Concept

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58) Distinguish between the primary and support activities of a value chain.
Answer: Primary activities directly add value to the value chain of an organization. Examples are operations and marketing.
The support activities in the generic value chain contribute indirectly to the production, sale, and service of the product. They include procurement, which consists of the processes of finding vendors, setting up contractual arrangements, and negotiating prices.
Diff: 2
AACSB: Analytical Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.4: How does competitive strategy determine value chain structure?
Classification: Concept

59) What are the various support activities in a value chain?
Answer: The support activities in the generic value chain contribute indirectly to the production, sale, and service of the product. They include procurement, which consists of the processes of finding vendors, setting up contractual arrangements, and negotiating prices. Supporting functions add value, albeit indirectly, and they also have costs. It is difficult to calculate the margin for such activities because it is difficult to know the specific value added by a support activity.
Diff: 2
AACSB: Analytical Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.4: How does competitive strategy determine value chain structure?
Classification: Concept

60) Explain linkages with 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 end result is just-in-time inventory, which reduces inventory sizes and costs.
Diff: 2
AACSB: Written and Oral Communication
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.4: How does competitive strategy determine value chain structure?
Classification: Concept

61) Explain the concept of business process design.
Answer: The central idea of business process design 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.
Diff: 2
AACSB: Analytical Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.4: How does competitive strategy determine value chain structure?
Classification: Concept

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62) A(n) _____ is a network of activities that generate worth by transforming inputs into outputs.
A) business process
B) competitive strategy
C) value chain
D) information system
E) linked investment
Answer: A
Diff: 1
AACSB: Analytical Thinking
Course LO: Discuss the role of information systems in supporting business processes
LO: 2.5: How do business processes generate value?
Classification: Concept

63) The cost of the business process is the sum of the cost of the inputs and the _____.
A) cost of the activities
B) cost of the outputs
C) value of the outputs
D) value of the products
E) cost of the products
Answer: A
Diff: 1
AACSB: Analytical Thinking
Course LO: Discuss the role of information systems in supporting business processes
LO: 2.5: How do business processes generate value?
Classification: Concept

64) Which of the following defines a repository?
A) a backup plan of action in case of emergencies
B) a department devoted specifically for market research
C) a place where finished goods undergo a quality check before shipment
D) a collection of something, such as data or raw materials
E) a financial center for storing overnight balances
Answer: D
Diff: 2
AACSB: Analytical Thinking
Course LO: Discuss the role of information systems in supporting business processes
LO: 2.5: How do business processes generate value?
Classification: Concept

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65) Neil creates an application which facilitates the easy storage and access of employee information like name, age, experience, and qualification for his organization. The application is an example of a(n) _____.
A) repository
B) program
C) linkage
D) activity
E) array
Answer: A
Diff: 2
AACSB: Reflective Thinking
Course LO: Discuss the role of information systems in supporting business processes
LO: 2.5: How do business processes generate value?
Classification: Application

66) In a manufacturing business, which of the following transforms finished goods into cash?
A) warehouse operations
B) manufacturing process
C) sales process
D) outbound logistics
E) inbound logistics
Answer: C
Diff: 1
AACSB: Analytical Thinking
Course LO: Discuss the role of information systems in supporting business processes
LO: 2.5: How do business processes generate value?
Classification: Concept

67) As the purchasing manager of a company that designs costumes, Natalie orders yards of fabric in preparation for Halloween. Natalie's duties can be classified under the _____ category of a business process.
A) outbound logistics
B) marketing
C) operations
D) inbound logistics
E) sales
Answer: D
Diff: 3
AACSB: Reflective Thinking
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Classification: Application

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68) Which of the following statements is TRUE of business process designs?
A) Most process designs require people to work in new ways.
B) They do not involve the need to follow different procedures.
C) They should be accompanied by a change in management.
D) Process designs very rarely attract employee resistance.
E) Process designs map directly to existing work processes.
Answer: A
Diff: 2
AACSB: Analytical Thinking
Course LO: Discuss the role of information systems in supporting business processes
LO: 2.5: How do business processes generate value?
Classification: Concept

69) Which of the following could be a result of changing business processes.
A) Satisfied employees because many embrace changes.
B) The reuse of databases.
C) Employees may have to learn a new procedure.
D) Returning customers because the new process improves communication.
E) A new way of performing activities is encouraging to employees.
Answer: C
Diff: 1
AACSB: Analytical Thinking
Course LO: Discuss the role of information systems in supporting business processes
LO: 2.5: How do business processes generate value?
Classification: Concept

70) Each activity in a business process is a business function that receives inputs and produces outputs.
Answer: TRUE
Diff: 1
AACSB: Analytical Thinking
Course LO: Discuss the role of information systems in supporting business processes
LO: 2.5: How do business processes generate value?
Classification: Concept

71) The cost of the business process is the cost of the inputs plus the cost of the outputs.
Answer: FALSE
Diff: 2
AACSB: Analytical Thinking
Course LO: Discuss the role of information systems in supporting business processes
LO: 2.5: How do business processes generate value?
Classification: Concept

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72) In a manufacturing business, the materials ordering process transforms cash into a raw materials inventory.
Answer: TRUE
Diff: 1
AACSB: Analytical Thinking
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LO: 2.5: How do business processes generate value?
Classification: Concept

73) An inventory of raw materials is an example of a repository.
Answer: TRUE
Diff: 1
AACSB: Analytical Thinking
Course LO: Discuss the role of information systems in supporting business processes
LO: 2.5: How do business processes generate value?
Classification: Concept

74) The sales process involves sales and marketing as well as outbound logistics activities.
Answer: TRUE
Diff: 1
AACSB: Analytical Thinking
Course LO: Discuss the role of information systems in supporting business processes
LO: 2.5: How do business processes generate value?
Classification: Concept

75) The streamlining of business processes to increase margin is key to obtaining competitive advantage.
Answer: TRUE
Diff: 1
AACSB: Analytical Thinking
Course LO: Discuss the role of information systems in supporting business processes
LO: 2.5: How do business processes generate value?
Classification: Concept

76) Only humans can perform an activity in a business process.
Answer: FALSE
Diff: 1
AACSB: Analytical Thinking
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Classification: Concept

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77) The streamlining of business processes to reduce costs is key to competitive strategy.
Answer: TRUE
Diff: 1
AACSB: Analytical Thinking
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LO: 2.5: How do business processes generate value?
Classification: Concept

78) What is a business process? How do you determine the cost and margin of a business process?
Answer: A business process is a network of activities that generate value by transforming inputs into outputs. Each activity is a business function that receives inputs and produces outputs. An activity can be performed by a human, by a computer system, or by both.
The cost of the business process is the cost of the inputs plus the cost of the activities. The margin of the business process is the value of the outputs minus the cost.
Diff: 3
AACSB: Analytical Thinking
Course LO: Discuss the role of information systems in supporting business processes
LO: 2.5: How do business processes generate value?
Classification: Concept

79) RAC Associates is a car rental company that rents cars to tourists in the United States. The company uses tracking devices and magnetic locks to prevent car theft. These procedures are examples of _____.
A) primary business processes
B) core activities
C) strategic activities
D) supporting business processes
E) premeditated activities
Answer: D
Diff: 3
AACSB: Reflective Thinking
Course LO: Discuss the role of information systems in supporting business processes
LO: 2.6: How does competitive strategy determine business processes and the structure of information systems?
Classification: Application

80) An organization's competitive strategy determines the structure of information systems.
Answer: TRUE
Diff: 1
AACSB: Reflective Thinking
Course LO: Discuss the role of information systems in supporting business processes
LO: 2.6: How does competitive strategy determine business processes and the structure of information systems?
Classification: Application

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81) Which of the following principles of competitive advantage is associated with product implementations?
A) locking in customers
B) differentiating service offerings
C) locking in suppliers
D) establishing alliances
E) raising barriers to market entry
Answer: B
Diff: 2
AACSB: Analytical Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.7: How do information systems provide competitive advantages?
Classification: Concept

82) Cooper, the owner of a small bicycle manufacturing company, is striving to keep his organization running smoothly while remaining profitable in a highly competitive market. Cooper chooses process implementation to give his company a competitive edge over others. Which of the following principles is he most likely to implement?
A) creating new products
B) enhancing services
C) reducing costs
D) differentiating products
E) redesign existing products
Answer: C
Diff: 3
AACSB: Reflective Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.7: How do information systems provide competitive advantages?
Classification: Application

83) Hueblue Software, an application provider to the gaming industry, decided to enhance its portfolio by developing motion-control-enabled games for the mobile gaming industry. In this scenario, which competitive strategy is Hueblue Software implementing?
A) establishment of alliances
B) product differentiation
C) raising barriers to market entry
D) locking in buyers
E) locking in customers
Answer: B
Diff: 3
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84) FunText is a company that owns an app used for text messaging. It recently offered a six-month membership extension to its existing customers without any additional charges. Which competitive strategy is FunText trying to implement in this scenario?
A) creation of a new service
B) product differentiation
C) locking in customers
D) locking in suppliers
E) enhancing existing products
Answer: C
Diff: 3
AACSB: Reflective Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.7: How do information systems provide competitive advantages?
Classification: Application

85) _____ is a means through which an organization can gain a competitive advantage through process implementations.
A) Establishing alliances
B) Creating new products
C) Enhancing products
D) Differentiating services
E) Creating new services
Answer: A
Diff: 2
AACSB: Analytical Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.7: How do information systems provide competitive advantages?
Classification: Concept

86) Streamtech, a manufacturer of automobiles, recently received a patent for an unmanned search boat. By doing this, Streamtech has _____.
A) created an entry barrier
B) introduced product differentiation
C) locked in its suppliers
D) reduced the cost of operations
E) established an alliance
Answer: B
Diff: 3
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Classification: Application

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87) Locking in customers by making it difficult or expensive for customers to move to another product is called establishing high _____.
A) entry barriers
B) switching costs
C) product standards
D) brand value
E) technological dependency
Answer: B
Diff: 2
AACSB: Analytical Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.7: How do information systems provide competitive advantages?
Classification: Concept

88) The International Zoological club publishes a monthly magazine for zoology enthusiasts. Members are required to pay an initial fee to cover the first two years of the subscription when registering with the club. In this scenario, the International Zoological club is _____.
A) enhancing services
B) establishing alliances
C) locking in customers
D) standardizing the product
E) creating a new product
Answer: C
Diff: 3
AACSB: Reflective Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.7: How do information systems provide competitive advantages?
Classification: Application

89) A large software manufacturer attempts to lock in customers by making it difficult for them to substitute their software with one from another company. The strategy used by the company is referred to as _____.
A) switching costs strategy
B) low cost operation strategy
C) standardization strategy
D) marketing strategy
E) bait-and-switch strategy
Answer: A
Diff: 2
AACSB: Reflective Thinking
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Classification: Application

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90) Organizations can lock in suppliers either by making it difficult to switch to another organization or by _____.
A) increasing the margin on their products
B) reducing investments in their supply chain
C) making it easy to work with the organization
D) reducing the bargaining power of consumers
E) increasing the complexity of their products
Answer: C
Diff: 1
AACSB: Analytical Thinking
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LO: 2.7: How do information systems provide competitive advantages?
Classification: Concept

91) A group of shoe manufacturing firms purchases raw materials collectively from a single supplier to obtain better deals. This is an example of obtaining competitive advantage by _____.
A) differentiating the industry
B) locking in customers
C) establishing alliances
D) enhancing the products
E) creating a new service
Answer: C
Diff: 2
AACSB: Reflective Thinking
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LO: 2.7: How do information systems provide competitive advantages?
Classification: Application

92) PL Inc. implements an information system to improve its supply chain. The system helps the organization to reduce wastes and optimally utilize its resources. In this scenario, implementing the information system has helped PL Inc. to gain a competitive advantage by _____.
A) enhancing its products
B) reducing its costs
C) establishing alliances
D) differentiating its products
E) locking in customers
Answer: B
Diff: 3
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93) Reduction in production cost results in _____.
A) better customer service
B) lower shareholder value
C) increased profitability
D) increased competition
E) increased process complexity
Answer: C
Diff: 1
AACSB: Analytical Thinking
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LO: 2.7: How do information systems provide competitive advantages?
Classification: Concept

94) Which of the following principles of competitive advantage is related to process implementations?
A) create new products
B) enhance services
C) reduce costs
D) differentiate products
E) create new services
Answer: C
Diff: 2
AACSB: Analytical Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.7: How do information systems provide competitive advantages?
Classification: Concept

95) Which of the following principles of competitive advantage is related to process implementations?
A) create new products
B) lock in buyers
C) enhance services
D) differentiate services
E) create new services
Answer: B
Diff: 2
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96) Which of the following principles of competitive advantage is related to process implementations?
A) create new products
B) enhance services
C) differentiate services
D) raise the barriers to market entry
E) create new services
Answer: D
Diff: 2
AACSB: Analytical Thinking
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LO: 2.7: How do information systems provide competitive advantages?
Classification: Concept

97) Identify the principle of competitive advantage that is associated with product implementations.
A) lock in customers
B) enhance services
C) lock in suppliers
D) establish alliances
E) raise barriers to market entry
Answer: B
Diff: 2
AACSB: Analytical Thinking
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Classification: Concept

98) Jason's Burgers, a famous diner, recently started taking orders online to reduce the customer wait time. This arrangement was perfect for busy office workers who frequented the place, and the sales went up considerably. Jason's Burgers attempted to _____.
A) reduce costs
B) raise barriers to market entry
C) establish alliances
D) lock in customers
E) create a new product
Answer: D
Diff: 3
AACSB: Reflective Thinking
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99) Launch Cars, a car manufacturing company, has patented its breakthrough technology that reduces pollutant emissions by half. The company is now an active supporter of anti-pollution laws that are likely to diminish the profitability of many other auto makers. Launch Cars is attempting to _____.
A) reduce costs
B) raise barriers to market entry
C) establish alliances
D) lock in customers
E) lock in suppliers
Answer: B
Diff: 3
AACSB: Reflective Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.7: How do information systems provide competitive advantages?
Classification: Application

100) As a competitive advantage, how can a company make it difficult for a customer to switch to another company?
A) Allow a customer to purchase a new phone on a payment plan, but they have to sign a 2-year contract.
B) Give a customer a new doorbell camera on their month-to-month contract.
C) Offer a new service that is different from their competitors.
D) Establishing service sharing between the company's competitor.
E) Allowing open source developers to create apps for their tablet.
Answer: A
Diff: 2
AACSB: Analytical Thinking
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LO: 2.7: How do information systems provide competitive advantages?
Classification: Concept

101) Organizations cannot gain a competitive advantage by enhancing existing products or services.
Answer: FALSE
Diff: 1
AACSB: Analytical Thinking
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Classification: Concept

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102) Creating a new product to increase margin is an example of using product implementations to achieve competitive advantage.
Answer: TRUE
Diff: 2
AACSB: Analytical Thinking
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LO: 2.7: How do information systems provide competitive advantages?
Classification: Concept

103) Information systems create competitive advantage by providing support to a product rather than by becoming a part of the product.
Answer: FALSE
Diff: 2
AACSB: Information Technology
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.7: How do information systems provide competitive advantages?
Classification: Concept

104) Organizations can lock in customers by making it difficult or expensive for them to move to another product.
Answer: TRUE
Diff: 1
AACSB: Analytical Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.7: How do information systems provide competitive advantages?
Classification: Concept

105) The competitive strategy of locking in customers by making it difficult for them to move to another product is called establishing high switching costs.
Answer: TRUE
Diff: 1
AACSB: Analytical Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.7: How do information systems provide competitive advantages?
Classification: Concept

106) Briefly explain product implementation in competitive strategies.
Answer: Organizations gain a competitive advantage by creating new products or services, by enhancing existing products or services, and by differentiating their products and services from those of their competitors. Information systems create competitive advantages either as part of a product or by providing support to a product.
Diff: 2
AACSB: Analytical Thinking
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107) Briefly explain process implementation in competitive strategies.
Answer: Organizations can use various process implementation competitive strategies to gain competitive advantage. Organizations can lock in customers by making it difficult or expensive for customers to switch to another product. This strategy is sometimes called establishing high switching costs. Organizations can lock in suppliers by making it difficult to switch to another organization, or, stated positively, by making it easy to connect to and work with the organization. Competitive advantage can also be gained by creating entry barriers that make it difficult and expensive for new competition to enter the market. Another means to gain competitive advantage is to establish alliances with other organizations. Finally, organizations can gain competitive advantage by reducing costs.
Diff: 3
AACSB: Analytical Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.7: How do information systems provide competitive advantages?
Classification: Concept

108) Which of the following is most likely to change in the next ten years?
A) model of business strategy
B) competitive advantage mechanism
C) relationship between competitive advantage and information systems
D) pace of integration of new technology
E) principles of competitive advantage
Answer: D
Diff: 1
AACSB: Information Technology
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.8: 2029?
Classification: Concept

109) What kind of technological changes can be expected in the next ten years?
Answer: In the next 10 years, business models, strategies, and competitive advantages are unlikely to change. Their relationships to business processes and IS are also unlikely to change. They may evolve and new models may rise to the surface, but those new models will likely be extensions of existing models within existing paradigms. What is likely to change, however, is pace. The speed of business is continuing to accelerate because of faster Internet speeds, new networked devices, and improved hardware. The Web and other social sites (e.g., Twitter, Facebook, etc.) enable the rapid spread of new ideas and innovations. They also require businesses to constantly be on alert for changes that may affect their strategy in the near future.
Diff: 3
AACSB: Analytical Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.8: 2029?
Classification: Concept

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110) Give an example of a technology that is likely to have a major effect on competitive strategies in the years to come.
Answer: Augmented reality (AR) and virtual reality devices (VR) are just now being released to consumers. Drones are currently used by hobbyists and some small companies, but large-scale commercial use is still in the experimental stage. Self-driving cars are in the late development to early adoption phases and are getting a lot of attention from manufacturers and consumers. By 2029, new 3D applications, games, and user interfaces will be developed. Consequently, companies may need to redesign their business processes. Drones and self-driving cars will see widespread use and have a major effect on competitive strategies. For many products, transportation is a major cost. Entire value chains will be disrupted as transportation and delivery costs plummet. Robotics will likely be the next big area of technological expansion.
Diff: 2
AACSB: Analytical Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.8: 2029?
Classification: Concept

111) What changes will the pace of change bring about in the future?
Answer: We can reasonably assume that the pace of change and the pace at which new technology is integrated will be fast and increasing, possibly accelerating, in the next 10 years. We need to view this increased pace as rapidly creating opportunities in which you can excel. You know it's coming. You know that, if not self-driving vehicles, then some other new technology-based product that is being constructed in someone's garage today will change the competitive landscape for the company for which you will work.
Diff: 3
AACSB: Analytical Thinking
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.8: 2029?
Classification: Concept

112) How might robotics be used in the future and why would companies want to use robots?
Answer: Robotics will likely be the next big area of technological expansion. Even now, companies are introducing robotics into areas outside of manufacturing. The strategic implications of a robotic workforce cannot be understated. Robots don't require health care, time off, vacations, breaks, sick days, or workman's compensation. They don't join unions, get mad, sue their employer, harass coworkers, or drink on the job. They also work 24 hours a day without a paycheck! Combine that with a great AI like IBM's Watson, and you've got an entirely different workforce. By 2029 we may understand "labor" in an entirely different way.
Diff: 3
AACSB: Information Technology
Course LO: Explain how IS can be used to gain and sustain competitive advantage
LO: 2.8: 2029?
Classification: Concept

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