TRUE/FALSE

1. The primary goal of a for-profit organization is to maximize shareholder value.

   ANS: T   PTS: 1   REF: 47

2. An organization is a system, which means that it has inputs, processing, outputs, and feedback.

   ANS: T   PTS: 1   REF: 47

3. Depending on the customer, value might mean lower prices, better service, higher quality, or uniqueness of the product.

   ANS: T   PTS: 1   REF: 48

4. By adding a significant amount of value to their products and services, organizations ensure that they will exceed budgets and generate income losses.

   ANS: F   PTS: 1   REF: 48

5. Customer relationship management software often uses a variety of information sources.

   ANS: T   PTS: 1   REF: 49

6. Organizational culture consists of the major understandings and assumptions for a business or other organization.

   ANS: T   PTS: 1   REF: 55

7. In some cases, top-level managers can form organization culture rapidly.

   ANS: T   PTS: 1   REF: 55

8. Sustaining change almost always harms an organization while disruptive change almost always helps an organization.

   ANS: F   PTS: 1   REF: 56

9. Disruptive change often results in new, successful companies and offers consumers the potential of new products and services at reduced costs and superior performance.

   ANS: T   PTS: 1   REF: 56

10. The degree to which an organization supports the use of an information system is not an important factor that can lead to better attitudes about it.

    ANS: F   PTS: 1   REF: 59

11. Studies have shown that user satisfaction and technology acceptance are not particularly significant in healthcare as professionals in this industry are quick to learn and accept new technology.

ANS: F   PTS: 1   REF: 59

12. An organization can have a high level of infusion in one part of its operations and a low level of diffusion overall.

ANS: T   PTS: 1   REF: 59

13. If an organization has a high level of both diffusion and infusion, with computers throughout the organization, information systems are being used to their full potential.

ANS: F   PTS: 1   REF: 60

14. One organization can spend less than another on information systems but still get better value.

ANS: T   PTS: 1   REF: 62

15. According to Porter's five-forces model, the more these forces combine in any instance, the less likely firms will seek competitive advantage and the less dramatis the results of such an advantage will be.

ANS: F   PTS: 1   REF: 62

16. When the threat of new market entrants is high, the desire to seek and maintain competitive advantage to dissuade new entrants is also usually high.

ANS: T   PTS: 1   REF: 64

17. Many companies in the computer industry introduce new products and services frequently in an attempt to gain a cost leadership position.

ANS: F   PTS: 1   REF: 65-66

18. Today, companies are shifting from strategic management to performance-based management of their information systems and carefully consider both strategic advantage and costs.

ANS: T   PTS: 1   REF: 67

19. Improved productivity can result in faster customer response, lower costs, and increased customer satisfaction.

ANS: T   PTS: 1   REF: 68

20. ROI calculations can be complex, including investment returns over multiple years and the impact of the time value of money.

ANS: T   PTS: 1   REF: 68

21. Information systems can help bring new products and services in less time thus reducing time to market.

ANS: T   PTS: 1   REF: 68

22. Because of the difficulty in determining all the costs, total cost of ownership is seldom used to plan for and maximize the value of IS investments.

ANS: F   PTS: 1   REF: 69

23. Nontechnical skills such as communications skills and knowledge of the organization are not important to IS personnel.

ANS: F   PTS: 1   REF: 70

24. Opportunities in information systems are available to people from foreign countries, including Russia and India.

ANS: T   PTS: 1   REF: 71

25. The role of a systems analyst is narrowly defined and seldom involves communications with others.

ANS: F   PTS: 1   REF: 71

26. The systems development component focuses solely on the development of new information systems and seldom becomes involved in maintenance and review of information systems.

ANS: F   PTS: 1   REF: 71

27. A specialized support group often sets guidelines and standards for the rest of the organization to follow in making IS purchases.

ANS: T   PTS: 1   REF: 76

28. The IS support organization is a multi-faceted group providing user assistance in hardware and software acquisition and use, data administration, user training and assistance, and software development.

ANS: F   PTS: 1   REF: 73

29. Most IS careers involve working in a project team.

ANS: T   PTS: 1   REF: 76

30. Reengineering and continuous improvement mean the same thing.

ANS: F   PTS: 1   REF: 59

MULTIPLE CHOICE

1. The ability of an organization to achieve its goals is often a function of the organization's ____.
   a. overall structure   c. ability to change
   b. culture   d. all of the above

   ANS: D   PTS: 1   REF: 47

2. The value chain of an organization does NOT include this activity ____.
   a. inbound logistics   c. marketing and sales
   b. finance and accounting   d. customer service

   ANS: B   PTS: 1   REF: 48

3. _____ helps determine what supplies are required for the value chain, what quantities are needed to meet customer demand, how the supplies should be manufactured into finished goods and services, and how the shipment of supplies and products to customers should be scheduled, monitored, and controlled.
   a. customer relationship management
   b. inventory management
   c. demand planning
   d. supply chain management

   ANS: D   PTS: 1   REF: 48

4. Customer relationship management programs help companies manage _____.
   a. programs to retain loyal customers
   b. finished product inventory
   c. marketing and advertising
   d. a. and c.

   ANS: D   PTS: 1   REF: 49

5. User satisfaction with a computer system and the information it generates often depend on the _____.
   a. cost of the system
   b. quality of the system
   c. whether it was outsourced or not
   d. the hardware that comes with it

   ANS: B   PTS: 1   REF: 59

6. _____ is a measure of how widely technology is spread throughout an organization.
   a. Technology infusion
   b. Technology acceptance
   c. Technology diffusion
   d. Technology adoption

   ANS: C   PTS: 1   REF: 59

7. The extent to which technology permeates an area or department is called _____.
   a. technology deployment
   b. technology diffusion
   c. technology adoption
   d. technology infusion

   ANS: D   PTS: 1   REF: 59

8. An organization _____ uses its information system to gain a competitive advantage.
   a. almost never
   b. sometimes
   c. often
   d. nearly always

   ANS: C   PTS: 1   REF: 62

9. Which one the following was NOT one of five forces identified in Michael Porter's competitive forces model?
   a. the rivalry among existing competitors
   b. the threat of new entrants
   c. the threat of substitute products and services
   d. the threat of new information systems

   ANS: D   PTS: 1   REF: 62

10. Which of the following statements is true about the characteristics of a highly competitive industry?
   a. they have low fixed costs for entering or leaving the industry
   b. there are high degrees of product differentiation
   c. there are few competitors
   d. there tend to be more firms seeking competitive advantage

   ANS: D   PTS: 1   REF: 64

11. Introducing new products and services frequently is part of a(n) ____ competitive advantage strategy.
    a. differentiation
    b. creating new products and services
    c. altering the industry
    d. improving existing product lines and services

    ANS: B   PTS: 1   REF: 66

12. ____ is a competitive advantage strategy that Walmart and other retailers have followed for years and focuses on becoming more efficient and reducing costs.
    a. Differentiation   c. Creating new products and services
    b. Niche strategy   d. Cost leadership

    ANS: D   PTS: 1   REF: 65

13. Porsche is an example of a company with a ____ strategy for gaining competitive advantage, producing only high-performance sports cars and SUVs.
    a. differentiation   c. cost leadership
    b. niche   d. altering the industry

    ANS: B   PTS: 1   REF: 65

14. In the restaurant industry, competition is fierce primarily because ____.
    a. entry costs are low   c. the bargaining power of suppliers
    b. the bargaining power of buyers   d. the rapid deployment of IS solutions

    ANS: A   PTS: 1   REF: 64

15. In the initial phase in their use of information systems, organizations focused on ____.
    a. using information systems to reduce costs and improve productivity
    b. gaining competitive advantage
    c. both reducing costs and gaining competitive advantage
    d. using the most current technology available

    ANS: A   PTS: 1   REF: 67

16. Which of these is NOT a measure of performance used to evaluate the contribution of information systems to the business?
    a. return on investment   c. net present value
    b. productivity   d. none of the above

    ANS: D   PTS: 1   REF: 67

17. ____ investigates the additional profits or benefits that are generated as a percentage of the investment in IS technology.
    a. Net present value   c. Earnings growth
    b. Return on investment   d. Market share

    ANS: B   PTS: 1   REF: 68

18. Total cost of ownership includes the ____.
    a. cost to acquire an item   c. end-user operations
    b. technical support costs   d. all of the above

    ANS: D   PTS: 1   REF: 69

19. ____ is visa program that enables skilled employees from foreign lands into the United States.
    a. L-1B   c. 4F
    b. H-1B   d. all of the above

    ANS: B   PTS: 1   REF: 71

20. ____ are responsible for scheduling, hardware maintenance, and preparing input and output.
    a. Data-entry operators   c. Web operators
    b. System operators   d. Local area network operators

    ANS: B   PTS: 1   REF: 71

21. Data-entry personnel would be found primarily in the ____ organization of the IS group.
    a. systems development   c. support
    b. operations   d. information center

    ANS: B   PTS: 1   REF: 71

22. ____ are sometimes asked to regulate the use of the Internet and Web sites by employees to ensure that it is appropriate.
    a. database administrators   c. systems analysts
    b. Web administrators   d. software developers

    ANS: B   PTS: 1   REF: 73

23. User training is a key to get the most from any information system, and the ____ area ensures appropriate training is available.
    a. Web administration   c. database administration
    b. support   d. system development

    ANS: B   PTS: 1   REF: 73

24. A ____ sets up and manages network hardware, software, and security processes.
    a. CIO   c. database administration
    b. LAN administrator   d. business analyst

    ANS: B   PTS: 1   REF: 75

25. _____ involves reducing the number of employees to cut costs.
    a. Outsourcing   c. On demand computing
    b. Offshoring   d. Downsizing

    ANS: D   PTS: 1   REF: 62

COMPLETION

1. A(n) _____ is a formal collection of people and other resources established to accomplish a set of goals.

    ANS: organization

    PTS: 1   REF: 47

2. Resources such as materials, people, and money serve as _____ to the organization from the environment.

   ANS: inputs

   PTS: 1   REF: 47

3. Customers, suppliers, managers, shareholders, and employees are all examples of _____ of the organization.

   ANS: stakeholders

   PTS: 1   REF: 48

4. Combining a value chain with _____ inventory means companies can deliver materials or parts when they are needed.

   ANS: just in time

   PTS: 1   REF: 48

5. Two key elements of managing the value chain include managing the supply chain and _____.

   ANS: customer relationships

   PTS: 1   REF: 48

6. _____ is a set of major understandings and assumptions shared by a group, such as within an ethic group or country.

   ANS: Culture

   PTS: 1   REF: 55

7. Organizational _____ deals with how organizations plan for, implement, and handle change.

   ANS: change

   PTS: 1   REF: 55

8. The _____ model specifies the factors that can lead to better attitudes about the information system, along with higher acceptance and usage of the system in an organization.

   ANS: technology acceptance

   PTS: 1   REF: 59

9. The design department of an architectural firm that uses computers in all aspects of its design work would be said to have a high level of _____.

   ANS: infusion

PTS: 1   REF: 59

10. How appropriate and useful the information system is to the tasks or activities being performed is called the _____ fit and can lead to greater performance and profitability.

    ANS: Task-Technology

    PTS: 1   REF: 60

11. A(n) _____ is a significant and (ideally) long-term benefit to a company over its competition.

    ANS: competitive advantage

    PTS: 1   REF: 62

12. Porter's _____ model is a widely accepted model that identifies the key factors that can lead to attainment of competitive advantage.

    ANS: five-forces

    PTS: 1   REF: 62

13. When the bargaining power of suppliers is strong, companies need to increase their competitive _____ to retain their customers.

    ANS: advantage

    PTS: 1   REF: 64

14. To be competitive, an organization must also _____ its IS strategy with general business strategies and objectives.

    ANS: align

    PTS: 1   REF: 64

15. The _____ strategy for competitive advantage involves producing a variety of products, giving customers more choices, or delivering higher quality products and services.

    ANS: differentiation

    PTS: 1   REF: 65

16. A(n) _____, also called a strategic partnership, is an agreement between two or more companies that involves the joint production and distribution of goods and services.

    ANS: strategic alliance

    PTS: 1   REF: 65

17. _____ = (output / input) x 100%

    ANS: Productivity

PTS: 1   REF: 68

18. _____ is the sum of all costs over the life of the information system.

    ANS: Total cost of ownership

    PTS: 1   REF: 69

19. _____ workers are people who create, use, and disseminate knowledge.

    ANS: Knowledge

    PTS: 1   REF: 70

20. The _____ visa program is often used for intracompany transfers for multinational companies.

    ANS: L-1

    PTS: 1   REF: 71

21. The IS organization has three primary responsibilities including operations, systems development, and _____.

    ANS: support

    PTS: 1   REF: 71

22. A(n) _____ administrator focuses on the planning, policies, and procedures regarding the use of corporate data and information.

    ANS: database

    PTS: 1   REF: 73

23. Because IS hardware and software are costly, a specialized _____ group manages computer hardware and software acquisitions.

    ANS: support

    PTS: 1   REF: 73

24. The _____ component of the IS organization typically operates the information center.

    ANS: support

    PTS: 1   REF: 73

25. The _____ service unit is basically a miniature IS department attached and directly reporting to a functional area in a large organization.

    ANS: information

PTS: 1   REF: 73

ESSAY

1. Define the term value chain and briefly discuss the purpose of the supply chain component.

   ANS:
   The value chain is a series of activities that includes inbound logistics, warehouse and storage, production and manufacturing, finished product storage, outbound logistics, marketing and sales, and customer service.   An anlysis of each activity of the value chain of an organization reveals how to increase the value perceived by the customer.   The supply chain component determines what supplies are required for the value chain, what quantities are needed to meet customer demand, how the supplies should be manufactured into finished goods and services, and how the shipment of supplies and products to customers should be scheduled, maintained, and controlled.

   PTS: 1   REF: 48-49

2. Explain the difference between sustaining and disruptive change.

   ANS:
   Sustaining change can help an organization improve its current operations such as improving the supply of raw materials, the production process, and the products and services it offers.   Disruptive change can completely transform and organization or industry or create new ones.   Disruptive technologies may not originally have good performance, low cost, or even strong customer demand. Over time, however, they often replace existing technologies.

   PTS: 1   REF: 56

3. Briefly discuss the technology acceptance model and its importance.

   ANS:
   The technology acceptance model specifies the factors that can lead to better attitudes about an information system, along with higher acceptance and usage of the system.   These factors include the perceived usefullness of the technology, the ease of its use, the quality of the information system, and the degree to which the organization supports its use.

   PTS: 1   REF: 59

4. What is competitive advantage?   Identify five forces that cause firms to seek competitive advantage.

   ANS:
   Competitive advantage is a significant and long term benefit to a company over its competition and can result in higher-quality products, better customer service, and lower costs.   Michael Porter identified five forces that the more these forces combine in any instance, the more likely firms will seek competitive advantage and the more dramatic the results of such an advantage will be.   These five forces include 1) rivalry among existing competitors, 2) the threat of new entrants, 3) the threat of substitute products and services, 4) the bargaining power of suppliers, and 5) the bargaining power of suppliers.

   PTS: 1   REF: 62

5. What is the current outlook for a career in information systems?

ANS:
IS offers many exciting and rewarding careers.   The U.S. Department of Labor's Bureau of Labor Statistics predicts that many technology jobs will increase through 2012 and beyond.   Opportunities in information systems are also available to people for foreign countries through the H-1B and L-1 visa programs.

PTS: 1   REF: 70-71