

CHAPTER 12: INFORMATION SYSTEMS IN BUSINESS

Multiple Choice:

1. A computer system performs all of the following basic functions EXCEPT:
- A. output.
 - B. input.
 - C. acquisition.
 - D. processing.

Answer: C **Reference:** Anatomy of a System

Difficulty: Easy

2. An example of a subsystem of a WAN is:
- A. the Internet.
 - B. a LAN.
 - C. the environment.
 - D. a boundary.

Answer: B **Reference:** Anatomy of a System

Difficulty: Moderate

3. When two systems share a boundary, the output of one subsystem can be the _____ for another subsystem.
- A. input
 - B. bus
 - C. storage
 - D. memory

Answer: A **Reference:** Anatomy of a System

Difficulty: Easy

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4. When the output of one subsystem is used as input for another subsystem, the two systems have a shared:
- A. memory.
 - B. boundary.
 - C. EDI.
 - D. critical path.

Answer: B **Reference:** Anatomy of a System

Difficulty: Moderate

5. A store's environment includes all of the following EXCEPT:
- A. customers.
 - B. suppliers.
 - C. managers.
 - D. competitors.

Answer: C **Reference:** Business Organizations as Systems

Difficulty: Moderate

6. _____ activities support a company's primary activities.
- A. Outsourced
 - B. Efficiency
 - C. Core
 - D. Secondary

Answer: D **Reference:** The Value Chain Model

Difficulty: Moderate

7. A value chain's primary activities include all of the following EXCEPT:
- A. marketing and sales.
 - B. human resources.
 - C. operations.
 - D. service.

Answer: B **Reference:** The Value Chain Model

Difficulty: Moderate

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8. In the value chain model, the primary activity _____ includes receiving, storing, and distributing raw materials.
- A. marketing and sales
 - B. operations
 - C. service
 - D. inbound logistics

Answer: D **Reference:** The Value Chain Model

Difficulty: Moderate

9. In the value chain model, the primary activity which refers to delivering the products or services to customers is:
- A. marketing and sales.
 - B. outbound logistics.
 - C. service.
 - D. inbound logistics.

Answer: B **Reference:** The Value Chain Model

Difficulty: Moderate

10. In the value chain model, the primary activity, _____ is the process of creating products or services from raw materials.
- A. marketing and sales
 - B. operations
 - C. service
 - D. inbound logistics

Answer: B **Reference:** The Value Chain Model

Difficulty: Moderate

11. In the value chain model, the primary activity, _____ is concerned with finding customers and getting orders from them.
- A. marketing and sales
 - B. operations
 - C. service
 - D. inbound logistics

Answer: A **Reference:** The Value Chain Model

Difficulty: Easy

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12. In the value chain model, secondary activities include all of the following EXCEPT:

- A. procurement.
- B. management and administrative services.
- C. marketing.
- D. technology development.

Answer: C **Reference:** The Value Chain Model

Difficulty: Moderate

13. A company's environment includes all of the following EXCEPT:

- A. competitors.
- B. employees.
- C. customers.
- D. stockholders.

Answer: B **Reference:** Information Systems

Difficulty: Easy

14. A _____ is an example of input for an information system.

- A. financial statement
- B. screen display
- C. paycheck
- D. sales transaction

Answer: D **Reference:** Information Systems

Difficulty: Easy

15. A(n) _____ is an example of output from an information system.

- A. printer
- B. employee paycheck
- C. customer address change
- D. scanner

Answer: B **Reference:** Information Systems

Difficulty: Easy

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16. A(n) _____ is a subsystem supporting the information needs of other business processes within the organization.

- A. information system
- B. infrastructure
- C. technology management system
- D. operating system

Answer: A **Reference:** Information Systems

Difficulty: Moderate

17. All of the following are examples of transactions in an information system EXCEPT:

- A. manufacture widget.
- B. sell item.
- C. hire new employee.
- D. enhance memory capacity.

Answer: D **Reference:** Information Systems for Business Transactions

Difficulty: Moderate

18. A(n) _____ is a record-keeping system that keeps track of accounting transactions on a daily basis.

- A. IOS
- B. executive information system
- C. transaction processing system
- D. expert system

Answer: C **Reference:** Information Systems for Business Transactions

Difficulty: Moderate

19. The first step in the transaction processing cycle is:

- A. database operations.
- B. audit.
- C. data entry.
- D. user inquiry.

Answer: C **Reference:** Information Systems for Business Transactions

Difficulty: Moderate

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20. All of the following are examples of transaction processing systems EXCEPT:

- A. accounts receivable.
- B. payroll.
- C. group decision support system.
- D. general ledger.

Answer: C **Reference:** Information Systems for Business Transactions **Difficulty:** Easy

21. For a TPS, all of the following are action documents EXCEPT

- A. bills.
- B. receipts.
- C. credit cards.
- D. packing lists.

Answer: C **Reference:** Information Systems for Business Transactions **Difficulty:** Easy

22. EDI stands for:

- A. electronic data interchange.
- B. electrical data interchange.
- C. electronic data on the Internet.
- D. enhanced data interchange.

Answer: A **Reference:** Information Systems for Business Transactions **Difficulty:** Moderate

23. _____ processing gathers data and processes it later.

- A. Real-time
- B. Late entry data
- C. Batch
- D. Entry specific

Answer: C **Reference:** Information Systems for Business Transactions **Difficulty:** Moderate

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24. A library information system using a database to revise information about inventory levels after a book is checked out is an example of:
- A. batch processing.
 - B. EDI.
 - C. storage and retrieval.
 - D. acquisition.

Answer: C **Reference:** Information Technology in Information Systems **Difficulty:** Moderate

25. When a sales manager makes a chart and spreadsheet for a monthly sales report, the manager is using the IT function called:
- A. processing.
 - B. presentation.
 - C. acquisition.
 - D. storage and retrieval.

Answer: B **Reference:** Information Systems **Difficulty:** Moderate

26. The IT function, _____ is manipulating and organizing information for the benefit of the user.
- A. presentation
 - B. storage and retrieval
 - C. processing
 - D. acquisition

Answer: C **Reference:** Information Systems **Difficulty:** Moderate

27. When an instructor forwards student marks to another instructor, it is an example of the IT function called:
- A. transmission.
 - B. storage and retrieval.
 - C. processing.
 - D. acquisition.

Answer: A **Reference:** Information Systems **Difficulty:** Moderate

28. A sale reducing the number in stock would be recorded in a(n):

- A. expert system.
- B. ERP system
- C. accounts payable transaction.
- D. inventory control transaction.

Answer: D **Reference:** The Information Flow through a Transaction Processing System **Difficulty:** Moderate

29. A(n) _____ transaction processing system reports business income and expenses in monthly reports so that the financial health of the company can be determined.

- A. general ledger
- B. accounts payable
- C. inventory control
- D. payroll

Answer: A **Reference:** The Information Flow through a Transaction Processing System **Difficulty:** Moderate

30. An enterprise resource planning (ERP) system increases the:

- A. quality of the data of a transaction subsystem.
- B. degree of error discovery of a transaction subsystem.
- C. ability to share information between business processes.
- D. amount of paperwork generated by a business.

Answer: C **Reference:** Enterprise Resource Planning **Difficulty:** Challenging

31. Which of the following does NOT describe the attributes of an ERP system?

- A. Simplistic
- B. Complex
- C. Large
- D. Expensive

Answer: A **Reference:** Enterprise Resource Planning **Difficulty:** Challenging

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32. When two different businesses agree to work together, it is known as a:

- A. strategic plan.
- B. business alliance.
- C. value chain.
- D. corporation.

Answer: B **Reference:** Supply Chain Management and Outsourcing **Difficulty:** Moderate

33. An information system that supports international business activities is called a(n):

- A. International information system.
- B. EIS.
- C. EDI.
- D. Internet supplier system.

Answer: A **Reference:** Supply Chain Management and Outsourcing **Difficulty:** Moderate

34. The direct, computer-to-computer exchange of standardized, common business transaction documents between business partners, suppliers, and customers is:

- A. EDI.
- B. ES.
- C. EIS.
- D. ERP.

Answer: A **Reference:** Supply Chain Management and Outsourcing **Difficulty:** Easy

35. A business alliance linking systems of several companies who are in the same industry is called a(n) _____ network:

- A. Enterprise Resource Planning
- B. ES
- C. Industrial
- D. International Standards Organization

Answer: C **Reference:** Supply Chain Management and Outsourcing **Difficulty:** Moderate

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36. When a purchasing manager buys more computer paper for the office, she is making a(n) _____ decision.
- A. unstructured
 - B. tactical
 - C. structured
 - D. strategic

Answer: C **Reference:** Information Technology and Management **Difficulty:** Easy

37. When a Chief Executive Officer decides to open up a branch office in China, the CEO is making a(n) _____ decision.
- A. structured
 - B. tactical
 - C. unstructured
 - D. operational

Answer: C **Reference:** Information Technology and Management **Difficulty:** Easy

38. When an instructor determines the number of textbooks to order for an additional Monday night offering of an existing computer course, the instructor is making a(n) _____ decision:
- A. unstructured
 - B. strategic
 - C. semistructured
 - D. tactical

Answer: C **Reference:** Information Technology and Management **Difficulty:** Challenging

39. Middle managers primarily manage at the _____ level.
- A. tactical
 - B. operational
 - C. top management
 - D. strategic

Answer: A **Reference:** Information Technology and Management **Difficulty:** Challenging

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40. A company's board of directors acts at the _____ level.

- A. tactical
- B. operational
- C. middle management
- D. strategic

Answer: D **Reference:** Information Technology and Management **Difficulty:** Moderate

41. The _____ is the top manager responsible for the overall planning of information systems within a company.

- A. CEO
- B. Controller
- C. CIO
- D. DBA

Answer: C **Reference:** Information Technology and Management **Difficulty:** Moderate

42. MIS stands for:

- A. management Internet system.
- B. marketing Internet system.
- C. marketing and implementation software.
- D. management information system.

Answer: D **Reference:** Management Information Systems **Difficulty:** Moderate

43. The Management Information System receives input from the:

- A. EIS.
- B. ES.
- C. DSS.
- D. TPS.

Answer: D **Reference:** Management Information Systems **Difficulty:** Easy

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44. The _____ provides a manager with the information needed to make decisions regarding the firm's operational activities.

- A. EIS
- B. ES
- C. MIS
- D. EDI

Answer: C **Reference:** Management Information Systems **Difficulty:** Easy

45. A(n) _____ helps a manager make semistructured decisions by providing tools to help analyze information.

- A. EDI
- B. DSS
- C. TPS
- D. ES.

Answer: B **Reference:** Decision Support Systems **Difficulty:** Easy

46. If you were planning delivery routes for your business, you might find a(n) _____ helpful.

- A. GIS.
- B. MIS.
- C. EDI.
- D. DSS.

Answer: A **Reference:** Decision Support Systems **Difficulty:** Easy

47. A(n) _____ system is designed based on the knowledge of a highly-skilled professional in a particular field.

- A. executive information
- B. knowledge
- C. expert
- D. management information

Answer: C **Reference:** Expert Systems **Difficulty:** Moderate

48. A combination of a MIS and DSS called a(n) _____ helps top managers make decisions.

- A. GIS
- B. EIS
- C. EDI
- D. CAM

Answer: B **Reference:** Executive Information Systems

Difficulty: Moderate

49. When a company develops a new product that competitors have difficulty imitating, that company has created a(n):

- A. competitive advantage.
- B. switching cost mechanism.
- C. entry barrier.
- D. high efficiency quota.

Answer: C **Reference:** Strategic Information Systems

Difficulty: Moderate

50. Too many reports! Too many printouts! This is known as a(n):

- A. run-time error.
- B. data log.
- C. information overload.
- D. decision support system.

Answer: C **Reference:** Information Systems in Perspective

Difficulty: Easy

51. The first phase of IT planning is called _____ planning.

- A. tactical
- B. project
- C. organizational
- D. strategic

Answer: D **Reference:** Strategic Planning

Difficulty: Moderate

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52. To analyze their information requirements, many companies use _____ to define their IT infrastructure:

- A. enterprise modeling
- B. spreadsheet modeling
- C. optimization analysis
- D. project planning

Answer: A **Reference:** Describing the Information Technology Infrastructure **Difficulty:** Moderate

53. A manager could use _____ to determine if an information system project is economically worthwhile.

- A. Gantt charts
- B. program evaluation and review technique (PERT) charts
- C. cost-benefit analysis
- D. expert systems

Answer: C **Reference:** Allocating Resources **Difficulty:** Moderate

54. The third phase of information technology planning is _____, in which information system projects are selected.

- A. IT infrastructure description
- B. resource allocation
- C. project planning
- D. strategic planning.

Answer: B **Reference:** Allocating Resources **Difficulty:** Easy

55. The fourth phase of IT planning is _____ planning.

- A. hardware
- B. network
- C. project
- D. strategic

Answer: C **Reference:** Project Planning **Difficulty:** Easy

56. Managers use all of the following to identify problems in a project EXCEPT:

- A. Gantt chart.
- B. PERT diagram.
- C. CPM.
- D. CSF.

Answer: D **Reference:** Project Planning

Difficulty: Moderate

57. In a(n) _____ diagram, a manager uses three time estimates: an optimistic, a pessimistic, and a most likely time for completion of each activity.

- A. CPM
- B. PERT
- C. CSF
- D. Gantt

Answer: B **Reference:** Project Planning

Difficulty: Moderate

58. Social responsibility applies to:

- A. both individuals and companies.
- B. only companies.
- C. only the community.
- D. only the government.

Answer: A **Reference:** Social Responsibility in the Information Age

Difficulty: Easy

59. The ethical guideline, _____ states that a person should take the action that achieves the greatest good for all involved.

- A. code of ethics
- B. informed consent
- C. most restrictive action
- D. higher ethic

Answer: D **Reference:** Social Responsibility in the Information Age

Difficulty: Easy

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60. “If in doubt, get permission before proceeding” is an example of which ethical guideline?

- A. Code of ethics.
- B. Informed consent.
- C. Most restrictive action.
- D. Higher ethic.

Answer: B **Reference:** Social Responsibility in the Information Age **Difficulty:** Easy

61. “When deciding on an action, assume its most severe consequence and act accordingly.” This is the ethical guideline:

- A. code of ethics
- B. informed consent
- C. most restrictive action
- D. higher ethic

Answer: C **Reference:** Social Responsibility in the Information Age **Difficulty:** Easy

62. Concerning business intelligence, all of the following are true EXCEPT:

- A. data is collected, manipulated, and analyzed for better decision making.
- B. it may be provided through use of a digital dashboard.
- C. managers cannot access the system themselves.
- D. it may predict the impact of a decision.

Answer: C **Reference:** Organizational Efficiencies through Business Intelligence **Difficulty:** Moderate

Fill in the Blank:

63. A system performs three basic functions: input, _____, and output.

Answer: processing **Reference:** Anatomy of a System **Difficulty:** Easy

64. In addition to the three basic functions, a system has two additional functions: _____ and control.

Answer: feedback **Reference:** Anatomy of a System **Difficulty:** Challenging

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65. The _____ function evaluates feedback data and adjusts the system's input and processing functions accordingly.

Answer: control

Reference: Anatomy of a System

Difficulty: Challenging

66. Anything outside a system's boundary is referred to as the system's _____.

Answer: environment

Reference: Anatomy of a System

Difficulty: Moderate

67. The _____ model looks at a business as a series of activities designed to add value to a business's product or service.

Answer: value chain

Reference: The Value Chain Model

Difficulty: Easy

68. The value chain model divides a firm's activities into _____ and secondary activities.

Answer: primary

Reference: The Value Chain Model

Difficulty: Easy

69. In the value chain model, the _____ activities directly relate to producing the product.

Answer: primary

Reference: The Value Chain Model

Difficulty: Moderate

70. In the value chain model, the _____ activities support the firm's primary activities.

Answer: secondary

Reference: The Value Chain Model

Difficulty: Easy

71. TPS stands for _____.

Answer: Transaction Processing System **Reference:** Information Systems for Business Transactions
Difficulty: Easy

72. A(n) _____ TPS keeps records of amounts owed by customers.

Answer: accounts receivable

Reference: The Information Flow through a Transaction Processing System

Difficulty: Easy

73. A(n) _____ TPS records employee work hours and produces paychecks.

Answer: payroll

Reference: The Information Flow through a Transaction Processing System

Difficulty: Easy

74. Transaction processing is a cyclical process involving entering data, processing data, storing and updating data, preparing documents and reports and _____.

Answer: user inquiry

Reference: Information Systems for Business Transactions

Difficulty: Challenging

75. ERP stands for _____.

Answer: enterprise resource planning

Reference: Enterprise Resource Planning

Difficulty: Moderate

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76. A(n) _____ system combines transactions from all the company's TPS systems into a one database or data warehouse.

Answer: Enterprise Resource Planning **Reference:** Enterprise Resource Planning **Difficulty:** Moderate

77. IOS stands for _____.

Answer: Interorganizational Information System **Reference:** Supply Chain Management and Outsourcing
Difficulty: Challenging

78. A company's _____ includes the network of organizations that supply raw materials, manufacture products, and distribute products to customers.

Answer: supply chain **Reference:** Supply Chain Management and Outsourcing **Difficulty:** Moderate

79. The two forms of IOS are business alliances and _____.

Answer: EDI or Electronic Data Interchange **Reference:** Supply Chain Management and Outsourcing
Difficulty: Moderate

80. _____ is the direct, computer-to-computer exchange of standard business transaction documents.

Answer: EDI **Reference:** Supply Chain Management and Outsourcing **Difficulty:** Moderate

81. A bookstore working closely with FedEx to handle the store's delivery logistics is an example of a business _____.

Answer: alliance **Reference:** Supply Chain Management and Outsourcing **Difficulty:** Challenging

82. The three management levels are operational, tactical, and _____.

Answer: strategic **Reference:** Information Technology and Management **Difficulty:** Challenging

83. A manager at the _____ level deals with supervising the day-in-day-out activities of a business.

Answer: operational **Reference:** Information Technology and Management **Difficulty:** Moderate

84. CIO stands for _____.

Answer: Chief Information Officer **Reference:** Information Technology and Management
Difficulty: Easy

85. DSS stands for _____.

Answer: decision support system **Reference:** Decision Support Systems **Difficulty:** Moderate

86. A(n) _____ system helps a manager make semistructured decisions using both internal and external information.

Answer: decision support **Reference:** Decision Support Systems **Difficulty:** Moderate

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87. A(n) _____ is a special type of DSS that includes maps and demographic data.

Answer: GIS **Reference:** Decision Support Systems **Difficulty:** Easy

88. GDSS stands for _____.

Answer: group decision support system **Reference:** Decision Support Systems **Difficulty:** Moderate

89. GIS stands for _____.

Answer: geographic information system **Reference:** Decision Support Systems **Difficulty:** Moderate

90. A(n) _____ system gives managers access to the knowledge of professionals in a narrow area of interest.

Answer: expert **Reference:** Expert Systems **Difficulty:** Easy

91. Replicating the knowledge of an engineer for training of new employees is a good use of a(n) _____ system.

Answer: ES or expert **Reference:** Expert Systems **Difficulty:** Moderate

92. A(n) _____ information system combines the features of MIS and DSS and supports unstructured decision making by a CEO.

Answer: executive **Reference:** Executive Information Systems **Difficulty:** Challenging

93. A(n) _____ information system has many components including an internal operations database, analytical models and external databases.

Answer: EIS or executive **Reference:** Executive Information Systems **Difficulty:** Easy

94. _____ analysis is used by a DSS to find the input that would produce the desired result.

Answer: Goal-seeking **Reference:** Using DSS for Analysis **Difficulty:** Challenging

95. _____ analysis is used by a DSS to vary the value of key input variables systematically and project output as each input variable is changed.

Answer: Sensitivity **Reference:** Using DSS for Analysis **Difficulty:** Challenging

96. An example of _____ analysis is calculating the best price to charge for a product.

Answer: optimization **Reference:** Using DSS for Analysis **Difficulty:** Challenging

97. A company creates a(n) _____ when it develops a new product that a competitor has difficulty imitating.

Answer: entry barrier **Reference:** Strategic Information Systems **Difficulty:** Challenging

98. _____ costs are the time, effort, and money a customer or supplier would have to expend to change to a competitor's product or service.

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Answer: Switching **Reference:** Strategic Information Systems **Difficulty:** Moderate

99. In the _____ phase of IT planning, a company defines its mission, environment, strengths, weaknesses; and competitive strategy.

Answer: strategic planning **Reference:** Strategic Planning **Difficulty:** Moderate

100. The IT _____ includes a company's information systems hardware, software, and telecommunications equipment, as well as its personnel and organizational structure.

Answer: infrastructure **Reference:** Describing the Information Technology Infrastructure
Difficulty: Challenging

101. The third phase of information technology planning, _____, is the process of selecting the information system projects in which to invest time and money.

Answer: resource allocation **Reference:** Allocating Resources **Difficulty:** Challenging

102. A(n) _____ chart depicts a project schedule showing each step with its planned start and completion dates.

Answer: Gantt **Reference:** Project Planning **Difficulty:** Challenging

103. CPM, which stands for _____, uses a mathematical model to calculate when a project's activities will be completed.

Answer: critical path method **Reference:** Project Planning **Difficulty:** Challenging

104. Three time estimates—optimistic, pessimistic, and most likely—are incorporated into a(n) _____ diagram.

Answer: PERT **Reference:** Project Planning **Difficulty:** Challenging

105. An organization may develop a(n) _____ to guide the behavior of its workers.

Answer: code of ethics **Reference:** Social Responsibility in the Information Age **Difficulty:** Moderate

106. Donn B Parker developed the ethical guideline, _____ that states, "You should take the action that achieves the greater good for everyone involved."

Answer: the higher ethic **Reference:** Social Responsibility in the Information Age **Difficulty:** Challenging

107. The ethical guideline, _____, states, "If in doubt about ethics or laws, inform those affected of your intentions and obtain their permission to proceed."

Answer: informed consent **Reference:** Social Responsibility in the Information Age **Difficulty:** Challenging

108. The ethical guideline, _____, states, "When deciding on an action, assume the worst possible consequence and act accordingly."

Answer: most restrictive action **Reference:** Social Responsibility in the Information Age **Difficulty:** Challenging

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109. _____ is the process of collecting, manipulating, and analyzing raw data to produce information for decision makers in an organization.

Answer: Business intelligence **Reference:** Organizational Efficiencies through Business Intelligence

Difficulty: Challenging

Matching:

110. Match the following transaction processing systems to the activities:

- | | |
|--------------------------|--|
| I. sales | A. print a check for a vendor |
| II. inventory control | B. print a paycheck |
| III. accounts receivable | C. reduce the number of items in stock |
| IV. accounts payable | D. summarize monthly income and expenses |
| V. purchasing | E. record what customers owe |
| VI. general ledger | F. buy new stock from vendors |
| VII. payroll | G. record items or services sold |

Answers: G, C, E, A, F, D, B
System

Reference: The Information Flow through a Transaction Processing

Difficulty: Moderate

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111. Match the decisions and management levels to their definitions and responsibilities:

- | | |
|-----------------------------|---|
| I. structured decision | A. short-term plans for the next year or so |
| II. semistructured decision | B. unique, unknown circumstances |
| III. unstructured decision | C. day-to-day activities |
| IV. operational level | D. some uncertainty, some clarity |
| V. tactical level | E. clearly understandable, established procedures |
| VI. strategic level | F. long-range, major impact decisions |

Answers: E, D, B, C, A, F

Reference: IT and Management

Difficulty: Moderate

112. Put the following phases of IT planning in order:

- | | |
|--------------------------------------|-----------|
| I. project planning | A. first |
| II. description of IT infrastructure | B. second |
| III. strategic planning | C. third |
| IV. allocating resources | D. fourth |

Answers: D, B, A, C

Reference: IS for Business Transactions

Difficulty: Moderate