

**Test Bank for: Management Information Systems:
Managing the Digital Firm, 16th Edition By Kenneth C.
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Management Information Systems: Managing the Digital Firm, 15e (Laudon)

Chapter 1 Information Systems in Global Business Today

1) Which of the following is *not* one of the six strategic business objectives of information systems?

- A) New products and services
- B) Improved decision making
- C) Competitive advantage
- D) Improved employee morale
- E) Survival

Answer: D

Difficulty: Challenging

AACSB: Information technology

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

2) Verizon's use of a web-based digital dashboard to provide managers with precise real-time information enabled it to improve which of the following?

- A) Compliance with regulations
- B) Managerial decision making
- C) Efficiency in creation of new products
- D) Employee morale
- E) Intimacy with its suppliers

Answer: B

Difficulty: Challenging

AACSB: Information technology

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

3) Which of the following may lead to competitive advantage?

- 1. New products, services, and business models;

- 2. Charging less for superior products;
- 3. Responding to customers in real time

- A) 1 only
- B) 1 and 2
- C) 2 and 3
- D) 1 and 3
- E) 1, 2, and 3

Answer: E

Difficulty: Challenging

AACSB: Analytical thinking

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

- 4) A firm that invests in an information system because it is a necessity of doing business does so because it is seeking to achieve which of the following business objectives?

- A) Operational excellence
- B) Improved decision making
- C) Competitive advantage
- D) Customer intimacy
- E) Survival

Answer: E

Difficulty: Moderate

AACSB: Information technology

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

- 5) The Mandarin Oriental's use of computer systems to keep track of guests' preferences is an example of which of the following?

- A) Improved flexibility
- B) Improved decision making
- C) Improved efficiency
- D) Customer intimacy

E) Operational excellence

Answer: D

Difficulty: Moderate

AACSB: Information technology

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

6) Competitors were seeking which of the following business objectives when they rushed to provide ATMs after Citibank introduced the first ATMs in New York?

A) Improved efficiency

B) Customer and supplier intimacy

C) Survival

D) Competitive advantage

E) Improved decision making

Answer: C

Difficulty: Moderate

AACSB: Information technology

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

7) Which of the following is the key business metric behind the technologies implemented by Kroger, as discussed in the chapter-opening case?

A) Higher customer satisfaction levels

B) Survival

C) Improved employee morale

D) Improved decision making

E) Reduced cost of supplies

Answer: A

Difficulty: Moderate

AACSB: Analytical thinking

LO: 1-1: How are information systems transforming business, and why are they so essential for

running and managing a business today?

8) Which of the following is an example of a business using information systems to create a new product?

- A) Walmart's RetailLink system
- B) The Mandarin Oriental's use of computers to keep track of guest preferences
- C) Verizon's use of a web-based digital dashboard to provide real-time company information for managers
- D) Apple's creation of the iPod
- E) Kroger's use of sensors to monitor cold food storage temperatures

Answer: D

Difficulty: Challenging

AACSB: Information technology

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

9) Walmart exemplifies the power of information systems coupled with state-of-the-art business practices and supportive management to achieve which of the following?

- A) New products and services
- B) Operational efficiency
- C) Survival
- D) Customer intimacy
- E) Competitive advantage

Answer: B

Difficulty: Challenging

AACSB: Information technology

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

10) How much did American businesses spend on information systems hardware, software, and telecommunications equipment in 2015?

- A) About \$100 million
- B) About \$1 billion
- C) About \$100 billion
- D) About \$1 trillion
- E) About \$10 trillion

Answer: D

Difficulty: Moderate

AACSB: Information technology

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

11) To make sure they stock clothes that their customers will purchase, a department store implements a new application that analyzes spending levels at their stores and cross-references this data to popular clothing styles. Which of the following business objectives is this information intended to support?

- A) Customer intimacy
- B) Survival
- C) Operational excellence
- D) Improved decision making
- E) New products and services

Answer: C

Difficulty: Moderate

AACSB: Analytical thinking

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

12) Approximately what percent of U.S. businesses have some form of remote work program?

- A) About 15 percent
- B) About 25 percent
- C) About 35 percent

- D) About 60 percent
- E) About 75 percent

Answer: D

Difficulty: Moderate

AACSB: Information technology

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

13) All of the following are new technology-related trends in MIS *except*:

- A) cloud computing.
- B) big data.
- C) IoT.
- D) the mobile digital platform.
- E) co-creation of business value.

Answer: E

Difficulty: Moderate

AACSB: Analytical thinking

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

14) Which of the following statements about digital firms is *not* true?

- A) In digital firms, time shifting and space shifting are the norm.
- B) Today, most firms are fully digital.
- C) Digital firms offer extraordinary opportunities for flexible global organization and management.
- D) Digital firms sense and respond to their environments more rapidly than traditional firms.
- E) Digital firms have more flexibility to survive in turbulent times.

Answer: B

Difficulty: Challenging

AACSB: Reflective thinking

LO: 1-1: How are information systems transforming business, and why are they so essential for

running and managing a business today?

15) A firm that must invest in new information systems capabilities in order to comply with federal legislation is investing to achieve which business objective?

- A) Customer intimacy
- B) Operational excellence
- C) Survival
- D) Creation of new products
- E) Improved decision making

Answer: C

Difficulty: Moderate

AACSB: Information technology

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

16) The enormous volume of data generated by Internet activity, such as web traffic, email, and social media is referred to as:

- A) IoT.
- B) big data.
- C) the mobile digital platform.
- D) cloud computing.
- E) business intelligence.

Answer: B

Difficulty: Easy

AACSB: Reflective thinking

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

17) Which of the following is *not* one of the current changes taking place in information systems technology?

- A) Growing business use of big data
- B) Growth in cloud computing

- C) Growth in the PC platform
- D) Emerging mobile digital platform
- E) Increased usage of data generated by the Internet of Things

Answer: C

Difficulty: Moderate

AACSB: Reflective thinking

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

18) Thomas Friedman's description of the world as "flat" refers to:

- A) the flattening of economic and cultural advantages of developed countries.
- B) the use of the Internet and technology for instantaneous communication.
- C) the reduction in travel times and the ubiquity of global exchange and travel.
- D) the growth of globalization.
- E) the increased use of global currencies.

Answer: A

Difficulty: Easy

AACSB: Reflective thinking

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

19) In 2015, what percent of the U.S. economy resulted from foreign trade?

- A) 10 percent
- B) 25 percent
- C) 30 percent
- D) 50 percent
- E) 66 percent

Answer: C

Difficulty: Challenging

AACSB: Information technology

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

20) All of the following describe the effects of globalization *except*:

- A) significant decreases in operating costs.
- B) reduction of labor costs through outsourcing.
- C) ability to find low-cost suppliers.
- D) increases in transaction costs.
- E) replication of business models in multiple countries.

Answer: D

Difficulty: Challenging

AACSB: Analytical thinking

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?

21) How many service jobs move offshore to lower-wage countries in a typical year?

- A) 3,000
- B) 30,000
- C) 300,000
- D) 3 million
- E) 30 million

Answer: C

Difficulty: Challenging

AACSB: Reflective thinking

LO: 1-1: How are information systems transforming business, and why are they so essential for running and managing a business today?