Chapter 12:

Information Systems in Business

## Multiple Choice:

1. What company did Andy Grove co-found?
   1. IBM
   2. Intel
   3. Microsoft
   4. Hewlett-Packard

**Answer:** B **Reference:** Andy Grove, the Paranoid Chip Merchant **Difficulty:** Moderate

1. A computer system performs all of the following functions EXCEPT:
   1. output.
   2. input.
   3. storage.
   4. processing.

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

1. An example of a subsystem of a local area network (LAN) could be:
   1. the Internet.
   2. a PC.
   3. a file to upload.
   4. a mainframe computer.

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

1. A LAN could be a subsystem of:
   1. the Internet.
   2. a PC.
   3. a printer.
   4. a server on the LAN.

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

1. The output of one subsystem is often the \_\_\_\_\_\_\_\_\_\_\_\_ to another subsystem.
   1. input
   2. information system
   3. storage
   4. memory

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

1. \_\_\_\_\_\_\_\_\_\_\_ activities support a business’s primary activities.
   1. Outsourced
   2. Efficiency
   3. Core
   4. Secondary

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

1. The \_\_\_\_\_\_\_\_\_\_\_ of a business collects data and processes it into necessary information.
   1. materials processors
   2. management
   3. production staff
   4. information system

**Answer:** D **Reference:** Business Organizations as Systems **Difficulty:** Easy

1. A company’s environment consists of all EXCEPT:
   1. competitors.
   2. employees.
   3. customers.
   4. stockholders.

**Answer:** B **Reference:** Business Organizations as Systems **Difficulty:** Moderate

1. A subsystem that supports the information needs of other business processes within an organization is known as a(n):
   1. information system.
   2. expert system.
   3. technology management system.
   4. technology information department.

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

1. An example of input of an information system would be a:
   1. printer.
   2. report.
   3. customer name for data entry.
   4. plotter.

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

1. An example of output of an information system would be a:
   1. printer.
   2. report.
   3. PC tablet.
   4. plotter.

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

1. An accounting and record-keeping system that keeps track of daily transactions necessary to operate a business is known as a(n):
   1. information system.
   2. subset of sound business practices.
   3. transaction processing system.
   4. technology information department.

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

1. The first step in the transaction processing cycle is:
   1. data processing.
   2. document and report preparation.
   3. data entry.
   4. user inquiry.

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

1. EDI stands for:
   1. electronic data interchange.
   2. electrical data interchange.
   3. electronic data on the Internet.
   4. electron data interchangeably.

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

1. What is the process of gathering data and then processing it at a later time?
   1. Real-time processing
   2. Later entry data processing
   3. Batch processing
   4. Entry specific processing

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

1. Scanning and identifying library books with a scanning device upon checkout is an example of:
   1. processing.
   2. acquisition.
   3. storage and retrieval.
   4. transmission.

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

1. What type of information technology function is the creation of a monthly sales report shown in an understandable chart and an easy-to-read spreadsheet format developed for a sales manager?
   1. processing
   2. presentation
   3. acquisition
   4. storage and retrieval

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

1. Manipulating and organizing information in a way that makes it useful for a user is the information technology function of:
   1. presentation.
   2. storage and retrieval.
   3. processing.
   4. acquisition.

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

1. An instructor distributes accumulated and processed data about a group of students to another instructor; this is an example of the information technology function of:
   1. transmission.
   2. storage and retrieval.
   3. processing.
   4. acquisition.

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

1. An enterprise resource planning (ERP) system increases the:
   1. quality of the data of a transaction subsystem.
   2. degree of error discovery of a transaction subsystem.
   3. speed of a company’s entire transaction processing cycle.
   4. amount of paperwork generated by a business.

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

1. Which of the following does NOT typically describe the attributes of an ERP system?
   1. Simplistic
   2. Complex
   3. Large
   4. Expensive

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

1. The sale of a dress in a women’s boutique and the result that one less item is now in stock would be recorded in a(n) \_\_\_\_\_\_\_\_\_\_\_\_ processing system.
   1. accounts receivable transaction
   2. information
   3. accounts payable transaction
   4. inventory control transaction

**Answer:** D **Reference:** How it Works: 12.1 The Information Flow Through a Transaction Processing System  
**Difficulty:** Moderate

1. A business’ income and expenses are organized in reports so that the health of the company can be determined; this information is recorded in a(n):
   1. general ledger transaction processing system.
   2. accounts payable transaction processing system.
   3. inventory control transaction processing system.
   4. payroll transaction processing system.

**Answer:** A **Reference:** How it Works: 12.1 The Information Flow Through a Transaction Processing System  
**Difficulty:** Moderate

1. When two different businesses coordinate and form an agreement to work together, it is known as a:
   1. strategic plan.
   2. business alliance.
   3. business cooperative.
   4. corporation.

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

1. An information system that supports international business activities is called a(n):
   1. international information system.
   2. global business system.
   3. globally-linked business system.
   4. Internet supplier system.

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

1. When an instructor creates a new computer course to be added to the other computer courses offered by the department and must determine the number of textbooks to order, she is making a(n):
   1. structured decision.
   2. unstructured decision.
   3. semistructured decision.
   4. management level decision.

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

1. Middle managers primarily manage at the \_\_\_\_\_\_\_\_\_\_ level.
   1. tactical
   2. operational
   3. top management
   4. strategic

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

1. Individuals that are part of a board of directors of a company act at the \_\_\_\_\_\_\_\_\_\_ level.
   1. tactical
   2. operational
   3. middle management
   4. strategic

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

1. MIS stands for:
   1. management Internet system.
   2. marketing Internet system.
   3. marketing and implementation software.
   4. management information system.

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

1. If you were in the forest searching for your way back to a road, you might take advantage of a(n):
   1. GIS.
   2. MIS.
   3. EDI.
   4. DSS.

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

1. Top managers may use a(n) \_\_\_\_\_\_\_\_\_\_\_\_, a combination of a MIS and a DSS, to support their decision making.
   1. GIS.
   2. EIS.
   3. EDI.
   4. CAM.

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

1. When a system is designed based on the knowledge of a recognized professional in a particular field, it is known as a(n):
   1. executive information system (EIS).
   2. knowledge system (KS).
   3. expert system (ES).
   4. management information system (MIS).

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

1. When a company develops a new product that competitors find extremely difficult to match or improve upon, the original company has created a:
   1. competitive advantage.
   2. switching cost mechanism.
   3. barrier to entry.
   4. high efficiency quota.

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

1. Too many reports! Too many printouts! Too many particular details! This is known as:
   1. Internet information system.
   2. system overload.
   3. information overload.
   4. information surplus.

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

1. To economically determine if an information system project is worthwhile for a company to undertake, managers may use:
   1. Gantt charts.
   2. program evaluation and review technique (PERT) charts.
   3. cost-benefit analysis.
   4. expert systems.

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

1. The first step of IT planning is called:
   1. MIS planning.
   2. infrastructure planning.
   3. organizational information requirements planning.
   4. strategic planning.

**Answer:** D **Reference:** Strategic Planning **Difficulty:** Moderate

1. Types of charts or diagrams that are used by managers to identify problems in a project include all of the following EXCEPT:
   1. Gantt.
   2. program evaluation and review technique (PERT).
   3. critical path method (CPM).
   4. electronic data interchange (EDI).

**Answer:** D **Reference:** Project Planning **Difficulty:** Moderate

1. Social responsibility applies to:
   1. individuals and companies.
   2. companies
   3. the community.
   4. customers.

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

1. To guide behavior of employees in a socially responsible manner, many companies have created:
   1. codes of ethics.
   2. management rules.
   3. insider trading restrictions.
   4. code of conduct.

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

## Fill in the Blank:

1. A system performs three basic functions: input, processing, and \_\_\_\_\_\_\_\_\_\_\_\_.

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

1. Two additional functions of a system are \_\_\_\_\_\_\_\_\_\_\_\_ and control.

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

1. The external environment that a business operates in includes customers, stockholders, competitors, suppliers, banks, and \_\_\_\_\_\_\_\_\_\_\_\_ agencies (which often regulate the business).

**Answer:** government **Reference:** Business Organizations as Systems **Difficulty:** Moderate

1. A business’ \_\_\_\_\_\_\_\_\_\_\_\_ department recruits, hires, trains, and develops the individuals within the firm.

**Answer:** Human Resources **Reference:** Business Organizations as Systems **Difficulty:** Easy

1. A(n) \_\_\_\_\_\_\_\_\_\_\_\_ system in a business is intended to help individuals gather and use information, communicate with others inside and outside the organization, and make effective decisions.

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

1. In the context of business information systems, information technology performs five functions: acquisition, \_\_\_\_\_\_\_\_\_\_\_\_, storage, presentation, and transmission.

**Answer:** processing **Reference:** Information Technology in Information Systems  
**Difficulty:** Challenging

1. The information technology process that accumulates information for later use and then accesses it when needed is known as \_\_\_\_\_\_\_\_\_\_\_\_.

**Answer:** storage and retrieval **Reference:** Information Technology in Information Systems   
**Difficulty:** Challenging

1. Processing transactions as they occur is known as \_\_\_\_\_\_\_\_\_\_\_\_.

**Answer:** real-time processing **Reference:** Information Technology for Business Transactions  
**Difficulty:** Challenging

1. An example of a typical \_\_\_\_\_\_\_\_\_\_\_\_ activity is the process of running the monthly payroll for employees.

**Answer:** batch processing **Reference:** Information Technology for Business Transactions   
**Difficulty:** Moderate

1. ERP stands for \_\_\_\_\_\_\_\_\_\_\_\_.

**Answer:** enterprise resource planning **Reference:** Enterprise Resource Planning **Difficulty:** Moderate

1. A(n) \_\_\_\_\_\_\_\_\_\_\_\_ transaction processing system involves keeping records of amounts owed by customers.

**Answer:** accounts receivable **Reference:** How it Works: 12.1 The Information Flow Through a Transaction Processing System **Difficulty:** Challenging

1. A(n) \_\_\_\_\_\_\_\_\_\_\_\_ transaction processing system involves keeping track of employee work hours and producing paychecks.

**Answer:** payroll **Reference:** How it Works: 12.1 The Information Flow Through a Transaction Processing System **Difficulty:** Challenging

1. \_\_\_\_\_\_\_\_\_\_\_\_ is the direct, computer-to-computer exchange of standard business transaction documents; it is based on international standards.

**Answer:** EDI or Electronic data interchange **Reference:** Supply Chain Management and Outsourcing **Difficulty:** Moderate

1. A bookstore working closely with FedEx to handle the store’s delivery logistics is an example of a(n) \_\_\_\_\_\_\_\_\_\_\_\_.

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

1. When a bookstore needs to reorder textbooks for a class that is taught every semester by the same professor, the manager will most likely make a(n) \_\_\_\_\_\_\_\_\_\_\_\_ decision.

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

1. When a unique situation arises that a manager must deal with, she is faced with a(n) \_\_\_\_\_\_\_\_\_\_\_\_ decision.

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

1. Three typical management levels exist: operational, tactical, and \_\_\_\_\_\_\_\_\_\_\_\_.

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

1. 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

1. DSS stands for \_\_\_\_\_\_\_\_\_\_\_\_.

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

1. GDSS stands for \_\_\_\_\_\_\_\_\_\_\_\_.

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

1. GIS stands for \_\_\_\_\_\_\_\_\_\_\_\_.

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

1. Managers can use a(n) \_\_\_\_\_\_\_\_\_\_\_\_ information system to monitor crucial economic and social trends affecting their organization.

**Answer:** executive **Reference:** Expert Systems **Difficulty:** Challenging

1. Creating a system that replicates the knowledge of a professional in the automotive industry and using the system to train new members of an organization is an example of a(n) \_\_\_\_\_\_\_\_\_\_\_\_.

**Answer:** ES or expert system **Reference:** Information Systems in Perspective **Difficulty:** Moderate

1. When an organization defines its mission; clearly identifies its environment, strengths, and weaknesses; and defines its competitive strategy, it is implementing the first phase of IT planning, called \_\_\_\_\_\_\_\_\_\_\_\_.

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

1. A company’s information systems hardware, software, and telecommunications equipment; its staff and personnel; and its organizational structure are known as the IT \_\_\_\_\_\_\_\_\_\_\_\_.

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

1. 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

1. A(n) \_\_\_\_\_\_\_\_\_\_\_\_ visually represents a project schedule.

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

1. CPM, or \_\_\_\_\_\_\_\_\_\_\_\_, keeps track of a project’s schedule.

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

1. Three time estimates—optimistic, pessimistic, and most likely—are incorporated into a(n) \_\_\_\_\_\_\_\_\_\_\_\_ diagram.

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

1. The traditional stakeholders of any business include the employees, suppliers, customers, local community, and \_\_\_\_\_\_\_\_\_\_\_\_.

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

## Matching:

1. Match the following transaction processing systems to their definitions:

I. sales transaction A. print a check for a vendor

II. inventory control B. employee hours and paycheck printing

III. accounts receivable C. how many of an item are in stock

IV. accounts payable D. overall income and expenses

V. purchasing E. what customers owe

VI. general ledger F. new stock from vendors

VII. payroll G. record of items or services sold

**Answers:** G, C, E, A, F, D, B **Reference:** How it Works **Difficulty:** Moderate

1. Put the following transaction processing steps in order:

I. storing and updating data A. first

II. processing the data B. second

III. user inquiry C. third

IV. data entry D. fourth

V. document preparation E. fifth

**Answers:** C, B, E, A, D **Reference:** IS for Business Transactions **Difficulty:** Moderate

1. 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