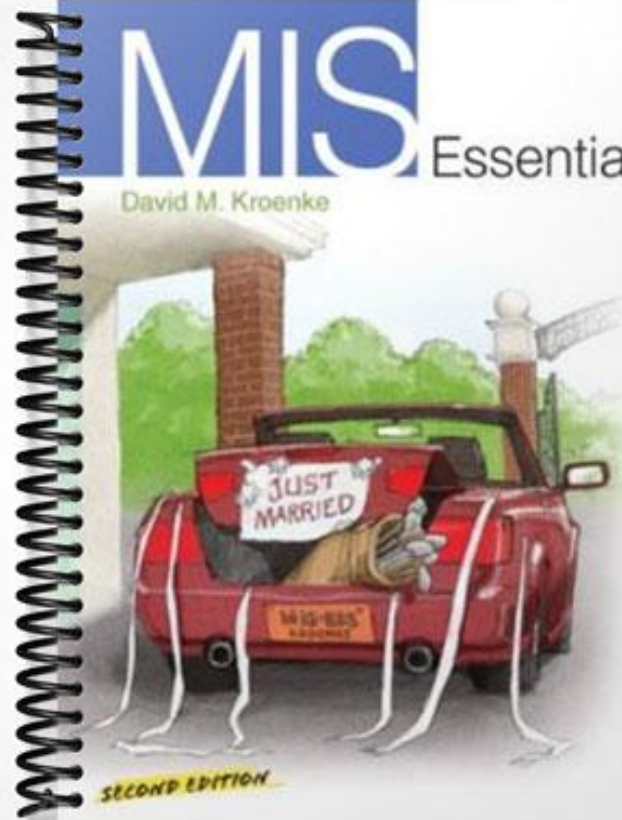


TEST BANK

MIS Essentials

David M. Kroenke



SECOND EDITION

MIS Essentials, 2e (Kroenke)

Chapter 2: Business Processes, Information, and Information Systems

Multiple Choice

1) A(n)_____ is a network of activities, roles, resources, repositories, and data flows that interact to accomplish a business function.

- A) workgroup
- B) task force
- C) grid
- D) business process

Answer: D

Page Ref: 26

Difficulty: Easy

Study Question: Study Question 2

2) _____ are collections of related tasks that receive inputs and process those inputs to produce outputs.

- A) Repositories
- B) Resources
- C) Activities
- D) Databases

Answer: C

Page Ref: 27

Difficulty: Easy

Study Question: Study Question 2

3) In a business process flowchart, activities are shown in _____.

- A) rectangles
- B) ovals
- C) diamonds
- D) circles

Answer: A

Page Ref: 27

Difficulty: Easy

Study Question: Study Question 2

4) _____ are sets of procedures.

- A) Activities
- B) Resources
- C) Data flows
- D) Roles

Answer: D

Page Ref: 28

Difficulty: Easy

Study Question: Study Question 2

5) Decisions are shown in _____ in a business process flowchart.

- A) circles
- B) rectangles
- C) diamonds
- D) ovals

Answer: C

Page Ref: 28

Difficulty: Easy

Study Question: Study Question 2

6) A decision is a _____.

- A) question that can be answered yes or no
- B) set of procedures
- C) collection of business records
- D) movement of a data item from one activity to another

Answer: A

Page Ref: 28

Difficulty: Easy

Study Question: Study Question 2

7) Which of the following components provide branching points within the flow of a business process?

- A) repositories
- B) decisions
- C) activities
- D) roles

Answer: B

Page Ref: 28

Difficulty: Easy

Study Question: Study Question 2

8) Roles are shown in _____ in a business process flowchart.

- A) rectangles
- B) ovals
- C) circles
- D) diamonds

Answer: B

Page Ref: 28

Difficulty: Easy

Study Question: Study Question 2

9) _____ are people, facilities, or computer programs that are assigned to roles.

- A) Repositories
- B) Activities
- C) Resources
- D) Networks

Answer: C

Page Ref: 28

Difficulty: Easy

Study Question: Study Question 2

10) Which of the following components are shown above or below activities in a business process flowchart?

- A) networks
- B) repositories
- C) decisions
- D) roles

Answer: D

Page Ref: 28

Difficulty: Easy

Study Question: Study Question 2

11) A(n) _____ is a collection of business records.

- A) repository
- B) role
- C) activity
- D) resource

Answer: A

Page Ref: 28

Difficulty: Easy

Study Question: Study Question 2

12) Which of the following components of a business process holds the collective memory of an organization?

- A) decisions
- B) resources
- C) repositories
- D) activities

Answer: C

Page Ref: 28

Difficulty: Easy

Study Question: Study Question 2

13) _____ are shown as scrolls in a business process flowchart.

- A) Roles
- B) Resources
- C) Decisions
- D) Repositories

Answer: D

Page Ref: 28

Difficulty: Easy

Study Question: Study Question 2

14) What is the defining characteristic of the outermost components (hardware and people) of the IS framework?

- A) They take actions.
- B) They are the costliest components in the framework.
- C) They are both sets of instructions.
- D) They are sunk costs.

Answer: A

Page Ref: 28

Difficulty: Moderate

AACSB: Use of IT

Study Question: Study Question 3

15) The software and procedure components of the IS framework are both _____.

- A) actors
- B) sets of instructions
- C) sunk costs
- D) bridges between the human side and the computer side

Answer: B

Page Ref: 28

Difficulty: Moderate

AACSB: Use of IT

Study Question: Study Question 3

16) The _____ component of the IS framework provides instructions for hardware.

- A) data
- B) software
- C) procedure
- D) information

Answer: B

Page Ref: 28

Difficulty: Easy

AACSB: Use of IT

Study Question: Study Question 3

17) The _____ component of the IS framework provides instructions for people.

- A) procedure
- B) software
- C) information
- D) data

Answer: A

Page Ref: 28

Difficulty: Easy

AACSB: Use of IT

Study Question: Study Question 3

18) In the IS framework, _____ is/are the bridge between the computer side on the left and the human side on the right.

- A) procedures
- B) systems
- C) information technology
- D) data

Answer: D

Page Ref: 28

Difficulty: Easy

AACSB: Use of IT

Study Question: Study Question 3

19) Which of the following are *actors* in an information system?

- A) software and hardware
- B) procedures and people
- C) data and software
- D) hardware and people

Answer: D

Page Ref: 28

Difficulty: Easy

AACSB: Use of IT

Study Question: Study Question 3

20) When work that was formerly done by people has been moved to computers, it is said to be _____.

- A) outsourced
- B) automated
- C) digitized
- D) motorized

Answer: B

Page Ref: 29

Difficulty: Easy

AACSB: Use of IT

Study Question: Study Question 3

21) Automation of a process activity consists of moving work from the _____ to the _____ of the symmetrical five-component framework.

- A) computer side; human side
- B) data side; procedures side
- C) human side; computer side
- D) software side; hardware side

Answer: C

Page Ref: 29

Difficulty: Easy

AACSB: Use of IT

Study Question: Study Question 3

22) Information is defined as _____.

- A) recorded facts and figures
- B) data that fits into organizational requirements
- C) sufficient raw data for decision making
- D) knowledge derived from data

Answer: D

Page Ref: 30

Difficulty: Easy

Study Question: Study Question 4

23) John Reed examines the stature of each of his team members on the school basketball team. He finds that the average height of the players is 6 feet 3 inches. John's finding is an example of _____.

- A) data
- B) information
- C) substance
- D) content

Answer: B

Page Ref: 30

Difficulty: Moderate

Study Question: Study Question 4

24) _____ is defined as recorded facts or figures.

- A) Information
- B) Substance
- C) Data
- D) Content

Answer: C

Page Ref: 30

Difficulty: Easy

Study Question: Study Question 4

25) The fact that Jeff Parks works 9 hours per day is an example of _____.

- A) a repository
- B) a database
- C) information
- D) data

Answer: D

Page Ref: 30

Difficulty: Moderate

Study Question: Study Question 4

26) Which of the following is a characteristic of good information?

- A) It must be freely available.
- B) It must be more than just barely sufficient.
- C) It must be based on incomplete data.
- D) It must be contextually relevant.

Answer: D

Page Ref: 32

Difficulty: Moderate

Study Question: Study Question 4

27) As the CEO of a call center, which of the following information is good information for you?

- A) hourly variances of performance parameters in each queue
- B) daily reports of call abandons due to system downtime
- C) lists of stationery usage consolidated weekly
- D) department-level averages of revenue generation figures

Answer: D

Page Ref: 32

Difficulty: Moderate

AACSB: Analytic Skills

Study Question: Study Question 4

28) _____ information is information that directly pertains to both the context and to the subject it references.

- A) Timely
- B) Relevant
- C) Measurable
- D) Accurate

Answer: B

Page Ref: 32

Difficulty: Easy

Study Question: Study Question 4

29) Which of the following refers to information that is based on correct and complete data, and has been processed correctly as expected?

- A) relevant information
- B) measurable information
- C) accurate information
- D) timely information

Answer: C

Page Ref: 32

Difficulty: Easy

Study Question: Study Question 4

30) A monthly report that arrives 6 weeks late is an example of information that is not _____.

- A) timely
- B) relevant
- C) accurate
- D) sufficient

Answer: A

Page Ref: 32

Difficulty: Easy

Study Question: Study Question 4

31) Which of the following is true regarding characteristics of good information?

- A) Information needs to be more than just barely sufficient for the purpose for which it is generated.
- B) Information must hold an appropriate relationship between its cost and its value.
- C) Information that is accurate can be based on incomplete data.
- D) Information must be just recorded facts and figures.

Answer: B

Page Ref: 32-33

Difficulty: Moderate

Study Question: Study Question 4

32) Which of the following is NOT true about information in business processes?

- A) Data is a stimulus; information is a response to that stimulus.
- B) Information systems provide labor savings.
- C) Data stored in databases and other repositories can readily be processed to produce information.
- D) The quality of your thinking does not influence the quality of the information system you use.

Answer: D

Page Ref: 33-35

Difficulty: Moderate

AACSB: Use of IT

Study Question: Study Question 5

33) _____ is the perceived difference between what is and what ought to be.

- A) A problem
- B) Egocentric thinking
- C) Empathetic thinking
- D) Cognition

Answer: A

Page Ref: 36

Difficulty: Easy

Study Question: Study Question 5

34) _____ thinking centers on the self.

- A) Paranoid
- B) Egocentric
- C) Cognitive
- D) Empathetic

Answer: B

Page Ref: 36

Difficulty: Easy

Study Question: Study Question 5

35) People who engage in _____ thinking consider their view as one possible interpretation of the situation and actively work to learn what other people are thinking.

- A) empathetic
- B) cognitive
- C) egocentric
- D) paranoid

Answer: A

Page Ref: 36

Difficulty: Easy

Study Question: Study Question 5

True or False

1) Members of a team in a company can determine where and how to save costs, by studying the company's business processes and looking for inefficiencies.

Answer: TRUE

Page Ref: 26

Difficulty: Easy

Study Question: Study Question 1

2) In a business process, activities are always automated.

Answer: FALSE

Page Ref: 27

Difficulty: Easy

Study Question: Study Question 2

3) An activity is considered automated when it is characterized by people following procedures.

Answer: FALSE

Page Ref: 27

Difficulty: Easy

Study Question: Study Question 2

4) In a business process flowchart, activities are always shown in diamonds.

Answer: FALSE

Page Ref: 27

Difficulty: Easy

Study Question: Study Question 2

5) Resources are sets of procedures.

Answer: FALSE

Page Ref: 28

Difficulty: Easy

Study Question: Study Question 2

6) Decisions provide branching points within the flow of a business process.

Answer: TRUE

Page Ref: 28

Difficulty: Easy

Study Question: Study Question 2

7) Data must always be a complex document, to move from one activity to another.

Answer: FALSE

Page Ref: 28

Difficulty: Easy

Study Question: Study Question 2

8) Roles are shown as scrolls in a business process flowchart.

Answer: FALSE

Page Ref: 28

Difficulty: Easy

Study Question: Study Question 2

9) A collection of databases is an example of a repository.

Answer: TRUE

Page Ref: 28

Difficulty: Easy

Study Question: Study Question 2

10) A repository can be a cardboard box, a notebook, a list, an Excel spreadsheet, or a database.

Answer: TRUE

Page Ref: 28

Difficulty: Easy

Study Question: Study Question 2

11) The outermost components of the symmetrical five-component framework of an IS are data and procedures.

Answer: FALSE

Page Ref: 28

Difficulty: Easy

AACSB: Use of IT

Study Question: Study Question 3

12) In the five-component framework of an IS, the actors are hardware and people.

Answer: TRUE

Page Ref: 28

Difficulty: Easy

AACSB: Use of IT

Study Question: Study Question 3

13) Software and procedure components are both sets of instructions, in the IS framework.

Answer: TRUE

Page Ref: 28

Difficulty: Easy

AACSB: Use of IT

Study Question: Study Question 3

14) Procedures act as the bridge between the computer and human sides of the five-component framework of an IS.

Answer: FALSE

Page Ref: 28

Difficulty: Easy

AACSB: Use of IT

Study Question: Study Question 3

15) Automation is the process in which instructions for humans are transferred to instructions for hardware.

Answer: TRUE

Page Ref: 29

Difficulty: Easy

AACSB: Use of IT

Study Question: Study Question 3

16) Information is data presented in a meaningful context.

Answer: TRUE

Page Ref: 30

Difficulty: Easy

Study Question: Study Question 4

17) Data is knowledge derived from information.

Answer: FALSE

Page Ref: 30

Difficulty: Easy

Study Question: Study Question 4

18) Average wage is knowledge that can be derived from the data of individual wages.

Answer: TRUE

Page Ref: 30

Difficulty: Easy

Study Question: Study Question 4

19) Data that is summed is called information.

Answer: TRUE

Page Ref: 31

Difficulty: Easy

Study Question: Study Question 4

20) Accuracy is important with information, but not crucial. As long as it is relevant and timely, it may not need to be complete.

Answer: FALSE

Page Ref: 32

Difficulty: Easy

Study Question: Study Question 4

21) Accurate information is information that is based on correct and complete data, and has been processed correctly as expected.

Answer: TRUE

Page Ref: 32

Difficulty: Easy

Study Question: Study Question 4

22) Just barely sufficient information is information that is sufficient for the purpose for which it is generated, but only so.

Answer: TRUE

Page Ref: 32

Difficulty: Easy

Study Question: Study Question 4

23) A well-formatted report is characteristic of good information.

Answer: FALSE

Page Ref: 32

Difficulty: Easy

Study Question: Study Question 4

24) Relevant information is information that directly pertains to both the context and to the subject it references.

Answer: TRUE

Page Ref: 32

Difficulty: Easy

Study Question: Study Question 4

25) The higher you rise in management, the more information you will need to ignore.

Answer: TRUE

Page Ref: 32-33

Difficulty: Easy

Study Question: Study Question 4

26) For information to be worth its cost, an appropriate relationship must exist between the cost of information and the amount of data.

Answer: FALSE

Page Ref: 33

Difficulty: Easy

Study Question: Study Question 4

27) Information systems should not be subjected to the same financial analyses that other assets are subjected to.

Answer: FALSE

Page Ref: 33

Difficulty: Easy

Study Question: Study Question 4

28) One of the major benefits of an information system is labor savings.

Answer: TRUE

Page Ref: 34

Difficulty: Easy

AACSB: Use of IT

Study Question: Study Question 5

29) The major benefit of automating a process is that the data stored in databases and other repositories can readily be processed to produce information.

Answer: TRUE

Page Ref: 34

Difficulty: Easy

AACSB: Use of IT

Study Question: Study Question 5

30) The quality of our thinking is a large part of the quality of the information system we use, especially for unstructured processes.

Answer: TRUE

Page Ref: 35

Difficulty: Easy

Study Question: Study Question 5

Essay

1) What is a business process? Define activities.

Answer: A business process is a network of activities, resources, facilities, and information that interact to achieve some business function. Activities are collections of related tasks that receive inputs and process those inputs to produce outputs. Activities can be manual (people following procedures), automated (hardware directed by software), or a combination of manual and automated.

Page Ref: 26- 27

Difficulty: Easy

Study Question: Study Question 2

2) List the components of a business process.

Answer: The components of a business process include:

1. Activities

2. Decisions

3. Roles

4. Resources

5. Repository

6. Data flow

Page Ref: 27

Difficulty: Easy

Study Question: Study Question 2

3) Briefly describe a repository.

Answer: A repository is a collection of business records. A repository can be a cardboard box, a notebook, a list, an Excel spreadsheet, a database, or even a collection of databases. Repositories hold the collective memory of the organization. One of the major considerations in the design of information systems is determining how many repositories should exist, or, equivalently, how much data should be stored in particular repositories.

Page Ref: 28

Difficulty: Moderate

Study Question: Study Question 2

4) What are resources in a business process?

Answer: Resources are people, facilities, or computer programs that are assigned to roles. One way to improve the performance of a business process is to add resources to roles. One way to reduce costs is to reduce the number of people fulfilling a role. Another way to reduce costs is to replace human resources with computer-based resources.

Page Ref: 28

Difficulty: Easy

Study Question: Study Question 2

5) Describe the process of automation against the background of the five-component framework of an information system.

Answer: The five components of an information system are hardware, software, data, procedures, and people. They are arranged symmetrically in the framework. The outermost components, hardware and people, are both actors; they can take actions. The software and procedure components are both sets of instructions: Software is instructions for hardware, and procedures are instructions for people. Finally, data is the bridge between the computer side on the left and the human side on the right. When an activity in a business process is handled by an automated system, it means that work formerly done by people following procedures has been moved so that computers now do that work by following instructions in software. Thus, the automation of a process activity consists of moving work from the right-hand side of the five-component IS framework to the left.

Page Ref: 28- 29

Difficulty: Moderate

AACSB: Use of IT

Study Question: Study Question 3

6) Define information.

Answer: The most common definition of information is that information is knowledge derived from data, where data is defined as recorded facts or figures.

Page Ref: 30

Difficulty: Easy

Study Question: Study Question 4

7) Explain data with an example.

Answer: Data is defined as recorded facts or figures. The fact that an employee of an organization earns \$17.50 per hour and that another employee of the same organization earns \$25.00 per hour is an example of data.

Page Ref: 30

Difficulty: Easy

AACSB: Use of IT

Study Question: Study Question 4

8) Define accurate information. Why is an information system providing accurate information crucial to an organization?

Answer: Good information is accurate information, which is information that is based on correct and complete data, and it has been processed correctly as expected. Accuracy is crucial; managers must be able to rely on the results of their information systems. The IS function can develop a bad reputation in the organization if a system is known to produce inaccurate information. In such a case, the information system becomes a waste of time and money as users develop work-arounds to avoid the inaccurate data.

Page Ref: 32

Difficulty: Moderate

Study Question: Study Question 4

9) Explain the importance of timeliness of information in an organization.

Answer: Timely information is information that is produced in time for its intended use. A monthly report that arrives 6 weeks late is most likely useless. The information arrives long after the decisions have been made that needed that information. An information system that tells you not to extend credit to a customer after you have shipped the goods is unhelpful and frustrating. Notice that timeliness can be measured against a calendar (6 weeks late) or against events (before we ship).

Page Ref: 32

Difficulty: Moderate

Study Question: Study Question 4

10) In some cases, developing systems that provide information in near real time is much more difficult and expensive than producing information a few hours later. Provide an example that supports this statement.

Answer: A person who works in marketing needs to be able to assess the effectiveness of new online ad programs. He wants an information system that will not only deliver ads over the Web, but one that will also enable him to determine how frequently customers click on those ads. In this case, determining click ratios in near real time will be very expensive; saving the data in a batch and processing it some hours later will be much easier and cheaper.

If you can live with information that is a day or two old, the system will be easier and cheaper to implement.

Page Ref: 32

Difficulty: Moderate

Study Question: Study Question 4

11) Define relevant information. Explain the importance of relevant information in an organizational context.

Answer: Relevant information is information that directly pertains to both the context and to the subject it references. Considering context, you, the CEO, need information that is summarized to an appropriate level for your job. A list of the hourly wage of every employee in the company is unlikely to be useful. More likely, you need average wage information by department or division.

A list of all employee wages is irrelevant in your context.

Information should also be relevant to the subject at hand. If you want information about short-term interest rates for a possible line of credit, then a report that shows 15-year mortgage interest rates is irrelevant.

Page Ref: 32

Difficulty: Moderate

Study Question: Study Question 4

12) Explain the importance of just barely sufficient information in the information age we live in.

Answer: Just barely sufficient information is information that is sufficient for the purpose for which it is generated, but only so. We live in an information age; one of the critical decisions that each of us has to make each day is what information to ignore. The higher you rise into management, the more information you will be given, and because there is only so much time, the more information you will need to ignore. So information should be sufficient, but just barely.

Page Ref: 32- 33

Difficulty: Moderate

Study Question: Study Question 4

13) What are the costs associated with information? When is information considered to be worth its cost?

Answer: Information is not free. There are costs for developing an information system, costs of operating and maintaining that system, and costs of your time and salary for reading and processing the information the system produces. For information to be worth its cost, an appropriate relationship must exist between the cost of information and its value.

Page Ref: 33

Difficulty: Moderate

Study Question: Study Question 4

14) List the two major benefits of an information system.

Answer: The two major benefits of an information system are:

1. Labor savings
2. More data that can be processed for more information

Page Ref: 34

Difficulty: Easy

AACSB: Use of IT

Study Question: Study Question 5

15) What role does an individual's thinking play in the five components of an information system?

Answer: When you consider the five components of an information system, the last component, people, includes you. Your mind and your thinking are not merely a component of the information systems you use; they are the most important component. Even if you have the perfect information system, if you do not know what to do with the information that it produces, you are wasting your time and money. The quality of your thinking is a large part of the quality of the information system.

Page Ref: 34-35

Difficulty: Moderate

AACSB: Use of IT

Study Question: Study Question 5