



- Name: _____
 - Date: _____
 - Section: _____
-

BUSN 315: Management Information Systems

Problem Set #2

Spring 2026

Problem 1. Definitions

Select FOUR items from the list below, and provide a definition for each item you choose.

- Technical View of an Organization
- Transaction Costs
- Organizational Culture
- Competitive Forces Model
- Categorical Imperative
- Agency Costs

1.A. Item #1: _____

1.B. Item #2: _____

1.C. Item #3: _____

1.D. Item #4: _____

Problem 2. True / False

Determine whether each statement is TRUE or FALSE. If FALSE, justify your answer briefly.

- 2.A. Information systems influence organizations, but organizations do not meaningfully shape the design or use of information systems once they are implemented.
- 2.B. Information systems can reduce transaction costs by lowering the costs of searching for information, coordinating activities, and monitoring contracts.
- 2.C. Ethical, social, and political issues related to information systems typically emerge only after social norms and legal institutions have fully adapted to new technologies.
- 2.D. Under the principle of utilitarianism, an action is considered ethical if it maximizes total benefits, even if it causes harm to a minority of affected stakeholders.

Problem 3. Multiple Choice

Select the BEST answer for each question.

3.A. The behavioral view of organizations emphasizes:

- a) Profit maximization through efficient resource allocation
- b) Rapid adjustment to technological change
- c) Rights, obligations, and power relationships among participants
- d) Automation of routines and standardized procedures

3.B. Which organizational feature is most likely to generate resistance when a new information system is introduced?

- a) High employee turnover
- b) Strong organizational culture tied to existing routines
- c) Competitive product markets
- d) Low transaction volumes

3.C. In the context of transaction cost economics, firms historically relied on vertical integration primarily to:

- a) Increase product differentiation
- b) Improve employee motivation
- c) Reduce coordination and contracting costs
- d) Comply with regulatory requirements

3.D. A firm uses information systems to make it difficult for customers to switch to competitors by storing user data in proprietary formats. This strategy primarily aims to:

- a) Increase supplier power
- b) Reduce rivalry among competitors
- c) Raise switching costs and weaken customer power
- d) Improve internal operational efficiency

Problem 3. Multiple Choice (continued)

3.E. Which activity below is a support activity in the value chain?

- a) Outbound logistics
- b) Marketing and sales
- c) Human resources management
- d) Customer service

3.F. Which ethical principle asks managers to consider whether a rule could be applied universally without contradiction?

- a) Utilitarianism
- b) Risk aversion principle
- c) Slippery slope rule
- d) Categorical imperative

3.G. Ethical dilemmas related to information systems often become political issues because:

- a) Technology eliminates the need for regulation
- b) Ethical standards are fixed across societies
- c) Legal institutions may lag behind technological change
- d) Firms intentionally violate social norms

3.H. Which of the following best captures the concept of system quality?

- a) The acceptable balance between reliability, cost, and risk
- b) The degree to which a system perfectly eliminates all errors
- c) The aesthetic design of user interfaces
- d) The legal ownership of system outputs

Problem 4. Short Answers

A technology company operates a popular mobile app that tracks users' interactions, search behavior, and time spent on specific features. The company uses this data to improve personalization, optimize system performance, and guide future product development. These practices are disclosed in a lengthy privacy policy that users must accept to use the app, but most users do not read the policy in detail. The data collection practices are legal under current regulations.

4.A. Identify **one ethical principle discussed in class** that is relevant to this situation.

4.B. Briefly explain how this ethical principle applies to the company's use of user data.

4.C. Identify **one ethical concern** raised by the company's actions, even if the practice is legal.