Chapter 02

<Strategic Human Resource Management>

True / False Questions

1. The goal of strategic management in an organization is to deploy and allocate resources in a way that it provides the company with a competitive advantage.

   True False

2. To be maximally effective, the human resource management function of a company must be isolated from the company's strategic management process.

   True False

3. Strategic planning groups decide on a strategic direction during the strategy implementation phase.

   True False

4. Strategy implementation includes structuring an organization and allocating resources.

   True False

5. In a two-way linkage, an organization is restricted from considering the human resource issues while formulating its strategic plan.

   True False

6. Untapped labor pools are an example of a strategic threat to an organization's operating environment.

   True False

7. External analysis attempts to identify an organization's strategic opportunities and threats.

   True False

8. Strategic choice describes the way an organization attempts to fulfill its mission and achieve its long-term goals.

   True False

9. Job design addresses what tasks should be grouped into a particular job.

   True False

10. The strategy a company is pursuing does not have an impact on the types of employees that it seeks to recruit and select.

    True False

11. Training is a planned effort to facilitate the learning of job-related knowledge, skills, and behavior by employees.

    True False

12. Companies that are not diversified use objective measures of performance to evaluate managers.

    True False

13. Executives who have extensive knowledge of the behaviors that lead to effective performance tend to focus on evaluating the objective performance results of their subordinate managers.

    True False

14. By tying pay to performance, a company can elicit specific activities and levels of performance from employees.

    True False

15. Concentration strategies require that an organization bring radical change to the current skills that exist in the organization.

    True False

16. An overall cost leadership strategy is achieved primarily by offering unique product features.

    True False

17. Companies engaged in a cost strategy require employees to have reduced concern for quantity and a short-term focus.

    True False

18. Companies engaged in cost strategies develop internally consistent pay systems with negligible pay differentials between superiors and subordinates.

    True False

19. Employees in companies with a differentiation strategy need to have only a moderate concern for quantity.

    True False

20. Differentiation companies will have compensation systems that are geared toward internal rather than external equity.

    True False

21. Strategies emphasizing market share or operating costs are called "external growth" strategies.

    True False

22. Companies using concentration strategies attempt to focus on what they do best within their established markets.

    True   False

23. Downsizing gives an organization the opportunity to change its culture.

    True   False

24. Companies going through downsizing often develop compensation programs that tie an individual's compensation to the company's success.

    True   False

25. A learning organization constantly monitors its environment, assimilates information, makes decisions, and flexibly restructures itself to compete in an ever-changing environment.

    True   False

Multiple Choice Questions

26. Which of the following is a physical resource that a company uses to compete with other companies?

    A. Controlling system
    B. Technology
    C. Planning system
    D. Employee skill
    E. Experience of employees

27. A(n) _____ typically charts how a firm will create value for customers and how it will do so profitably.

    A. design specification
    B. business model
    C. job characteristics model
    D. administrative linkage
    E. process architecture

28. _____ costs are incurred regardless of the number of units produced.

    A. Acquisition
    B. Procurement
    C. Fixed
    D. Variable
    E. Marginal

29. Which of the following statements is true of variable costs incurred by firms?

A. These costs are independent of the number of goods produced by firms.
B. The rent and interest paid by firms are examples of variable costs.
C. These costs are the difference between what firms charge for their products and the fixed costs of the products.
D. These costs change directly with the units produced.
E. These costs are the total amount of margin made by a firm.

30. Which of the following is an example of a fixed cost?

A. Raw materials
B. Factory rent
C. Operating cost
D. Direct labor costs
E. Packaging costs

31. The _____ margin is calculated as the number of units sold times the contribution margin.

A. holding cost
B. gross
C. profit
D. fixed cost
E. overhead rate

32. _____ is what is left after a firm pays its variable costs and fixed costs.

A. Contribution margin
B. Overhead cost
C. Profit
D. Variance
E. Holding cost

33. A _____ workforce consists of the former workers to whom a firm still owes financial obligations.

A. contingent
B. consultant
C. temporary
D. legacy
E. contract

34. Jonathan retired from a large, multinational automobile company last year. He receives health care benefits as well as a pension from the company. At present, Jonathan falls under the category of a _____.

A. contingent workforce
B. legacy workforce
C. temporary workforce
D. consultant workforce
E. contract workforce

35. _____ is a process that primarily addresses the competitive challenges an organization faces.

A. Operational management
B. Transactional management
C. Management by objectives
D. Process mapping
E. Strategic management

36. When an organization develops integrated manufacturing systems such as advanced manufacturing technology and just-in-time inventory control, it needs to assess the employee skills required to run these systems and train them accordingly. These assessments and training programs intended to enable an organization to achieve its goals fall under

A. strategic human resource management.
B. the job characteristics model.
C. diversity management.
D. the employee stock ownership plan.
E. participative management.

37. During _____, the strategic planning groups decide on a strategic direction by defining the company's mission and goals, its external opportunities and threats, and its internal strengths and weaknesses.

A. strategy implementation
B. task design
C. selection and training
D. strategy formulation
E. strategy evaluation

38. Pluto Inc., a large manufacturer of desktops and laptops, has decided to enhance revenues by expanding its product line. It has identified the tablet market as a possible market to expand and has identified Compco Inc. as a potential competitor. Pluto Inc. is currently in the _____ stage of the strategic management process.

A. strategy formulation
B. strategy evaluation
C. strategy execution
D. strategy consultation
E. strategy implementation

39. Saturn Inc. is a large manufacturer of footwear and accessories. It has always lagged behind its closest competitor, Hexagon Inc. It plans to overtake Hexagon by leveraging its strength in women's footwear and entering markets in the Midwest that it had traditionally ignored. Saturn Inc. is in the _____ phase.

A. strategy implementation
B. strategy formulation
C. administrative linking
D. selecting and training
E. task designing

40. During the strategic implementation stage of the strategic management process, an organization

A. decides on a strategic direction.
B. defines its mission and goals.
C. establishes external opportunities and threats.
D. ensures that it has skilled employees in place.
E. determines its internal strengths and weaknesses.

41. Which of the following statements is true of the strategic implementation stage of the strategic management process?

A. During this stage, an organization analyzes its strengths and weaknesses.
B. This is the first stage of the strategic management process, which is sequential in nature.
C. During this stage, an organization follows through on a strategy chosen in the strategy formulation stage.
D. During this stage, an organization defines its mission and goals.
E. This stage is independent of the formulation stage in the strategic management process.

42. The _____ component of the strategic management process consists of structuring the organization, allocating resources, ensuring that the firm has skilled employees in place, and developing reward systems that align employee behavior with the organization's strategic goals.

A. task designing
B. strategy implementation
C. administrative linking
D. strategy formulation
E. operational implementation

43. The strategic management decision-making process usually takes place at a firm's highest levels, with a firm's strategic planning group, which includes

A. middle managers and directors.
B. the chief executive officer and supervisors.
C. the chief executive officer and the president.
D. accountants and supervisors.
E. the directors and labor union representatives.

44. Which of the following is the lowest level of integration between the human resource management function and the strategic management function?

A. Administrative linkage
B. Two-way linkage
C. Integrative linkage
D. Executive linkage
E. One-way linkage

45. Which of the following statements is true of the administrative linkage level between the human resource management function and the strategic management function?

A. In this level, the human resource management department is completely divorced from any component of the strategic management process.
B. This level recognizes the importance of human resources in implementing the strategic plan.
C. In this level, the human resource management designs systems and/or programs that implement the strategic plan.
D. This level allows for consideration of human resource issues during the strategy formulation process.
E. In this level, the human resource management functions are built right into the strategy formulation and implementation processes.

46. Which is the level of integration at which the human resource management primarily engages in day-to-day activities unrelated to the company's core business needs?

A. Administrative linkage
B. One-way linkage
C. Two-way linkage
D. Integrative linkage
E. Executive linkage

47. In _____, a firm's strategic business planning function develops the strategic plan and then informs the human resource management function of the plan.

A. integrative linkage
B. executive linkage
C. two-way linkage
D. one-way linkage
E. administrative linkage

48. Which of the following is true of one-way linkage?

A. In this level, the human resource management executive has no time or opportunity to take a strategic outlook toward human resource issues.
B. It precludes the company from considering human resource issues while formulating the strategic plan.
C. In this level, the human resource management functions are built right into the strategy formulation process.
D. In this level, the human resource management function is involved in both strategy formulation and strategy implementation.
E. It lets the human resource management executive give strategic planners information about the company's human resource capabilities.

49. The one-way linkage level

A. is the lowest level of integration.
B. restricts companies from considering human resource issues while formulating a strategic plan.
C. is multifaceted, based on continuing rather than sequential interaction.
D. often leads to strategic plans that companies cannot successfully implement.
E. segregates the human resource management department from other components of the strategic management process.

50. In the two-way linkage level,

A. the human resource management executive has no time or opportunity to take a strategic outlook toward human resource issues.
B. the strategic planning function and the HRM function are independent of each other.
C. the second step involves the strategic planning team informing the human resource management function of various strategies.
D. the last step involves human resource management executives analyzing the human resource implications of the strategies suggested in the previous steps.
E. the human resource issues are allowed for consideration during the strategy formulation process.

51. Which of the following statements is true of two-way linkages?

A. The strategic planning function and the human resource management function are interdependent.
B. The two-way linkage level is the lowest level of integration.
C. The human resource management executive has no time to take a strategic outlook toward human resource issues.
D. The human resource function is limited to monitoring day-to-day activities.
E. The strategic planning function and the human resource management function are completely dependent.

52. Which of the following linkages has its human resource management functions built right into the strategy formulation and implementation processes?

A. integrative linkage
B. administrative linkage
C. one-way linkage
D. two-way linkage
E. executive linkage

53. Mission, goals, external analysis, internal analysis, and strategic choices are the five major components of the _____ process.

A. recruitment
B. strategy formulation
C. orientation
D. job designing
E. job engagement

54. Which of the following is a statement that contains information on the customers that will be served, the needs that will be satisfied, and the technology that will be used by the company?

A. work structure
B. goal
C. mission
D. code of conduct
E. vision

55. An organization's _____ is what it hopes to achieve in the medium- to long-term future, and it reflects how an organization's reason for being is operationalized.

A. goal
B. mission
C. strategy
D. vision
E. value

56. Which of the following primarily examines an organization's operating environment to identify its strategic opportunities and threats?

A. Job modeling
B. Internal analysis
C. External analysis
D. Value chain analysis
E. Job analysis

57. Which of the following is used by an organization to identify its strengths and weaknesses?

A. Job analysis
B. Internal analysis
C. Job characteristics model
D. Competitor analysis
E. Job modeling

58. An organization uses _____ to measure the quantity and quality of its resources.

A. job modeling
B. realistic job preview
C. internal analysis
D. value chain analysis
E. job analysis

59. External analysis and internal analysis combined constitute the _____.

A. value analysis
B. training analysis
C. development analysis
D. SWOT analysis
E. recruitment analysis

60. Which of the following statements is true of the SWOT analysis?

A. It can be used to identify an organization's internal strengths and weaknesses, but not the external threats posed by competitors.
B. It can be used to identify an organization's external strengths and weaknesses, but not its internal strengths and weaknesses.
C. It gives the strategic planning team of an organization all the information it needs to generate a number of strategic alternatives.
D. It fails to recognize the opportunities and threats in the external environment that are people-related.
E. An analysis of a company's internal strengths and weaknesses using the SWOT analysis eliminates the need for input from the HRM function.

61. Which of the following describes the ways an organization will attempt to fulfill its mission and achieve its long-term goals?

A. Internal analysis
B. External analysis
C. Vision statement
D. Strategic choice
E. Code of conduct

62. The basic premise behind strategy implementation is that

A. boosting employee productivity is more important than effectiveness in production.
B. short-term orientation is detrimental to an organization's economic success.
C. external analysis and internal analysis should be performed during implementation.
D. the quality of resources is more important than the quantity of resources.
E. choice of organizational processes and structural forms makes an economic difference.

63. _____ is the process through which an organization seeks applicants for potential employment.

A. Selection
B. Recruitment
C. Training
D. Development
E. Appraisal

64. Marisol, an HR manager at a technology firm, is entrusted with the task of hiring a member for a new team. She has already received information about what the new role will entail as well as the tasks that the new employee will be performing. She is currently using several media to seek applicants for the role. Which of the following human resource management (HRM) practices is Marisol performing?

A. Job designing
B. Recruitment
C. Performance management
D. Training
E. Job analysis

65. Which of the following addresses which tasks should be grouped into a particular job?

A. Job analysis
B. Internal analysis
C. External analysis
D. Job design
E. Realistic job preview

66. The process by which a firm attempts to identify job applicants with the necessary knowledge, skills, abilities, and other characteristics that will help the firm achieve its goals is known as _____.

A. appraisal
B. selection
C. performance management
D. training
E. differentiation

67. _____ is a planned effort to facilitate the learning of job-related knowledge, skills, and behavior by employees.

A. Recruitment
B. Development
C. Training
D. Performance management
E. Selection

68. Pavi, an employee with Manor Electricals, has been transferred to a different division within the company. To facilitate a smooth transition, the company has initiated a program for Pavi that will provide her with the knowledge and skills required to perform the new role effectively. Which of the following human resource management practices did Manor Electricals perform?

A. Training
B. Job analysis
C. Performance management
D. Selection
E. Recruitment

69. Which of the following activities entails specifying those activities and outcomes that will result in the organization successfully implementing the strategy?

A. Divestment
B. Differentiation
C. Performance management
D. Job enlargement
E. Realistic job preview

70. Which of the following statements is true regarding companies that are not diversified?

A. Such companies typically use quantitative measures of performance to evaluate managers.
B. In such companies, top managers have less knowledge about managers below them in the hierarchy.
C. In such companies, executives tend to focus on evaluating the objective performance results of their subordinate managers.
D. They have evaluation systems that call for subjective performance assessments of managers.
E. People above the first-level managers in the hierarchy of such companies have limited knowledge about work-related tasks that should be performed.

71. A high level of pay relative to that of competitors can ensure that _____.

A. the company's overall labor costs are low
B. employees are highly satisfied with the work
C. the organization is always in the growth stage
D. organizational productivity is satisfactory
E. the company attracts high-quality employees

72. A company that follows an overall cost leadership strategy _____.

A. focuses on becoming the lowest cost producer in an industry
B. strives to reduce the cost of products in its industry
C. does not use automated procedures and systems
D. endeavors constantly to increase the quality of its products
E. focuses on creating products that provide high value for their cost

73. A company that wants to become the lowest cost producer in an industry should _____.

A. create a product that is different from other products in the market
B. construct efficient large-scale facilities
C. invest heavily in branding its product
D. invest in creating a unique customer service process
E. start using the latest machines for its production facility

74. Which of the following is true regarding the differentiation strategy?

A. The differentiation strategy cannot protect a company from price sensitivity.
B. Brand images play a negligible role in differentiation strategies.
C. Companies using the differentiation strategy have to build large-scale facilities.
D. Companies have to control their overhead costs to use the differentiation strategy.
E. Companies achieve above-average returns if they succeed in their differentiation strategy.

75. CompX Inc. is an online retailer of electronic products, including laptops and tablets. The company is known for its unique approach to customer support, which is known for going above and beyond in satisfying customer complaints and issues. What kind of a strategy is CompX using?

A. Cost leadership
B. Differentiation
C. Disintermediation
D. Penetration
E. Cannibalization

76. Companies engaged in a cost strategy require employees to

A. have a high concern for quantity.
B. have a long-term focus.
C. perform tasks that are not independent.
D. be willing to take risks.
E. undertake challenging and non-repetitive work.

77. Which of the following statements is true for companies that employ cost strategies?

A. They focus on high-quality production rather than efficient production.
B. They are very specific in the skills they require from their employees.
C. They shy away from investing in training employees in the skills they need.
D. They seek greater creativity by providing broader career paths to employees than companies that employ differentiation strategy.
E. They encourage their employees to take greater risks.

78. A company employing a differentiation strategy requires employees who

A. are highly creative and cooperative.
B. have high concern for quantity.
C. tend to be risk averse.
D. have a short-term focus.
E. have less tolerance for ambiguity.

79. Which of the following statements is true of companies that employ differentiation strategies?

A. They primarily focus on efficient production.
B. They only train employees in specific required skill areas.
C. They want their employees to be risk averse.
D. They want their employees to take a balanced approach to process and results.
E. They expect their employees to exhibit role behaviors that are relatively repetitive.

80. Strategies emphasizing market share or operating costs are considered _____ strategies.

A. innovation
B. divestment
C. downsizing
D. concentration
E. cannibalization

81. With a _____ strategy, a company attempts to focus on what it does best within its established markets and can be thought of as "sticking to its knitting."

A. concentration
B. retrenchment
C. benchmarking
D. divestment
E. downsizing

82. Gemco Inc., a high-end luxury jewelry manufacturer, has training programs to ensure that its current employees always design and manufacture jewelry in keeping with its high quality standards. Which of the following directional strategies has Gemco adopted?

A. Concentration
B. Liquidation
C. Benchmarking
D. Rightsizing
E. Divestment

83. Strategies focusing on market development, product development, innovation, or joint ventures make up the _____ strategy of an organization.

A. retrenchment
B. internal growth
C. divestment
D. liquidation
E. benchmarking

84. Companies attempting to integrate vertically or horizontally or to diversify exhibit a(n) _____ strategy.

A. external growth
B. divestment
C. concentration
D. liquidation
E. internal growth

85. Which type of strategy attempts to expand a company's resources or to strengthen its market position through acquiring or creating new businesses?

A. Internal growth strategy
B. Retrenchment strategy
C. External growth strategy
D. Divestment strategy
E. Concentration strategy

86. Which of the following is a strategy made up of retrenchment and liquidation?

A. Divestment strategy
B. Concentration strategy
C. Internal growth strategy
D. External growth strategy
E. Diversification strategy

87. Tokyo Electronics is facing financial difficulties mainly due to losses incurred by its gaming division. As a consequence, it has decided to shut down operations of this division. Which of the following strategies has Tokyo electronics adopted?

A. Concentration strategy
B. Internal growth strategy
C. External growth strategy
D. Divestment strategy
E. Diversification strategy

88. Which of the following is a challenge of downsizing?

A. It becomes difficult to change an organization's culture after downsizing.
B. It fails to force employees to cooperate with management.
C. It restricts organizations from developing new and positive relationships.
D. It is difficult to boost the morale of employees who remain after downsizing.
E. It is not an effective strategy if an organization wants to make way for fresh ideas.

89. Which of the following statements is true of intended and emergent strategies?

A. The new focus on strategic human resource management has tended to focus primarily on emergent strategies.
B. Intended strategies and emergent strategies are very similar to each other in the way they are developed.
C. Intended strategies are the result of the rational decision-making process used by top managers as they develop a strategic plan.
D. Emergent strategies can be thought of as what organizations intend to do as opposed to what they actually do.
E. Most emergent strategies are identified by those who are at the top of the organizational hierarchy.

90. A company where employees are in a constant state of assimilating knowledge through monitoring the environment, making decisions, and flexibly restructuring the company to compete in that environment is known as a _____ organization.

A. legacy
B. learning
C. downsized
D. traditional
E. transactional

Essay Questions

91. What can human resource managers do to ensure that the human resource management function is integrally involved in the company's strategic management process?

92. List the four levels of integration between the human resource management function and the strategic management function.

93. What are the three steps involved in two-way linkages?

94. What are the five major components of the strategic management process that are relevant to strategy formulation?

95. List the five important variables that determine success in the strategy implementation stage.

96. Discuss the six important functional areas of human resource management.

97. Compare and contrast Porter's generic strategies of cost leadership and differentiation.

98. What are the four directional strategies that firms use to meet their objectives?

99. What are the human resource challenges faced by a firm adopting an internal growth strategy?

100. Explain the challenges and opportunities that arise for human resource management during downsizing.

Chapter 02 Strategic Human Resource Management Answer Key

True / False Questions

1. The goal of strategic management in an organization is to deploy and allocate resources in a way that it provides the company with a competitive advantage.

   TRUE

   The goal of strategic management in an organization is to deploy and allocate physical, organizational, and human resources in a way that gives it a competitive advantage.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-01 Describe the differences between strategy formulation and strategy implementation.
Topic: Introduction

2. To be maximally effective, the human resource management function of a company must be isolated from the company's strategic management process.

   FALSE

   To be maximally effective, the human resource management function of a company must be integrally involved in the company's strategic management process. This means that human resource managers should have input into the strategic plan, have specific knowledge of the organization's strategic goals, know what types of skills, behaviors, and attitudes are needed to support the strategic plan, and develop programs to ensure that employees have those skills, behaviors, and attitudes.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-01 Describe the differences between strategy formulation and strategy implementation.
Topic: Introduction

3. Strategic planning groups decide on a strategic direction during the strategy implementation phase.

   FALSE

   During strategy formulation, the strategic planning groups of an organization decide on a strategic direction by defining the company's mission and goals. During strategy implementation, the organization follows through on the chosen strategy.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 02-02 List the components of the strategic management process.
Topic: What is Strategic Management?

4. Strategy implementation includes structuring an organization and allocating resources.

TRUE

During strategy implementation, an organization follows through on the strategy chosen in the strategy formulation stage. This consists of structuring the organization, allocating resources, ensuring that the firm has skilled employees in place, and developing reward systems that align employee behavior with the organization's strategic goals.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-02 List the components of the strategic management process.
Topic: What is Strategic Management?

5. In a two-way linkage, an organization is restricted from considering the human resource issues while formulating its strategic plan.

FALSE

Two-way linkage allows for consideration of human resource issues during the strategy formulation process. The strategic planning team informs the human resource management (HRM) function of the various strategies the company is considering. Then HRM executives analyze the human resource implications of the various strategies, presenting the results of this analysis to the strategic planning team.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-04 Describe the linkages between HRM and strategy formulation.
Topic: What is Strategic Management?

6. Untapped labor pools are an example of a strategic threat to an organization's operating environment.

FALSE

External analysis consists of examining an organization's operating environment to identify the strategic opportunities and threats. Examples of threats include potential labor shortages, new competitors entering the market, pending legislation that might adversely affect the company, and competitors' technological innovations. Examples of opportunities are customer markets that are not being served, technological advances that can aid the company, and labor pools that have not been tapped.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-04 Describe the linkages between HRM and strategy formulation.
Topic: Strategy Formulation

7. External analysis attempts to identify an organization's strategic opportunities and threats.

<u>TRUE</u>

External analysis consists of examining an organization's operating environment to identify the strategic opportunities and threats.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-04 Describe the linkages between HRM and strategy formulation.
Topic: Strategy Formulation

8. Strategic choice describes the way an organization attempts to fulfill its mission and achieve its long-term goals.

<u>TRUE</u>

The strategic choice is an organization's strategy; it describes the ways the organization will attempt to fulfill its mission and achieve its long-term goals.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-04 Describe the linkages between HRM and strategy formulation.
Topic: Strategy Formulation

9. Job design addresses what tasks should be grouped into a particular job.

<u>TRUE</u>

Job design addresses what tasks should be grouped into a particular job. The way that jobs are designed should have an important tie to the strategy of an organization because the strategy requires either new and different tasks or different ways of performing the same tasks.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Discuss the more popular typologies of generic strategies and the various HRM practices associated with each.
Topic: Strategy Implementation

10. The strategy a company is pursuing does not have an impact on the types of employees that it seeks to recruit and select.

<u>FALSE</u>

Recruitment is the process through which an organization seeks applicants for potential employment.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Understand

Difficulty: 2 Medium
Learning Objective: 02-05 Discuss the more popular typologies of generic strategies and the various HRM practices associated with each.
Topic: Strategy Implementation

11. Training is a planned effort to facilitate the learning of job-related knowledge, skills, and behavior by employees.

    TRUE

    A number of skills are instilled in employees through training and development. Training is a planned effort to facilitate the learning of job-related knowledge, skills, and behavior by employees.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Discuss the more popular typologies of generic strategies and the various HRM practices associated with each.
Topic: Strategy Implementation

12. Companies that are not diversified use objective measures of performance to evaluate managers.

    FALSE

    Companies that are "steady state" (not diversified) tend to have evaluation systems that call for subjective performance assessments of managers. This stems from the fact that those above the first-level managers in the hierarchy have extensive knowledge about how the work should be performed.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 2 Medium
Learning Objective: 02-05 Discuss the more popular typologies of generic strategies and the various HRM practices associated with each.
Topic: Strategy Implementation

13. Executives who have extensive knowledge of the behaviors that lead to effective performance tend to focus on evaluating the objective performance results of their subordinate managers.

    FALSE

    Executives who have extensive knowledge of the behaviors that lead to effective performance use performance management systems that focus on the behaviors of their subordinate managers.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Discuss the more popular typologies of generic strategies and the various HRM practices associated with each.
Topic: Strategy Implementation

14. By tying pay to performance, a company can elicit specific activities and levels of performance from employees.

<u>TRUE</u>

By tying pay to performance, a company can elicit specific activities and levels of performance from employees.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Discuss the more popular typologies of generic strategies and the various HRM practices associated with each.
Topic: Strategy Implementation

15. Concentration strategies require that an organization bring radical change to the current skills that exist in the organization.

<u>FALSE</u>

Internal growth strategies focus on new market and product development, innovation, and joint ventures. Concentration strategies require that organization maintain the current skills that exist in the organization.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-05 Discuss the more popular typologies of generic strategies and the various HRM practices associated with each.
Topic: Strategy Implementation

16. An overall cost leadership strategy is achieved primarily by offering unique product features.

<u>FALSE</u>

Overall cost leadership is achieved by constructing efficient large-scale facilities, by reducing costs through capitalizing on the experience curve, and by controlling overhead costs and costs in such areas as research and development, service, sales force, and advertising.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Discuss the more popular typologies of generic strategies and the various HRM practices associated with each.
Topic: Strategy Implementation

17. Companies engaged in a cost strategy require employees to have reduced concern for quantity and a short-term focus.

FALSE

Companies engaged in a cost strategy require employees to have a high concern for quantity and a short-term focus, to be comfortable with stability, and to be risk averse. These employees are expected to exhibit role behaviors that are relatively repetitive and performed independently, or autonomously.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Discuss the more popular typologies of generic strategies and the various HRM practices associated with each.
Topic: Strategy Implementation

18. Companies engaged in cost strategies develop internally consistent pay systems with negligible pay differentials between superiors and subordinates.

FALSE

Companies engaged in cost strategies promote internally and develop internally consistent pay systems with high pay differentials between superiors and subordinates.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-05 Discuss the more popular typologies of generic strategies and the various HRM practices associated with each.
Topic: Strategy Implementation

19. Employees in companies with a differentiation strategy need to have only a moderate concern for quantity.

TRUE

Employees in companies with a differentiation strategy need to be highly creative and cooperative; to have only a moderate concern for quantity, a long-term focus, and a tolerance for ambiguity; and to be risk takers.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Discuss the more popular typologies of generic strategies and the various HRM practices associated with each.
Topic: Strategy Implementation

20. Differentiation companies will have compensation systems that are geared toward internal rather than external equity.

FALSE

Differentiation companies will have compensation systems that are geared toward external equity, as it is heavily driven by recruiting needs.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Discuss the more popular typologies of generic strategies and the various HRM practices associated with each.
Topic: Strategy Implementation

21. Strategies emphasizing market share or operating costs are called "external growth" strategies.

FALSE

Strategies emphasizing market share or operating costs are considered "concentration" strategies. Companies that attempt to integrate vertically or horizontally or to diversify are exhibiting an "external growth" strategy, usually through mergers or acquisitions.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-06 Describe the different HRM issues and practices associated with various directional strategies.
Topic: Strategy Implementation

22. Companies using concentration strategies attempt to focus on what they do best within their established markets.

TRUE

Strategies emphasizing market share or operating costs are considered "concentration" strategies. With this type of strategy, a company attempts to focus on what it does best within its established markets and can be thought of as "sticking to its knitting."

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-06 Describe the different HRM issues and practices associated with various directional strategies.
Topic: Strategy Implementation

23. Downsizing gives an organization the opportunity to change its culture.

TRUE

In spite of the various challenges, downsizing provides opportunities for human resource management. Downsizing is often a unique opportunity to change an organization's culture.

AACSB: Analytic

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-06 Describe the different HRM issues and practices associated with various directional strategies.
Topic: Strategy Implementation

24. Companies going through downsizing often develop compensation programs that tie an individual's compensation to the company's success.

TRUE

Companies going through downsizing often develop compensation programs that tie an individual's compensation to the company's success.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-06 Describe the different HRM issues and practices associated with various directional strategies.
Topic: Strategy Implementation

25. A learning organization constantly monitors its environment, assimilates information, makes decisions, and flexibly restructures itself to compete in an ever-changing environment.

TRUE

A learning organization requires a company to be in a constant state of learning through monitoring the environment, assimilating information, making decisions, and flexibly restructuring to compete in an ever-changing environment. Companies that develop such a learning capability have a competitive advantage.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-06 Describe the different HRM issues and practices associated with various directional strategies.
Topic: The Role of Human Resources in Providing Strategic Competitive Advantage

Multiple Choice Questions

26. Which of the following is a physical resource that a company uses to compete with other companies?

A. Controlling system
B. Technology
C. Planning system
D. Employee skill
E. Experience of employees

A company can use a number of resources to compete with other companies. These resources are physical (such as plant, equipment, technology, and geographic location), organizational (group relations and the structure, planning, controlling, and coordinating systems), and human (the experience, skill, and intelligence of employees).

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-01 Describe the differences between strategy formulation and strategy implementation.
Topic: Introduction

27. A(n) _____ typically charts how a firm will create value for customers and how it will do so profitably.

A. design specification
B. business model
C. job characteristics model
D. administrative linkage
E. process architecture

A business model charts how a firm will create value for customers and, more important, how it will do so profitably.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-01 Describe the differences between strategy formulation and strategy implementation.
Topic: What is a Business Model?

28. _____ costs are incurred regardless of the number of units produced.

A. Acquisition
B. Procurement
C. Fixed
D. Variable
E. Marginal

Fixed costs are generally considered the costs that are incurred regardless of the number of units produced. For instance, a firm producing widgets in a factory has to pay the rent for the factory, the depreciation of the machines, the utilities, the property taxes, and so on.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-01 Describe the differences between strategy formulation and strategy implementation.
Topic: What is a Business Model?

29. Which of the following statements is true of variable costs incurred by firms?

A. These costs are independent of the number of goods produced by firms.
B. The rent and interest paid by firms are examples of variable costs.
C. These costs are the difference between what firms charge for their products and the fixed costs of the products.
D. These costs change directly with the units produced.
E. These costs are the total amount of margin made by a firm.

Variable costs are costs that vary directly with the units produced. For instance, all of the materials that go into the production of a widget might cost a total of $10, which means that the firm has to charge at least $10 per widget to cover at least the variable costs of production.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-01 Describe the differences between strategy formulation and strategy implementation.
Topic: What is a Business Model?

30. Which of the following is an example of a fixed cost?

A. Raw materials
B. Factory rent
C. Operating cost
D. Direct labor costs
E. Packaging costs

Fixed costs are generally considered the costs that are incurred regardless of the number of units produced. For instance, if you are producing widgets in a factory, you have the rent you pay for the factory, the depreciation of the machines, the utilities, the property taxes, and so on.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 1 Easy
Learning Objective: 02-01 Describe the differences between strategy formulation and strategy implementation.
Topic: What is a Business Model?

31. The _____ margin is calculated as the number of units sold times the contribution margin.

A. holding cost
B. gross
C. profit
D. fixed cost
E. overhead rate

The gross margin is the total amount of margin a firm makes and is calculated as the number of units sold times the contribution margin.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-01 Describe the differences between strategy formulation and strategy implementation.
Topic: What is a Business Model?

32. _____ is what is left after a firm pays its variable costs and fixed costs.

A. Contribution margin
B. Overhead cost
C. Profit
D. Variance
E. Holding cost

Profit is what is left after a firm pays its variable costs and fixed costs.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 02-01 Describe the differences between strategy formulation and strategy implementation.
Topic: What is a Business Model?

33. A _____ workforce consists of the former workers to whom a firm still owes financial obligations.

A. contingent
B. consultant
C. temporary
D. legacy
E. contract

A legacy workforce consists of the former workers (i.e., those no longer working for the company) to whom the firm still owes financial obligations.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 2 Medium
Learning Objective: 02-01 Describe the differences between strategy formulation and strategy implementation.
Topic: What is a Business Model?

34. Jonathan retired from a large, multinational automobile company last year. He receives health care benefits as well as a pension from the company. At present, Jonathan falls under the category of a _____.

A. contingent workforce
B. legacy workforce
C. temporary workforce
D. consultant workforce
E. contract workforce

A legacy workforce consists of the former workers (i.e., those no longer working for the company) to whom the firm still owes financial obligations. In this scenario, Jonathan is a former employee to whom the multinational automobile corporation still owes financial obligations.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 2 Medium
Learning Objective: 02-01 Describe the differences between strategy formulation and strategy implementation.
Topic: What is a Business Model?

35. _____ is a process that primarily addresses the competitive challenges an organization faces.

A. Operational management
B. Transactional management
C. Management by objectives
D. Process mapping
E. Strategic management

Strategic management is a process, an approach to addressing the competitive challenges an organization faces. It can be thought of as managing the "pattern or plan that integrates an organization's major goals, policies, and action sequences into a cohesive whole."

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-01 Describe the differences between strategy formulation and strategy implementation.
Topic: What is Strategic Management?

36. When an organization develops integrated manufacturing systems such as advanced manufacturing technology and just-in-time inventory control, it needs to assess the employee skills required to run these systems and train them accordingly. These assessments and training programs intended to enable an organization to achieve its goals fall under

A. strategic human resource management.
B. the job characteristics model.
C. diversity management.
D. the employee stock ownership plan.
E. participative management.

Many firms have developed integrated manufacturing systems such as advanced manufacturing technology, just-in-time inventory control, and total quality management in an effort to increase their competitive position. However, people must run these systems. Strategic human resource management in these cases entails assessing the employee skills required to run these systems and engaging in HRM practices, such as selection and training, that develop these skills in employees.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-01 Describe the differences between strategy formulation and strategy implementation.
Topic: What is Strategic Management?

37. During _____, the strategic planning groups decide on a strategic direction by defining the company's mission and goals, its external opportunities and threats, and its internal strengths and weaknesses.

A. strategy implementation
B. task design
C. selection and training
D. strategy formulation
E. strategy evaluation

During strategy formulation, the strategic planning groups decide on a strategic direction by defining the company's mission and goals, its external opportunities and threats, and its internal strengths and weaknesses. They then generate various strategic alternatives and compare those alternatives' ability to achieve the company's mission and goals.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-02 List the components of the strategic management process.
Topic: What is Strategic Management?

38. Pluto Inc., a large manufacturer of desktops and laptops, has decided to enhance revenues by expanding its product line. It has identified the tablet market as a possible market to expand and has identified Compco Inc. as a potential competitor. Pluto Inc. is currently in the _____ stage of the strategic management process.

A. strategy formulation
B. strategy evaluation
C. strategy execution
D. strategy consultation
E. strategy implementation

During strategy formulation, the strategic planning groups decide on a strategic direction by defining the company's mission and goals, its external opportunities and threats, and its internal strengths and weaknesses. They then generate various strategic alternatives and compare those alternatives' ability to achieve the company's mission and goals. In this scenario, revenue enhancement is Pluto's goal, and it has identified the tablet market as an opportunity. Pluto has also identified Compco Inc. as a possible threat to its achieving its goal.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-02 List the components of the strategic management process.
Topic: What is Strategic Management?

39. Saturn Inc. is a large manufacturer of footwear and accessories. It has always lagged behind its closest competitor, Hexagon Inc. It plans to overtake Hexagon by leveraging its strength in women's footwear and entering markets in the Midwest that it had traditionally ignored. Saturn Inc. is in the _____ phase.

A. strategy implementation
B. strategy formulation
C. administrative linking
D. selecting and training
E. task designing

During strategy formulation, the strategic planning groups decide on a strategic direction by defining the company's mission and goals, its external opportunities and threats, and its internal strengths and weaknesses. They then generate various strategic alternatives and compare those alternatives' ability to achieve the company's mission and goals.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-02 List the components of the strategic management process.
Topic: What is Strategic Management?

40. During the strategic implementation stage of the strategic management process, an organization

A. decides on a strategic direction.
B. defines its mission and goals.
C. establishes external opportunities and threats.
D. ensures that it has skilled employees in place.
E. determines its internal strengths and weaknesses.

During strategy implementation, an organization follows through on a strategy chosen in the strategy formulation stage. This consists of structuring the organization, allocating resources, ensuring that the firm has skilled employees in place, and developing reward systems that align employee behavior with the organization's strategic goals.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-02 List the components of the strategic management process.
Topic: What is Strategic Management?

41. Which of the following statements is true of the strategic implementation stage of the strategic management process?

A. During this stage, an organization analyzes its strengths and weaknesses.
B. This is the first stage of the strategic management process, which is sequential in nature.
C. During this stage, an organization follows through on a strategy chosen in the strategy formulation stage.
D. During this stage, an organization defines its mission and goals.
E. This stage is independent of the formulation stage in the strategic management process.

During strategy implementation, an organization follows through on a strategy chosen in the strategy formulation stage. This consists of structuring the organization, allocating resources, ensuring that the firm has skilled employees in place, and developing reward systems that align employee behavior with the organization's strategic goals.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-02 List the components of the strategic management process.
Topic: What is Strategic Management?

42. The _____ component of the strategic management process consists of structuring the organization, allocating resources, ensuring that the firm has skilled employees in place, and developing reward systems that align employee behavior with the organization's strategic goals.

A. task designing
B. strategy implementation
C. administrative linking
D. strategy formulation
E. operational implementation

During strategy implementation, an organization follows through on the strategy chosen in the strategy formulation stage. This consists of structuring the organization, allocating resources, ensuring that the firm has skilled employees in place, and developing reward systems that align employee behavior with the organization's strategic goals.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-02 List the components of the strategic management process.
Topic: What is Strategic Management?

43. The strategic management decision-making process usually takes place at a firm's highest levels, with a firm's strategic planning group, which includes

A. middle managers and directors.
B. the chief executive officer and supervisors.
C. the chief executive officer and the president.
D. accountants and supervisors.
E. the directors and labor union representatives.

A firm's strategic management decision-making process usually takes place at its top levels, with a strategic planning group consisting of the chief executive officer, the chief financial officer, the president, and various vice presidents.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Discuss the role of the HRM function in strategy formulation.
Topic: What is Strategic Management?

44. Which of the following is the lowest level of integration between the human resource management function and the strategic management function?

A. Administrative linkage
B. Two-way linkage
C. Integrative linkage
D. Executive linkage
E. One-way linkage

Administrative linkage is the lowest level of integration in which the human resource management function's attention is focused on day-to-day activities.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-04 Describe the linkages between HRM and strategy formulation.
Topic: What is Strategic Management?

45. Which of the following statements is true of the administrative linkage level between the human resource management function and the strategic management function?

A. In this level, the human resource management department is completely divorced from any component of the strategic management process.
B. This level recognizes the importance of human resources in implementing the strategic plan.
C. In this level, the human resource management designs systems and/or programs that implement the strategic plan.
D. This level allows for consideration of human resource issues during the strategy formulation process.
E. In this level, the human resource management functions are built right into the strategy formulation and implementation processes.

In administrative linkage (the lowest level of integration), the human resource management (HRM) function's attention is focused on day-to-day activities. The HRM executive has no time or opportunity to take a strategic outlook toward HRM issues. Thus, in this level of integration, the HRM department is completely divorced from any component of the strategic management process in both strategy formulation and strategy implementation.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-04 Describe the linkages between HRM and strategy formulation.
Topic: What is Strategic Management?

46. Which is the level of integration at which the human resource management primarily engages in day-to-day activities unrelated to the company's core business needs?

A. Administrative linkage
B. One-way linkage
C. Two-way linkage
D. Integrative linkage
E. Executive linkage

In administrative linkage (the lowest level of integration), the human resource management (HRM) function's attention is focused on day-to-day activities. In such linkages, the HRM department simply engages in administrative work unrelated to the company's core business needs.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 2 Medium
Learning Objective: 02-04 Describe the linkages between HRM and strategy formulation.
Topic: What is Strategic Management?

47. In _____, a firm's strategic business planning function develops the strategic plan and then informs the human resource management function of the plan.

A. integrative linkage
B. executive linkage
C. two-way linkage
D. one-way linkage
E. administrative linkage

In one-way linkage, a firm's strategic business planning function develops the strategic plan and then informs the human resource management (HRM) function of the plan. Many believe this level of integration constitutes strategic HRM—that is, the role of the HRM function is to design systems and/or programs that implement the strategic plan.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-04 Describe the linkages between HRM and strategy formulation.
Topic: What is Strategic Management?

48. Which of the following is true of one-way linkage?

A. In this level, the human resource management executive has no time or opportunity to take a strategic outlook toward human resource issues.
B. It precludes the company from considering human resource issues while formulating the strategic plan.
C. In this level, the human resource management functions are built right into the strategy formulation process.
D. In this level, the human resource management function is involved in both strategy formulation and strategy implementation.
E. It lets the human resource management executive give strategic planners information about the company's human resource capabilities.

In one-way linkage, a firm's strategic business planning function develops the strategic plan and then informs the human resource management (HRM) function of the plan. Although one-way linkage does recognize the importance of human resources in implementing the strategic plan, it precludes the company from considering human resource issues while formulating the strategic plan.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-04 Describe the linkages between HRM and strategy formulation.
Topic: What is Strategic Management?

49. The one-way linkage level

A. is the lowest level of integration.
B. restricts companies from considering human resource issues while formulating a strategic plan.
C. is multifaceted, based on continuing rather than sequential interaction.
<u>D.</u> often leads to strategic plans that companies cannot successfully implement.
E. segregates the human resource management department from other components of the strategic management process.

In one-way linkage, a firm's strategic business planning function develops the strategic plan and then informs the human resource management (HRM) function of the plan. This level of integration often leads to strategic plans that the company cannot successfully implement.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-04 Describe the linkages between HRM and strategy formulation.
Topic: What is Strategic Management?

50. In the two-way linkage level,

A. the human resource management executive has no time or opportunity to take a strategic outlook toward human resource issues.
B. the strategic planning function and the HRM function are independent of each other.
C. the second step involves the strategic planning team informing the human resource management function of various strategies.
D. the last step involves human resource management executives analyzing the human resource implications of the strategies suggested in the previous steps.
<u>E.</u> the human resource issues are allowed for consideration during the strategy formulation process.

Two-way linkage allows for consideration of human resource issues during the strategy formulation process. This integration occurs in three sequential steps.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-04 Describe the linkages between HRM and strategy formulation.
Topic: What is Strategic Management?

51. Which of the following statements is true of two-way linkages?

A. The strategic planning function and the human resource management function are interdependent.
B. The two-way linkage level is the lowest level of integration.
C. The human resource management executive has no time to take a strategic outlook toward human resource issues.
D. The human resource function is limited to monitoring day-to-day activities.
E. The strategic planning function and the human resource management function are completely dependent.

Two-way linkage allows for consideration of human resource issues during the strategy formulation process. The strategic planning function and the HRM function are interdependent in two-way linkage.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-04 Describe the linkages between HRM and strategy formulation.
Topic: What is Strategic Management?

52. Which of the following linkages has its human resource management functions built right into the strategy formulation and implementation processes?

A. integrative linkage
B. administrative linkage
C. one-way linkage
D. two-way linkage
E. executive linkage

In most cases, the human resource management (HRM) executive is an integral member of the senior management team. Rather than an iterative process of information exchange, companies with integrative linkage have their HRM functions built right into the strategy formulation and implementation processes.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-04 Describe the linkages between HRM and strategy formulation.
Topic: What is Strategic Management?

53. Mission, goals, external analysis, internal analysis, and strategic choices are the five major components of the _____ process.

A. recruitment
B. strategy formulation
C. orientation
D. job designing
E. job engagement

Five major components of the strategic management process (mission, goals, external analysis, internal analysis, and strategic choices) are relevant to strategy formulation.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-04 Describe the linkages between HRM and strategy formulation.
Topic: Strategy Formulation

54. Which of the following is a statement that contains information on the customers that will be served, the needs that will be satisfied, and the technology that will be used by the company?

A. work structure
B. goal
C. mission
D. code of conduct
E. vision

The mission is a statement of the organization's reason for being; it usually specifies the customers served, the needs satisfied and/or values received by the customers, and the technology used. A statement of a company's vision and/or values often accompanies the mission statement.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-04 Describe the linkages between HRM and strategy formulation.
Topic: Strategy Formulation

55. An organization's _____ is what it hopes to achieve in the medium- to long-term future, and it reflects how an organization's reason for being is operationalized.

A. goal
B. mission
C. strategy
D. vision
E. value

An organization's goal is what it hopes to achieve in the medium- to long-term future; the goal reflects how the mission will be operationalized.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-04 Describe the linkages between HRM and strategy formulation.
Topic: Strategy Formulation

56. Which of the following primarily examines an organization's operating environment to identify its strategic opportunities and threats?

A. Job modeling
B. Internal analysis
C. External analysis
D. Value chain analysis
E. Job analysis

External analysis consists of examining an organization's operating environment to identify its strategic opportunities and threats. An example of an opportunity is a customer market that is not being served. An example of a threat is a potential labor shortage.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-04 Describe the linkages between HRM and strategy formulation.
Topic: Strategy Formulation

57. Which of the following is used by an organization to identify its strengths and weaknesses?

A. Job analysis
B. Internal analysis
C. Job characteristics model
D. Competitor analysis
E. Job modeling

Internal analysis attempts to identify an organization's strengths and weaknesses. It focuses on the quantity and quality of resources available to the organization—financial, capital, technological, and human resources.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-04 Describe the linkages between HRM and strategy formulation.
Topic: Strategy Formulation

58. An organization uses _____ to measure the quantity and quality of its resources.

A. job modeling
B. realistic job preview
C. internal analysis
D. value chain analysis
E. job analysis

Internal analysis attempts to identify an organization's strengths and weaknesses. It focuses on the quantity and quality of resources available to the organization—financial, capital, technological, and human resources.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-04 Describe the linkages between HRM and strategy formulation.
Topic: Strategy Formulation

59. External analysis and internal analysis combined constitute the _____.

A. value analysis
B. training analysis
C. development analysis
D. SWOT analysis
E. recruitment analysis

External analysis and internal analysis combined constitute what has come to be called the SWOT (strengths, weaknesses, opportunities, threats) analysis. After going through SWOT analysis, the strategic planning team has all the information it needs to generate a number of strategic alternatives.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-04 Describe the linkages between HRM and strategy formulation.
Topic: Strategy Formulation

60. Which of the following statements is true of the SWOT analysis?

A. It can be used to identify an organization's internal strengths and weaknesses, but not the external threats posed by competitors.
B. It can be used to identify an organization's external strengths and weaknesses, but not its internal strengths and weaknesses.
C. It gives the strategic planning team of an organization all the information it needs to generate a number of strategic alternatives.
D. It fails to recognize the opportunities and threats in the external environment that are people-related.
E. An analysis of a company's internal strengths and weaknesses using the SWOT analysis eliminates the need for input from the HRM function.

External analysis and internal analysis combined constitute what has come to be called the SWOT (strengths, weaknesses, opportunities, threats) analysis. After going through SWOT analysis, the strategic planning team has all the information it needs to generate a number of strategic alternatives.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-04 Describe the linkages between HRM and strategy formulation.
Topic: Strategy Formulation

61. Which of the following describes the ways an organization will attempt to fulfill its mission and achieve its long-term goals?

A. Internal analysis
B. External analysis
C. Vision statement
D. Strategic choice
E. Code of conduct

The strategic managers of an organization compare all possible alternatives' ability to attain an organization's strategic goals; then they make their strategic choice. The strategic choice is the organization's strategy; it describes the ways the organization will attempt to fulfill its mission and achieve its long-term goals.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-04 Describe the linkages between HRM and strategy formulation.
Topic: Strategy Formulation

62. The basic premise behind strategy implementation is that

A. boosting employee productivity is more important than effectiveness in production.
B. short-term orientation is detrimental to an organization's economic success.
C. external analysis and internal analysis should be performed during implementation.
D. the quality of resources is more important than the quantity of resources.
E. choice of organizational processes and structural forms makes an economic difference.

The basic premise behind strategy implementation is that "an organization has a variety of structural forms and organizational processes to choose from when implementing a given strategy," and these choices make an economic difference.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-05 Discuss the more popular typologies of generic strategies and the various HRM practices associated with each.
Topic: Strategy Implementation

63. _____ is the process through which an organization seeks applicants for potential employment.

A. Selection
B. Recruitment
C. Training
D. Development
E. Appraisal

Recruitment is the process through which an organization seeks applicants for potential employment.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Discuss the more popular typologies of generic strategies and the various HRM practices associated with each.
Topic: Strategy Implementation

64. Marisol, an HR manager at a technology firm, is entrusted with the task of hiring a member for a new team. She has already received information about what the new role will entail as well as the tasks that the new employee will be performing. She is currently using several media to seek applicants for the role. Which of the following human resource management (HRM) practices is Marisol performing?

A. Job designing
B. Recruitment
C. Performance management
D. Training
E. Job analysis

Recruitment is the process through which an organization seeks applicants for potential employment. In this scenario, Marisol is seeking applicants for the new role that constitutes the recruitment process of HRM practice.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-05 Discuss the more popular typologies of generic strategies and the various HRM practices associated with each.
Topic: Strategy Implementation

65. Which of the following addresses which tasks should be grouped into a particular job?

A. Job analysis
B. Internal analysis
C. External analysis
D. Job design
E. Realistic job preview

Companies produce a given product or service (or set of products or services), and the manufacture of these products requires that a number of tasks be performed. These tasks are grouped together to form jobs. Job design addresses which tasks should be grouped into a particular job.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Discuss the more popular typologies of generic strategies and the various HRM practices associated with each.
Topic: Strategy Implementation

66. The process by which a firm attempts to identify job applicants with the necessary knowledge, skills, abilities, and other characteristics that will help the firm achieve its goals is known as _____.

A. appraisal
B. selection
C. performance management
D. training
E. differentiation

Selection is the process by which a firm attempts to identify job applicants with the necessary knowledge, skills, abilities, and other characteristics that will help it achieve its goals. The strategy a firm is pursuing has a direct impact on the types of employees it seeks to recruit and select.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Discuss the more popular typologies of generic strategies and the various HRM practices associated with each.
Topic: Strategy Implementation

67. _____ is a planned effort to facilitate the learning of job-related knowledge, skills, and behavior by employees.

A. Recruitment
B. Development
C. Training
D. Performance management
E. Selection

A number of skills are instilled in employees through training and development. Training is a planned effort to facilitate the learning of job-related knowledge, skills, and behavior by employees.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Discuss the more popular typologies of generic strategies and the various HRM practices associated with each.
Topic: Strategy Implementation

68. Pavi, an employee with Manor Electricals, has been transferred to a different division within the company. To facilitate a smooth transition, the company has initiated a program for Pavi that will provide her with the knowledge and skills required to perform the new role effectively. Which of the following human resource management practices did Manor Electricals perform?

A. Training
B. Job analysis
C. Performance management
D. Selection
E. Recruitment

A number of skills are instilled in employees through training and development. Training is a planned effort to facilitate the learning of job-related knowledge, skills, and behavior by employees. In this scenario, Manor Electricals provided training for Pavi to perform her new role.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-05 Discuss the more popular typologies of generic strategies and the various HRM practices associated with each.
Topic: Strategy Implementation

69. Which of the following activities entails specifying those activities and outcomes that will result in the organization successfully implementing the strategy?

A. Divestment
B. Differentiation
C. Performance management
D. Job enlargement
E. Realistic job preview

Performance management is used to ensure that employees' activities and outcomes are congruent with the organization's objectives. It entails specifying those activities and outcomes that will result in the organization successfully implementing the strategy.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Discuss the more popular typologies of generic strategies and the various HRM practices associated with each.
Topic: Strategy Implementation

70. Which of the following statements is true regarding companies that are not diversified?

A. Such companies typically use quantitative measures of performance to evaluate managers.
B. In such companies, top managers have less knowledge about managers below them in the hierarchy.
C. In such companies, executives tend to focus on evaluating the objective performance results of their subordinate managers.
D. They have evaluation systems that call for subjective performance assessments of managers.
E. People above the first-level managers in the hierarchy of such companies have limited knowledge about work-related tasks that should be performed.

Companies that are "steady state" (not diversified) tend to have evaluation systems that call for subjective performance assessments of managers. This stems from the fact that those above the first-level managers in the hierarchy have extensive knowledge about how the work should be performed.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-05 Discuss the more popular typologies of generic strategies and the various HRM practices associated with each.
Topic: Strategy Implementation

71. A high level of pay relative to that of competitors can ensure that _____.

A. the company's overall labor costs are low
B. employees are highly satisfied with the work
C. the organization is always in the growth stage
D. organizational productivity is satisfactory
E. the company attracts high-quality employees

A high level of pay and/or benefits relative to that of competitors can ensure that the company attracts and retains high-quality employees, but this might have a negative impact on the company's overall labor costs. By tying pay to performance, the company can elicit specific activities and levels of performance from employees.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-05 Discuss the more popular typologies of generic strategies and the various HRM practices associated with each.
Topic: Strategy Implementation

72. A company that follows an overall cost leadership strategy _____.

A. focuses on becoming the lowest cost producer in an industry
B. strives to reduce the cost of products in its industry
C. does not use automated procedures and systems
D. endeavors constantly to increase the quality of its products
E. focuses on creating products that provide high value for their cost

The "overall cost leadership" strategy focuses on becoming the lowest cost producer in an industry. This strategy is achieved by constructing efficient large-scale facilities, by reducing costs through capitalizing on the experience curve, and by controlling overhead costs and costs in such areas as research and development, service, sales force, and advertising.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-05 Discuss the more popular typologies of generic strategies and the various HRM practices associated with each.
Topic: Strategy Implementation

73. A company that wants to become the lowest cost producer in an industry should _____.

A. create a product that is different from other products in the market
B. construct efficient large-scale facilities
C. invest heavily in branding its product
D. invest in creating a unique customer service process
E. start using the latest machines for its production facility

The "overall cost leadership" strategy focuses on becoming the lowest cost producer in an industry. This strategy is achieved by constructing efficient large-scale facilities, by reducing costs through capitalizing on the experience curve, and by controlling overhead costs and costs in such areas as research and development, service, sales force, and advertising.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-05 Discuss the more popular typologies of generic strategies and the various HRM practices associated with each.
Topic: Strategy Implementation

74. Which of the following is true regarding the differentiation strategy?

A. The differentiation strategy cannot protect a company from price sensitivity.
B. Brand images play a negligible role in differentiation strategies.
C. Companies using the differentiation strategy have to build large-scale facilities.
D. Companies have to control their overhead costs to use the differentiation strategy.
E. Companies achieve above-average returns if they succeed in their differentiation strategy.

The "differentiation" strategy attempts to create the impression that the company's product or service is different from that of others in the industry. If a company succeeds in differentiating its product, it will achieve above-average returns, and the differentiation may protect it from price sensitivity.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-05 Discuss the more popular typologies of generic strategies and the various HRM practices associated with each.
Topic: Strategy Implementation

75. CompX Inc. is an online retailer of electronic products, including laptops and tablets. The company is known for its unique approach to customer support, which is known for going above and beyond in satisfying customer complaints and issues. What kind of a strategy is CompX using?

A. Cost leadership
B. Differentiation
C. Disintermediation
D. Penetration
E. Cannibalization

The "differentiation" strategy attempts to create the impression that a company's product or service is different from that of others in the industry. The perceived differentiation can come from creating a brand image, from technology, from offering unique features, or from unique customer service.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-05 Discuss the more popular typologies of generic strategies and the various HRM practices associated with each.
Topic: Strategy Implementation

76. Companies engaged in a cost strategy require employees to

A. have a high concern for quantity.
B. have a long-term focus.
C. perform tasks that are not independent.
D. be willing to take risks.
E. undertake challenging and non-repetitive work.

Companies engaged in a cost strategy require employees to have a high concern for quantity and a short-term focus, to be comfortable with stability, and to be risk averse. These employees are expected to exhibit role behaviors that are relatively repetitive and performed independently, or autonomously.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-05 Discuss the more popular typologies of generic strategies and the various HRM practices associated with each.
Topic: Strategy Implementation

77. Which of the following statements is true for companies that employ cost strategies?

A. They focus on high-quality production rather than efficient production.
B. They are very specific in the skills they require from their employees.
C. They shy away from investing in training employees in the skills they need.
D. They seek greater creativity by providing broader career paths to employees than companies that employ differentiation strategy.
E. They encourage their employees to take greater risks.

Companies engaged in cost strategies, because of the focus on efficient production, tend to specifically define the skills they require and invest in training employees in these skill areas. They also rely on behavioral performance management systems with a large performance-based compensation component.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-05 Discuss the more popular typologies of generic strategies and the various HRM practices associated with each.
Topic: Strategy Implementation

78. A company employing a differentiation strategy requires employees who

A. are highly creative and cooperative.
B. have high concern for quantity.
C. tend to be risk averse.
D. have a short-term focus.
E. have less tolerance for ambiguity.

Employees in companies with a differentiation strategy need to be highly creative and cooperative; to have only a moderate concern for quantity, a long-term focus, and a tolerance for ambiguity; and to be risk takers.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-05 Discuss the more popular typologies of generic strategies and the various HRM practices associated with each.
Topic: Strategy Implementation

79. Which of the following statements is true of companies that employ differentiation strategies?

A. They primarily focus on efficient production.
B. They only train employees in specific required skill areas.
C. They want their employees to be risk averse.
D. They want their employees to take a balanced approach to process and results.
E. They expect their employees to exhibit role behaviors that are relatively repetitive.

Employees in companies with differentiation strategies need to be highly creative and cooperative; to have only a moderate concern for quantity, a long-term focus, and a tolerance for ambiguity; and to be risk takers. Employees in these companies are expected to exhibit role behaviors that include cooperating with others, developing new ideas, and taking a balanced approach to process and results.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-05 Discuss the more popular typologies of generic strategies and the various HRM practices associated with each.
Topic: Strategy Implementation

80. Strategies emphasizing market share or operating costs are considered _____ strategies.

A. innovation
B. divestment
C. downsizing
D. concentration
E. cannibalization

Strategies emphasizing market share or operating costs are considered "concentration" strategies. With this type of strategy, a company attempts to focus on what it does best within its established markets and can be thought of as "sticking to its knitting."

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-06 Describe the different HRM issues and practices associated with various directional strategies.
Topic: Strategy Implementation

81. With a _____ strategy, a company attempts to focus on what it does best within its established markets and can be thought of as "sticking to its knitting."

A. concentration
B. retrenchment
C. benchmarking
D. divestment
E. downsizing

Strategies emphasizing market share or operating costs are considered "concentration" strategies. With this type of strategy, a company attempts to focus on what it does best within its established markets and can be thought of as "sticking to its knitting."

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-06 Describe the different HRM issues and practices associated with various directional strategies.
Topic: Strategy Implementation

82. Gemco Inc., a high-end luxury jewelry manufacturer, has training programs to ensure that its current employees always design and manufacture jewelry in keeping with its high quality standards. Which of the following directional strategies has Gemco adopted?

A. Concentration
B. Liquidation
C. Benchmarking
D. Rightsizing
E. Divestment

Concentration strategies require that companies maintain the current skills that exist in the organization. This requires that training programs provide a means of keeping those skills sharp among people in the organization and that compensation programs focus on retaining people who have those skills. In this scenario, Gemco maintains its reputation by ensuring that its employees are always performing at high levels.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-06 Describe the different HRM issues and practices associated with various directional strategies.
Topic: Strategy Implementation

83. Strategies focusing on market development, product development, innovation, or joint ventures make up the _____ strategy of an organization.

A. retrenchment
B. internal growth
C. divestment
D. liquidation
E. benchmarking

Strategies focusing on market development, product development, innovation, or joint ventures make up the "internal growth" strategy. Companies with an internal growth strategy channel their resources toward building on existing strengths.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-06 Describe the different HRM issues and practices associated with various directional strategies.
Topic: Strategy Implementation

84. Companies attempting to integrate vertically or horizontally or to diversify exhibit a(n) _____ strategy.

A. external growth
B. divestment
C. concentration
D. liquidation
E. internal growth

Companies attempting to integrate vertically or horizontally or to diversify are exhibiting an "external growth" strategy, usually through mergers or acquisitions. This strategy attempts to expand a company's resources or to strengthen its market position through acquiring or creating new businesses.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-06 Describe the different HRM issues and practices associated with various directional strategies.
Topic: Strategy Implementation

85. Which type of strategy attempts to expand a company's resources or to strengthen its market position through acquiring or creating new businesses?

A. Internal growth strategy
B. Retrenchment strategy
C. External growth strategy
D. Divestment strategy
E. Concentration strategy

Companies attempting to integrate vertically or horizontally or to diversify are exhibiting an "external growth" strategy, usually through mergers or acquisitions. This strategy attempts to expand a company's resources or to strengthen its market position through acquiring or creating new businesses.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-06 Describe the different HRM issues and practices associated with various directional strategies.
Topic: Strategy Implementation

86. Which of the following is a strategy made up of retrenchment and liquidation?

A. Divestment strategy
B. Concentration strategy
C. Internal growth strategy
D. External growth strategy
E. Diversification strategy

A "divestment," or downsizing, strategy is one made up of retrenchment, divestitures, or liquidation. These strategies are observed among companies facing serious economic difficulties and seeking to pare down their operations.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-06 Describe the different HRM issues and practices associated with various directional strategies.
Topic: Strategy Implementation

87. Tokyo Electronics is facing financial difficulties mainly due to losses incurred by its gaming division. As a consequence, it has decided to shut down operations of this division. Which of the following strategies has Tokyo electronics adopted?

A. Concentration strategy
B. Internal growth strategy
C. External growth strategy
D. Divestment strategy
E. Diversification strategy

A "divestment," or downsizing, strategy is made up of retrenchment, divestitures, or liquidation. These strategies are observed among companies facing serious economic difficulties and seeking to pare down their operations. In this scenario, Tokyo Electronics is removing the "dead weight" of its video gaming division.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-06 Describe the different HRM issues and practices associated with various directional strategies.
Topic: Strategy Implementation

88. Which of the following is a challenge of downsizing?

A. It becomes difficult to change an organization's culture after downsizing.
B. It fails to force employees to cooperate with management.
C. It restricts organizations from developing new and positive relationships.
D. It is difficult to boost the morale of employees who remain after downsizing.
E. It is not an effective strategy if an organization wants to make way for fresh ideas.

One of the human resource management challenges of downsizing is to boost the morale of employees who remain after the reduction. Survivors may feel guilt over keeping their jobs when their friends have been laid off, or they may envy their friends who have retired with attractive severance and pension benefits.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-06 Describe the different HRM issues and practices associated with various directional strategies.
Topic: Strategy Implementation

89. Which of the following statements is true of intended and emergent strategies?

A. The new focus on strategic human resource management has tended to focus primarily on emergent strategies.
B. Intended strategies and emergent strategies are very similar to each other in the way they are developed.
<u>C.</u> Intended strategies are the result of the rational decision-making process used by top managers as they develop a strategic plan.
D. Emergent strategies can be thought of as what organizations intend to do as opposed to what they actually do.
E. Most emergent strategies are identified by those who are at the top of the organizational hierarchy.

Intended strategies are the result of the rational decision-making process used by top managers as they develop a strategic plan. Emergent strategies, on the other hand, consist of the strategies that evolve from the grassroots of the organization and can be thought of as what organizations actually do, as opposed to what they intend to do.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-06 Describe the different HRM issues and practices associated with various directional strategies.
Topic: The Role of Human Resources in Providing Strategic Competitive Advantage

90. A company where employees are in a constant state of assimilating knowledge through monitoring the environment, making decisions, and flexibly restructuring the company to compete in that environment is known as a _____ organization.

A. legacy
<u>B.</u> learning
C. downsized
D. traditional
E. transactional

Learning organizations are required to be in a constant state of learning through monitoring the environment, assimilating information, making decisions, and flexibly restructuring to compete in that environment. Companies that develop such a learning capability have a competitive advantage.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-06 Describe the different HRM issues and practices associated with various directional strategies.
Topic: The Role of Human Resources in Providing Strategic Competitive Advantage

Essay Questions

91. What can human resource managers do to ensure that the human resource management function is integrally involved in the company's strategic management process?

To be maximally effective, the human resource management function must be integrally involved in the company's strategic management process. This means that human resource managers should (1) have input into the strategic plan, both in terms of people-related issues and in terms of the ability of the human resource pool to implement particular strategic alternatives; (2) have specific knowledge of the organization's strategic goals; (3) know what types of employee skills, behaviors, and attitudes are needed to support the strategic plan; and (4) develop programs to ensure that employees possess these skills, behaviors, and attitudes.

AACSB: Analytic
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-01 Describe the differences between strategy formulation and strategy implementation.
Topic: Introduction

92. List the four levels of integration between the human resource management function and the strategic management function.

The four levels of integration between the human resource management function and the strategic management function are (1) administrative linkage, (2) one-way linkage, (3) two-way linkage, and (4) integrative linkage.

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Discuss the role of the HRM function in strategy formulation.
Topic: What is Strategic Management?

93. What are the three steps involved in two-way linkages?

Two-way linkage allows for consideration of human resource issues during the strategy formulation process. This integration occurs in three sequential steps. First, the strategic planning team informs the human resource management (HRM) function of the various strategies the company is considering. Then HRM executives analyze the human resource implications of the various strategies, presenting the results of this analysis to the strategic planning team. Finally, after the strategic decision has been made, the strategic plan is passed on to the HRM executive, who develops programs to implement it.

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-04 Describe the linkages between HRM and strategy formulation.
Topic: What is Strategic Management?

94. What are the five major components of the strategic management process that are relevant to strategy formulation?

The five major components of the strategic management process that are relevant to strategy evaluation are

1. Mission: The mission is a statement of the organization's reason for being. It usually specifies the customers served, the needs satisfied and/or values received by the customers, and the technology used.
2. Goals: Goals are what a company hopes to achieve in the medium- to long-term future. They reflect how the mission will be operationalized.
3. External analysis: The external analysis consists of examining the organization's operating environment to identify the strategic opportunities and threats.
4. Internal analysis: The internal analysis attempts to identify the organization's strengths and weaknesses.
5. Strategic choice: The strategic choice is the organization's strategy. It describes the ways the organization will attempt to fulfill its mission and achieve its long-term goals.

AACSB: Analytic
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-04 Describe the linkages between HRM and strategy formulation.
Topic: Strategy Formulation

95. List the five important variables that determine success in the strategy implementation stage.

The five important variables that determine success in the strategy implementation stage are (1) organizational structure, (2) task design, (3) selection, training, and development of people, (4) reward systems, and (5) types of information and information systems.

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Discuss the more popular typologies of generic strategies and the various HRM practices associated with each.
Topic: Strategy Implementation

96. Discuss the six important functional areas of human resource management.

The six important functional areas of human resource management are job analysis/design, recruitment/selection, training and development, performance management, pay structure/incentives/benefits, and labor-employee relations.

1. Job analysis is the process of getting detailed information about jobs. Job design addresses which tasks should be grouped into a particular job.
2. Recruitment is the process through which the organization seeks applicants for potential employment. Selection is the process by which it attempts to identify applicants with the necessary knowledge, skills, abilities, and other characteristics that will help the company achieve its goals.
3. Training is a planned effort to facilitate the learning of job-related knowledge, skills, and behavior by employees. Development involves acquiring knowledge, skills, and behavior that improve employees' ability to meet the challenges of a variety of existing jobs or jobs that do not yet exist.
4. Performance management is used to ensure that employee' activities and outcomes are congruent with the organization's objectives.
5. Pay structures/incentives/benefits help a company elicit specific activities and levels of performance from employees.
6. The approach a company takes toward its labor-employee relations results in it achieving its short-and long-term goals or ceasing to exist.

AACSB: Analytic
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-05 Discuss the more popular typologies of generic strategies and the various HRM practices associated with each.
Topic: Strategy Implementation

97. Compare and contrast Porter's generic strategies of cost leadership and differentiation.

Cost leadership: This strategy focuses on becoming the lowest cost producer in an industry. This strategy is achieved by constructing efficient large-scale facilities, by reducing costs through capitalizing on the experience curve, and by controlling overhead costs and costs in such areas as research and development, service, sales force, and advertising.
Differentiation: It attempts to create the impression that a firm's products or services are different from those of others in the industry. The perceived differentiation can come from creating a brand image, from technology, from offering unique features, or from unique customer service.

AACSB: Analytic
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-05 Discuss the more popular typologies of generic strategies and the various HRM practices associated with each.
Topic: Strategy Implementation

98. What are the four directional strategies that firms use to meet their objectives?

The five directional strategies that firms use to meet their objectives are

1. Concentration strategies focus on what a company does best within its established markets.
2. Internal growth strategies focus on market development, product development, innovation, or joint ventures.
3. External growth strategies are used by companies that attempt to integrate horizontally or vertically or to diversify.
4. Divestment strategies involve retrenchment, divestitures, or liquidation.

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-06 Describe the different HRM issues and practices associated with various directional strategies.
Topic: Strategy Implementation

99. What are the human resource challenges faced by a firm adopting an internal growth strategy?

Internal growth strategies present unique staffing problems. Growth requires that companies constantly hire, transfer, and promote individuals, and expansion into different markets may change the skills that prospective employees must have. In addition, appraisals often consist of a combination of behaviors and results. The behavioral appraisal emphasis stems from the knowledge of effective behaviors in a particular product market, and the results appraisal~~s~~ focuses on achieving growth goals. Compensation packages are heavily weighted toward incentives for achieving growth goals. Training needs differ depending on the way the company attempts to grow internally. Joint ventures require extensive training in conflict resolution techniques because of the problems associated with combining people from two distinct organizational cultures.

AACSB: Analytic
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-06 Describe the different HRM issues and practices associated with various directional strategies.
Topic: Strategy Implementation

100. Explain the challenges and opportunities that arise for human resource management during downsizing.

The challenges for the human resource management (HRM) function are

1. It must "surgically" reduce the workforce by cutting only the workers who are less valuable in their performance.
2. It must boost the morale of employees who remain after the reduction.
3. It must maintain open communication with the remaining employees to build their trust and commitment.

The opportunities provided by downsizing are

1. It allows the company to "get rid of dead wood" and make way for fresh ideas.
2. It provides a unique opportunity to change an organization's culture.
3. In firms characterized by antagonistic labor, downsizing can force parties to cooperate and to develop new, positive relationships.
4. It can demonstrate to top-management decision makers the value of the company's human resources to its ultimate success.

AACSB: Analytic
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-06 Describe the different HRM issues and practices associated with various directional strategies.
Topic: Strategy Implementation