

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 provides the company with a competitive advantage.

True False

2. Strategic management is a process for analyzing a company's competitive situation, developing the company's strategic goals, and devising a plan of action and allocation of resources that will increase the likelihood of achieving those goals.

True False

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

True False

4. Strategy implementation includes defining a company's mission and goals.

True False

5. One-way linkage precludes the company from considering human resource issues while formulating the strategic plan.

True False

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

True False

7. Internal analysis attempts to identify the 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 analysis addresses what tasks should be grouped into a particular job.

True False

10. Recruitment refers to the process by which an organization attempts to identify applicants with the necessary characteristics that will help the organization achieve its goals.

True False

11. Training refers to 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 quantitative 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. According to Michael Porter, competitive advantage stems from a company's ability to create value in its production process.

True False

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

True False

17. Companies engaged in a cost strategy require employees to have moderate concern for quantity and a long-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 the organization an opportunity to change its culture.

True False

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

True False

25. A learning organization constantly monitors its environment, assimilates information, makes decision, and flexibly restructures itself to compete in that environment.

True False

Multiple Choice Questions

26. Which of the following is an example of 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) _____ is a story of how a firm will create value for its customers and how it will do so profitably.

- A. design specification
- B. business model
- C. process 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. The costs that change directly with the units produced are known as _____ costs.

- A. concrete
- B. sunk
- C. outlay
- D. variable
- E. fixed

30. The difference between what a firm charges for a product and the variable costs of that product is known as:

- A. variance.
- B. overhead rate.
- C. holding cost.
- D. profit.
- E. margin.

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

- A. Holding cost.
- B. Gross margin.
- C. Profit.
- D. Variance.
- E. Overhead rate.

32. _____ refers to 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 describes the former workers to whom a firm still owes financial obligations.

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

34. _____ is defined as the skillful employment and coordination of tactics.

- A. Strategy
- B. Human resource management
- C. Mission
- D. Internal analysis
- E. Business modeling

35. _____ 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.

- 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, strategic human resource management has the responsibility of _____.

- A. assessing the employee skills required to run these systems
- B. inputting the necessary information to run these systems
- C. testing the functionalities of these systems
- D. testing these systems based on customer feedback
- E. documenting the use of these systems within the organization

37. _____ is a pattern of planned human resource deployments and activities intended to enable an organization to achieve its goals.

- A. Human resource optimization
- B. Systemic talent management
- C. Strategic human resource management
- D. Transactional talent management
- E. Transactional human resource management

38. 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. administrative linkage
- B. task design
- C. selecting and training
- D. strategy formulation
- E. strategy evaluation

39. During strategy formulation, the strategic planning groups _____.

- A. ensure that the firm has skilled employees in place
- B. structure the organization
- C. allocate resources to various tasks
- D. generate various strategic alternatives
- E. develop reward system that align employee behavior with the organization's goals

40. Terminal Inc. is a retail firm specializing in menswear. It plans to overtake its closest competitor within two years. It has decided to set up a store in Manhattan where it had no presence earlier. But, it realizes that NewBliss Inc. can give it a very good competition in the formal attire group for males between the ages of 25-35. Terminal Inc. is at the _____ phase.

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

41. During strategy implementation, an organization:

- A. analyzes its strengths and weaknesses.
- B. generates various strategic alternatives.
- C. follows through on the chosen strategy.
- D. defines its mission and goals.
- E. identifies its opportunities and threats.

42. _____ 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. Selection and training
- E. Operational implementation

43. A firm's strategic management decision-making process usually takes place at its top levels, with a strategic planning group consisting of:

- 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 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. Central linkage
- E. One-way linkage

45. In administrative linkage:

- A. the human resource management function's attention is on day-to-day activities.
- B. the firm's strategists develop the strategic plan and then inform the human resource management function of the plan.
- C. the strategic planning team informs the human resource management function of the various strategies the company is considering.
- D. the human resource management functions are built right into the strategy formulation process.
- E. the human resource management executive gives strategic planners information about the company's human resource capabilities.

46. Which is the level of integration at which the human resource management 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. Central linkage

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

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

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

- A. 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. The human resource management functions are built right into the strategy formulation process.
- D. The human resource management function is involved in both strategy formulation and strategy implementation.
- E. The human resource management executive gives strategic planners information about the company's human resource capabilities.

49. Which of the following levels of integration often leads to strategic plans that the company cannot successfully implement?

- A. Collaborative linkage
- B. Integrative linkage
- C. Two-way linkage
- D. One-way linkage
- E. Congruent linkage

50. _____ allows for consideration of human resource issues during the strategy formulation process.

- A. Administrative linkages
- B. One-way linkages
- C. Unidirectional linkages
- D. Top-to-bottom linkages
- E. Two-way linkages

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

- A. The strategic planning function and the HRM function are interdependent.
- B. It precludes the company from considering the human resource issues while formulating the strategic plan.
- C. The human resource management department simply engages in administrative work unrelated to the company's core business needs.
- D. The human resource function's attention is on day-to-day activities.
- E. The human resource management executive has no opportunity to take a strategic outlook toward human resource management issues.

52. Companies with _____ have their 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 strategic management process that are relevant to:

- A. recruitment.
- B. strategy formulation.
- C. selection.
- D. job designing.
- E. strategy implementation.

54. _____ is a statement of the organization's reason for being that usually specifies the customers served, the needs satisfied and/or the values received by the customers, and the technology used.

- A. Work structure
- B. Goal
- C. Mission
- D. Strategy
- E. Value

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 examines the organization's operating environment to identify the 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 attempts to identify the organization's strengths and weaknesses?

- A. Job analysis
- B. Internal analysis
- C. External analysis
- D. Competitive analysis
- E. Job modeling

58. _____ focuses on the quantity and quality of resources available to the organization.

- A. Job modeling
- B. External analysis
- 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 analyses gives the strategic planning team all the information it needs to generate a number of strategic alternatives?

- A. Selection analysis
- B. Training analysis
- C. SWOT analysis
- D. Development analysis
- E. Recruitment analysis

61. Which of the following describes the different ways the 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. SWOT analysis

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 economical success.
- C. external analysis and internal analysis should be performed during implementation.
- D. quality of resources is more important than the quantity of resources.
- E. the choice of organizational forms and structural forms make an economic difference.

63. The process of getting detailed information about jobs is known as:

- A. job designing.
- B. recruitment.
- C. selection.
- D. training.
- E. job analysis.

64. Which of the following addresses what tasks should be grouped into a particular job?

- A. Job analysis
- B. Internal analysis
- C. External analysis
- D. Job design
- E. Recruitment

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

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

66. The process by which a firm attempts to identify 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. recruitment
- D. training
- E. differentiation

67. _____ refers to 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. _____ involves acquiring knowledge, skills, and behavior that improve employees' ability to meet the challenges of a variety of existing or new jobs.

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

69. _____ is used to ensure that employees' activities and outcomes are congruent with the organization's objectives.

- A. Divestment
- B. Differentiation
- C. Performance management
- D. Selection
- E. Recruitment

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

- A. Such companies 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 how the work 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. thrives to reduce the cost of products in its industry
- C. does not use automated procedures and systems
- D. thrives constantly to increase the quality of its products
- E. focuses on creating products that provide high value for its 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 their 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 differentiation strategy?

- A. Differentiation strategy cannot protect a company from price sensitivity.
- B. Brand images play a negligible role in differentiation strategies.
- C. Companies using this strategy have to build large-scale facilities.
- D. Companies have to control their overhead costs to use this strategy.
- E. If a company succeeds in this strategy, it achieves above-average returns.

75. Apple is known for using a unique operating system that integrates well with peripheral devices such as iPod and iPhone. What kind of a strategy is Apple using?

- A. Cost leadership
- B. Differentiation
- C. Disintermediation
- D. Penetration
- E. Centralization

76. Companies engaged in a cost strategy require employees to _____.

- A. have a high concern for quantity
- B. have a long-term focus
- C. be comfortable in an unstable working environment
- D. be willing to take risks
- E. undertake challenging and non-repetitive work

77. Companies engaged in a cost strategy _____.

- A. engage in limited socialization of newcomers
- B. tend to specifically define the skills they require
- C. tend to spend less time in training employees
- D. provide broad career paths to employees
- E. tend to recruit more people from outside

78. A company engaged in 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. prefer stable working environments.

79. Companies engaged in differentiation strategy _____.

- A. provide narrow career paths to employees
- B. use a compensation system based on productivity alone
- C. seek to generate more creativity through broadly defined jobs
- D. recruit employees more from internal sources
- E. engage in extensive socialization of newcomers

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

- A. external growth
- B. divestment
- C. downsizing
- D. concentration
- E. internal growth

81. With the _____ 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. internal growth
- C. external growth
- D. divestment
- E. downsizing

82. Which one of the following is an internal growth strategy?

- A. Market development
- B. Vertical integration
- C. Downsizing
- D. Emphasis on market share
- E. Diversification

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

- A. concentration
- B. internal growth
- C. divestment
- D. liquidation
- E. differentiation

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. What 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. Firms that seek to scale down their operations are following a(n):

- 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. Downsizing is not effective in forcing parties to cooperate with management.
- C. Downsizing will not help organizations develop 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 is true regarding 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(n) _____ organization.

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

Essay Questions

91. To be maximally effective, the human resource management function must be integrally involved in the company's strategic management process. What can human resource managers do to achieve this?

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

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

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

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

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 for human resource management
while 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 provides the company with a competitive advantage.
(p. 72)

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

2. Strategic management is a process for analyzing a company's competitive situation, developing the company's strategic goals, and devising a plan of action and allocation of resources that will increase the likelihood of achieving those goals.
(p. 75)

TRUE

Strategic management is more than a collection of strategic types. It is a process for analyzing a company's competitive situation, developing the company's strategic goals, and devising a plan of action and allocation of resources (human, organizational, and physical) that will increase the likelihood of achieving those goals.

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

3. Strategic planning groups decide on a strategic direction during the strategy implementation phase.
(p. 75)

FALSE

During strategy formulation the strategic planning groups 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
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 02-02 List the components of the strategic management process.
Topic: Components of the Strategic Management Process

4. Strategy implementation includes defining a company's mission and goals.
(p. 75)

FALSE

During strategy implementation, the organization follows through on the chosen strategy. 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
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 02-02 List the components of the strategic management process.
Topic: Components of the Strategic Management Process

5. One-way linkage precludes the company from considering human resource issues while formulating the strategic plan.
(p. 79)

TRUE

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. This level of integration often leads to strategic plans that the company cannot successfully implement.

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 02-04 Describe the linkages between HRM and strategy formulation.
Topic: Role of HRM in Strategy Formulation

6. Untapped labor pools are an example of a strategic opportunity in an organization's operating environment.
(p. 82)

TRUE

External analysis consists of examining the organization's operating environment to identify the strategic opportunities and threats. 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
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 02-04 Describe the linkages between HRM and strategy formulation.
Topic: Role of HRM in Strategy Formulation

7. Internal analysis attempts to identify the organization's strategic opportunities and threats.
(p. 82)

FALSE

Internal analysis attempts to identify the 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
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.
(p. 82)

TRUE

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: Remember
Difficulty: 1 Easy

Learning Objective: 02-04 Describe the linkages between HRM and strategy formulation.
Topic: Strategy Formulation

9. Job analysis addresses what tasks should be grouped into a particular job.
(p. 86)

FALSE

Job analysis is the process of getting detailed information about jobs.

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: HRM Practices

10. Recruitment refers to the process by which an organization attempts to identify applicants with the necessary characteristics that will help the organization achieve its goals.
(p. 87)

FALSE

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

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: HRM Practices

11. Training refers to a planned effort to facilitate the learning of job-related knowledge, skills, and behavior by employees.
(p. 88)

TRUE

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

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: HRM Practices

12. Companies that are not diversified use quantitative measures of performance to evaluate managers.
(p. 88)

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
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: HRM Practices

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.
(p. 88)

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
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: HRM Practices

14. By tying pay to performance, a company can elicit specific activities and levels of performance from employees.
(p. 89)

TRUE

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

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: HRM Practices

15. According to Michael Porter, competitive advantage stems from a company's ability to create value in its production process.
(p. 91)

TRUE

According to Michael Porter of Harvard, competitive advantage stems from a company's ability to create value in its production process. Value can be created in two ways.

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: Strategic Types

16. An overall cost leadership strategy is achieved by offering unique product features.
(p. 91)

FALSE

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
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: Strategic Types

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

(p. 91)

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

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: HRM Needs in Strategic Types

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

(p. 91)

FALSE

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

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: HRM Needs in Strategic Types

19. Employees in companies with a differentiation strategy need to have only a moderate concern for quantity.
(p. 91)

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
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: HRM Needs in Strategic Types

20. Differentiation companies will have compensation systems that are geared toward internal rather than external equity.
(p. 92)

FALSE

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

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: HRM Needs in Strategic Types

21. Strategies emphasizing market share or operating costs are called "external growth" strategies.
(p. 92)

FALSE

Strategies emphasizing market share or operating costs are considered "concentration" strategies.

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 02-06 Describe the different HRM issues and practices associated with various directional strategies.

Topic: Directional Strategies

22. Companies using concentration strategies attempt to focus on what they do best within their established markets.
(p. 92)

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
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 02-06 Describe the different HRM issues and practices associated with various directional strategies.
Topic: Directional Strategies

23. Downsizing gives the organization an opportunity to change its culture.
(p. 96)

TRUE

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

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 02-06 Describe the different HRM issues and practices associated with various directional strategies.
Topic: Directional Strategies

24. Companies going through downsizing often develop compensation programs that tie the individual's compensation to the company's success.
(p. 96)

TRUE

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

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 02-06 Describe the different HRM issues and practices associated with various directional strategies.
Topic: Directional Strategies

25. A learning organization constantly monitors its environment, assimilates
(p. 98) information, makes decision, and flexibly restructures itself to compete in that environment.

TRUE

A learning organization requires the company 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 learning capability have a competitive advantage.

AACSB: Analytic

Blooms: Remember

Difficulty: 1 Easy

Learning Objective: 02-06 Describe the different HRM issues and practices associated with various directional strategies.

Topic: Enhancing Firm Competitiveness

Multiple Choice Questions

26. Which of the following is an example of a physical resource that a company uses to compete with other companies?
(p. 72)

- 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 (the structure, planning, controlling, and coordinating systems, and group relations), and human (the experience, skill, and intelligence of employees).

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

27. A(n) _____ is a story of how a firm will create value for its customers and how it will do so profitably.
(p. 72)

- A. design specification
- B. business model**
- C. process model
- D. administrative linkage
- E. process architecture

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

AACSB: Analytic
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.
(p. 72)

- 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, depreciation of the machines, the utilities, the property taxes, and so on.

AACSB: Analytic
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. The costs that change directly with the units produced are known as _____ costs.
(p. 72)

- A. concrete
- B. sunk
- C. outlay
- D. variable**
- E. fixed

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
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. The difference between what a firm charges for a product and the variable costs of that product is known as:

(p. 73)

- A. variance.
- B. overhead rate.
- C. holding cost.
- D. profit.
- E. margin.**

Margins are the difference between what a firm charges for a product and the variable costs of that product. Margins are called contribution margins because they contribute to the firm's ability to cover its fixed costs.

AACSB: Analytic

Blooms: Remember

Difficulty: 1 Easy

Learning Objective: 02-01 Describe the differences between strategy formulation and strategy implementation.

Topic: What Is a Business Model?

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

(p. 73)

- A. Holding cost.
- B. Gross margin.**
- C. Profit.
- D. Variance.
- 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

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. _____ refers to what is left after a firm pays its variable costs and fixed costs.
(p. 73)

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

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

AACSB: Analytic
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 describes the former workers to whom a firm still owes financial obligations.
(p. 73)

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

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

AACSB: Analytic
Blooms: Remember
Difficulty: 2 Medium

Learning Objective: 02-01 Describe the differences between strategy formulation and strategy implementation.
Topic: GM's Attempt to Survive

34. _____ is defined as the skillful employment and coordination of tactics.
(p. 74)

- A. Strategy
- B. Human resource management
- C. Mission
- D. Internal analysis
- E. Business modeling

Webster's New American Dictionary defines strategy as the "skillful employment and coordination of tactics" and as "artful planning and management."

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 02-01 Describe the differences between strategy formulation and strategy implementation.
Topic: What Is Strategic Management?

35. _____ 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.
(p. 74)

- 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
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, strategic human resource management has the responsibility of _____.
(p. 75)

- A. assessing the employee skills required to run these systems
- B. inputting the necessary information to run these systems
- C. testing the functionalities of these systems
- D. testing these systems based on customer feedback
- E. documenting the use of these systems within the organization

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, these systems must be run by people. 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

Blooms: Remember

Difficulty: 2 Medium

Learning Objective: 02-01 Describe the differences between strategy formulation and strategy implementation.

Topic: What Is Strategic Management?

37. _____ is a pattern of planned human resource deployments and activities intended to enable an organization to achieve its goals.
(p. 75)

- A. Human resource optimization
- B. Systemic talent management
- C. Strategic human resource management
- D. Transactional talent management
- E. Transactional human resource management

Strategic human resource management (SHRM) is a pattern of planned human resource deployments and activities intended to enable an organization to achieve its goals.

AACSB: Analytic

Blooms: Remember

38. 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.

(p. 75)

- A. administrative linkage
- B. task design
- C. selecting 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.

39. During strategy formulation, the strategic planning groups _____.
(p. 75)

- A. ensure that the firm has skilled employees in place
- B. structure the organization
- C. allocate resources to various tasks
- D. generate various strategic alternatives**
- E. develop reward system that align employee behavior with the organization's goals

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
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 02-02 List the components of the strategic management process.
Topic: Components of the Strategic Management Process

40. Terminal Inc. is a retail firm specializing in menswear. It plans to overtake its closest competitor within two years. It has decided to set up a store in Manhattan where it had no presence earlier. But, it realizes that NewBliss Inc. can give it a very good competition in the formal attire group for males between the ages of 25-35. Terminal Inc. is at the _____ phase.

(p. 75)

- 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

Blooms: Apply

Difficulty: 3 Hard

Learning Objective: 02-02 List the components of the strategic management process.

Topic: Components of the Strategic Management Process

41. During strategy implementation, an organization:
(p. 75)

- A. analyzes its strengths and weaknesses.
- B. generates various strategic alternatives.
- C.** follows through on the chosen strategy.
- D. defines its mission and goals.
- E. identifies its opportunities and threats.

During strategy implementation, the organization follows through on the chosen strategy. 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
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 02-02 List the components of the strategic management process.
Topic: Components of the Strategic Management Process

42. _____ 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.
(p. 75)

- A. Task designing
- B.** Strategy implementation
- C. Administrative linking
- D. Selection and training
- E. Operational implementation

During strategy implementation, the organization follows through on the chosen strategy. 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
Blooms: Remember
Difficulty: 1 Easy

43. A firm's strategic management decision-making process usually takes place at its top levels, with a strategic planning group consisting of:

(p. 78)

- 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
Blooms: Remember
Difficulty: 1 Easy*

*Learning Objective: 02-03 Discuss the role of the HRM function in strategy formulation.
Topic: Role of HRM in Strategy Formulation*

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

(p. 78)

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

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

*AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy*

*Learning Objective: 02-04 Describe the linkages between HRM and strategy formulation.
Topic: Role of HRM in Strategy Formulation*

45. In administrative linkage:
(p. 78)

- A. the human resource management function's attention is on day-to-day activities.
- B. the firm's strategists develop the strategic plan and then inform the human resource management function of the plan.
- C. the strategic planning team informs the human resource management function of the various strategies the company is considering.
- D. the human resource management functions are built right into the strategy formulation process.
- E. the human resource management executive gives strategic planners information about the company's human resource capabilities.

In administrative linkage (the lowest level of integration), the 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.

AACSB: Analytic
Blooms: Understand
Difficulty: 2 Medium

Learning Objective: 02-04 Describe the linkages between HRM and strategy formulation.
Topic: Role of HRM in Strategy Formulation

46. Which is the level of integration at which the human resource management engages in day-to-day activities unrelated to the company's core business needs?
(p. 78)

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

In administrative linkage (the lowest level of integration), the 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
Blooms: Remember
Difficulty: 2 Medium

Learning Objective: 02-04 Describe the linkages between HRM and strategy formulation.
Topic: Role of HRM in Strategy Formulation

47. In _____, a firm's strategic business planning function develops the strategic plan and then informs the HRM function of the plan.
(p. 78)

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

In one-way linkage, the firm's strategic business planning function develops the strategic plan and then informs the 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
Blooms: Remember
Difficulty: 1 Easy

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

(p. 79)

- A. 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. The human resource management functions are built right into the strategy formulation process.
- D. The human resource management function is involved in both strategy formulation and strategy implementation.
- E. The human resource management executive gives strategic planners information about the company's human resource capabilities.

In one-way linkage, the firm's strategic business planning function develops the strategic plan and then informs the 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
Blooms: Understand
Difficulty: 2 Medium

Learning Objective: 02-04 Describe the linkages between HRM and strategy formulation.
Topic: Role of HRM in Strategy Formulation

49. Which of the following levels of integration often leads to strategic plans that the company cannot successfully implement?
(p. 79)

- A. Collaborative linkage
- B. Integrative linkage
- C. Two-way linkage
- D.** One-way linkage
- E. Congruent linkage

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

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 02-04 Describe the linkages between HRM and strategy formulation.
Topic: Role of HRM in Strategy Formulation

50. _____ allows for consideration of human resource issues during the strategy formulation process.
(p. 79)

- A. Administrative linkages
- B. One-way linkages
- C. Unidirectional linkages
- D. Top-to-bottom linkages
- E.** 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.

AACSB: Analytic
Blooms: Remember
Difficulty: 2 Medium

Learning Objective: 02-04 Describe the linkages between HRM and strategy formulation.
Topic: Role of HRM in Strategy Formulation

51. Which of the following statements is true of two-way linkages?
(p. 79)

- A.** The strategic planning function and the HRM function are interdependent.
- B. It precludes the company from considering the human resource issues while formulating the strategic plan.
- C. The human resource management department simply engages in administrative work unrelated to the company's core business needs.
- D. The human resource function's attention is on day-to-day activities.
- E. The human resource management executive has no opportunity to take a strategic outlook toward human resource management issues.

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
Blooms: Remember
Difficulty: 2 Medium

Learning Objective: 02-04 Describe the linkages between HRM and strategy formulation.
Topic: Role of HRM in Strategy Formulation

52. Companies with _____ have their human resource management functions built right into the strategy formulation and implementation processes.
(p. 80)

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

In most cases the 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
Blooms: Remember
Difficulty: 2 Medium

Learning Objective: 02-04 Describe the linkages between HRM and strategy formulation.
Topic: Role of HRM in Strategy Formulation

53. Mission, goals, external analysis, internal analysis, and strategic choices are the five major components of the strategic management process that are relevant to:

(p. 80)

- A. recruitment.
- B. strategy formulation.**
- C. selection.
- D. job designing.
- E. strategy implementation.

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

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 02-04 Describe the linkages between HRM and strategy formulation.
Topic: Strategy Formulation

54. _____ is a statement of the organization's reason for being that usually specifies the customers served, the needs satisfied and/or the values received by the customers, and the technology used.

(p. 80-81)

- A. Work structure
- B. Goal
- C. Mission**
- D. Strategy
- E. Value

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

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy

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.
(p. 81)

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

An organization's goals are what it hopes to achieve in the medium- to long-term future; they reflect how the mission will be operationalized.

AACSB: Analytic
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 examines the organization's operating environment to identify the strategic opportunities and threats?
(p. 82)

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

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

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 02-04 Describe the linkages between HRM and strategy formulation.

57. Which of the following attempts to identify the organization's strengths and weaknesses?
(p. 82)

- A. Job analysis
- B. Internal analysis**
- C. External analysis
- D. Competitive analysis
- E. Job modeling

Internal analysis attempts to identify the 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
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 02-04 Describe the linkages between HRM and strategy formulation.
Topic: Strategy Formulation

58. _____ focuses on the quantity and quality of resources available to the organization.
(p. 82)

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

Internal analysis attempts to identify the 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
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 _____.
(p. 82)

- 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 the SWOT analysis, the strategic planning team has all the information it needs to generate a number of strategic alternatives.

AACSB: Analytic
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 analyses gives the strategic planning team all the information it needs to generate a number of strategic alternatives?
(p. 82)

- A. Selection analysis
- B. Training analysis
- C.** SWOT analysis
- D. Development 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 the SWOT analysis, the strategic planning team has all the information it needs to generate a number of strategic alternatives.

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 02-04 Describe the linkages between HRM and strategy formulation.
Topic: Strategy Formulation

61. Which of the following describes the different ways the organization will attempt to fulfill its mission and achieve its long-term goals?
(p. 82)

- A. Internal analysis
- B. External analysis
- C. Vision statement
- D. Strategic choice**
- E. SWOT analysis

The strategic managers compare all possible alternatives' ability to attain the 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
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 _____.
(p. 83)

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

63. The process of getting detailed information about jobs is known as:

(p. 86)

- A. job designing.
- B. recruitment.
- C. selection.
- D. training.
- E. job analysis.**

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 analysis is the process of getting detailed information about jobs.

64. Which of the following addresses what tasks should be grouped into a particular job?

(p. 86)

- A. Job analysis
- B. Internal analysis
- C. External analysis
- D. Job design**
- E. Recruitment

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 what tasks should be grouped into a particular job.

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: HRM Practices

65. _____ is the process through which the organization seeks applicants for potential employment.
(p. 87)

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

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

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: HRM Practices

66. The process by which a firm attempts to identify applicants with the necessary knowledge, skills, abilities, and other characteristics that will help the firm achieve its goals is known as _____.
(p. 87)

- A. appraisal
- B. selection**
- C. recruitment
- D. training
- E. differentiation

Selection refers to 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. The strategy a company is pursuing will have a direct impact on the types of employees that it seeks to select.

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: HRM Practices

67. _____ refers to a planned effort to facilitate the learning of job-related knowledge, skills, and behavior by employees.
(p. 88)

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

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

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.

68. _____ involves acquiring knowledge, skills, and behavior that improve employees' ability to meet the challenges of a variety of existing or new jobs.
(p. 88)

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

A number of skills are instilled in employees through training and development. 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.

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: HRM Practices

69. _____ is used to ensure that employees' activities and outcomes are congruent with the organization's objectives.
(p. 88)

- A. Divestment
- B. Differentiation
- C. Performance management**
- D. Selection
- E. Recruitment

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 firm's successfully implementing the strategy.

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy

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

(p. 88)

- A. Such companies 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 how the work 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

Blooms: Understand

Difficulty: 2 Medium

71. A high level of pay relative to that of competitors can ensure that _____.
(p. 89)

- 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
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: HRM Practices

72. A company that follows an overall cost leadership strategy _____.
(p. 91)

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

73. A company that wants to become the lowest cost producer in an industry should _____.
(p. 91)

- A. create a product that is different from other products in the market
- B. construct efficient large-scale facilities**
- C. invest heavily in branding their 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
Blooms: Understand
Difficulty: 2 Medium
with each.
Topic: Strategic Types

Learning Objective: 02-05 Discuss the more popular typologies of generic strategies and the various HRM practices associated with each.

74. Which of the following is true regarding differentiation strategy?
(p. 91)

- A. Differentiation strategy cannot protect a company from price sensitivity.
- B. Brand images play a negligible role in differentiation strategies.
- C. Companies using this strategy have to build large-scale facilities.
- D. Companies have to control their overhead costs to use this strategy.
- E. If a company succeeds in this strategy, it achieves above-average returns.**

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
Blooms: Understand
Difficulty: 2 Medium

75. Apple is known for using a unique operating system that integrates well with peripheral devices such as iPod and iPhone. What kind of a strategy is Apple using?
(p. 91)

- A. Cost leadership
- B. Differentiation**
- C. Disintermediation
- D. Penetration
- E. Centralization

The "differentiation" strategy attempts to create the impression that the 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: Analytic
Blooms: Understand
Difficulty: 2 Medium*

76. Companies engaged in a cost strategy require employees to _____.
(p. 91)

- A. have a high concern for quantity**
- B. have a long-term focus
- C. be comfortable in an unstable working environment
- 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

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: HRM Needs in Strategic Types

77. Companies engaged in a cost strategy _____.
(p. 91)

- A. engage in limited socialization of newcomers
- B. tend to specifically define the skills they require**
- C. tend to spend less time in training employees
- D. provide broad career paths to employees
- E. tend to recruit more people from outside

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

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: HRM Needs in Strategic Types

78. A company engaged in differentiation strategy requires employees who:
(p. 91)

- 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. prefer stable working environments.

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

Blooms: Understand

79. Companies engaged in differentiation strategy _____.

(p. 92)

- A. provide narrow career paths to employees
- B. use a compensation system based on productivity alone
- C. seek to generate more creativity through broadly defined jobs**
- D. recruit employees more from internal sources
- E. engage in extensive socialization of newcomers

Thus differentiation companies will seek to generate more creativity through broadly defined jobs with general job descriptions. They may recruit more from outside, engage in limited socialization of newcomers, and provide broader career paths.

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

(p. 92)

- A. external growth
- B. divestment
- C. downsizing
- D. concentration**
- E. internal growth

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."

Blooms: Remember

Difficulty: 1 Easy

Learning Objective: 02-06 Describe the different HRM issues and practices associated with various directional strategies.

Topic: Directional Strategies

81. With the _____ 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."
(p. 92)

- A.** concentration
- B. internal growth
- C. external growth
- 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

Blooms: Remember

Difficulty: 1 Easy

Learning Objective: 02-06 Describe the different HRM issues and practices associated with various directional strategies.

Topic: Directional Strategies

82. Which one of the following is an internal growth strategy?
(p. 92)

- A.** Market development
- B. Vertical integration
- C. Downsizing
- D. Emphasis on market share
- E. Diversification

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

Blooms: Remember

Difficulty: 1 Easy

Learning Objective: 02-06 Describe the different HRM issues and practices associated with various directional strategies.

Topic: Directional Strategies

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

(p. 92)

- A. concentration
- B. internal growth**
- C. divestment
- D. liquidation
- E. differentiation

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

Blooms: Remember

Difficulty: 1 Easy

Learning Objective: 02-06 Describe the different HRM issues and practices associated with various directional strategies.

Topic: Directional Strategies

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

(p. 92)

- 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

Blooms: Remember

Difficulty: 1 Easy

Learning Objective: 02-06 Describe the different HRM issues and practices associated with various directional strategies.

Topic: Directional Strategies

85. What type of strategy attempts to expand a company's resources or to strengthen its market position through acquiring or creating new businesses?
(p. 92)

- 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

Blooms: Remember

Difficulty: 1 Easy

Learning Objective: 02-06 Describe the different HRM issues and practices associated with various directional strategies.

Topic: Directional Strategies

86. Which of the following is a strategy made up of retrenchment and liquidation?
(p. 92)

- 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

Blooms: Remember

Difficulty: 1 Easy

Learning Objective: 02-06 Describe the different HRM issues and practices associated with various directional strategies.

87. Firms that seek to scale down their operations are following a(n):

(p. 92)

- A. concentration strategy.
- B. internal growth strategy.
- C. external growth strategy.
- D. divestment 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
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 02-06 Describe the different HRM issues and practices associated with various directional strategies.
Topic: Directional Strategies

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

(p. 96)

- A. It becomes difficult to change an organization's culture after downsizing.
- B. Downsizing is not effective in forcing parties to cooperate with management.
- C. Downsizing will not help organizations develop 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 HRM 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
Blooms: Understand
Difficulty: 2 Medium

Learning Objective: 02-06 Describe the different HRM issues and practices associated with various directional strategies.

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

(p. 97)

- 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.

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
Blooms: Understand
Difficulty: 2 Medium

Learning Objective: 02-06 Describe the different HRM issues and practices associated with various directional strategies.
Topic: Emergent Strategies

90. A company where employees are in a constant state of assimilating
(p. 98) knowledge through monitoring the environment, making decisions, and flexibly restructuring the company to compete in that environment is known as a(n) _____ organization.

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

Learning organizations require the company 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 learning capability have a competitive advantage.

AACSB: Analytic
Blooms: Remember
Difficulty: 1 Easy

Learning Objective: 02-06 Describe the different HRM issues and practices associated with various directional strategies.
Topic: Enhancing Firm Competitiveness

Essay Questions

91. To be maximally effective, the human resource management function must be integrally involved in the company's strategic management process. What can human resource managers do to achieve this?
(p. 72)

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: Remember

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 that exist between the human resource management function and the strategic management function.
(p. 78)

The four levels of integration that exist between the human resource management function and the strategic management function are: (1) Administrative linkages, (2) one-way linkages, (3) two-way linkages, and (4) integrative linkages.

AACSB: Analytic

Blooms: Remember

Difficulty: 2 Medium

Learning Objective: 02-03 Discuss the role of the HRM function in strategy formulation.

Topic: Role of HRM in Strategy Formulation

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

(p. 79)

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: 2 Medium

Learning Objective: 02-04 Describe the linkages between HRM and strategy formulation.

Topic: Role of HRM in Strategy Formulation

94. What five major components of the strategic management process are relevant to strategy formulation?
(p. 80-82)

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 the 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: Remember
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 strategy implementation.
(p. 83-84)

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

AACSB: Analytic
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

96. Discuss the six important functional areas of human resource management?
(p. 86-90)

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 what tasks should be grouped into a particular job.
- (2) Recruitment is the process through which the organization seeks applicants for potential employment. Selection refers to 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 refers to 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's 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: HRM Practices

97. Compare and contrast Porter's generic strategies of cost leadership and differentiation.
(p. 91)

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, by controlling overhead expenses and costs in such areas as research and development, service, sales force, and advertising.

Differentiation: It attempts to create the impression that firm's products or services are different from 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: Strategic Types

98. What are the four directional strategies that firms use to meet their objectives?
(p. 92)

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

- (1) Concentration strategy 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 diversify.
- (4). Divestment strategies involve retrenchment, divestitures, or liquidation.

AACSB: Analytic
Blooms: Remember
Difficulty: 2 Medium

Learning Objective: 02-06 Describe the different HRM issues and practices associated with various directional strategies.
Topic: Directional Strategies

99. What are the human resource challenges faced by a firm adopting an internal growth strategy?
(p. 93)

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 necessary 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 appraisals focus 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: Remember
Difficulty: 2 Medium

Learning Objective: 02-06 Describe the different HRM issues and practices associated with various directional strategies.
Topic: Directional Strategies

100. Explain the challenges and opportunities for human resource management while downsizing.
(p. 95-96)

Challenges of human resource management (HRM) function:

- (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 remaining employees to build their trust and commitment.

Opportunities provided by downsizing:

- (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: Directional Strategies