# Managing Human Resources, 8e, Global Edition (Gomez-Mejia et al.) Chapter 1 Meeting Present and Emerging Strategic Human Resource Challenges

- 1) As the director of HR, you are in a meeting with your corporate officers discussing the firm's deliberate use of personnel to gain a competitive edge in the marketplace. You are most likely discussing:
- A) human resource policies.
- B) corporate objectives.
- C) human resource strategies.
- D) line employees.

Answer: C Diff: 1

AACSB: Analytical thinking

Skill: Application

LO: 1.1: Understand the major challenges affecting HR

- 2) Tony works in the finance department as an accounting clerk. He keeps a time card and receives extra pay for any overtime he works. Tony is most likely a(n):
- A) exempt line employee.
- B) nonexempt staff employee.
- C) exempt staff employee.
- D) nonexempt line employee.

Answer: B Diff: 2

AACSB: Analytical thinking

Skill: Application

LO: 1.1: Understand the major challenges affecting HR

- 3) Salaried employees are also known as \_\_\_\_\_ employees.
- A) exempt
- B) senior
- C) staff
- D) line

Answer: A Diff: 1

AACSB: Analytical thinking

Skill: Concept

- 4) Which of the following is an environmental challenge faced by modern HR managers?
- A) Job insecurity
- B) Decentralization
- C) Globalization
- D) Self-managed work teams

Answer: C Diff: 1

AACSB: Analytical thinking

Skill: Concept

LO: 1.1: Understand the major challenges affecting HR

- 5) Due to the increasing work pace and burnout in the United States, more workers are dealing with stress. According to your text, an increasing number of firms are choosing to:
- A) provide employees with stress-control programs.
- B) require employees to take longer breaks during the work day.
- C) encourage telecommuting, job sharing, and employment sabbaticals.
- D) inform potential employees of this challenge during the interviewing process.

Answer: A Diff: 3

AACSB: Analytical thinking

Skill: Concept

LO: 1.1: Understand the major challenges affecting HR

- 6) Which of the following is NOT true of the Internet Revolution as it relates to HRM?
- A) Writing skills are essential to effective e-mail communications.
- B) The recruiting, screening, and hiring process is streamlined.
- C) Online corporate training is surpassing classroom training.
- D) Cross-cultural understanding is less important.

Answer: D Diff: 3

AACSB: Information technology

Skill: Concept

LO: 1.1: Understand the major challenges affecting HR

- 7) RCA is creating a corporate identity to smooth over cultural differences between its domestic and international employees. RCA is most likely addressing the HRM challenge of:
- A) outsourcing.
- B) globalization.
- C) employee stress.
- D) competitive markets.

Answer: B Diff: 2

AACSB: Diverse and multicultural work environments

Skill: Application

- 8) What is the primary reason for the rising importance of HR at firms over the last four decades?
- A) Market globalization
- B) Workforce diversity
- C) Employment laws
- D) Technology

Answer: C Diff: 2

AACSB: Analytical thinking

Skill: Concept

LO: 1.1: Understand the major challenges affecting HR

- 9) A dual-career family is one in which:
- A) the major bread winner works two jobs.
- B) the wife is a homemaker and the husband works outside of the home.
- C) both husband and wife work.
- D) both husband and wife own their own business.

Answer: C Diff: 1

AACSB: Analytical thinking

Skill: Concept

LO: 1.1: Understand the major challenges affecting HR

- 10) Firms are increasingly introducing family-friendly programs to:
- A) comply with federal EEO legislation.
- B) hire and retain the best workers.
- C) provide essential training.
- D) gain tax benefits.

Answer: B Diff: 2

AACSB: Analytical thinking

Skill: Concept

LO: 1.1: Understand the major challenges affecting HR

- 11) Growth in service sector employment is most likely tied to:
- A) advances in technology that eliminate manufacturing jobs.
- B) the increasing number of women entering the workforce.
- C) increasing efforts to match individuals to the correct jobs.
- D) an overabundance of highly educated job candidates.

Answer: A Diff: 3

AACSB: Analytical thinking

Skill: Concept

- 12) The need for skilled employees in the United States has:
- A) intensified in the service sector due to technology advancements.
- B) decreased because the number of jobs requiring a college education has declined.
- C) leveled off because government programs have improved skill levels of the workforce.
- D) decreased due to the rising number of highly-educated immigrants in the technology field.

Answer: A Diff: 2

AACSB: Analytical thinking

Skill: Concept

LO: 1.1: Understand the major challenges affecting HR

- 13) Companies spend around \_\_\_\_\_ billion dollars each year on employee training programs.
- A) 20
- B) 35
- C) 55
- D) 70

Answer: C

Diff: 1

AACSB: Analytical thinking

Skill: Concept

LO: 1.1: Understand the major challenges affecting HR

- 14) Which of the following would not be measured by a job simulation?
- A) Effective handling of irate customers
- B) Technical applications of project management
- C) Ability to work in a multi-ethnic environment
- D) Sound judgment when faced with ethical dilemmas

Answer: B Diff: 3

AACSB: Analytical thinking

Skill: Concept

LO: 1.1: Understand the major challenges affecting HR

- 15) HR policies affect a firm's competitive position in all of the following ways EXCEPT by:
- A) improving quality.
- B) controlling costs.
- C) creating distinctive capabilities.
- D) developing mission statements.

Answer: D Diff: 3

AACSB: Analytical thinking

Skill: Concept

- 16) Which term refers to transferring responsibility and decision-making authority from a central office to people closer to the situation that demands attention?
- A) Decentralization
- B) Restructuring
- C) Downsizing
- D) Outsourcing

Answer: A Diff: 1

AACSB: Analytical thinking

Skill: Concept

LO: 1.1: Understand the major challenges affecting HR

- 17) The current trend to downsize most likely results in:
- A) higher worker output.
- B) better decision making.
- C) lower salary expenditures.
- D) greater workforce diversity.

Answer: C Diff: 2

AACSB: Analytical thinking

Skill: Concept

LO: 1.1: Understand the major challenges affecting HR

- 18) Organizational restructuring over the past two decades has primarily led to firms with:
- A) more managers and fewer laborers as automation eliminates lower-level jobs.
- B) fewer people between the CEO and the lowest-ranking worker.
- C) fewer self-managed work teams.
- D) more mid-level managers.

Answer: B Diff: 3

AACSB: Analytical thinking

Skill: Concept

LO: 1.1: Understand the major challenges affecting HR

- 19) Self-managed work teams are:
- A) an uncommon method of managing a small business.
- B) very costly to the companies that must pay benefits to team members.
- C) groups of peers in a company setting who take responsibility for a particular area or task.
- D) a positive contribution to large corporations who are worried about being too "top heavy."

Answer: C Diff: 2

AACSB: Analytical thinking

Skill: Concept

- 20) According to research, the contributions that self-managed work teams offer a large firm are typically:
- A) minimal.
- B) very positive.
- C) apt to decline as firms become more decentralized.
- D) never significant enough to warrant a change in most businesses.

Answer: B Diff: 2

AACSB: Analytical thinking

Skill: Concept

LO: 1.1: Understand the major challenges affecting HR

- 21) According to the text, what percentage of new businesses fail in their first year of operation?
- A) 30%
- B) 40%
- C) 50%
- D) 60%

Answer: B

Diff: 1

AACSB: Analytical thinking

Skill: Concept

LO: 1.1: Understand the major challenges affecting HR

- 22) Organizational culture most likely refers to:
- A) ethical decisions in the workplace.
- B) an organization's mission and vision statements.
- C) basic beliefs shared by members of an organization.
- D) the non-pervasive atmosphere within which people work.

Answer: C

Diff: 1

AACSB: Analytical thinking

Skill: Concept

LO: 1.1: Understand the major challenges affecting HR

- 23) All of the following are key elements of organizational culture EXCEPT:
- A) working norms.
- B) language usage.
- C) dominant values.
- D) available technology.

Answer: D Diff: 2

AACSB: Analytical thinking

Skill: Concept

- 24) A critical ethical issue for HR managers related to technology use in work environments is the:
- A) increase in authoritarian management.
- B) right to privacy.
- C) misuse of technology by self-managed work teams.
- D) overly close supervision of technology users.

Answer: B Diff: 1

AACSB: Information technology

Skill: Concept

LO: 1.1: Understand the major challenges affecting HR

- 25) Knott's Construction builds one house every month. Mr. Knotts and Scott perform all the structural work themselves while they subcontract the plumbing and electrical work. This subcontracting is an example of:
- A) restructuring.
- B) recruiting.
- C) egalitarianism.
- D) outsourcing.

Answer: D
Diff: 1

AACSB: Reflective thinking

Skill: Concept

LO: 1.1: Understand the major challenges affecting HR

- 26) What is the primary HR challenge of outsourcing?
- A) It raises labor costs because of overtime requirements.
- B) A firm is still accountable for the actions of its subcontractors, but it exercises less control over them.
- C) Subcontractors tend to take on less work than they can handle, which means that the firm needs to hire additional workers.
- D) Customers tend to be more satisfied with subcontractors than with regular employees, which creates conflict in the workplace.

Answer: B Diff: 2

AACSB: Analytical thinking

Skill: Concept

- 27) When it comes to managers dealing with ethical issues, it is most safe to say that:
- A) what is ethical or unethical is seldom clear cut.
- B) issues clearly resolve themselves into right and wrong choices.
- C) ethical codes have significantly helped managers with ethical issues.
- D) employee expectations of ethical managerial behavior are rapidly declining.

Answer: A Diff: 1

AACSB: Ethical understanding and reasoning

Skill: Concept

LO: 1.1: Understand the major challenges affecting HR

- 28) Wilton Carpet and Flooring supports local children's sports teams by providing uniforms and practice gear. Which of the following terms best describes the activities of the firm?
- A) Outsourcing
- B) Egalitarianism
- C) Empowerment
- D) Social responsibility

Answer: D Diff: 2

AACSB: Reflective thinking

Skill: Application

LO: 1.1: Understand the major challenges affecting HR

- 29) Karl is trying to improve company productivity by focusing on employee competence. Karl is focusing on the \_\_\_\_\_ factor of productivity.
- A) motivation
- B) ethical behavior
- C) quality of work life
- D) ability

Answer: D

Diff: 2

AACSB: Reflective thinking

Skill: Application

LO: 1.1: Understand the major challenges affecting HR

- 30) You are talking with a manager about one of his employees, Tom. The manager describes Tom as a person who has a strong desire to do the best possible job and put in the maximum effort to perform his assigned tasks. The manager is describing Tom's:
- A) abilities.
- B) capabilities.
- C) motivation.
- D) productivity level.

Answer: C Diff: 2

AACSB: Reflective thinking

Skill: Application

- 31) Empowerment is best defined as:
- A) emphasizing the decision-making power of workers.
- B) requiring workers to perform tasks to avoid punishment.
- C) forcing workers to comply with external control mechanisms.
- D) losing talented workers to competitors and start-up ventures.

Answer: A Diff: 1

AACSB: Analytical thinking

Skill: Concept

LO: 1.1: Understand the major challenges affecting HR

- 32) One of your best MIS people quit to work for a competitor in a neighboring city. When she left, she took with her a partially completed proposal for an enhanced MIS system that would reduce costs and increase the speed of handling information. You've just experienced a:
- A) productivity shift.
- B) reverse brain drain.
- C) brain drain.
- D) glass ceiling.

Answer: C

Diff: 1

AACSB: Reflective thinking

Skill: Application

LO: 1.1: Understand the major challenges affecting HR

- 33) Many profitable American companies eliminate jobs every year. This trend can most likely be attributed to which of the following factors?
- A) Decreasing benefits costs
- B) Decreasing retirement age
- C) Increasing corporate competition
- D) Increasing union membership

Answer: C Diff: 1

AACSB: Analytical thinking

Skill: Concept

### Additional Case 1.1

Managers at Caplin Company are having a strategic planning session with the director of HR. They are discussing the fit between the company's overall management philosophy, organizational structure, organizational culture, and the firm's current HR strategies. During the meeting, the management team asks the HR Director for a profile of the current workforce. The HR Director reports that the workforce used to be 85% white, 50% male. Now it is 50% white, 50% minority with twice as many women as men. Supervisors still tend to be white males.

The management team discusses how to control costs, improve quality, and create distinctive capabilities. Several ideas are raised, discussed, and tabled; some topics are assigned to an individual for further exploration. Managers comment that some workers arrive at start time, take 30 minutes before initiating any work, and begin to pack up for the day 30 minutes before quitting time. Managers also indicate that employees do not seem concerned about working hard or about building quality products.

As the meeting draws to a close, the team briefly discusses the firm's commitment to the surrounding community. As a cost-cutting measure, the firm eliminated its support of an adult literacy program last year. Company facilities were used for conducting reading classes. The management team decides that the firm should reinstate the program and appoints the HR Director to notify the local literacy council.

- 34) Refer to Additional Case 1.1. The change in the workforce at Caplin is an example of the environmental challenge of:
- A) decentralization.
- B) skill shortages.
- C) workforce diversity.
- D) rapid change.

Answer: C

Diff: 1

AACSB: Diverse and multicultural work environments

Skill: Application

LO: 1.1: Understand the major challenges affecting HR

- 35) Refer to Additional Case 1.1. Caplin's discussion of costs, quality, and capabilities shows that the firm is trying to address the:
- A) organizational challenge of competitive position.
- B) environmental challenge of rapid change.
- C) individual challenge of matching workers with jobs.
- D) market challenge of changing customer needs.

Answer: A Diff: 2

AACSB: Reflective thinking

Skill: Application

- 36) Refer to Additional Case 1.1. Which of the following would most likely improve employee work habits at Caplin?
- A) Offering telecommuting opportunities to all employees
- B) Making adjustments to the firm's organizational culture
- C) Outsourcing most clerical jobs to overseas firms

D) Implementing a focus strategy

Answer: B Diff: 3

AACSB: Reflective thinking Skill: Critical Thinking

LO: 1.1: Understand the major challenges affecting HR

## Additional Case 1.3

Your company sells high-tech products throughout the world and is following a differentiation business strategy. The business environment for the company is volatile, rapidly changing, and highly complex. The company is highly entrepreneurial and has a strong moral commitment to quality products, employee job satisfaction, and corporate social responsibility. The management team has decided to create a common company culture among the various national and international subsidiaries.

- 37) Refer to Additional Case 1.3. What is the most likely benefit of creating a common culture at the firm?
- A) Lowering overall production costs
- B) Minimizing the need for additional employee training
- C) Enhancing international and domestic recruiting efforts
- D) Increasing cooperation among domestic and international employees

Answer: D Diff: 3

AACSB: Diverse and multicultural work environments

Skill: Critical Thinking

LO: 1.1: Understand the major challenges affecting HR

38) A human resource tactic refers to a firm's deliberate use of human resources to gain and maintain a competitive edge in the marketplace.

Answer: FALSE

Diff: 1

AACSB: Analytical thinking

Skill: Concept

LO: 1.1: Understand the major challenges affecting HR

39) More and more U.S. companies are forming global alliances and trying to develop worldwide cultures in order to smooth over differences among employees.

Answer: TRUE

Diff: 1

AACSB: Diverse and multicultural work environments

Skill: Concept

40) The manufacturing sector is now growing more rapidly than the service sector in the U.S. economy.

Answer: FALSE

Diff: 2

AACSB: Analytical thinking

Skill: Concept

LO: 1.1: Understand the major challenges affecting HR

41) Training employees helps control an organization's costs and improve efficiency.

Answer: TRUE

Diff: 2

AACSB: Analytical thinking

Skill: Concept

LO: 1.1: Understand the major challenges affecting HR

42) TQM programs are designed to improve the quality of the processes used to produce products.

Answer: TRUE

Diff: 2

AACSB: Analytical thinking

Skill: Concept

LO: 1.1: Understand the major challenges affecting HR

43) Downsizing is a type of organizational restructuring.

Answer: FALSE

Diff: 2

AACSB: Analytical thinking

Skill: Concept

LO: 1.1: Understand the major challenges affecting HR

44) According to the SBA, a wholesale company with 85 employees and a manufacturing firm with 1,200 employees are both small businesses.

Answer: TRUE

Diff: 2

AACSB: Analytical thinking

Skill: Concept

LO: 1.1: Understand the major challenges affecting HR

45) According to studies, 99.8% of small businesses in the U.S. have fewer than 100 employees.

Answer: TRUE

Diff: 2

AACSB: Analytical thinking

Skill: Concept

46) Studies show that 90% of all small businesses fail within their first three years.

Answer: FALSE

Diff: 2

AACSB: Analytical thinking

Skill: Concept

LO: 1.1: Understand the major challenges affecting HR

47) Norms, rules of the game, and organizational climate are elements of an organization's structure.

Answer: FALSE

Diff: 1

AACSB: Analytical thinking

Skill: Concept

LO: 1.1: Understand the major challenges affecting HR

48) A significant technology issue for HR is the proper use of the data that its information systems generate.

Answer: TRUE

Diff: 2

AACSB: Information technology

Skill: Concept

LO: 1.1: Understand the major challenges affecting HR

49) Federal laws prevent firms from monitoring employees' use of the Internet.

Answer: FALSE

Diff: 3

AACSB: Information technology

Skill: Concept

LO: 1.1: Understand the major challenges affecting HR

50) Groupware networks have enabled power and authority to spread more evenly among employees at firms.

Answer: TRUE

Diff: 2

AACSB: Information technology

Skill: Concept

LO: 1.1: Understand the major challenges affecting HR

51) Research indicates that fast-growth firms benefit from having managers with marketing and sales backgrounds.

Answer: TRUE

Diff: 2

AACSB: Analytical thinking

Skill: Concept

52) Reverse brain drain refers to the trend of foreigners applying for visas to work in the United States.  Answer: FALSE Diff: 3
AACSB: Analytical thinking
Skill: Concept LO: 1.1: Understand the major challenges affecting HR
53) Firms with strong organizational cultures typically perform better than firms without such environments.  Answer: TRUE  Diff: 3
AACSB: Analytical thinking
Skill: Concept LO: 1.1: Understand the major challenges affecting HR
54) People who work in an organization are called  Answer: human resources (HR)  Diff: 1
AACSB: Analytical thinking
Skill: Concept LO: 1.1: Understand the major challenges affecting HR
55) A particular HR policy or program that helps to advance a firm's strategic goal is referred to as a(n) .
Answer: human resource tactic
Diff: 2 AACSB: Analytical thinking
Skill: Concept LO: 1.1: Understand the major challenges affecting HR
56) A(n) is an employee involved directly in producing the company's good(s) or delivering the service(s).  Answer: line employee
Diff: 2 AACSB: Analytical thinking
Skill: Concept LO: 1.1: Understand the major challenges affecting HR
57) Forces external to a firm that affect the firm's performance but are beyond the control of management are called  Answer: environmental challenges
Diff: 1
AACSB: Analytical thinking Skill: Concept
LO: 1.1: Understand the major challenges affecting HR

58) is an organization-wide approach to improving the quality of all the processes that lead to a final product or service.  Answer: TQM
Diff: 2 AACSB: Analytical thinking
Skill: Concept
LO: 1.1: Understand the major challenges affecting HR
59) is the transferring of responsibility and decision-making authority from a central office to people and locations closer to the situation that demands attention.  Answer: Decentralization  Diff: 2
AACSB: Analytical thinking
Skill: Concept
LO: 1.1: Understand the major challenges affecting HR
60) A reduction in a company's workforce to improve its bottom line is referred to as  Answer: downsizing  Diff: 1
AACSB: Analytical thinking
Skill: Concept
LO: 1.1: Understand the major challenges affecting HR
61) Beliefs that operate unconsciously and define, in a basic taken-for-granted fashion, an organization's view of itself and its environment refer to  Answer: organizational culture  Diff: 3
AACSB: Analytical thinking
Skill: Concept
LO: 1.1: Understand the major challenges affecting HR
62) is subcontracting work to an outside company that specializes in and is more efficient at doing that kind of work.  Answer: Outsourcing
Diff: 3 AACSB: Analytical thinking
Skill: Concept
LO: 1.1: Understand the major challenges affecting HR
63) A measure of how safe and satisfied employees feel with their jobs is referred to as
Answer: quality of work life Diff: 3
AACSB: Analytical thinking
Skill: Concept
LO: 1.1: Understand the major challenges affecting HR

64) \_\_\_\_\_ provides workers with the skills and authority to make decisions that would traditionally be made by managers.

Answer: Empowerment

Diff: 2

AACSB: Analytical thinking

Skill: Concept

LO: 1.1: Understand the major challenges affecting HR

65) How have technology advancements changed HRM? Discuss how these advancements allow HR managers to support line managers more effectively.

Answer: Technology has increased the need for greater communication skills and ways to handle information overflow. The Internet has also created an open labor market. Online learning is now available, and many workers telecommute. Technology has allowed HR to focus on working with line managers to handle HR issues because details like benefits and payroll are handled more efficiently now. HR managers and line managers have more time to work together to implement programs that are designed to meet the firm's objectives.

Diff: 1

AACSB: Information technology

Skill: Synthesis

LO: 1.1: Understand the major challenges affecting HR

66) What types of environmental and organizational challenges face corporations today? What HR strategies help firms handle some of these challenges to achieve and sustain competitive advantages?

Answer: Environmental challenges include workforce diversity, skill shortages, globalization, and the rise of the Internet. HRM can handle workforce diversity by increasing cultural sensitivity, raising awareness of growing diversity in the workforce, implementing policies to help break the glass ceiling, and raising awareness of generation gap issues. Organizational challenges include decentralization, downsizing, and organizational restructuring. HR policies can help firms' competitive position by controlling costs, improving quality, and creating distinctive capabilities.

Diff: 2

AACSB: Analytical thinking

Skill: Synthesis

67) Review the major challenges at the individual level and offer ways HRM can assist organizations in meeting these challenges.

Answer: Summary of suggested answer -

- Matching people, co-developing ethical codes, training, implementing better HRM decision processes.
- Productivity improving hiring, placing, training.
- Recognizing motivational issues, developing strategies to enhance motivation.
- Developing strategies to empower employees.
- Identifying key employees and developing retention strategies to prevent brain drain.

Diff: 2

AACSB: Analytical thinking

Skill: Synthesis

LO: 1.1: Understand the major challenges affecting HR

- 68) Strategic human resource planning is best defined as the process of:
- A) responding appropriately to HRM problems as they arise.
- B) winning the commitment of line management to support HRM practices.
- C) formulating HR strategies and establishing programs to implement them.
- D) training HR professionals with minimal input from line and staff management.

Answer: C Diff: 1

AACSB: Analytical thinking

Skill: Concept

LO: 1.2: Develop competence in planning and implementing strategic HR policies

- 69) Strategic human resource planning provides a number of benefits to a company, such as:
- A) relieving middle managers of their HRM responsibilities.
- B) blurring the difference between line and staff management.
- C) reducing costs by diversifying the company's goals and objectives.
- D) helping to identify the gap between a company's current situation and vision.

Answer: D Diff: 3

AACSB: Analytical thinking

Skill: Concept

- 70) Molly heads a large company that has just experienced a major brain drain. She immediately increases compensation to new employees and gives each employee with over 10 years experience an extra 3 days of paid vacation per year. This is an example of:
- A) strategic HR planning.
- B) proactive HR strategy.
- C) reactive HR strategy.
- D) downsizing.

Answer: C

Diff: 2

AACSB: Reflective thinking

Skill: Application

LO: 1.2: Develop competence in planning and implementing strategic HR policies

- 71) Managers who rely on their personal views and experiences to solve problems are more likely to run the risk of:
- A) alienating employees who want to contribute to the decision-making process.
- B) undermining the long-term goals of the company by becoming too independent.
- C) taking on more responsibility than is necessary in any given business venture.
- D) making false assumptions about the business and threatening corporate profitability.

Answer: D

Diff: 2

AACSB: Analytical thinking

Skill: Concept

LO: 1.2: Develop competence in planning and implementing strategic HR policies

- 72) In order to stimulate critical thinking, the strategic HR planning process should most likely be:
- A) focused on day-to-day management issues.
- B) structured and specific.
- C) linked to corporate social responsibility.
- D) ongoing and flexible.

Answer: D

Diff: 2

AACSB: Analytical thinking

Skill: Concept

LO: 1.2: Develop competence in planning and implementing strategic HR policies

- 73) Which of the following is a primary challenge of strategic HR planning?
- A) Encouraging employees to accept empowerment strategies
- B) Reacting appropriately to problems in the internal and external environment
- C) Building HR strategies independent of the overall business strategy of the company
- D) Developing strategies that offer the firm a sustained competitive advantage

Answer: D Diff: 3

AACSB: Analytical thinking

Skill: Concept

- 74) Kelly spends her day focusing on recruiting qualified employees for her growing company, reviewing benefit plans in order to offer competitive compensation packages, and creating online job postings. Kelly is most likely facing the strategic HR planning challenge of:
- A) reinforcing the overall business strategy with her HR strategies.
- B) concentrating too much on day-to-day problems.
- C) coping with the external environment.
- D) securing management commitment to her HR strategies.

Answer: B Diff: 3

AACSB: Reflective thinking

Skill: Application

LO: 1.2: Develop competence in planning and implementing strategic HR policies

- 75) Town House Publishing is implementing a new HR strategy, and to give it the best chance of succeeding, the HR department should most likely:
- A) increase diversity in the environment.
- B) ensure managers' commitment to the strategy.
- C) create a back-up strategy to implement in case the initial strategy fails.
- D) centralize management in order to communicate more effectively with employees.

Answer: B Diff: 3

AACSB: Reflective thinking

Skill: Application

LO: 1.2: Develop competence in planning and implementing strategic HR policies

- 76) Which of the following is a characteristic of most intended strategies?
- A) They mobilize responses from top management.
- B) They involve everyone in an organization.
- C) They develop gradually from experiences.
- D) They lack strong leadership.

Answer: A Diff: 2

AACSB: Analytical thinking

Skill: Concept

LO: 1.2: Develop competence in planning and implementing strategic HR policies

- 77) Emergent strategies generally:
- A) evolve and change as needs arise.
- B) involve only portions of an organization.
- C) encourage strong leadership within a firm.
- D) are less beneficial to a small company.

Answer: A Diff: 2

AACSB: Analytical thinking

Skill: Concept

- 78) Working on his HR strategic plan, Jose is thinking about whether to recommend specific job descriptions or broad job classes, and detailed or loose work planning. Jose is considering the HR strategic choice related to:
- A) performance appraisals.
- B) staffing.
- C) work flows.
- D) employee separations.

Answer: C Diff: 1

AACSB: Reflective thinking

Skill: Application

LO: 1.2: Develop competence in planning and implementing strategic HR policies

- 79) Which of the following is a strategic HR issue related to staffing?
- A) Imposing a hiring freeze to avoid laying off workers
- B) Developing an appraisal system for work teams
- C) Empowering supervisors to make hiring decisions
- D) Providing continuing support to terminated workers

Answer: C Diff: 2

AACSB: Analytical thinking

Skill: Concept

LO: 1.2: Develop competence in planning and implementing strategic HR policies

- 80) When considering HR strategies regarding employee separations, managers must consider whether to:
- A) use layoffs or voluntary inducements to downsize a firm.
- B) encourage decentralization or centralization of the firm to better enhance employee relations.
- C) compensate long-term employees more than recent hires.
- D) create rigid job descriptions to separate the responsibilities of managers and subordinates.

Answer: A Diff: 2

AACSB: Analytical thinking

Skill: Concept

- 81) When developing performance appraisals, a firm needs to make strategic HR choices concerning:
- A) how appraisal data will be used in job descriptions.
- B) training programs for employees with substandard job performance.
- C) which kind of appraisal system (customized or general) will work best for the organization.
- D) how to maintain the privacy of managers and employees while collecting data regarding their job performance.

Answer: C Diff: 3

AACSB: Analytical thinking

Skill: Concept

LO: 1.2: Develop competence in planning and implementing strategic HR policies

- 82) If an HR department is reviewing whether to use discipline as a control mechanism or as a proactive way to encourage appropriate behavior, it is considering its strategic choices within the HR function of:
- A) work flows.
- B) performance appraisal.
- C) employee rights.
- D) employee relations.

Answer: C Diff: 2

AACSB: Analytical thinking

Skill: Concept

LO: 1.2: Develop competence in planning and implementing strategic HR policies

- 83) Candles, Inc. is currently evaluating the \_\_\_\_\_ the firm gives its employees, including stock options, benefit packages, and raises based on performance.
- A) development
- B) compensation
- C) bonuses
- D) salary

Answer: B

Diff: 2

AACSB: Reflective thinking

Skill: Application

### Additional Case 1.2

As the manager of HR of an old, established company, you are leading the management team in a strategic planning session. During the planning session, managers are being forced to think about the future, see the likely changes in the marketplace, and make plans to use company resources to enhance their competitive edge.

The company decides that as part of its business strategy, it wants to attract and retain the best possible employees. You suggest that the company pay a hiring bonus, use a pay scale that is 10% above the industry average, and provide an extra week of vacation after only one year instead of the standard three years.

- 84) Refer to Additional Case 1.2. The most likely benefit of this strategic planning session is:
- A) communicating a specific business strategy for the firm.
- B) identifying the constraints and capabilities of the firm's HR.
- C) exploiting and expanding the firm's distinctive capabilities.
- D) identifying gaps between the current situation and a future vision.

Answer: D Diff: 3

AACSB: Reflective thinking Skill: Critical Thinking

LO: 1.2: Develop competence in planning and implementing strategic HR policies

- 85) Refer to Additional Case 1.2. If this firm chooses to also address its employee and labor relations, it should most likely:
- A) review its policy on union avoidance or support.
- B) develop policies to protect employee interests.
- C) decentralize union policy formation.
- D) promote exclusively from within.

Answer: A Diff: 2

AACSB: Reflective thinking Skill: Critical Thinking

LO: 1.2: Develop competence in planning and implementing strategic HR policies

- 86) Refer to Additional Case 1.2. The HR strategies suggested are examples of:
- A) intended strategies.
- B) emergent strategies.
- C) diversification strategies.
- D) business unit strategies

Answer: A Diff: 2

AACSB: Reflective thinking

Skill: Application

#### Additional Case 1.4

Crowe, Inc. has been a powerful steel producer for the last 15 years and predicts a profitable future. Crowe has a very secure position within the steel industry and does not plan to expand into different industries. Top managers exercise significant control over the firm. Crowe strives to develop new products and technologies. The company offers employees long-term career development and grooms employees for promotions through a highly structured HR system. In the past, the company's atmosphere has been very congenial and cohesive at all levels of the organization.

Recently, there has been a noticeable shift in employee attitudes. Lower-level employees have expressed discontent about schedules, compensation, and training opportunities. Several employees have been fired, and many others have threatened to quit.

- 87) Refer to Additional Case 1.4. Which of the following questions is most relevant to the situation at Crowe?
- A) What tasks are outsourced by the firm?
- B) What is the firm's current rehiring policy?
- C) How frequently do managers receive performance appraisals?
- D) How is work flow structured and communicated by managers?

Answer: D Diff: 3

AACSB: Reflective thinking Skill: Critical Thinking

LO: 1.2: Develop competence in planning and implementing strategic HR policies

88) HR strategies that work for one company in an industry will work just as well for another company in the same industry, since business environments tend to be similar within industries.

Answer: FALSE

Diff: 2

AACSB: Analytical thinking

Skill: Concept

LO: 1.2: Develop competence in planning and implementing strategic HR policies

89) Emergent strategies provide organizations with a sense of purpose and a guide for allocating resources.

Answer: FALSE

Diff: 1

AACSB: Analytical thinking

Skill: Concept

90) Work flow refers to how a specific task is organized to meet the production or service goals of a firm.

Answer: TRUE

Diff: 1

AACSB: Analytical thinking

Skill: Concept

LO: 1.2: Develop competence in planning and implementing strategic HR policies

91) The process of formulating HR strategies and establishing programs or tactics to implement them is called .

Answer: strategic human resource planning

Diff: 3

AACSB: Analytical thinking

Skill: Concept

LO: 1.2: Develop competence in planning and implementing strategic HR policies

92) How do human resources influence a firm's performance? How does strategic HR planning benefit a firm?

Answer: Companies compete for human resources, and those that are capable of attracting, retaining, and motivating good employees are more likely to achieve and sustain a competitive advantage. Strategic HR planning helps a company be proactive. It permits explicit communication of company goals. It stimulates critical thinking and examination of corporate assumptions. It identifies "gaps" between the current situation and the future vision of the company, and it encourages line management participation in HR functions. It enhances the identification of HR constraints and opportunities, and it helps create common bonds across the organization.

Diff: 2

AACSB: Analytical thinking

Skill: Synthesis

93) What strategic choices does a company have regarding issues such as staffing and performance appraisals? How does the concept of fit relate to decisions made about such HR strategies?

Answer: Summary of suggested answer -

- Staffing internal vs. external recruitment, empowerment vs. centralization of decision making, informal vs. formal employee socialization.
- Performance appraisal standard or customized, development tool or control mechanism.

An HR strategy's effect on firm performance is always dependent on how well it fits with other factors. This fact leads to a simple yet powerful prediction for HR strategies that has been widely supported by research: Fit leads to better performance, and lack of fit creates inconsistencies that reduce performance. Fit refers to the compatibility between HR strategies and other important aspects of the organization.

Diff: 3

AACSB: Analytical thinking

Skill: Synthesis

LO: 1.2: Develop competence in planning and implementing strategic HR policies

94) Which term refers to the compatibility between HR strategies and other key aspects of an organization?

A) Fit

B) Unity

C) Focus

D) Centralization

Answer: A Diff: 1

AACSB: Analytical thinking

Skill: Concept

LO: 1.3: Develop competence in selecting HR strategies to increase firm performance

- 95) Which of the following is a true statement about the contribution of an HR strategy to an organization's performance?
- A) Firm performance decreases when too much overlap occurs with strategic planning.
- B) Firm performance decreases if HR strategy focuses too much on distinct competencies.
- C) Firm performance increases if department HR strategies are independent of each other.
- D) Firm performance increases when HR strategy matches unique organizational features.

Answer: D Diff: 3

AACSB: Analytical thinking

Skill: Concept

- 96) Which of the following is LEAST important when determining which HR strategies will positively impact a firm's performance?
- A) Organizational capabilities
- B) Organizational strategies
- C) Organizational characteristics
- D) Overall cost leadership strategy

Answer: D Diff: 2

AACSB: Analytical thinking

Skill: Concept

LO: 1.3: Develop competence in selecting HR strategies to increase firm performance

- 97) For an HR strategic plan to fit with organizational strategies, it most likely needs to align with:
- A) individual employees' personal goals.
- B) work flows used by the organization.
- C) the firm's corporate and business unit strategies.
- D) the company's international management plans.

Answer: C Diff: 2

AACSB: Analytical thinking

Skill: Concept

LO: 1.3: Develop competence in selecting HR strategies to increase firm performance

- 98) An evolutionary firm would most likely:
- A) be a mixture of several different global firms.
- B) exhibit strong control over employees.
- C) be highly decentralized and flexible.
- D) discourage entrepreneurship.

Answer: C Diff: 2

AACSB: Analytical thinking

Skill: Concept

LO: 1.3: Develop competence in selecting HR strategies to increase firm performance

- 99) Which of the following HR strategies would most likely be appropriate for a firm implementing an overall cost leadership business strategy?
- A) Encourage innovation
- B) Recruit only from external sources
- C) Use performance appraisal as a control device
- D) Develop broad job classifications for work groups

Answer: C Diff: 2

AACSB: Analytical thinking

Skill: Critical Thinking

- 100) Manvel Enterprises is implementing a differentiation strategy. Manvel will most likely:
- A) supervise its staff employees very closely.
- B) design a product for easy manufacture.
- C) strive for low-cost production.
- D) create a unique product.

Answer: D Diff: 2

AACSB: Reflective thinking

Skill: Application

LO: 1.3: Develop competence in selecting HR strategies to increase firm performance

- 101) An HR strategy that fits a company's differentiation strategy would most likely:
- A) emphasize innovation.
- B) pursue cost reductions.
- C) limit distribution costs.
- D) standardize appraisals.

Answer: A Diff: 2

AACSB: Analytical thinking

Skill: Concept

LO: 1.3: Develop competence in selecting HR strategies to increase firm performance

- 102) HR strategies that fit a company's focus strategy are best described as being:
- A) between those of a prospector and a defender strategy.
- B) identical to those of a company using a defender strategy.
- C) identical to those of a company using a low-cost strategy.
- D) between those of a differentiation and a low-cost strategy.

Answer: D Diff: 2

AACSB: Analytical thinking

Skill: Concept

LO: 1.3: Develop competence in selecting HR strategies to increase firm performance

- 103) Firms that display a defender strategy will most likely:
- A) involve co-workers in the selection process.
- B) provide customized performance appraisals.
- C) encourage individual training.
- D) recruit externally.

Answer: C Diff: 2

AACSB: Analytical thinking

Skill: Concept

- 104) Firms that are high on uncertainty or that operate in volatile environments would benefit most from HR strategies that involve:
- A) variable pay and flexibility.
- B) control emphasis and fixed pay.
- C) centralized pay decisions and explicit job descriptions.
- D) internal recruitment and a formal hiring process.

Answer: A Diff: 3

AACSB: Analytical thinking Skill: Critical Thinking

LO: 1.3: Develop competence in selecting HR strategies to increase firm performance

- 105) Firms that are low on uncertainty and change, and that operate in stable environments would benefit most from HR strategies that involve:
- A) variable pay and flexibility.
- B) control emphasis and fixed pay.
- C) external recruitment and an informal hiring process.
- D) low dependency on superiors and tailored appraisal procedures.

Answer: B Diff: 3

AACSB: Analytical thinking Skill: Critical Thinking

LO: 1.3: Develop competence in selecting HR strategies to increase firm performance

- 106) A firm considering the volatility of its product market, the degree of change that its product is experiencing over the passing of time, and the number of competitors with which it is competing is probably examining its HR strategy's fit with:
- A) organizational characteristics.
- B) organizational capabilities.
- C) the environment.
- D) the customers.

Diff: 3

Answer: C

AACSB: Analytical thinking

Skill: Concept

LO: 1.3: Develop competence in selecting HR strategies to increase firm performance

- 107) Which of the following is an aspect of an organization's "personality"?
- A) Empowerment strategies
- B) Outsourcing policies
- C) Litigation actions
- D) Market posture

Answer: D

Diff: 2

AACSB: Analytical thinking

Skill: Concept

- 108) Stacey notes that her firm is risk averse, operates with a flexible, delegating management style, and is outwardly focused. Stacey's observations describe which organizational characteristic of a company?
- A) The firm's market posture
- B) The firm's organizational structure
- C) The firm's management philosophy
- D) The organization's overall personality

Answer: C Diff: 2

AACSB: Reflective thinking

Skill: Application

LO: 1.3: Develop competence in selecting HR strategies to increase firm performance

- 109) A firm that encourages an entrepreneurial climate would most likely:
- A) implement a variable pay compensation system.
- B) display a strong top-down managerial preference.
- C) discourage innovation and risk taking among workers.
- D) rely on authoritarian employee-manager relationships.

Answer: A Diff: 2

AACSB: Analytical thinking

Skill: Concept

LO: 1.3: Develop competence in selecting HR strategies to increase firm performance

- 110) Mona is interested in buying a new computer. She has heard that Shell processors are on the low end of the cost spectrum and that the company offers an excellent warranty. Mona is focused on the firm's:
- A) multiple appraisal inputs.
- B) distinctive competencies.
- C) entrepreneurial climate.
- D) moral commitment.

Answer: B Diff: 2

AACSB: Reflective thinking

Skill: Application

# Additional Case 1.3

Your company sells high-tech products throughout the world and is following a differentiation business strategy. The business environment for the company is volatile, rapidly changing, and highly complex. The company is highly entrepreneurial and has a strong moral commitment to quality products, employee job satisfaction, and corporate social responsibility. The management team has decided to create a common company culture among the various national and international subsidiaries.

- 111) Refer to Additional Case 1.3. Which of the following HR strategies would most likely support the company's business strategy?
- A) Implementing highly structured procedures
- B) Using piece rate pay plans and bonuses
- C) Closely monitoring workers
- D) Encouraging creativity

Answer: D Diff: 3

AACSB: Reflective thinking Skill: Critical Thinking

LO: 1.3: Develop competence in selecting HR strategies to increase firm performance

- 112) Refer to Additional Case 1.3. The entrepreneurial climate and moral commitment are elements of this firm's:
- A) organizational culture.
- B) market posture.
- C) organizational structure.
- D) globalization strategy.

Answer: A Diff: 2

AACSB: Reflective thinking

Skill: Application

LO: 1.3: Develop competence in selecting HR strategies to increase firm performance

- 113) Refer to Additional Case 1.3. The company's differentiation strategy is a type of:
- A) corporate strategy.
- B) defender strategy.
- C) emergent strategy.
- D) business unit strategy.

Answer: D Diff: 2

AACSB: Reflective thinking

Skill: Application

#### Additional Case 1.4

Crowe, Inc. has been a powerful steel producer for the last 15 years and predicts a profitable future. Crowe has a very secure position within the steel industry and does not plan to expand into different industries. Top managers exercise significant control over the firm. Crowe strives to develop new products and technologies. The company offers employees long-term career development and grooms employees for promotions through a highly structured HR system. In the past, the company's atmosphere has been very congenial and cohesive at all levels of the organization.

Recently, there has been a noticeable shift in employee attitudes. Lower-level employees have expressed discontent about schedules, compensation, and training opportunities. Several employees have been fired, and many others have threatened to quit.

114) Refer to Additional Case 1.4. Crowe could be best described as a:

A) defender.

B) prospector.

C) reactive corporation.

D) company with distinctive competencies.

Answer: A Diff: 2

AACSB: Reflective thinking

Skill: Application

LO: 1.3: Develop competence in selecting HR strategies to increase firm performance

115) Refer to Additional Case 1.4. The corporate strategy that Crowe would most likely espouse is a(n):

A) evolutionary business strategy.

B) decentralizing strategy.

C) cost-cutting strategy.

D) steady state strategy.

Answer: D Diff: 2

AACSB: Reflective thinking

Skill: Application

LO: 1.3: Develop competence in selecting HR strategies to increase firm performance

116) The Cola Corporation controls a bottle factory, a root beer brewery, and a bottling plant. This mix of businesses on the part of Cola Corp. is referred to as the business unit strategy. Answer: FALSE

D'CC 2

Diff: 3

AACSB: Analytical thinking

Skill: Application

117) A corporation that values centralization, long-term career development, and internal grooming of employees has probably adopted a steady state strategy.

Answer: TRUE

Diff: 3

AACSB: Analytical thinking

Skill: Concept

LO: 1.3: Develop competence in selecting HR strategies to increase firm performance

118) Firms with evolutionary business strategies are less likely to acquire businesses in different industries.

Answer: FALSE

Diff: 2

AACSB: Analytical thinking

Skill: Concept

LO: 1.3: Develop competence in selecting HR strategies to increase firm performance

119) Prospector strategies are characterized by broad job classes, variable pay, and informal hiring processes.

Answer: TRUE

Diff: 2

AACSB: Analytical thinking

Skill: Concept

LO: 1.3: Develop competence in selecting HR strategies to increase firm performance

120) HR strategies need to fit a firm's overall management philosophy but may largely ignore the company's market posture and production processes, since those are line management responsibilities and HR has little impact on them.

Answer: FALSE

Diff: 3

AACSB: Analytical thinking

Skill: Concept

LO: 1.3: Develop competence in selecting HR strategies to increase firm performance

121) A firm's unique technical abilities and reputation are distinctive competencies.

Answer: TRUE

Diff: 1

AACSB: Analytical thinking

Skill: Concept

LO: 1.3: Develop competence in selecting HR strategies to increase firm performance

122) A(n) \_\_\_\_\_\_ is the formulation and implementation of strategies by a firm that is relatively autonomous, even if it is part of a larger corporation.

Answer: business unit strategy

Diff: 2

AACSB: Analytical thinking

Skill: Concept

123	) are the	characteristics	that give a	firm a com	petitive edge.
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Answer: Distinctive competencies

Diff: 1

AACSB: Analytical thinking

Skill: Concept

LO: 1.3: Develop competence in selecting HR strategies to increase firm performance

124) You are an HR manager working for a firm that is adhering to an overall cost leadership strategy. What HR strategies would fit the strategy of the firm and help the firm gain a competitive advantage?

Answer: The overall cost leadership strategy is aimed at gaining a competitive advantage through lower costs. Cost leadership requires aggressive construction of efficient plant facilities (which requires sustained capital investment), intense supervision of labor, vigorous pursuit of cost reductions, and tight control of distribution costs and overhead. Low-cost firms tend to emphasize structured tasks and responsibilities, products designed for easy manufacture, and the need to predict costs with minimal margin of error. The HR strategies that fit a low-cost orientation emphasize efficient, low-cost production; reinforce adherence to rational, highly structured procedures to minimize uncertainty; and discourage creativity and innovation (which may lead to costly experimentation and mistakes).

Diff: 3

AACSB: Analytical thinking

Skill: Synthesis

LO: 1.3: Develop competence in selecting HR strategies to increase firm performance

- 125) Which organizational challenge has the most significant impact on a firm's competitive advantage?
- A) Controlling costs
- B) Overseeing expatriation
- C) Developing joint ventures
- D) Establishing a corporate culture

Answer: A Diff: 2

AACSB: Analytical thinking

Skill: Concept

LO: 1.4: Become aware of HR best practices

- 126) Which term refers to an organization-wide approach to improving the quality of all the processes that lead to a final product or service?
- A) Decentralization strategy
- B) Total Quality Management
- C) Human Resource Scorecard
- D) Organizational restructuring

Answer: B Diff: 1

AACSB: Analytical thinking

Skill: Concept

LO: 1.4: Become aware of HR best practices

- 127) Which of the following has aided decentralization in many companies?
- A) Cost-cutting
- B) Federal support
- C) Internet technology
- D) Corporate orientation

Answer: C Diff: 2

AACSB: Information technology

Skill: Concept

LO: 1.4: Become aware of HR best practices

128) Rudy is writing a report about the challenges at the individual-level his firm is facing.

Which of the following topics would be LEAST relevant to the report?

- A) Motivating employees
- B) Encouraging ethical behavior
- C) Outsourcing low-paying jobs
- D) Retaining high-performing employees

Answer: C Diff: 3

AACSB: Reflective thinking

Skill: Application

LO: 1.4: Become aware of HR best practices

- 129) A study of fast-growth firms shows that they are more likely to employ managers who are:
- A) structured.
- B) risk-takers.
- C) entrepreneurs.
- D) technically competent.

Answer: B Diff: 1

AACSB: Analytical thinking

Skill: Concept

LO: 1.4: Become aware of HR best practices

130) A period	lic review	of the eff	ectiveness	with which	ch a compan	y uses its l	human	resources	is
called a(n)									

Answer: HR audit

Diff: 2

AACSB: Analytical thinking

Skill: Concept

LO: 1.4: Become aware of HR best practices

- 131) The primary role of HR is to:
- A) alleviate the personnel management responsibility from managers.
- B) develop technical expertise for effective recruiting.
- C) support and help managers perform their jobs.
- D) conduct all performance evaluations.

Answer: C Diff: 2

AACSB: Analytical thinking

Skill: Concept

LO: 1.5: Understand the need to establish a close partnership between the HR department and managers

- 132) Which of the following actions would most likely foster an effective relationship between managers and HR?
- A) Focusing on the technical side of productivity and teaching it to HR
- B) Hiring outside consultants to assist HR in implementing its programs
- C) Requiring some management experience as part of HR professionals' training
- D) Mandating after-work socializing among HR professionals and line managers

Answer: C Diff: 3

AACSB: Analytical thinking

Skill: Concept

LO: 1.5: Understand the need to establish a close partnership between the HR department and managers

- 133) Carson is gathering information for an HR audit. With which of the following areas should he be concerned?
- A) Work teams
- B) Turnover rate
- C) Available technology
- D) Employee interdependence

Answer: B Diff: 2

AACSB: Reflective thinking

Skill: Application

LO: 1.5: Understand the need to establish a close partnership between the HR department and managers

- 134) The Society for Human Resource Management (SHRM) offers which of the following?
- A) Diversity training
- B) Benefits packages
- C) Professional certification
- D) Salary negotiations

Answer: C Diff: 1

AACSB: Reflective thinking

Skill: Concept

LO: 1.6: Recognize career opportunities in various human resources management subfields