

Human Resource Management, 15e (Dessler)

Chapter 3 Human Resource Management Strategy and Analysis

1) _____ defines the nature of the company's business in terms of how it will match its internal strengths and weaknesses with its external opportunities and threats in order to maintain a competitive position.

- A) Financial auditing
- B) Strategic planning
- C) Employee benchmarking
- D) Employee testing

Answer: B

Explanation: B) Strategic planning is the company's overall planning for how it will match its internal strengths and weaknesses with its external opportunities and threats in order to maintain a competitive position.

Difficulty: Moderate

Chapter: 3

Objective: 1

AACSB: Analytical Thinking

Learning Outcome: 3.1 Explain with examples each of the eight steps in the strategic management process.

2) _____ involves setting objectives, making forecasts, reviewing alternative courses of action, evaluating options and implementing the plan.

- A) The management planning process
- B) Financial auditing
- C) Employee testing
- D) Employee benchmarking

Answer: A

Explanation: A) The basic management planning process involves setting objectives, making forecasts, reviewing alternative courses of action, evaluating options and implementing the plan. Planning is always goal-directed.

Difficulty: Moderate

Chapter: 3

Objective: 1

AACSB: Analytical Thinking

Learning Outcome: 3.1 Explain with examples each of the eight steps in the strategic management process.

3) What is the first step in the basic planning process?

- A) evaluating the possible alternatives
- B) implementing a course of action
- C) setting an objective
- D) comparing options

Answer: C

Explanation: C) The first step of management planning is to set an objective or a goal.

Difficulty: Moderate

Chapter: 3

Objective: 1

AACSB: Analytical Thinking

Learning Outcome: 3.1 Explain with examples each of the eight steps in the strategic management process.

4) Which of the following is NOT part of the basic managerial planning?

- A) evaluation of best options
- B) establishment of clear objectives
- C) implementation of the plan
- D) building corporate hierarchies

Answer: D

Explanation: D) The basic management planning process involves setting objectives, making basic planning forecasts, reviewing alternative courses of action, evaluating which options are best and then choosing and implementing the plan. However, managerial planning is hindered by the hierarchy of a corporation, which requires that plans meet budgetary requirements and match the long-term goals of the firm.

Difficulty: Moderate

Chapter: 3

Objective: 1

AACSB: Analytical Thinking

Learning Outcome: 3.1 Explain with examples each of the eight steps in the strategic management process.

5) Which term indicates the course of action for getting from where you are to where you want to go?

- A) goal
- B) plan
- C) proposition
- D) assessment

Answer: B

Explanation: B) A plan shows the course of action for getting from where you are to where you want to go—in other words, to the goal. Planning is always "goal-directed."

Difficulty: Easy

Chapter: 3

Objective: 1

AACSB: Analytical Thinking

Learning Outcome: 3.1 Explain with examples each of the eight steps in the strategic management process.

6) What is a company's plan for how it will match its internal strengths and weaknesses with external opportunities and threats to maintain a competitive advantage?

- A) strategic plan
- B) situation analysis
- C) SWOT analysis
- D) tactical plan

Answer: A

Explanation: A) A strategic plan is a firm's plan for assessing internal strengths and weaknesses with external opportunities and threats. The essence of strategic planning involves asking, "Where are we now as a business and where do we want to be?" Managers then develop specific strategies for taking a firm where it wants to be.

Difficulty: Moderate

Chapter: 3

Objective: 1

AACSB: Analytical Thinking

Learning Outcome: 3.1 Explain with examples each of the eight steps in the strategic management process.

7) A course of action that a firm can pursue to achieve its strategic aims is known as a _____.

- A) vision
- B) goal
- C) strategy
- D) mission

Answer: C

Explanation: C) A strategy is a course of action taken by a firm to achieve strategic aims.

Difficulty: Easy

Chapter: 3

Objective: 1

AACSB: Analytical Thinking

Learning Outcome: 3.1 Explain with examples each of the eight steps in the strategic management process.

8) Strategic management is best defined as the process of identifying and executing the organization's strategic plan by matching the company's capabilities with its _____.

- A) environmental demands
- B) competitive standards
- C) natural resources
- D) hierarchical skills

Answer: A

Explanation: A) Strategic management is the process of identifying and executing the organization's strategic plan by matching the company's capabilities with the demands of its environment. Industry standards, resources, and corporate hierarchies are less relevant.

Difficulty: Easy

Chapter: 3

Objective: 1

AACSB: Analytical Thinking

Learning Outcome: 3.1 Explain with examples each of the eight steps in the strategic management process.

9) All of the following are steps involved in the strategic management process EXCEPT _____.

- A) evaluating the firm's internal and external situation
- B) asking, "Where are we now as a business?"
- C) formulating a new business direction
- D) offshoring low-skill jobs

Answer: D

Explanation: D) While offshoring low-skill jobs may be a strategy for some firms to lower expenditures, it is not a specific step involved in the strategic management process.

Difficulty: Moderate

Chapter: 3

Objective: 1

AACSB: Analytical Thinking

Learning Outcome: 3.1 Explain with examples each of the eight steps in the strategic management process.

10) What is the first step in the strategic management process?

- A) formulating a strategy
- B) asking, "Where are we now as a business?"
- C) evaluating the strategic plan
- D) implementing an environmental scan

Answer: B

Explanation: B) The first step in the strategic planning process is asking, "Where are we now as a business?"

Difficulty: Moderate

Chapter: 3

Objective: 1

AACSB: Analytical Thinking

Learning Outcome: 3.1 Explain with examples each of the eight steps in the strategic management process.

11) Which of the following is a simple guide used to compile relevant information about a company's environment including economic, competitive, and political trends that may affect a firm?

- A) workforce requirement matrix
- B) environmental scan worksheet
- C) external resource system table
- D) potential globalization network

Answer: B

Explanation: B) Environmental scan worksheets are a guide for compiling information about the company's environment. This includes the economic, competitive, and political trends that may affect the company.

Difficulty: Easy

Chapter: 3

Objective: 1

AACSB: Analytical Thinking

Learning Outcome: 3.1 Explain with examples each of the eight steps in the strategic management process.

12) John wants to perform external and internal audits as part of the strategic management process. What is a frequently used tool to organize relevant information on positive and negative aspects of the company and environment?

- A) BCG matrix
- B) QSPM matrix
- C) SWOT chart
- D) EPS/EBIT table

Answer: C

Explanation: C) The SWOT chart is a tool frequently used by managers who are responsible for performing external and internal audits. Managers use it to compile and organize the company strengths, weaknesses, opportunities, and threats.

Difficulty: Moderate

Chapter: 3

Objective: 1

AACSB: Application of Knowledge

Learning Outcome: 3.1 Explain with examples each of the eight steps in the strategic management process.

13) Which of the following provides a summary of a firm's intended direction and shows, in broad terms, "what we want to become"?

- A) mission statement
- B) strategic plan
- C) vision statement
- D) marketing plan

Answer: C

Explanation: C) A firm's vision statement is a general statement about the intended direction of the firm and what the business should look like in the future.

Difficulty: Easy

Chapter: 3

Objective: 1

AACSB: Analytical Thinking

Learning Outcome: 3.1 Explain with examples each of the eight steps in the strategic management process.

14) The sales director at WebMD is calculating annual sales revenue targets and the number of new medical-related content providers that the firm needs to maintain a competitive advantage. In which step of the strategic management process is the sales director involved?

- A) evaluating the firm's internal and external strengths
- B) defining the business and its mission
- C) choosing specific strategies or courses of action
- D) evaluating the strategic plan

Answer: C

Explanation: C) The sales director is in the process of translating the firm's mission, which is to maintain a competitive advantage, choosing specific strategies or courses of action. This step is the fifth one in the strategic process, and it occurs after the manager makes a strategic choice.

Difficulty: Hard

Chapter: 3

Objective: 1

AACSB: Application of Knowledge

Learning Outcome: 3.1 Explain with examples each of the eight steps in the strategic management process.

15) The _____ of the California Energy Commission indicates that the organization assesses and acts through public and private partnerships to improve energy systems that promote a strong economy and a healthy environment.

- A) mission statement
- B) strategic plan
- C) code of ethics
- D) vision statement

Answer: A

Explanation: A) A mission statement addresses the question, "What business are we in?"

Mission statements explain the scope of an organization's product or services, and they may also address issues of vertical integration, geographic coverage, and competitive advantage.

Difficulty: Hard

Chapter: 3

Objective: 1

AACSB: Application of Knowledge

Learning Outcome: 3.1 Explain with examples each of the eight steps in the strategic management process.

16) Goals are initiated by the bottom level of an organization according to the hierarchy of goals approach to strategic planning.

Answer: FALSE

Explanation: Under the hierarchy of goals approach to strategic planning, goals are set at the top of a company by the president or CEO. Goals then flow downward to the lowest-ranked managers and employees.

Difficulty: Moderate

Chapter: 3

Objective: 1

AACSB: Analytical Thinking

Learning Outcome: 3.1 Explain with examples each of the eight steps in the strategic management process.

17) Steps in the basic management planning process include setting objectives, reviewing alternative courses of action, and evaluating which options are best.

Answer: TRUE

Explanation: The basic management planning process consists of five steps: setting objectives, making basic planning forecasts, reviewing alternative courses of action, evaluating which options are best, and then choosing and implementing your plan planning process.

Difficulty: Moderate

Chapter: 3

Objective: 1

AACSB: Analytical Thinking

Learning Outcome: 3.1 Explain with examples each of the eight steps in the strategic management process.

18) Strategy is a course of action.

Answer: TRUE

Explanation: Strategy is a course of action the company can pursue to achieve its strategic aims.

Difficulty: Easy

Chapter: 3

Objective: 1

AACSB: Analytical Thinking

Learning Outcome: 3.1 Explain with examples each of the eight steps in the strategic management process.

19) A mission statement is a general statement of a company's intended direction that evokes emotional feelings in the organization's members.

Answer: FALSE

Explanation: A firm's mission statement answers the question, "What business are we in?"

Managers use mission statements to pinpoint whether and how the firm will vertically integrate, as well as the firm's product scope, geographic coverage, and competitive advantage.

Difficulty: Easy

Chapter: 3

Objective: 1

AACSB: Analytical Thinking

Learning Outcome: 3.1 Explain with examples each of the eight steps in the strategic management process.

20) A vision statement is broader and more future-oriented than a mission statement.

Answer: TRUE

Explanation: The vision statement is a general statement of the firm's intended direction and broadly indicates what the firm wants to become. Vision statements focus on the future while mission statements address what the business does.

Difficulty: Moderate

Chapter: 3

Objective: 1

AACSB: Analytical Thinking

Learning Outcome: 3.1 Explain with examples each of the eight steps in the strategic management process.

21) Strategic management focuses more on translating a mission into goals than on the functions of organizing, staffing, and controlling.

Answer: TRUE

Explanation: Strategic management is the process of identifying and executing the organization's strategic plan by matching the company's capabilities with the demands of its environment.

Difficulty: Moderate

Chapter: 3

Objective: 1

AACSB: Analytical Thinking

Learning Outcome: 3.1 Explain with examples each of the eight steps in the strategic management process.

22) Why is strategic planning important to managers? Explain the importance of setting hierarchical goals.

Answer: Strategic planning is important to managers because in well-run companies the goals from the very top of the organization downward should form a more-or-less unbroken chain (or "hierarchy") of goals. These goals, in turn, should be guiding what everyone does. Management creates a hierarchy or chain of departmental goals, from the top down to the lowest-ranked managers, and even employees. Then, if everyone does his or her job—if each salesperson sells his or her quota, and the sales manager hires enough good salespeople, and the HR manager creates the right incentive plan, and the purchasing head buys enough raw materials—the company and the CEO should also accomplish the overall, company-wide strategic goals. You could therefore say with great certainty that without a clear plan at the top, no one in the company would have the foggiest notion of what to do. At best, you'd all be working at cross-purposes.

Difficulty: Moderate

Chapter: 3

Objective: 1

AACSB: Analytical Thinking

Learning Outcome: 3.1 Explain with examples each of the eight steps in the strategic management process.

23) What is strategic management? List and explain each step in the strategic management process.

Answer: Strategic management is the process of identifying and executing the organization's mission, by matching the organization's capabilities with the demands of its environment. The steps are as follows:

Step 1: Where are we now as a business?—Here the manager defines the company's current business and mission. Specifically, what products do we sell, where do we sell them, and how do our products or services differ from our competitors'?

Step 2: The second step is to ask, "Are we in the right business given our strengths and weaknesses and the challenges that we face?" To answer this, managers "audit" or study both the firm's environment and the firm's internal strengths and weaknesses. Prudent managers periodically assess what's happening in their environments. You need to audit the firm's environment and strengths and weaknesses. You can use the environmental scanning worksheet or the SWOT chart.

Step 3: Decide what our new business should be in terms of what we sell, where we will sell it, and how our products or services differ from competitors' products and services. This step is where vision statements and mission statements are developed.

Step 4: Translate the desired new direction into strategic goals. At Ford, for example, what exactly did making "Quality Job One" mean for each department in terms of how they would boost quality? The answer was laid out in goals such as "no more than 1 initial defect per 10,000 cars."

Step 5: The manager chooses strategies—courses of action—that will enable the company to achieve its strategic goals. For example, how should Ford pursue its goal of no more than 1 initial defect per 10,000 cars? Perhaps open two new high-tech plants and put in place new, rigorous employee selection, training, and performance-appraisal procedures.

Step 6: Strategy execution, which means translating the strategies created into action. This means actually hiring (or firing) people, building (or closing) plants, and adding (or eliminating) products and product lines.

Step 7: The manager evaluates the results of his or her planning and execution. Things don't always turn out as planned. All managers should periodically assess the progress of strategic decisions.

Difficulty: Hard

Chapter: 3

Objective: 1

AACSB: Analytical Thinking

Learning Outcome: 3.1 Explain with examples each of the eight steps in the strategic management process.

24) Explain the difference between a firm's vision and its mission. How might these impact the actions of an organization?

Answer: A company's vision is a general statement of the company's intended direction that shows in broad terms what a company wants to become. A vision statement is future-oriented while a mission statement is oriented in the present. Mission statements indicate what a company is doing right now while vision statements are what a company strives to become. The vision statement will impact how the organization plans for the future and what it focuses. The mission statement is the plan for what the organization is doing in the current time period and day to day.

Difficulty: Hard

Chapter: 3

Objective: 1

AACSB: Analytical Thinking

Learning Outcome: 3.1 Explain with examples each of the eight steps in the strategic management process.

25) A company's _____ strategy identifies the portfolio of businesses that comprise a firm and the ways in which these businesses relate to each other.

A) functional

B) business unit

C) corporate-level

D) competitive

Answer: C

Explanation: C) Managers use three types of strategies for the three different levels of a company. Corporate-level strategy identifies the portfolio of businesses that comprise a firm and how these businesses relate to each other.

Difficulty: Easy

Chapter: 3

Objective: 2

AACSB: Analytical Thinking

Learning Outcome: 3.2 List with examples the main types of strategies.

26) A diversification corporate strategy implies that a firm will _____.

A) expand by adding new product lines

B) reduce the company's size to increase market share

C) save money by producing its own raw materials

D) increase profits by offering one popular product

Answer: A

Explanation: A) A diversification corporate strategy suggests that a firm will expand by adding new product lines. For example, PepsiCo has diversified over the years by adding chips and Quaker Oats to its product offerings.

Difficulty: Moderate

Chapter: 3

Objective: 2

AACSB: Analytical Thinking

Learning Outcome: 3.2 List with examples the main types of strategies.

27) Harley-Davidson sells a line of boots, helmets, and leather jackets indicating that the firm is pursuing which of the following strategies?

- A) consolidation
- B) geographic expansion
- C) diversification
- D) horizontal integration

Answer: C

Explanation: C) A diversification corporate strategy suggests that a firm will expand by adding new product lines.

Difficulty: Moderate

Chapter: 3

Objective: 2

AACSB: Application of Knowledge

Learning Outcome: 3.2 List with examples the main types of strategies.

28) When Apple opened its own Apple stores, this was an example of _____.

- A) market penetration
- B) concentration
- C) vertical integration
- D) consolidation

Answer: C

Explanation: C) Vertical integration is a strategy that involves expansion through producing raw material or selling product directly.

Difficulty: Easy

Chapter: 3

Objective: 2

AACSB: Application of Knowledge

Learning Outcome: 3.2 List with examples the main types of strategies.

29) Winchester Rugs operates a Web site called www.buyrugsdirect.com, so Winchester Rugs is most likely using a strategy of _____.

- A) consolidation
- B) geographic expansion
- C) vertical integration
- D) concentration

Answer: C

Explanation: C) A vertical integration strategy means that a firm expands by producing its own raw materials or, in the case of Winchester Rugs, selling its products directly instead of using a retailer.

Difficulty: Moderate

Chapter: 3

Objective: 2

AACSB: Application of Knowledge

Learning Outcome: 3.2 List with examples the main types of strategies.

30) Which of the following activities most likely indicates that a firm is implementing a vertical integration strategy?

- A) selling unprofitable divisions
- B) producing raw materials
- C) aggressively selling a new product
- D) purchasing a competitor's firm

Answer: B

Explanation: B) Vertical integration strategies are methods used for expanding a firm that typically include either selling products directly or producing raw materials rather than relying on suppliers.

Difficulty: Easy

Chapter: 3

Objective: 2

AACSB: Application of Knowledge

Learning Outcome: 3.2 List with examples the main types of strategies.

31) The 2008 announcement by Starbucks that it would be closing approximately 600 of its stores suggests the firm was using a _____ strategy.

- A) consolidation
- B) diversification
- C) geographic expansion
- D) vertical integration

Answer: A

Explanation: A) Starbucks is trying to reduce its size by eliminating some of its stores, so the firm is using a strategy of consolidation. Diversification and geographic expansion would involve expanding Starbucks with new products or opening stores in new locations rather than closing stores.

Difficulty: Moderate

Chapter: 3

Objective: 2

AACSB: Application of Knowledge

Learning Outcome: 3.2 List with examples the main types of strategies.

32) Sweet Leaf Tea, a Texas-based maker of bottled iced tea, is a small but fast-growing firm that has gained a loyal following for its use of fresh, organic ingredients in its beverages. Although beverage industry experts recommended that Sweet Leaf replace the organic cane sugar and honey it uses with less costly high-fructose corn syrup, Sweet Leaf refused because of the company's mission to provide a high-quality, organic beverage to consumers. The 11-year old company has 50 employees, and its products are available in 30% of the U.S. market. Sweet Leaf Tea recently received multi-million dollar investments which will enable the business to expand its national presence.

Which of the following, if true, would best support the argument that Sweet Leaf Tea should implement a corporate-level strategy of concentration?

- A) Sweet Leaf Tea can develop a national name by adding new product lines, such as organic snack foods and organic coffee.
- B) Sweet Leaf Tea's marketing research indicates that customers would purchase the organic beverages more frequently if the prices were lower.
- C) Market data suggests that customers really only want the tea itself, not related products.
- D) Sweet Leaf Tea's competitors primarily focus their marketing and distribution efforts on regional grocery-store chains rather than big box national retailers.

Answer: C

Explanation: C) A corporate-level strategy of concentration means that Sweet Leaf would offer one product or product line, usually in one market. The customers' interest in only the tea suggests such a concentration is warranted.

Difficulty: Hard

Chapter: 3

Objective: 2

AACSB: Application of Knowledge

Learning Outcome: 3.2 List with examples the main types of strategies.

33) Sweet Leaf Tea, a Texas-based maker of bottled iced tea, is a small but fast-growing firm that has gained a loyal following for its use of fresh, organic ingredients in its beverages. Although beverage industry experts recommended that Sweet Leaf replace the organic cane sugar and honey it uses with less costly high-fructose corn syrup, Sweet Leaf refused because of the company's mission to provide a high-quality, organic beverage to consumers. The 11-year old company has 50 employees, and its products are available in 30% of the U.S. market. Sweet Leaf Tea recently received multi-million dollar investments which will enable the business to expand its national presence.

Which of the following, if true, would most likely undermine the argument that Sweet Leaf Tea should implement a corporate-level strategy of vertical integration?

- A) Sweet Leaf Tea lacks the facilities or knowledge to produce the raw ingredients for its beverages.
- B) Market research suggests that Sweet Leaf Tea customers primarily purchase only one flavor of tea.
- C) Most loyal customers of Sweet Leaf Tea purchase the beverage at neighborhood convenience stores.
- D) Sugar farmers used by Sweet Leaf Tea have agreed to a fixed price for the next five years so that the company can keep prices low.

Answer: A

Explanation: A) A corporate-level strategy of vertical integration would require Sweet Leaf to expand by either producing its own raw materials or selling its products directly. If the company lacks the facilities and knowledge to produce raw materials or the price of sugar is guaranteed to remain stable for five years, then vertical integration is a bad idea.

Difficulty: Hard

Chapter: 3

Objective: 2

AACSB: Application of Knowledge

Learning Outcome: 3.2 List with examples the main types of strategies.

34) Sweet Leaf Tea, a Texas-based maker of bottled iced tea, is a small but fast-growing firm that has gained a loyal following for its use of fresh, organic ingredients in its beverages. Although beverage industry experts recommended that Sweet Leaf replace the organic cane sugar and honey it uses with less costly high-fructose corn syrup, Sweet Leaf refused because of the company's mission to provide a high-quality, organic beverage to consumers. The 11-year old company has 50 employees, and its products are available in 30% of the U.S. market. Sweet Leaf Tea recently received multi-million dollar investments which will enable the business to expand its national presence.

Which of the following, if true, best supports the idea that Sweet Leaf Tea has implemented a competitive strategy of differentiation?

- A) New Sweet Leaf Tea customers are initially attracted to the unique labels and logo on the bottles.
- B) Loyal customers of Sweet Leaf Tea seek products that are USDA certified organic despite the associated higher costs.
- C) Other brands of bottled iced tea compete with Sweet Leaf Tea by offering new flavors at competitive prices.
- D) Sweet Leaf Tea sells both lemonade and teas in a variety of flavors that appeal to consumers of all ages.

Answer: B

Explanation: B) Differentiation is a business-level strategy that occurs when a firm seeks to be unique in its industry along dimensions that are widely valued by buyers. Sweet Leaf has developed a customer base among individuals who only buy organic products and are willing to pay more for them, so it has differentiated itself from other beverage firms.

Difficulty: Hard

Chapter: 3

Objective: 2

AACSB: Application of Knowledge

Learning Outcome: 3.2 List with examples the main types of strategies.

35) A company's _____ strategy identifies how to build and strengthen the business's long-term competitive position in the marketplace.

- A) functional
- B) corporate-level
- C) horizontal
- D) competitive

Answer: D

Explanation: D) A business-level or competitive strategy identifies how to build and strengthen the business's long-term competitive position in the marketplace. For example, the competitive strategy identifies how Pizza Hut will compete with Papa John's or how Walmart will compete with Target.

Difficulty: Easy

Chapter: 3

Objective: 2

AACSB: Analytical Thinking

Learning Outcome: 3.2 List with examples the main types of strategies.

36) Which of the following refers to any factors that allow a company to differentiate its product or service from those of its competitors to increase market share?

- A) functional strategy
- B) competitive advantage
- C) distinctive competency
- D) related diversification

Answer: B

Explanation: B) A competitive advantage refers to the factors that allow a firm to differentiate its product or service from competitors to gain market share. Managers aim to achieve competitive advantages for each of their businesses through cost leadership, differentiation, and focus.

Difficulty: Easy

Chapter: 3

Objective: 2

AACSB: Analytical Thinking

Learning Outcome: 3.2 List with examples the main types of strategies.

37) A company's business-level strategy identifies the _____.

- A) ways to strengthen a firm's long-term competitive position in the marketplace
- B) tools for diversifying a business portfolio through the acquisition of MNEs
- C) means to becoming a low-cost leader within a highly competitive industry
- D) ways to carve out a market niche in order to compete for high-end customers

Answer: A

Explanation: A) A competitive or business-level strategy identifies how a firm will build and strengthen its competitive position in the marketplace, such as how Walmart will compete with Target.

Difficulty: Moderate

Chapter: 3

Objective: 2

AACSB: Analytical Thinking

Learning Outcome: 3.2 List with examples the main types of strategies.

38) Companies like Ferrari are known as _____ because they carve out a market niche and compete by providing a product that customers can attain in no other way.

- A) cost leaders
- B) focusers
- C) visionaries
- D) market leaders

Answer: B

Explanation: B) *Focusers* is a term used to describe firms that carve out market niches and compete by providing unique products or services. Ferrari provides customers with a unique automobile that is not readily available anywhere else.

Difficulty: Easy

Chapter: 3

Objective: 2

AACSB: Application of Knowledge

Learning Outcome: 3.2 List with examples the main types of strategies.

39) Which of the following strategies identifies the broad activities that each department will pursue in order to help a business attain its competitive goals?

- A) competitive
- B) business-level
- C) corporate-level
- D) functional

Answer: D

Explanation: D) Functional strategies identify what each department must do to help the business accomplish its strategic goals. Each department should operate within the framework of the company's overall strategic plan and mission.

Difficulty: Moderate

Chapter: 3

Objective: 2

AACSB: Analytical Thinking

Learning Outcome: 3.2 List with examples the main types of strategies.

40) A firm's functional strategies identify the broad activities that each _____ will do in order to help the business accomplish its strategic goals.

- A) supplier
- B) department
- C) executive
- D) employee

Answer: B

Explanation: B) Functional strategies stem from a firm's competitive strategies, and they identify the activities that each department within a firm will pursue in order to help a business accomplish its competitive goals. Departments such as manufacturing, sales, and human resource management would be given directives that correspond with a firm's business-level strategy.

Difficulty: Easy

Chapter: 3

Objective: 2

AACSB: Analytical Thinking

Learning Outcome: 3.2 List with examples the main types of strategies.

41) John wants his shoe store to adopt the strategy of having the lowest prices on shoes in town.

John is adopting which competitive strategy?

- A) focusers
- B) differentiation
- C) cost leadership
- D) providing input to top management about industry trends

Answer: C

Explanation: C) Cost leadership means becoming the low-cost leader in an industry. Walmart is an example.

Difficulty: Moderate

Chapter: 3

Objective: 2

AACSB: Application of Knowledge

Learning Outcome: 3.2 List with examples the main types of strategies.

42) What is the primary reason that mergers and acquisitions fail?

- A) technology
- B) financing
- C) personnel
- D) stock prices

Answer: C

Explanation: C) The most cited reason for failed mergers and acquisitions is personnel problems rather than financial or technical issues. Failure to prepare and train employees of both companies for a merger or acquisition may lead to employee resistance and declining morale and productivity.

Difficulty: Moderate

Chapter: 3

Objective: 2

AACSB: Analytical Thinking

Learning Outcome: 3.2 List with examples the main types of strategies.

43) Critical human resource tasks during mergers and acquisitions include all the following EXCEPT:

- A) retaining key talent
- B) merging the firms' cultures
- C) choosing top management
- D) enforcing current rules

Answer: D

Explanation: D) Critical human resource merger or acquisition tasks include choosing top management, communicating changes to employees, merging the firms' cultures, and retaining key talent. Rules can often change during such a process.

Difficulty: Moderate

Chapter: 3

Objective: 2

AACSB: Analytical Thinking

Learning Outcome: 3.2 List with examples the main types of strategies.

44) All of the following are services that human resource consulting companies provide during mergers and acquisitions EXCEPT _____.

- A) aligning compensation programs
- B) overseeing database recovery systems
- C) helping to determine which employee is best for which role in the new organization
- D) identifying key talent and suitable retention strategies

Answer: B

Explanation: B) Human resource consulting companies such as Towers Watson assist firms with merger-related human resource management services. For example, they identify potential pension shortfalls, identify key talent and suitable retention strategies, help clients combine payroll systems, and help determine which employee is best for which role in the new organization.

Difficulty: Moderate

Chapter: 3

Objective: 2

AACSB: Analytical Thinking

Learning Outcome: 3.2 List with examples the main types of strategies.

45) Lauren is identifying what each department in her company must do to help the business accomplish its strategic goals. These are known as _____ strategies.

- A) competitive advantage
- B) competitive
- C) functional
- D) vertical integration

Answer: C

Explanation: C) Functional strategies identify what each department must do to help the business accomplish its strategic goals.

Difficulty: Moderate

Chapter: 3

Objective: 2

AACSB: Application of Knowledge

Learning Outcome: 3.2 List with examples the main types of strategies.

46) Consolidation keeps the company's strategy up to date by assessing progress toward strategic goals and taking corrective action as needed.

Answer: FALSE

Explanation: The corporate strategy of consolidation involves reducing the size of a company. Concentration, diversification, vertical integration, and geographic expansion are other commonly used corporate strategies.

Difficulty: Moderate

Chapter: 3

Objective: 2

AACSB: Analytical Thinking

Learning Outcome: 3.2 List with examples the main types of strategies.

47) Managers engage in three levels of strategic planning.

Answer: TRUE

Explanation: Managers use three types of strategic planning. There is corporate-level strategic planning, business unit (or competitive) strategic planning, and functional (or departmental) strategic planning.

Difficulty: Easy

Chapter: 3

Objective: 2

AACSB: Analytical Thinking

Learning Outcome: 3.2 List with examples the main types of strategies.

48) Cost leadership, differentiation, and focus strategies are types of corporate-level strategies.

Answer: FALSE

Explanation: Cost leadership, differentiation, and focus are types of business-level rather than corporate-level strategies. These strategies, which are also known as competitive strategies, identify how a firm can build and strengthen its competitive position in the marketplace, such as how Pizza Hut will compete with Papa John's and how Walmart will compete with Target.

Difficulty: Moderate

Chapter: 3

Objective: 2

AACSB: Analytical Thinking

Learning Outcome: 3.2 List with examples the main types of strategies.

49) A vertical integration strategy means that a firm will expand by adding new product lines.

Answer: FALSE

Explanation: A vertical integration strategy means the firm expands by producing its own raw materials or selling its products directly.

Difficulty: Moderate

Chapter: 3

Objective: 2

AACSB: Analytical Thinking

Learning Outcome: 3.2 List with examples the main types of strategies.

50) McDonald's addressed its lagging profitability by first closing stores operating below its guidelines. McDonald's used a consolidation strategy.

Answer: TRUE

Explanation: A strategy of consolidation involves reducing the company's size. When McDonald's closes stores that are not performing up to corporate standards, the firm is implementing a consolidation strategy.

Difficulty: Moderate

Chapter: 3

Objective: 2

AACSB: Application of Knowledge

Learning Outcome: 3.2 List with examples the main types of strategies.

51) A business-level strategy is implemented by Pizza Hut, Domino's, Papa John's and Little Caesar's in their competition with each other for pizza customers.

Answer: TRUE

Explanation: Business-level or competitive strategies address how a firm will build or strengthen its long-term competitive position in the marketplace. Pizza Hut, Domino's, Papa John's and Little Caesar's are competitors in the pizza market, and each firm has a business-level strategy to indicate how to compete.

Difficulty: Moderate

Chapter: 3

Objective: 2

AACSB: Application of Knowledge

Learning Outcome: 3.2 List with examples the main types of strategies.

52) Identify the three levels of strategic planning and describe the function of each level. What is the relationship between human resource strategy and a firm's strategic plans?

Answer: The three levels are corporate-level, business/competitive-level, and functional-level strategies. Corporate-level strategy identifies the portfolio of businesses that comprise the company and the ways in which these businesses relate to each other. The business-level strategy is the next level. It identifies how to build and strengthen the business's long-term competitive position in the marketplace. The lowest level is the functional-level strategies. Functional strategies identify the basic course of action that each department will pursue in order to help the business attain its competitive goals. HR strategies are a type of functional strategy.

Every company needs its human resource management policies and activities to make sense in terms of its broad strategic aims. Strategic human resource management means formulating and executing human resource policies and practices that produce the employee competencies and behaviors the company needs to achieve its strategic aims. The basic idea behind strategic human resource management is simple: In formulating human resource management policies and activities, the manager's aim must be to produce the employee skills and behaviors that the company needs to achieve its strategic aims. Management formulates a strategic plan. That strategic plan implies certain workforce requirements. Given these workforce requirements, human resource management formulates HR strategies (policies and practices) to produce the desired workforce skills, competencies, and behaviors. Finally, the human resource manager identifies the measures he or she can use to gauge the extent to which its new policies and practices are actually producing the required employee skills and behaviors.

Difficulty: Hard

Chapter: 3

Objective: 2

AACSB: Reflective Thinking

Learning Outcome: 3.2 List with examples the main types of strategies.

53) In a brief essay, describe the three types of competitive strategies that firms use to achieve competitive advantage. Support your answer with examples of organizations that currently use each of the strategies.

Answer: The three forms of competitive strategies are cost leadership, differentiation, and focus. Cost leadership means offering the lowest prices and/or emphasizing low costs and efficiency as a source of competitive advantage. Walmart is an example of a company pursuing a cost leadership strategy. Differentiation means emphasizing a source of difference between a company and its competitors. The differential advantage becomes the source of competitive advantage. Target follows a differentiation strategy by stressing the sale of more upscale brands than Walmart. A focus strategy means that a company pursues a small niche in the market place. Ferrari follows this strategy by offering a product that customers can get no other way.

Difficulty: Hard

Chapter: 3

Objective: 2

AACSB: Application of Knowledge

Learning Outcome: 3.2 List with examples the main types of strategies.

54) _____ is a strategic planning tool that shows how each department performance contributes to achieve the company's overall strategic goal.

A) A strategic objective

B) Visionary strategy

C) Vertical strategy

D) A strategy map

Answer: D

Explanation: D) A strategy map is a planning tool that summarizes how each department's performance contributes to achieving the company's overall strategic goals.

Difficulty: Easy

Chapter: 3

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 3.3 Define strategic human resource management and give an example of strategic human resource management in practice.

55) Formulating and executing human resource policies and practices that produce the employee competencies and behaviors a company needs to achieve its strategic aims is known as _____.

- A) strategic human resource management
- B) human resource performance systems
- C) high-performance personnel management
- D) personnel management by objectives

Answer: A

Explanation: A) Strategic human resource management means formulating and executing human resource policies and practices that produce the employee competencies and behaviors the company needs to achieve its strategic aims.

Difficulty: Easy

Chapter: 3

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 3.3 Define strategic human resource management and give an example of strategic human resource management in practice.

56) The primary purpose of strategic human resource management is to _____.

- A) develop human resource policies that align with industry standards
- B) integrate a company's strategic plan with its human resource strategies
- C) create stringent appraisal systems that highlight employee weaknesses
- D) use offshoring to reduce human resource costs and to initiate globalization

Answer: B

Explanation: B) Strategic human resource management is intended to link a firm's strategic plan with its human resource strategies. When creating human resource management policies and activities, a manager needs to produce the employee competencies and behaviors that the company needs to achieve its strategic aims.

Difficulty: Hard

Chapter: 3

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 3.3 Define strategic human resource management and give an example of strategic human resource management in practice.

57) In order to generate the desired workforce skill, competencies, and behaviors that a firm needs to achieve its strategic goals, human resource management must first develop _____.

- A) strategic plans
- B) HR policies
- C) employee skills
- D) company norms

Answer: A

Explanation: A) Developing strategic plans and goals is the first step of strategic human resource management.

Difficulty: Moderate

Chapter: 3

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 3.3 Define strategic human resource management and give an example of strategic human resource management in practice.

58) John is a manager is looking at HR scorecard data through a _____, which presents the manager with desktop graphs and charts, showing a computerized picture of how the company is doing on all the metrics from the HR scorecard process.

- A) digital dashboard
- B) strategy map
- C) HR audit
- D) mission plan

Answer: A

Explanation: A) A digital dashboard presents the manager with desktop graphs and charts, showing a computerized picture of how the company is doing on all the metrics from the HR scorecard process.

Difficulty: Moderate

Chapter: 3

Objective: 3

AACSB: Application of Knowledge

Learning Outcome: 3.3 Define strategic human resource management and give an example of strategic human resource management in practice.

59) Which of the following is the final step in the strategic human resource management process?

A) The manager asks, "What employee skills and behaviors will we need to achieve these plans and goals?"

B) The manager formulates strategic plans and goals.

C) The manager asks, "Specifically what recruitment, selection, training, and other HR policies and practices should we put in place so as to produce the required employee skills and behaviors?"

D) The manager asks, "How much profit can we make on this?"

Answer: C

Explanation: C) The final step in the strategic human resource management process is when the manager asks, "Specifically what recruitment, selection, training, and other HR policies and practices should we put in place so as to produce the required employee skills and behaviors?"

Difficulty: Moderate

Chapter: 3

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 3.3 Define strategic human resource management and give an example of strategic human resource management in practice.

60) Human resource strategies are the _____ used to support a firm's strategic goals.

A) visions and objectives

B) policies and practices

C) missions and goals

D) theories and tools

Answer: B

Explanation: B) Human resource strategies are the policies and practices developed to support the employee competencies and behaviors that a firm needs to accomplish its strategic aims.

Difficulty: Moderate

Chapter: 3

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 3.3 Define strategic human resource management and give an example of strategic human resource management in practice.

61) The _____ is a process for assigning financial and nonfinancial goals or metrics to the human resource management-related strategy-map chain of activities required for achieving the company's strategic aims.

- A) HR scorecard
- B) vision statement
- C) digital dashboard
- D) benchmarking process

Answer: A

Explanation: A) The HR scorecard process is a process for assigning financial and nonfinancial goals or metrics to the human resource management-related strategy-map chain of activities required for achieving the company's strategic aims.

Difficulty: Moderate

Chapter: 3

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 3.3 Define strategic human resource management and give an example of strategic human resource management in practice.

62) Which of the following is a strategic planning tool that offers an overview of how each department's performance contributes to achieving the company's overall strategic goals?

- A) digital dashboard
- B) HR scorecard
- C) strategy map
- D) HR audit

Answer: C

Explanation: C) The strategy map summarizes how each department's performance contributes to achieving the company's overall strategic goals.

Difficulty: Easy

Chapter: 3

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 3.3 Define strategic human resource management and give an example of strategic human resource management in practice.

63) Which of the following refers to a process for assigning financial and nonfinancial goals to the HR management-related chain of activities required for achieving the company's strategic aims and for monitoring results?

- A) strategy map
- B) HR scorecard
- C) HR feedback scale
- D) digital dashboard

Answer: B

Explanation: B) The HR scorecard is a process for assigning financial and nonfinancial goals to the HR management-related chain of activities required for achieving the company's strategic aims and for monitoring results.

Difficulty: Easy

Chapter: 3

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 3.3 Define strategic human resource management and give an example of strategic human resource management in practice.

64) A _____ presents a manager with desktop graphs and charts that illustrate where the company stands on metrics from the HR scorecard process.

- A) strategy map
- B) business plan
- C) scanning worksheet
- D) digital dashboard

Answer: D

Explanation: D) The digital dashboard is comprised of desktop graphs and charts that illustrate where the company stands on metrics from the HR scorecard process. A digital dashboard on a computer usually displays real-time trends for strategy map activities which enable managers to take corrective action.

Difficulty: Easy

Chapter: 3

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 3.3 Define strategic human resource management and give an example of strategic human resource management in practice.

65) The concise measurement system used by companies to show the quantitative standards the firm uses to measure HR activities, employee behaviors resulting from the activities, and the strategically relevant organizational outcomes of those employee behaviors is called a(n)

- A) evaluation system
- B) HR scorecard
- C) appraisal system
- D) evaluation benchmark

Answer: B

Explanation: B) Managers use HR scorecards to quantify the relationships between HR activities, resulting employee behaviors, and resulting firm-wide strategic outcomes and performance. HR scorecards quantify the strategy map.

Difficulty: Moderate

Chapter: 3

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 3.3 Define strategic human resource management and give an example of strategic human resource management in practice.

66) Which of the following is used to manage employee performance and to align all employees with the key objectives a firm needs to achieve its strategic goals?

- A) functional planning system
- B) HR scorecard
- C) annual HR benchmarks
- D) high-performance work system

Answer: B

Explanation: B) HR scorecards are used to manage employee performance and to align all employees with the key objectives a firm needs to achieve its strategic goals. The HR scorecard process enables managers to assign financial and nonfinancial goals, monitor and assess performances, and quickly take corrective action. Benchmarking is used to make comparisons with comparable companies.

Difficulty: Moderate

Chapter: 3

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 3.3 Define strategic human resource management and give an example of strategic human resource management in practice.

67) Strategic human resource management means formulating and executing HR systems that produce the employee competencies and behaviors a firm needs to achieve its strategic aims.

Answer: TRUE

Explanation: Strategic human resource management refers to the policies and activities developed in order to produce the employee skills and behaviors needed for a firm to achieve its strategic aims. Management creates a strategic plan that implies certain workforce requirements and policies and practices to produce certain workforce skills.

Difficulty: Moderate

Chapter: 3

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 3.3 Define strategic human resource management and give an example of strategic human resource management in practice.

68) The specific human resource policies and practices used to support a firm's strategic goals are known as human resource strategies.

Answer: TRUE

Explanation: Human resource strategies are the policies and practices developed in order to produce personnel with the skills, competencies, and behaviors needed to achieve a firm's objectives.

Difficulty: Easy

Chapter: 3

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 3.3 Define strategic human resource management and give an example of strategic human resource management in practice.

69) HR scorecards present managers with desktop graphs and charts of how a firm's HR strategies compare to those of other firms in the same industry.

Answer: FALSE

Explanation: A digital dashboard provides managers with desktop graphs and charts of where a company stands based on the metrics from the HR scorecard process. An HR scorecard is a process for assigning financial and nonfinancial goals or metrics to the HR management-related chain of activities required for achieving the firm's strategic aims and for monitoring results.

Difficulty: Easy

Chapter: 3

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 3.3 Define strategic human resource management and give an example of strategic human resource management in practice.

70) Strategy maps help managers link the company's strategic plan with departmental activities.

Answer: TRUE

Explanation: The strategy map provides an overview of how each department's performance contributes to achieving the company's overall strategic goals. It helps the manager understand the role his or her department plays in helping to execute the company's strategic plan.

Difficulty: Moderate

Chapter: 3

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 3.3 Define strategic human resource management and give an example of strategic human resource management in practice.

71) In a brief essay, explain how the strategy map, the HR scorecard, and the digital dashboard are used in strategic human resource management.

Answer: Managers use the strategy map, the HR scorecard, and the digital dashboard to help them translate the company's broad strategic goals into specific human resource management policies and activities. The strategy map shows the "big picture" of how each department's performance contributes to achieving the company's overall strategic goals. It helps the manager understand the role his or her department plays in helping to execute the company's strategic plan. Many employers quantify and computerize the map's activities, and the HR scorecard helps them to do so. The HR scorecard is not a scorecard. It refers to a process for assigning financial and nonfinancial goals or metrics to the human resource management–related chain of activities required for achieving the company's strategic aims and for monitoring results. The saying "a picture is worth a thousand words" explains the purpose of the digital dashboard. A digital dashboard presents the manager with desktop graphs and charts, and so a computerized picture of where the company stands on all those metrics from the HR scorecard process. A top manager's dashboard might display on the PC screen real-time trends for strategy map activities, which gives the manager time to take corrective action.

Difficulty: Hard

Chapter: 3

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 3.3 Define strategic human resource management and give an example of strategic human resource management in practice.

72) Which of the following terms refers to the quantitative measure of a human resource management yardstick such as employee turnover or qualified applicants per position?

- A) human resource audits
- B) human resource metrics
- C) management by objectives
- D) human resource scorecards

Answer: B

Explanation: B) A human resource metric is the quantitative measure of a human resource management yardstick such as employee turnover, qualified applicants per position, or hours of training per employee. Such metrics are used to assess a firm's HR performance and to compare one company's HR performance with another.

Difficulty: Easy

Chapter: 3

Objective: 4

AACSB: Analytical Thinking

Learning Outcome: 3.4 Give at least five examples of HR metrics.

73) The use of human resource metrics is essential for _____.

- A) management by objectives
- B) emergent employee behaviors
- C) corporate-level strategies
- D) evidence-based management

Answer: D

Explanation: D) Using concrete, quantifiable evidence that is available from human resource metrics is essential to evidence-based management. Evidence-based management involves the use of data, facts, analytics, scientific rigor, critical evaluation, and critically evaluated research/case studies to support human resource management proposals, decisions, practices, and conclusions.

Difficulty: Moderate

Chapter: 3

Objective: 4

AACSB: Analytical Thinking

Learning Outcome: 3.4 Give at least five examples of HR metrics.

74) Which of the following terms refers to the process of comparing and analyzing the practices of one firm with those of a high-performing company?

- A) benchmarking
- B) diversifying
- C) strategizing
- D) outsourcing

Answer: A

Explanation: A) Benchmarking refers to comparing and analyzing the practices of high-performing companies to your own in order to understand what they do that makes them better.

Difficulty: Easy

Chapter: 3

Objective: 4

AACSB: Analytical Thinking

Learning Outcome: 3.4 Give at least five examples of HR metrics.

75) Which of the following refers to an analysis by which an organization measures where it currently stands and determines what it has to accomplish to improve its HR functions?

- A) HR methodology
- B) HR benchmark
- C) HR checklist
- D) HR audit

Answer: D

Explanation: D) An HR audit is an analysis by which an organization measures where it currently stands and determines what it has to accomplish to improve its HR functions.

Difficulty: Easy

Chapter: 3

Objective: 4

AACSB: Analytical Thinking

Learning Outcome: 3.4 Give at least five examples of HR metrics.

76) All of the following are commonly addressed in an HR audit EXCEPT _____.

- A) exempt workers
- B) job descriptions
- C) accounting expenses
- D) workers' compensation benefits

Answer: C

Explanation: C) Although HR audits vary in scope and focus, most cover such issues as exempt and non-exempt workers, job descriptions, and benefits. Accounting expenses are less likely to be addressed in an HR audit.

Difficulty: Easy

Chapter: 3

Objective: 4

AACSB: Analytical Thinking

Learning Outcome: 3.4 Give at least five examples of HR metrics.

77) Which term refers to software applications used to analyze and draw conclusions from HR data?

- A) data mines
- B) talent analytics
- C) HR scorecards
- D) digital dashboards

Answer: B

Explanation: B) Employers increasingly use workforce analytics (or "talent analytics") software applications to analyze their human resources data and to draw conclusions from it. Data mining techniques are used in talent analytics software applications.

Difficulty: Moderate

Chapter: 3

Objective: 4

AACSB: Analytical Thinking

Learning Outcome: 3.4 Give at least five examples of HR metrics.

78) Executives at Hartford Clothing, a retail department store chain, want to find out what products their customers buy, when they purchase products, and what days of the week are most popular for shopping. Executives want to discover customer patterns and make predictions about their customers' buying habits. What would be the most effective tool for Hartford?

- A) data mining system
- B) talent value model
- C) financial audit
- D) strategy map

Answer: A

Explanation: A) Data mining is "the set of activities used to find new, hidden, or unexpected patterns in data." Data mining systems use tools like statistical analysis and intelligent agents to sift through data looking for relationships. Department stores often use data mining to make predictions about their customers' shopping habits.

Difficulty: Moderate

Chapter: 3

Objective: 4

AACSB: Application of Knowledge

Learning Outcome: 3.4 Give at least five examples of HR metrics.

79) Which of the following questions would LEAST likely be answered by the use of workforce analytics software?

- A) Which departments need improvement?
- B) What hiring policies are standard in the industry?
- C) How many workers will the firm need in five years?
- D) Why do employees choose to leave the organization?

Answer: B

Explanation: B) Employers increasingly use workforce analytics (or "talent analytics") software applications to analyze their human resources data and discover patterns and to draw conclusions from it. Such software can help identify departmental needs, estimate future workforce requirements, and predict employee turnover. Industry-wide hiring policies are less likely to be addressed.

Difficulty: Moderate

Chapter: 3

Objective: 4

AACSB: Application of Knowledge

Learning Outcome: 3.4 Give at least five examples of HR metrics.

80) An HR manager conducting an HR audit on compensation would most likely search for _____.

- A) current job descriptions
- B) workforce health and safety training
- C) completed benefit enrollment forms
- D) compliance with state and federal laws

Answer: D

Explanation: D) When auditing for compensation compliance, a manager is most likely ensuring that the firm is meeting all state and federal laws regarding overtime and timecards. Job descriptions, health and safety, and benefits would most likely be addressed in other types of HR audits.

Difficulty: Moderate

Chapter: 3

Objective: 4

AACSB: Application of Knowledge

Learning Outcome: 3.4 Give at least five examples of HR metrics.

81) Like the scientific method, evidence-based HR management should have all of the following characteristics EXCEPT _____.

- A) use of data
- B) experimentation
- C) subjectivity
- D) prediction

Answer: C

Explanation: C) Evidence-based HR management should be objective rather than subjective to ensure validity. Like scientific experiments, evidence-based management requires objectivity, experimentation, quantification, explanation, prediction, and replication.

Difficulty: Moderate

Chapter: 3

Objective: 4

AACSB: Analytical Thinking

Learning Outcome: 3.4 Give at least five examples of HR metrics.

82) What tool might be best used to assess recruitment effectiveness?

- A) computerized applicant tracking systems
- B) benchmarking
- C) data mines
- D) strategy map

Answer: A

Explanation: A) Many employers do track and analyze recruitment data with the help of computerized applicant tracking systems (ATS).

Difficulty: Moderate

Chapter: 3

Objective: 4

AACSB: Analytical Thinking

Learning Outcome: 3.4 Give at least five examples of HR metrics.

83) Human resource metrics are used to assess a firm's HR performance and to compare one firm's HR performance with that of another firm.

Answer: TRUE

Explanation: A human resource metric is the quantitative measure of some human resource management yardstick like employee turnover. Such metrics can be used to assess a firm's HR performance and to compare one firm's HR performance with that of another firm.

Difficulty: Moderate

Chapter: 3

Objective: 5

AACSB: Analytical Thinking

Learning Outcome: 3.4 Give at least five examples of HR metrics.

84) Human resource audits and benchmarking are two critical tools used by managers who implement an evidence-based approach to human resource management.

Answer: TRUE

Explanation: Human resource audits and benchmarking are two critical tools for managers using an evidence-based approach. Evidence-based HR management uses data, facts, analytics, scientific rigor, critical evaluation, and case studies to support HR management proposals, decisions, practices, and conclusions.

Difficulty: Easy

Chapter: 3

Objective: 4

AACSB: Analytical Thinking

Learning Outcome: 3.4 Give at least five examples of HR metrics.

85) A strategic audit would most likely NOT be used by an HR manager to assess a firm's procedures and practices in regards to employee benefits.

Answer: FALSE

Explanation: Human resources managers often collect data on matters such as employee turnover and safety via strategic audit. An HR audit is an analysis by which an organization measures where it currently stands and determines what it has to accomplish to improve its HR functions.

Difficulty: Moderate

Chapter: 3

Objective: 4

AACSB: Analytical Thinking

Learning Outcome: 3.4 Give at least five examples of HR metrics.

86) HR audits typically review a firm's recruiting, testing, and training methods to ensure compliance with government and organization regulations.

Answer: TRUE

Explanation: The HR audit generally involves reviewing the functioning of most aspects of the company's human resource function (recruiting, testing, training, and so on), usually using a checklist, as well as ensuring that the employer is adhering to regulations, laws, and company policies.

Difficulty: Moderate

Chapter: 3

Objective: 4

AACSB: Analytical Thinking

Learning Outcome: 3.4 Give at least five examples of HR metrics.

87) Although applicant tracking systems typically increase overall recruiting costs, the benefits of hiring high-performing employees are worth the investment for most firms.

Answer: FALSE

Explanation: Applicant tracking systems tend to reduce recruiting costs because recruitment dollars are shifted from less effective sources to more effective ones.

Difficulty: Moderate

Chapter: 3

Objective: 4

AACSB: Analytical Thinking

Learning Outcome: 3.4 Give at least five examples of HR metrics.

88) Benchmarking involves analyzing the demographic make-up of an organization over a specific period to determine the overall diversity of the firm.

Answer: FALSE

Explanation: Benchmarking means comparing the practices of high-performing companies to your own, in order to understand what they do that makes them better.

Difficulty: Easy

Chapter: 3

Objective: 4

AACSB: Analytical Thinking

Learning Outcome: 3.4 Give at least five examples of HR metrics.

89) A construction firm that wants to compare its own HR-related metric results with those of other construction firms can use a benchmarking service provided by SHRM.

Answer: TRUE

Explanation: SHRM provides a customized benchmarking service. This enables employers to compare their own HR-related metric results with those of other companies. SHRM's service provides benchmark figures for many industries.

Difficulty: Moderate

Chapter: 3

Objective: 4

AACSB: Analytical Thinking

Learning Outcome: 3.4 Give at least five examples of HR metrics.

90) Benchmarking indicates the extent to which a firm's HR practices are helping to accomplish long-term strategic goals.

Answer: FALSE

Explanation: Benchmarking may not show the extent to which a firm's HR practices are helping achieve its strategic goals. Strategy-based metrics specifically focus on measuring the activities that contribute to achieving a company's strategic aims.

Difficulty: Moderate

Chapter: 3

Objective: 4

AACSB: Analytical Thinking

Learning Outcome: 3.4 Give at least five examples of HR metrics.

91) What are human resource metrics? Why are human resource metrics important in high-performance work systems?

Answer: A human resource metric is the quantitative measure of some human resource management yardstick such as employee turnover, hours of training per employee, or qualified applicants per position. You can use such metrics to assess your own company's HR performance, and to compare one company's with another's. Human resource metrics are critical in creating high-performance human resource policies and practices. This is because they enable managers to benchmark. Benchmarking means comparing and analyzing the practices of high-performing companies to your own in order to understand what they do that makes them better.

Difficulty: Moderate

Chapter: 3

Objective: 4

AACSB: Analytical Thinking

Learning Outcome: 3.4 Give at least five examples of HR metrics.

92) What are the HR uses of data analytics and big data?

Answer: Data analytics means using statistical and mathematical analysis and algorithms to find relationships and make predictions. For example, when online bookstores use algorithms to predict which books you're most likely to buy based on things like what books you've already bought and similarities between you and other groups, they are using data analytics. Data mining is crucial for data analytics and is "the set of activities used to find new, hidden, or unexpected patterns in data." Data mining sifts through huge amounts of employee data to identify correlations that employers then use to improve their employee-selection and other practices. Thanks to data mining, the manager can discover patterns that he or she can then use to make predictions.

Big data is basically data analytics on steroids, using very large data sets. The basic idea (of scientifically analyzing data to find relationships and make predictions) is the same. However, with "big data" the volume, velocity, and variety of data that are analyzed are much greater. In terms of volume, for example, Walmart now collects about 2.5 petabytes of data—2.5 million gigabytes—every hour from its customer transactions. Similarly, in terms of velocity, all these data are being created more or less instantaneously (as at Walmart); that means companies can use them to more quickly to adapt in real time (for instance, to who's buying what products, and therefore how to adjust online promotions). Finally, big data capitalizes on the huge variety of data now available. For instance, data come not just from Walmart's transactions but from customers' mobile phones, GPS, and social networks too.

Difficulty: Hard

Chapter: 3

Objective: 4

AACSB: Analytical Thinking

Learning Outcome: 3.4 Give at least five examples of HR metrics.

93) Which of the following terms refers to a set of human resource management policies and practices that promote organizational effectiveness?

- A) management by objectives system
- B) human resource metric
- C) high-performance work system
- D) strategic human resource map

Answer: C

Explanation: C) A high-performance work system is a set of human resource management policies and practices that promote organizational effectiveness. Such HPWSs differ from less productive systems and are often a distinguishing characteristic of high-performing firms.

Difficulty: Easy

Chapter: 3

Objective: 5

AACSB: Analytical Thinking

Learning Outcome: 3.5 Give five examples of what employers can do to have high-performance systems.

94) High-performance work organizations are most likely characterized by all of the following EXCEPT _____.

- A) using more selection tests
- B) empowered front-line workers
- C) extensive training
- D) commitment to high production rates

Answer: D

Explanation: D) High-performance work organizations are characterized by paying more, training more, using more sophisticated recruitment and hiring practices and using more self-managing work teams. Being committed to high production rates is not necessarily a characteristic of an HPWS.

Difficulty: Moderate

Chapter: 3

Objective: 5

AACSB: Analytical Thinking

Learning Outcome: 3.5 Give five examples of what employers can do to have high-performance systems.

95) All of the following practices are most likely implemented by companies with high-performance work systems EXCEPT _____.

- A) hiring employees based on validated selection tests
- B) providing pay increases based on service years
- C) extensive training of the workforce
- D) utilizing self-managing work teams

Answer: B

Explanation: B) In comparison to low-performance companies, high-performance companies are more likely to use validated selection tests when hiring employees, fill jobs internally, and use self-managing work teams. Pay increases are more likely to be based on job performance rather than the number of years an employee has worked for a firm.

Difficulty: Moderate

Chapter: 3

Objective: 5

AACSB: Analytical Thinking

Learning Outcome: 3.5 Give five examples of what employers can do to have high-performance systems.

96) Reese Enterprises seeks to fill upper-level positions internally whenever possible and uses validated selection tests when considering external hires. This most likely suggests the company is developing a _____.

- A) high-performance work system
- B) scorecard management system
- C) benchmark and metric analysis
- D) management by objectives strategy

Answer: A

Explanation: A) A firm that attempts to fill upper-level positions internally and uses validated selection tests for external candidates is most likely implementing a high-performance work system. Metrics and benchmarks are frequently used to identify and create the policies and practices of HPWSs, but the manner in which jobs are filled does not necessarily indicate the use of metrics and benchmarks.

Difficulty: Hard

Chapter: 3

Objective: 5

AACSB: Application of Knowledge

Learning Outcome: 3.5 Give five examples of what employers can do to have high-performance systems.

97) MAX Computers manufactures affordable laptops, desktops, and tablets at its factory in Arizona. MAX has experienced a moderate amount of financial success, but upper management wants the firm to grow at a faster rate and become a bigger player in the highly competitive computer market. The firm's greatest problems relate to its employees. Employee turnover is high—most employees at MAX leave within two years or less of being hired. In addition, the rate of productivity among employees is not as high as executives would like. The vice president of human resources is considering moving MAX towards a high-performance work system.

Which of the following best supports the argument that MAX should move towards a high-performance work system?

- A) MAX competitors regularly use benchmarking to compare their employees to those in other firms.
- B) MAX customers purchase new computers every two years according to online customer surveys.
- C) Outsourcing clerical tasks would enable MAX to raise employee salaries and increase productivity.
- D) Using advanced recruitment and hiring practices will allow MAX to improve employee productivity.

Answer: D

Explanation: D) A high-performance work system is a set of HR management policies and practices that jointly produce superior employee performance. HPWSs typically pay more, train employees more, use more advanced recruitment and hiring practices, and use self-managing work teams. MAX would improve employee productivity and reduce turnovers if it effectively recruited and tested applicants to make sure they were the right people for the job.

Difficulty: Hard

Chapter: 3

Objective: 5

AACSB: Application of Knowledge

Learning Outcome: 3.5 Give five examples of what employers can do to have high-performance systems.

98) MAX Computers manufactures affordable laptops and desktops at its factory in Arizona. MAX has experienced a moderate amount of financial success, but upper management wants the firm to grow at a faster rate and become a bigger player in the highly competitive computer market. The firm's greatest problems relate to its employees. Employee turnover is high—most employees at MAX leave within two years or less of being hired. In addition, the rate of productivity among employees is not as high as executives would like. The vice president of human resources is considering moving MAX towards a high-performance work system.

Which of the following questions is most relevant to MAX's decision to move toward a high-performance work system?

- A) How would the implementation of self-managing work teams affect employee morale and work standards at MAX?
- B) How will qualitative performance measures address the needs of MAX employees in regards to the firm's benefits plan?
- C) What roles should line managers, staff managers, and HR managers at MAX play in performance appraisals?
- D) What economic and demographic trends in the U.S. are related to the employee turnover rate at MAX?

Answer: A

Explanation: A) HPWSs typically pay more, train employees more, use more advanced recruitment and hiring practices, and use self-managing work teams. By answering the question about employee morale and work standards, it would become clear that MAX should move towards a HPWS and self-managing work teams. Economic trends, benefits plans, and managerial roles in performance appraisals are less relevant to a HPWS.

Difficulty: Hard

Chapter: 3

Objective: 5

AACSB: Application of Knowledge

Learning Outcome: 3.5 Give five examples of what employers can do to have high-performance systems.

99) Which of the following is most likely a true statement about high-performance companies?

- A) Employees receive extensive training.
- B) Employee turnover is extremely high.
- C) Only executives are eligible for incentive pay.
- D) The majority of jobs are filled externally.

Answer: A

Explanation: A) In a comparison of low-performance and high-performance companies, HPWSs typically pay more, train employees more, use more advanced recruitment and hiring practices, and use self-managing work teams.

Difficulty: Moderate

Chapter: 3

Objective: 5

AACSB: Analytical Thinking

Learning Outcome: 3.5 Give five examples of what employers can do to have high-performance systems.

100) The primary purpose of implementing high-performance practices such as recruiting, screening, and training is to _____.

- A) foster a strong organizational culture
- B) create management opportunities for new hires
- C) develop a trained, flexible, and self-motivated workforce
- D) utilize benchmarks to compare personnel skills within an industry

Answer: C

Explanation: C) High-performance practices generally aspire to help workers to manage themselves. The primary purpose of recruiting, screening, training, and other human resource practices is to foster a trained, empowered, self-motivated, and flexible workforce.

Difficulty: Moderate

Chapter: 3

Objective: 5

AACSB: Analytical Thinking

Learning Outcome: 3.5 Give five examples of what employers can do to have high-performance systems.

101) According to recent studies, high-performance work organizations recruit more job candidates, use more selection tests, and spend many more hours training employees.

Answer: TRUE

Explanation: Studies show that high-performance work systems' policies and practices do differ from less productive ones. High-performing companies recruit more job candidates, use more selection tests, and spend many more hours training employees

Difficulty: Moderate

Chapter: 3

Objective: 5

AACSB: Analytical Thinking

Learning Outcome: 3.5 Give five examples of what employers can do to have high-performance systems.

102) Human resource practices, such as hiring based on selection tests, pay raises based on work performance, and training provided to new and experienced employees, contribute to a company's ability to achieve high-performance levels.

Answer: TRUE

Explanation: HR practices of high-performance firms differ from those of low-performance firms. High-performance firms typically hire from within, use selection tests, tie pay raises to work performance, and provide all employees with training.

Difficulty: Moderate

Chapter: 3

Objective: 5

AACSB: Analytical Thinking

Learning Outcome: 3.5 Give five examples of what employers can do to have high-performance systems.

103) Companies with empowered, highly trained, flexible workforces have a competitive advantage.

Answer: TRUE

Explanation: Firms that adhere to high-performance HR practices and have empowered, highly trained, and flexible workforces gain a competitive advantage. The concept of competitive advantage refers to the factors that allow a firm to differentiate its products or services from its competitors to gain market share, and HR can serve as a competitive advantage.

Difficulty: Moderate

Chapter: 3

Objective: 5

AACSB: Analytical Thinking

Learning Outcome: 3.5 Give five examples of what employers can do to have high-performance systems.

104) High-performance companies are less likely than low-performance companies to invest in costly employee training programs.

Answer: FALSE

Explanation: High-performance firms are more likely to invest in employee training for both new and current employees. High-performance companies invest in their employees in order to develop a workforce that matches the needs of the company.

Difficulty: Moderate

Chapter: 3

Objective: 5

AACSB: Analytical Thinking

Learning Outcome: 3.5 Give five examples of what employers can do to have high-performance systems.

105) A high-performance work system is a tool that quantifies the relationship between HR activities, employee behaviors, and firm performance.

Answer: FALSE

Explanation: An HR scorecard helps the manager quantify the relationships between (1) the HR activities (amount of testing, training, and so forth), (2) the resulting employee behaviors (customer service, for instance), and (3) the resulting firm-wide strategic outcomes and performance (such as customer satisfaction and profitability). A high-performance work system may involve the use of HR scorecards but not necessarily.

Difficulty: Moderate

Chapter: 3

Objective: 5

AACSB: Analytical Thinking

Learning Outcome: 3.5 Give five examples of what employers can do to have high-performance systems.

106) What is a high-performance work system? What role does strategic human resource management play in high-performance work systems?

Answer: A high-performance work system is a set of human resource management policies and practices that promote organizational effectiveness. A high-performance work system is what managers now expect from the HR system. It means that the HR system is designed to maximize the overall quality of human capital throughout the organization. Based on ongoing research, firms that use HPWS practices perform at a significantly higher level than those that do not. Strategic human resource management is significant to a high-performance work system. Strategic human resource management refers to formulating and executing human resource policies and practices that produce the employee competencies and behaviors the company needs to achieve its strategic aims and to maximize its human resources. In formulating human resource management policies and activities, the manager's aim must be to produce the employee skills and behaviors that the company needs to achieve its strategic aims. For HPWSs, that most likely means implementing policies and practices regarding selection tests, training, merit increases, and incentive pay.

Difficulty: Moderate

Chapter: 3

Objective: 5

AACSB: Analytical Thinking

Learning Outcome: 3.5 Give five examples of what employers can do to have high-performance systems.

107) What is an applicant tracking system? How can such systems improve a firm's talent management efforts?

Answer: An applicant tracking system allows a firm to collect and assess recruitment metrics. Metrics might include, "quality of new hires" and on "which recruitment sources produce the most new hires." Applicant tracking systems support the employer's talent management efforts in other ways. For example, installing an Authoria ATS enabled the Thomson Reuters Company to identify the sources, candidate traits, and best practices that work best in each geographic area where they do business. This in turn enabled them to reduce recruiting costs, for instance, by shifting recruitment dollars from less effective sources to ones that are more effective. Similarly, the ATS can also help hire better employees, for instance, by helping the employer see which employee competencies correlate with superior performance.

Difficulty: Moderate

Chapter: 3

Objective: 5

AACSB: Analytical Thinking

Learning Outcome: 3.5 Give five examples of what employers can do to have high-performance systems.

108) According to the text, approximately what percentage of the U.S. workforce feels engaged?

- A) 5%
- B) 30%
- C) 50%
- D) 75%

Answer: B

Explanation: B) Depending on the study, only about 21-30% of employees nationally are engaged, with one Gallop poll finding 30% engaged.

Difficulty: Moderate

Chapter: 3

Objective: 6

AACSB: Analytical Thinking

Learning Outcome: 3.6 Describe how you would execute a program to improve employee engagement.

109) Which of the following is NOT one of the steps KIA UK used in their employee engagement HR strategy?

- A) set measurable objectives
- B) focused on bonus-based compensation
- C) held an extensive leadership development program
- D) improved internal communications

Answer: B

Explanation: B) Kia UK made a number of changes to its compensation and other policies but in fact eliminated bonuses and substituted fixed-rate percentage-based salary increases.

Difficulty: Moderate

Chapter: 3

Objective: 6

AACSB: Analytical Thinking

Learning Outcome: 3.6 Describe how you would execute a program to improve employee engagement.

110) Research suggests a majority of workers in the United States are engaged at work.

Answer: FALSE

Explanation: Research suggests only about 21-30% of employees nationally are engaged.

Difficulty: Easy

Chapter: 3

Objective: 6

AACSB: Analytical Thinking

Learning Outcome: 3.6 Describe how you would execute a program to improve employee engagement.