

*Human Resource Management, 11e (Noe)*

**Chapter 2 Strategic Human Resource Management**

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

Answer: TRUE

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

Difficulty: 1 Easy

Topic: Introduction

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

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

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

Answer: FALSE

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

Difficulty: 2 Medium

Topic: Introduction

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

Bloom's: Understand

AACSB: Analytic

Accessibility: Keyboard Navigation

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

Answer: FALSE

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

Difficulty: 1 Easy

Topic: What is Strategic Management?

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

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

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

Answer: TRUE

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

Difficulty: 1 Easy

Topic: What is Strategic Management?

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

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

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

Answer: FALSE

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

Difficulty: 1 Easy

Topic: What is Strategic Management?

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

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

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

Answer: FALSE

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

Difficulty: 2 Medium

Topic: Strategy Formulation

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

Bloom's: Understand

AACSB: Analytic

Accessibility: Keyboard Navigation

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

Answer: TRUE

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

Difficulty: 1 Easy

Topic: Strategy Formulation

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

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

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

Answer: TRUE

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

Difficulty: 1 Easy

Topic: Strategy Formulation

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

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

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

Answer: TRUE

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

Difficulty: 1 Easy

Topic: Strategy Implementation

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

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

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

Answer: FALSE

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

Difficulty: 2 Medium

Topic: Strategy Implementation

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

Bloom's: Understand

AACSB: Analytic

Accessibility: Keyboard Navigation

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

Answer: TRUE

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

Difficulty: 1 Easy

Topic: Strategy Implementation

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

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

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

Answer: FALSE

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

Difficulty: 2 Medium

Topic: Strategy Implementation

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

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

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

Answer: FALSE

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

Difficulty: 1 Easy

Topic: Strategy Implementation

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

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

14) Jolene is excited to meet with her supervisor and go over her year-end review. She has heard that there can be an increase in pay for high performance. Companies do tie pay to performance.

Answer: TRUE

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

Difficulty: 3 Hard

Topic: Strategy Implementation

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

Bloom's: Apply

AACSB: Analytic

Accessibility: Keyboard Navigation

15) CompCo wants to bring radical change to the current skills that exist in the organization so they are going to employ concentration strategies.

Answer: FALSE

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

Difficulty: 3 Hard

Topic: Strategy Implementation

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

Bloom's: Apply

AACSB: Analytic

Accessibility: Keyboard Navigation

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

Answer: FALSE

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

Difficulty: 1 Easy

Topic: Strategy Implementation

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

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

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

Answer: FALSE

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

Difficulty: 1 Easy

Topic: Strategy Implementation

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

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

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

Answer: FALSE

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

Difficulty: 2 Medium

Topic: Strategy Implementation

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

Bloom's: Understand

AACSB: Analytic

Accessibility: Keyboard Navigation

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

Answer: TRUE

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

Difficulty: 1 Easy

Topic: Strategy Implementation

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

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

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

Answer: FALSE

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

Difficulty: 1 Easy

Topic: Strategy Implementation

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

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

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

Answer: FALSE

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

Difficulty: 1 Easy

Topic: Strategy Implementation

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

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

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

Answer: TRUE

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

Difficulty: 1 Easy

Topic: Strategy Implementation

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

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

23) Global Market is planning to downsize. Management sees a positive outcome being the opportunity to change the company's culture.

Answer: TRUE

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

Difficulty: 3 Hard

Topic: Strategy Implementation

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

Bloom's: Apply

AACSB: Analytic

Accessibility: Keyboard Navigation

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

Answer: TRUE

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

Difficulty: 1 Easy

Topic: Strategy Implementation

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

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

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

Answer: TRUE

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

Difficulty: 1 Easy

Topic: The Role of Human Resources in Providing Strategic Competitive Advantage

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

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

26) Jam and Nuts is evaluating their resources so that they can compete with other companies. They have evaluated their plant, equipment, and geographic location. What other physical resource do they need to evaluate to complete this scan?

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

Answer: B

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

Difficulty: 2 Medium

Topic: Introduction

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

Bloom's: Understand

AACSB: Analytic

Accessibility: Keyboard Navigation

27) A(n) \_\_\_\_\_ is a story of how a firm will create value for customers and how it will do so profitably.

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

Answer: B

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

Difficulty: 1 Easy

Topic: What is a Business Model?

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

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

28) Butterflies and Blooms, a new florist in town, is attempting to maximize profits but knows the company cannot charge too much for its bouquets in this market. As the company explores locations, the florist notes rent, property taxes, and parking. These are examples of \_\_\_\_\_ costs.

- A) acquisition
- B) procurement
- C) fixed
- D) variable
- E) marginal

Answer: C

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

Difficulty: 2 Medium

Topic: What is a Business Model?

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

Bloom's: Apply

AACSB: Analytic

Accessibility: Keyboard Navigation

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

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

Answer: D

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

Difficulty: 1 Easy

Topic: What is a Business Model?

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

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

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

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

Answer: B

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

Difficulty: 1 Easy

Topic: What is a Business Model?

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

Bloom's: Understand

AACSB: Analytic

Accessibility: Keyboard Navigation

31) The \_\_\_\_\_ margin is calculated as the number of units sold times the contribution margin.

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

Answer: B

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

Difficulty: 1 Easy

Topic: What is a Business Model?

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

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

32) \_\_\_\_\_ is what is left after a firm pays its variable costs and fixed costs.

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

Answer: C

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

Difficulty: 1 Easy

Topic: What is a Business Model?

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

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

33) A \_\_\_\_\_ workforce describes the former workers to whom a firm still owes financial obligations.

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

Answer: D

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

Difficulty: 2 Medium

Topic: What is a Business Model?

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

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

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

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

Answer: B

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

Difficulty: 2 Medium

Topic: What is a Business Model?

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

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

35) Ashock has been brought in as a consultant for a large organization. He is tasked with identifying the goals, policies, and action sequences the company should take to offset competitive challenges. Ashock will be implementing

- A) operational management.
- B) transactional management.
- C) management by objectives.
- D) process mapping.
- E) strategic management.

Answer: E

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

Difficulty: 2 Medium

Topic: What is Strategic Management?

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

Bloom's: Apply

AACSB: Analytic

Accessibility: Keyboard Navigation

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

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

Answer: A

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

Difficulty: 2 Medium

Topic: What is Strategic Management?

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

Bloom's: Understand

AACSB: Analytic

Accessibility: Keyboard Navigation

37) Selena is leading the strategic groups through an exercise to define the company's mission and goals through a SWOT (strengths, weaknesses, opportunities, and threats) analysis. She is employing

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

Answer: D

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

Difficulty: 3 Hard

Topic: What is Strategic Management?

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

Bloom's: Apply

AACSB: Analytic

Accessibility: Keyboard Navigation

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

- A) strategy formulation
- B) strategy evaluation
- C) strategy execution
- D) strategy consultation
- E) strategy implementation

Answer: A

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

Difficulty: 3 Hard

Topic: What is Strategic Management?

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

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

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

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

Answer: B

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

Difficulty: 3 Hard

Topic: What is Strategic Management?

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

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

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

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

Answer: D

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

Difficulty: 1 Easy

Topic: What is Strategic Management?

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

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

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

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

Answer: C

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

Difficulty: 2 Medium

Topic: What is Strategic Management?

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

Bloom's: Understand

AACSB: Analytic

Accessibility: Keyboard Navigation

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

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

Answer: B

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

Difficulty: 1 Easy

Topic: What is Strategic Management?

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

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

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

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

Answer: C

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

Difficulty: 1 Easy

Topic: What is Strategic Management?

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

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

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

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

Answer: A

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

Difficulty: 1 Easy

Topic: What is Strategic Management?

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

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

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

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

Answer: A

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

Difficulty: 2 Medium

Topic: What is Strategic Management?

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

Bloom's: Understand

AACSB: Analytic

Accessibility: Keyboard Navigation

- 46) Sophie, the HR manager, checks her email, completes paperwork, and returns voicemail. These activities are part of the
- A) administrative linkage.
  - B) one-way linkage.
  - C) two-way linkage.
  - D) integrative linkage.
  - E) executive linkage.

Answer: A

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

Difficulty: 2 Medium

Topic: What is Strategic Management?

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

Bloom's: Apply

AACSB: Analytic

Accessibility: Keyboard Navigation

- 47) Sandman, Inc. has completed its strategic business plan and informed HR of how many employees will now need to be hired or retrained. This is an example of
- A) integrative linkage.
  - B) executive linkage.
  - C) two-way linkage.
  - D) one-way linkage.
  - E) administrative linkage.

Answer: D

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

Difficulty: 2 Medium

Topic: What is Strategic Management?

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

Bloom's: Understand

AACSB: Analytic

Accessibility: Keyboard Navigation

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

A) In this level, the human resource management executive has no time or opportunity to take a strategic outlook toward human resource issues.

B) It precludes the company from considering human resource issues while formulating the strategic plan.

C) In this level, the human resource management functions are built right into the strategy formulation process.

D) In this level, the human resource management function is involved in both strategy formulation and strategy implementation.

E) It lets the human resource management executive give strategic planners information about the company's human resource capabilities.

Answer: B

Explanation: In one-way linkage, a firm's strategic business planning function develops the strategic plan and then informs the human resource management (HRM) function of the plan.

Although one-way linkage does recognize the importance of human resources in implementing the strategic plan, it precludes the company from considering human resource issues while formulating the strategic plan.

Difficulty: 2 Medium

Topic: What is Strategic Management?

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

Bloom's: Understand

AACSB: Analytic

Accessibility: Keyboard Navigation

49) The one-way linkage level

A) is the lowest level of integration.

B) restricts companies from considering human resource issues while formulating a strategic plan.

C) is multifaceted, based on continuing rather than sequential interaction.

D) often leads to strategic plans that companies cannot successfully implement.

E) segregates the human resource management department from other components of the strategic management process.

Answer: D

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

Difficulty: 2 Medium

Topic: What is Strategic Management?

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

Bloom's: Understand

AACSB: Analytic

Accessibility: Keyboard Navigation

50) In the two-way linkage level,

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

Answer: E

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

Difficulty: 2 Medium

Topic: What is Strategic Management?

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

Bloom's: Understand

AACSB: Analytic

Accessibility: Keyboard Navigation

51) Dionne, the HR manager, has been asked to share issues in the strategy formulation process.

How do you know this is part of a two-way linkage?

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

Answer: A

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

Difficulty: 2 Medium

Topic: What is Strategic Management?

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

Bloom's: Apply

AACSB: Analytic

Accessibility: Keyboard Navigation

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

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

Answer: A

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

Difficulty: 1 Easy

Topic: What is Strategic Management?

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

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

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

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

Answer: B

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

Difficulty: 1 Easy

Topic: Strategy Formulation

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

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

- 54) To provide excellent customer service to those in the electrical industry through the use of high-tech solutions is an example of a
- A) work structure.
  - B) goal.
  - C) mission.
  - D) code of conduct.
  - E) vision.

Answer: C

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

Difficulty: 2 Medium

Topic: Strategy Formulation

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

Bloom's: Understand

AACSB: Analytic

Accessibility: Keyboard Navigation

- 55) To achieve 100 percent compliance on the next 3 years' compliance inspections is an example of a
- A) goal.
  - B) mission.
  - C) strategy.
  - D) vision.
  - E) value.

Answer: A

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

Difficulty: 2 Medium

Topic: Strategy Formulation

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

Bloom's: Apply

AACSB: Analytic

Accessibility: Keyboard Navigation

56) EastWest is a consulting firm that helps organizations examine their operating environments. Their scope of work would be considered a(n)

- A) job modeling.
- B) internal analysis.
- C) external analysis.
- D) value chain analysis.
- E) job analysis.

Answer: C

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

Difficulty: 2 Medium

Topic: Strategy Formulation

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

Bloom's: Understand

AACSB: Analytic

Accessibility: Keyboard Navigation

57) A common practice for companies in today's market is to look within at what is working and what is not. This is an example of a(n)

- A) job analysis.
- B) internal analysis.
- C) job characteristics model.
- D) competitor analysis.
- E) job modeling.

Answer: B

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

Difficulty: 2 Medium

Topic: Strategy Formulation

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

Bloom's: Understand

AACSB: Analytic

Accessibility: Keyboard Navigation

- 58) An organization uses \_\_\_\_\_ to measure the quantity and quality of its resources.
- A) job modeling
  - B) realistic job preview
  - C) internal analysis
  - D) value chain analysis
  - E) job analysis

Answer: C

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

Difficulty: 1 Easy

Topic: Strategy Formulation

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

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

- 59) External analysis and internal analysis combined constitute the
- A) value analysis.
  - B) training analysis.
  - C) development analysis.
  - D) SWOT analysis.
  - E) recruitment analysis.

Answer: D

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

Difficulty: 1 Easy

Topic: Strategy Formulation

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

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

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

A) It can be used to identify an organization's internal strengths and weaknesses, but not the external threats posed by competitors.

B) It can be used to identify an organization's external strengths and weaknesses, but not its internal strengths and weaknesses.

C) It gives the strategic planning team of an organization all the information it needs to generate a number of strategic alternatives.

D) It fails to recognize the opportunities and threats in the external environment that are people-related.

E) An analysis of a company's internal strengths and weaknesses using the SWOT analysis eliminates the need for input from the HRM function.

Answer: C

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

Difficulty: 2 Medium

Topic: Strategy Formulation

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

Bloom's: Understand

AACSB: Analytic

Accessibility: Keyboard Navigation

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

A) Internal analysis

B) External analysis

C) Vision statement

D) Strategic choice

E) Code of conduct

Answer: D

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

Difficulty: 1 Easy

Topic: Strategy Formulation

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

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

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

Answer: E

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

Difficulty: 2 Medium

Topic: Strategy Implementation

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

Bloom's: Understand

AACSB: Analytic

Accessibility: Keyboard Navigation

- 63) Using websites like Indeed.com, Monster.com, and LinkedIn, a company can begin
- A) selection.
  - B) recruitment.
  - C) training.
  - D) development.
  - E) appraisal.

Answer: B

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

Difficulty: 2 Medium

Topic: Strategy Implementation

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

Bloom's: Understand

AACSB: Analytic

Accessibility: Keyboard Navigation

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

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

Answer: B

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

Difficulty: 3 Hard

Topic: Strategy Implementation

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

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

65) As a company prepares to look for talent in a particular position or group, it can evaluate the tasks needed, complete a talent inventory of current skill sets, and prepare a job description with knowledge, skills, and abilities (KSAs). This practice is also known as

- A) job analysis.
- B) internal analysis.
- C) external analysis.
- D) job design.
- E) realistic job preview.

Answer: D

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

Difficulty: 3 Hard

Topic: Strategy Implementation

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

Bloom's: Apply

AACSB: Analytic

Accessibility: Keyboard Navigation

- 66) The process by which a firm attempts to identify job applicants with the necessary knowledge, skills, abilities, and other characteristics that will help the firm achieve its goals is known as
- A) appraisal.
  - B) selection.
  - C) performance management.
  - D) training.
  - E) differentiation.

Answer: B

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

Difficulty: 1 Easy

Topic: Strategy Implementation

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

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

- 67) \_\_\_\_\_ is a planned effort to facilitate the learning of job-related knowledge, skills, and behavior by employees.
- A) Recruitment
  - B) Development
  - C) Training
  - D) Performance management
  - E) Selection

Answer: C

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

Difficulty: 1 Easy

Topic: Strategy Implementation

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

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

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

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

Answer: A

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

Difficulty: 3 Hard

Topic: Strategy Implementation

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

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

69) At least annually companies evaluate employees based on their activities and outcomes aligned with the organization's objectives. This then leads to discussions of future individual goals and professional development opportunities. This practice demonstrates that a company has a practice of

- A) divestment.
- B) differentiation.
- C) performance management.
- D) job enlargement.
- E) realistic job preview.

Answer: C

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

Difficulty: 3 Hard

Topic: Strategy Implementation

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

Bloom's: Apply

AACSB: Analytic

Accessibility: Keyboard Navigation

- 70) Which of the following statements is true regarding companies that are not diversified?
- A) Such companies typically use quantitative measures of performance to evaluate managers.
  - B) In such companies, top managers have less knowledge about managers below them in the hierarchy.
  - C) In such companies, executives tend to focus on evaluating the objective performance results of their subordinate managers.
  - D) They have evaluation systems that call for subjective performance assessments of managers.
  - E) People above the first-level managers in the hierarchy of such companies have limited knowledge about work-related tasks that should be performed.

Answer: D

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

Difficulty: 2 Medium

Topic: Strategy Implementation

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

Bloom's: Understand

AACSB: Analytic

Accessibility: Keyboard Navigation

- 71) A high level of pay relative to that of competitors can ensure that
- A) the company's overall labor costs are low.
  - B) employees are highly satisfied with the work.
  - C) the organization is always in the growth stage.
  - D) organizational productivity is satisfactory.
  - E) the company attracts high-quality employees.

Answer: E

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

Difficulty: 2 Medium

Topic: Strategy Implementation

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

Bloom's: Understand

AACSB: Analytic

Accessibility: Keyboard Navigation

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

Answer: A

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

Difficulty: 2 Medium

Topic: Strategy Implementation

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

Bloom's: Understand

AACSB: Analytic

Accessibility: Keyboard Navigation

- 73) When Clean Motors condensed all its parts factories into one large location, the company increased research and development and customer service, and decreased its sales force. How would this practice help the company to become a low-cost producer?
- A) The company created a product that was different from other products in the market.
  - B) The company constructed efficient large-scale facilities.
  - C) The company invested heavily in branding its product.
  - D) The company invested in creating a unique customer service process.
  - E) The company started using the latest machines for its production facility.

Answer: B

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

Difficulty: 3 Hard

Topic: Strategy Implementation

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

Bloom's: Apply

AACSB: Analytic

Accessibility: Keyboard Navigation

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

Answer: E

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

Difficulty: 2 Medium

Topic: Strategy Implementation

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

Bloom's: Understand

AACSB: Analytic

Accessibility: Keyboard Navigation

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

- A) Cost leadership
- B) Differentiation
- C) Disintermediation
- D) Penetration
- E) Cannibalization

Answer: B

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

Difficulty: 3 Hard

Topic: Strategy Implementation

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

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

76) Benjamin, a plant manager, sets targets for his work lines every week. He rewards those who succeed and he makes note of those who do not reach their set target, placing them on warning. How would you describe this company's cost strategy?

- A) The company has a high concern for quantity.
- B) The company has a long-term focus.
- C) The company performs tasks that are not independent.
- D) The company is willing to take risks.
- E) The company undertakes challenging and nonrepetitive work.

Answer: A

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

Difficulty: 3 Hard

Topic: Strategy Implementation

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

Bloom's: Analyze

AACSB: Analytic

Accessibility: Keyboard Navigation

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

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

Answer: B

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

Difficulty: 2 Medium

Topic: Strategy Implementation

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

Bloom's: Understand

AACSB: Analytic

Accessibility: Keyboard Navigation

- 78) A company employing a differentiation strategy requires employees who
- A) are highly creative and cooperative.
  - B) have high concern for quantity.
  - C) tend to be risk averse.
  - D) have a short-term focus.
  - E) have less tolerance for ambiguity.

Answer: A

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

Difficulty: 2 Medium

Topic: Strategy Implementation

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

Bloom's: Understand

AACSB: Analytic

Accessibility: Keyboard Navigation

- 79) Which of the following statements is true of companies that employ differentiation strategies?
- A) They primarily focus on efficient production.
  - B) They only train employees in specific required skill areas.
  - C) They want their employees to be risk averse.
  - D) They want their employees to take a balanced approach to process and results.
  - E) They expect their employees to exhibit role behaviors that are relatively repetitive.

Answer: D

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

Difficulty: 2 Medium

Topic: Strategy Implementation

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

Bloom's: Understand

AACSB: Analytic

Accessibility: Keyboard Navigation

- 80) Strategies emphasizing market share or operating costs are considered \_\_\_\_\_ strategies.
- A) innovation
  - B) divestment
  - C) downsizing
  - D) concentration
  - E) cannibalization

Answer: D

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

Difficulty: 1 Easy

Topic: Strategy Implementation

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

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

- 81) With a \_\_\_\_\_ strategy, a company attempts to focus on what it does best within its established markets and can be thought of as "sticking to its knitting."
- A) concentration
  - B) retrenchment
  - C) benchmarking
  - D) divestment
  - E) downsizing

Answer: A

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

Difficulty: 1 Easy

Topic: Strategy Implementation

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

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

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

- A) Concentration
- B) Liquidation
- C) Benchmarking
- D) Rightsizing
- E) Divestment

Answer: A

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

Difficulty: 3 Hard

Topic: Strategy Implementation

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

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

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

- A) retrenchment
- B) internal growth
- C) divestment
- D) liquidation
- E) benchmarking

Answer: B

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

Difficulty: 1 Easy

Topic: Strategy Implementation

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

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

- 84) Companies attempting to integrate vertically or horizontally or to diversify exhibit a(n) \_\_\_\_\_ strategy.
- A) external growth
  - B) divestment
  - C) concentration
  - D) liquidation
  - E) internal growth

Answer: A

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

Difficulty: 1 Easy

Topic: Strategy Implementation

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

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

- 85) Pets R Us has recently acquired Caring for Pets and Pet Go Round. Since they all are similar in market share, Pets R Us is planning to rebrand Caring for Pets to be a pet daycare facility and Pet Go Round to be a veterinary clinic and groomer. This is an example of which strategy?
- A) Internal growth strategy
  - B) Retrenchment strategy
  - C) External growth strategy
  - D) Divestment strategy
  - E) Concentration strategy

Answer: C

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

Difficulty: 3 Hard

Topic: Strategy Implementation

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

Bloom's: Analyze

AACSB: Analytic

Accessibility: Keyboard Navigation

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

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

Answer: A

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

Difficulty: 1 Easy

Topic: Strategy Implementation

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

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

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

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

Answer: D

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

Difficulty: 3 Hard

Topic: Strategy Implementation

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

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

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

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

Answer: D

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

Difficulty: 2 Medium

Topic: Strategy Implementation

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

Bloom's: Understand

AACSB: Analytic

Accessibility: Keyboard Navigation

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

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

Answer: C

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

Difficulty: 2 Medium

Topic: The Role of Human Resources in Providing Strategic Competitive Advantage

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

Bloom's: Understand

AACSB: Analytic

Accessibility: Keyboard Navigation

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

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

Answer: B

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

Difficulty: 1 Easy

Topic: The Role of Human Resources in Providing Strategic Competitive Advantage

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

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

91) Evaluate a company's strategic management process to ensure that the human resource management function is integrally involved. What steps should be taken and how would you document the process?

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

Difficulty: 3 Hard

Topic: Introduction

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

Bloom's: Analyze

AACSB: Analytic

Accessibility: Keyboard Navigation

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

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

Difficulty: 2 Medium

Topic: What is Strategic Management?

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

Bloom's: Understand

AACSB: Analytic

Accessibility: Keyboard Navigation

93) What are the three steps involved in two-way linkages? As the HRM, describe the types of programs you would develop to implement a two-way linkage.

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

Descriptions will vary.

Difficulty: 3 Hard

Topic: What is Strategic Management?

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

Bloom's: Apply

AACSB: Analytic

Accessibility: Keyboard Navigation

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

Then use a SWOT format to identify for your company or future company its mission, strengths, weaknesses, opportunities, and threats.

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

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

SWOTS will vary.

Difficulty: 3 Hard

Topic: Strategy Formulation

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

Bloom's: Analyze

AACSB: Analytic

Accessibility: Keyboard Navigation

95) List and explain with examples the five important variables that determine success in the strategy implementation stage.

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

Difficulty: 3 Hard

Topic: Strategy Implementation

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

Bloom's: Apply

AACSB: Analytic

Accessibility: Keyboard Navigation

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

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

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

Difficulty: 2 Medium

Topic: Strategy Implementation

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

Bloom's: Understand

AACSB: Analytic

Accessibility: Keyboard Navigation

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

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

Difficulty: 2 Medium

Topic: Strategy Implementation

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

Bloom's: Understand

AACSB: Analytic

Accessibility: Keyboard Navigation

98) What are the four directional strategies that firms use to meet their objectives? For each strategy also provide a short scenario.

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

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

Each scenario will vary.

Difficulty: 3 Hard

Topic: Strategy Implementation

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

Bloom's: Apply

AACSB: Analytic

Accessibility: Keyboard Navigation

99) Using the company you currently work for or your desired place of employment, give real-life examples to explain the human resource challenges faced by a firm adopting an internal growth strategy?

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

Difficulty: 3 Hard

Topic: Strategy Implementation

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

Bloom's: Apply

AACSB: Analytic

Accessibility: Keyboard Navigation

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

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

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

The opportunities provided by downsizing are

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

Difficulty: 2 Medium

Topic: Strategy Implementation

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

Bloom's: Understand

AACSB: Analytic

Accessibility: Keyboard Navigation