

Fundamentals of Human Resource Management, 5e (Dessler)

Chapter 3 Human Resource Strategy and Analysis

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

- A) performing internal audits
- B) defining the current business
- C) translating the mission into strategic goals
- D) implementing a long-term strategy

Answer: B

Explanation: The first strategic management tasks are (1) defining the business and developing a mission; (2) evaluating the firm's internal and external strengths, weaknesses, opportunities, and threats; (3) formulating new business and mission statements; (4) translating the mission into strategic goals; and (5) formulating strategies or courses of action.

Diff: 2

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process.

Skill: Concept

2) During the strategic planning process, environmental scanning worksheets are used for _____.

- A) providing employees with job performance data
- B) gathering information about economic trends
- C) formulating a mission and vision statement
- D) assessing the implementation of a strategy

Answer: B

Explanation: The environmental scanning worksheet is a simple guide for compiling relevant information about the company's environment including economic, competitive, and political trends that may affect the company.

Diff: 2

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process.

Skill: Concept

3) A _____ statement indicates the firm's intended direction.

- A) performance
- B) strategic
- C) mission
- D) vision

Answer: D

Explanation: Managers sometimes formulate a vision statement to summarize how they see the essence of their business down the road. The vision statement is a general statement of the firm's intended direction and shows, in broad terms, "what we want to become."

Diff: 1

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process.

Skill: Concept

4) Vision statements focus on the _____.

- A) past
- B) present
- C) future
- D) impossible

Answer: C

Explanation: Managers sometimes formulate a vision statement to summarize how they see the essence of their business down the road. The vision statement is a general statement of the firm's intended direction and shows, in broad terms, "what we want to become."

Diff: 1

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process.

Skill: Concept

5) A _____ lays out what a business strives to be while a _____ lays out what it should be now.

- A) mission; vision
- B) vision; mission
- C) goal; strategy
- D) CEO; CFO

Answer: B

Explanation: Vision statements usually describe in broad terms what the business should be, and the company's mission statement summarizes what the company's main tasks are now. Managers sometimes formulate a vision statement to summarize how they see the essence of their business down the road.

Diff: 2

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process.

Skill: Concept

6) A team of managers has been assigned the task of developing and implementing a strategic plan using the strategic management process. The team has already defined the current business and mission. What should the team most likely do next?

- A) write a new mission statement
- B) perform a SWOT analysis
- C) evaluate the firm's vision
- D) assess the firm's performance

Answer: B

Explanation: The first step in the strategic management process is to define the current business and assess what products or services a firm sells and where they are sold. After this initial step, a manager should perform external and internal audits with a SWOT analysis or an environmental scanning worksheet. Writing a new mission statement and developing new strategies occur later in the process.

Diff: 2

AACSB: Application of knowledge

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process.

Skill: Application

7) Holt Tractor Company needs a new strategic plan as a result of losing market share to other farm equipment companies. A management team at the firm is following the steps of the strategic management process. So far, the team has evaluated the firm's internal and external strengths. What is the next step in the strategic management process?

- A) evaluating the strategic plan
- B) choose specific strategies
- C) formulating a new business direction
- D) decide on strategic goals

Answer: C

Explanation: The strategic management process includes seven steps: (1) ask, "Where are we now as a business?" (2) evaluate the firm's internal and external strengths, weaknesses, opportunities, and threats; (3) formulate a new business direction; (4) decide on strategic goals; and (5) choose specific strategies or courses of action. Steps (6) and (7) are to implement and then evaluate the strategic plan.

Diff: 2

AACSB: Application of knowledge

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process.

Skill: Application

8) Which of the following is a simple guide used to compile relevant information about economic, competitive, and political trends that may affect a firm?

- A) organization chart
- B) workforce requirement matrix
- C) external resource system table
- D) environmental scanning worksheet

Answer: D

Explanation: Environmental scanning worksheets are often used by managers when external and internal audits need to be performed as part of the strategic management process. An environmental scanning worksheet provides a simple format for compiling information about political, economic, and competitive trends that may affect a company.

Diff: 1

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process.

Skill: Concept

9) The sales director at WebMD is developing goals regarding 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 most likely involved?

- A) evaluating the firm's opportunities
- B) formulating a new business direction
- C) deciding on strategic goals
- D) evaluating the strategic plan

Answer: C

Explanation: The sales director is in the process of translating the firm's mission, which is to maintain a competitive advantage, into strategic goals, which in this case involve sales revenue targets. The strategic management process includes seven steps: (1) ask, "Where are we now as a business?" (2) evaluate the firm's internal and external strengths, weaknesses, opportunities, and threats; (3) formulate a new business direction; (4) decide on strategic goals; and (5) choose specific strategies or courses of action. Steps (6) and (7) are to implement and then evaluate the strategic plan.

Diff: 3

AACSB: Analytical thinking

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process.

Skill: Application

10) Last year, General Motors began a strategy to improve product quality and customer satisfaction. Recent reports show that GM's product recalls for the first half of the year are higher than for the entire previous year. GM explains that the figures support the corporate commitment to quality and satisfaction. In which step of the strategic management process is GM currently focusing?

- A) deciding on strategic goals
- B) evaluating the firm's strengths and weaknesses
- C) formulating a new business direction
- D) evaluating the strategic plan

Answer: D

Explanation: Evaluating the strategic plan is the final step of the strategic management process. GM has already decided where it is as a business, developed goals, and formulated a new business direction.

Diff: 3

AACSB: Analytical thinking

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process.

Skill: Application

11) Which of the following summarizes a company's main tasks at the present time?

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

Answer: A

Explanation: The first step of the strategic management process is defining the company's current business. A company's mission statement summarizes what the company's main tasks are now.

Diff: 1

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process.

Skill: Concept

12) 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: Vision statements usually describe in broad terms what the business should be in the future. A company's mission statement summarizes what the company's main tasks are now.

Diff: 2

AACSB: Application of knowledge

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process.

Skill: Application

13) The primary tool used by managers who audit a firm's environment as part of the strategic management process is the _____.

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

Answer: C

Explanation: The SWOT chart is a tool frequently used by managers who are responsible for performing audits of the firm's environment. During the strategic management process, a SWOT chart is used to compile and organize a firm's strengths, weaknesses, opportunities, and threats.

Diff: 1

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process.

Skill: Concept

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

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

Answer: C

Explanation: A company's corporate-level strategy identifies the sorts of businesses that will comprise the company and the ways in which these businesses relate to each other. Other types of strategic planning include business unit (or competitive) planning and functional planning.

Diff: 1

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process.

Skill: Concept

- 15) What does a company's corporate-level strategy identify?
- A) the company's long-term competitive position in the marketplace
 - B) the portfolio of businesses that comprise the company
 - C) the possibility of becoming a low-cost leader
 - D) the sources of uniqueness in the industry

Answer: B

Explanation: A company's corporate-level strategy identifies the sorts of businesses that will comprise the company and the ways in which these businesses relate to each other. Companies can pursue several generic corporate strategic options when deciding on what basis to build their business portfolio.

Diff: 2

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process.

Skill: Concept

- 16) Which type of strategy identifies how to build and strengthen a firm's long-term competitive position in the marketplace?
- A) functional
 - B) business-level
 - C) corporate-level
 - D) vertical integration

Answer: B

Explanation: A competitive or business-level strategy identifies how to build and strengthen the business's long-term competitive position in the marketplace. A company's corporate-level strategy identifies the sorts of businesses that will comprise the company and the ways in which these businesses relate to each other.

Diff: 1

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process.

Skill: Concept

- 17) What does a company's business-level strategy identify?
- A) how to build and strengthen the business's long-term competitive position in the marketplace
 - B) the portfolio of businesses that comprise the company
 - C) the basic courses of action that each department will pursue in order to help the business attain its competitive goals
 - D) what characteristics make the firm unique in the industry

Answer: A

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

Diff: 2

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process.

Skill: Concept

18) A company's _____ strategy identifies the basic courses of action that each department will pursue in order to help the business attain its competitive goals.

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

Answer: A

Explanation: Functional strategies identify the basic courses of action that each department will pursue in order to help the business attain its competitive goals. A business-level or competitive strategy identifies how to build and strengthen the business's long-term competitive position in the marketplace. A company's corporate-level strategy identifies the sorts of businesses that will comprise the company and the ways in which these businesses relate to each other.

Diff: 1

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process.

Skill: Concept

19) What does a company's functional-level strategy identify?

- A) how to build and strengthen the business's long-term competitive position in the marketplace
- B) the portfolio of businesses that comprise the company
- C) the basic courses of action that each department will pursue in order to help the business attain its competitive goals
- D) how the company can become a low-cost leader

Answer: C

Explanation: Functional strategies identify the basic courses of action that each department will pursue in order to help the business attain its competitive goals. A business-level strategy identifies how to build and strengthen the business's long-term competitive position in the marketplace. A company's corporate-level strategy identifies the sorts of businesses that will comprise the company.

Diff: 2

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process.

Skill: Concept

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

- A) become an industry's low-cost leader
- B) expand by adding new product lines
- C) save money by producing its own raw materials
- D) reduce the company's size to increase market share

Answer: B

Explanation: 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. Consolidation refers to reducing a firm's size, while concentration implies that a firm will offer one product or product line.

Diff: 2

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process.

Skill: Concept

21) Marriott Hotels is considering the acquisition of a furniture-making business. What type of strategy is Marriott most likely pursuing?

- A) consolidation
- B) diversification
- C) concentration
- D) geographic expansion

Answer: B

Explanation: A diversification corporate strategy suggests that a firm will expand by adding new product lines. Consolidation refers to reducing a firm's size, while concentration implies that a firm will offer one product or product line. In geographic expansion, the company grows by entering new territorial markets.

Diff: 2

AACSB: Analytical thinking

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process.

Skill: Application

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

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

Answer: B

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

Diff: 3

AACSB: Analytical thinking

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process.

Skill: Application

23) Winchester Rugs operates a website called www.buyrugsdirect.com, so Winchester Rugs is most likely implementing a strategy of _____.

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

Answer: C

Explanation: 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. Consolidation involves reducing the size of a firm, while geographic expansion involves taking a business overseas. In a concentration (single-business) strategy, the company offers one product or product line, usually in one market.

Diff: 3

AACSB: Analytical thinking

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process.

Skill: Application

24) A firm that expands by producing its own raw materials or acquiring a retail outlet to sell its own products is most likely using a strategy of _____.

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

Answer: C

Explanation: A vertical integration strategy means that a firm expands by producing its own raw materials or selling its products directly instead of using a retailer. Consolidation involves reducing the size of a firm, while geographic expansion involves taking a business overseas. A diversification corporate strategy means the firm will expand by adding new product lines.

Diff: 2

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process.

Skill: Concept

25) Starbucks announced that it will be closing approximately 600 of its stores. This information suggests the firm is most likely using a(n) _____ strategy.

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

Answer: A

Explanation: 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.

Diff: 2

AACSB: Analytical thinking

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process.

Skill: Application

26) 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 multimillion 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 expand its customer base and reduce costs by selling its products directly at Sweet Leaf stores.
- B) Sweet Leaf Tea can develop a national name by adding new product lines, such as organic snack foods and organic coffee.
- C) Sweet Leaf Tea's marketing research indicates that customers would purchase the organic beverages more frequently if the prices were lower.
- D) Sweet Leaf Tea can achieve growth by aggressively selling its beverages in current markets where loyal customers will help boost word-of-mouth.

Answer: D

Explanation: A corporate-level strategy of concentration means that the firm limits itself to one line of business, which in this case means focusing only on making tea. Sweet Leaf could boost sales of its current products by more aggressively selling and marketing in its current markets. Vertical integration involves establishing Sweet Leaf Tea stores, while diversification means adding new product lines.

Diff: 3

AACSB: Reflective thinking

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process.

Skill: Critical Thinking

27) 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 multimillion 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) Sweet Leaf Tea has decided to lower its prices by replacing cane sugar with corn syrup in some of its beverages.

Answer: A

Explanation: 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, then vertical integration is a bad idea. If loyal customers purchase the tea at convenience stores, then selling the product through specialized stores would not likely be beneficial.

Diff: 3

AACSB: Reflective thinking

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process.

Skill: Critical Thinking

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

Answer: C

Explanation: 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.

Diff: 3

AACSB: Reflective thinking

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process.

Skill: Critical Thinking

29) Walmart competes on price, while Target competes on style. Walmart follows a competitive strategy based on _____, while Target follows a strategy based on _____.

- A) cost leadership; differentiation
- B) focusing; cost leadership
- C) geographic location; focusing
- D) differentiation; niche leadership

Answer: A

Explanation: Cost leadership means the enterprise aims to become the low-cost leader in an industry, which is Walmart's strategy. Although Target also sells low-priced products, the firm aims to be unique by stressing the style of its products and stores, which is a characteristic of a differentiation strategy.

Diff: 2

AACSB: Analytical thinking

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process.

Skill: Application

30) Which term refers to any factors that allow a firm to differentiate its product or service from those of its competitors to increase market share?

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

Answer: B

Explanation: 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.

Diff: 1

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process.

Skill: Concept

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

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

Answer: B

Explanation: 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.

Diff: 2

AACSB: Application of knowledge

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process.

Skill: Application

32) A firm's functional strategies identify the broad activities that each _____ will pursue in order to help the firm accomplish its competitive goals.

- A) employee
- B) executive
- C) department
- D) HR manager

Answer: C

Explanation: 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.

Diff: 1

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process.

Skill: Concept

33) The _____ manager is in a good position to supply "competitive intelligence"—information on what competitors are doing.

- A) middle
- B) financial
- C) functional
- D) human resources

Answer: D

Explanation: The human resource manager is in a good position to supply "competitive intelligence"—information on what competitors are doing.

Diff: 1

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process.

Skill: Concept

34) All of the following are services that human resource managers provide EXCEPT _____.

- A) conducting employee opinion surveys
- B) overseeing database recovery systems
- C) details on competitor's incentive plans
- D) pending legislation about labor laws

Answer: B

Explanation: Human resource managers provide details regarding competitors' incentive plans, employee opinion surveys, and information about pending legislation such as labor laws. They are less likely to become involved in technology issues like database integration.

Diff: 2

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process.

Skill: Concept

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

Answer: TRUE

Explanation: The basic steps in the management planning process include setting objectives, reviewing alternative courses of action, and evaluating which options are best.

Diff: 2

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process.

Skill: Concept

36) 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: The company's mission statement summarizes what the company's main tasks are today.

Diff: 1

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process.

Skill: Concept

37) 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.

Diff: 1

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process.

Skill: Concept

38) Conducting employee opinion surveys is the only task assigned to most HR departments.

Answer: FALSE

Explanation: Human resources managers provide details regarding competitors' incentive plans, employee opinion surveys, and information about pending legislation such as labor laws.

Diff: 2

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process.

Skill: Concept

39) The first step in management planning is setting goals.

Answer: TRUE

Explanation: Management planning involves five steps: setting *goals*, making basic planning *forecasts*, reviewing alternative *courses of action*, *evaluating* which options are best, and then choosing and *implementing* your plan.

Diff: 1

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process.

Skill: Concept

40) Compiling information about a company's environment is more easily accomplished with a SWOT chart than an environmental scanning worksheet.

Answer: FALSE

Explanation: The environmental scanning worksheet is a simple guide for compiling relevant information about the company's environment, such as economic, competitive, and political trends. The SWOT chart is used most frequently by managers but it is more involved than an environmental scanning worksheet.

Diff: 2

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process.

Skill: Concept

41) A diversification corporate strategy involves expanding a firm by producing necessary raw materials.

Answer: FALSE

Explanation: A vertical integration strategy means the firm expands by, perhaps, producing its own raw materials, or selling its products directly. A diversification corporate strategy implies that the firm will expand by adding new product lines.

Diff: 2

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process.

Skill: Concept

42) Firms that open facilities overseas are implementing a functional strategy of geographic expansion.

Answer: FALSE

Explanation: Geographic expansion means expanding into new locations, but it is a corporate strategy rather than a functional strategy. Functional strategies address the courses of action needed from each department within a firm.

Diff: 2

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process.

Skill: Concept

43) By emphasizing the safety of its cars, Volvo stands out as an example of a firm that is implementing a differentiation strategy.

Answer: TRUE

Explanation: In a differentiation strategy, a firm seeks to be unique in its industry along dimensions that are widely valued by buyers. Thus, Volvo stresses the safety of its cars, Papa John's Pizza stresses fresh ingredients, and Target sells somewhat more upscale brands than Walmart.

Diff: 2

AACSB: Application of knowledge

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process.

Skill: Application

44) 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.

Diff: 2

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process.

Skill: Concept

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

Answer: FALSE

Explanation: Cost leadership, differentiation, and focus strategies 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 Toshiba will compete with Dell.

Diff: 2

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process.

Skill: Concept

46) A vertical integration strategy means that the 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. In contrast, a strategy of diversification implies that a firm will expand by adding new product lines.

Diff: 2

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process.

Skill: Concept

47) 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.

Diff: 2

AACSB: Analytical thinking

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process.

Skill: Application

48) 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.

Diff: 2

AACSB: Application of knowledge

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process.

Skill: Application

49) What is strategic management? Define the term. List and describe the seven steps 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 strategic management process includes seven steps: (1) ask, "Where are we now as a business?" (2) evaluate the firm's internal and external strengths, weaknesses, opportunities, and threats; (3) formulate a new business direction; (4) decide on strategic goals; and (5) choose specific strategies or courses of action. Steps (6) and (7) are to implement and then evaluate the strategic plan.

Diff: 3

AACSB: Application of knowledge

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process.

Skill: Application

50) Explain the difference between a vision and a mission. What role does a firm's vision statement play in corporate and competitive strategies?

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. A firm's corporate-level strategy indicates the portfolio of businesses that comprise a company, while its competitive strategy identifies how to build a firm's long-term competitive position in the marketplace. A firm's vision is where the firm wants to be in the future and the strategies are the tools used to get the firm to that place. For example, if a firm's vision is to provide affordable products to consumers, then its competitive strategy will be cost leadership.

Diff: 3

AACSB: Reflective thinking

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process.

Skill: Synthesis

51) 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-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 identifies how to build and strengthen the business's long-term competitive position in the marketplace. The functional-level strategies identify the basic course of action that each department will pursue in order to help the business attain its competitive goals.

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.

Diff: 3

AACSB: Analytical thinking

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process. 3.2:

Define strategic human resource management and give an example of strategic human resource management in practice.

Skill: Synthesis

52) What is a competitive advantage? How does HR management affect a firm's competitive advantage? In your answer, provide examples of competitive advantages held by specific firms.

Answer: We can define competitive advantage as any factors that allow a company to differentiate its product or service from those of its competitors to increase market share. Every successful company needs competitive advantages to differentiate its product or service from those of its competitors. Apple has creative employees producing innovative products. Southwest Airlines achieves its low-cost leader goals with employment policies that produce the motivated workforce it needs to turn planes around quickly. The human resource manager must put in place the right mix of recruitment, selection, training, and other HR strategies, policies, *and* practices.

Diff: 3

AACSB: Reflective thinking

Chapter: 3

LO: 3.1: Explain, with examples, each of the steps in the strategic management process. 3.2:

Define strategic human resource management and give an example of strategic human resource management in practice.

Skill: Synthesis

53) Linking HR policies and practices with strategic goals in order to improve business performance is known as _____.

- A) strategic human resource management
- B) supply chain management
- C) succession planning
- D) behavior modeling

Answer: A

Explanation: 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.

Diff: 1

Chapter: 3

LO: 3.2: Define strategic human resource management and give an example of strategic human resource management in practice.

Skill: Concept

54) Which of the following is the most likely source of a company's hierarchy of goals?

- A) structure of the firm's HR department
- B) assessment center of the firm
- C) basic planning process of the firm
- D) organizational chart of the firm

Answer: C

Explanation: A hierarchy of goals is a set of plans that includes the company-wide plan and the derivative plans of subsidiary units required to help achieve the enterprise-wide plan. The hierarchy of goals flows from the company's basic planning process.

Diff: 1

Chapter: 3

LO: 3.2: Define strategic human resource management and give an example of strategic human resource management in practice.

Skill: Concept

55) Which of the following best describes the general purpose of a strategic plan?

- A) obtaining global resources
- B) monitoring employee recruiting
- C) maintaining a competitive advantage
- D) providing opportunities for expansion

Answer: C

Explanation: A firm's strategic plan is its plan for how it will match its internal strengths and weaknesses with external opportunities and threats in order to maintain a competitive advantage. The essence of strategic planning is to ask, "Where are we now as a business, where do we want to be, and how should we get there?"

Diff: 2

Chapter: 3

LO: 3.2: Define strategic human resource management and give an example of strategic human resource management in practice.

Skill: Concept

56) Which of the following is NOT part of strategic human resource management?

- A) training employees
- B) recruiting the right people
- C) formulating strategic plans and goals
- D) conducting a job analysis

Answer: D

Explanation: Management formulates *strategic plans* and goals. In turn, executing these plans and achieving these goals depends on having the right mix of *employee competencies* and *behaviors*. And finally, to produce these required employee competencies and behaviors, the human resource manager must put in place the right mix of recruitment, selection, training, and other *HR strategies, policies, and practices*. Conducting a job analysis is not part of the process.

Diff: 2

Chapter: 3

LO: 3.2: Define strategic human resource management and give an example of strategic human resource management in practice.

Skill: Concept

57) Which of the following is a course of action that answers the question, "*Are we in the right business* given our strengths and weaknesses and the challenges that we face?"

- A) case study
- B) mission
- C) strategy
- D) vision

Answer: C

Explanation: Managers develop specific strategies to answer the question: "Are we in the right business?" A strategy is a course of action, while a vision is a general statement regarding the firm's intended direction.

Diff: 2

Chapter: 3

LO: 3.2: Define strategic human resource management and give an example of strategic human resource management in practice.

Skill: Concept

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

- A) develop human resource policies that align with industry standards
- B) link an organization'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 global strategies

Answer: B

Explanation: 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 skills and behaviors that the firm requires to accomplish its strategic plan.

Diff: 1

Chapter: 3

LO: 3.2: Define strategic human resource management and give an example of strategic human resource management in practice.

Skill: Concept

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

- A) HR tools
- B) HR strategies
- C) company norms
- D) employee cultures

Answer: B

Explanation: HR strategies refer to the HR policies and practices maintained by a firm. Such strategies are necessary to produce the desired workforce skills, competencies, and behaviors that a firm needs to achieve its strategic goals.

Diff: 1

Chapter: 3

LO: 3.2: Define strategic human resource management and give an example of strategic human resource management in practice.

Skill: Concept

60) Which term refers to the employee skills and behaviors that a firm needs to achieve its strategic goals?

- A) task analyses
- B) mission statements
- C) supervisory objectives
- D) workforce requirements

Answer: D

Explanation: The workforce requirements of the firm guide the policies and practices implemented by the HR department. Such HR strategies help produce the desired workforce with the skills, competencies, and behaviors needed by the firm.

Diff: 2

Chapter: 3

LO: 3.2: Define strategic human resource management and give an example of strategic human resource management in practice.

Skill: Concept

61) All of the following are HR tools used to translate a firm's strategic goals into HR policies and activities EXCEPT _____.

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

Answer: A

Explanation: Managers use several tools to help them translate the company's strategic goals into specific human resource management policies and activities. Three important tools include the strategy map, the HR scorecard, and the digital dashboard but not the scatter plot.

Diff: 2

Chapter: 3

LO: 3.2: Define strategic human resource management and give an example of strategic human resource management in practice.

Skill: Concept

62) As an HR manager, you would most likely use a strategy map to _____.

- A) outline a presentation for top executives
- B) quantify the financial and nonfinancial goals of a firm
- C) understand the chain of activities that contributes to a firm's success
- D) assess the effects of employee training programs on retention rates

Answer: C

Explanation: The strategy map is a graphical tool that summarizes the chain of activities that contributes to a company's success. It thus 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.

Diff: 2

Chapter: 3

LO: 3.2: Define strategic human resource management and give an example of strategic human resource management in practice.

Skill: Concept

63) Which term refers to a process for assigning financial and nonfinancial goals to the chain of activities required for achieving the company's strategic aims?

- A) HR ratio analysis
- B) strategy mapping
- C) behavior modeling
- D) HR scorecard

Answer: D

Explanation: The HR scorecard process assigns financial and nonfinancial goals to the chain of activities required for achieving the company's strategic aims, and for continuously monitoring results. The idea is to take the strategy map and to quantify it.

Diff: 2

Chapter: 3

LO: 3.2: Define strategic human resource management and give an example of strategic human resource management in practice.

Skill: Concept

64) Mona, an HR manager, is using the HR scorecard process to quantify a strategy map. Which of the following tasks is Mona LEAST likely to perform?

- A) informing all employees of their goals
- B) holding structured interviews with participants
- C) monitoring and assessing employee performance
- D) assigning financial and nonfinancial goals to activities

Answer: B

Explanation: The HR scorecard process assigns financial and nonfinancial goals to the chain of activities required for achieving the company's strategic aims, and for continuously monitoring results. The process also involves informing workers of their goals and monitoring employee performance. The HR scorecard process does not include interviews.

Diff: 3

AACSB: Analytical thinking

Chapter: 3

LO: 3.2: Define strategic human resource management and give an example of strategic human resource management in practice.

Skill: Application

65) As an HR manager with Northern Airlines, Stan reviews graphs and charts on his computer to understand the relationship between HR activities, employee behaviors, and strategic outcomes. Which of the following tools does Stan most likely use?

- A) strategy map
- B) HR scorecard
- C) digital dashboard
- D) corporate scatter plot

Answer: C

Explanation: A digital dashboard presents the manager with desktop graphs and charts, so he or she gets a computerized picture of where the company stands on all those metrics from the HR scorecard process. Strategy maps and HR scorecards are other tools used in strategic management.

Diff: 2

AACSB: Analytical thinking

Chapter: 3

LO: 3.2: Define strategic human resource management and give an example of strategic human resource management in practice.

Skill: Application

66) Human resource strategies are the _____ used to produce the desired workforce skills, competencies, and behaviors needed to support a firm's strategic goals.

- A) visions and missions
- B) policies and practices
- C) theories and evaluations
- D) objectives and plans

Answer: B

Explanation: 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. For example, if a business strives to develop a reputation for being service-oriented, then its HR policies and practices would include training employees about how to show care and compassion towards customers.

Diff: 2

Chapter: 3

LO: 3.2: Define strategic human resource management and give an example of strategic human resource management in practice.

Skill: Concept

67) The employee manual at Go-Tech states that the firm "complies with all laws, regulations, and principles of ethical conduct." This statement is an example of a Go-Tech _____.

- A) policy
- B) strategy
- C) mission
- D) procedure

Answer: A

Explanation: Policies, such as the one provided by Go-Tech, set broad guidelines. Procedures spell out what to do if a specific situation arises.

Diff: 2

AACSB: Application of knowledge

Chapter: 3

LO: 3.2: Define strategic human resource management and give an example of strategic human resource management in practice.

Skill: Application

68) Suzanne, an employee at Sound Wave Systems, believes that the firm's warehouse is an unsafe environment due to slippery floors and faulty stair rails. After consulting the employee manual, Suzanne writes a letter about the situation to her immediate supervisor. Suzanne is most likely following the firm's _____.

- A) policies
- B) strategies
- C) missions
- D) procedures

Answer: D

Explanation: Policies set broad guidelines, while procedures spell out what to do if a specific situation arises. Procedures indicate how a situation or concern should be handled.

Diff: 2

AACSB: Application of knowledge

Chapter: 3

LO: 3.2: Define strategic human resource management and give an example of strategic human resource management in practice.

Skill: Application

69) 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.

Diff: 2

Chapter: 3

LO: 3.2: Define strategic human resource management and give an example of strategic human resource management in practice.

Skill: Concept

70) 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.

Diff: 2

Chapter: 3

LO: 3.2: Define strategic human resource management and give an example of strategic human resource management in practice.

Skill: Concept

71) 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.

Diff: 2

Chapter: 3

LO: 3.2: Define strategic human resource management and give an example of strategic human resource management in practice.

Skill: Concept

72) Employees' skills and commitment create a competitive advantage in service industries, but technology is the primary key to a competitive advantage in manufacturing industries.

Answer: FALSE

Explanation: Even in technologically advanced factories, the employees' skills and commitment create the competitive advantage. For example, at GE, the workers' knowledge, skills, and dedication are believed to be responsible for the firm's leadership in the aerospace industry.

Diff: 2

Chapter: 3

LO: 3.2: Define strategic human resource management and give an example of strategic human resource management in practice.

Skill: Concept

73) Strategic human resource management means formulating and executing HR systems that produce the employee competencies and behaviors the company 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.

Diff: 1

Chapter: 3

LO: 3.2: Define strategic human resource management and give an example of strategic human resource management in practice.

Skill: Concept

74) 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 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. 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.

Diff: 3

AACSB: Analytical thinking

Chapter: 3

LO: 3.2: Define strategic human resource management and give an example of strategic human resource management in practice.

Skill: Critical Thinking

75) In a brief essay, discuss the importance of strategic planning and 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 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, strategic goals.

Diff: 3

AACSB: Reflective thinking

Chapter: 3

LO: 3.2: Define strategic human resource management and give an example of strategic human resource management in practice.

Skill: Critical Thinking

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

A) human resource metric

B) corporate-level strategy

C) strategic human resource map

D) high-performance work system

Answer: D

Explanation: 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.

Diff: 1

Chapter: 3

LO: 3.3: Explain with examples why metrics are important for managing human resources.

Skill: Concept

77) All of the following are commonly used HR metrics EXCEPT _____.

A) health care costs per employee

B) absence rate

C) cost per new hire

D) communication expenses

Answer: D

Explanation: Absenteeism, costs involved with a new hire, and per capital costs of employee benefits are typical categories used in HR metrics. Communication expenses are less likely to be a factor in assessing the functions, activities, and costs associated with HR.

Diff: 2

Chapter: 3

LO: 3.3: Explain with examples why metrics are important for managing human resources.

Skill: Concept

78) A _____ metric focuses on measuring the activities that contribute to achieving the company's strategic aims.

- A) strategy-based
- B) high-performance
- C) human resource
- D) benchmark

Answer: A

Explanation: Strategy-based metrics are metrics that specifically focus on measuring the activities that contribute to achieving a company's strategic aims. The manager uses SWOT analysis and other planning tools to create a strategic direction for the company.

Diff: 1

Chapter: 3

LO: 3.3: Explain with examples why metrics are important for managing human resources.

Skill: Concept

79) An HR specialist conducting an HR audit should review which of the following when auditing recruitment and selection practices?

- A) disciplinary procedures
- B) FLSA compliance
- C) workers' compensation
- D) background check policies

Answer: D

Explanation: Auditing recruitment and selection involves reviewing selection tools and background checks. Disciplinary procedures, FLSA compliance, and workers' compensation policies would be reviewed in other areas of the audit.

Diff: 2

Chapter: 3

LO: 3.3: Explain with examples why metrics are important for managing human resources.

Skill: Concept

80) Which area of an HR audit is most likely being assessed by an HR specialist who is reviewing job descriptions and the employment status of current employees?

- A) employee relations
- B) roles and head count
- C) mandated benefits
- D) group benefits

Answer: B

Explanation: The aspect of the HR audit that covers roles and head count involves reviewing job descriptions and determining whether employees are exempt, non-exempt, full-time, or part-time.

Diff: 2

Chapter: 3

LO: 3.3: Explain with examples why metrics are important for managing human resources.

Skill: Concept

81) An HR specialist conducting a compliance audit should most likely have a solid understanding of _____.

- A) health benefits
- B) federal employment laws
- C) employee selection tools
- D) corporate termination policies

Answer: B

Explanation: Compliance audits address how well a company is complying with current federal, state, and local laws and regulations. Health benefits, selection tools, and termination policies are less relevant to a compliance audit.

Diff: 2

Chapter: 3

LO: 3.3: Explain with examples why metrics are important for managing human resources.

Skill: Concept

82) 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) high-performance work system
- B) human resource scorecard
- C) human resource metric
- D) human resource audit

Answer: C

Explanation: 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.

Diff: 1

Chapter: 3

LO: 3.3: Explain with examples why metrics are important for managing human resources.

Skill: Concept

83) 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) outsourcing
- D) strategizing

Answer: A

Explanation: Benchmarking refers to comparing and analyzing the practices of high-performing companies to your own for the purpose of understanding what they do that makes them better.

Outsourcing refers to having an external company perform tasks once handled internally.

Diversification is a type of corporate strategy that implies a firm will expand by adding new product lines. Strategy is a course of action.

Diff: 1

Chapter: 3

LO: 3.3: Explain with examples why metrics are important for managing human resources.

Skill: Concept

84) Using data, facts, scientific rigor, and case studies to support HR management proposals and practices is best known as _____.

- A) evidence-based HR management
- B) strategic HR management
- C) international HR management
- D) management by objectives

Answer: A

Explanation: The heart of evidence-based human resource 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.

Evidence-based human resource management is the deliberate use of the best-available evidence in making decisions about the human resource management practices you are focusing on.

Diff: 1

Chapter: 3

LO: 3.3: Explain with examples why metrics are important for managing human resources.

Skill: Concept

85) With evidence-based HR management, the evidence is LEAST likely to come from _____.

- A) actual measurements
- B) existing data
- C) personnel reports
- D) research studies

Answer: C

Explanation: The evidence may come from actual measurements you make (such as, how did the trainees like this program?). It may come from existing data (such as, what happened to company profits after we installed this training program?). Or, it may come from published critically evaluated research studies (such as what does the research literature conclude about the best way to ensure that trainees remember what they learn?).

Diff: 2

Chapter: 3

LO: 3.3: Explain with examples why metrics are important for managing human resources.

Skill: Concept

86) 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 audit
- D) HR ratio

Answer: C

Explanation: 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. Compliance audits, best practices audits, strategic audits, and function-specific audits are the types of HR audits used by firms. Benchmarking, which involves comparing one firm with another, is an additional tool used by managers who take an evidence-based approach to HR management.

Diff: 2

Chapter: 3

LO: 3.3: Explain with examples why metrics are important for managing human resources.

Skill: Concept

87) As an HR manager, you have been given the task of conducting an HR audit. Which of the following areas would you be LEAST likely to address in the audit process?

- A) federal compliance
- B) group benefits
- C) termination policies
- D) media communication

Answer: D

Explanation: Most HR audits address legal issues such as compliance with federal, state, and local laws. In addition, the audit should cover group benefits and termination policies. Internal communication is covered by an audit but not external communication through the media.

Diff: 2

AACSB: Application of knowledge

Chapter: 3

LO: 3.3: Explain with examples why metrics are important for managing human resources.

Skill: Application

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

- A) Most employees receive regular performance appraisals.
- B) The employee turnover rate is extremely high.
- C) Only executives are eligible for incentive pay.
- D) The majority of jobs are filled externally.

Answer: A

Explanation: In a comparison of low-performance and high-performance companies, 95% of employees at the high-performance companies received regular performance appraisals. With high-performance firm, employee turnover is low, the majority of the workforce is eligible for incentive pay, and most jobs are filled internally.

Diff: 3

Chapter: 3

LO: 3.3: Explain with examples why metrics are important for managing human resources.

Skill: Concept

89) Which of the following is a software application used to evaluate data about employee backgrounds, capabilities, and performance for the purpose of predicting employee retention?

- A) talent management
- B) strategy mapping
- C) workforce analytics
- D) ratio analysis

Answer: C

Explanation: Employers use workforce analytics (or "talent analytics") software applications to analyze their human resources data and to draw conclusions from it. For example, a talent analytics team at Google analyzed data on employee backgrounds, capabilities, and performance. The team was able to identify the factors (such as an employee feeling underutilized) likely to lead to the employee leaving.

Diff: 2

AACSB: Application of knowledge

Chapter: 3

LO: 3.3: Explain with examples why metrics are important for managing human resources.

Skill: Concept

90) Which term refers to the set of activities used to find new, hidden, or unexpected patterns in data?

- A) benchmarking
- B) data mining
- C) data management
- D) strategic mapping

Answer: B

Explanation: 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 to sift through data, looking for relationships.

Diff: 1

AACSB: Application of knowledge

Chapter: 3

LO: 3.3: Explain with examples why metrics are important for managing human resources.

Skill: Concept

91) What is a high performance work system? How can HR audits support a high performance work system?

Answer: A high performance work system is a set of human resource practices that translate into organizational effectiveness. This system allows the organization to benchmark itself against others and allows for comparisons with others. Typical benefits associated with the high performance work system include better hiring decisions based in part on the use of validated selection tests. High performance work system companies also promote from within, and organize work around self-managing teams. They also extensively train employees. The organizations also help workers help themselves. HR audits benefit HPWSs by showing where the firm currently stands and determining what it has to accomplish to improve its HR function. The HR audit is a process of examining policies, procedures, documentation, systems, and practices with respect to an organization's HR functions.

Diff: 3

AACSB: Application of knowledge

Chapter: 3

LO: 3.3: Explain with examples why metrics are important for managing human resources.

Skill: Synthesis

92) What is evidence-based human resource management? Do you think it can improve the success of an HR department? Why or why not?

Answer: In today's challenging environment, employers naturally expect that their HRM teams be able to measure the success of HR activities. *Evidence-based human resource 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. Put simply, evidence-based human resource management is the deliberate use of the best-available evidence in making decisions about the human resource management practices you are focusing on.

Diff: 3

AACSB: Reflective thinking

Chapter: 3

LO: 3.3: Explain with examples why metrics are important for managing human resources.

Skill: Critical Thinking

93) How do firms use workforce analytics and data mining to evaluate HR practices?

Answer: Employers use workforce analytics software applications to analyze their human resources data and to draw conclusions from it. For example, a talent analytics team at Google analyzed data on employee backgrounds, capabilities, and performance. The team was able to identify the factors (such as an employee feeling underutilized) likely to lead to the employee leaving. In a similar project, Google analyzed data on things like employee survey feedback and performance management scores to identify the attributes of successful Google managers. Such efforts employ data mining techniques. Data mining sifts through huge amounts of employee data to identify correlations that employers then use to improve their employee selection and other practices.

Diff: 3

AACSB: Information technology

Chapter: 3

LO: 3.3: Explain with examples why metrics are important for managing human resources.

Skill: Application

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

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

Answer: B

Explanation: 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.

Diff: 2

Chapter: 3

LO: 3.4: Answer the question "What are high-performance work systems?" and give examples of how they differ from non-high-performance ones.

Skill: Concept

95) Empowerment, teamwork, and extensive training are primarily characteristics of _____.

- A) high-performance work systems
- B) transactional services
- C) strategic development
- D) evidence-based management

Answer: A

Explanation: Empowerment, teamwork, and extensive training are outcomes that high-performance work practices usually aspire to achieve. Evidence-based HR management often plays a role in HPWSs but not always.

Diff: 1

Chapter: 3

LO: 3.4: Answer the question "What are high-performance work systems?" and give examples of how they differ from non-high-performance ones.

Skill: Concept

96) 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 2 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 will be able to reduce quality control issues by reassigning line and staff managers to new departments.
- B) Using tests and validated interviews during recruitment will enable MAX to screen job candidates effectively.
- C) Outsourcing clerical tasks will enable MAX to raise employee salaries, implement flexible schedules, and increase productivity.
- D) MAX's competitors regularly use benchmarking as a method for comparing their employees with those in other firms.

Answer: B

Explanation: 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.

Diff: 3

AACSB: Reflective thinking

Chapter: 3

LO: 3.4: Answer the question "What are high-performance work systems?" and give examples of how they differ from non-high-performance ones.

Skill: Critical Thinking

97) 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 regard 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 case studies are available to compare the skills of MAX employees with workers in other industries?

Answer: A

Explanation: 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. Benefits plans and performance appraisals are less relevant to a HPWS. Case studies are useful in evidence-based HRM but not necessarily to HPWSs.

Diff: 3

AACSB: Reflective thinking

Chapter: 3

LO: 3.4: Answer the question "What are high-performance work systems?" and give examples of how they differ from non-high-performance ones.

Skill: Critical Thinking

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

- A) commitment to high production rates
- B) empowered front-line workers
- C) labor management cooperation
- D) multiskilled work teams

Answer: A

Explanation: High-performance work organizations are characterized by multiskilled work teams, empowered front-line workers, extensive training, labor-management cooperation, commitment to quality, and customer satisfaction. Being committed to high production rates is not necessarily a characteristic of a HPWS.

Diff: 2

Chapter: 3

LO: 3.4: Answer the question "What are high-performance work systems?" and give examples of how they differ from non-high-performance ones.

Skill: Concept

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

- A) utilizing self-managing work teams
- B) filling positions with internal candidates
- C) providing pay increases based on service years
- D) hiring employees based on validated selection tests

Answer: C

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

Diff: 3

Chapter: 3

LO: 3.4: Answer the question "What are high-performance work systems?" and give examples of how they differ from non-high-performance ones.

Skill: Concept

100) High performance companies are more likely than low-performance companies to _____.

- A) reject the majority of applicants
- B) hire based on selection tests
- C) have larger workforces
- D) have longer work hours

Answer: B

Explanation: Nearly 30% of HPWSs use selection tests compared to only 4% of low-performance companies. HPWSs do not necessarily reject more applicants, have more employees, or require long hours.

Diff: 2

Chapter: 3

LO: 3.4: Answer the question "What are high-performance work systems?" and give examples of how they differ from non-high-performance ones.

Skill: Concept

101) Which of the following is TRUE of companies with high-performance HR systems compared to low-performance companies?

- A) incentive payments are lower
- B) sales per employee are higher
- C) employee turnover is higher
- D) market value to book value is lower

Answer: B

Explanation: In HPWSs, the sales per employee are significantly higher than in low-performing firms. In HPWSs, more workers are eligible for incentive pay, employee turnover is lower, and the market to book value is higher.

Diff: 2

Chapter: 3

LO: 3.4: Answer the question "What are high-performance work systems?" and give examples of how they differ from non-high-performance ones.

Skill: Concept

102) 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) scorecard management system
- B) high-performance work system
- C) selection metric
- D) benchmark

Answer: B

Explanation: 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. Many employers quantify and computerize the strategy map's activities, via an HR scorecard.

Diff: 3

AACSB: Application of knowledge

Chapter: 3

LO: 3.4: Answer the question "What are high-performance work systems?" and give examples of how they differ from non-high-performance ones.

Skill: Application

103) Which of the following is NOT an organizational outcome discovered from studies conducted on employee engagement?

- A) increase in sales
- B) decrease in sales
- C) increase in retention
- D) decrease in safety incidents

Answer: B

Explanation: According to one review of evidence from studies, employee engagement is correlated with employees' customer service productivity, and improvements in employee engagement were associated with significant increases in sales, product quality, productivity, retention, and revenue growth.

Diff: 2

Chapter: 3

LO: 3.5: Answer the question (with examples) "Why is employee engagement important?" 3.6: Describe how you would execute a program to improve employee engagement.

Skill: Concept

104) Companies with highly engaged employees are more likely to be unionized, according to some research.

Answer: FALSE

Explanation: According to some research on employee engagement, survey results revealed that companies with highly engaged employees are less likely to be unionized.

Diff: 2

Chapter: 3

LO: 3.5: Answer the question (with examples) "Why is employee engagement important?" 3.6: Describe how you would execute a program to improve employee engagement.

Skill: Concept

105) In a brief essay, discuss the meaning of employee engagement, why it is important, and what can managers do to improve employee engagement. Support your answer with examples.

Answer: Employee engagement refers to being psychologically involved in, connected to, and committed to getting one's job done. Employees that are considered engaged are those that view their work and tasks with a true sense of ownership as if they are running their own company.

Additionally, engaged employees are described as "connected" to their work and tasks.

Many studies have resulted in showing that engaged employees show above median performance results and thus, help drive firm performance and productivity. For example, in one Gallup study, employee engagement was correlated with employees' customer service productivity and was associated with significant increases in sales, product quality, productivity, safety incidents, retention, and revenue growth. Practical action steps that managers can take to improve employee engagement include 1) ensuring employees understand their contributions to company's success, 2) showing employees how their own efforts contribute, and 3) promote environments yielding a sense of accomplishment by getting employees involved.

Diff: 3

AACSB: Application of knowledge

Chapter: 3

LO: 3.5: Answer the question (with examples) "Why is employee engagement important?" 3.6: Describe how you would execute a program to improve employee engagement.

Skill: Application