

Chapter 02

Trends in Human Resource Management

True / False Questions

1. An individual who is actively seeking employment is a part of an organization's external labor market.

True False

2. The members of Generation X are characterized by their comfort with the latest technology, and the need to be noticed, respected, and involved.

True False

3. Individuals who arrive in the United States without meeting the legal requirements for immigration or asylum are referred to as undocumented immigrants.

True False

4. Most organizations are looking for educational achievements to find employees who can handle a variety of responsibilities, interact with customers, and think creatively.

True False

5. A large gap exists between the social system and the technical system in high-performance work systems.

True False

6. Knowledge workers in an organization do not work directly with customers.

True False

7. Skilled knowledge workers generally do not have job opportunities in a slow economy.

True False

8. Successful organizations treat all their workers as knowledge workers.

True False

9. The use of employee empowerment has shifted the recruiting focus away from general cognitive and interpersonal skills toward technical skills.

True False

10. Teamwork gives employees the authority and ability to decide on how to do their work.

True False

11. Virtual teams rely on communications technology such as videoconferences, e-mail, and cell phones to keep in touch and coordinate activities.

True False

12. Traditional management thinking treated human resource management primarily as a means to support a company's strategy.

True False

13. Total quality management is intended to bring about a continuous process of quality improvement.

True False

14. Total quality management proposes that every employee in the organization receive training in quality.

True False

15. When forming Citigroup, Citicorp combined its banking business with Traveler's Group's insurance business. This is an example of a merger.

True False

16. Laurie Corp., a watch manufacturer, purchases Smith Inc., a manufacturer of pens. This scenario is an example of an acquisition.

True False

17. When two firms in one industry join together to hold a greater share of the industry, it represents a consolidation.

True False

18. Early-retirement programs are one of the most effective approaches to downsizing.

True False

19. An organization's critical work processes are not altered during a reengineering process.

True False

20. A New York City-based company shifts its warehouses and operations to a low rent area that is 50 miles away from the city. This is an example of offshoring.

True False

21. Rajeev, an Indian citizen, works for an automobile company in India. Currently, he is in the United States to work on a project at the company's office in Salt Lake City, Utah. In this scenario, Rajeev is regarded as an expatriate.

True False

22. The processing and transmission of digitized human resource information is called electronic human resource management.

True False

23. Under a new type of psychological contract, organizations expect employees to contribute time, effort, skills, abilities, and loyalty in return for job security and opportunities for promotion within the organization.

True False

24. Employees' job security has increased as a result of the new psychological contract.

True False

25. In the context of alternative work arrangements, contract company workers are employed directly by a company.

True False

26. Employers can direct contract workers on details such as how and when they have to do their jobs without paying the employer's share of Social Security for those workers.

True False

Multiple Choice Questions

27. The external labor market consists of:

- A. contract workers in the organization.
- B. current employees of the organization.
- C. individuals who are actively seeking employment.
- D. employees who have direct contact with customers.
- E. employees of the immediate competitors of the organization.

28. Which of the following scenarios exemplifies an external labor market?

- A. Katie, a contract worker, working for a certain period specified in a written contract.
- B. Andrew, a temporary worker, being paid by a company for his services.
- C. Jill, an engineering graduate, looking for a job.
- D. Hilary, an employee, going through training.
- E. Salim, an employee, securing his financial services certification.

29. Name the agency that is responsible for tracking changes in the composition of the U.S. labor force and forecasting employment trends.

- A. The National Statistics Association
- B. The Occupational Outlook Bureau
- C. The U.S. Census Bureau
- D. The Bureau of Economic Analysis
- E. The Bureau of Labor Statistics

30. Eric, a management student, is required to compile a report on the current composition of the U.S. labor force for his human resource management class. He also wants to include details on the current and future age distribution of U.S. employees. His professor suggests that he conduct his research with the help of the Internet and with sources from the college library. The website of which of the following agencies would be most useful for preparing this report?

- A. The National Statistics Association
- B. The Occupational Outlook Bureau
- C. The U.S. Census Bureau
- D. The Bureau of Economic Analysis
- E. The Bureau of Labor Statistics

31. Which of the following racial groups will form the majority of the U.S. labor force according to the 2012-2022 Employment Projections from the Bureau of Labor Statistics?

- A. African Americans
- B. Whites
- C. Hispanics
- D. Asians
- E. Native Americans

32. Identify the correct statement regarding the composition of the U.S. labor force during the period 2012-2022.

- A. The labor force is expected to grow at a greater rate than at any other time in U.S. history.
- B. The largest proportion of the labor force is expected to be in the 16- to 25-year age group.
- C. The number of workers under 40 years of age will exceed the number of workers 40 years of age or older.
- D. Despite a small increase in the number of young workers, the overall workforce will be aging.
- E. The total cost of labor in the United States would considerably decrease.

33. Employers' support for immigration to the United States can be attributed to the fact that:

- A. there is lack of adequate technology in the country.
- B. undocumented immigration is not taken seriously by the U.S. government.
- C. qualified technical workers are scarce in the United States.
- D. there is increased support from the government.
- E. U.S. workers are not open to innovation.

34. Anne, a business researcher, believes that organizations will have to spend a lot of money on employee health care in the future. Her colleague Nick argues that organizations will not have to increase their spending on employee health care benefits. Which of the following statements weakens Nick's argument?

- A. The labor force is expected to grow at a greater rate by 2015 than at any other time in U.S. history.
- B. The largest proportion of the labor force is expected to be in the 16- to 25-year age group.
- C. The number of workers under 40 years of age will exceed the number of workers 40 years of age or older.
- D. By 2022, all baby boomers will be at least 55 years old, increasing the ranks of workers nearing retirement.
- E. The total cost of labor in the United States will decrease considerably in the near future.

35. Gerard, a college student, believes that academic achievement and not mechanical skills will help one secure a job in the U.S. workforce. Jack, his classmate, believes that mechanical skills are more important than academic achievement in landing a job in the U.S. Which of the following statements strengthens Gerard's argument?

- A. Employers no longer look for individuals who have strong verbal and interpersonal skills.
- B. Qualities such as physical strength are very important for many jobs in this period of time.
- C. Companies invest more on the latest technology for their production needs.
- D. Companies prefer individuals with hands-on experience than those with theoretical knowledge.
- E. Mastery of a particular piece of machinery is no longer important for many jobs.

36. Managing cultural diversity involves:

- A. forming different pay structures for various groups.
- B. creating separate career tracks for employees with families.
- C. avoiding the use of affirmative action policies.
- D. reducing cultural diversity by selective hiring.
- E. encouraging career development for women and minorities.

37. Which of the following skills is actively sought by U.S. employers today?

- A. Physical strength
- B. Mastery of a particular piece of machinery
- C. Interpersonal skills
- D. Ability to perform routine tasks
- E. Ability to work with a tool

38. _____ refer to organizations that have the best possible fit between their social system and their technical system.

- A. Workforce analysis systems
- B. Holistic management systems
- C. Supply chain systems
- D. High-performance work systems
- E. Total quality management systems

39. Moore Corp., a financial services company, specializes in customers' preferences and cost-efficient processes. They also encourage self-managing teams that make all decisions regarding business development and the sale of services to their customers. The firm ensures that there is a good fit between its work system and its people. This scenario implies that Moore has a _____.

- A. workforce analysis system
- B. high-performance work system
- C. supply chain system
- D. total quality management system
- E. holistic management system

40. Which of the following is a characteristic of current day high-performance work systems?

- A. Mismatches in technical system and social system
- B. Employee empowerment in decision making
- C. Increase in individual assignments
- D. Centralized decision making
- E. Reduced reliance on knowledge workers

41. How has the requirement for creating high-performance work systems changed?

- A. There is a drive toward low-cost strategy in the labor market.
- B. Employees prefer implementation of a 40-hour workweek.
- C. Competitors are looking for ways to standardize prices in their respective industries.
- D. Employers are looking for ways to tap people's creativity and interpersonal skills.
- E. Customers are demanding standardized products over customized products.

42. The growth in e-commerce and the information economy has led to an increase in the demand for employees in:

- A. technical jobs.
- B. mining and resource extraction.
- C. agriculture.
- D. service occupations.
- E. manufacturing.

43. Identify the correct statement regarding skilled knowledge workers.

- A. They do not have considerable autonomy to make decisions.
- B. They are most likely to experience a lack of opportunities in a slow economy.
- C. They are not easily replaced because they own the knowledge that the company requires to produce its products.
- D. They are not expected to be technically efficient and are only involved in direct interactions with customers.
- E. They do not have a lot of job opportunities because employers can simply order these employees to perform tasks.

44. Oliver works at Tate Corp., an apparel manufacturing company. He primarily focuses on the tastes and needs of the firm's customers. He achieves this by managing a team that regularly interacts with customers through various promotional activities and events. He also provides insights on how to produce eco-friendly outfits through cost-efficient manufacturing processes. This implies that Oliver:
- A. is an HR professional.
 - B. encourages centralized decision making.
 - C. is a knowledge worker.
 - D. encourages a narrow business focus.
 - E. belongs to the external labor market.
45. Rhea is an employee at Diaz Inc. She specializes in graphic and web design, user interface design, and search engine optimization. She also knows how to interact with customers by asking them about their preferences and providing them with products that meet their needs. Which of the following statements is true about Rhea?
- A. She specializes in outsourcing.
 - B. She is a part of the external labor market.
 - C. She bases her work on the terms of a psychological contract.
 - D. She is an on-call worker.
 - E. She is a knowledge worker.

46. Which of the following statements is true of employee empowerment?

- A. Proper training must be provided only to supervisors so that they can exert their wider authority.
- B. Managers should ensure that employees are not linked to resources outside the organization, such as customers.
- C. Employee empowerment shifts the recruiting focus away from cognitive and interpersonal skills toward general technical skills.
- D. Employee empowerment prevents holding employees accountable for the products and services they developed.
- E. Jobs must be designed to give employees the necessary latitude for making a variety of decisions.

47. Dave is the director of operations at Arc Inc. and provides his team members with complete authority to execute all tasks independently. He encourages his team members to have brainstorming sessions before initiating a project to determine the best method to deliver positive results. This scenario indicates that Dave promotes _____.

- A. centralized decision making
- B. risk aversion
- C. downsizing
- D. outsourcing
- E. employee empowerment

48. Zino Inc., a marketing firm, has employees who work in different cities in different time zones around the country. They coordinate their work efficiently with the help of technology, such as videoconferencing, mobile phones, and e-mail, for the production of marketing activities. Which of the following statements is true of Zino?

- A. It has a vertical organizational structure.
- B. It does not hold employees accountable for products and services.
- C. It encourages virtual teams.
- D. It encourages centralized decision-making.
- E. It has self-employed individuals with multiple clients.

49. Companies that develop software are increasingly using an approach they call _____, which involves weaving the development process more tightly into the organization's activities and strategies.

- A. just in time
- B. total quality management
- C. agile
- D. lean manufacturing
- E. reengineering

50. Finch Inc., a software company, uses a certain approach in which software developers and programmers interact directly with customers. The team asks the customers for their requirements, develops a sample, and sends it to them for feedback. The team continues production based on the feedback given by their clients. The firm spends less time on negotiating contracts and documenting processes. This scenario implies that Finch is using a(n) _____ approach.

- A. just-in-time
- B. total quality management
- C. agile
- D. downsizing
- E. outsourcing

51. Gilbert, the branch manager of a local bank, wants to initiate a teamwork system because he believes it will improve overall task management in the organization. Jane, his colleague, opposes Gilbert's idea because she thinks it will result in excessive costs. Which of the following, if true, would weaken Jane's argument?

- A. Teamwork encourages centralized decision making and hence keeps all costs the same.
- B. Teamwork promotes dedicating time to negotiating contracts and documenting processes and hence saves costs.
- C. Teamwork makes work interesting and fun for employees and helps reduce labor costs.
- D. Teamwork results in reduced salary costs because it is part of a vertical organizational structure.
- E. Teamwork reduces the costs that result from employee errors because it encourages employees to follow instructions provided by their supervisors.

52. The specific ways in which human resource professionals support an organization's strategy vary according to:

- A. their level of involvement and the nature of the strategy.
- B. the location of the organization's corporate headquarters.
- C. the government regulations of the countries in which the organization does business.
- D. the mastery of a particular piece of machinery among the employees of the organization.
- E. the organization's market share in the industry.

53. How has the use of employee empowerment affected the recruitment process in the U.S.?

- A. It has enhanced the need for people with working knowledge of operating different kinds of machinery.
- B. It has substantially increased employment opportunities for workers with less education.
- C. It has shifted the focus away from technical skills to general cognitive and interpersonal skills.
- D. It has significantly reduced recruitment costs by using low-cost strategies though it hinders innovation.
- E. It has made the recruitment process less time consuming.

54. Which of the following is necessary for the success of employee empowerment?

- A. The jobs must be designed in such a manner that the managers have complete control over business processes.
- B. Employees must be properly trained to exert their wider authority and use information resources such as the Internet.
- C. Pay and other rewards should reflect employees' loyalty to the organization and not their authority.
- D. Employers should provide feedback only when employees resign and are about to leave the organization.
- E. Employers should create jobs that minimize the need for the employees to come up with innovative ideas and solutions.

55. Which of the following refers to full involvement in one's work and commitment to one's job and company?

- A. Job enhancement
- B. Employee selection
- C. Employee appraisal
- D. Job specialization
- E. Employee engagement

56. Which of the following best describes teamwork?

- A. It refers to centralizing responsibility and authority to make decisions regarding all aspects of product development.
- B. It refers to having the best possible fit between an organization's social system and technical system.
- C. It involves making efforts to continuously improve the ways people, machines, and systems accomplish work.
- D. It involves assigning work to a group of employees with various skills who interact to assemble a product.
- E. It refers to providing employees with individual opportunities to grow, thereby achieving organizational goals.

57. Work teams often assume many activities traditionally reserved for managers, such as:

- A. hiring new employees.
- B. determining company policies.
- C. coordinating work with customers.
- D. conducting training programs.
- E. determining employee salaries.

58. Milton Inc. invests heavily in training its employees to develop skills in conflict resolution. Which of the following is a possible reason for Milton's management to implement this action?

- A. Milton hires employees with different educational qualifications.
- B. Managers at Milton seldom encourage employees to voice their opinions.
- C. Disagreements can arise when Milton signs business deals with other companies.
- D. Milton does not collaborate with other companies for its business operations.
- E. Milton does not meet the requirements to merge with another company to hold a greater share of the industry.

59. Which of the following is in compliance with the core values of total quality management?

- A. Providing quality training to specific employees.
- B. Detecting errors and correcting them in an error-prone product or service.
- C. Developing generalized methods and processes that only focus on meeting the needs of external customers.
- D. Encouraging employees and customers to provide input on improving quality of products and holding costs down.
- E. Measuring employees' progress based on the amount of work done rather than the feedback obtained from customers.

60. Kelton Inc. produces large quantities of products for their customers within tight deadlines. However, customers are not satisfied with the products produced by Kelton. Which of the following, if true, would best explain the customers' dissatisfaction with Kelton?
- A. Kelton's methods are designed to meet the needs of only internal customers.
 - B. Kelton focuses on detecting and correcting errors rather than preventing them from occurring.
 - C. Kelton does not adhere to quality standards.
 - D. Kelton collaborates with other companies for product development and enhancement.
 - E. Kelton provides quality training to subordinates as well as to top management.
61. Iris Corp. manufactures products by following traditional methods, and managers make decisions without obtaining input from their subordinates. Recently the firm has been receiving complaints from its customers regarding the quality of its products. Which of the following would help the firm avoid these complaints in the future?
- A. Iris should not engage in risk taking.
 - B. Iris should not involve subordinates when solving problems.
 - C. Iris should create an atmosphere that promotes innovation.
 - D. Iris should focus less on creativity.
 - E. Iris should provide quality training only to those in top management.
62. According to the core values of total quality management:
- A. the progress of employees should be measured through self-evaluation.
 - B. external customers should not be given any importance while developing any process.
 - C. only key personnel should receive training in quality.
 - D. errors in a product or service should be prevented before occurrence.
 - E. internal customers should be valued more than external customers.

63. Which of the following occurs when two companies join forces and become one entity?

- A. Acquisition
- B. Merger
- C. Takeover
- D. Joint venture
- E. Strategic alliance

64. A chemical company buying a medical equipment manufacturing company is an example of a(n) ____.

- A. acquisition
- B. partnership
- C. consolidation
- D. joint venture
- E. strategic alliance

65. Lewis Corp., an automobile manufacturer, purchases Vision Inc., a company that produces auto parts and accessories. This scenario exemplifies a(n) ____.

- A. consolidation
- B. partnership
- C. acquisition
- D. joint venture
- E. strategic alliance

66. Mirth Inc., a cookie manufacturer, combines with Herge Corp., a chocolate manufacturer, to form a company called Hobbes Inc. This scenario illustrates a(n) _____.

- A. consolidation
- B. partnership
- C. acquisition
- D. merger
- E. strategic alliance

67. Leo Corp., a large-scale cell phone manufacturer, buys Milo Inc., a small cell phone manufacturer, to secure a greater share of the cell phone industry. This scenario exemplifies a(n) _____.

- A. consolidation
- B. partnership
- C. acquisition
- D. merger
- E. strategic alliance

68. If two firms in one industry join to hold a greater share of the industry, it will be referred to as a(n) _____.

- A. consolidation
- B. takeover
- C. acquisition
- D. conglomerate
- E. assimilation

69. Neo Pharmaceuticals and Ayurva Medicines combined their businesses to create a new company, Ayurva Pharmaceuticals Inc. This is an example of a(n) _____.

- A. acquisition
- B. takeover
- C. partnership
- D. strategic alliance
- E. merger

70. Which of the following is a challenge for human resource management during mergers?

- A. Scrutinizing balance sheets
- B. Evaluating the financial worth of the new company
- C. Developing competitively priced products
- D. Developing conflict resolution skills
- E. Sustaining the brand image of the company

71. The human resource management (HRM) function during downsizing is to terminate the workers who:

- A. are performing multiple organizational roles.
- B. are less valuable in their performance.
- C. are a part of the external labor force.
- D. are older than the other employees.
- E. are being paid the highest salaries.

72. The management of Durrell Inc. is finding it difficult to "surgically" reduce the workforce by cutting only the workers who are less valuable in their performance. Which of the following is a reason for the difficulty faced by Durrell management?

- A. Durrell has to provide unemployment benefits to terminated workers.
- B. Durrell has a strong hierarchy.
- C. Durrell has good workers who have the ability to find alternative employment.
- D. Durrell does not encourage voluntary turnover.
- E. Durrell has centralized decision making.

73. A downsizing strategy at Archer Corp. has resulted in negative stock returns and lower profitability following the layoffs. Which of the following best explains the reason for these negative results at Archer?

- A. Downsizing tends to distinguish good performers from poor performers rather than eliminating an entire group of employees.
- B. Downsizing demands the HR department have a third-party vendor provide services, which results in lower revenues.
- C. Downsizing conducts a complete review of the organization's critical work processes, which results in heavy expenditures.
- D. The HRM of a firm is not authorized to provide downsized employees with outplacement services to help them find new jobs.
- E. When labor costs fall after a downsizing, sales per employee also tend to fall.

74. Which of the following is true of early-retirement programs that are used as a method of downsizing?

- A. They are the most effective.
- B. They are linked to greater employee suffering and distress.
- C. They offer a better alternative to the "grenade" approach.
- D. They help in distinguishing between good and poor performers.
- E. They are humane.

75. Which of the following statements is true about downsizing?

- A. HRM cannot inform all employees why downsizing is necessary.
- B. HRM should withhold information regarding downsizing rather than maintain open communication with remaining employees.
- C. Downsizing is associated with positive stock returns.
- D. Downsizing results in higher profitability following layoffs.
- E. HRM can provide downsized employees with outplacement services to help them find new jobs.

76. When an organization undertakes a complete review of its critical work processes to make them more efficient in an effort to deliver higher quality, it is engaging in:

- A. outsourcing.
- B. offshoring.
- C. reengineering.
- D. greenfield venturing.
- E. codetermining.

77. Which of the following observations about reengineering is true?

- A. It is primarily concerned with production processes.
- B. Critical processes are not altered during this process.
- C. Changing customer needs and technologies necessitate reengineering.
- D. It has no impact on human resource practices and systems.
- E. Retaining the current work processes with minimal change requires reengineering.

78. M&B Textiles Inc., a garment manufacturing company, implements a new technology to improve the speed of its production process. To implement the new technology effectively, the company decides to train its employees on how to use this new process. The company also implements new quality checks and efficiency measures to reduce costs of production, while delivering better quality products. This process of making changes to vital company technology to make it more efficient is known as _____.

- A. outsourcing
- B. codetermining
- C. downsizing
- D. hedging
- E. reengineering

79. Brighton Corp. undertook a reengineering strategy recently to increase the efficiency of its processes. As a result, the HR department has revised the job and pay structures for employees. The firm is also hiring new employees with different skill sets. Which of the following arguments strengthens the HR department's decision?

- A. Reengineering demands the HR department hire another vendor or a third-party provider.
- B. Reengineering necessitates the HR department design and implement changes so employees will be committed to its success.
- C. Reengineering provides training only to those in top managerial positions.
- D. Reengineering involves one company buying another company.
- E. Reengineering results in consolidation within an industry, meaning that two firms in one industry join to hold a greater share of the industry.

80. As part of a companywide business strategy, Wright Inc. conducts a comprehensive examination of its critical work techniques to increase their efficiency. The strategy is also used to provide high quality goods and services to the firm's customers. Which of the following HRM practices does Wright use?

- A. Outsourcing
- B. Reengineering
- C. Downsizing
- D. Merger
- E. Acquisition

81. Carroll Inc., a cell phone manufacturer, has its assembly operations performed by Mortimer Corp., a firm that deals exclusively in assembling products for other companies. This scenario indicates that Carroll engages in the practice of _____.

- A. outsourcing
- B. reengineering
- C. downsizing
- D. benchmarking
- E. acquiring

82. Miller Inc., a maker of chocolate products, assigns its packaging and labeling services to Labels U.S.A., a firm that specializes in packaging and labeling other companies' products. Which of the following HRM practices does Miller Inc. use?

- A. Acquiring
- B. Reengineering
- C. Downsizing
- D. Benchmarking
- E. Outsourcing

83. Palin Inc., an electronics manufacturer, is headquartered in Texas. The firm shifted its operations from Texas to China due to lower labor costs and the availability of required skills in China. This scenario indicates that Palin engaged in the practice of _____.

- A. downsizing
- B. reengineering
- C. offshoring
- D. benchmarking
- E. acquiring

84. The practice of having another company provide services is known as _____.

- A. benchmarking
- B. downsizing
- C. codetermining
- D. outsourcing
- E. reengineering

85. Daily Needs Inc. is a consumer goods company that provides the option of door-to-door delivery. The company has partnered with a packaging company for transporting its goods to the customers. This is an example of _____.

- A. cause marketing
- B. outsourcing
- C. reengineering
- D. disinvesting
- E. downsizing

86. Which of the following best describes offshoring?

- A. It is the practice of having another company provide services.
- B. It refers to moving operations from the country where a company is headquartered to a country where pay rates are lower but the necessary skills are available.
- C. It is a method of staffing other than the traditional hiring of full-time employees.
- D. It is a complete review of the organization's critical work processes to make them more efficient and able to deliver higher quality of products and services.
- E. It refers to acquiring a new company in a distant location or another country in order to acquire higher market share or growth.

87. When large U.S. software companies open facilities in developing countries to take advantage of the highly skilled labor available there at lower pay rates, they are engaging in:

- A. consolidation.
- B. nationalization.
- C. crowdsourcing.
- D. codetermining.
- E. offshoring.

88. Which of the following is the reason why more organizations are looking overseas to hire talented people?

- A. Lack of technology in the U.S.
- B. Lack of demand for their products in the U.S.
- C. Poor quality of labor in the U.S.
- D. Governmental pressure
- E. Low cost of labor in foreign countries

89. Companies are finding that to survive they must contend in international markets as well as fend off foreign competitors' attempts to gain ground in the United States. Which of the following would help businesses in the United States meet these challenges?

- A. They must focus on developing domestic markets rather than on developing global markets.
- B. They must hire only from a domestic labor pool.
- C. They must prepare employees for global assignments.
- D. They must eliminate reshoring—reestablishing operations in North America.
- E. They must reduce the workforce with a "grenade" approach—by eliminating an entire group of employees.

90. Employees who take assignments in other countries are called _____.

- A. host-country nationals
- B. immigrants
- C. external employees
- D. expatriates
- E. emigrants

91. Which of the following is an advantage of using a human resource information system in an organization?

- A. It can be used to scrutinize balance sheets.
- B. It can be used to develop new lines of products.
- C. It can be used to provide employee coaching.
- D. It can help avoid litigation and lawsuits.
- E. It can be used by salespeople to improve sales.

92. _____ provide(s) insight into commercial trends and patterns and help(s) organizations improve decisions.

- A. Electronic performance support systems
- B. Internet portals
- C. Shared service centers
- D. Application service provider
- E. Business intelligence

93. Identify the technology that lets a company rent space on a remote computer system and use the system's software to manage its human resource activities, including security and upgrades.

- A. Application service providers
- B. Internet portals
- C. Shared service centers
- D. Business intelligence systems
- E. Electronic performance support systems

94. Which of the following can be used to consolidate different human resource functions into a single location, eliminate redundancy, and reduce administrative costs?

- A. Internet portals
- B. Application services
- C. Shared service centers
- D. Business intelligence systems
- E. Electronic performance support systems

95. AlphaTech is a company that develops software to help businesses with data processing. This software helps businesses process payrolls, generate tax information for employees, keep track of employee leave and personal time off, and manage performance evaluation reports. The software is hosted on a remote server maintained by AlphaTech, and businesses can access it online. Which of the following technologies is being used by AlphaTech to perform the computing tasks for other businesses?

- A. Intranet portal
- B. HR dashboard
- C. Data mining
- D. Cloud computing
- E. Business Intelligence

96. Which of the following is true of electronic human resource management (e-HRM) applications?

- A. They let employees enroll in and participate in training programs online.
- B. They provide insight into business trends and help businesses improve decisions.
- C. They have the potential to eliminate traditional HRM functions.
- D. They only let employees look up answers to HR-related questions and read company news.
- E. They are only accessible to specific geographical locations.

97. The rapid use of technology by HR departments in business organizations has resulted in:

- A. organizations becoming more bureaucratic and restrictive about information pertaining to workplace policies.
- B. the elimination of the self-service approach toward information dissemination in the organization.
- C. the elimination of face-to-face meetings and training sessions entirely across all businesses.
- D. the collection of employees' opinions through online surveys to improve employee engagement initiatives.
- E. HR employees having greater responsibilities for record keeping.

98. Which of the following is true of an intranet?

- A. It is a system that uses powerful computers to analyze large amounts of data, such as data about employee traits.
- B. It is a network that uses Internet tools but limits access to authorized users in the organization.
- C. It is a network that is used by a business to reach out to the customers and send them product information.
- D. It is a system that is used by outside suppliers to update inventories.
- E. It is a network universally used by business organizations to transfer data from one geographical location to the other.

99. What is a human resource (HR) dashboard?

- A. It is a messaging system used by HR managers to communicate with employees.
- B. It is a display of how the company is performing on specific HR metrics.
- C. It is a tool used to measure the profitability and growth rate of the organization.
- D. It is a computer system used to acquire and distribute information about work schedules and job duties.
- E. It is a system used to store, analyze, and process the information regarding the levels of demand and inventory.

100. A system in which employees have online access to information about human resource issues and go online to enroll themselves in programs and provide feedback through surveys is termed as:

- A. social facilitation.
- B. payroll automation.
- C. cloud computing.
- D. data mining.
- E. self-service.

101. The relationship between an employer and an employee can be thought of in terms of a(n) _____, a description of what an employee expects to contribute in an employment relationship and what the employer will provide the employee in exchange for those contributions.

- A. employee contract
- B. offer letter
- C. psychological contract
- D. legal bond
- E. legal agreement

102. _____ refers to the intentional practice of changing jobs frequently.

- A. Job hopping
- B. Moonlighting
- C. Job enlargement
- D. Job enrichment
- E. Freelancing

103. Kylie changes jobs on a regular basis. She does this to secure better career growth opportunities and to decrease boredom. Kylie engages in _____.

- A. freelancing
- B. job enrichment
- C. job hopping
- D. benchmarking
- E. moonlighting

104. The management of Holmes Inc. expects its employees to be enthusiastic about their work by seeking training, putting in long hours of work, initiating better work procedures, and maintaining a sound balance between professional life and personal life. In return, the firm's employees expect management to arrange for better incentives, flexible work schedules, and increased authority to execute their tasks. This scenario is (an) example of a(n) _____.

- A. employee contract
- B. offer letter
- C. legal agreement
- D. legal bond
- E. psychological contract

105. Which of the following statements is true of a psychological contract?

- A. A psychological contract describes spoken expectations that are widely held by employers and employees.
- B. In the new version of the psychological contract, organizations manage the career paths for their employees.
- C. In the traditional version of the psychological contract, organizations expected employees to take more responsibility for their own careers, from seeking training to balancing work and family.
- D. A psychological contract is a display of how the company is performing on specific HR metrics, such as productivity and absenteeism.
- E. A psychological contract is not formally put into words.

106. The new type of psychological contract has resulted in reduced:

- A. creativity.
- B. employee compensation.
- C. flexibility.
- D. training and development opportunities.
- E. job security.

107. Employees realize that many companies are no longer able to provide long-term employment security. Instead, the employees now want:

- A. increased pay.
- B. less demanding work.
- C. employability.
- D. written employment contracts.
- E. additional benefits.

108. The use of independent contractors, on-call workers, temporary workers, and contract company workers, collectively constitutes:

- A. outsourcing.
- B. alternative work arrangements.
- C. consolidation.
- D. high-performance work systems.
- E. offshoring.

109. Independent contractors are:

- A. usually full-time company employees.
- B. self-employed individuals with multiple clients.
- C. people employed by a temporary agency.
- D. employed directly by a company for a specific time.
- E. people employed by a company to work on an independent project.

110. Abdul, a financial analyst, is not employed directly by any company. He works for several clients based on their requirements. Abdul is a(n) _____.

- A. permanent employee
- B. independent contractor
- C. part-time employee
- D. contract company worker
- E. temporary worker

111. Amy is a human resource consultant who runs and operates her own business from her home. She is often hired by businesses to present one- or two-day workshops on various topics within her field of expertise. Amy is a(n):

- A. independent contractor.
- B. permanent employee.
- C. temporary employee.
- D. contract company worker.
- E. temporary worker.

112. _____ are persons who work for an organization only when they are needed.

- A. On-call workers
- B. Moonlighting employees
- C. Apprentices
- D. Part-time employees
- E. Trainees

113. _____ are employed directly by a company for a certain amount of time, specified in a formal agreement between the company and the workers.

- A. On-call workers
- B. Independent contractors
- C. Temporary workers
- D. Contract company workers
- E. Part-time workers

114. Identify the correct statement about flexible work schedules.

- A. Flexible work schedules prevent work demands from spilling over to employees' personal lives.
- B. Flexible work schedules require companies to be staffed 12 hours a day, five days a week.
- C. Employees in manufacturing environments and service call centers are being asked to work 16-hour days.
- D. The globalization of the world economy and the development of e-commerce have made the notion of a 40-hour workweek obsolete.
- E. Professional employees do not face long hours anymore due to flexible work schedules.

Essay Questions

115. Define labor force. Distinguish between internal labor force and external labor market.

116. What are the activities involved in managing cultural diversity? To what degree do human resource professionals believe these activities are beneficial in maintaining a competitive advantage?

117.Explain the problem of skill deficiencies in the U.S. workforce.

118.Explain the impact of knowledge workers on the requirements for creating a high-performance work system.

119.What is employee empowerment? How can human resource (HR) departments help to make it effective?

120. List and explain the core values of total quality management (TQM).

121. What is outsourcing? What are the trends in human resource (HR) outsourcing?

122. What is a human resource information system (HRIS)? How does it help HR professionals?

123. Define electronic human resource management (e-HRM). List the applications of social networking tools employed by organizations to assist human resource management.

124. Explain the type of new psychological contract. What are its implications?

Chapter 02 Trends in Human Resource Management **Answer Key**

True / False Questions

1. An individual who is actively seeking employment is a part of an organization's external labor market.

TRUE

An organization's external labor market refers to the individuals who are actively seeking employment.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 02-01 Describe trends in the labor force composition and how they affect human resource management.

Level of Difficulty: 1 Easy

Topic: Change in the Labor Force

2. The members of Generation X are characterized by their comfort with the latest technology, and the need to be noticed, respected, and involved.

FALSE

Members of Generation X (1965-1980) tend to be pragmatic and cynical, and they have well-developed self-management skills. Those born from 1981 to 1995, often called Millennials or Generation Y, are comfortable with the latest technology, and they want to be noticed, respected, and involved.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Understand

Learning Objective: 02-01 Describe trends in the labor force composition and how they affect human resource management.

Level of Difficulty: 2 Medium

Topic: Change in the Labor Force

3. Individuals who arrive in the United States without meeting the legal requirements for immigration or asylum are referred to as undocumented immigrants.

TRUE

More than 1 million immigrants come to the United States legally each year as relatives of U.S. citizens, on work- or study-related visas, and other means. Other foreign-born workers in the United States arrive in the country without meeting the legal requirements for immigration or asylum. These individuals, known as undocumented or illegal immigrants, likely number in the millions.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 02-01 Describe trends in the labor force composition and how they affect human resource management.

Level of Difficulty: 1 Easy

Topic: Change in the Labor Force

4. Most organizations are looking for educational achievements to find employees who can handle a variety of responsibilities, interact with customers, and think creatively.

TRUE

Employees must be able to handle a variety of responsibilities, interact with customers, and think creatively. To find such employees, most organizations are looking for educational achievements. A college degree is a basic requirement for many jobs today.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 02-01 Describe trends in the labor force composition and how they affect human resource management.

Level of Difficulty: 1 Easy

Topic: Change in the Labor Force

5. A large gap exists between the social system and the technical system in high-performance work systems.

FALSE

High-performance work systems refer to organizations that have the best possible fit between their social system and technical system.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 02-02 Summarize areas in which human resource management can support the goal of creating a high-performance work system.

Level of Difficulty: 1 Easy

Topic: High-Performance Work Systems

6. Knowledge workers in an organization do not work directly with customers.

FALSE

Many knowledge workers will have to be "technoservice" workers who not only know a specialized field such as computer programming or engineering but also must be able to work directly with customers.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 02-02 Summarize areas in which human resource management can support the goal of creating a high-performance work system.

Level of Difficulty: 1 Easy

Topic: High-Performance Work Systems

7. Skilled knowledge workers generally do not have job opportunities in a slow economy.

FALSE

Knowledge workers are in a position of power, because they own the knowledge that the company needs to produce its products and services. Skilled knowledge workers have many job opportunities, even in a slow economy. If they choose, they can leave a company and take their knowledge to another employer.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Understand

Learning Objective: 02-02 Summarize areas in which human resource management can support the goal of creating a high-performance work system.

Level of Difficulty: 2 Medium

Topic: High-Performance Work Systems

8. Successful organizations treat all their workers as knowledge workers.

TRUE

The idea that only some of an organization's workers are knowledge workers has come under criticism. To the critics, this definition is no longer realistic in a day of computerized information systems and computer-controlled production processes. For the company to excel, everyone must know how their work contributes to the organization's success. Successful organizations treat all their workers as knowledge workers. They let employees know how well the organization is performing, and they invite ideas about how the organization can do better.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Understand

Learning Objective: 02-02 Summarize areas in which human resource management can support the goal of creating a high-performance work system.

Level of Difficulty: 2 Medium

Topic: High-Performance Work Systems

9. The use of employee empowerment has shifted the recruiting focus away from general cognitive and interpersonal skills toward technical skills.

FALSE

As with the need for knowledge workers, use of employee empowerment shifts the recruiting focus away from technical skills and toward general cognitive and interpersonal skills.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Understand

Learning Objective: 02-03 Define employee empowerment, and explain its role in the modern organization.

Level of Difficulty: 2 Medium

Topic: High-Performance Work Systems

10. Teamwork gives employees the authority and ability to decide on how to do their work.

TRUE

Organizations need to set up work in a way that gives employees the authority and ability to make those decisions to improve quality and provide customer service right at the point of sale or production. One of the most popular ways to increase employee responsibility and control is to assign work to teams.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 02-03 Define employee empowerment, and explain its role in the modern organization.

Level of Difficulty: 1 Easy

Topic: High-Performance Work Systems

11. Virtual teams rely on communications technology such as videoconferences, e-mail, and cell phones to keep in touch and coordinate activities.

TRUE

Virtual teams are teams that rely on communications technology such as videoconferences, e-mail, and cell phones to keep in touch and coordinate activities.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 02-03 Define employee empowerment, and explain its role in the modern organization.

Level of Difficulty: 1 Easy

Topic: High-Performance Work Systems

12. Traditional management thinking treated human resource management primarily as a means to support a company's strategy.

FALSE

Traditional management thinking treated human resource management primarily as an administrative function, but managers today are beginning to see a more central role for HRM. They are looking at HRM as a means to support a company's strategy. The HR professionals are expected to use their knowledge in business and of human resources to help the organization develop strategies and to align HRM practices and policies with those strategies.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality, growth, and efficiency.

Level of Difficulty: 1 Easy

Topic: Focus on Strategy

13. Total quality management is intended to bring about a continuous process of quality improvement.

TRUE

Total quality management refers to a companywide effort to continually improve the ways people, machines, and systems accomplish work.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Understand

Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality, growth, and efficiency.

Level of Difficulty: 2 Medium

Topic: Focus on Strategy

14. Total quality management proposes that every employee in the organization receive training in quality.

TRUE

Training in quality for each employee in an organization is a core value of total quality management.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Understand

Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality, growth, and efficiency.

Level of Difficulty: 2 Medium

Topic: Focus on Strategy

15. When forming Citigroup, Citicorp combined its banking business with Traveler's Group's insurance business. This is an example of a merger.

TRUE

When two companies become one it is referred to as a merger.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality, growth, and efficiency.

Level of Difficulty: 1 Easy

Topic: Focus on Strategy

16. Laurie Corp., a watch manufacturer, purchases Smith Inc., a manufacturer of pens. This scenario is an example of an acquisition.

TRUE

An acquisition happens when one company buys another company. In this scenario, Laurie Corp., a watch manufacturer, purchasing Smith Inc., a manufacturer of pens, represents an acquisition.

AACSB: Knowledge Application

Accessibility: Keyboard Navigation

Blooms: Apply

Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality, growth, and efficiency.

Level of Difficulty: 3 Hard

Topic: Focus on Strategy

17. When two firms in one industry join together to hold a greater share of the industry, it represents a consolidation.

TRUE

Some mergers and acquisitions result in consolidation within an industry, meaning that two firms in one industry join to hold a greater share of the industry.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality, growth, and efficiency.

Level of Difficulty: 1 Easy

Topic: Focus on Strategy

18. Early-retirement programs are one of the most effective approaches to downsizing.

FALSE

Early-retirement programs are humane, but they essentially reduce the workforce with a grenade approach—not distinguishing good performers from poor performers but rather eliminating an entire group of employees.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Understand

Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality, growth, and efficiency.

Level of Difficulty: 2 Medium

Topic: Focus on Strategy

19. An organization's critical work processes are not altered during a reengineering process.

FALSE

Reengineering involves a complete review of the organization's critical work processes to make them more efficient and able to deliver higher quality.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality, growth, and efficiency.

Level of Difficulty: 1 Easy

Topic: Focus on Strategy

20. A New York City-based company shifts its warehouses and operations to a low rent area that is 50 miles away from the city. This is an example of offshoring.

FALSE

Offshoring refers to moving the operations from the country where a company is headquartered to a country where pay rates are lower but the necessary skills are available. In this case, a New York City-based company shifts its warehouses and operations to a low rent area that is 50 miles away from the city. Hence, this scenario is not an example of offshoring.

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

Blooms: Apply

Learning Objective: 02-05 Summarize ways in which human resource management can support organizations expanding internationally.

Level of Difficulty: 3 Hard

Topic: Focus on Strategy

21. Rajeev, an Indian citizen, works for an automobile company in India. Currently, he is in the United States to work on a project at the company's office in Salt Lake City, Utah. In this scenario, Rajeev is regarded as an expatriate.

TRUE

Employees who take assignments in other countries are called expatriates. In this case, Rajeev is an expatriate because he is an Indian citizen working on a project at his company's office in Salt Lake City, Utah.

AACSB: Knowledge Application

Accessibility: Keyboard Navigation

Blooms: Apply

Learning Objective: 02-05 Summarize ways in which human resource management can support organizations expanding internationally.

Level of Difficulty: 3 Hard

22. The processing and transmission of digitized human resource information is called electronic human resource management.

TRUE

The processing and transmission of digitized human resource information is referred to as electronic human resource management (e-HRM).

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 02-06 Discuss how technological developments are affecting human resource management.

Level of Difficulty: 1 Easy

Topic: Technological Change in HRM

23. Under a new type of psychological contract, organizations expect employees to contribute time, effort, skills, abilities, and loyalty in return for job security and opportunities for promotion within the organization.

FALSE

In the traditional version of a psychological contract, organizations expected their employees to contribute time, effort, skills, abilities, and loyalty. In return, the organizations would provide job security and opportunities for promotion. Under a new type of psychological contract, companies expect employees to take more responsibility for their own careers, from seeking training to balancing work and family.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Understand

Learning Objective: 02-07 Explain how the nature of the employment relationship is changing.

Level of Difficulty: 2 Medium

24. Employees' job security has increased as a result of the new psychological contract.

FALSE

Under the new psychological contract, employers expect employees to take more responsibility for their own careers, from seeking training to balancing work and family. These expectations result in less job security for employees.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Understand

Learning Objective: 02-07 Explain how the nature of the employment relationship is changing.

Level of Difficulty: 2 Medium

Topic: Change in the Employment Relationship

25. In the context of alternative work arrangements, contract company workers are employed directly by a company.

TRUE

In the context of alternative work arrangements, contract company workers are employed directly by a company for a specific time specified in a written contract.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 02-08 Discuss how the need for flexibility affects human resource management.

Level of Difficulty: 1 Easy

Topic: Change in the Employment Relationship

26. Employers can direct contract workers on details such as how and when they have to do their jobs without paying the employer's share of Social Security for those workers.

FALSE

Contract company workers are employed directly by a company for a specific time specified in a written contract. If employers direct workers in the details of how and when they do their jobs, these workers are legally defined as employees, not contractors. In that case, employers must meet the legal requirements for paying the employer's share of Social Security, Medicare, and unemployment insurance.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Understand

Learning Objective: 02-08 Discuss how the need for flexibility affects human resource management.

Level of Difficulty: 2 Medium

Topic: Change in the Employment Relationship

Multiple Choice Questions

27. The external labor market consists of:

- A. contract workers in the organization.
- B. current employees of the organization.
- C. individuals who are actively seeking employment.
- D. employees who have direct contact with customers.
- E. employees of the immediate competitors of the organization.

The external labor market consists of individuals who are actively seeking employment. The number and kinds of people in the external labor market determine the kinds of human resources available to an organization (and their cost).

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 02-01 Describe trends in the labor force composition and how they affect human resource management.

Level of Difficulty: 1 Easy

Topic: Change in the Labor Force

28. Which of the following scenarios exemplifies an external labor market?

- A. Katie, a contract worker, working for a certain period specified in a written contract.
- B. Andrew, a temporary worker, being paid by a company for his services.
- C. Jill, an engineering graduate, looking for a job.
- D. Hilary, an employee, going through training.
- E. Salim, an employee, securing his financial services certification.

The external labor market consists of individuals who are actively seeking employment. The number and kinds of people in the external labor market determine the kinds of human resources available to an organization (and their cost). In this case, the example of Jill who is looking for a job exemplifies an external labor market.

AACSB: Knowledge Application

Accessibility: Keyboard Navigation

Blooms: Apply

Learning Objective: 02-01 Describe trends in the labor force composition and how they affect human resource management.

Level of Difficulty: 3 Hard

Topic: Change in the Labor Force

29. Name the agency that is responsible for tracking changes in the composition of the U.S. labor force and forecasting employment trends.

- A. The National Statistics Association
- B. The Occupational Outlook Bureau
- C. The U.S. Census Bureau
- D. The Bureau of Economic Analysis
- E. The Bureau of Labor Statistics

In the United States, the Bureau of Labor Statistics (BLS), an agency of the Department of Labor, tracks changes in the composition of the U.S. labor force and forecasts employment trends.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 02-01 Describe trends in the labor force composition and how they affect human resource management.

Level of Difficulty: 1 Easy

Topic: Change in the Labor Force

30. Eric, a management student, is required to compile a report on the current composition of the U.S. labor force for his human resource management class. He also wants to include details on the current and future age distribution of U.S. employees. His professor suggests that he conduct his research with the help of the Internet and with sources from the college library. The website of which of the following agencies would be most useful for preparing this report?
- A. The National Statistics Association
 - B. The Occupational Outlook Bureau
 - C. The U.S. Census Bureau
 - D. The Bureau of Economic Analysis
 - E. The Bureau of Labor Statistics

In the United States, the Bureau of Labor Statistics (BLS), an agency of the Department of Labor, tracks changes in the composition of the U.S. labor force and forecasts employment trends. In this case, Eric can browse the website of the Bureau of Labor Statistics to get relevant information on the composition of the U.S. labor force to prepare his report.

AACSB: Knowledge Application

Accessibility: Keyboard Navigation

Blooms: Apply

Learning Objective: 02-01 Describe trends in the labor force composition and how they affect human resource management.

Level of Difficulty: 3 Hard

Topic: Change in the Labor Force

31. Which of the following racial groups will form the majority of the U.S. labor force according to the 2012-2022 Employment Projections from the Bureau of Labor Statistics?

- A. African Americans
- B. Whites**
- C. Hispanics
- D. Asians
- E. Native Americans

Whites are a dominant group in the U.S. labor force; 78 percent of the 2022 workforce is expected to be made up of white people.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 02-01 Describe trends in the labor force composition and how they affect human resource management.

Level of Difficulty: 1 Easy

Topic: Change in the Labor Force

32. Identify the correct statement regarding the composition of the U.S. labor force during the period 2012-2022.

- A. The labor force is expected to grow at a greater rate than at any other time in U.S. history.
- B. The largest proportion of the labor force is expected to be in the 16- to 25-year age group.
- C. The number of workers under 40 years of age will exceed the number of workers 40 years of age or older.
- D. Despite a small increase in the number of young workers, the overall workforce will be aging.
- E. The total cost of labor in the United States would considerably decrease.

It is expected that despite a small increase in the number of young workers, the overall workforce will be aging. Young workers between the ages of 16 and 24 will actually be fewer in number. This combination of trends will cause the overall workforce to age.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Understand

Learning Objective: 02-01 Describe trends in the labor force composition and how they affect human resource management.

Level of Difficulty: 2 Medium

Topic: Change in the Labor Force

33. Employers' support for immigration to the United States can be attributed to the fact that:

- A. there is lack of adequate technology in the country.
- B. undocumented immigration is not taken seriously by the U.S. government.
- C. qualified technical workers are scarce in the United States.
- D. there is increased support from the government.
- E. U.S. workers are not open to innovation.

In industries such as computer software development, employers say they have difficulty finding enough qualified U.S. workers to fill technical jobs. These employers are pressing for immigration laws to allow a greater supply of foreign-born workers.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Understand

Learning Objective: 02-01 Describe trends in the labor force composition and how they affect human resource management.

Level of Difficulty: 2 Medium

Topic: Change in the Labor Force

34. Anne, a business researcher, believes that organizations will have to spend a lot of money on employee health care in the future. Her colleague Nick argues that organizations will not have to increase their spending on employee health care benefits. Which of the following statements weakens Nick's argument?
- A. The labor force is expected to grow at a greater rate by 2015 than at any other time in U.S. history.
 - B. The largest proportion of the labor force is expected to be in the 16- to 25-year age group.
 - C. The number of workers under 40 years of age will exceed the number of workers 40 years of age or older.
 - D. By 2022, all baby boomers will be at least 55 years old, increasing the ranks of workers nearing retirement.
 - E. The total cost of labor in the United States will decrease considerably in the near future.

From 2012 to 2022, the fastest-growing age group is expected to be workers 55 and older. The 25- to 44-year-old group will increase its numbers only slightly, so its share of the total workforce will fall. By 2022, all baby boomers will be at least 55 years old, swelling the ranks of workers nearing retirement. Human resource professionals will therefore spend much of their time on concerns related to planning retirement, retraining older workers, and motivating workers whose careers have plateaued. Organizations will struggle with ways to control the rising costs of health care and other benefits, and many of tomorrow's managers will supervise employees much older than themselves.

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

Blooms: Analyze

Learning Objective: 02-01 Describe trends in the labor force composition and how they affect human resource management.

Level of Difficulty: 3 Hard

Topic: Change in the Labor Force

35. Gerard, a college student, believes that academic achievement and not mechanical skills will help one secure a job in the U.S. workforce. Jack, his classmate, believes that mechanical skills are more important than academic achievement in landing a job in the U.S. Which of the following statements strengthens Gerard's argument?

- A. Employers no longer look for individuals who have strong verbal and interpersonal skills.
- B. Qualities such as physical strength are very important for many jobs in this period of time.
- C. Companies invest more on the latest technology for their production needs.
- D. Companies prefer individuals with hands-on experience than those with theoretical knowledge.
- E. Mastery of a particular piece of machinery is no longer important for many jobs.

Most organizations are looking for educational achievements to find employees with the ability to handle a variety of responsibilities, interact with customers, and think creatively. Such qualities as physical strength and mastery of a particular piece of machinery are no longer important for many jobs.

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

Blooms: Analyze

Learning Objective: 02-01 Describe trends in the labor force composition and how they affect human resource management.

Level of Difficulty: 3 Hard

Topic: Change in the Labor Force

36. Managing cultural diversity involves:

- A. forming different pay structures for various groups.
- B. creating separate career tracks for employees with families.
- C. avoiding the use of affirmative action policies.
- D. reducing cultural diversity by selective hiring.
- E. encouraging career development for women and minorities.

Managing cultural diversity involves creating an organizational culture that values diversity, ensuring that human resource management (HRM) systems are bias free, encouraging career development for women and minorities, promoting knowledge and acceptance of cultural differences, ensuring involvement in education both within and outside the organization, and dealing with employees' resistance to diversity.

AACSB: Diversity

Accessibility: Keyboard Navigation

Blooms: Understand

Learning Objective: 02-01 Describe trends in the labor force composition and how they affect human resource management.

Level of Difficulty: 2 Medium

Topic: Change in the Labor Force

37. Which of the following skills is actively sought by U.S. employers today?

- A. Physical strength
- B. Mastery of a particular piece of machinery
- C. Interpersonal skills
- D. Ability to perform routine tasks
- E. Ability to work with a tool

The increasing use of computers to do routine tasks has shifted the kinds of skills needed for employees in the U.S. economy. Such qualities as physical strength and mastery of a particular piece of machinery are no longer important for many jobs. More employers are looking for mathematical, verbal, and interpersonal skills, such as the ability to solve math or other problems or reach decisions as part of a team.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 02-01 Describe trends in the labor force composition and how they affect human resource management.

Level of Difficulty: 1 Easy

Topic: Change in the Labor Force

38. _____ refer to organizations that have the best possible fit between their social system and their technical system.

- A. Workforce analysis systems
- B. Holistic management systems
- C. Supply chain systems
- D. High-performance work systems
- E. Total quality management systems

High-performance work systems refer to organizations that have the best possible fit between their social system and technical system.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 02-02 Summarize areas in which human resource management can support the goal of creating a high-performance work system.

Level of Difficulty: 1 Easy

Topic: High-Performance Work Systems

39. Moore Corp., a financial services company, specializes in customers' preferences and cost-efficient processes. They also encourage self-managing teams that make all decisions regarding business development and the sale of services to their customers. The firm ensures that there is a good fit between its work system and its people. This scenario implies that Moore has a _____.

- A. workforce analysis system
- B. high-performance work system**
- C. supply chain system
- D. total quality management system
- E. holistic management system

High-performance work systems refer to organizations that have the best possible fit between their social system and technical system. Among the trends that are occurring in today's high-performance work systems are reliance on knowledge workers, empowerment of employees to make decisions, and use of teamwork. In this case, Moore Corp. has a high performance work system because it consists of employees with specialized knowledge of customers' preferences and cost-efficient processes.

AACSB: Knowledge Application

Accessibility: Keyboard Navigation

Blooms: Apply

Learning Objective: 02-02 Summarize areas in which human resource management can support the goal of creating a high-performance work system.

Level of Difficulty: 3 Hard

Topic: High-Performance Work Systems

40. Which of the following is a characteristic of current day high-performance work systems?

- A. Mismatches in technical system and social system
- B. Employee empowerment in decision making**
- C. Increase in individual assignments
- D. Centralized decision making
- E. Reduced reliance on knowledge workers

Among the trends that are occurring in today's high-performance work systems are reliance on knowledge workers, empowerment of employees to make decisions, and the use of teamwork.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Understand

Learning Objective: 02-02 Summarize areas in which human resource management can support the goal of creating a high-performance work system.

Level of Difficulty: 2 Medium

Topic: High-Performance Work Systems

41. How has the requirement for creating high-performance work systems changed?

- A. There is a drive toward low-cost strategy in the labor market.
- B. Employees prefer implementation of a 40-hour workweek.
- C. Competitors are looking for ways to standardize prices in their respective industries.
- D. Employers are looking for ways to tap people's creativity and interpersonal skills.
- E. Customers are demanding standardized products over customized products.

As the nature of the workforce and the technology available to organizations changed, so have the requirements for creating a high-performance work system. Customers are demanding high quality and customized products, employees are seeking flexible work arrangements, and employers are looking for ways to tap people's creativity and interpersonal skills.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Understand

Learning Objective: 02-02 Summarize areas in which human resource management can support the goal of creating a high-performance work system.

Level of Difficulty: 2 Medium

Topic: High-Performance Work Systems

42. The growth in e-commerce and the information economy has led to an increase in the demand for employees in:

- A. technical jobs.
- B. mining and resource extraction.
- C. agriculture.
- D. service occupations.
- E. manufacturing.

The growth in e-commerce, plus the shift from a manufacturing to a service and information economy, has changed the nature of employees that are most in demand. The Bureau of Labor Statistics forecasts that between 2010 and 2020, most new jobs will be in service occupations, especially food preparation, education, and health services.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 02-02 Summarize areas in which human resource management can support the goal of creating a high-performance work system.

Level of Difficulty: 1 Easy

Topic: High-Performance Work Systems

43. Identify the correct statement regarding skilled knowledge workers.

- A. They do not have considerable autonomy to make decisions.
- B. They are most likely to experience a lack of opportunities in a slow economy.
- C. They are not easily replaced because they own the knowledge that the company requires to produce its products.
- D. They are not expected to be technically efficient and are only involved in direct interactions with customers.
- E. They do not have a lot of job opportunities because employers can simply order these employees to perform tasks.

Knowledge workers are in a position of power, because they own the knowledge that the company needs in order to produce its products and services, and they must share their knowledge and collaborate with others in order for their employer to succeed. Replacing these employees is difficult and time consuming. They have many job opportunities even in a slow economy.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Understand

Learning Objective: 02-02 Summarize areas in which human resource management can support the goal of creating a high-performance work system.

Level of Difficulty: 2 Medium

Topic: High-Performance Work Systems

44. Oliver works at Tate Corp., an apparel manufacturing company. He primarily focuses on the tastes and needs of the firm's customers. He achieves this by managing a team that regularly interacts with customers through various promotional activities and events. He also provides insights on how to produce eco-friendly outfits through cost-efficient manufacturing processes. This implies that Oliver:

- A. is an HR professional.
- B. encourages centralized decision making.
- C. is a knowledge worker.
- D. encourages a narrow business focus.
- E. belongs to the external labor market.

Knowledge workers are employees whose main contribution to the organization is specialized knowledge, such as knowledge of customers, a process, or a profession. In this case, Oliver is a knowledge worker because he primarily focuses on providing his expertise on the tastes and needs of the firm's customers. He achieves this by managing a team that regularly interacts with customers through various promotional activities.

AACSB: Knowledge Application

Accessibility: Keyboard Navigation

Blooms: Apply

Learning Objective: 02-02 Summarize areas in which human resource management can support the goal of creating a high-performance work system.

Level of Difficulty: 3 Hard

Topic: High-Performance Work Systems

45. Rhea is an employee at Diaz Inc. She specializes in graphic and web design, user interface design, and search engine optimization. She also knows how to interact with customers by asking them about their preferences and providing them with products that meet their needs. Which of the following statements is true about Rhea?

- A. She specializes in outsourcing.
- B. She is a part of the external labor market.
- C. She bases her work on the terms of a psychological contract.
- D. She is an on-call worker.
- E. She is a knowledge worker.

Knowledge workers are employees whose main contribution to the organization is specialized knowledge, such as knowledge of customers, a process, or a profession. In this case, Rhea is a knowledge worker.

AACSB: Knowledge Application

Accessibility: Keyboard Navigation

Blooms: Apply

Learning Objective: 02-02 Summarize areas in which human resource management can support the goal of creating a high-performance work system.

Level of Difficulty: 3 Hard

Topic: High-Performance Work Systems

46. Which of the following statements is true of employee empowerment?

- A. Proper training must be provided only to supervisors so that they can exert their wider authority.
- B. Managers should ensure that employees are not linked to resources outside the organization, such as customers.
- C. Employee empowerment shifts the recruiting focus away from cognitive and interpersonal skills toward general technical skills.
- D. Employee empowerment prevents holding employees accountable for the products and services they developed.
- E. Jobs must be designed to give employees the necessary latitude for making a variety of decisions.

Employee empowerment means giving employees responsibility and authority to make decisions regarding all aspects of product development or customer service. Jobs must be designed to give employees the necessary latitude for making a variety of decisions.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Understand

Learning Objective: 02-03 Define employee empowerment, and explain its role in the modern organization.

Level of Difficulty: 2 Medium

Topic: High-Performance Work Systems

47. Dave is the director of operations at Arc Inc. and provides his team members with complete authority to execute all tasks independently. He encourages his team members to have brainstorming sessions before initiating a project to determine the best method to deliver positive results. This scenario indicates that Dave promotes _____.

- A. centralized decision making
- B. risk aversion
- C. downsizing
- D. outsourcing
- E. employee empowerment

Employee empowerment refers to giving employees responsibility and authority to make decisions regarding all aspects of product development or customer service. Employees are then held accountable for products and services. In return, they share the resulting losses and rewards. In this case, Dave promotes employee empowerment because he gives his team members complete authority to execute all tasks independently.

AACSB: Knowledge Application

Accessibility: Keyboard Navigation

Blooms: Apply

Learning Objective: 02-03 Define employee empowerment, and explain its role in the modern organization.

Level of Difficulty: 3 Hard

Topic: High-Performance Work Systems

48. Zino Inc., a marketing firm, has employees who work in different cities in different time zones around the country. They coordinate their work efficiently with the help of technology, such as videoconferencing, mobile phones, and e-mail, for the production of marketing activities.

Which of the following statements is true of Zino?

- A. It has a vertical organizational structure.
- B. It does not hold employees accountable for products and services.
- C. It encourages virtual teams.
- D. It encourages centralized decision-making.
- E. It has self-employed individuals with multiple clients.

Teamwork is the assignment of work to groups of employees with various skills who interact to assemble a product or provide a service. In some organizations, technology is enabling teamwork even when workers are at different locations or work at different times. These organizations use virtual teams—teams that rely on communications technology such as videoconferences, mobile phones, and e-mail to keep in touch and coordinate activities.

AACSB: Knowledge Application

Accessibility: Keyboard Navigation

Blooms: Apply

Learning Objective: 02-03 Define employee empowerment, and explain its role in the modern organization.

Level of Difficulty: 3 Hard

Topic: High-Performance Work Systems

49. Companies that develop software are increasingly using an approach they call _____, which involves weaving the development process more tightly into the organization's activities and strategies.

- A. just in time
- B. total quality management
- C. agile**
- D. lean manufacturing
- E. reengineering

Companies that develop software are increasingly using an approach they call agile, which involves weaving the development process more tightly into the organization's activities and strategies. In agile software development, self-directed teams of developers and programmers work directly with the business users of the software, using as much face-to-face communication as possible.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 02-03 Define employee empowerment, and explain its role in the modern organization.

Level of Difficulty: 1 Easy

Topic: High-Performance Work Systems

50. Finch Inc., a software company, uses a certain approach in which software developers and programmers interact directly with customers. The team asks the customers for their requirements, develops a sample, and sends it to them for feedback. The team continues production based on the feedback given by their clients. The firm spends less time on negotiating contracts and documenting processes. This scenario implies that Finch is using a(n) _____ approach.

- A. just-in-time
- B. total quality management
- C. agile
- D. downsizing
- E. outsourcing

In agile software development, self-directed teams of developers and programmers work directly with the business users of the software, using as much face-to-face communication as possible. Throughout the development process the team is open to changing requirements and computer code as a result of their communication with users. In this case, Finch Inc. uses the agile approach as developers and programmers of software interact directly with the consumers of the software. The team also asks the customers for their requirements, develops a sample, and sends it to them for feedback. The team continues production based on the feedback given by their clients.

AACSB: Knowledge Application

Accessibility: Keyboard Navigation

Blooms: Apply

Learning Objective: 02-03 Define employee empowerment, and explain its role in the modern organization.

Level of Difficulty: 3 Hard

Topic: High-Performance Work Systems

51. Gilbert, the branch manager of a local bank, wants to initiate a teamwork system because he believes it will improve overall task management in the organization. Jane, his colleague, opposes Gilbert's idea because she thinks it will result in excessive costs. Which of the following, if true, would weaken Jane's argument?
- A. Teamwork encourages centralized decision making and hence keeps all costs the same.
 - B. Teamwork promotes dedicating time to negotiating contracts and documenting processes and hence saves costs.
 - C. Teamwork makes work interesting and fun for employees and helps reduce labor costs.
 - D. Teamwork results in reduced salary costs because it is part of a vertical organizational structure.
 - E. Teamwork reduces the costs that result from employee errors because it encourages employees to follow instructions provided by their supervisors.

Teamwork can motivate employees by making work more interesting and significant. At organizations that rely on teamwork, labor costs may be lower as well. In this case, Gilbert can initiate a teamwork system because it will make work interesting and fun for employees and also reduce labor costs. Jane's belief that teamwork will result in excessive costs is flawed because it reduces labor costs instead of increasing them.

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

Blooms: Analyze

Learning Objective: 02-03 Define employee empowerment, and explain its role in the modern organization.

Level of Difficulty: 3 Hard

Topic: High-Performance Work Systems

52. The specific ways in which human resource professionals support an organization's strategy vary according to:

- A. their level of involvement and the nature of the strategy.
- B. the location of the organization's corporate headquarters.
- C. the government regulations of the countries in which the organization does business.
- D. the mastery of a particular piece of machinery among the employees of the organization.
- E. the organization's market share in the industry.

The specific ways in which human resource professionals support the organization's strategy vary according to their level of involvement and the nature of the strategy. Strategic issues include emphasis on quality and decisions about growth and efficiency. Human resource management can support these strategies, including efforts such as quality improvement programs, mergers and acquisitions, and restructuring.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Understand

Learning Objective: 02-03 Define employee empowerment, and explain its role in the modern organization.

Level of Difficulty: 2 Medium

Topic: Focus on Strategy

53. How has the use of employee empowerment affected the recruitment process in the U.S.?

- A. It has enhanced the need for people with working knowledge of operating different kinds of machinery.
- B. It has substantially increased employment opportunities for workers with less education.
- C. It has shifted the focus away from technical skills to general cognitive and interpersonal skills.
- D. It has significantly reduced recruitment costs by using low-cost strategies though it hinders innovation.
- E. It has made the recruitment process less time consuming.

Use of employee empowerment shifts the recruiting focus away from technical skills and toward general cognitive and interpersonal skills. Employees who have responsibility for a final product or service must be able to listen to customers, adapt to changing needs, and creatively solve a variety of problems.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Understand

Learning Objective: 02-03 Define employee empowerment, and explain its role in the modern organization.

Level of Difficulty: 2 Medium

Topic: High-Performance Work Systems

54. Which of the following is necessary for the success of employee empowerment?

- A. The jobs must be designed in such a manner that the managers have complete control over business processes.
- B. Employees must be properly trained to exert their wider authority and use information resources such as the Internet.**
- C. Pay and other rewards should reflect employees' loyalty to the organization and not their authority.
- D. Employers should provide feedback only when employees resign and are about to leave the organization.
- E. Employers should create jobs that minimize the need for the employees to come up with innovative ideas and solutions.

Jobs must be designed to give employees the necessary latitude for making a variety of decisions. Employees must be properly trained to exert their wider authority and use information resources such as the Internet as well as tools for communicating information.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Understand

Learning Objective: 02-03 Define employee empowerment, and explain its role in the modern organization.

Level of Difficulty: 2 Medium

Topic: High-Performance Work Systems

55. Which of the following refers to full involvement in one's work and commitment to one's job and company?

- A. Job enhancement
- B. Employee selection
- C. Employee appraisal
- D. Job specialization
- E. Employee engagement

Employee engagement refers to full involvement in one's work and commitment to one's job and company.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 02-03 Define employee empowerment, and explain its role in the modern organization.

Level of Difficulty: 1 Easy

Topic: High-Performance Work Systems

56. Which of the following best describes teamwork?

- A. It refers to centralizing responsibility and authority to make decisions regarding all aspects of product development.
- B. It refers to having the best possible fit between an organization's social system and technical system.
- C. It involves making efforts to continuously improve the ways people, machines, and systems accomplish work.
- D. It involves assigning work to a group of employees with various skills who interact to assemble a product.
- E. It refers to providing employees with individual opportunities to grow, thereby achieving organizational goals.

Teamwork is the assignment of work to groups of employees with various skills who interact to assemble a product or provide a service.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 02-03 Define employee empowerment, and explain its role in the modern organization.

Level of Difficulty: 1 Easy

Topic: High-Performance Work Systems

57. Work teams often assume many activities traditionally reserved for managers, such as:

- A. hiring new employees.
- B. determining company policies.
- C. coordinating work with customers.
- D. conducting training programs.
- E. determining employee salaries.

Work teams often assume many activities traditionally reserved for managers, such as selecting new team members, scheduling work, and coordinating work with customers and other units of the organization.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 02-03 Define employee empowerment, and explain its role in the modern organization.

Level of Difficulty: 1 Easy

Topic: High-Performance Work Systems

58. Milton Inc. invests heavily in training its employees to develop skills in conflict resolution. Which of the following is a possible reason for Milton's management to implement this action?

- A. Milton hires employees with different educational qualifications.
- B. Managers at Milton seldom encourage employees to voice their opinions.
- C. Disagreements can arise when Milton signs business deals with other companies.
- D. Milton does not collaborate with other companies for its business operations.
- E. Milton does not meet the requirements to merge with another company to hold a greater share of the industry.

HRM should have a significant role in carrying out a merger or acquisition. Differences between the businesses involved in the deal make conflict inevitable. Training efforts should therefore include development of skills in conflict resolution. Also, HR professionals have to sort out differences in the two companies' practices with regard to compensation, performance appraisal, and other HR systems.

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

Blooms: Analyze

Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality, growth, and efficiency.

Level of Difficulty: 3 Hard

Topic: Focus on Strategy

59. Which of the following is in compliance with the core values of total quality management?

- A. Providing quality training to specific employees.
- B. Detecting errors and correcting them in an error-prone product or service.
- C. Developing generalized methods and processes that only focus on meeting the needs of external customers.
- D. Encouraging employees and customers to provide input on improving quality of products and holding costs down.
- E. Measuring employees' progress based on the amount of work done rather than the feedback obtained from customers.

Organizations that engage in total quality management promote cooperation with vendors, suppliers, and customers to improve quality and hold down costs. All employees receive training in quality. The managers measure progress of the employees with feedback based on the data.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Understand

Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality, growth, and efficiency.

Level of Difficulty: 2 Medium

Topic: Focus on Strategy

60. Kelton Inc. produces large quantities of products for their customers within tight deadlines. However, customers are not satisfied with the products produced by Kelton. Which of the following, if true, would best explain the customers' dissatisfaction with Kelton?

- A. Kelton's methods are designed to meet the needs of only internal customers.
- B. Kelton focuses on detecting and correcting errors rather than preventing them from occurring.
- C. Kelton does not adhere to quality standards.
- D. Kelton collaborates with other companies for product development and enhancement.
- E. Kelton provides quality training to subordinates as well as to top management.

To compete in today's economy, companies need to provide high-quality products and services. If companies do not adhere to quality standards, they will have difficulty selling their product or service to vendors, suppliers, or customers. Therefore, many organizations have adopted some form of total quality management (TQM)—a companywide effort to continually improve the ways people, machines, and systems accomplish work.

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

Blooms: Analyze

Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality, growth, and efficiency.

Level of Difficulty: 3 Hard

Topic: Focus on Strategy

61. Iris Corp. manufactures products by following traditional methods, and managers make decisions without obtaining input from their subordinates. Recently the firm has been receiving complaints from its customers regarding the quality of its products. Which of the following would help the firm avoid these complaints in the future?

- A. Iris should not engage in risk taking.
- B. Iris should not involve subordinates when solving problems.
- C. Iris should create an atmosphere that promotes innovation.
- D. Iris should focus less on creativity.
- E. Iris should provide quality training only to those in top management.

The total quality management (TQM) approach provides guidelines for all the organization's activities, including human resource management. To promote quality, organizations need an environment that supports innovation, creativity, and risk taking to meet customer demands. Problem solving should bring together managers, employees, and customers. Employees should communicate with managers about customer needs.

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

Blooms: Analyze

Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality, growth, and efficiency.

Level of Difficulty: 3 Hard

Topic: Focus on Strategy

62. According to the core values of total quality management:

- A. the progress of employees should be measured through self-evaluation.
- B. external customers should not be given any importance while developing any process.
- C. only key personnel should receive training in quality.
- D. errors in a product or service should be prevented before occurrence.
- E. internal customers should be valued more than external customers.

Total quality management has several core values: quality is designed into a product or service so that errors are prevented from occurring, rather than being detected and corrected in an error-prone product or service.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Understand

Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality, growth, and efficiency.

Level of Difficulty: 2 Medium

Topic: Focus on Strategy

63. Which of the following occurs when two companies join forces and become one entity?

- A. Acquisition
- B. Merger
- C. Takeover
- D. Joint venture
- E. Strategic alliance

A merger occurs when two companies join forces to become one.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality, growth, and efficiency.

Level of Difficulty: 1 Easy

Topic: Focus on Strategy

64. A chemical company buying a medical equipment manufacturing company is an example of a(n) _____.

- A. acquisition
- B. partnership
- C. consolidation
- D. joint venture
- E. strategic alliance

An acquisition happens when one company buys another company. In this case, a chemical company buying a medical equipment manufacturing company represents an acquisition.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Understand

Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality, growth, and efficiency.

Level of Difficulty: 2 Medium

Topic: Focus on Strategy

65. Lewis Corp., an automobile manufacturer, purchases Vision Inc., a company that produces auto parts and accessories. This scenario exemplifies a(n) _____.

- A. consolidation
- B. partnership
- C. acquisition
- D. joint venture
- E. strategic alliance

An acquisition happens when one company buys another company. In this case, Lewis Corp., an automobile manufacturer, purchasing Vision Inc., a company that manufactures auto parts and accessories represents an acquisition.

AACSB: Knowledge Application

Accessibility: Keyboard Navigation

Blooms: Apply

Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality, growth, and efficiency.

Level of Difficulty: 3 Hard

Topic: Focus on Strategy

66. Mirth Inc., a cookie manufacturer, combines with Herge Corp., a chocolate manufacturer, to form a company called Hobbes Inc. This scenario illustrates a(n) _____.

- A. consolidation
- B. partnership
- C. acquisition
- D. merger
- E. strategic alliance

A merger occurs when two companies become one. In this case, Mirth Inc., a cookie manufacturer, combining with Herge Corp., a chocolate manufacturer, to form a company called Hobbes Inc., represents a merger.

AACSB: Knowledge Application

Accessibility: Keyboard Navigation

Blooms: Apply

Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality, growth, and efficiency.

Level of Difficulty: 3 Hard

Topic: Focus on Strategy

67. Leo Corp., a large-scale cell phone manufacturer, buys Milo Inc., a small cell phone manufacturer, to secure a greater share of the cell phone industry. This scenario exemplifies a(n) _____.

- A. consolidation
- B. partnership
- C. acquisition
- D. merger
- E. strategic alliance

Some mergers and acquisitions result in consolidation within an industry, meaning that two firms in one industry join to hold a greater share of the industry. In this case, Leo Corp., a large-scale cell phone manufacturer, buying Milo Inc., a small cell phone manufacturer, represents a consolidation.

AACSB: Knowledge Application

Accessibility: Keyboard Navigation

Blooms: Apply

Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality, growth, and efficiency.

Level of Difficulty: 3 Hard

Topic: Focus on Strategy

68. If two firms in one industry join to hold a greater share of the industry, it will be referred to as a(n) ____.

- A. consolidation
- B. takeover
- C. acquisition
- D. conglomerate
- E. assimilation

Some mergers and acquisitions result in consolidation within an industry, meaning that two firms in one industry join to hold a greater share of the industry.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality, growth, and efficiency.

Level of Difficulty: 1 Easy

Topic: Focus on Strategy

69. Neo Pharmaceuticals and Ayurva Medicines combined their businesses to create a new company, Ayurva Pharmaceuticals Inc. This is an example of a(n) _____.

- A. acquisition
- B. takeover
- C. partnership
- D. strategic alliance
- E. merger

A merger occurs when two companies become one. In this case, Neo Pharmaceuticals and Ayurva Medicines created a merger because they combined their businesses to create a new company, Ayurva Pharmaceuticals.

AACSB: Knowledge Application

Accessibility: Keyboard Navigation

Blooms: Apply

Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality, growth, and efficiency.

Level of Difficulty: 3 Hard

Topic: Focus on Strategy

70. Which of the following is a challenge for human resource management during mergers?

- A. Scrutinizing balance sheets
- B. Evaluating the financial worth of the new company
- C. Developing competitively priced products
- D. Developing conflict resolution skills
- E. Sustaining the brand image of the company

Human resource management (HRM) should have a significant role in carrying out a merger or acquisition. Differences between the businesses involved in the deal make conflict inevitable. Training efforts should therefore include development of skills in conflict resolution. Also, HR professionals have to sort out differences in the two companies' practices with regard to compensation, performance appraisal, and other HR systems.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Understand

Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality, growth, and efficiency.

Level of Difficulty: 2 Medium

Topic: Focus on Strategy

71. The human resource management (HRM) function during downsizing is to terminate the workers who:

- A. are performing multiple organizational roles.
- B. are less valuable in their performance.**
- C. are a part of the external labor force.
- D. are older than the other employees.
- E. are being paid the highest salaries.

Downsizing presents a number of challenges and opportunities for human resource management (HRM). In terms of challenges, the HRM function must surgically reduce the workforce by cutting only the workers who are less valuable in their performance.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Understand

Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality, growth, and efficiency.

Level of Difficulty: 2 Medium

Topic: Focus on Strategy

72. The management of Durrell Inc. is finding it difficult to "surgically" reduce the workforce by cutting only the workers who are less valuable in their performance. Which of the following is a reason for the difficulty faced by Durrell management?

- A. Durrell has to provide unemployment benefits to terminated workers.
- B. Durrell has a strong hierarchy.
- C. Durrell has good workers who have the ability to find alternative employment.
- D. Durrell does not encourage voluntary turnover.
- E. Durrell has centralized decision making.

Downsizing presents a number of challenges and opportunities for HRM. In terms of challenges, the HRM function must "surgically" reduce the workforce by cutting only the workers who are less valuable in their performance. Achieving this is difficult because the best workers are most able (and often willing) to find alternative employment and may leave voluntarily before the organization lays off anyone.

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

Blooms: Analyze

Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality, growth, and efficiency.

Level of Difficulty: 3 Hard

Topic: Focus on Strategy

73. A downsizing strategy at Archer Corp. has resulted in negative stock returns and lower profitability following the layoffs. Which of the following best explains the reason for these negative results at Archer?
- A. Downsizing tends to distinguish good performers from poor performers rather than eliminating an entire group of employees.
 - B. Downsizing demands the HR department have a third-party vendor provide services, which results in lower revenues.
 - C. Downsizing conducts a complete review of the organization's critical work processes, which results in heavy expenditures.
 - D. The HRM of a firm is not authorized to provide downsized employees with outplacement services to help them find new jobs.
 - E. When labor costs fall after a downsizing, sales per employee also tend to fall.

Contrary to popular belief, research has found that downsizing is associated with negative stock returns and lower profitability following the layoffs. One reason may be that although labor costs fall after a downsizing, sales per employee also tend to fall.

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

Blooms: Analyze

Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality, growth, and efficiency.

Level of Difficulty: 3 Hard

Topic: Focus on Strategy

74. Which of the following is true of early-retirement programs that are used as a method of downsizing?

- A. They are the most effective.
- B. They are linked to greater employee suffering and distress.
- C. They offer a better alternative to the "grenade" approach.
- D. They help in distinguishing between good and poor performers.
- E. They are humane.

Early-retirement programs are humane, but they essentially reduce the workforce with a "grenade" approach—not distinguishing good performers from poor performers but rather eliminating an entire group of employees. So it is not very effective.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Understand

Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality, growth, and efficiency.

Level of Difficulty: 2 Medium

Topic: Focus on Strategy

75. Which of the following statements is true about downsizing?

- A. HRM cannot inform all employees why downsizing is necessary.
- B. HRM should withhold information regarding downsizing rather than maintain open communication with remaining employees.
- C. Downsizing is associated with positive stock returns.
- D. Downsizing results in higher profitability following layoffs.
- E. HRM can provide downsized employees with outplacement services to help them find new jobs.

HRM can provide downsized employees with outplacement services to help them find new jobs. Such services are ways an organization can show that it cares about its employees, even though it cannot afford to keep all of them on the payroll.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Understand

Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality, growth, and efficiency.

Level of Difficulty: 2 Medium

Topic: Focus on Strategy

76. When an organization undertakes a complete review of its critical work processes to make them more efficient in an effort to deliver higher quality, it is engaging in:

- A. outsourcing.
- B. offshoring.
- C. reengineering.
- D. greenfield venturing.
- E. codetermining.

Reengineering refers to a complete review of the organization's critical work processes to make them more efficient and able to deliver higher quality.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality, growth, and efficiency.

Level of Difficulty: 1 Easy

Topic: Focus on Strategy

77. Which of the following observations about reengineering is true?

- A. It is primarily concerned with production processes.
- B. Critical processes are not altered during this process.
- C. Changing customer needs and technologies necessitate reengineering.
- D. It has no impact on human resource practices and systems.
- E. Retaining the current work processes with minimal change requires reengineering.

Rapidly changing customer needs and technologies have caused many organizations to rethink the way they get work done. This would lead to a reengineering process.

Reengineering involves reviewing all the processes performed by all the organization's major functions, including production, sales, accounting, and human resources.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Understand

Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality, growth, and efficiency.

Level of Difficulty: 2 Medium

Topic: Focus on Strategy

78. M&B Textiles Inc., a garment manufacturing company, implements a new technology to improve the speed of its production process. To implement the new technology effectively, the company decides to train its employees on how to use this new process. The company also implements new quality checks and efficiency measures to reduce costs of production, while delivering better quality products. This process of making changes to vital company technology to make it more efficient is known as _____.

- A. outsourcing
- B. codetermining
- C. downsizing
- D. hedging
- E. reengineering

Reengineering refers to a complete review of the organization's critical work processes to make them more efficient and able to deliver higher quality. In this case, M&B Textiles Inc. engages in reengineering as it implements new quality checks and efficiency measures to reduce cost of production, while delivering better quality products.

AACSB: Knowledge Application

Accessibility: Keyboard Navigation

Blooms: Apply

Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality, growth, and efficiency.

Level of Difficulty: 3 Hard

Topic: Focus on Strategy

79. Brighton Corp. undertook a reengineering strategy recently to increase the efficiency of its processes. As a result, the HR department has revised the job and pay structures for employees. The firm is also hiring new employees with different skill sets. Which of the following arguments strengthens the HR department's decision?
- A. Reengineering demands the HR department hire another vendor or a third-party provider.
 - B. Reengineering necessitates the HR department design and implement changes so employees will be committed to its success.**
 - C. Reengineering provides training only to those in top managerial positions.
 - D. Reengineering involves one company buying another company.
 - E. Reengineering results in consolidation within an industry, meaning that two firms in one industry join to hold a greater share of the industry.

Reengineering affects human resource management in two ways. First, the way the HR department itself accomplishes its goals may change dramatically. Second, the fundamental change throughout the organization requires the HR department to help design and implement change so that all employees will be committed to the success of the reengineered organization. Employees may need training for their reengineered jobs. The organization may need to redesign the structure of its pay and benefits to make them more appropriate for its new way of operating.

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

Blooms: Analyze

Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality, growth, and efficiency.

Level of Difficulty: 3 Hard

Topic: Focus on Strategy

80. As part of a companywide business strategy, Wright Inc. conducts a comprehensive examination of its critical work techniques to increase their efficiency. The strategy is also used to provide high quality goods and services to the firm's customers. Which of the following HRM practices does Wright use?

- A. Outsourcing
- B. Reengineering**
- C. Downsizing
- D. Merger
- E. Acquisition

Rapidly changing customer needs and technology have caused many organizations to rethink the way they get work done. Therefore, many organizations have undertaken reengineering—a complete review of the organization's critical work processes to make them more efficient and able to deliver higher quality. In this scenario, Wright Inc. conducted the HRM practice of reengineering.

AACSB: Knowledge Application

Accessibility: Keyboard Navigation

Blooms: Apply

Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality, growth, and efficiency.

Level of Difficulty: 3 Hard

Topic: Focus on Strategy

81. Carroll Inc., a cell phone manufacturer, has its assembly operations performed by Mortimer Corp., a firm that deals exclusively in assembling products for other companies. This scenario indicates that Carroll engages in the practice of _____.

- A. outsourcing
- B. reengineering
- C. downsizing
- D. benchmarking
- E. acquiring

Many organizations are increasingly outsourcing business activities. Outsourcing refers to the practice of having another company (a vendor, third-party provider, or consultant) provide services. In this scenario, Carroll Inc. engages in the practice of outsourcing.

AACSB: Knowledge Application

Accessibility: Keyboard Navigation

Blooms: Apply

Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality, growth, and efficiency.

Level of Difficulty: 3 Hard

Topic: Focus on Strategy

82. Miller Inc., a maker of chocolate products, assigns its packaging and labeling services to Labels U.S.A., a firm that specializes in packaging and labeling other companies' products. Which of the following HRM practices does Miller Inc. use?

- A. Acquiring
- B. Reengineering
- C. Downsizing
- D. Benchmarking
- E. Outsourcing

Many organizations are increasingly outsourcing business activities. Outsourcing refers to the practice of having another company (a vendor, third-party provider, or consultant) provide services. In this scenario, Miller Inc. is engaging in outsourcing.

AACSB: Knowledge Application

Accessibility: Keyboard Navigation

Blooms: Apply

Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality, growth, and efficiency.

Level of Difficulty: 3 Hard

Topic: Focus on Strategy

83. Palin Inc., an electronics manufacturer, is headquartered in Texas. The firm shifted its operations from Texas to China due to lower labor costs and the availability of required skills in China. This scenario indicates that Palin engaged in the practice of _____.

- A. downsizing
- B. reengineering
- C. offshoring**
- D. benchmarking
- E. acquiring

Outsourcing refers to moving operations from the country where a company is headquartered to a country where pay rates are lower but the necessary skills are available. In this scenario, Palin Inc. engaged in the practice of offshoring.

AACSB: Knowledge Application

Accessibility: Keyboard Navigation

Blooms: Apply

Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality, growth, and efficiency.

Level of Difficulty: 3 Hard

Topic: Focus on Strategy

84. The practice of having another company provide services is known as _____.

- A. benchmarking
- B. downsizing
- C. codetermining
- D. outsourcing
- E. reengineering

The practice of having another company provide services is referred to as outsourcing.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality, growth, and efficiency.

Level of Difficulty: 1 Easy

Topic: Focus on Strategy

85. Daily Needs Inc. is a consumer goods company that provides the option of door-to-door delivery. The company has partnered with a packaging company for transporting its goods to the customers. This is an example of _____.

- A. cause marketing
- B. outsourcing**
- C. reengineering
- D. disinvesting
- E. downsizing

The practice of having another company provide services is referred to as outsourcing. In this case, Daily Needs Inc. is outsourcing the delivery of its products to customers to a packaging company.

AACSB: Knowledge Application

Accessibility: Keyboard Navigation

Blooms: Apply

Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality, growth, and efficiency.

Level of Difficulty: 3 Hard

Topic: Focus on Strategy

86. Which of the following best describes offshoring?

- A. It is the practice of having another company provide services.
- B. It refers to moving operations from the country where a company is headquartered to a country where pay rates are lower but the necessary skills are available.**
- C. It is a method of staffing other than the traditional hiring of full-time employees.
- D. It is a complete review of the organization's critical work processes to make them more efficient and able to deliver higher quality of products and services.
- E. It refers to acquiring a new company in a distant location or another country in order to acquire higher market share or growth.

Moving operations from the country where a company is headquartered to a country where pay rates are lower but the necessary skills are available is referred to as offshoring.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 02-05 Summarize ways in which human resource management can support organizations expanding internationally.

Level of Difficulty: 1 Easy

Topic: Focus on Strategy

87. When large U.S. software companies open facilities in developing countries to take advantage of the highly skilled labor available there at lower pay rates, they are engaging in:

- A. consolidation.
- B. nationalization.
- C. crowdsourcing.
- D. codetermining.
- E. offshoring.

Moving operations from the country where a company is headquartered to a country where pay rates are lower but the necessary skills are available is referred to as offshoring.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Understand

Learning Objective: 02-05 Summarize ways in which human resource management can support organizations expanding internationally.

Level of Difficulty: 2 Medium

Topic: Focus on Strategy

88. Which of the following is the reason why more organizations are looking overseas to hire talented people?

- A. Lack of technology in the U.S.
- B. Lack of demand for their products in the U.S.
- C. Poor quality of labor in the U.S.
- D. Governmental pressure
- E. Low cost of labor in foreign countries

Organizations are looking overseas to hire talented people willing to work for less pay than the U.S. labor market requires.

AACSB: Diversity

Accessibility: Keyboard Navigation

Blooms: Understand

Learning Objective: 02-05 Summarize ways in which human resource management can support organizations expanding internationally.

Level of Difficulty: 2 Medium

Topic: Focus on Strategy

89. Companies are finding that to survive they must contend in international markets as well as fend off foreign competitors' attempts to gain ground in the United States. Which of the following would help businesses in the United States meet these challenges?

- A. They must focus on developing domestic markets rather than on developing global markets.
- B. They must hire only from a domestic labor pool.
- C. They must prepare employees for global assignments.
- D. They must eliminate reshoring—reestablishing operations in North America.
- E. They must reduce the workforce with a "grenade" approach—by eliminating an entire group of employees.

Companies are finding that to survive they must compete in international markets as well as fend off foreign competitors' attempts to gain ground in the United States. To meet these challenges, U.S. businesses must develop global markets, keep up with competition from overseas, hire from an international labor pool, and prepare employees for global assignments.

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

Blooms: Analyze

Learning Objective: 02-05 Summarize ways in which human resource management can support organizations expanding internationally.

Level of Difficulty: 3 Hard

Topic: Focus on Strategy

90. Employees who take assignments in other countries are called _____.

- A. host-country nationals
- B. immigrants
- C. external employees
- D. expatriates
- E. emigrants

Employees who take assignments in other countries are called expatriates.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 02-05 Summarize ways in which human resource management can support organizations expanding internationally.

Level of Difficulty: 1 Easy

Topic: Focus on Strategy

91. Which of the following is an advantage of using a human resource information system in an organization?

- A. It can be used to scrutinize balance sheets.
- B. It can be used to develop new lines of products.
- C. It can be used to provide employee coaching.
- D. It can help avoid litigation and lawsuits.
- E. It can be used by salespeople to improve sales.

A human resource information system (HRIS) can support strategic decision making, help the organization avoid lawsuits, provide data for evaluating programs or policies, and support day-to-day HR decisions.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Understand

Learning Objective: 02-06 Discuss how technological developments are affecting human resource management.

Level of Difficulty: 2 Medium

Topic: Technological Change in HRM

92. _____ provide(s) insight into commercial trends and patterns and help(s) organizations improve decisions.

- A. Electronic performance support systems
- B. Internet portals
- C. Shared service centers
- D. Application service provider
- E. Business intelligence

Business intelligence provides insight into business trends and patterns and helps businesses improve decisions.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 02-06 Discuss how technological developments are affecting human resource management.

Level of Difficulty: 1 Easy

Topic: Technological Change in HRM

93. Identify the technology that lets a company rent space on a remote computer system and use the system's software to manage its human resource activities, including security and upgrades.

- A. Application service providers
- B. Internet portals
- C. Shared service centers
- D. Business intelligence systems
- E. Electronic performance support systems

Application service providers let companies rent a space on a remote computer system and use the system's software to manage its human resource activities, including security and upgrades.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 02-06 Discuss how technological developments are affecting human resource management.

Level of Difficulty: 1 Easy

Topic: Technological Change in HRM

94. Which of the following can be used to consolidate different human resource functions into a single location, eliminate redundancy, and reduce administrative costs?

- A. Internet portals
- B. Application services
- C. Shared service centers**
- D. Business intelligence systems
- E. Electronic performance support systems

Shared service centers consolidate different human resource functions into a single location, eliminate redundancy, reduce administrative costs, and process all HR transactions at one time.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 02-06 Discuss how technological developments are affecting human resource management.

Level of Difficulty: 1 Easy

Topic: Technological Change in HRM

95. AlphaTech is a company that develops software to help businesses with data processing. This software helps businesses process payrolls, generate tax information for employees, keep track of employee leave and personal time off, and manage performance evaluation reports. The software is hosted on a remote server maintained by AlphaTech, and businesses can access it online. Which of the following technologies is being used by AlphaTech to perform the computing tasks for other businesses?

- A. Intranet portal
- B. HR dashboard
- C. Data mining
- D. Cloud computing**
- E. Business Intelligence

Cloud computing refers to generally refers to arrangements in which remote server computers do the user's computing tasks. Application service providers let companies rent a space on a remote computer system and use the system's software to manage its human resource activities, including security and upgrades.

AACSB: Knowledge Application

Accessibility: Keyboard Navigation

Blooms: Apply

Learning Objective: 02-06 Discuss how technological developments are affecting human resource management.

Level of Difficulty: 3 Hard

Topic: Technological Change in HRM

96. Which of the following is true of electronic human resource management (e-HRM) applications?
- A. They let employees enroll in and participate in training programs online.
 - B. They provide insight into business trends and help businesses improve decisions.
 - C. They have the potential to eliminate traditional HRM functions.
 - D. They only let employees look up answers to HR-related questions and read company news.
 - E. They are only accessible to specific geographical locations.

Many human resource management (HRM) activities have moved onto the Internet. Electronic HRM applications let employees enroll in and participate in training programs online.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Understand

Learning Objective: 02-06 Discuss how technological developments are affecting human resource management.

Level of Difficulty: 2 Medium

Topic: Technological Change in HRM

97. The rapid use of technology by HR departments in business organizations has resulted in:

- A. organizations becoming more bureaucratic and restrictive about information pertaining to workplace policies.
- B. the elimination of the self-service approach toward information dissemination in the organization.
- C. the elimination of face-to-face meetings and training sessions entirely across all businesses.
- D. the collection of employees' opinions through online surveys to improve employee engagement initiatives.
- E. HR employees having greater responsibilities for record keeping.

Information technology is changing the way human resource (HR) departments handle record keeping and information sharing. HR employees play a smaller role in maintaining records, and employees now get information through self-service. This means employees have online access to information about HR issues such as training, benefits, etc. and they go online to enroll themselves in programs and services; and provide feedback through online surveys. Based on the feedback received from such online surveys, businesses can improve employee engagement initiatives.

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

Blooms: Analyze

Learning Objective: 02-06 Discuss how technological developments are affecting human resource management.

Level of Difficulty: 3 Hard

Topic: Technological Change in HRM

98. Which of the following is true of an intranet?

- A. It is a system that uses powerful computers to analyze large amounts of data, such as data about employee traits.
- B. It is a network that uses Internet tools but limits access to authorized users in the organization.**
- C. It is a network that is used by a business to reach out to the customers and send them product information.
- D. It is a system that is used by outside suppliers to update inventories.
- E. It is a network universally used by business organizations to transfer data from one geographical location to the other.

A great deal of human resource information is confidential and not suitable for posting on a Web site for everyone to see. One solution is to set up an e-HRM system on an intranet, which is a network that uses Internet tools but limits access to authorized users in an organization.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Understand

Learning Objective: 02-06 Discuss how technological developments are affecting human resource management.

Level of Difficulty: 2 Medium

Topic: Technological Change in HRM

99. What is a human resource (HR) dashboard?

- A. It is a messaging system used by HR managers to communicate with employees.
- B. It is a display of how the company is performing on specific HR metrics.**
- C. It is a tool used to measure the profitability and growth rate of the organization.
- D. It is a computer system used to acquire and distribute information about work schedules and job duties.
- E. It is a system used to store, analyze, and process the information regarding the levels of demand and inventory.

A human resource (HR) dashboard is a display of how the company is performing on specific HR metrics, such as productivity and absenteeism.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 02-06 Discuss how technological developments are affecting human resource management.

Level of Difficulty: 1 Easy

Topic: Technological Change in HRM

100. A system in which employees have online access to information about human resource issues and go online to enroll themselves in programs and provide feedback through surveys is termed as:

- A. social facilitation.
- B. payroll automation.
- C. cloud computing.
- D. data mining.
- E. self-service.

Self-service is a system in which employees have online access to information about HR issues and go online to enroll themselves in programs and provide feedback through surveys.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 02-06 Discuss how technological developments are affecting human resource management.

Level of Difficulty: 1 Easy

Topic: Technological Change in HRM

101. The relationship between an employer and an employee can be thought of in terms of a(n) _____, a description of what an employee expects to contribute in an employment relationship and what the employer will provide the employee in exchange for those contributions.

- A. employee contract
- B. offer letter
- C. psychological contract**
- D. legal bond
- E. legal agreement

A psychological contract between an employer and an employee is a description of what an employee expects to contribute in an employment relationship and what the employer will provide the employee in exchange for those contributions. Unlike a written sales contract, the psychological contract is not formally put into words.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 02-07 Explain how the nature of the employment relationship is changing.

Level of Difficulty: 1 Easy

Topic: Change in the Employment Relationship

102. _____ refers to the intentional practice of changing jobs frequently.

- A. Job hopping
- B. Moonlighting
- C. Job enlargement
- D. Job enrichment
- E. Freelancing

Some employees engage in job hopping, the intentional practice of changing jobs frequently—say, every year or two. Job hopping can be appealing to an employee as a way to stave off boredom and win some rapid increases in pay and responsibility.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 02-07 Explain how the nature of the employment relationship is changing.

Level of Difficulty: 1 Easy

Topic: Change in the Employment Relationship

103. Kylie changes jobs on a regular basis. She does this to secure better career growth opportunities and to decrease boredom. Kylie engages in _____.

- A. freelancing
- B. job enrichment
- C. job hopping**
- D. benchmarking
- E. moonlighting

Some employees engage in job hopping, the intentional practice of changing jobs frequently—say, every year or two. Job hopping can be appealing to an employee as a way to stave off boredom and win some rapid increases in pay and responsibility. In this case, Kylie engages in job hopping.

AACSB: Knowledge Application

Accessibility: Keyboard Navigation

Blooms: Apply

Learning Objective: 02-07 Explain how the nature of the employment relationship is changing.

Level of Difficulty: 1 Easy

Topic: Change in the Employment Relationship

104. The management of Holmes Inc. expects its employees to be enthusiastic about their work by seeking training, putting in long hours of work, initiating better work procedures, and maintaining a sound balance between professional life and personal life. In return, the firm's employees expect management to arrange for better incentives, flexible work schedules, and increased authority to execute their tasks. This scenario is (an) example of a(n) _____.

- A. employee contract
- B. offer letter
- C. legal agreement
- D. legal bond
- E. psychological contract

A psychological contract between an employer and an employee is a description of what an employee expects to contribute in an employment relationship and what the employer will provide the employee in exchange for those contributions. Unlike a written sales contract, the psychological contract is not formally put into words. In this scenario, a psychological contract between the management of Holmes Inc. and its employees is exemplified.

AACSB: Knowledge Application

Accessibility: Keyboard Navigation

Blooms: Apply

Learning Objective: 02-07 Explain how the nature of the employment relationship is changing.

Level of Difficulty: 3 Hard

Topic: Change in the Employment Relationship

105. Which of the following statements is true of a psychological contract?

- A. A psychological contract describes spoken expectations that are widely held by employers and employees.
- B. In the new version of the psychological contract, organizations manage the career paths for their employees.
- C. In the traditional version of the psychological contract, organizations expected employees to take more responsibility for their own careers, from seeking training to balancing work and family.
- D. A psychological contract is a display of how the company is performing on specific HR metrics, such as productivity and absenteeism.
- E. A psychological contract is not formally put into words.

A psychological contract between an employer and an employee is a description of what an employee expects to contribute in an employment relationship and what the employer will provide the employee in exchange for those contributions. Unlike a written sales contract, the psychological contract is not formally put into words.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Understand

Learning Objective: 02-07 Explain how the nature of the employment relationship is changing.

Level of Difficulty: 2 Medium

Topic: Change in the Employment Relationship

106. The new type of psychological contract has resulted in reduced:

- A. creativity.
- B. employee compensation.
- C. flexibility.
- D. training and development opportunities.
- E. job security.

The new psychological contracts have resulted in reduced job security and longer work hours.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 02-07 Explain how the nature of the employment relationship is changing.

Level of Difficulty: 1 Easy

Topic: Change in the Employment Relationship

107. Employees realize that many companies are no longer able to provide long-term employment security. Instead, the employees now want:

- A. increased pay.
- B. less demanding work.
- C. employability.
- D. written employment contracts.
- E. additional benefits.

Employees realize that companies cannot provide employment security, so they want employability. This means they want their company to provide training and job experiences to help ensure that they can find other employment opportunities.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 02-07 Explain how the nature of the employment relationship is changing.

Level of Difficulty: 1 Easy

Topic: Change in the Employment Relationship

108. The use of independent contractors, on-call workers, temporary workers, and contract company workers, collectively constitutes:

- A. outsourcing.
- B. alternative work arrangements.**
- C. consolidation.
- D. high-performance work systems.
- E. offshoring.

Alternative work arrangements are methods of staffing other than the traditional hiring of full-time employees. Use of independent contractors, on-call workers, temporary workers, and contract company workers are all examples of alternative work arrangements.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 02-08 Discuss how the need for flexibility affects human resource management.

Level of Difficulty: 1 Easy

Topic: Change in the Employment Relationship

109. Independent contractors are:

- A. usually full-time company employees.
- B. self-employed individuals with multiple clients.**
- C. people employed by a temporary agency.
- D. employed directly by a company for a specific time.
- E. people employed by a company to work on an independent project.

Independent contractors are self-employed individuals with multiple clients.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 02-08 Discuss how the need for flexibility affects human resource management.

Level of Difficulty: 1 Easy

Topic: Change in the Employment Relationship

110. Abdul, a financial analyst, is not employed directly by any company. He works for several clients based on their requirements. Abdul is a(n) _____.

- A. permanent employee
- B. independent contractor**
- C. part-time employee
- D. contract company worker
- E. temporary worker

Independent contractors are self-employed individuals with multiple clients. In this case, Abdul is an independent contractor as he is self-employed, and works for several clients based on their requirements.

AACSB: Knowledge Application

Accessibility: Keyboard Navigation

Blooms: Apply

Learning Objective: 02-08 Discuss how the need for flexibility affects human resource management.

Level of Difficulty: 3 Hard

Topic: Change in the Employment Relationship

111. Amy is a human resource consultant who runs and operates her own business from her home. She is often hired by businesses to present one- or two-day workshops on various topics within her field of expertise. Amy is a(n):

- A. independent contractor.
- B. permanent employee.
- C. temporary employee.
- D. contract company worker.
- E. temporary worker.

Independent contractors are self-employed individuals with multiple clients. Amy is often hired by businesses to present one- or two-day workshops on various topics within her field of expertise.

AACSB: Knowledge Application

Accessibility: Keyboard Navigation

Blooms: Apply

Learning Objective: 02-08 Discuss how the need for flexibility affects human resource management.

Level of Difficulty: 3 Hard

Topic: Change in the Employment Relationship

112. _____ are persons who work for an organization only when they are needed.

- A. On-call workers
- B. Moonlighting employees
- C. Apprentices
- D. Part-time employees
- E. Trainees

On-call workers are persons who work for an organization only when they are needed.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 02-08 Discuss how the need for flexibility affects human resource management.

Level of Difficulty: 1 Easy

Topic: Change in the Employment Relationship

113. _____ are employed directly by a company for a certain amount of time, specified in a formal agreement between the company and the workers.

- A. On-call workers
- B. Independent contractors
- C. Temporary workers
- D. Contract company workers
- E. Part-time workers

Contract company workers are employed directly by a company for a specific time, specified in a written contract.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 02-08 Discuss how the need for flexibility affects human resource management.

Level of Difficulty: 1 Easy

Topic: Change in the Employment Relationship

114. Identify the correct statement about flexible work schedules.

- A. Flexible work schedules prevent work demands from spilling over to employees' personal lives.
- B. Flexible work schedules require companies to be staffed 12 hours a day, five days a week.
- C. Employees in manufacturing environments and service call centers are being asked to work 16-hour days.
- D. The globalization of the world economy and the development of e-commerce have made the notion of a 40-hour workweek obsolete.
- E. Professional employees do not face long hours anymore due to flexible work schedules.

The globalization of the world economy and the development of e-commerce have made the notion of a 40-hour workweek obsolete. As a result, companies need to be staffed 24 hours a day, seven days a week.

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

Blooms: Understand

Learning Objective: 02-08 Discuss how the need for flexibility affects human resource management.

Level of Difficulty: 2 Medium

Topic: Change in the Employment Relationship

Essay Questions

115. Define labor force. Distinguish between internal labor force and external labor market.

The term labor force is a general way to refer to all the people willing and able to work. For an organization, the internal labor force consists of the organization's workers—its employees and the people who have contracts to work at the organization. This internal labor force has been drawn from the organization's external labor market, that is, individuals who are actively seeking employment. The number and kinds of people in the external labor market determine the kinds of human resources available to an organization.

AACSB: Analytical Thinking

Blooms: Understand

Learning Objective: 02-01 Describe trends in the labor force composition and how they affect human resource management.

Level of Difficulty: 2 Medium

Topic: Change in the Labor Force

116. What are the activities involved in managing cultural diversity? To what degree do human resource professionals believe these activities are beneficial in maintaining a competitive advantage?

Managing cultural diversity involves many different activities. They include:

1. Creating an organizational culture that values diversity.
2. Ensuring that human resource management systems are bias free.
3. Encouraging career development for women and minorities.
4. Promoting knowledge and acceptance of cultural differences.
5. Ensuring involvement in education both within and outside the company.
6. Dealing with employees' resistance to diversity.

In a recent survey of executives at large global corporations, 85 percent said a "diverse and inclusive workforce" is important for encouraging innovation. Majorities of respondents said their companies have a program to recruit a diverse group of employees (65 percent) and develop an inclusive workforce (53 percent).

AACSB: Diversity

Blooms: Understand

Learning Objective: 02-01 Describe trends in the labor force composition and how they affect human resource management.

Level of Difficulty: 2 Medium

Topic: Change in the Labor Force

117. Explain the problem of skill deficiencies in the U.S. workforce.

The increasing use of computers to do routine tasks has shifted the kinds of skills needed for employees in the U.S. economy. More employers are looking for mathematical, verbal, and interpersonal skills, such as the ability to solve math or other problems or reach decisions as part of a team. Often, when organizations are looking for technical skills, they are looking for skills related to computers and using the Internet. Today's employees must be able to handle a variety of responsibilities, interact with customers, and think creatively. Competition for qualified college graduates in many fields is intense. Some companies are unable to find qualified employees and instead rely on training to correct skill deficiencies.

AACSB: Analytical Thinking

Blooms: Understand

Learning Objective: 02-01 Describe trends in the labor force composition and how they affect human resource management.

Level of Difficulty: 2 Medium

Topic: Change in the Labor Force

118. Explain the impact of knowledge workers on the requirements for creating a high-performance work system.

As the nature of the workforce and the technology available to organizations have changed, so have the requirements for creating a high-performance work system. Customers are demanding high quality and customized products, employees are seeking flexible work arrangements, and employers are looking for ways to tap people's creativity and interpersonal skills. Such demands require that organizations make full use of their people's knowledge and skill. This has resulted in increased demand for knowledge workers. Employees whose main contribution to the organization is specialized knowledge, such as knowledge of customers, a process, or a profession are referred to as knowledge workers. Knowledge workers are in a position of power, because they own the knowledge that the company needs in order to produce its products and services, and they must share their knowledge and collaborate with others in order for their employer to succeed. An employer cannot simply order these employees to perform tasks. Managers depend on the employees' willingness to share information. Furthermore, skilled knowledge workers have many job opportunities, even in a slow economy. If they choose, they can leave a company and take their knowledge to another employer. Replacing them may be difficult and time consuming. Recently, the idea that only some of an organization's workers are knowledge workers has come under criticism. To the critics, this definition is no longer realistic in a day of computerized information systems and computer-controlled production processes. For the company to excel, everyone must know how their work contributes to the organization's success. At the same time, employees—especially younger generations, which grew up with the Internet—will expect to have wide access to information. From this perspective, successful organizations treat all their workers as knowledge workers. They let employees know how well the organization is performing, and they invite ideas about how the organization can do better.

AACSB: Analytical Thinking

Blooms: Understand

Learning Objective: 02-02 Summarize areas in which human resource management can support the goal of creating a high-performance work system.

119. What is employee empowerment? How can human resource (HR) departments help to make it effective?

Employee empowerment means giving employees the responsibility and authority to make decisions regarding the aspects of product development or customer service under their control. Employees are held accountable for products and services; in return, they share in the resulting rewards and losses. For empowerment to succeed, listening to the employees with an open mind, getting employees fully engaged by communicating with them about how their jobs support the organization's mission, making sure that the employees have the skills and resources to succeed in their jobs, by rewarding the employees for their accomplishments. The HR departments can also help by encouraging the employees to come up with innovative ideas by showing them that the ideas are considered without regard for the employees' status in the organization and also by rewarding the creative ideas. They can also train the managers on how to get the employees fully engaged and to respect the ideas given by the employees. They can also encourage the managers by evaluating and rewarding the implementation of new ideas so that they can demonstrate that the organization is serious about innovation.

AACSB: Analytical Thinking

Blooms: Understand

Learning Objective: 02-03 Define employee empowerment, and explain its role in the modern organization.

Level of Difficulty: 2 Medium

Topic: High-Performance Work Systems

120. List and explain the core values of total quality management (TQM).

The following are some of the core values of TQM:

- Methods and processes are designed to meet the needs of internal and external customers (that is, whomever the process is intended to serve).
- Every employee in the organization receives training in quality.
- Quality is designed into a product or service so that errors are prevented from occurring, rather than being detected and corrected in an error-prone product or service.
- The organization promotes cooperation with vendors, suppliers, and customers to improve quality and hold down costs.
- Managers measure progress with feedback based on data.

AACSB: Analytical Thinking

Blooms: Understand

Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality, growth, and efficiency.

Level of Difficulty: 2 Medium

Topic: Focus on Strategy

121. What is outsourcing? What are the trends in human resource (HR) outsourcing?

Outsourcing refers to the practice of having another company (a vendor, third-party provider, or consultant) provide services. Not only do HR departments help with a transition to outsourcing, but many HR functions are being outsourced. According to a recent survey of human resource managers, about 70 percent of companies had outsourced at least one HR activity. The functions that were most likely to be outsourced were employee assistance, retirement planning, and outplacement.

AACSB: Analytical Thinking

Blooms: Remember

Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality, growth, and efficiency.

Level of Difficulty: 1 Easy

Topic: Focus on Strategy

122. What is a human resource information system (HRIS)? How does it help HR professionals?

A human resource information system (HRIS) is a computer system used to acquire, store, manipulate, analyze, retrieve, and distribute information related to an organization's human resources. The support of an HRIS can help HR professionals think strategically. As strategies are planned, implemented, and changed, the organization must be constantly prepared to have the right talent in place at all levels. This requires keeping track of an enormous amount of information related to employees' skills, experience, and training needs, as well as the organization's shifting needs for the future. An HRIS can support talent management by integrating data on recruiting, performance management, and training. Integrating the data means, for example, that the HRIS user can see how specific kinds of recruiting, hiring, and training decisions relate to performance success. This helps HR professionals identify how to develop the organization's talent and where to recruit new talent so that an ongoing supply of human resources is available to fill new positions or new openings in existing positions.

AACSB: Analytical Thinking

Blooms: Remember

Learning Objective: 02-06 Discuss how technological developments are affecting human resource management.

Level of Difficulty: 1 Easy

Topic: Technological Change in HRM

123. Define electronic human resource management (e-HRM). List the applications of social networking tools employed by organizations to assist human resource management.

Electronic human resource management (e-HRM) refers to the processing and transmission of digitized information used in HRM, including text, sound, and visual images, from one computer or electronic device to another.

The HRM applications of social networking tools include: 1. Sites for capturing, sharing, and storing knowledge to preserve knowledge that otherwise could be lost when employees retire. 2. Online surveys to gather employees' opinions, which help increase employees' engagement with the jobs and the organization. 3. Networking tools to create online expert communities to identify employee expertise and make it available to those who can apply it. 4. Online discussions such as commenting tools to promote creativity and innovation. 5. Sites where users can post links to articles, webinars, training programs, and other information that helps to reinforce lessons learned during training and on-the-job experience. 6. Instant messaging and other communication tools to use with mentors and coaches, which help in employee development through mentoring and coaching. 7. Sites where the HR department posts job openings and responds to candidates' questions which helps to identify and connect with promising job candidates.

AACSB: Analytical Thinking

Blooms: Remember

Learning Objective: 02-06 Discuss how technological developments are affecting human resource management.

Level of Difficulty: 1 Easy

Topic: Technological Change in HRM

124. Explain the type of new psychological contract. What are its implications?

A psychological contract is a description of what an employee expects to contribute in an employment relationship and what the employer will provide the employee in exchange for those contributions. Unlike a written sales contract, the psychological contract is not formally put into words. Instead, it describes unspoken expectations that are widely held by employers and employees. In the traditional version of this psychological contract, organizations expected their employees to contribute time, effort, skills, abilities, and loyalty. In return, the organizations would provide job security and opportunities for promotion.

However, this arrangement is being replaced with a new type of psychological contract. Companies expect employees to take more responsibility for their own careers, from seeking training to balancing work and family. These expectations result in less job security for employees, who can count on working for several companies over. In exchange for top performance and working longer hours without job security, employees want companies to provide flexible work schedules, comfortable working conditions, more control over how they accomplish work, training and development opportunities, and financial incentives based on how the organization performs.

AACSB: Analytical Thinking

Blooms: Understand

Learning Objective: 02-07 Explain how the nature of the employment relationship is changing.

Level of Difficulty: 2 Medium

Topic: Change in the Employment Relationship