



Chapter 2 Strategic Human Resource Management

True/False Questions

2-1. The goal of strategic management in an organization is to deploy and allocate resources in a way that provides it with a competitive advantage.

Ans: T

Difficulty: E

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LO1

2-2. Strategic human resource management involves a pattern of planned activities designed to enable an organization to achieve its goal.

Ans: T

Difficulty: E

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LO2

2-3. The strategic management process includes two independent phases: strategy formulation and strategy implementation.

Ans: F

Difficulty: M

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LO1

2-4. During strategy formulation, the organization follows through on the strategy that has been chosen.

Ans: F



Difficulty: E
Page 43
LO1

2-5. External analysis is used to identify the firm's strengths and weaknesses.

Ans: F
Difficulty: M
Page 48
LO3

2-6. Internal analysis attempts to define strategic opportunities and threats facing the organization.

Ans: F
Difficulty: M
Page 48
LO3

2-7. Strategic choice is the way an organization attempts to fulfill its mission and achieve long-term goals.

Ans: T
Difficulty: M
Page 48
LO3

2-8. The Delta Airlines example depicted how a firm could improve financial performance at the expense of its employees.

Ans: F
Difficulty: H
Page 41
LO2



2-9. Job analysis involves the gathering of detailed information about jobs.

Ans: T

Difficulty: M

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LO3

2-10. Job design is the process of deciding which tasks should be grouped into a particular job.

Ans: T

Difficulty: M

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LO3

2-11. Recruitment is the process of seeking applicants for potential employment.

Ans: T

Difficulty: M

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LO3

2-12. Selection is the process through which an organization seeks applicants for employment.

Ans: F

Difficulty: H

Page 54

LO3

2-13. Training is the planned effort to facilitate the learning of job-related knowledge, skills, and behavior by employees.

Ans: T

Difficulty: M

Page 55

LO3

2-14. Through development, employees acquire skills and behavior that improve their ability to meet the challenges of a variety of jobs.

Ans: T

Difficulty: M

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LO3

2-15. Performance management can help ensure that employees' activities conform to the organization's objectives.

Ans: T

Difficulty: H

Page 55

LO3

2-16. A recent study of automobile assembly plants around the world found that plants that exhibited both high productivity and high quality used "FIR best practices."

Ans: T

Difficulty: M

Page 56

LO3

2-17. Cost leadership strategy is achieved by creating new product features or a unique customer service.

Ans: F

Difficulty: M

Page 56

LO5

2-18. The results appraisals focus on the knowledge of effective behaviors in a particular product market.

Ans: F

Difficulty: H

Page 59

LO6

2-19. Early retirement programs always result in achieving cost-cutting goals.

Ans: F

Difficulty: M

Page 61

LO6

2-20. Research indicates that downsizing has been largely successful in achieving goals of increased productivity and profitability.

Ans: F

Difficulty: H

Page 61

LO6

2-21. Emergent strategies result from the decision-making process of top level managers.

Ans: F

Difficulty: H

Page 63

LO5

2-22. In a learning organization, employees expand their capacity to achieve the results that they desire.

Ans: T

Difficulty: H

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LO5

2-23. Performance management systems make clear to employees what is expected of them and ensure line managers and strategic planners that employee behavior will be in line with the company's goals.

Ans: T

Difficulty: E

Page 55

LO2

2-24. According to a Conference Board report, people issues are a major reason why mergers don't meet financial expectations.

Ans: T

Difficulty: M

Page 59

LO5

2-25. Role behaviors remain constant with different strategies.

Ans: F

Difficulty: M

Page 57

LO5

Multiple Choice Questions

2-26. The merger between Upjohn and Pharmacia did not meet expectations largely due to

- a. unforeseen new competition
- b. regulatory hurdles
- c. clash of corporate cultures
- d. economic downturn

Ans: c

Difficulty: H

Page 60

LO5, 6

2-27. What is the name of the process in which the goal is to allocate an organization's resources in order to provide a competitive advantage?

- a. Strategy formulation
- b. Strategy implementation
- c. Strategic planning
- d. Strategic management

Ans: d

Difficulty: H

Page 43

LO1

2-28. The process of defining the firm's mission and goals, its external opportunities and threats, and its internal strengths and weaknesses in an effort to generate various strategic alternatives is known as

- a. strategy formulation.
- b. strategy implementation.
- c. strategic planning.
- d. strategic management.

Ans: a

Difficulty: E

Page 43

LO1

2-29. The process that involves structuring the organization, allocating resources, hiring skilled employees, and developing appropriate reward systems is known as

- a. strategy formulation.
- b. strategy implementation.
- c. strategic planning.
- d. strategic management.

Ans: b

Difficulty: E

Page 43

LO1

- 2-30. Information about human resource capabilities allows the organization's managers to
- choose the best strategy.
 - consider the downside of each strategic alternative.
 - realign HR practices.
 - gain a competitive advantage.

Ans: a

Difficulty: M

Page 47

LO3

- 2-31. Which of the following is not related to an organization's mission statement?
- It specifies the customers served.
 - It identifies the technology to be used.
 - It recognizes the values received by the customer.
 - It attempts to maximize stockholder wealth.

Ans: d

Difficulty: H

Page 47

LO2

- 2-32. An example of an organizational "opportunity" is
- technological advances that can aid the firm.
 - customer markets that are being served.
 - training current employees.
 - new competitors entering the market.

Ans: a

Difficulty: M

Page 48

LO1

2-33. Which of the following illustrates a “threat” facing an organization?

- a. Customer markets not being served
- b. Pending legislation that might help the firm
- c. New competitors entering the market
- d. Labor pools that have not been tapped

Ans: c

Difficulty: H

Page 48

LO1

2-34. What term describes the way the firm will attain its mission and long-term goals?

- a. Strategic implementation
- b. Strategic management
- c. Strategic formulation
- d. Strategic choice

Ans: d

Difficulty: M

Page 48

LO1

2-35. Which of the following is not a level of integration that can exist between the HR and strategic management functions?

- a. Administrative linkage
- b. Two-way linkage
- c. Integrative linkage
- d. Executive linkage

Ans: d

Difficulty: M

Page 46

LO4

2-36. HR focuses attention on day-to-day activities of the organization in which level of integration?

- a. Administrative linkage

- b. One-way linkage
- c. Two-way linkage
- d. Integrative linkage

Ans: a

Difficulty: M

Page 46

LO4

2-37. Which level of integration often leads to strategic plans that the firm cannot successfully implement?

- a. Administrative linkage
- b. One-way linkage
- c. Two-way linkage
- d. Integrative linkage

Ans: b

Difficulty: M

Page 46

LO4

2-38. What level of integration involves consideration of HR issues in the strategy formulation process?

- a. Administrative linkage
- b. One-way linkage
- c. Two-way linkage
- d. Integrative linkage

Ans: c

Difficulty: M

Page 46

LO4

2-39. Integrative linkage is

- a. dynamic and multifaceted, based on continuing rather than sequential interaction.
- b. dynamic and multifaceted, based on sequential rather than continuing interaction.
- c. simple, based on a single rather than continuing interaction.
- d. simple, based on a continuing rather than single interaction.

Ans: a

Difficulty: H

Page 47

LO4

2-40. In which level of integration do strategic planners consider people-related business issues when making a strategic decision?

- a. Administrative linkage
- b. One-way linkage
- c. Two-way linkage
- d. Integrative linkage

Ans: d

Difficulty: M

Page 49

LO4

2-41. Research has indicated that few companies exist

- a. at the one-way linkage level, with many companies existing at the two-way, administrative, or integrative level.
- b. at either the one-way or two-way linkage levels.
- c. at the administrative level.
- d. at the integrative linkage level.

Ans: d

Difficulty: H

Page 49

LO4

2-42. Which of the following is not one of the five important variables used to determine success in strategy implementation?

- a. Organizational structure
- b. Task design
- c. Reward systems
- d. Customer awareness

Ans: d

Difficulty: M

Page 52

LO3

2-43. The process by which the firm attempts to identify applicants with the knowledge, skills, abilities, and other characteristics necessary to help the firm achieve its goals is known as

- a. selection.
- b. recruitment.
- c. interviewing.
- d. testing.

Ans: a

Difficulty: E

Page 54

LO3

2-44. The process that allows employees to improve their ability to meet the challenges of a variety of new jobs is

- a. training.
- b. development.
- c. learning.
- d. acquisition.

Ans: b

Difficulty: M

Page 55

LO3

2-45. Firms that are diversified are more likely to use performance measures that are

- a. selective.
- b. qualitative.
- c. quantitative.
- d. objective.

Ans: c

Difficulty: M

Page 55



LO3

2-46. Which of Porter's generic strategies is achieved by constructing efficient, large-scale facilities?

- a. Overall cost leadership
- b. Differentiation
- c. Focus
- d. Prospectors

Ans: a

Difficulty: E

Page 56

LO5

2-47. Which of Porter's generic strategies involves creating a brand image or technology?

- a. Overall cost leadership
- b. Differentiation
- c. Focus
- d. Prospectors

Ans: b

Difficulty: E

Page 56

LO5

2-48. IBM has consistently emphasized its brand image and its reputation for superior service while charging a higher price for its computers. This is an example of which of Porter's generic strategies?

- a. Overall cost leadership
- b. Differentiation
- c. Focus
- d. Prospectors

Ans: b

Difficulty: M

Page 56

LO5

2-49. What type of strategy is used by a firm that specifically defines required skills and seeks efficiency through worker participation?

- a. Cost
- b. Differentiation
- c. Focus
- d. Analyzer

Ans: a

Difficulty: M

Page 58

LO5

2-50. What type of strategy is used by a firm that focuses on what it does best within established markets?

- a. Concentration
- b. Internal growth
- c. External growth
- d. Divestment

Ans: a

Difficulty: M

Page 58

LO6

2-51. Firms that focus on innovation and joint ventures are following a(n)

- a. concentration strategy.
- b. internal growth strategy.
- c. external growth strategy.
- d. divestment strategy.

Ans: b

Difficulty: M

Page 58

LO6

2-52. The HR area most heavily depended on by firms following an internal growth strategy is

- a. compensation.

- b. recruitment.
- c. training.
- d. performance appraisal.

Ans: d

Difficulty: H

Page 59

LO6

2-53. The most prevalent HR problem for firms facing external growth strategies is

- a. hiring the right people.
- b. standardizing practices across the organization.
- c. finding the right companies to purchase.
- d. all of the above

Ans: b

Difficulty: H

Page 60

LO6

2-54. When a firm wants to strengthen its market position through the acquisition of new businesses, the firm is following a(n)

- a. concentration strategy.
- b. internal growth strategy.
- c. external growth strategy.
- d. divestment strategy.

Ans: c

Difficulty: M

Page 59

LO5

2-55. Firms that seek to scale down their operations are following a(n)

- a. concentration strategy.
- b. internal growth strategy.
- c. external growth strategy.
- d. divestment strategy.

Ans: d

Difficulty: M

Page 59

LO5

2-56. Which of the following is not one of the results that can be achieved by an organization's downsizing?

- a. Changing an organization's culture
- b. Dissolving labor union contracts
- c. Getting rid of dead wood
- d. Making way for fresh ideas

Ans: b

Difficulty: M

Page 62

LO6

2-57. What type of strategies evolves from the grass roots of the organization?

- a. Concentration
- b. Directional
- c. Emergent
- d. Intended

Ans: c

Difficulty: E

Page 63

LO5

2-58. Selection systems ensure that

- a. applicants chosen for employment have the necessary knowledge, skills, and abilities to provide value to the organization.
- b. the needs of both line managers and employees are met by providing employees with development opportunities so they are constantly increasing their human capital.
- c. it is clear to employees what is expected of them and ensure line managers and strategic planners that employee behavior will be in line with the company's goals.
- d. employees are provided with an equitable return for their investment of skills and effort.

Ans: a

Difficulty: E

Page 54

LO3

2-59. Training and development systems ensure that

- a. applicants chosen for employment have the necessary knowledge, skills, and abilities to provide value to the organization.
- b. the needs of both line managers and employees are met by providing employees with development opportunities so they are constantly increasing their human capital.
- c. it is clear to employees what is expected of them and ensure line managers and strategic planners that employee behavior will be in line with the company's goals.
- d. employees are provided with an equitable return for their investment of skills and efforts.

Ans: b

Difficulty: E

Page 55

LO3

2-60. Performance management systems ensure that

- a. applicants chosen for employment have the necessary knowledge, skills, and abilities to provide value to the organization.
- b. the needs of both line managers and employees are met by providing employees with development opportunities so they are constantly increasing their human capital.
- c. it is clear to employees what is expected of them and ensure line managers and strategic planners that employee behavior will be in line with the company's goals.
- d. employees are provided with an equitable return for their investment of skills and effort.

Ans: c

Difficulty: E

Page 55

LO3

2-61. Reward systems ensure that

- a. applicants chosen for employment have the necessary knowledge, skills, and abilities to provide value to the organization.
- b. the needs of both line managers and employees are met by providing employees with development

opportunities so that they are constantly increasing their human capital.

c. it is clear to employees what is expected of them and ensure line managers and strategic planners that employee behavior will be in line with the company's goals.

d. employees are provided with an equitable return for their investment of skills and effort.

Ans: d

Difficulty: E

Page 55

LO3

2-62. The competency that calls for HR professionals to know the firm's business and understand its economic financial capabilities is known as

a. business competency.

b. integration competency.

c. professional competency.

d. technical competency.

Ans: a

Difficulty: E

Page 66

LO8

2-63. Understanding state-of-the-art HR practices refers to an HR executive's

a. business competency.

b. integration competency.

c. management of change processes.

d. technical competency.

Ans: d

Difficulty: E

Page 66

LO8

2-64. Strategy formulation involves all of the following except

a. external analysis.

b. firm performance.

c. internal analysis.

d. strategic choice.

Ans: b

Difficulty: H

Page 47-48

LO1

2-65. Which of the following is not an HR competency?

- a. Business competence
- b. Executive competence
- c. Integration competence
- d. Technical competence

Ans: d

Difficulty: H

Page 66; fig. 2.6

LO8

2-66. What specifies the customers served by an organization, the values received by customers, and the technology to be used?

- a. Contracts
- b. Goals
- c. Internal analysis
- d. Mission

Ans: d

Difficulty: H

Page 47

LO2

2-67. Successful strategy implementation relies on all of the following *except*

- a. job analysis.
- b. organizational structure.
- c. reward systems.
- d. training.

Ans: d

Difficulty: H

Page 52

LO5

2-68. What types of firms tend to have evaluation systems that call for subjective assessments of performance for evaluating managers?

- a. Diversified organizations
- b. Homogeneous organizations
- c. Parallel organizations
- d. Steady state organizations

Ans: b

Difficulty: M

Page 55

LO6

2-69. High-tech firms in the growth stage tend to use compensation systems that

- a. are highly geared toward benefits.
- b. devote a lower percentage of total pay to incentives.
- c. are highly geared toward incentive pay.
- d. devote equal percentages to pay and benefits.

Ans: c

Difficulty: H

Page 55

LO6

2-70. Which of the following involves a pattern of planned activities designed to enable an organization to achieve its goals?

- a. A vision statement
- b. Strategic human resource management
- c. Strategy formulation
- d. Strategy implementation

Ans: b

Difficulty: M

Page 43



LO2

2-71. In what process are tasks grouped into particular jobs?

- a. Job analysis
- b. Internal analysis
- c. External analysis
- d. Job design

Ans: d

Difficulty: M

Page 53

LO3

2-72. In what type of organization do employees expand their capacity to achieve the results that they desire?

- a. Diversified organizations
- b. Emergent organizations
- c. Learning organizations
- d. Strategic organizations

Ans: c

Difficulty: M

Page 65

LO6

2-73. Which of the following statements is true regarding the frequency of the various levels of linkage between HR and strategy in organizations?

- a. Most companies exist at the administrative linkage level.
- b. Very few companies exist at the two-way linkage level.
- c. Few companies exist at the integrative level.
- d. Few companies exist at the one-way or two-way level.

Ans: c

Difficulty: H

Page 50

LO4

2-74. Which of the following statements is true regarding strategy implementation?

- a. HR has primary responsibility for three of the five major components to strategy implementation.
- b. HR is seldom involved in strategy implementation activities.
- c. HR practices are completely independent from strategy implementation.
- d. None of the above.

Ans: a

Difficulty: M

Page 52

LO6..

2-75. A firm is likely to recruit from the outside and provide broad career paths while emphasizing compensation systems geared toward external equity when engaged in which strategy?

- a. Cost
- b. Differentiation
- c. Focus
- d. Retrenchment

Ans: b

Difficulty: H

Page 58

LO5

Essay Questions

2-76. Discuss four ways an HR Department can ensure involvement with a firm's strategic management process.

- Ans:
1. Have input into the strategic plan
 2. Have specific knowledge of the organization's strategic goals
 3. Know what types of employee skills, behaviors, and attitudes are needed to support the strategic plan
 4. Develop programs to ensure that employees possess those skills, behaviors, and attitudes

Difficulty: M

Page 42

LO2

2-77 Identify and explain the steps in formulating a strategy.

Ans: -Mission

-Goals

-External Analysis (opportunities and threats)

-Internal Analysis (strengths and weaknesses)

-Strategic Choice

Difficulty: E

Page 47-51

LO2, 3

2-78 List the four levels of integration that can exist between the HR function and the strategic management functions.

Ans: 1. Administrative linkage

2. One-way linkage

3. Two-way linkage

4. Integrative linkage

Difficulty: E

Page 46-47

LO4

2-79 Discuss the three steps in a two-way linkage that allow considerations of HR issues during the strategy formulation process.

Ans: 1. Strategic planning team informs HR functions of various strategies the firm is considering

2. HR executives analyze HR implications of various strategies, presenting results of analysis to the strategy planning team

3. The strategy plan is passed on to HR executives who develop programs to implement it.

Difficulty: M

Page 46-47

LO

2-80. Discuss five important variables that determine success in the strategic management implementation process.

Ans: Five variables include
organization structure
job analysis and task design
selection, training and development of people
reward systems and
information systems.
HRM has major responsibility for 3 of these areas.

Difficulty: M

Page 51-56

LO1, 3

2-81 Compare and contrast Porter's generic strategies of cost leadership and differentiation. Under what conditions is each strategy more appropriate?

Ans: Cost leadership—emphasizes lowest cost leadership in industry, efficient large-scale facilities. It reduces costs through experience curves and controls overhead expenses. Most appropriate for mature stage products or firms. Differentiation—creates impression that firm's product or service is different from others in industry. Offers unique features; creates brand image to protect itself from price sensitivity in early stages of maturity.

Difficulty: H

Page 56

LO5

2-82 Describe two of the four directional strategies that firms have used to meet objectives.

Ans: 1. Concentration strategy focuses on what is done the best.
2 Internal growth strategy involves channeling their resources toward building upon existing strengths.
3. External growth strategy includes integrating horizontally or vertically or diversifying.
4. Divestment strategy is one made of retrenchment, divestitures, or liquidation.

Difficulty: E

Page 58-62

LO5

2-83 Discuss the different challenges faced by HR in firms emphasizing internal vs. external growth.

Ans: Internal growth—requires a firm to constantly train and promote individuals and to hire their replacements. Appraisals need to be based on a knowledge of the new skills needed. Compensation packages must focus on achieving growth targets. If involved with joint ventures, resolving conflicts between different organizational cultures becomes important. External growth—consists of conflict resolution also, but the major problem is the integration and standardization of HR programs from acquired organizations.

Difficulty: M

Page 59

LO5

2-84 Discuss the challenges and opportunities for HR in a downsizing or “right-sizing” effort.

Ans: -Reduce work force by cutting lower performers
-Boost morale of employees who remain after the reduction
-Build trust and maintain communication with employees
-Make way for new ideas
-Leaner and stronger organization
-Change organization culture
-Manage change effectively

Difficulty: H

Page 60-62

LO5

2-85 Discuss three of the six menus of HR practices that companies can choose from to implement strategy more appropriately.

Ans: Each of the six menu areas relate to a functional area of HR. These include

Job Analysis and Design

Recruitment/Selection

Training and Development

Performance Management

Pay Structure/Incentives/Benefits

Labor/Employee Relations

Difficulty: M



Page 54, Table 2.3

LO5