Human Resource Management 4th edition Stewart Test Bank

SKU: 9781119492986-TEST-BANK

Chapter: Chapter 02: Making Human Resource Management Strategic

True/False

1. A clear strategy for being better than competitors and a highly effective workforce are major keys for long term profitability.

Answer: True
Difficulty: Easy
Ref: How Can a Strategic Approach to Human Resources Improve an Organization?

2. If a company is pursuing a low-cost strategy, it is important that employees only perform duties specified in their job description.

Answer: False
Difficulty: Medium
Ref: How Can a Strategic Approach to Human Resources Improve an Organization?

3. An internal environment consists of all the physical and social factors outside of an organization's boundaries.

Answer: False
Difficulty: Easy
Ref: How Is Strategy Formulated?

4. A competitive human resource strategy is a strategy that focuses on different ways to provide goods and services that meet customer needs.

Answer: False
Difficulty: Medium
Ref: How Is Strategy Formulated?

5. Opportunities are generally easier to control than threats.

Answer: True
Difficulty: Easy

Human Resource Management 4th edition Stewart Test Bank

Ref: How Is Strategy Formulated?

6. The external environment for a company consists of physical and social factors outside the organization EXCEPT political positions and government legislations.

Answer: False
Difficulty: Medium
Ref: How Is Strategy Formulated?

7. Information on new job creation is a critical feature of the external environment that is relevant for an organization's strategic planning.

Answer: True
Difficulty: Medium
Ref: How Is Strategy Formulated?

8. Information about threats and opportunities should be gathered early in the strategic planning process.

Answer: True
Difficulty: Easy
Ref: How Is Strategy Formulated?

9. An organization, for strategic planning purposes, should concentrate mainly on enhancing strengths so past success can be carried into the future.

Answer: False
Difficulty: Medium
Ref: Ref: How Is Strategy Formulated?

10. During strategy formulation, organizations should focus on understanding only weaknesses so they have an understanding about areas in need of improvement.

Answer: False:
Difficulty: Medium
Ref: How Is Strategy Formulated?

Human Resource Management 4th edition Stewart Test Bank

11. From a resource-based view of organizations, resources are true strengths when they are both valuable and rare.

Answer: True
Difficulty: Easy
Ref: How Is Strategy Formulated?

12. To be true strengths, human resource practices must also provide something that is easy to imitate and for which there are many substitutes.

Answer: False
Difficulty: Medium
Ref: How Is Strategy Formulated?

13. Once information has been gathered, the next step in the strategy-formulation process is to analyze the information and make decisions.

Answer: True
Difficulty: Easy
Ref: How Is Strategy Formulated?

14. Groups of people who meet together often to discuss information can develop an effective sense of "gut level" decision making about proper strategic direction.

Answer: True
Difficulty: Medium
Ref: How Is Strategy Formulated?

15. To help move decision making forward, groups making decisions should set a flexible timeline.

Answer: True
Difficulty: Medium
Ref: How Is Strategy Formulated?

16. Internal politics over group decision making, processes and outcomes should be encouraged as it can enhance outcomes.

Human Resource Management 4th edition Stewart Test Bank

Answer: False
Difficulty: Easy
Ref: How Is Strategy Formulated?

17. Strategy formulation is best done by a group of decision makers working together to carefully analyze the information obtained from assessing the organization's external environment and internal capabilities.

Answer: True
Difficulty: Medium
Ref: How Is Strategy Formulated?

18. Controlling expenses is critical to an organization seeking a cost leadership strategy.

Answer: True
Difficulty: Easy
Ref: What Are Common Competitive Business Strategies?

19. In an industry, there is usually only one company that can be the lowest-cost provider.

Answer: True
Difficulty: Easy
Ref: What Are Common Competitive Business Strategies?

20. Research finds that a lowest-cost provider is likely to be a small start-up business because the owner generally provides labor.

Answer: False
Difficulty: Medium
Ref: What Are Common Competitive Business Strategies?

21. Unlike the cost leadership strategy, a large number of organizations can simultaneously pursue the differentiation strategy.

Answer: True
Difficulty: medium
Ref: What Are Common Competitive Business Strategies?

Human Resource Management 4th edition Stewart Test Bank

22. An organization pursuing a differentiation strategy can mostly ignore expenses and costs.

Answer: False
Difficulty: Easy
Ref: What are Common Competitive Business Strategies?

23. It is easy for an organization to pursue both cost leadership and differentiation strategies simultaneously.

Answer: False
Difficulty: Easy
Ref: What Are Common Competitive Business Strategies?

24. Because effectiveness comes not from a single practice but from a number of related practices, effective human resource management capabilities are difficult to copy.

Answer: True
Difficulty: Easy
Ref: What Are Basic Approaches to Human Resource Strategy?

25. Given that human resources are relatively easy for an organization to duplicate, it cannot be a source of competitive advantage.

Answer: False
Difficulty: Easy
Ref: What Are Basic Approaches to Human Resource Strategy?

26. The universalistic perspective seeks to identify methods of managing people that are effective for all organizations.

Answer: True
Difficulty: Easy
Ref: What Are Basic Approaches to Human Resource Strategy?

27. The contingency approach to human resource management practices and the universalistic approach to human resource management are complementary and can be used together to develop an overall human resource strategy.

Answer: True
Difficulty: Easy

Human Resource Management 4th edition Stewart Test Bank

Ref: What Are Basic Approaches to Human Resource Strategy?

28. The human resource bundle that is known as a control strategy includes empowerment of workers, careful screening of recruits, high levels of teamwork, and extensive sharing of information.

Answer: False
Difficulty: Medium
Ref: What Are Basic Approaches to Human Resource Strategy?

29. Studies comparing the control and commitment strategies almost always conclude that in most cases the control strategy works best.

Answer: False
Difficulty: Easy
Ref: What Are Basic Approaches to Human Resource Strategy?

30. Support for the commitment strategy is so strong that all organizations should adopt this strategy and the related human resource practices to be successful.

Answer: False
Difficulty: Easy
Ref: What Are Basic Approaches to Human Resource Strategy?

31. HR processes for the commitment strategy are specific and consistent across organizations, which makes them easy to duplicate for organization success.

Answer: False
Difficulty: Medium
Ref: What Are Basic Approaches to Human Resource Strategy?

32. A primary strength of the internal labor orientation is flexibility because internal employees can easily be trained and redeployed as the organization changes priorities.

Answer: False
Difficulty: Medium
Ref: What Are Basic Approaches to Human Resource Strategy?

Human Resource Management 4th edition Stewart Test Bank

33. Because they promote from within, an organization with an internal labor orientation tends to save money in their selection processes.

Answer: True
Difficulty: Easy
Ref: What Are Basic Approaches to Human Resource Strategy?

34. An organization with an external differentiation strategy is likely to excel when it follows the free agent HR strategy.

Answer: True
Difficulty: Hard
Ref: What Are Common Human Resource Strategies?

35. The core idea of the contingency perspective is the notion that human resource strategies are most effective when they match competitive business strategies.

Answer: True
Difficulty: Medium
Ref: How Do Human Resource Strategies Align with Competitive Business Strategies?

36. There is some evidence that organizations naturally tend to adopt the human resource practices that match their competitive strategies.

Answer: True
Difficulty: Medium
Ref: How Do Human Resource Strategies Align with Competitive Business Strategies?

Multiple Choice

37. From a human resource management perspective, the two types of strategy are:
a) competitive business strategy and human resource strategy
b) long term and short-term strategy
c) short- and long-term human resource strategy
d) human resource strategy and long-term strategy

Human Resource Management 4th edition Stewart Test Bank

Answer: a
Difficulty: Medium
Ref: How Is Strategy Formulated?

38. Which type of strategy focuses on how to serve the needs of company customers?
a) Human resource strategy
b) Short term strategy
c) Long term strategy
d) Competitive business strategy

Answer: d
Difficulty: Easy
Ref: How Is Strategy Formulated?

39. Which type of strategy focuses on choices and actions concerning the management of people?
a) Competitive business strategy
b) Human resource strategy
c) Short term human resource strategy
d) Short term strategy

Answer: b
Difficulty: Easy
Ref: How Is Strategy Formulated?

40. What steps are involved in the strategy formulation process?
a) Customer and employee surveys, decision making, and evaluation
b) Environmental analysis, internal analysis, problem solving
c) Gathering information, analysis and decision making, and implementation
d) External analysis, internal analysis, identification of strengths and weaknesses

Answer: c
Difficulty: Medium
Ref: How Is Strategy Formulated?

41. Which of the following is true about assessing the external environment?
a) Strengths and weaknesses are the easiest factors to control
b) Understanding strengths and weaknesses of competitors is a critical factor
c) Opportunities are generally easier to control, but a clear understanding of opportunities and threats is critical for effective strategy formulation

Human Resource Management 4th edition Stewart Test Bank

d) Strengths are generally easier to control, but a clear understanding of strengths and weaknesses is critical for effective strategy formulation

Answer: c
Difficulty: Medium
Ref: How Is Strategy Formulated?

42. The physical and social factors outside an organization's boundaries:
a) exclude government and political actions
b) are strengths and weaknesses
c) are assessed through customer and employee satisfaction surveys
d) are opportunities and threats

Answer: d
Difficulty: Medium
Ref: How Is Strategy Formulated?

43. Elements of the environment relevant for analyzing the external environment include all of the following EXCEPT:
a) demographic and cultural trends
b) economic and political conditions
c) organizational culture and employee satisfaction
d) technological developments

Answer: c
Difficulty: Easy
Ref: How Is Strategy Formulated?

44. Strengths and weaknesses
a) should be kept confidential
b) are areas of high and low capability
c) relate to the external environment
d) are an outcome of strategic implementation

Answer: b
Difficulty: Easy
Ref: How Is Strategy Formulated?

45. Human resource management is critical:
a) because high-quality employees are relatively rare
b) mainly when an organization requires technological skills

Human Resource Management 4th edition Stewart Test Bank

c) because of the high cost of compensation
d) mainly when an organization requires general skills

Answer: a
Difficulty: Medium
Ref: How Is Strategy Formulated?

46. To be true strengths, human resource practices must:
a) also provide something that is difficult to imitate or substitute
b) be part of a differentiation business strategy
c) be part of a low cost business
d) include effective employee and labor relations

Answer: a
Difficulty: Medium
Ref: How Is Strategy Formulated?

47. Which of the following is TRUE about human resource strategy?
a) The ability to attract and keep high-quality employees is always a competitive advantage
b) A human resource strategy is usually relatively easy for competitors to imitate
c) Rarely can a competitor imitate an entire package of human resource strategies
d) An organization can overcome the lack of effective human resource management by pursuing a differentiation strategy

Answer: c
Difficulty: Medium
Ref: How Is Strategy Formulated?

48. Research suggests these four steps can be used to make more effective decisions:
a) set specific deadlines, gather information, minimize conflict, vote on all items
b) ensure top level management is involved, train decision makers, set specific deadlines, minimize conflict
c) set specific deadlines, ensure top level management support, minimize conflict, diffuse politics
d) build collective intuition, stimulate conflict, maintain appropriate pace, diffuse politics

Answer: d
Difficulty: Medium
Ref: How Is Strategy Formulated?

49. Corporate-level strategy:

Human Resource Management 4th edition Stewart Test Bank

a) is concerned with how an organization or part of the organization will compete with other organizations that produce similar goods and services
b) is not related to human resource strategy
c) concerns the different businesses and diversity of products and services that an organization produces
d) focuses on different ways of managing employees of an organization

Answer: c
Difficulty: Medium
Ref: What Are Common Competitive Business Strategies?

50. Business-level strategy:
a) is not related to human resources strategy
b) deals with how the organization will compete with companies that provide similar goods and services
c) includes decisions related to business type
d) should be completed after human resources strategy is determined

Answer: b
Difficulty: Easy
Ref: What Are Common Competitive Business Strategies?

51. Which of the following is NOT true of organizations with a cost leadership strategy?
a) The organization seeks to become low-cost producers
b) The organization seeks to produce superior goods and services
c) The organization seeks to become highly efficient
d) Controlling expenses is very important

Answer: b
Difficulty: Medium
Ref: What Are Common Competitive Business Strategies?

52. Apple computer produces the iPad, that is described by Apple as "A magical and revolutionary product…" From what you know about the iPad and Apple computer:
a) Apple has a low-cost leadership strategy
b) Apple is very conscious of expenses
c) Apple computer has a differentiation strategy
d) Apple probably employs a large number of temporary employees

Answer: c
Difficulty: Medium
Ref: What Are Common Competitive Business Strategies?

Human Resource Management 4th edition Stewart Test Bank

53. An organization with a cost-leadership strategy:
a) seeks to become the low-cost producer of complex and unique goods and services
b) has excellent customer service
c) is likely to be one of many producers in the market
d) is likely to have a relatively large share of the market and produce basic or standardized products and services

Answer: d
Difficulty: hard
Ref: What Are Common Competitive Business Strategies?

54. Which of the following are consistent with a differentiation strategy?
a) A focus on cost reduction, a unique product and a large share of the market
b) A unique product, strong marketing, and excellent customer service
c) Disregard for cost, few producers in the market and a focus on a unique product
d) A focus on marketing and the production of basic or standardized products and services

Answer: b
Difficulty: Hard
Ref: What Are Common Competitive Business Strategies?

55. An organization employing a differentiation strategy is likely to differentiate its goods or services in all of the following ways EXCEPT:
a) a unique product
b) low cost
c) marketing the product as distinctive and a good value
d) excellent customer service

Answer: b
Difficulty: Easy
Ref: What Are Common Competitive Business Strategies?

56. Organizations pursuing a differentiation strategy pursue all of the following strategies EXCEPT:
a) adapting rapidly to changing customer preferences
b) innovation of products and services
c) taking risks and continually prospecting for new ways of doing things
d) increasing distribution channels

Answer: d

Human Resource Management 4th edition Stewart Test Bank

Difficulty: Easy
Ref: What Are Common Competitive Business Strategies?

57. Organizations that attempt to pursue a combination strategy that involves both cost leadership and differentiation:
a) Is likely to excel in both cost leadership and product differentiation
b) Usually end up not succeeding at either cost leadership or differentiation
c) Is likely to succeed at product differentiation
d) Is likely to succeed at cost leadership

Answer: b
Difficulty: Medium
Ref: What Are Common Competitive Business Strategies?

58. The universalistic approach to human resource practices:
a) seeks to identify human resource practices that benefit all organizations
b) claims that appropriate human resource practices depend upon the organization and its strategy
c) works best with a cost leadership strategy
d) is an individual company approach to human resource management

Answer: a
Difficulty: Medium
Ref: What Are Basic Approaches to Human Resource Strategy?

59. The view that human resource practices differ based upon an organization's competitive business strategy:
a) is the universalistic approach
b) is consistent with the contingency approach
c) is the differentiation approach
d) is the only way human resource practices can be considered

Answer: b
Difficulty: Medium
Ref: What Are Basic Approaches to Human Resource Strategy?

60. The contingency approach to human resource practices:
a) tends to focus on broad principles
b) can be effective in an organization pursuing human resource role differentiation
c) tends to focus on specific human resource practices
d) is supported by corporate strategy and business strategy

Answer: c

Human Resource Management 4th edition Stewart Test Bank

Difficulty: Medium
Ref: What Are Basic Approaches to Human Resource Strategy?

61. Which of the following is NOT true about human resource bundles?
a) Human resource bundles are human resource practices that are internally consistent and reinforce each other
b) There are human resource practices that bundle into a “control strategy”
c) There are human resource practices that bundle into a “commitment strategy”
d) Human resource practices that are bundled are easy for competitors to simulate

Answer: d
Difficulty: Medium
Ref: What Are Basic Approaches to Human Resource Strategy?

62. Which of the following is NOT consistent with a human resource bundle supporting a control strategy?
a) Strict work rules
b) Limited formal training
c) Employee career development
d) Narrow job responsibilities

Answer: c
Difficulty: Easy
Ref: What Are Basic Approaches to Human Resource Strategy?

63. Which of the following is not an example of a commitment strategy practice?
a) Broad job responsibilities, organizing work around teams and pay for performance
b) Two-way communication, pay for performance, and highly selective recruiting practices
c) Long term relationships with employees, extensive new employee training and high levels of pay
d) Specialized and narrow job responsibilities, emphasis on individual accomplishment and performance and pay for performance

Answer: d
Difficulty: Hard
Ref: What Are Basic Approaches to Human Resource Strategy?

64. Which of the following is characteristic of organizations with an external labor orientation?
a) The organization seeks to buy talent
b) A primary goal is to identify employees who will have long careers with the organization

Human Resource Management 4th edition Stewart Test Bank

c) People are hired early in their careers
d) Employees identify closely with the organization

Answer: a
Difficulty: Easy
Ref: What Are Basic Approaches to Human Resource Strategy?

65. Which of the following is NOT true of a human resource strategy that emphasizes hiring and retaining loyal employees who do whatever the company asks of them?
a) It is referred to as the Loyal Soldier HR strategy
b) Employees are hired early in their careers and developed with extensive training
c) Emphasis is on hiring employees who do not demand high wages
d) These types of organizations are frequently unionized

Answer: c
Difficulty: Medium
Ref: What Are Common Human Resource Strategies?

66. An organization with the human resource strategy that combines emphasis on short-term employees with a focus on reducing costs:
a) is employing the Committed Expert HR strategy
b) is employing the Bargain Laborer HR strategy
c) is employing the Loyal Soldier HR strategy
d) is employing the Free Agent HR strategy

Answer: b
Difficulty: Medium
Ref: What Are Common Human Resource Strategies?

67. An organization with the human resource strategy that combines emphasis on short-term employees with a focus on producing unique goods and services:
a) is employing the Committed Expert HR strategy
b) is employing the Bargain Laborer HR strategy
c) is employing the Loyal Soldier HR strategy
d) is employing the Free Agent HR strategy

Answer: d
Difficulty: Medium
Ref: What Are Common Human Resource Strategies?

Human Resource Management 4th edition Stewart Test Bank

68. Organizations with a competitive business strategy of differentiation are expected to do best with which HR strategy?
a) Committed Expert or Free Agent HR strategy
b) Free Agent or Loyal Soldier HR strategy
c) Bargain Laborer or Loyal Soldier HR strategy
d) Loyal Soldier or Committed Expert HR strategy

Answer: a
Difficulty: Hard
Ref: How Do Human Resource Strategies Align with Competitive Business Strategies?

69. Organizations with matching competitive and human resource strategies:
a) are not commonly found among U.S. companies
b) perform only marginally better than those without matching strategies
c) have been found to have higher morale among employees
d) typically have an external labor orientation

Answer: c
Difficulty: Medium
Ref: How Do Human Resource Strategies Align with Competitive Business Strategies?

70. An organization with an internal labor orientation seeking cost reduction can benefit from:
a) the Free Agent HR strategy
b) the Loyal Soldier HR strategy
c) the Committed Expert HR strategy
d) the Bargain Laborer

Answer: b
Difficulty: Hard
Ref: How Do Human Resource Strategies Align with Competitive Business Strategies?

71. Research supports which of the following findings:
a) organizations with a cost leadership strategy have higher performance when their human resource practices include selective staffing, comprehensive technical training and group incentives
b) organizations employing the Free Agent HR strategy have higher performance when their human resource practices include selective staffing, comprehensive technical training and group incentives
c) organizations with a differentiation strategy have higher performance when their human resource practices include selective staffing, comprehensive technical training and group incentives

Human Resource Management 4th edition Stewart Test Bank

d) organizations employing the Bargain Laborer strategy have higher performance when their human resource practices include selective staffing, comprehensive technical training and group incentives

Answer: c
Difficulty: Hard
Ref: How Do Human Resource Strategies Align with Competitive Business Strategies?

Short Answer

72. _____ concerns where a company wants to go and how they plan to get there.

Answer: Strategy
Difficulty: Easy
Ref: How Is Strategy Formulated?

73. _____ develops in a group of people who meet together often to discuss information.

Answer: Collective intuition
Difficulty: Medium
Ref: How Is Strategy Formulated?

74. _____strategy concerns how an organization or part of an organization will complete with other organizations that produce similar goods and services.

Answer: Business-level
Difficulty: Easy
Ref: What Are Common Competitive Business Strategies?

75. An organization that seeks to become the lowest cost producer of goods and services is pursuing a(n) _____ strategy.

Answer: cost leadership
Difficulty: Easy
Ref: What Are Common Competitive Business Strategies?

Human Resource Management 4th edition Stewart Test Bank

76. An organization that seeks to produce unique and specialized goods and services and provide excellent customer services is pursuing a _____ strategy.

Answer: differentiation
Difficulty: Easy
Ref: What Are Common Competitive Business Strategies?

77. The _____ to human resource strategy seeks to align people management practices with competitive business strategies.

Answer: contingency approach
Difficulty: Medium
Ref: What Are Basic Approaches to Human Resource Strategy?

78. The _____ HR strategy combines emphasis on long-term employees with a focus on reducing costs.

Answer: Loyal Soldier
Difficulty: Medium
Ref: What Are Common Human Resource Strategies?

Essays

79. Describe the two business level strategies employed by organizations and discuss which human resource strategies are effective for each.

Answer:
Cost leadership strategy – the organization seeks to become the lowest-cost producer of goods and services, loyal soldier and bargain labor human resource strategies
Differentiation strategy – the organizations seeks to produce goods and services that are somehow superior to those produced by competitors, free agent and committed expert human resource strategies
Difficulty: Medium
Ref: What Are Common Competitive Business Strategies?

80. Describe the internal and external labor orientations. Compare and contrast 5 examples of characteristics and practices for each labor orientation.

Human Resource Management 4th edition Stewart Test Bank

Internal labor orientation – a human resource perspective that emphasizes hiring workers early in their careers and retaining those workers for long period of time.
External labor orientation – a human resource perspective that limits attachment to a specific organization and emphasizes hiring workers who already possess the skills they need to complete specific tasks.

Answer:
Internal labor orientation characteristics and practices:
1) hiring of people early in their careers
2) extensive orientation for new employees
3) focus on internal promotions
4) ongoing training opportunities
5) development of skills valuable only to the specific organization
6) bias against laying off employees
7) employees contribute because of loyalty
8) people identify closely with the organization

External labor orientation characteristics and practices:
1) hiring of people who have already developed skills
2) limited orientation of company policies
3) focus on bringing in new talent
4) limited training opportunities
5) development of skills valuable to many organizations
6) acceptance of layoffs
7) employees contribute because of money
8) people identify closely with a profession, not the organization

Difficulty: Hard
Ref: What are Basic Approaches to Human Resource Strategy?

Human Resource Management 4th edition Stewart Test Bank