Strategic Human Resource Management (Canadian) 2nd edition Noe Test Bank

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TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.

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

2) A business model is a story of how the firm will create value for customers, and do so profitably.
Answer: True False

3) Gross margin is difference between what you charge for your product and the variable costs of that product.
Answer: True False

4) If you produce widgets in a factory, the rent you pay for the use of the factory would be considered a variable cost.
Answer: True False

5) Strategic management is more than a collection of strategic types. It is a process to increase the likelihood of achieving a company's goals.
Answer: True False

6) Strategic human resource management is a pattern of planned human resource deployments and activities intended to enable an organization to achieve its goals.
Answer: True False

7) The strategic management process includes two distinct yet interdependent phases: strategy formulation and strategy implementation.
Answer: True False

8) Strategic decision makers often pay less attention to the "how to compete" issue, which results in poor strategic decisions.
Answer: True False

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

10) Untapped labour pools are an example of a strategic opportunity in an organization's operating environment.
Answer: True False

11) The responsibility of keeping tabs on the external environment for human resource-related opportunities and threats rests with the top management.
Answer: True False

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12) Strategic choice is the way an organization attempts to fulfill its mission and achieve its long-term goals.
Answer: True False

13) Research has indicated that a majority of companies have fully integrated HRM into the strategy formulation process.
Answer: True False

14) A company's strategy will have a direct impact upon the firm's recruitment efforts, but only an indirect impact on its selection procedures and the types of employees selected.
Answer: True False

15) The down side of providing a high level of pay and benefits is that it can lead to employee complacency.
Answer: True False

16) By tying pay to performance, a company can elicit specific activities and levels of performance from employees.
Answer: True False

17) According to research, HRM practices and employee performance are positively related.
Answer: True False

18) Increasing the use of HRM practices will automatically result in increased profitability.
Answer: True False

19) Jobholder actions are behaviours required of an individual in his/her role as a job holder in a social work environment.
Answer: True False

20) Concentration strategies traditionally include vertical and horizontal integration.
Answer: True False

21) Research indicates that downsizing has been largely successful in achieving goals of increased productivity and profitability.
Answer: True False

22) Most strategies that companies espouse are intended strategies.
Answer: True False

23) A customer orientation is one of the most important changes in the HRM function's attempts to become strategic.
Answer: True False

24) The basic process of building HR strategy starts with scanning the internal environment.
Answer: True False

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25) The audit approach to evaluating HR effectiveness focuses on reviewing the various outcomes of the HR functional areas.
Answer: True False

26) The analytic approach to evaluating HR effectiveness focuses exclusively on estimating the financial costs and benefits resulting from HR practice.
Answer: True False

27) Fewer HR activities are being outsourced today than in past years.
Answer: True False

28) Outsourcing is usually done for one of the two reasons: to provide the service more cheaply than it would cost to do it internally, or to limit competition.
Answer: True False

29) Reengineering involves incremental, ongoing changes and redesign to make work processes more cost efficient.
Answer: True False

30) The role of a strategic advisor entails sharing the people expertise as part of the decision-making process, as well as shaping how the human capital of the firm fits into its strategy.
Answer: True False

31) Activities focused on identifying workforce morale issues or concerns pertain to the leader of the HR function.
Answer: True False

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

32) Strategic decision makers often pay less attention to the _____ issue, resulting in poor strategic decisions.
A) "with what will we compete" B) "how to compete"
C) "when to compete" D) "where to compete"
Answer: A

33) What is your contribution margin on a widget that you sell for $15, and has a variable cost of $10?
A) $10 B) $5 C) $25 D) $15
Answer: B

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34) Which of the following is NOT a step in two-way linkage?
A) Top management makes decisions about strategies without input from functional managers.
B) The strategic planning team informs the HRM function of the various strategies the company is considering.
C) After a strategic planning decision has been made, the strategic plan is passed on to the HRM executive, who develops programs to implement it.
D) HRM executives analyze the HR implications of the various strategies, presenting the results of this analysis to the strategic planning team.
Answer: A

35) Which of the following is essential if a company is to take advantage of emergent strategies?
A) A formal organizational structure
B) An externally-based compensation system
C) An effective communications system
D) A weak corporate culture
Answer: C

36) 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) devote equal percentages to pay and benefits.
D) are highly geared toward incentive pay.
Answer: D

37) _____ is the skillful employment and coordination of tactics.
A) Structure
B) Business model
C) Strategy
D) HRM
Answer: C

38) Which is not one of the three divisions?
A) The center for outsourcing
B) Field generalists
C) Centers for expertise
D) The service center
Answer: A

39) The first component in the strategy formulation process is:
A) formulation of a statement of mission.
B) establishment of corporate goals.
C) strategic choice.
D) completion of an external analysis.
Answer: A

40) The last step in the strategy formulation is:
A) establishment of corporate goals.
B) strategic choice.
C) formulation of a statement of mission.
D) completion of an internal and external analysis.
Answer: B

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41) The _____ approach focuses on either: (1) determining whether the introduction of a program or practice has the intended effect, or (2) estimating the financial costs and benefits resulting from an HRM practice.
A) audit B) wellness C) cost-benefit D) analytic
Answer: D

42) Jeff works as an HR generalist for an IT firm. Along with his other responsibilities, he has been entrusted with additional responsibilities which include performance and behavioural counseling. Which of the following roles would best describe Jeff?
A) Counsellor Confidante Coach B) Strategic advisor
C) Talent architect D) Liaison to the board
Answer: A

43) Some companies now heavily weigh a firm's _____ before embarking on a merger or acquisition.
A) human capital B) culture
C) infrastructure D) operational efficiency
Answer: B

44) Strategy formulation involves all but one of the following. Name the exception.
A) Defining the firm's mission and goals
B) Generating various strategic alternatives
C) Defining the firm's organizational structure
D) Assessing the firm's external opportunities and threats
Answer: C

45) The first step to a customer orientation is
A) developing technologies that serve customers.
B) identifying customers.
C) identifying the needs of customers.
D) creating strategies that serve customers.
Answer: B

46) Increasing immigrant population is one of the functions of this stage in HR strategy process.
A) Identifying people issues B) Developing the HR strategy
C) Scanning the external environment D) Identifying strategic business issues
Answer: C

47) Company X develops results-based performance management systems and conducts divisional-corporate performance evaluations to encourage risk taking on the part of managers. Which strategy is this company following?
A) Cost B) Directional C) Differentiation D) External growth
Answer: C

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48) _____ strategies are the result of the rational decision-making process used by top managers as they develop a strategic plan.
A) Intended B) Emergent C) Accidental D) Divergent
Answer: A

49) Which of the following strategies evolves from the grassroots of an organization and can be thought of as what organizations actually do?
A) Concentration B) Intended C) Emergent D) Directional
Answer: C

50) Most _____ strategies are identified by those lower in the organizational hierarchy, where it is often the rank-and-file employees who provide ideas for new markets, new products, and new strategies.
A) intended B) directional C) emergent D) concentration
Answer: C

51) Most strategies that companies espouse are:
A) intended strategies. B) concentration strategies.
C) emergent strategies. D) directional strategies.
Answer: A

52) _____ consists of examining the organization's operating environment to identify the strategic opportunities and threats.
A) Strategic choice B) Internal analysis
C) External analysis D) Strategic formulation
Answer: C

53) _____ attempts to identify the organization's strengths and weaknesses.
A) External analysis B) Strategic choice
C) Strategic formulation D) Internal analysis
Answer: D

54) What type of strategy is used by a firm that focuses on what it does best within established markets?
A) Divestment B) External growth C) Concentration D) Internal growth
Answer: C

55) For companies following a(n) _____ strategy, joint ventures require extensive training in conflict resolution techniques because of the problems associated with combining people from two distinct organizational cultures.
A) internal growth B) external growth C) concentration D) divestment
Answer: A

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56) Company Z's appraisals tend to be more behavioural because the company environment is more certain and the behaviours necessary for effective performance are established. Which strategy is this company following?

A) Internal growth strategy
B) Concentration strategy
C) Divestment strategy
D) External growth strategy

Answer: B

57) Firms that seek to scale down their operations are following a(n):

A) internal growth strategy.
B) divestment strategy.
C) concentration strategy.
D) external growth strategy.

Answer: B

58) The most prevalent HR problem for firms facing external growth strategies is:

A) determining the fair-market price of acquisitions.
B) standardizing practices across the organization.
C) hiring the right people.
D) finding the right companies to purchase.

Answer: B

59) _____ levels of integration seem to exist between the HRM function and the strategic management function.

A) Two
B) Three
C) Five
D) Four

Answer: D

60) What type of strategy is used by a firm that specifically defines required skills and seeks efficiency through worker participation?

A) Analyzer
B) Differentiation
C) Cost
D) Focus

Answer: C

61) 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 one of Porter's generic strategies?

A) Focus
B) Differentiation
C) Prospectors
D) Overall cost leadership

Answer: B

62) A recent trend in HR that is consistent with a total quality management philosophy emphasizes

A) cost reduction of HR functions.
B) efficiency in delivering programs.
C) a customer-oriented approach in delivering HR programs.
D) functional approaches in delivering HR programs.

Answer: C

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63) The purpose of the SWOT analysis is to:
A) generate a large number of strategic alternatives.
B) choose the best strategy.
C) consider the downside of each strategic alternative.
D) realign HR practices.
Answer: A

64) Employees in companies with a differentiation strategy would need to be:
A) risk averse.
B) highly creative and cooperative.
C) comfortable with stability.
D) highly concerned with quantity.
Answer: B

65) All of the following are strategy decisions about competition EXCEPT:
A) How long to compete?
B) With what to compete?
C) Where to compete?
D) How to compete?
Answer: A

66) Which of the following statements is TRUE regarding strategy implementation?
A) HR has primary responsibility for all five of the major components to strategy implementation.
B) HR practices are completely independent from strategy implementation.
C) HR is seldom involved in strategy implementation activities.
D) HR has an influence over all the variables involved in the strategy implementation process.
Answer: D

67) Identify the role of a strategic advisor from the following.
A) Sharing the people expertise as part of the decision-making process.
B) Identifying present and future talent gaps, and coming to own the talent agenda.
C) Meeting with direct reports to provide guidance and check on progress.
D) Helping the executive team see the importance of talent.
Answer: A

68) Which is the lowest level of integration between the HRM function and the strategic management function?
A) Integrative linkage
B) Executive linkage
C) Administrative linkage
D) Two-way linkage
Answer: C

69) Company X wants to become the lowest cost producer in the industry. What should it do?
A) Create a product that is different from others available in the market.
B) Reduce expenditure on production facilities.
C) Construct efficient large-scale facilities.
D) Invest heavily in branding their product.
Answer: C

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70) Which of the following statements pertains to the audit approach?
A) It involves the use of statistics and finance and hence it is more demanding.
B) Key indicators and customer satisfaction measures are important in this approach.
C) It uses utility analysis to estimate the financial impact of the employee behaviour.
D) This approach deals with the determination of the impact of the dollar value.
Answer: B

71) Which one of the following is NOT an internal growth strategy?
A) Vertical integration
B) Market development
C) Innovation
D) Joint venture
Answer: A

72) Melissa is an HR manager. She has been recently promoted. Some of the activities her new role entails are engaging with the board of directors, performance of other members of the executive team, CEO succession. What is the Melissa's new role?
A) Strategic advisor
B) Liaison to the board
C) Leader of the HR function
D) Representative of the firm
Answer: B

73) In which type of an organization do employees expand their capacity to achieve the results that they desire?
A) Emergent organizations
B) Learning organizations
C) Diversified organizations
D) Strategic organizations
Answer: B

74) What is the name of the process that manages the pattern or plan that integrates an organization's major goals, policies, and action sequences into a cohesive whole?
A) Strategic management
B) Management by objectives
C) Strategy implementation
D) Long-range planning
Answer: A

75) Evaluation helps determine whether the HRM function is meeting its objectives and effectively using its budget. This refers to
A) auditing.
B) employee selection.
C) providing accountability.
D) marketing the function.
Answer: C

76) _____ involves contracting with an outside vendor to provide a product or service to a firm, as opposed to producing the product using employees within the firm.
A) Outsourcing
B) Transferring human capital
C) Importing human capital
D) Offshoring
Answer: A

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77) This meets the needs of both the line managers and employees by giving employees opportunities to ensure that they increase their human capital.

A) Training and development systems
B) Performance management systems
C) Reward systems
D) Selection systems

Answer: A

78) A company engaged in a differentiation strategy is likely to focus on all but one of the following. Name the exception.

A) Engage in limited socialization of newcomers.
B) Encourage creativity through broadly defined jobs with general job descriptions.
C) Promote internally, with internally consistent pay systems.
D) Develop results-based performance management systems.

Answer: C

79) Apple computers come with their own proprietary operating systems. What kind of a strategy is this?

A) Prospector
B) Overall cost leadership
C) Reactor
D) Differentiation

Answer: D

80) In an organization, a strategic planning group consists of all but one of the following. Name the exception.

A) Regional business head
B) Presidents
C) Chief executive officer
D) Chief financial officer

Answer: A

81) The audit approach for evaluating the effectiveness of HR practices focuses on

A) determining whether the HR program practice has the intended effect.
B) reviewing the various outcomes of the HR functional area.
C) determining the dollar value of a program.
D) estimating the financial costs and benefits resulting from an HR practice.

Answer: B

82) HRM is primarily responsible for three of the following variables in the strategy implementation process. Identify the exception.

A) Task design
B) Customer awareness
C) Selection, training, and development of people
D) Reward systems

Answer: B

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83) Integrative linkage is:
A) dynamic, multifaceted, and based on continuing rather than sequential interaction.
B) simple, based on a single rather than continuing interaction.
C) simple, based on a continuing rather than single interaction.
D) dynamic, multifaceted, and based on sequential rather than continuing interaction.
Answer: A

84) Which type of companies tend to use compensation systems devoting a lower percentage of total pay to incentives and a high percentage to benefits?
A) Growing companies
B) Start-up companies
C) Mature companies
D) Acquired companies
Answer: C

85) This role deals with identifying the morale or motivational issues with the employees.
A) Leader of the HR function
B) Strategic advisor
C) Representative of the firm
D) Workforce sensor
Answer: D

86) _____ can be thought of as the pattern of planned human resource deployments and activities intended to enable an organization to achieve its goals.
A) HRM
B) Strategy implementation
C) Strategy formulation
D) Strategic HRM
Answer: D

87) What is a story of how the firm will create value for customers and how it will do so profitably?
A) Strategy
B) Strategic management
C) Business model
D) Business planning
Answer: C

88) Company X is a retail firm specializing in menswear. It has identified its main competitors as firms providing formal attire to working males between the ages of 22-35. Company X is at the _____ phase.
A) strategy implementation
B) strategy formulation
C) strategic planning
D) strategic management
Answer: B

89) The process that involves allocating resources, developing structures, hiring skilled employees, and developing appropriate reward systems is known as:
A) strategy formulation.
B) strategic planning.
C) strategy implementation.
D) strategic management.
Answer: C

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90) The _____ is a statement of the organization's reason for being that usually specifies the customers served, the needs satisfied and or the values received by the customers, and the technology used.
A) vision B) goal C) mission D) strategy
Answer: C

91) An organization's _____ is what it hopes to achieve in the medium- to long-term future.
A) vision B) mission C) goal D) strategy
Answer: C

92) When an organization develops integrated manufacturing systems such as advanced manufacturing technology and just-in-time inventory control, then one of the responsibilities of SHRM is to:
A) test the applicability of these systems.
B) ensure the availability of the physical resources (plant, equipment, and technology) required to implement these systems.
C) document the use of these systems within the organization.
D) assess the skills required to run these systems.
Answer: D

93) A review of critical work processes and the redesign to make them more efficient and able to deliver higher quality is called
A) total quality management. B) expert work systems.
C) benchmarking. D) reengineering.
Answer: D

94) At which level of integration is HR's attention and time focused solely on day-to-day activities?
A) Administrative linkage B) Integrative linkage
C) Two-way linkage D) One-way linkage
Answer: A

95) At which level of integration is the HR department simply engaged in regulatory work that is unrelated to the company's core business needs?
A) Two-way linkage B) Administrative linkage
C) One-way linkage D) Integrative linkage
Answer: B

96) Which of the following often leads to strategic plans that the company cannot successfully implement?
A) Integrative linkage B) Two-way linkage
C) Congruent linkage D) One-way linkage
Answer: D

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97) In which level of integration are the strategic planning function and the HRM function interdependent?

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

Answer: C

98) Which of the following is the correct order of the reengineering process?

A) Understand, Redesign, Identify, Implement.
B) Understand, Identify, Implement, Redesign.
C) Identify, Understand, Redesign, Implement.
D) Identify, Implement, Understand, Redesign.

Answer: C

SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.

99) What are the four basic accounting concepts that are necessary to understand the concept of a business model? Provide a description/example for each one.

Answer: A business model is a story of how the firm will create value for customers and, more importan it will do so profitably. We often hear or read of companies that have "transformed their busine model" in one way or another, but what that means is not always clear. To understand this, we grasp a few basic accounting concepts.

First, fixed costs are generally considered the costs that are incurred regardless of the number of units produced. For instance, if you are producing widgets in a factory, you have the rent you pay for the factory, depreciation of the machines, the utilities, the property taxes, and so on. In addition, you generally have a set number of employees who work a set number of hours with a specified level of benefits, and while you might be able to vary these over time, on a reg you pay the same total labour costs whether your factory runs at 70 percent capacity or 95 perce capacity.

Second, you have a number of variable costs, which are those costs that vary directly with the u produced. For instance, all of the materials that go into the widget might cost a total of $10, wh means that you have to charge at least $10 per widget, or you cannot even cover the variable co production.

Third is the concept of "contribution margins, " or margins. Margins are the difference between you charge for your product and the variable costs of that product. They are called contribution because they are what contributes to your ability to cover your fixed costs. So, for instance, if y charged $15 for each widget, your contribution margin would be $5 ($15 price − $10 variable cost).

Fourth, the gross margin is the total amount of margin you made and is calculated as the numbe units sold times the contribution margin. If you sold 1, 000, 000 units, your gross margin would then be 5, 000, 000. Did you make a profit? That depends. Profit refers to what is left after you have paid your variable costs and your fixed costs. If your gross margin was $5, 000, 000, and your fixed costs were $6, 000, 000, then you lost $1, 000, 000.

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100) Discuss four ways an HR department can ensure involvement with a firm's strategic management process.

Answer: Answers may vary

In the strategic management process, the human resource department should:

1. have input into the strategic plan;
2. have specific knowledge of the organization's strategic goals;
3. know what types of employee skills, behaviours, and attitudes are needed to support the strat plan; and
4. develop programs to ensure that employees possess these skills, behaviours, and attitudes.

101) List the three decisions about competition and explain each. Of these three which do decision makers often pay the least attention to and what is the result?

Answer: Answers may vary

102) List the four levels of integration that can exist between the HR function and the strategic management functions.

Answer: Answers may vary

103) Discuss the three steps in a two-way linkage between the HR function and the strategic management functions.

Answer: Answers may vary

104) Identify and explain the steps in formulating a strategy.

Answer: Answers may vary

Mission-The mission is a statement of the organization's reason for being; it usually specifies th customers served, the needs satisfied and or the values received by the customers, and the techr used.
Goals-Goals are what a company hopes to achieve in the medium-to long-term future; they refl the mission will be operationalized.
External analysis-The external analysis consists of examining the organization's operating envi to identify the strategic opportunities and threats facing the firm.
Internal analysis-The internal analysis attempts to identify the organization's strengths and weal
Strategic choice-The strategic choice is the organization's strategy; it describes the ways the organization will attempt to fulfill its mission and achieve its long-term goals.

105) List the five important variables that can determine the success of an implemented strategy. Of these five variables explain why HRM has primary responsibility for these variables.

Answer: Answers may vary

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

Answer: Answers may vary

Cost leadership-Emphasizes lowest cost leadership in the industry. The strategy is achieved by constructing efficient, large-scale facilities; capitalizing on the experience curve; and by contro overhead expenses and costs in such areas as research and development, service, sales force, an advertising.
Differentiation-Creates the impression that firm's products or services are different from others in the industry. Offers unique features; creates brand image or offers unique customer services. If a company is successful in differentiating its product, it will achieve above-average returns, and the differentiation may protect it from price sensitivity.

107) Describe two of the four directional strategies that firms have used to meet objectives.

Answer: Answers may vary

108) Discuss the different challenges faced by HR in firms emphasizing internal vs. external growth.

Answer: Answers may vary

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

109) Discuss the differences between the audit and analytic approaches for evaluating the effectiveness of the practices.

Answer: Answers may vary

The audit approach focuses on reviewing various outcomes of the HR functional areas.
The analytic approach focuses on determining (1) whether the introduction of a program or pra the intended effect or (2) estimating the financial costs and benefits resulting from an HR pract analytic approach is more demanding than the audit approach since it requires the detailed use statistics and finance.

110) Discuss how outsourcing is being used to increase the effectiveness of HR.

Answer: Answers may vary

Often the outsourcing partner can improve the delivery of various HR activities, especially in tl transactional area. Usually, this partner can perform activities more efficiently and or more effe This would be especially true for smaller firms to attain the expertise of an outsourcing partner' experience with many firms. The trend is marketed as a cost-and time-saving approach that wil provide best people-practices, improve the quality of HR services to employees, and enable one to concentrate on its core activities.

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111) Discuss what occurs at each of the four steps in the reengineering process.

Answer: Answers may vary

The steps include:

1. Identifying the process-Have managers who control process and employees involved in proc participate on the reengineering team.
2. Understanding the process-Determine a number of different things, such as whether jobs can combined? can satisfaction be improved? how many special situations must be dealt with? are arranged in natural order? and what is the outcome?
3. Redesigning the process-The team develops models, tests them, and chooses how to integrat prototype into organization.
4. Implementing the process-The company tries out the process in a controlled, limited setting l expanding companywide.

112) List the roles of a chief human resource officer (CHRO).

Answer: Answers may vary

The following are the roles of a chief human resource officer:

1. Strategic advisor to the executive team-activities focused specifically on the formulation and implementation of the firm's strategy.
2. Counsellor confidante coach to the executive team-activities focused on counseling or coach members or resolving interpersonal or political conflicts among team members.
3. Liaison to the board of directors-preparation for board meetings, phone calls with board men attendance at board meetings.
4. Talent architect-activities focused on building and identifying the human capital critical to th and future of the firm.
5. Leader of the HR function-working with HR team members regarding the development, desi delivery of HR services.
6. Workforce sensor-activities focused on identifying workforce morale issues or concerns.
7. Representative of the firm-activities with external stakeholders, such as lobbying, speaking t groups, etc.

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1) TRUE
2) TRUE
3) FALSE
4) FALSE
5) TRUE
6) TRUE
7) TRUE
8) FALSE
9) TRUE
10) TRUE
11) FALSE
12) TRUE
13) FALSE
14) FALSE
15) FALSE
16) TRUE
17) TRUE
18) FALSE
19) FALSE
20) FALSE
21) FALSE
22) TRUE
23) TRUE
24) FALSE
25) TRUE
26) FALSE
27) FALSE
28) FALSE
29) FALSE
30) TRUE
31) FALSE
32) A
33) B
34) A
35) C
36) D
37) C
38) A
39) A
40) B
41) D
42) A
43) B
44) C
45) B
46) C
47) C
48) A
49) C
50) C

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51) A
52) C
53) D
54) C
55) A
56) B
57) B
58) B
59) D
60) C
61) B
62) C
63) A
64) B
65) A
66) D
67) A
68) C
69) C
70) B
71) A
72) B
73) B
74) A
75) C
76) A
77) A
78) C
79) D
80) A
81) B
82) B
83) A
84) C
85) D
86) D
87) C
88) B
89) C
90) C
91) C
92) D
93) D
94) A
95) B
96) D
97) C
98) C

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99) A business model is a story of how the firm will create value for customers and, more importantly, how it w profitably. We often hear or read of companies that have "transformed their business model" in one way or but what that means is not always clear. To understand this, we need to grasp a few basic accounting conce First, fixed costs are generally considered the costs that are incurred regardless of the number of units produced. For instance, if you are producing widgets in a factory, you have the rent you pay for the factory, depreciation of the machines, the utilities, the property taxes, and so on. In addition, you generally have a set number of employees who work a set number of hours with a specified level of benefits, and whi might be able to vary these over time, on a regular basis you pay the same total labour costs whether your fa at 70 percent capacity or 95 percent capacity.
Second, you have a number of variable costs, which are those costs that vary directly with the units produce instance, all of the materials that go into the widget might cost a total of $10, which means that you have to least $10 per widget, or you cannot even cover the variable costs of production.
Third is the concept of "contribution margins, " or margins. Margins are the difference between what you cl your product and the variable costs of that product. They are called contribution margins because they are w contributes to your ability to cover your fixed costs. So, for instance, if you charged $15 for each widget, yc contribution margin would be $5 ($15 price − $10 variable cost).
Fourth, the gross margin is the total amount of margin you made and is calculated as the number of units so times the contribution margin. If you sold 1, 000, 000 units, your gross margin would then be 5, 000, 000.
Did you make a profit? That depends. Profit refers to what is left after you have paid your variable costs and your fixed costs. If your gross margin was $5, 000, 000, and your fixed costs were $6, 000, 000, then you lost $1, 000, 000.

100) Answers may vary

In the strategic management process, the human resource department should:

1. have input into the strategic plan;
2. have specific knowledge of the organization's strategic goals;
3. know what types of employee skills, behaviours, and attitudes are needed to support the strategic plan; ar
4. develop programs to ensure that employees possess these skills, behaviours, and attitudes.

101) Answers may vary

102) Answers may vary

103) Answers may vary

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104) Answers may vary

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

105) Answers may vary

106) Answers may vary

Cost leadership-Emphasizes lowest cost leadership in the industry. The strategy is achieved by constructing
large-scale facilities; capitalizing on the experience curve; and by controlling overhead expenses and costs i
areas as research and development, service, sales force, and advertising.
Differentiation-Creates the impression that firm's products or services are different from others in the industry. Offers unique features; creates brand image or offers unique customer services. If a company is successful in differentiating its product, it will achieve above-average returns, and the differentiation may protect it from price sensitivity.

107) Answers may vary

108) Answers may vary

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

109) Answers may vary

The audit approach focuses on reviewing various outcomes of the HR functional areas.
The analytic approach focuses on determining (1) whether the introduction of a program or practice has the effect or (2) estimating the financial costs and benefits resulting from an HR practice. The analytic approach demanding than the audit approach since it requires the detailed use of statistics and finance.

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110) Answers may vary

Often the outsourcing partner can improve the delivery of various HR activities, especially in the transactio
Usually, this partner can perform activities more efficiently and or more effectively. This would be especial
smaller firms to attain the expertise of an outsourcing partner's experience with many firms. The trend is ma
as a cost-and time-saving approach that will provide best people-practices, improve the quality of HR
services to employees, and enable one to concentrate on its core activities.

111) Answers may vary

The steps include:

1. Identifying the process-Have managers who control process and employees involved in process participa
reengineering team.
2. Understanding the process-Determine a number of different things, such as whether jobs can be combine
satisfaction be improved? how many special situations must be dealt with? are steps arranged in natural ord
what is the outcome?
3. Redesigning the process-The team develops models, tests them, and chooses how to integrate prototype i
organization.
4. Implementing the process-The company tries out the process in a controlled, limited setting before expan
companywide.

112) Answers may vary

The following are the roles of a chief human resource officer:

1. Strategic advisor to the executive team-activities focused specifically on the formulation and implementa
the firm's strategy.
2. Counsellor confidante coach to the executive team-activities focused on counseling or coaching team me
resolving interpersonal or political conflicts among team members.
3. Liaison to the board of directors-preparation for board meetings, phone calls with board members, attend
board meetings.
4. Talent architect-activities focused on building and identifying the human capital critical to the present an
the firm.
5. Leader of the HR function-working with HR team members regarding the development, design, and deliv
HR services.
6. Workforce sensor-activities focused on identifying workforce morale issues or concerns.
7. Representative of the firm-activities with external stakeholders, such as lobbying, speaking to outside gro

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