

Testbank

to accompany

**Human Resource
Management, 8th edition**

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Chapter 1

Strategic human resource management

Multiple choice questions

1. Increasingly, successful organisations are recognising that:

- a. human resource functions should be delegated to line managers.
- *b. human capital is their most important resource.
- c. technology has overtaken human resources as their profit generator.
- d. meeting employees' needs should be their main priority.

General Feedback:

Page 4. Learning Objective 1. Factual. Leading companies such as Blackmores, Coca-Cola and Johnson & Johnson have recognised that their success is due to the emphasis they place on acquiring, motivating, developing and keeping the best human capital (employees) they can find.

2. There is strong evidence that high-performance HRM policies and practices:

- *a. generate superior all-round organisational performance.
- b. alienate shareholders, managers and employees.
- c. place unsustainable financial pressure on organisations.
- d. make organisations more internationally successful.

General Feedback:

Page 5. Learning Objective 1. Factual. Research has shown that high performance HRM practices have a significant positive effect on organisational performance as measured by such factors as share price increases, profitability gains, increased sales and employee productivity.

3. This approach emphasises employee development, collaboration, participation, trust, and informed choice:

- a. instrumental.
- *b. humanistic.
- c. strategic.
- d. adaptive.

General Feedback:

Page 10. Learning Objective 2. Factual. Humanistic HRM recognises the need for the integration of HR policies and practices with the organisation's strategic objectives, but places emphasis on employee development, collaboration, participation, trust and informed choice.

4. The instrumental approach to HRM:

- a. has been largely replaced by the preferred humanistic approach to HRM.
- b. has proved too costly and time consuming for organisations to implement.
- *c. stresses the rational, strategic and quantitative aspects of managing employees.
- d. places emphasis on getting employees committed, trained and motivated.

General Feedback:

Page 9. Learning Objective 2. Applied. The instrumental (or hard) approach stresses the rational, quantitative and strategic aspects of managing human resources. Performance improvement and improved competitive advantage are highlighted.

5. When it comes to the adoption of sophisticated HRM policies and practices, research suggests that Australian firms:

- a. are leading the world.
- *b. lag behind overseas firms.
- c. imitate overseas practices.
- d. are hindered by government legislation.

General Feedback:

Page 13. Learning Objective 3. Factual. Evidence indicates that Australian firms in particular lag behind their overseas counterparts in their adoption of sophisticated HRM policies and procedures.

6. Which of the following HRM activities is concerned with seeking and attracting a pool of job applicants?

- a. HR planning
- b. Selection
- *c. Recruitment
- d. Career planning and development

General Feedback:

Page 16. Learning Objective 4. Factual. Recruitment is concerned with scanning the employment market and attracting candidates for job vacancies. Selection is the next step in the process where candidates are screened and selected from the available pool.

7. Which HRM activity is considered a basic starting point for many other HRM activities?

- a. HR planning
- b. Performance management
- *c. Job analysis
- d. Career planning and development

General Feedback:

Page 16. Learning Objective 4. Factual. Job analysis defines jobs in terms of specific tasks and responsibilities and identifies the abilities, skills, knowledge and qualifications required to perform the job successfully. As such, it is the basic building block for such functions as HR planning, recruitment, selection, performance management and training and development.

8. The purpose of an organisation's strategy is to:

- a. communicate the CEO's long-term plans to the organisation members.
- b. provide shareholders with an understanding of how their investment is being used.
- *c. maintain a competitive advantage by capitalising on strengths and minimising the weaknesses of an organisation.
- d. anticipate and react to the future actions of the organisation's competitors.

General Feedback:

Page 22. Learning Objective 5. Factual. The purpose of an organisation's strategy is to evaluate an organisation's strengths and weaknesses in an effort to foster a sustainable competitive advantage.

9. Johnson & Johnson and 3M, for example, frequently change their business strategies and practices in response to changes in the business environment, but maintain stable:

- a. codes of ethics.
- b. mission statements.
- c. goals and objectives.
- *d. core values.

General Feedback:

Page 25. Learning Objective 5. Factual. Researchers found that those organisations exhibiting long-term success tended to adapt their business strategies to the changing environment but maintained their core values and purposes.

10. The process whereby managers establish an organisation's long-term direction, set specific performance objectives, develop strategies to achieve these objectives in the light of all the relevant internal and external circumstances, and undertake to execute the chosen action plans is known as:

- a. performance management.
- *b. strategic management.
- c. operations management.
- d. service management.

General Feedback:

Page 25. Learning Objective 5. Factual. Strategic management enables an organisation to develop a sustainable competitive advantage through evaluation of the internal and external environment and presenting managers with guidelines for future action.

11. The design of an organisation's structure and control systems and evaluation of the selected strategy in achieving the key objectives is known as:

- a. strategic management.
- b. strategic intent.
- c. strategic selection.
- *d. strategic implementation.

General Feedback:

Page 26. Learning Objective 5. Factual. Strategic implementation involves determining what actions are needed to make the organisational strategy work, along with assessing the effectiveness of the current strategy and how it needs to be adapted for existing circumstances.

12. An organisation's mission statement identifies:

- *a. why an organisation exists and what its focus is.
- b. the strengths and weaknesses of that organisation.
- c. what the organisation plans to achieve.
- d. how its strategic plan will be implemented.

General Feedback:

Page 26. Learning Objective 5. Factual. Mission statements are the operational, ethical and financial guiding lights of companies. They provide the context and direction for the formulation of an organisation's objectives. They require the organisation to ask what its purpose for existence is.

13. The aim of conducting a SWOT analysis is to:

- a. determine if the organisation is pursuing an appropriate set of objectives.
- *b. select the strategy that gives the best alignment or fit between the external and internal environments.
- c. determine if established human resource policies and practices are in need of revision.
- d. aid the managing directors in determining a course of action that most closely fits the articulated mission statement.

General Feedback:

Page 27. Learning Objective 5. Factual. The analysis of the organisation's internal strengths and weaknesses and the external environmental threats and opportunities (a SWOT analysis) is conducted to ensure that there is strategic alignment between the internal and external environments.

14. The ability of management to help the organisation respond to changing circumstances through the development of its objectives and policies requires them to be:

- *a. proactive.
- b. reactive.
- c. selective.
- d. adaptive.

General Feedback:

Page 27. Learning Objective 5. Factual. It is critical that managers anticipate problems and opportunities in their internal and external environments.

15. A strategy which involves an acquisition, merger or joint venture is also known as a(n):

- a. diversification strategy.
- b. competitive takeover.
- *c. growth strategy.
- d. aggressive strategy.

General Feedback:

Page 29. Learning Objective 5. Factual. An organisation can expand through generating internal growth or by acquiring other organisations, implementing a merger or establishing a joint venture.

16. The strategy that seeks to improve performance by cost cutting, downsizing or re-engineering, and selling or shutting down business operations is known as:

- *a. retrenchment strategy.
- b. stability strategy.
- c. consolidation strategy.
- d. financial strategy.

General Feedback:

Page 29. Learning Objective 5. Factual. The emphasis of a retrenchment strategy is on performance improvement via reduction in costs, downsizing or selling or shutting down operations.

17. HRM strategy aims to enable the organisation to achieve its objectives by:

- a. conducting regular evaluations of the staffing levels and turnover in the organisation.
- *b. achieving a close match between corporate business objectives and the objectives of the human resource function.

- c. maintaining the lowest cost workforce relative to the organisation's competitors.
- d. decentralising most of the HR functions, including staffing levels to line managers.

General Feedback:

Page 33. Learning Objective 5. Factual. As with other functional strategies, the basic premise of HR strategies should be to support the overall business direction.

18. HRM strategic planning:

- *a. clarifies for the people in an organisation how HRM intends to contribute, what methods it will use, and what performance standards it is aiming for.
- b. is concerned with ensuring that the people requirements of the organisation can be met from annual budgets.
- c. establishes clear guidelines for the implementation of government legislation impacting on employees.
- d. is the process used by an organisation to monitor employment patterns in close competitors.

General Feedback:

Page 33. Learning Objective 5. Factual. The strategic plans for the HR function identifies for stakeholders how HR will support the organisational strategy, the processes it will utilise to achieve those strategies, and its intended standards of performance.

19. HRM objectives and activities should be:

- a. easily understood and readily achievable in a short time-frame.
- b. designed to reflect the views of both managers and employees.
- *c. measurable and have a predetermined timeframe.
- d. designed to take into account the actions of competitors.

General Feedback:

Page 34. Learning Objective 6. Factual. Strategic HRM objectives and activities need to be evaluated in terms of how they support the business strategy, and as such need to be measurable, have deadlines for completion, identify key stakeholders and customers, and nominate those whose are responsible for the achievement of these goals.

20. One purpose of an HR policy is to:

- a. provide detailed guidelines for conducting a regular SWOT analysis.
- b. ensure that the HR department is consulted on all critical HR matters.
- c. ensure that all levels of management are involved in the HR decision-making process.
- *d. give managers the confidence to make quick and consistent decisions.

General Feedback:

Page 34. Learning Objective 6. Factual. HRM policies provide general guidelines for actions, and as such facilitate managers' decision-making in a timely and consistent manner.

21. By focussing on occupational health and safety and opportunities for minorities, HRM is linking its strategies to the organisational objectives of:

- a. cost containment.
- *b. social responsibility.
- c. organisational effectiveness.
- d. customer service.

General Feedback:

Page 34. Learning Objective 6. Factual. An organisation can seek to be socially responsible by aiming to comply with current legislation, or to improve its standing in such areas as equal employment opportunity, diversity management and occupational health and safety.

22. The specific steps to be followed when granting employees a pay increase would be an example of an organisational HRM:

- a. agreement.
- b. policy.
- *c. procedure.
- d. strategy.

General Feedback:

Page 34. Learning Objective 6. Factual. HRM procedures set out the specific steps that should be carried out in particular circumstances.

23. Values, norms, language and ideologies all affect employee views on the role of HRM and are an example of which external influence?

- a. Social
- b. Demographic
- *c. Cultural
- d. Political

General Feedback:

Page 37. Learning Objective 7. Factual. Cultural influences affect employee views on many aspects of HRM, including job titles, job design, remuneration and communication.

24. An HR manager considering the nature of the internal environment would analyse:

- a. technology, job design, competition.

- *b. structure, culture and strategy.
- c. organisation mission, technology, competition.
- d. culture, demographics, political values.

General Feedback:

Page 38. Learning Objective 7. Factual. An analysis of the internal influences would evaluate such areas as the organisational mission, objectives and strategies, culture and structure.

25. An organisation's culture:

- a. is largely determined by the external forces in the environment and legislation.
- b. is determined by management and maintained by a rigidly enforced list of rules and regulations.
- *c. is a system of values, beliefs and symbols that defines the way an organisation conducts its business.
- d. changes regularly in line with changes in the strategic direction of the organisation

General Feedback:

Page 39. Learning Objective 7. Factual. An organisational culture represents 'how things are done' and is determined by the firm's prevailing values, beliefs, assumptions and symbols.

26. In assessing job applicants, companies like P&G, Microsoft and IBM focus on:

- a. ensuring the right mix of male and female employees in all appointments.
- b. using external recruiting consultants to validate their preferred choices.
- c. job-related skills more than how employees might fit the culture.
- *d. how employees might fit the culture more than job-related skills.

General Feedback:

Page 39. Learning Objective 7. Factual. A number of organisations consider that it is much more effective to select employees on the basis of their cultural fit as they believe that job related skills are more trainable.

27. Employees who lack the drive and engagement to work independently suffer from low levels of which type of motivation?

- a. External
- b. Extrinsic
- c. Internal
- *d. Intrinsic

General Feedback:

Page 42. Learning Objective 7. Factual. Intrinsic motivation is the motivation that comes from inside an individual rather than from any external or outside rewards.

28. The measurement of the emotional and intellectual connection employees have with the organisation and their job is known as:

- a. employee commitment.
- b. organisational commitment.
- *c. employee engagement.
- d. organisational engagement.

General Feedback:

Page 43. Learning Objective 7. Factual. Employee engagement specifically implies an emotional and intellectual involvement with an organisation and represents a variety of factors such as motivation, job satisfaction, commitment, congruence, and trust.

29. HR managers need to prove their worth by demonstrating the connection between what they do, employee wellbeing, and:

- a. the external environment.
- *b. organisational performance.
- c. strategic HRM.
- d. the organisation's strategic business objectives.

General Feedback:

Page 44. Learning Objective 8. Factual. HR managers need to consider organisational performance as part of their HRM challenges.

30. The human resources role in organisations is most accepted when:

- a. the human resources manager is part of top management.
- b. some of the key HRM functions have been outsourced.
- c. there is high commitment and low turnover among employees.
- *d. it contributes to the bottom line performance of the organisation.

General Feedback:

Page 8. Learning Objective 1. Applied. The HR function is recognised as being valuable in organisations when it contributes to the bottom line (i.e. it adds value), not for being performed by nice people with good human relations skills.

31. When HRM is focussed on employee recreation and employee maintenance:

- a. it is fulfilling the important roles for which it was created.
- b. it will be primarily concerned with seeing that employment legislation is implemented.
- c. it will ensure that employees are highly motivated and fairly rewarded.

*d. it is regarded as a cost and largely irrelevant to the success of the business.

General Feedback:

Page 11. Learning Objective 3. Applied. When the HR department is concerned primarily with 'picnic and payroll' functions it is not considered as a key contributor to the success of the business and thus becomes a low status department of the organisation.

32. Which of the following is NOT a critical factor in HR professionals successfully fulfilling the role of a strategic partner?

- a. Demonstrating how HRM improves business performance and reduces costs
- b. The ability to translate business strategy into action
- *c. Putting the needs and demands of management above those of the employees
- d. Being part of the top management team in the organisation

General Feedback:

Page 12-13. Learning Objective 3. Applied. Each of the options except for 'putting the needs of management above those of employees' is a function associated with HR professionals assuming the role of strategic partner.

33. The dual role for an HR manager of being an employee champion and a strategic partner can create tensions because:

- a. there will be competition for the resources necessary to fulfil both roles.
- b. these roles may not be recognised by the senior managers in the organisation.
- *c. strategic decisions by the company may have undesirable impacts on employees.
- d. the manager may not be not skilled in fulfilling both roles effectively.

General Feedback:

Page 14. Learning Objective 3. Applied. Decisions made by the senior management team, of which the HR specialist may be a partner, may have adverse impacts on employees. This makes it difficult for the HR person to also fulfil the role of employee advocate.

34. Gloet argues that one way for HRM to reinvent itself and become more important in organisations is to:

- a. form strategic alliances with HR sections in other organisations.
- b. appoint successful HR experts from overseas to manage HR operations.
- *c. develop and maintain learning environments where knowledge is shared.
- d. only focus on several key HR areas and outsource the rest of the functions.

General Feedback:

Page 15. Learning Objective 3. Applied. It is argued that the HR function needs to transform itself by accomplishing new roles and developing new competencies. One way to achieve this is to foster learning environments through effective knowledge management practices.

35. An Australian company decides to award scholarships to the children of its largest customer in China. For HRM, this is an example of:

- *a. a potential ethical conflict.
- b. benevolent HR policies.
- c. differing cultural practices.
- d. rewarding successful employees.

General Feedback:

Page 20. Learning Objective 4. Applied. Ethical issues are influenced by corporate and national cultures and HRM needs to develop clear policies regarding this. Awarding scholarships to the children of its largest customer can present a complex ethical issue for the organisation.

36. Stakeholder management:

- a. rarely involves tradeoffs and difficult choices.
- *b. does not always mean that a gain to one shareholder involves a loss to another.
- c. results in giving priority to shareholders.
- d. all of the options listed.

General Feedback:

Page 23. Learning Objective 5. Applied. Stakeholder management does not necessarily involve a zero sum game, as stakeholders are interdependent and a partnership between stakeholders can result in synergy.

37. A volunteer mindset will be achieved in organisations when:

- a. employees are willing to serve on company committees without coercion.
- b. employees are externally motivated by management to perform.
- *c. employees are internally motivated by management to perform.
- d. employees no longer need to be represented by a trade union.

General Feedback:

Page 25. Learning Objective 5. Applied. Organisations will move from a conscript mindset to a volunteer mindset when employees are self-motivated to exert discretionary effort in their work.

38. A stability strategy is often pursued when:

- a. there has been a shake-up in the top level management positions.

- b. rumours persist about an imminent corporate takeover.
- c. the HR function is about to be restructured and decentralised.
- *d. the organisation is performing well in a low-risk environment.

General Feedback:

Page 21. Learning Objective 5. Applied. This type of strategy attempts to maintain the status quo where an organisation is operating effectively in a fairly stable environment or if there is a need to consolidate the firm's position after a period of instability or reengineering.

39. According to Stone's diagnostic approach to human resource management, two HRM outcomes are:

- a. acquisition and departure of human resources.
- *b. employee commitment and performance.
- c. organisation structure and organisation culture.
- d. job analysis and employee recruitment.

General Feedback:

Page 41. Learning Objective 7. Applied. Stone's strategic HRM diagnostic model recognises a number of outcomes, including organisational adaptability, employee commitment, job satisfaction and performance.

40. Stone's diagnostic approach to HRM suggests that:

- *a. the external and internal environments need to be examined before any course of action is taken.
- b. external HRM experts should be regularly employed to assess in determining whether the organisation is achieving its goals.
- c. HRM is much more effective when the major functions are delegated to line managers.
- d. HR managers must react immediately once change occurs in the environment of the organisation.

General Feedback:

Page 36. Learning Objective 7. Applied. Stone's diagnostic model considers that a range of internal and external influences need to be evaluated prior to any development of the organisational mission or strategy.

41. Organisations that adopt HRM strategies and practices consistent with the demands of their internal and external environments should:

- a. attract a group of employees who are satisfied with their jobs and committed to the organisation.
- b. be aware of the intended moves of the competition before they take place.
- *c. outperform organisations that have less well-matched strategies and practices.

d. experience less internal conflict and indecision when solving major HR problems.

General Feedback:

Page 36. Learning Objective 7. Applied. Stone maintains that consideration of the internal and external environment is critical to the development of effective HRM strategies and high-performance HR policies and procedures.

42. Stone argues that HRM activities contribute to the development of an organisation's culture and provide it with a competitive edge by:

- a. selecting only applicants with specialist skills to fill vacant positions.
- b. restricting the organisation's strategic objectives to those that can be readily achieved with the existing human resources.
- c. designing highly specialised jobs which allow employees to perform a narrow range of tasks more efficiently.
- *d. stimulating and reinforcing behaviours needed to achieve the organisation's strategic objectives.

General Feedback:

Page 39-40. Learning Objective 7. Applied. Stone contends that there is a critical link between organisational culture and HRM and that the HRM function affects the culture by encouraging behaviours that will assist in the achievement of business goals.

43. Organisations which are characterised by flexibility, adaptability, informality, entrepreneurial behaviour, and less specialised roles are described as having:

- a. narrow spans of control.
- b. laissez-faire management.
- c. bureaucratic/autocratic managers.
- *d. wide spans of control.

General Feedback:

Page 40. Learning Objective 7. Applied. Organisations with flat structures and wide spans of control tend to be more flexible, informal and be characterised by less specialised jobs and an entrepreneurial flavour.

44. The extent to which HRM policies promote the achievement of employee goals and, at the same time, satisfy the organisation's strategic business objectives, is known as:

- a. voluntary agreement.
- *b. congruence.
- c. strategic fit.
- d. strategic management.

General Feedback:

Page 41. Learning Objective 7. Applied. Congruence is concerned with ensuring that HRM strategies not only enable employees to pursue their individual goals at work, but also ensure that these goals are in line with what the organisation is striving to achieve.

45. The extent to which HR policies foster employee and organisational readiness for change is known as:

- a. commitment.
- b. congruence.
- c. compatibility.
- *d. adaptability.

General Feedback:

Page 41. Learning Objective 7. Applied. Adaptability considers such factors as whether the organisation is capable and ready for change, whether it is proactive or reactive to changes in its environment, whether innovation and knowledge sharing is encouraged, and whether the organisation recognises and makes use of employees with diverse backgrounds and skills.

46. If HR policies enhance employee identification with, and attachment to their job, this is known as:

- a. congruence.
- *b. commitment.
- c. cost-effectiveness.
- d. competence.

General Feedback:

Page 41. Learning Objective 7. Applied. Employee commitment is related to how an employee identifies with their role and the organisation.

47. One of the major perceptions of unfairness in employment is distributive justice, which refers to:

- a. how managers interact with their employees.
- b. how the HR process is administered.
- c. whether equal employment legislation is being fairly administered.
- *d. whether scarce resources are perceived as being allocated fairly.

General Feedback:

Page 42. Learning Objective 7. Applied. Distributive justice is concerned with the perception of whether limited resources such as pay increases or promotions are being allocated fairly.

48. If employees perceive that they are being treated in a cold and aloof manner by their managers, this is an example of inadequate:

- a. natural justice.
- *b. interactional justice.
- c. procedural justice.
- d. distributive justice.

General Feedback:

Page 42. Learning Objective 7. Applied. Interactional justice refers generally to the manner in which employees are treated by their managers.

49. An assessment of whether the company's selection process is fair or biased, refers to what kind of justice?

- a. Natural justice
- b. Interactional justice
- *c. Procedural justice
- d. Distributive justice

General Feedback:

Page 42. Learning Objective 7. Applied. Procedural justice refers to how the HR process is administered.

50. The extent to which HRM strategies and policies stimulate employees to achieve a designed goal, is known as:

- *a. motivation.
- b. job satisfaction.
- c. congruence.
- d. commitment.

General Feedback:

Page 42. Learning Objective 7. Applied. Motivation is that which energises, directs, and sustains human behaviour.

Essay questions

51. Account for the growth of the human resource function in organisations.

Correct Answer:

Page 4-8. Many organisations have come to realise that people are the ultimate source of any value they create, and that by caring for their employees they are more likely to be successful. Research suggests that high performance HR management practices and policies generate profit

gains, increased market share, share price increases and lower labour turnover. As a result the HR function has assumed increasing importance in organisations and is now often represented at senior management levels. HR is no longer considered to be only concerned with payrolls and picnics but to have a strategic role in the pursuit of corporate objectives.

52. Critically discuss the importance of achieving congruence between an organisation's strategy, structure and HRM practices.

Correct Answer:

Page 22-25. It is important that HR strategies are not at variance with the goals of the organisation. While HR strategies promote the achievement of employee goals, these goals must be in line with the general thrust of the organisation. If an organisation makes a strategic decision to expand, introduce new technology or reduce costs, then HRM must support these initiatives. If they are at variance then this will prove costly in terms of time, money and energy and result in low levels of trust and a lack of common purpose.

53. Today's business environment is characterised by rapid and continual change. Critically discuss how an understanding of the various HRM functions (i.e. recruitment, selection, training, appraisal, etc.) can assist an organisation to achieve its objectives in such an environment.

Correct Answer:

Page 23-40. In a world where organisations continually have to reinvent themselves in the face of constant change it is important that they recognise that their employees are the ultimate source of value. So the onus is on HR to ensure that in fulfilling their functions of recruiting, selecting, training, rewarding, training, motivating and appraising they are sensitive to the immense changes occurring in both the internal and external environments. HR policies and practices need to reflect changing demographics, social trends, economic conditions, technology, legislation and culture.

54. How can HRM strategies assist an organisation to achieve its objectives?

Correct Answer:

Page 31-34. There are a number of strategies that can be pursued. These include ensuring that the planning process recognises the value of its people from the start; seeing that top level decision makers recognise the HR implications of their proposals; designing and managing the culture, climate and organisational processes of the business to ensure that everyone does their job better and that high-calibre people are found and retained; reviewing the levels of commitment throughout the organisation and making improvements where necessary; and assessing the performance requirements needed to achieve the business objectives.

55. What challenges face HR managers and specialists in today's rapidly changing work environment?

Correct Answer:

Page 44. The challenge for HR managers is to maintain relevance in a work environment where HR is often considered to be expendable or of lesser importance, as it is not seen to be adding value to the company. With the growth of globalisation, rapid changes in technology, and the changing nature of employment developing appropriate HR policies is a real challenge. HR must adapt to these changes to ensure that its voice is still heard at top management levels. In a world where employees have less job security and are less loyal in the workplace, the challenge is for HR specialists to be employee champions as well as strategic partners. In order to be relevant, HR must pursue objectives, policies and practices in line with the corporate direction, but which are seen to add to the bottom line.

56. Identify and discuss the outcomes that should be considered when evaluating HRM performance.

Correct Answer:

Page 41-43. These outcomes include: adaptability, commitment, competence, congruence, cost-effectiveness, job satisfaction, justice, motivation, performance, and trust.