

## Chapter 01

### Human Resource Management: Gaining a Competitive Advantage

#### True / False Questions

1. Companies have historically looked at HRM as a means to contribute to profitability, quality, and other business goals through enhancing and supporting business operations.

True   False

2. The human resource department is most likely to collaborate with other company functions on outplacement, labor law compliance, testing, and unemployment compensation.

True   False

3. The three product lines of HR include administrative services and transactions, business partner services, and strategic partner roles.

True   False

4. The amount of time that the HRM function devotes to administrative tasks is decreasing, and its roles as a strategic business partner, change agent, and employee advocate are increasing.

True False

5. Advances in technology have allowed HR services to be offered more on a self-service basis than in the past.

True False

6. HR functions related to areas such as employee development, performance management, and organizational development are outsourced most frequently.

True False

7. Evidence-based HR provides managers with data to make decisions, instead of just relying on intuition.

True False

8. Stakeholders of a company are shareholders, the community, customers, employees, and all of the other parties that have an interest in seeing that the company succeeds.

True False

9. Companies are now more and more interested in using intangible assets and human capital as a way to gain an advantage over competitors.

True   False

10. A learning organization places the highest emphasis on completion of formal employment training.

True   False

11. The psychological contract describes what an employee expects to contribute and what the company will provide to the employee in return for these contributions.

True   False

12. The use of alternative work arrangements which include independent contractors, on-call workers, temporary workers, and contract company workers is shrinking.

True   False

13. To be effective, balanced scorecards must be customized by companies to fit different market situations, products, and competitive environments.

True   False

14. The balanced scorecard should not be used to link the company's human resource management activities to the company's business strategy.

True   False

15. Corporate cultures within companies that successfully implement TQM typically emphasize individualism, hierarchy, accountability, and profits.

True   False

16. ISO 9000 certification is an integral component of W. Edwards Deming's quality control process.

True   False

17. The skills and motivation of a company's internal labor force determine the need for training and development practices and the effectiveness of the company's compensation and reward systems.

True   False

18. Because the workforce is predicted to become more uniform in terms of age, ethnicity, and racial background, it is likely that one set of values will characterize all employees.

True   False

19. Cultural diversity can provide a company competitive advantage regarding problem-solving.

True   False

20. The Sarbanes-Oxley Act of 2002 sets strict rules for corporate behavior and sets heavy fines and prison terms for noncompliance.

True   False

21. Every business must be prepared to deal with the global economy.

True   False

22. One of the disadvantages of technology is that it does not allow older workers to postpone retirement.

True   False

23. E-HRM is more applicable to practices associated with recruiting and training than those associated with analysis and design work, selection, and compensation and benefits.

True   False

24. An HR dashboard is a series of indicators that managers and employees have access to on the company intranet or human resource information system.

True False

25. Compensating human resources involves measuring employees' performance.

True False

### Multiple Choice Questions

26. \_\_\_\_\_ refers to a company's ability to maintain and gain market share in its industry.

- A. Outsourcing
- B. Competitiveness
- C. Self-service
- D. Empowerment
- E. Lean thinking

27. \_\_\_\_\_ refers to the policies, practices, and systems that influence employees' behavior, attitudes, and performance.

- A. Total quality management
- B. Financial management
- C. Human resource management
- D. Production and operations management
- E. Competency management

28. Which of the following HR responsibilities include employee assistance programs and helps employee with relocation and outplacement?

- A. Employee and community relations
- B. Strategic planning
- C. Compensation
- D. Benefits
- E. Employee services

29. Which of the following HR responsibilities include international human resources, forecasting, planning, and mergers and acquisitions?

- A. Community relations
- B. Benefits
- C. Strategic planning
- D. Production and operations
- E. Recruiting

30. Which of the following HR responsibilities include attitude surveys, publications, labor law compliance, and discipline?

- A. Employee and community relations
- B. Strategic planning
- C. Compensation
- D. Benefits
- E. Employee services



31. Which of the following is true about administrative services and transactions?

- A. It involves developing effective HR systems and helping implement business plans and talent management.
- B. It emphasizes on knowing the business and exercising influence.
- C. It emphasizes on the knowledge of HR and of the business and competition.
- D. It contributes to business strategy based on considerations of human capital.
- E. It deals with practices like compensation, hiring, and staffing.

32. Giving employees online access to information about HR issues such as training, benefits, and compensation is called \_\_\_\_\_.

- A. outsourcing
- B. self-service
- C. learning organization
- D. strategic planning
- E. continuous learning

33. The practice of having another company provide services traditionally associated with the administrative role of HR is known as:

- A. e-commerce.
- B. empowering.
- C. contracting.
- D. benchmarking.
- E. outsourcing.

34. Traditionally, the HRM department was primarily a(n) \_\_\_\_\_.

- A. proactive agency
- B. finance expert
- C. employer advocate
- D. administrative expert
- E. payroll expert

35.\_\_\_\_\_ involves usage of quantitative and scientific methods to analyze data from human resource databases.

- A. Workforce analytics
- B. Statistical analytics
- C. Quantitative analytics
- D. Calculative analytics
- E. Scientific analytics

36.Which of the following is true about a strategic architect?

- A. Facilitates change
- B. Recognizes business trends and their impact on the business
- C. Implements workplace policies conducive to work environment
- D. Develops talent and designs reward systems
- E. Understands how business makes money

37.Which of the following is true about a cultural steward?

- A. Facilitates change
- B. Recognizes business trends and their impact on the business
- C. Implements workplace policies conducive to work environment
- D. Develops talent and designs reward systems
- E. Understands how business makes money

38. Which of the following is true about an operational executor?

- A. Facilitates change
- B. Recognizes business trends and their impact on the business
- C. Implements workplace policies conducive to work environment
- D. Develops talent and designs reward systems
- E. Understands how business makes money

39. Which of the following is true about a business ally?

- A. Facilitates change
- B. Recognizes business trends and their impact on the business
- C. Implements workplace policies conducive to work environment
- D. Develops talent and designs reward systems
- E. Understands how business makes money

40. Which of the following is true about an organizational designer?

- A. Facilitates change
- B. Recognizes business trends and their impact on the business
- C. Implements workplace policies conducive to work environment
- D. Develops talent and designs reward systems
- E. Understands how business makes money

41. \_\_\_\_\_ refers to the ability of a company to survive and succeed in a dynamic competitive environment.

- A. Outsourcing
- B. Empowerment
- C. Sustainability
- D. Resource management
- E. Stability

42. Which of the following corresponds to a global competitive challenge that influences a U.S company?

- A. Changing employees' and managers' work roles
- B. Placing increased value on human capital
- C. Providing a return to shareholders
- D. Preparing employees to work in foreign locations
- E. Developing e-commerce

43. Which of the following corresponds to a sustainability competitive challenge that influences a U.S. company?

- A. Changing employees' and managers' work roles
- B. Placing increased value on human capital
- C. Using social networking tools
- D. Preparing employees to work in foreign locations
- E. Developing e-commerce

44. Which of the following corresponds to a technological competitive challenge that influences a U.S. company?

- A. Expanding into foreign markets
- B. Placing increased value on human capital
- C. Providing a return to shareholders
- D. Preparing employees to work in foreign locations
- E. Developing e-commerce

45. Tacit knowledge is an example of \_\_\_\_\_ capital.

- A. social
- B. customer
- C. human
- D. intellectual
- E. financial

46. Mentoring relationships is an example of \_\_\_\_\_ capital.

- A. social
- B. customer
- C. human
- D. intellectual
- E. financial

47. Distribution channels is an example of \_\_\_\_\_ capital.

- A. social
- B. customer
- C. human
- D. intellectual
- E. financial

48. Trade secrets is an example of \_\_\_\_\_ capital.

- A. social
- B. customer
- C. human
- D. intellectual
- E. financial

49. Empowering is defined as:

- A. the movement of women and minorities into managerial positions.
- B. giving employees responsibility and authority to make decisions regarding all aspects of product development or customer service.
- C. leading employees by the strength of one's charisma.
- D. the act of continually learning and improving one's skills and abilities.
- E. the process of managing employees in an authoritative manner.



50. A(n) \_\_\_\_\_ contract describes what an employee expects to contribute and what the company will provide to the employee for these contributions.

- A. employer
- B. employee
- C. psychological
- D. job
- E. official

51. \_\_\_\_\_ refers to the degree to which employees are fully involved in their work and the strength of their job and company commitment.

- A. Psychological
- B. Workforce analytics
- C. Self-service
- D. Commitment
- E. Employee engagement

52.\_\_\_\_\_ refers to a systematic planned strategic effort by a company to attract, retain, develop, and motivate highly skilled employees and managers.

- A. Psychological contract
- B. Workforce analytics
- C. Talent management
- D. Training and development
- E. Employee engagement

53.Which of the following is true about the balanced scorecard?

- A. It is similar to most measures of company performance.
- B. It uses indicators important to the company's strategy.
- C. It is a standardized instrument of company performance.
- D. It should not be applied to HR practices.
- E. It is one of the measures of traditional performance for the company.

54. According to the financial perspective of the balanced scorecard, which of the following questions should be answered?

- A. How do customers see us?
- B. Can we continue to improve and create value?
- C. What must we excel at?
- D. How do we look to shareholders?
- E. What strategy must we employ?

55. Increasingly, companies are trying to meet shareholder and general public demands that they be more ethically, and environmentally responsible. Thus, companies are recognizing the importance of \_\_\_\_\_.

- A. a balanced scorecard approach to business
- B. diversity
- C. total quality management
- D. social responsibility
- E. cultural responsibility

56. Implementation of \_\_\_\_\_ is a companywide effort to continuously improve the ways people, machines, and systems accomplish work.

- A. six sigma
- B. total quality management
- C. quality control
- D. process decision program chart
- E. activity network diagram

57. The way senior executives create and sustain vision, values, and mission: promote legal and ethical behavior, is the definition for which Malcolm Baldrige National Quality Award criterion?

- A. Strategic planning
- B. Workforce focus
- C. Customer and market focus
- D. Operation Focus
- E. Leadership

58. Which one of the following is true about the Six Sigma process?

- A. The objective of the process is to create a total business focus on supervising its employees.
- B. Termination is an important component of the process.
- C. The process is one of seven categories evaluated within the Malcolm Baldrige Quality Award.
- D. The process involves measuring, analyzing, improving, and controlling processes.
- E. The six sigma process includes six employee measurement procedures.

59. Which of the following is true about lean thinking?

- A. It is a way to do more with less effort, time, equipment, and space.
- B. It is a way to compete for quality awards and certification.
- C. It includes offering no-frills goods and services to customers.
- D. It is working for zero inventories.
- E. It results in moving employees to avoid production wastage.

60. The skills and motivation of a company's \_\_\_\_\_ labor force determine the need for training and development practices and the effectiveness of the company's compensation and reward systems.

- A. projected
- B. secondary
- C. external
- D. internal
- E. administrative

61. Which of the following statements is true about the composition of the U.S. labor force in the next decade?

- A. Immigration will cease to affect the size and diversity of the workforce.
- B. The largest proportion of the labor force is expected to be in the 16-to-24-year age group.
- C. There will be fewer white males than minorities or women in the labor force.
- D. The number of baby boom workers will increase faster than any other age group.
- E. The high cost of health insurance and decrease in health benefits will cause many employees to quit working.

62. Which of the following statements is true about the Generation X?

- A. They were born between 1925 and 1945.
- B. They tend to be uncomfortable challenging the status quo and authority.
- C. They were born between 1981 and 1995.
- D. They were born between 1946 and 1964.
- E. They tend to be pragmatic, cynical, and have well-developed self-management skills.

63. Which of the following is true about baby boomers?

- A. They like the latest technology, are ambitious and goal-oriented, and seek meaningful work.
- B. They want to be noticed, respected, and involved.
- C. They tend to be uncomfortable challenging the status quo and authority.
- D. They value unexpected rewards for work accomplishments, opportunities to learn new things, praise, recognition, and time with the manager.
- E. They tend to be pragmatic, cynical, and have well-developed self-management skills.

64.Regardless of their background, most employees value:

- A. the ability to challenge the status quo.
- B. simplistic tasks requiring few skills.
- C. managerial positions.
- D. work that leads to self-fulfillment.
- E. comparing compensation with other employees.

65.Managing cultural diversity involves:

- A. enforcing EEO rules.
- B. creating separate career tracks for employees with families.
- C. establishing a strong affirmative action policy.
- D. creating a workplace that makes it comfortable for employees of all backgrounds to be creative and innovative.
- E. Excluding generational issues.



66. In managing cultural diversity, which of the following would improve the level of creativity thereby providing competitive advantage to an organization?

- A. Diversity of perspectives and less emphasis on conformity to norms of the past.
- B. Those with the best reputations for managing diversity will win the competition for the best personnel.
- C. An implication of the multicultural model for managing diversity is that the system will become less determinate, less standardized, and therefore more fluid.
- D. Heterogeneity in decisions and problem-solving groups potentially produces better decisions.
- E. Developing reputations on favorability as prospective employers for women and ethnic minorities.

67. Which of the following cultural diversity arguments states that companies with the best reputations for managing diversity will win the competition for the best personnel?

- A. System flexibility argument
- B. Marketing argument
- C. Employee attraction and retention argument
- D. Problem-solving argument
- E. Creativity argument

68. Which of the following cultural diversity arguments states that reactions should be faster and cost less?

- A. System flexibility argument
- B. Marketing argument
- C. Employee attraction and retention argument
- D. Problem-solving argument
- E. Creativity argument

69. Which of the following cultural diversity arguments states that diversity of perspectives and less emphasis on conformity to norms of the past should improve the level of resourcefulness and inventiveness?

- A. System flexibility argument
- B. Marketing argument
- C. Employee attraction and retention argument
- D. Problem-solving argument
- E. Creativity argument

70. Which of the following cultural diversity arguments states that heterogeneity potentially produces better decisions through a wider range of perspectives?

- A. System flexibility argument
- B. Marketing argument
- C. Employee attraction and retention argument
- D. Problem-solving argument
- E. Creativity argument

71. Which of the following areas of the legal environment has influenced HRM practices over the past 25 years?

- A. Equal employment opportunity
- B. Executive compensation
- C. Product liability
- D. Patent infringement
- E. Labor relations

72. Litigation involving job security will have a major influence on human resource management practices because:

- A. company rules, systems and practices might falsely communicate lifetime employment agreements not intended by the company during layoffs.
- B. adjustments of test scores to meet affirmative action requirements are now illegal.
- C. employees now bear the burden of proof in discrimination cases.
- D. compensation awards for discrimination claims have increased.
- E. lack of state and federal laws will force companies to lay off employees.

73. Which of the following is one of the four ethical principles of a successful company?

- A. Managers assume all responsibility for the actions of the company.
- B. It has a strong profit orientation.
- C. Customer, client, and vendor relationships emphasize mutual benefits.
- D. It does not produce products that can be used for violent purposes.
- E. Companies emphasize self-gained profits in their relationships with customers and vendors.

74. Which legislation act sets new strict rules for business especially as regards accounting practices?

- A. Human Rights Act of 1994
- B. Reverse Discrimination Act of 1990
- C. Sarbanes-Oxley Act of 2002
- D. Corruption and Practices Act of 2000
- E. Civil Rights Act of 1991

75. Which of the following statements is true about the Sarbanes-Oxley Act of 2002?

- A. It is very easy on the rules regarding corporate behavior.
- B. Organizations are spending millions of dollars each year by complying with regulations under the Sarbanes-Oxley Act.
- C. It imposes no penalties for corporate governing and accounting lapses
- D. With the regulations introduced, corporate boards need to paying less attention to issues like leadership development and succession planning.
- E. The Act has brought down the number of HR executives and individuals with HR expertise.

76. Which of the following is true about global marketing?

- A. Offshoring now includes low-skilled manufacturing jobs with repeatable tasks.
- B. Globalization is not limited to a particular sector of the economy.
- C. It is relatively easy for global companies to retain talented employees.
- D. In most emerging markets, companies are facing an excess of performing employees when compared to supply.
- E. Offshoring involves exporting jobs from a developing country where labor and other costs are lower.

77. Exporting jobs from developed to less developed countries is known as \_\_\_\_\_.

- A. insourcing
- B. offshoring
- C. importing
- D. onshoring
- E. homeshoring

78. Exporting jobs to rural parts of the United States is referred to as \_\_\_\_\_.

- A. insourcing
- B. offshoring
- C. importing
- D. onshoring
- E. exportation

79. Which of the following is true about social networking?

- A. It may result in employees wasting time.
- B. It reduces distribution of job postings.
- C. It undermines learning.
- D. It demotes creativity.
- E. It leads to loss of expert knowledge.

80. Hammer and Nail Co. has offices around the globe. Its teams are separated by time, geographic distance, culture, and/or organizational boundaries, and almost rely exclusively on technology for interaction between team members. Its teams are:

- A. virtual teams.
- B. geographically-concentrated teams.
- C. lean teams.
- D. teleworker teams.
- E. learning organizational teams.

81. Employees in geographically dispersed locations can work together in virtual teams using video, e-mail, and the Internet. This work system would be most ideal for:?

- A. recruiting new employees.
- B. building partnerships.
- C. selection processes.
- D. compensation and benefits function.
- E. training employees.



82.Adaptive organizational structures emphasize:

- A. efficiency, decision making by managers, and the flow of information from top to bottom of the organization.
- B. a core set of values, and elimination of boundaries between managers, employees, and organizational functions.
- C. clear boundaries between managers, employees, customers, vendors, and the functional areas, and a constant state of learning.
- D. internal linking, external linking, diversification, and a core set of values.
- E. on the previously established boundaries between managers and employees.

83.A(n) \_\_\_\_\_ is a series of indicators or metrics that managers and employees have access to on the company intranet or human resource information system.

- A. transitional matrix
- B. HR dashboard
- C. leading indicator
- D. vertical analysis
- E. horizontal matrix

84. Which of the following HRM practices, supporting high-performance work systems, is associated with allowing employees to use a variety of skills?

- A. Work design
- B. Performance management
- C. Training
- D. Staffing
- E. Compensation

85. Which of the following HRM practices, supporting high-performance work systems, is associated with employees receiving feedback?

- A. Work design
- B. Performance management
- C. Training
- D. Staffing
- E. Compensation

86. Which of the following HRM practices, supporting high-performance work systems, is associated with employees participating in peer interviews?

- A. Work design
- B. Performance management
- C. Training
- D. Staffing
- E. Compensation

87. Which of the following HRM practices, supporting high-performance work systems, is associated with rewarding employees on team-based performance?

- A. Work design
- B. Performance management
- C. Training
- D. Staffing
- E. Compensation

88. Which of the following dimensions of HRM practices is associated with training employees to have the skills needed to perform their jobs?

- A. Vision and mission of human resources
- B. Managing the human resource environment
- C. Acquiring and preparing human resources
- D. Compensating human resources
- E. Assessment and development of human resources

89. Which of the following dimensions of HRM practices ensures that HRM practices comply with federal, state, and local laws?

- A. Vision and mission of human resources
- B. Managing the human resource environment
- C. Acquiring and preparing human resources
- D. Compensating human resources
- E. Assessment and development of human resources

90. Besides interesting work, \_\_\_\_\_ are the most important incentives that companies can offer to its employees.

- A. training for future work roles
- B. beneficial work environments
- C. support for nonwork activities
- D. pay and benefits
- E. challenging roles

### **Essay Questions**

91. Discuss three trends that are changing the HRM function. How and why has the role of HRM changed?

92. Name and discuss the competencies that HR professionals need.

93. What is meant by empowering and what type of training must be conducted to make it effective?

94. Discuss the balanced scorecard approach of measuring stakeholder performance.

95. Discuss the purpose, application process, and the advantages of the Malcolm Baldrige National Quality Award.

96. Discuss how managing cultural diversity can provide a competitive advantage.

97. Companies are finding that to survive they must compete in international markets. Explain.



98.Explain the use and benefits of an HRIS.

99.Discuss how HR practices support the use of new technology and work designs.

100.Outline the four dimensions of human resource management practices.

## Chapter 01 Human Resource Management: Gaining a Competitive

### Advantage **Answer Key**

#### True / False Questions

1. Companies have historically looked at HRM as a means to contribute to  
(p. 5) profitability, quality, and other business goals through enhancing and supporting business operations.

**FALSE**

Only recently have companies looked at HRM as a means to contribute to profitability, quality, and other business goals through enhancing and supporting business operations.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-01 Discuss the roles and activities of a company's human resource management function.*

*Topic: What Responsibilities and Roles do HR Departments Perform?*

2. The human resource department is most likely to collaborate with other  
(p. 6) company functions on outplacement, labor law compliance, testing, and unemployment compensation.

### FALSE

The HR department is most likely to collaborate with other company functions on employment interviewing, performance management and discipline, and efforts to improve quality and productivity.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-01 Discuss the roles and activities of a company's human resource management function.*

*Topic: What Responsibilities and Roles do HR Departments Perform?*

3. The three product lines of HR include administrative services and  
(p. 6) transactions, business partner services, and strategic partner roles.

### TRUE

One way to think about the roles and responsibilities of HR departments is to consider HR as a business within the company with three product lines, namely, administrative services and transactions, business partner services and strategic partner roles.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-01 Discuss the roles and activities of a company's human resource management function.*

4. The amount of time that the HRM function devotes to administrative tasks  
(p. 7) is decreasing, and its roles as a strategic business partner, change agent,  
and employee advocate are increasing.

**TRUE**

The amount of time that the HRM function devotes to administrative tasks  
is decreasing, and its roles as a strategic business partner, change agent,  
and employee advocate are increasing.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-01 Discuss the roles and activities of a company's human resource management function.*

*Topic: Strategic Role of the HRM Function*

5. Advances in technology have allowed HR services to be offered more on a self-service basis than in the past.

(p. 8)

### TRUE

The availability of the Internet has decreased the HRM role in maintaining records and providing self-service to employees. Self-service refers to giving employees online access to information about HR issues such as training, benefits, compensation, and contracts; enrolling online in programs and services; and completing online attitude surveys.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-01 Discuss the roles and activities of a company's human resource management function.*

*Topic: Strategic Role of the HRM Function*

6. HR functions related to areas such as employee development, performance management, and organizational development are outsourced most frequently.

(p. 8)

### FALSE

Outsourcing refers to the practice of having another company (a vendor, third party or consultant) provide services. The most commonly outsourced activities include those related to benefits administration (e.g., flexible spending accounts, health plan eligibility status), relocation, and payroll.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-01 Discuss the roles and activities of a company's human resource management function.*

*Topic: Strategic Role of the HRM Function*

7. Evidence-based HR provides managers with data to make decisions,  
(p. 11) instead of just relying on intuition.

### TRUE

Evidence-based HR requires the use of HR or workforce analytics. HR or workforce analytics refers to the practice of using quantitative methods and scientific methods to analyze data from human resource databases, corporate financial statements, employee surveys, and other data sources to make evidence-based human resource decisions and show that HR practices influence the organization's "bottom line" including profits and costs.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-01 Discuss the roles and activities of a company's human resource management function.*

*Topic: Strategic Role of the HRM Function*

8. Stakeholders of a company are shareholders, the community, customers, employees, and all of the other parties that have an interest in seeing that the company succeeds.

(p. 14-15)

### TRUE

Stakeholders refers to shareholders, the community, customers, employees, and all of the other parties that have an interest in seeing that the company succeeds.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-01 Discuss the roles and activities of a company's human resource management function.*

*Topic: Competitive Challenges Influencing Human Resource Management*

9. Companies are now more and more interested in using intangible assets and human capital as a way to gain an advantage over competitors.

(p. 20)

### TRUE

Today more and more companies are interested in using intangible assets and human capital as a way to gain an advantage over competitors. A company's value includes three types of assets that are critical for the company to provide goods and services: financial assets (cash and securities), physical assets (property, plant, equipment), and intangible assets.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-02 Discuss the implications of the economy; the makeup of the labor force; and ethics for company sustainability.*

*Topic: Competitive Challenges Influencing Human Resource Management*

10. A learning organization places the highest emphasis on completion of  
(p. 22) formal employment training.

**FALSE**

A learning organization embraces a culture of lifelong learning, enabling all employees to continually acquire and share knowledge.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-02 Discuss the implications of the economy; the makeup of the labor force; and ethics for company sustainability.*

*Topic: Competitive Challenges Influencing Human Resource Management*



11. The psychological contract describes what an employee expects to  
(p. 22) contribute and what the company will provide to the employee in return for these contributions.

### TRUE

The psychological contract describes what an employee expects to contribute and what the company will provide to the employee for these contributions. Unlike a sales contract, a psychological contract is not written. Today's psychological contract has shaped expectations of both the company and employees.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-02 Discuss the implications of the economy; the makeup of the labor force; and ethics for company sustainability.*

*Topic: Competitive Challenges Influencing Human Resource Management*

12. The use of alternative work arrangements which include independent contractors, on-call workers, temporary workers, and contract company workers is shrinking.

(p. 25-26)

### FALSE

The Bureau of Labor Statistics estimates that alternative work arrangements make up 11 % of total employment. One of the reasons for the growth of the use of contingent workers is because companies are adding temporary workers as the economy begins to improve but are delaying adding new permanent employees until economic growth is more stable and certain. Also, companies want to avoid going through the painful layoffs that occurred during the recession.

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 1 Easy*

*Learning Objective: 01-02 Discuss the implications of the economy; the makeup of the labor force; and ethics for company sustainability.*

*Topic: Competitive Challenges Influencing Human Resource Management*

13. To be effective, balanced scorecards must be customized by companies to  
(p. 27-28) fit different market situations, products, and competitive environments.

### TRUE

The balanced scorecard differs from traditional measures of company performance by emphasizing that the critical indicators chosen are based on the company's business strategy and competitive demands. Companies need to customize their balanced scorecards based on different market situations, products, and competitive environments.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-02 Discuss the implications of the economy; the makeup of the labor force; and ethics for company sustainability.*

*Topic: Competitive Challenges Influencing Human Resource Management*

14. The balanced scorecard should not be used to link the company's human  
(p. 28) resource management activities to the company's business strategy.

### FALSE

The balanced scorecard should be used to (1) link human resource management activities to the company's business strategy and (2) evaluate the extent to which the HRM function is helping the company meet its strategic objectives.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-03 Discuss how human resource management affects a company's balanced scorecard.*

*Topic: Competitive Challenges Influencing Human Resource Management*

15. Corporate cultures within companies that successfully implement TQM  
(p. 31) typically emphasize individualism, hierarchy, accountability, and profits.

**FALSE**

There is no universal definition of quality. The major differences in its various definitions relate to whether customer, product, or manufacturing process is emphasized.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-03 Discuss how human resource management affects a company's balanced scorecard.*

*Topic: Competitive Challenges Influencing Human Resource Management*

16. ISO 9000 certification is an integral component of W. Edwards Deming's  
(p. 33) quality control process.

**FALSE**

The ISO 9000 is a family of standards related to quality (ISO 9000, 9001, 9004, and 10011). The ISO 9000 quality standards address what the company does to meet regulatory requirements and the customer's quality requirements while striving to improve customer satisfaction and continuous improvement. The standards represent an international consensus on quality management practices.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-03 Discuss how human resource management affects a company's balanced scorecard.*

*Topic: Competitive Challenges Influencing Human Resource Management*

17. The skills and motivation of a company's internal labor force determine the need for training and development practices and the effectiveness of the company's compensation and reward systems.

(p. 34-35)

### TRUE

The skills and motivation of a company's internal labor force are influenced by the composition of the available labor market (the external labor market). The skills and motivation of a company's internal labor force determine the need for training and development practices and the effectiveness of the company's compensation and reward systems.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-03 Discuss how human resource management affects a company's balanced scorecard.*

*Topic: Competitive Challenges Influencing Human Resource Management*

18. Because the workforce is predicted to become more uniform in terms of age, ethnicity, and racial background, it is likely that one set of values will characterize all employees.

(p. 38)

### FALSE

Because the workforce is predicted to become more diverse in terms of age, ethnicity, and racial background, it is unlikely that one set of values will characterize all employees.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-03 Discuss how human resource management affects a company's balanced scorecard.*

*Topic: Competitive Challenges Influencing Human Resource Management*

19. Cultural diversity can provide a company competitive advantage regarding  
(p. 39) problem-solving.

### TRUE

Managing cultural diversity involves many different activities, including creating an organizational culture that values diversity, ensuring that HRM systems are bias-free, facilitating higher career involvement of women, promoting knowledge and acceptance of cultural differences, ensuring involvement in education both within and outside the company, and dealing with employees' resistance to diversity. Managing cultural diversity can provide a competitive advantage.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-03 Discuss how human resource management affects a company's balanced scorecard.*

*Topic: Competitive Challenges Influencing Human Resource Management*

20. The Sarbanes-Oxley Act of 2002 sets strict rules for corporate behavior and  
(p. 43) sets heavy fines and prison terms for noncompliance.

**TRUE**

The Sarbanes-Oxley Act of 2002 sets strict rules for corporate behavior and sets heavy fines and prison terms for noncompliance: organizations are spending millions of dollars each year to comply with regulations under the Sarbanes-Oxley Act, which imposes criminal penalties for corporate governing and accounting lapses, including retaliation against whistleblowers reporting violations of Security and Exchange Commission rules.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-03 Discuss how human resource management affects a company's balanced scorecard.*

*Topic: Competitive Challenges Influencing Human Resource Management*



21. Every business must be prepared to deal with the global economy.

(p. 44)

**TRUE**

Companies are finding that to survive they must compete in international markets as well as fend off foreign corporations' attempts to gain ground in the United States. To meet these challenges, U.S. businesses must develop global markets, use their practices to improve global competitiveness, and better prepare employees for global assignments. Every business must be prepared to deal with the global economy.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-04 Discuss what companies should do to compete in the global marketplace.*

*Topic: Competitive Challenges Influencing Human Resource Management*

22. One of the disadvantages of technology is that it does not allow older

(p. 49) workers to postpone retirement.

**FALSE**

Advances in sophisticated technology along with reduced costs for the technology are changing many aspects of human resource management. Social networking resolves the issue of loss of expert knowledge from retirement through knowledge sharing, capturing, and storing.

Refer To: Table 1.12

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-05 Identify how new technology; such as social networking; is influencing human resource management.*

*Topic: Competitive Challenges Influencing Human Resource Management*

23. E-HRM is more applicable to practices associated with recruiting and training than those associated with analysis and design work, selection, and compensation and benefits.

(p. 53-54)

### FALSE

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

Company intranets and web portals allow employees and managers online access to information about HR issues, offer self-enrollment programs, and provide feedback through surveys. More sophisticated systems extend management applications to decision making in areas such as compensation and performance management.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-06 Discuss human resource management practices that support high-performance work systems.*

*Topic: Competitive Challenges Influencing Human Resource Management*

24. An HR dashboard is a series of indicators that managers and employees  
(p. 54) have access to on the company intranet or human resource information system.

**TRUE**

An HR dashboard is a series of indicators or metrics that managers and employees have access to on the company intranet or human resource information system. For example, Cisco Systems views building talent as a priority so it has added to its dashboard of people measures a metric to track how many people move and the reasons why. This allows Cisco to identify divisions that are developing new talent.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-06 Discuss human resource management practices that support high-performance work systems.*

*Topic: Competitive Challenges Influencing Human Resource Management*

25. Compensating human resources involves measuring employees'  
(p. 58) performance.

**FALSE**

Assessment and development of human resources involves measuring employees' performance. Compensating human resources involves pay and benefits to reward employees' performance.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-07 Provide a brief description of human resource management practices.*

*Topic: Meeting Competitive Challenges through HRM Practices*

## Multiple Choice Questions

26. \_\_\_\_\_ refers to a company's ability to maintain and gain market share in its  
(p. 4) industry.

- A. Outsourcing
- B. Competitiveness**
- C. Self-service
- D. Empowerment
- E. Lean thinking

Competitiveness refers to a company's ability to maintain and gain market share in its industry. Competitiveness is related to company effectiveness, which is determined by whether the company satisfies the needs of stakeholders (groups affected by business practices).

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-01 Discuss the roles and activities of a company's human resource management function.*

*Topic: Introduction*

27. \_\_\_\_ refers to the policies, practices, and systems that influence  
(p. 5) employees' behavior, attitudes, and performance.

- A. Total quality management
- B. Financial management
- C. Human resource management
- D. Production and operations management
- E. Competency management

Human resource management (HRM) refers to the policies, practices, and systems that influence employees' behavior, attitudes, and performance. Many companies refer to HRM as involving "people practices."

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-01 Discuss the roles and activities of a company's human resource management function.*

*Topic: Introduction*

28. Which of the following HR responsibilities include employee assistance programs and helps employee with relocation and outplacement?  
(p. 6)

- A. Employee and community relations
- B. Strategic planning
- C. Compensation
- D. Benefits
- E. Employee services

As a responsibility of HR departments, employee services include employee assistance programs, relocation services, and outplacement services.

Refer To: Table 1.1

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-01 Discuss the roles and activities of a company's human resource management function.*

*Topic: What Responsibilities and Roles do HR Departments Perform?*

29. Which of the following HR responsibilities include international human resources, forecasting, planning, and mergers and acquisitions?  
(p. 6)

- A. Community relations
- B. Benefits
- C. Strategic planning
- D. Production and operations
- E. Recruiting

As a responsibility of HR departments, strategic planning includes international human resources, forecasting, planning, and mergers and acquisitions.

Refer To: Table 1.1

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-01 Discuss the roles and activities of a company's human resource management function.*

*Topic: What Responsibilities and Roles do HR Departments Perform?*

30. Which of the following HR responsibilities include attitude surveys,  
(p. 6) publications, labor law compliance, and discipline?

- A. Employee and community relations
- B. Strategic planning
- C. Compensation
- D. Benefits
- E. Employee services

As a responsibility of HR departments, employee and community relations includes attitude surveys, labor relations, publications, labor law compliance, and discipline.

Refer To: Table 1.1

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-01 Discuss the roles and activities of a company's human resource management function.*

*Topic: What Responsibilities and Roles do HR Departments Perform?*



31. Which of the following is true about administrative services and  
(p. 7) transactions?

- A. It involves developing effective HR systems and helping implement business plans and talent management.
- B. It emphasizes on knowing the business and exercising influence.
- C. It emphasizes on the knowledge of HR and of the business and competition.
- D. It contributes to business strategy based on considerations of human capital.
- E. It deals with practices like compensation, hiring, and staffing.

Administrative services and transactions deals with compensation, hiring, and staffing. It lays emphasis on resource efficiency and service quality.

Refer To: Figure 1.2

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-01 Discuss the roles and activities of a company's human resource management function.*

*Topic: What Responsibilities and Roles do HR Departments Perform?*

32. Giving employees online access to information about HR issues such as  
(p. 8) training, benefits, and compensation is called \_\_\_\_\_.

- A. outsourcing
- B. self-service**
- C. learning organization
- D. strategic planning
- E. continuous learning

Self-service refers to giving employees online access to information about HR issues such as training, benefits, compensation, and contracts; enrolling online in programs and services; and completing online attitude surveys.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-01 Discuss the roles and activities of a company's human resource management function.*

*Topic: Strategic Role of the HRM Function*

33. The practice of having another company provide services traditionally  
(p. 8) associated with the administrative role of HR is known as:

- A. e-commerce.
- B. empowering.
- C. contracting.
- D. benchmarking.
- E. outsourcing.

Outsourcing refers to the practice of having another company (a vendor, third party or consultant) provide services. The major reasons that company executives choose to outsource human resource practices include cost savings, increased ability to recruit and manage talent, improved HR service quality, and protection of the company from potential lawsuits by standardizing processes such as selection and recruitment.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-01 Discuss the roles and activities of a company's human resource management function.*

*Topic: Strategic Role of the HRM Function*

34. Traditionally, the HRM department was primarily a(n) \_\_\_\_\_.

(p. 9)

- A. proactive agency
- B. finance expert
- C. employer advocate
- D. administrative expert
- E. payroll expert

Traditionally, the HRM department (also known as "Personnel" or "Employee Relations") was primarily an administrative expert and employee advocate. The department took care of employee problems, made sure employees were paid correctly, administered labor contracts, and avoided legal problems.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-01 Discuss the roles and activities of a company's human resource management function.*

*Topic: Strategic Role of the HRM Function*

35. \_\_\_\_\_ involves usage of quantitative and scientific methods to analyze data  
(p. 11) from human resource databases.

- A. Workforce analytics
- B. Statistical analytics
- C. Quantitative analytics
- D. Calculative analytics
- E. Scientific analytics

HR or workforce analytics refers to the practice of using quantitative methods and scientific methods to analyze data from human resource databases, corporate financial statements, employee surveys, and other data sources to make evidence-based human resource decisions and show that HR practices influence the organization's "bottom line" including profits and costs.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-01 Discuss the roles and activities of a company's human resource management function.*

*Topic: Strategic Role of the HRM Function*

36. Which of the following is true about a strategic architect?

(p. 13)

- A. Facilitates change
- B. Recognizes business trends and their impact on the business**
- C. Implements workplace policies conducive to work environment
- D. Develops talent and designs reward systems
- E. Understands how business makes money

A strategic architect is one who recognizes business trends and their impact on the business and develops people strategies that contribute to business strategy.

Refer To: Figure 1.3

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-01 Discuss the roles and activities of a company's human resource management function.*

*Topic: The HRM Profession: Positions, Education, and Competencies*

37. Which of the following is true about a cultural steward?

(p. 13)

- A. Facilitates change
- B. Recognizes business trends and their impact on the business
- C. Implements workplace policies conducive to work environment
- D. Develops talent and designs reward systems
- E. Understands how business makes money

A cultural and change steward is one who facilitates change, develops and values the culture, and helps employees navigate the culture.

Refer To: Figure 1.3

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-01 Discuss the roles and activities of a company's human resource management function.*

*Topic: The HRM Profession: Positions, Education, and Competencies*

38. Which of the following is true about an operational executor?

(p. 13)

- A. Facilitates change
- B. Recognizes business trends and their impact on the business
- C. Implements workplace policies conducive to work environment
- D. Develops talent and designs reward systems
- E. Understands how business makes money

An operational executor is one who implements workplace policies, advances HR technology, and administers day-to-day work of managing people.

Refer To: Figure 1.3

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-01 Discuss the roles and activities of a company's human resource management function.*

*Topic: The HRM Profession: Positions, Education, and Competencies*



39. Which of the following is true about a business ally?

(p. 13)

- A. Facilitates change
- B. Recognizes business trends and their impact on the business
- C. Implements workplace policies conducive to work environment
- D. Develops talent and designs reward systems
- E. Understands how business makes money

A business ally understands how the business makes money and understands the language of business.

Refer To: Figure 1.3

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-01 Discuss the roles and activities of a company's human resource management function.*

*Topic: The HRM Profession: Positions, Education, and Competencies*

40. Which of the following is true about an organizational designer?

(p. 13)

- A. Facilitates change
- B. Recognizes business trends and their impact on the business
- C. Implements workplace policies conducive to work environment
- D. Develops talent and designs reward systems
- E. Understands how business makes money

An organizational designer develops talents, designs the reward systems, and shapes the organization.

Refer To: Figure 1.3

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-01 Discuss the roles and activities of a company's human resource management function.*

*Topic: The HRM Profession: Positions, Education, and Competencies*

41. \_\_\_\_\_ refers to the ability of a company to survive and succeed in a  
(p. 14) dynamic competitive environment.

- A. Outsourcing
- B. Empowerment
- C. Sustainability
- D. Resource management
- E. Stability

Sustainability refers to a company's ability to make a profit without sacrificing the resources of its employees, the community, or the environment.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-01 Discuss the roles and activities of a company's human resource management function.*

*Topic: Competitive Challenges Influencing Human Resource Management*

42. Which of the following corresponds to a global competitive challenge that  
(p. 15) influences a U.S company?

- A. Changing employees' and managers' work roles
- B. Placing increased value on human capital
- C. Providing a return to shareholders
- D. Preparing employees to work in foreign locations
- E. Developing e-commerce

Competing through globalization includes:

- Expanding into foreign markets
- Preparing employees to work in foreign locations

Refer To: Figure 1.4

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-01 Discuss the roles and activities of a company's human resource management function.*

*Topic: Competitive Challenges Influencing Human Resource Management*

43. Which of the following corresponds to a sustainability competitive challenge  
(p. 15) that influences a U.S company?

- A. Changing employees' and managers' work roles
- B. Placing increased value on human capital
- C. Using social networking tools
- D. Preparing employees to work in foreign locations
- E. Developing e-commerce

Competing through sustainability includes:

- Provide a return to shareholders
- Provide high-quality products, services, and work experience for employees
- Increased value placed on intangible assets and human capital
- Social and environmental responsibility
- Adapt to changing characteristics and expectations of the labor force
- Legal and ethical issues
- Effectively use new work arrangements

Refer To: Figure 1.4

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-01 Discuss the roles and activities of a company's human resource management function.*

*Topic: Competitive Challenges Influencing Human Resource Management*

44. Which of the following corresponds to a technological competitive challenge  
(p. 15) that influences a U.S company?

- A. Expanding into foreign markets
- B. Placing increased value on human capital
- C. Providing a return to shareholders
- D. Preparing employees to work in foreign locations
- E. Developing e-commerce

Competing through technology includes:

- Change employees' and managers' work roles
- Create high-performance work systems through integrating technology and social systems
- Development of e-commerce and e-HRM
- Use of social networking tools
- Development of HR dashboards and use of HR analytics in problem solving

Refer To: Figure 1.4

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-01 Discuss the roles and activities of a company's human resource management function.*

*Topic: Competitive Challenges Influencing Human Resource Management*

45. Tacit knowledge is an example of \_\_\_\_\_ capital.

(p. 21)

- A. social
- B. customer
- C. human
- D. intellectual
- E. financial

Tacit knowledge, education, work-related know-how, and work-related competence are the examples of human capital.

Refer To: Table 1.6

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-02 Discuss the implications of the economy; the makeup of the labor force; and ethics for company sustainability.*

*Topic: Competitive Challenges Influencing Human Resource Management*

46. Mentoring relationships is an example of \_\_\_\_\_ capital.

(p. 21)

- A. social
- B. customer
- C. human
- D. intellectual
- E. financial

Examples of social capital include:

- Corporate culture
- Management philosophy
- Management practices
- Informal networking systems
- Coaching/mentoring relationships

Refer To: Table 1.6

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-02 Discuss the implications of the economy; the makeup of the labor force; and ethics for company sustainability.*

*Topic: Competitive Challenges Influencing Human Resource Management*



47. Distribution channels is an example of \_\_\_\_\_ capital.

(p. 21)

- A. social
- B. customer**
- C. human
- D. intellectual
- E. financial

Customer capital includes:

- Customer relationships
- Brands
- Customer loyalty
- Distribution channels

Refer To: Table 1.6

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-02 Discuss the implications of the economy; the makeup of the labor force; and ethics for company sustainability.*

*Topic: Competitive Challenges Influencing Human Resource Management*

48. Trade secrets is an example of \_\_\_\_\_ capital.

(p. 21)

- A. social
- B. customer
- C. human
- D. intellectual
- E. financial

Intellectual capital includes:

- Patents
- Copyrights
- Trade secrets
- Intellectual property

Refer To: Table 1.6

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-02 Discuss the implications of the economy; the makeup of the labor force; and ethics for company sustainability.*

*Topic: Competitive Challenges Influencing Human Resource Management*

49. Empowering is defined as:

(p. 21)

- A. the movement of women and minorities into managerial positions.
- B. giving employees responsibility and authority to make decisions regarding all aspects of product development or customer service.
- C. leading employees by the strength of one's charisma.
- D. the act of continually learning and improving one's skills and abilities.
- E. the process of managing employees in an authoritative manner.

Empowering means giving employees responsibility and authority to make decisions regarding all aspects of product development or customer service. Employees are then held accountable for products and services; in return, they share the rewards and losses of the results.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-02 Discuss the implications of the economy; the makeup of the labor force; and ethics for company sustainability.*

*Topic: Competitive Challenges Influencing Human Resource Management*

50. A(n) \_\_\_\_\_ contract describes what an employee expects to contribute and  
(p. 22) what the company will provide to the employee for these contributions.

- A. employer
- B. employee
- C. psychological
- D. job
- E. official

The psychological contract describes what an employee expects to contribute and what the company will provide to the employee for these contributions. Unlike a sales contract, a psychological contract is not written.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-02 Discuss the implications of the economy; the makeup of the labor force; and ethics for company sustainability.*

*Topic: Competitive Challenges Influencing Human Resource Management*

51. \_\_\_\_\_ refers to the degree to which employees are fully involved in their  
(p. 23) work and the strength of their job and company commitment.

- A. Psychological
- B. Workforce analytics
- C. Self-service
- D. Commitment
- E. Employee engagement

Employee engagement refers to the degree to which employees are fully involved in their work and the strength of their commitment to their job and the company. Employees who are engaged in their work and committed to the company, they work to give companies competitive advantage including higher productivity, better customer service, and lower turnover.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-02 Discuss the implications of the economy; the makeup of the labor force; and ethics for company sustainability.*

*Topic: Competitive Challenges Influencing Human Resource Management*

52. \_\_\_\_\_ refers to a systematic planned strategic effort by a company to  
(p. 25) attract, retain, develop, and motivate highly skilled employees and managers.

- A. Psychological contract
- B. Workforce analytics
- C. Talent management
- D. Training and development
- E. Employee engagement

Talent management refers to the systematic planned strategic effort by a company to use bundles of human resource management practices including acquiring and assessing employees, learning and development, performance management, and compensation to attract, retain, develop, and motivate highly skilled employees and managers. This means recognizing that all HR practices are inter-related, aligned with business needs, and help the organization manage talent to meet business goals.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-02 Discuss the implications of the economy; the makeup of the labor force; and ethics for company sustainability.*

*Topic: Competitive Challenges Influencing Human Resource Management*

53. Which of the following is true about the balanced scorecard?

(p. 27-

28)

- A. It is similar to most measures of company performance.
- B. It uses indicators important to the company's strategy.**
- C. It is a standardized instrument of company performance.
- D. It should not be applied to HR practices.
- E. It is one of the measures of traditional performance for the company.

The balanced scorecard gives managers an indication of the performance of a company based on the degree to which stakeholder needs are satisfied; it depicts the company from the perspective of internal and external customers, employees, and shareholders. The balanced scorecard differs from traditional measures of company performance by emphasizing that the critical indicators chosen are based on the company's business strategy and competitive demands.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-02 Discuss the implications of the economy; the makeup of the labor force; and ethics for company sustainability.*

*Learning Objective: 01-03 Discuss how human resource management affects a company's balanced scorecard.*

*Topic: Competitive Challenges Influencing Human Resource Management*

54. According to the financial perspective of the balanced scorecard, which of  
(p. 28) the following questions should be answered?

- A. How do customers see us?
- B. Can we continue to improve and create value?
- C. What must we excel at?
- D. How do we look to shareholders?
- E. What strategy must we employ?

According to the financial perspective of the balanced scorecard, the question should be answered is "How do we look to shareholders?" The managers should be able to identify critical indicators or metrics related to human resources.

Refer To: Table 1.8

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-03 Discuss how human resource management affects a company's balanced scorecard.*

*Topic: Competitive Challenges Influencing Human Resource Management*



55. Increasingly, companies are trying to meet shareholder and general public  
(p. 29) demands that they be more ethically, and environmentally responsible.

Thus, companies are recognizing the importance of \_\_\_\_\_.

- A. a balanced scorecard approach to business
- B. diversity
- C. total quality management
- D. social responsibility
- E. cultural responsibility

Increasingly, companies are recognizing that social responsibility can help boost a company's image with customers, gain access to new markets, and help attract and retain talented employees. Companies thus try to meet shareholder and general public demands that they be more socially, ethically, and environmentally responsible.

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 1 Easy*

*Learning Objective: 01-03 Discuss how human resource management affects a company's balanced scorecard.*

*Topic: Competitive Challenges Influencing Human Resource Management*

56. Implementation of \_\_\_\_\_ is a companywide effort to continuously improve the ways people, machines, and systems accomplish work.

(p. 29,  
31)

- A. six sigma
- B. total quality management
- C. quality control
- D. process decision program chart
- E. activity network diagram

TQM refers to a cooperative form of doing business that relies on the talents and capabilities of both labor and management to continually improve quality and productivity. It is a companywide effort to continuously improve the ways people, machines, and systems accomplish work.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-03 Discuss how human resource management affects a company's balanced scorecard.*

*Topic: Competitive Challenges Influencing Human Resource Management*

57. The way senior executives create and sustain vision, values, and mission:  
(p. 32) promote legal and ethical behavior, is the definition for which Malcolm  
Baldrige National Quality Award criterion?

- A. Strategic planning
- B. Workforce focus
- C. Customer and market focus
- D. Operation Focus
- E. Leadership

Malcolm Baldrige National Quality Award is an award established in 1987 to promote quality awareness, to recognize quality achievements of U.S. companies, and to publicize successful quality strategies. Leadership is one of the categories for the award examination.

Refer To: Table 1.9

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 1 Easy*

*Learning Objective: 01-03 Discuss how human resource management affects a company's balanced scorecard.*

*Topic: Competitive Challenges Influencing Human Resource Management*

58. Which one of the following is true about the Six Sigma process?

(p. 33)

- A. The objective of the process is to create a total business focus on supervising its employees.
- B. Termination is an important component of the process.
- C. The process is one of seven categories evaluated within the Malcolm Baldrige Quality Award.
- D. The process involves measuring, analyzing, improving, and controlling processes.
- E. The six sigma process includes six employee measurement procedures.

The Six Sigma process refers to a process of measuring, analyzing, improving, and then controlling processes once they have been brought within the narrow Six Sigma quality tolerances or standards. The objective of Six Sigma is to create a total business focus on serving the customer, that is, to deliver what customers really want when they want it.

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 1 Easy*

*Learning Objective: 01-03 Discuss how human resource management affects a company's balanced scorecard.*

*Topic: Competitive Challenges Influencing Human Resource Management*

59. Which of following is true about lean thinking?

(p. 34)

- A. It is a way to do more with less effort, time, equipment, and space.
- B. It is a way to compete for quality awards and certification.
- C. It includes offering no-frills goods and services to customers.
- D. It is working for zero inventories.
- E. It results in moving employees to avoid production wastage.

Lean thinking is a way to do more with less effort, time, equipment, and space, but still provide customers with what they need and want. Part of lean thinking includes training workers in new skills or how to apply old skills in new ways so they can quickly take over new responsibilities or use new skills to help fill customer orders. As a result of lean thinking, machines were moved so that operators could make a bolt or fastener complete from start to finish, resulting in a decrease in the time it takes to make a finished product. Quality is near perfect, and inventory has been reduced 54%.

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 1 Easy*

*Learning Objective: 01-03 Discuss how human resource management affects a company's balanced scorecard.*

*Topic: Competitive Challenges Influencing Human Resource Management*

60. The skills and motivation of a company's \_\_\_\_\_ labor force determine the need for training and development practices and the effectiveness of the company's compensation and reward systems.

(p. 34-35)

- A. projected
- B. secondary
- C. external
- D. internal
- E. administrative

The labor force of current employees is often referred to as the internal labor force. Employers identify and select new employees from the external labor market through recruiting and selection. The external labor market includes persons actively seeking employment. As a result, the skills and motivation of a company's internal labor force are influenced by the composition of the available labor market.

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 1 Easy*

*Learning Objective: 01-03 Discuss how human resource management affects a company's balanced scorecard.*

*Topic: Competitive Challenges Influencing Human Resource Management*

61. Which of the following statements is true about the composition of the U.S. labor force in the next decade?

(p. 35)

- A. Immigration will cease to affect the size and diversity of the workforce.
- B. The largest proportion of the labor force is expected to be in the 16-to-24-year age group.
- C. There will be fewer white males than minorities or women in the labor force.
- D. The number of baby boom workers will increase faster than any other age group.
- E. The high cost of health insurance and decrease in health benefits will cause many employees to quit working.

Baby boomers are those born between 1946 and 1964. The 55 years and older workforce is expected to grow by approximately 47 percent between 2006 and 2016, more than five times the 8.5 percent growth projected for the entire workforce.

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 01-03 Discuss how human resource management affects a company's balanced scorecard.*

*Topic: Competitive Challenges Influencing Human Resource Management*

62. Which of the following statements is true about the Generation X?

(p. 38)

- A. They were born between 1925 and 1945.
- B. They tend to be uncomfortable challenging the status quo and authority.
- C. They were born between 1981 and 1995.
- D. They were born between 1946 and 1964.
- E. They tend to be pragmatic, cynical, and have well-developed self-management skills.

"Generation X," born between 1965 and 1980 experienced the collapse of major institutions such as marriage, family, companies, and the economy. As a result, they tend to be pragmatic, cynical, and have well-developed self-management skills.

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 01-03 Discuss how human resource management affects a company's balanced scorecard.*

*Topic: Competitive Challenges Influencing Human Resource Management*



63. Which of the following is true about baby boomers?

(p. 38)

- A. They like the latest technology, are ambitious and goal-oriented, and seek meaningful work.
- B. They want to be noticed, respected, and involved.
- C. They tend to be uncomfortable challenging the status quo and authority.
- D. They value unexpected rewards for work accomplishments, opportunities to learn new things, praise, recognition, and time with the manager.
- E. They tend to be pragmatic, cynical, and have well-developed self-management skills.

"Baby boomers," born between 1946 and 1964, value unexpected rewards for work accomplishments, opportunities to learn new things, praise, recognition, and time with the manager.

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 01-03 Discuss how human resource management affects a company's balanced scorecard.*

*Topic: Competitive Challenges Influencing Human Resource Management*

64. Regardless of their background, most employees value:

(p. 39)

- A. the ability to challenge the status quo.
- B. simplistic tasks requiring few skills.
- C. managerial positions.
- D. work that leads to self-fulfillment.
- E. comparing compensation with other employees.

Differences in personality differences and values between generations may be due to differences in age and experience. As a result, it is unwise to stereotype employees of a certain generation, i.e., expect them to have similar values. Most employees value several aspects of work regardless of their background. Employees view work as a means to self-fulfillment—that is, a means to more fully use their skills and abilities, meet their interests, and allow them to live a desirable lifestyle.

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 01-03 Discuss how human resource management affects a company's balanced scorecard.*

*Topic: Competitive Challenges Influencing Human Resource Management*

65. Managing cultural diversity involves:

(p. 39)

- A. enforcing EEO rules.
- B. creating separate career tracks for employees with families.
- C. establishing a strong affirmative action policy.
- D. creating a workplace that makes it comfortable for employees of all backgrounds to be creative and innovative.
- E. Excluding generational issues.

How diversity issues are managed has implications for creativity, problem solving, retaining good employees, and developing markets for the firm's products and services.

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 01-03 Discuss how human resource management affects a company's balanced scorecard.*

*Topic: Competitive Challenges Influencing Human Resource Management*

66. In managing cultural diversity, which of the following would improve the  
(p. 40) level of creativity thereby providing competitive advantage to an organization?

- A. Diversity of perspectives and less emphasis on conformity to norms of the past.
- B. Those with the best reputations for managing diversity will win the competition for the best personnel.
- C. An implication of the multicultural model for managing diversity is that the system will become less determinate, less standardized, and therefore more fluid.
- D. Heterogeneity in decisions and problem-solving groups potentially produces better decisions.
- E. Developing reputations on favorability as prospective employers for women and ethnic minorities.

Diversity of perspectives and less emphasis on conformity to norms of the past (which characterize the modern approach to management of diversity) should improve the level of creativity in managing cultural diversity. This is called creative argument.

Refer To: Table 1.11

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 01-03 Discuss how human resource management affects a company's balanced scorecard.*

*Topic: Competitive Challenges Influencing Human Resource Management*

67. Which of the following cultural diversity arguments states that companies  
(p. 40) with the best reputations for managing diversity will win the competition for  
the best personnel?

- A. System flexibility argument
- B. Marketing argument
- C. Employee attraction and retention argument
- D. Problem-solving argument
- E. Creativity argument

Employee attraction and retention argument states that companies develop reputations on favorability as prospective employers for women and ethnic minorities. Those with the best reputations for managing diversity will win the competition for the best personnel.

Refer To: Table 1.11

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 01-03 Discuss how human resource management affects a company's balanced scorecard.*

*Topic: Competitive Challenges Influencing Human Resource Management*

68. Which of the following cultural diversity arguments states that reactions  
(p. 40) should be faster and cost less?

- A. System flexibility argument
- B. Marketing argument
- C. Employee attraction and retention argument
- D. Problem-solving argument
- E. Creativity argument

System flexibility argument states that an implication of the multicultural model for managing diversity is that the system will become less determinate, less standardized, and therefore more fluid. The increased fluidity should create greater flexibility to react to environmental changes (i.e., reactions should be faster and cost less).

Refer To: Table 1.11

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 01-03 Discuss how human resource management affects a company's balanced scorecard.*

*Topic: Competitive Challenges Influencing Human Resource Management*

69. Which of the following cultural diversity arguments states that diversity of perspectives and less emphasis on conformity to norms of the past should improve the level of resourcefulness and inventiveness?

(p. 40)

- A. System flexibility argument
- B. Marketing argument
- C. Employee attraction and retention argument
- D. Problem-solving argument
- E. Creativity argument

Creativity argument states that diversity of perspectives and less emphasis on conformity to norms of the past (which characterize the modern approach to management of diversity) should improve the level of creativity.

Refer To: Table 1.11

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 01-03 Discuss how human resource management affects a company's balanced scorecard.*

*Topic: Competitive Challenges Influencing Human Resource Management*

70. Which of the following cultural diversity arguments states that heterogeneity  
(p. 40) potentially produces better decisions through a wider range of perspectives?

- A. System flexibility argument
- B. Marketing argument
- C. Employee attraction and retention argument
- D. Problem-solving argument
- E. Creativity argument

Problem-solving argument states that heterogeneity in decisions and problem-solving groups potentially produces better decisions through a wider range of perspectives and more thorough critical analysis of issues.

Refer To: Table 1.11

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 01-03 Discuss how human resource management affects a company's balanced scorecard.*

*Topic: Competitive Challenges Influencing Human Resource Management*



71. Which of the following areas of the legal environment has influenced HRM  
(p. 41) practices over the past 25 years?

- A. Equal employment opportunity
- B. Executive compensation
- C. Product liability
- D. Patent infringement
- E. Labor relations

Five main areas of the legal environment have influenced human resource management over the past 25 years. These areas are equal employment opportunity legislation, employee safety and health, employee pay and benefits, employee privacy, and job security. Attention is likely to continue to be paid to age, race, and religious discrimination, and discrimination against physically challenged employees.

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 01-03 Discuss how human resource management affects a company's balanced scorecard.*

*Topic: Competitive Challenges Influencing Human Resource Management*

72. Litigation involving job security will have a major influence on human  
(p. 42) resource management practices because:

- A. company rules, systems and practices might falsely communicate lifetime employment agreements not intended by the company during layoffs.
- B. adjustments of test scores to meet affirmative action requirements are now illegal.
- C. employees now bear the burden of proof in discrimination cases.
- D. compensation awards for discrimination claims have increased.
- E. lack of state and federal laws will force companies to lay off employees.

As companies are forced to close plants and lay off employees because of restructuring, technology changes, or financial crisis, cases dealing with the illegal discharge of employees have increased. Employers' work rules, recruitment practices, and performance evaluation systems will need to be revised to ensure that these systems do not falsely communicate employment agreements the company does not intend to honor (such as lifetime employment) or discriminate on the basis of age.

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 01-03 Discuss how human resource management affects a company's balanced scorecard.*

*Topic: Competitive Challenges Influencing Human Resource Management*

73. Which of the following is one of the four ethical principles of a successful company?  
(p. 42-43)

- A. Managers assume all responsibility for the actions of the company.
- B. It has a strong profit orientation.
- C. Customer, client, and vendor relationships emphasize mutual benefits.
- D. It does not produce products that can be used for violent purposes.
- E. Companies emphasize self-gained profits in their relationships with customers and vendors.

Ethical, successful companies can be characterized by four principles. First, in their relationships with customers, vendors, and clients, these companies emphasize mutual benefits. Second, employees assume responsibility for the actions of the company. Third, such companies have a sense of purpose or vision that the employees value and use in their day-to-day work. Finally, they emphasize fairness; that is, another person's interests count as much as their own.

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 01-03 Discuss how human resource management affects a company's balanced scorecard.*

*Topic: Competitive Challenges Influencing Human Resource Management*

74. Which legislation act sets new strict rules for business especially as  
(p. 43) regards accounting practices?

- A. Human Rights Act of 1994
- B. Reverse Discrimination Act of 1990
- C. Sarbanes-Oxley Act of 2002
- D. Corruption and Practices Act of 2000
- E. Civil Rights Act of 1991

The Sarbanes-Oxley Act of 2002 sets strict rules for corporate behavior and sets heavy fines and prison terms for noncompliance.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-03 Discuss how human resource management affects a company's balanced scorecard.*

*Topic: Competitive Challenges Influencing Human Resource Management*

75. Which of the following statements is true about the Sarbanes-Oxley Act of (p. 43) 2002?

- A. It is very easy on the rules regarding corporate behavior.
- B. Organizations are spending millions of dollars each year by complying with regulations under the Sarbanes-Oxley Act.
- C. It imposes no penalties for corporate governing and accounting lapses
- D. With the regulations introduced, corporate boards need to paying less attention to issues like leadership development and succession planning.
- E. The Act has brought down the number of HR executives and individuals with HR expertise.

The Sarbanes-Oxley Act of 2002 sets strict rules for corporate behavior and sets heavy fines and prison terms for noncompliance. Organizations are spending millions of dollars each year to comply with regulations under the Sarbanes-Oxley Act, which imposes criminal penalties for corporate governing and accounting lapses. Due to Sarbanes-Oxley and new Security and Exchange Commission regulations that impose stricter standards for disclosing executive pay, corporate boards are paying more attention to executive pay as well as issues like leadership development and succession planning. This has resulted in an increase in the number of HR executives and individuals with HR expertise who are being asked to serve on corporate boards to provide data and analysis.

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 01-03 Discuss how human resource management affects a company's balanced scorecard.*

*Topic: Competitive Challenges Influencing Human Resource Management*

76. Which of the following is true about global marketing?

(p. 45-

46)

- A. Offshoring now includes low-skilled manufacturing jobs with repeatable tasks.
- B. Globalization is not limited to a particular sector of the economy.**
- C. It is relatively easy for global companies to retain talented employees.
- D. In most emerging markets, companies are facing an excess of performing employees when compared to supply.
- E. Offshoring involves exporting jobs from a developing country where labor and other costs are lower.

Globalization is not limited to any particular sector of the economy, product market, or company size. Many companies are entering international markets by exporting their products overseas. Global companies are struggling both to find and retain talented employees, especially in emerging markets, where the demand for talented employees exceeds supply. Offshoring refers to the exporting of jobs from developed countries, such as the United States, to countries where labor and other costs are lower. Initially, offshoring involved low-skilled manufacturing jobs with repeatable tasks and specific guidelines for how the work was to be completed. Offshoring now includes high-skilled manufacturing jobs and is also prevalent in the service and information technology sectors.

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 01-04 Discuss what companies should do to compete in the global marketplace.*

77. Exporting jobs from developed to less developed countries is known as

(p. 46) \_\_\_\_\_.

- A. insourcing
- B. offshoring
- C. importing
- D. onshoring
- E. homeshoring

Offshoring refers to the exporting of jobs from developed countries, such as the United States, to countries where labor and other costs are lower. The main reason is labor costs. Workers in other countries earn a fraction of the wages of American workers performing the same job.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-04 Discuss what companies should do to compete in the global marketplace.*

*Topic: Competitive Challenges Influencing Human Resource Management*



78. Exporting jobs to rural parts of the United States is referred to as \_\_\_\_.

(p. 48)

- A. insourcing
- B. offshoring
- C. importing
- D. onshoring
- E. exportation

Exporting jobs to rural parts of the United States is referred to as onshoring. Onshoring may be most attractive to companies that have brands tied to the United States because they fear the political fallout related to offshoring.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-04 Discuss what companies should do to compete in the global marketplace.*

*Topic: Competitive Challenges Influencing Human Resource Management*

79. Which of the following is true about social networking?

(p. 49)

- A. It may result in employees wasting time.
- B. It reduces distribution of job postings.
- C. It undermines learning.
- D. It demotes creativity.
- E. It leads to loss of expert knowledge.

Issues that can be addressed by social networking include loss of expert knowledge due to retirement, promotion of innovation and creativity, reinforcement of learning, and the need to identify and connect with promising job candidates. Despite its potential advantages, many companies are uncertain as to whether they should embrace social networking. They fear that social networking will result in employees wasting time or offending or harassing their co-workers.

Refer To: Table 1.12

*AACSB: Technology*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 01-05 Identify how new technology; such as social networking; is influencing human resource management.*

*Topic: Competitive Challenges Influencing Human Resource Management*

80. Hammer and Nail Co. has offices around the globe. Its teams are  
(p. 52) separated by time, geographic distance, culture, and/or organizational  
boundaries, and almost rely exclusively on technology for interaction  
between team members. Its teams are:

- A. virtual teams.
- B. geographically-concentrated teams.
- C. lean teams.
- D. teleworker teams.
- E. learning organizational teams.

Virtual teams refer to teams that are separated by time, geographic  
distance, culture, and/or organizational boundaries and that rely almost  
exclusively on technology (e-mail, Internet, videoconferencing) to interact  
and complete their projects.

*AACSB: Technology*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-06 Discuss human resource management practices that support high-performance work systems.*

*Topic: Competitive Challenges Influencing Human Resource Management*

81. Employees in geographically dispersed locations can work together in  
(p. 52) virtual teams using video, e-mail, and the Internet. This work system would  
be most ideal for:?

- A. recruiting new employees.
- B. building partnerships.
- C. selection processes.
- D. compensation and benefits function.
- E. training employees.

Virtual teams refer to teams that are separated by time, geographic distance, culture, and/or organizational boundaries and that rely almost exclusively on technology (e-mail, Internet, videoconferencing) to interact and complete their projects. A company may also use virtual teams in partnerships with suppliers or competitors to pull together the necessary talent to complete a project or speed the delivery of a product to the marketplace.

*AACSB: Technology*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 01-06 Discuss human resource management practices that support high-performance work systems.*

*Topic: Competitive Challenges Influencing Human Resource Management*

82. Adaptive organizational structures emphasize:

(p. 53)

- A. efficiency, decision making by managers, and the flow of information from top to bottom of the organization.
- B. a core set of values, and elimination of boundaries between managers, employees, and organizational functions.
- C. clear boundaries between managers, employees, customers, vendors, and the functional areas, and a constant state of learning.
- D. internal linking, external linking, diversification, and a core set of values.
- E. on the previously established boundaries between managers and employees.

In the adaptive organizational structure, employees are in a constant state of learning and performance improvement. Employees are free to move wherever they are needed in the company. The adaptive organization is characterized by a core set of values or a vital vision that drives all organizational efforts. Previously established boundaries between managers and employees, employees and customers, employees and vendors, and the various functions within the company are abandoned.

*AACSB: Technology*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 01-06 Discuss human resource management practices that support high-performance work systems.*

*Topic: Competitive Challenges Influencing Human Resource Management*

83. A(n) \_\_\_\_\_ is a series of indicators or metrics that managers and  
(p. 54) employees have access to on the company intranet or human resource  
information system.

A. transitional matrix

**B.** HR dashboard

C. leading indicator

D. vertical analysis

E. horizontal matrix

An HR dashboard is a series of indicators or metrics that managers and  
employees have access to on the company intranet or human resource  
information system.

*AACSB: Technology*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-06 Discuss human resource management practices that support high-performance work systems.*

*Topic: Competitive Challenges Influencing Human Resource Management*

84. Which of the following HRM practices, supporting high-performance work  
(p. 55) systems, is associated with allowing employees to use a variety of skills?

- A. Work design
- B. Performance management
- C. Training
- D. Staffing
- E. Compensation

Following are the ways in which a HRM practicing work design supports high-performance work systems:

- Employees understand how their jobs contribute to the finished product or service.
- Employees participate in planning changes in equipment, layout, and work methods.
- Work may be organized in teams.
- Job rotation used to develop skills.
- Equipment and work processes are structured and technology is used to encourage flexibility and interaction between employees.
- Work design allows employees to use a variety of skills.
- Decentralized decision making, reduced status distinctions, information sharing.
- Increased safety.

Refer To: Table 1.13

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 01-06 Discuss human resource management practices that support high-performance work systems.*

*Topic: Competitive Challenges Influencing Human Resource Management*

85. Which of the following HRM practices, supporting high-performance work  
(p. 55) systems, is associated with employees receiving feedback?

- A. Work design
- B. Performance management**
- C. Training
- D. Staffing
- E. Compensation

Employees receive performance feedback and are actively involved in the performance improvement in a HRM practicing performance management supporting high-performance work systems.

Refer To: Table 1.13

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 01-06 Discuss human resource management practices that support high-performance work systems.*

*Topic: Competitive Challenges Influencing Human Resource Management*



86. Which of the following HRM practices, supporting high-performance work  
(p. 55) systems, is associated with employees participating in peer interviews?

- A. Work design
- B. Performance management
- C. Training
- D. Staffing
- E. Compensation

Employees participate in selecting new employees, e.g., peer interviews in a HRM practicing staffing supporting high-performance work systems.

Refer To: Table 1.13

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 01-06 Discuss human resource management practices that support high-performance work systems.*

*Topic: Competitive Challenges Influencing Human Resource Management*

87. Which of the following HRM practices, supporting high-performance work  
(p. 55) systems, is associated with rewarding employees on team-based  
performance?

- A. Work design
- B. Performance management
- C. Training
- D. Staffing
- E. Compensation

Following are the ways in which a HRM practicing compensation supports  
high-performance work systems:

- Team-based performance pay
- Part of compensation may be based on company or division financial  
performance

Refer To: Table 1.13

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 01-06 Discuss human resource management practices that support high-performance work systems.*

*Topic: Competitive Challenges Influencing Human Resource Management*

88. Which of the following dimensions of HRM practices is associated with  
(p. 58) training employees to have the skills needed to perform their jobs?

- A. Vision and mission of human resources
- B. Managing the human resource environment
- C. Acquiring and preparing human resources
- D. Compensating human resources
- E. Assessment and development of human resources

Acquiring and preparing human resources deals with:

- Identifying human resource requirements—that is, human resource planning, recruiting employees, and selecting employees
- Training employees to have the skills needed to perform their jobs

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-07 Provide a brief description of human resource management practices.*

*Topic: Meeting Competitive Challenges through HRM Practices*

89. Which of the following dimensions of HRM practices ensures that HRM  
(p. 58) practices comply with federal, state, and local laws?

- A. Vision and mission of human resources
- B. Managing the human resource environment**
- C. Acquiring and preparing human resources
- D. Compensating human resources
- E. Assessment and development of human resources

Managing internal and external environmental factors allows employees to make the greatest possible contribution to company productivity and competitiveness. Creating a positive environment for human resources involves:

- Linking HRM practices to the company's business objectives—that is, strategic human resource management
- Ensuring that HRM practices comply with federal, state, and local laws
- Designing work that motivates and satisfies the employee as well as maximizes customer service, quality, and productivity

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-07 Provide a brief description of human resource management practices.*

*Topic: Meeting Competitive Challenges through HRM Practices*

90. Besides interesting work, \_\_\_\_\_ are the most important incentives that  
(p. 58) companies can offer to its employees.

- A. training for future work roles
- B. beneficial work environments
- C. support for nonwork activities
- D. pay and benefits
- E. challenging roles

Besides interesting work, pay and benefits are the most important incentives that companies can offer employees in exchange for contributing to productivity, quality, and customer service. Also, pay and benefits are used to reward employees' membership in the company and attract new employees.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 01-07 Provide a brief description of human resource management practices.*

*Topic: Meeting Competitive Challenges through HRM Practices*

## Essay Questions

91. Discuss three trends that are changing the HRM function. How and why  
(p. 7-10) has the role of HRM changed?

The amount of time that the HRM function devotes to administrative tasks is decreasing, and its roles as a strategic business partner, change agent, and employee advocate are increasing. One trend seen today is that the role of HRM in administration is decreasing as technology is used for many administrative purposes, such as managing employee records and allowing employees to get information about and enroll in training, benefits, and other programs. Another trend is that outsourcing of the administrative role is occurring quite frequently. Additionally, HRM is becoming more proactive and less reactive. Roles such as practice development and strategic business partnering have increased. HRM roles have changed because managers see HRM as the most important lever for companies to gain competitive advantage over both domestic and foreign competitors.

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 01-01 Discuss the roles and activities of a company's human resource management function.*

*Topic: Strategic Role of the HRM Function*

92. Name and discuss the competencies that HR professionals need.

*(p. 13)*

Following are the six competencies HR professionals need to have:

- (1) Credible activist: Delivers results with integrity, shares information, builds trusting relationships, and influences others, providing candid observation and taking appropriate risks.
- (2) Cultural steward: Facilitates change, develops and values the culture, and helps employees navigate the culture.
- (3) Talent manager/organizational designer: Develops talent, designs reward systems, and shapes the organization.
- (4) Strategic architect: Recognizes business trends and their impact on the business, evidence-based HR, and develops people strategies that contribute to the business strategy.
- (5) Business ally: Understands how the business makes money and the language of the business.
- (6) Operational executor: Implements workplace policies, advances HR technology, and administers day-to-day work of managing people.

Feedback: Refer To: Figure 1.3

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 2 Medium*

*Learning Objective: 01-01 Discuss the roles and activities of a company's human resource management function.*

*Topic: The HRM Profession: Positions, Education, and Competencies*

93. What is meant by empowering and what type of training must be conducted to make it effective?

(p. 21-22)

Empowering means giving employees responsibility and authority to make decisions regarding all aspects of product development or customer service. Employees are then held accountable for products and services; in return, they share the resulting rewards and losses of the results. For empowerment to be successful, managers must be trained to link employees to resources within and outside the company, help employees interact with their fellow employees and managers throughout the company, and ensure that employees are updated on important issues and cooperate with each other. Employees must also be trained to use the Web, e-mail, and other tools for communicating, collecting, and sharing information.

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 01-02 Discuss the implications of the economy; the makeup of the labor force; and ethics for company sustainability.*

*Topic: Competitive Challenges Influencing Human Resource Management*



94. Discuss the balanced scorecard approach of measuring stakeholder performance.

(p. 27-28)

The balanced scorecard gives managers an indication of the performance of a company based on the degree to which stakeholder needs are satisfied. The balanced scorecard is important because it brings together most of the features that a company needs to focus on to be competitive. The balanced scorecard should be used to (1) link human resource management activities to the company's business strategy and (2) evaluate the extent to which the HRM function is helping the company meet its strategic objectives. Communicating the scorecard to employees gives them a framework that helps them see the goals and strategies of the company, how these goals and strategies are measured, and how they influence the critical indicators.

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 01-02 Discuss the implications of the economy; the makeup of the labor force; and ethics for company sustainability.*

*Learning Objective: 01-03 Discuss how human resource management affects a company's balanced scorecard.*

*Topic: Competitive Challenges Influencing Human Resource Management*

95. Discuss the purpose, application process, and the advantages of the  
(p. 31) Malcolm Baldrige National Quality Award.

The Baldrige award, created by public law, is the highest level of national recognition for quality that a U.S. company can receive. To become eligible for the Baldrige: (1) the company fills out detailed application with basic information about the company location, markets and products, as well as in-depth presentation of how the company addresses specific criteria related to quality improvement and (2) the board of examiners evaluates the application. All applicants receive written feedback summarizing company strengths and needs for improvements. Three awards may be given annually in each of five categories: manufacturing, service, small businesses, education, and health care. Overall research suggests, the award has had a positive impact on overall company performance, including better employee relations, increased productivity, customer satisfaction, and market share.

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 01-03 Discuss how human resource management affects a company's balanced scorecard.*

*Topic: Competitive Challenges Influencing Human Resource Management*

96. Discuss how managing cultural diversity can provide a competitive  
(p. 40) advantage.

Following are the ways in which managing cultural diversity provides competitive advantage:

- (1) Cost argument: As organizations become more diverse, the cost of a poor job in integrating workers will increase. Those who handle this well will thus create cost advantages over those who do not.
- (2) Employee attraction and retention argument: Companies will develop reputations as good companies for women and minorities to work for and therefore they will attract the best from these groups of individuals. This will be especially important as the labor pool shrinks and changes composition.
- (3) Marketing argument: The insight and cultural sensitivity of employees with roots in other countries or different ethnic groups will help both in multinational organizations as well as when marketing to subpopulations domestically.
- (4) Creativity argument: Creativity should be improved by diversity of perspectives and less emphasis on conformity to norms of the past.
- (5) Problem-solving argument: Wider range of perspectives and more thorough critical analysis of issues will lead to more heterogeneity in decisions and problem-solving groups.
- (6) System flexibility argument: System will become less determinate, less standardized, and more fluid, which should create greater flexibility to react to environmental changes.

Feedback: Refer To: Table 1.11

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 01-03 Discuss how human resource management affects a company's balanced scorecard.*

*Topic: Competitive Challenges Influencing Human Resource Management*

97. Companies are finding that to survive they must compete in international  
(p. 44-45) markets. Explain.

Companies are finding that to survive they must compete in international markets as well as fend off foreign corporations' attempts to gain ground in the United States. To meet these challenges, U.S. businesses must develop global markets, use their practices to improve global competitiveness, and better prepare employees for global assignments. Every business must be prepared to deal with the global economy. Global business expansion has been made easier by technology. The Internet allows data and information to be instantly accessible and sent around the world. The Internet, e-mail, social networking, and video conferencing enable business deals to be completed between companies thousands of miles apart. Globalization is not limited to any particular sector of the economy, product market, or company size. Businesses around the world are attempting to increase their competitiveness and value by increasing their global presence, often through mergers and acquisitions.

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 01-04 Discuss what companies should do to compete in the global marketplace.*

*Topic: Competitive Challenges Influencing Human Resource Management*

98. Explain the use and benefits of an HRIS.

*(p. 50)*

Companies continue to use human resource information systems to store large quantities of employee data including personal information, training records, skills, compensation rates, absence records, and benefits usages and costs. A human resource information system (HRIS) is a computer system used to acquire, store, retrieve, and distribute information related to a company's human resources. An HRIS can support strategic decision making, help the company avoid lawsuits, provide data for evaluating policies and programs, and support day-to-day HR decisions. Managers use the system to track employees' vacation and sick days and to make changes in staffing and pay. Using the HRIS, managers can request the HRIS system to automatically prepare a personnel report; they no longer have to contact the HR department to request one.

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 01-05 Identify how new technology; such as social networking; is influencing human resource management.*

*Topic: Competitive Challenges Influencing Human Resource Management*

99. Discuss how HR practices support the use of new technology and work  
(p. 52) designs.

Use of new technology and work designs such as work teams needs to be supported by specific human resource management practices. These practices include the following actions:

- Employees choose or select new employees or team members.
- Employees receive formal performance feedback and are involved in the performance improvement process.
- Ongoing training is emphasized and rewarded.
- Rewards and compensation are linked to company performance.
- Equipment and work processes encourage maximum flexibility and interaction between employees.
- Employees participate in planning changes in equipment, layout, and work methods.
- Employees understand how their jobs contribute to the finished product or service.

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 01-06 Discuss human resource management practices that support high-performance work systems.*

*Topic: Competitive Challenges Influencing Human Resource Management*

100. Outline the four dimensions of human resource management practices.

(p. 58)

(1) Managing the human resource environment: Managing internal and external environmental factors allow employees to make the greatest possible contribution to company productivity and competitiveness.

(2) Acquiring and preparing human resources: Number and type of employees influenced by customer needs, terminations, promotions, and retirements. Need to predict the number and types of employees needed and identify current or potential employees to fill those needs.

(3) Assessment and development of human resources: Managers must ensure employees have the necessary skills to perform current and future jobs. Work may be redesigned to be done by teams. Companies need to create a supportive work environment.

(4) Compensating human resources: Pay and benefits are important incentives to offer employees in exchange for contributing to productivity, quality, and customer service. Also used to reward employees' membership and attract new employees.

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 01-07 Provide a brief description of human resource management practices.*

*Topic: Meeting Competitive Challenges through HRM Practices*