

## Chapter 02

### Trends in Human Resource Management

#### True / False Questions

1. An individual who is actively seeking employment is a part of an organization's external labor market.

True   False

2. The members of Generation X are characterized by their comfort with the latest technology, and the need to be noticed, respected, and involved.

True   False

3. Individuals who arrive in the United States without meeting the legal requirements for immigration or asylum are referred to as undocumented immigrants.

True   False

4. Most organizations are look for educational achievements to find employees who can handle a variety of responsibilities, interact with customers, and think creatively.

True   False

5. A large gap exists between the social system and the technical system in high-performance work systems.

True False

6. Knowledge workers in an organization do not work directly with customers.

True False

7. Skilled knowledge workers would suffer the most in a slow economy as they have little operational importance in a company.

True False

8. Successful organizations treat all their workers as knowledge workers.

True False

9. The use of employee empowerment has shifted the recruiting focus away from general cognitive and interpersonal skills toward technical skills.

True False

10. Teamwork gives the employees the authority and ability to decide on how to do their work.

True False

11. Virtual teams rely on communications technology such as videoconferences, e-mail, and cell phones to keep in touch and coordinate activities.

True False

12. The traditional role of HRM as primarily an administrative function has gradually given way to a new role—that of strategic partner.

True False

13. Total quality management is intended to bring about a continuous process of quality improvement.

True False

14. Total quality management proposes that every employee in the organization receive training in quality.

True False

15. When forming Citigroup, Citicorp combined its banking business with Traveller's Group's insurance business. This is an example of a merger.

True False

16. When two firms in one industry join together to hold a greater share of the industry, it is regarded as a consolidation.

True False

17. Early-retirement programs are one of the most effective approaches to downsizing.

True False

18. An organization's critical work processes are not altered during a reengineering process.

True False

19. A company that operates in the U.S., shifts its warehouses and operations to a low rent area that is 50 miles away from town. This is an example of offshoring.

True False

20. Nathan, a citizen of England, works for an automobile company in England and is currently working on a project of the company in the United States. Nathan will hence be regarded as an expatriate.

True False

21. The processing and transmission of digitized HR information is called electronic human resource management.

True False

22. Under the new psychological contract, organizations expect employees to contribute time, effort, skills, abilities, and loyalty in return for job security and opportunities for promotion within the organization.

True False

23. Employees' job security has increased as a result of the new psychological contract.

True False

24. Contract company workers are employed directly by a company.

True False

25. The employers can direct contract workers on details such as how and when they have to do their jobs without paying the employer's share of Social Security for those workers.

True   False

### Multiple Choice Questions

26. The term external labor market refers to the:

- A. contract workers in the organization.
- B. current employees of the organization.
- C. individuals who are actively seeking employment.
- D. employees who have direct contact with customers.
- E. employees of the immediate competitors of the organization.

27. Which of the following statements best explains the term "labor force"?

- A. All the permanent employees of an organization
- B. All the people who have contracts to work at the company
- C. All the adult members of a population
- D. All the temporary workers of an organization
- E. All the people willing and able to work

28. Which of the following authorities is responsible for tracking changes in the composition of the U.S. labor force and forecasting employment trends?

- A. National Statistics Association
- B. Occupational Outlook Bureau
- C. U.S. Census Bureau
- D. Bureau of Labor Welfare
- E. Bureau of Labor Statistics

29. Which of the following racial groups forms the majority of the U.S. labor force?

- A. African-Americans
- B. Whites
- C. Hispanics
- D. Asians
- E. Europeans

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

- A. The labor force is expected to grow at a greater rate than at any other time in U.S. history.
- B. The largest proportion of the labor force is expected to be in the 16- to 25-year age group.
- C. For the first time ever, the number of workers under 40 years of age will exceed the number of workers 40 years of age or older.
- D. Despite a small increase in the number of young workers, the overall workforce will be aging.
- E. The total cost of labor in the United States would considerably decrease.

31. The temporary work visa granted by the U.S. government:
- A. allows workers to permanently bring their spouse and children to the United States.
  - B. permits the workers to remain in the U.S. as immigrants.
  - C. provides dual citizenship to highly qualified and valued immigrants.
  - D. permits highly educated workers to work in the U.S. for a set period of time.
  - E. allows the workers to work permanently in the U.S.
32. Employers' support for immigration to the United States can be attributed to the fact that:
- A. there is lack of adequate technology in the country.
  - B. undocumented immigration is not taken seriously by the U.S. government.
  - C. qualified technical workers are scarce in the United States.
  - D. there is increased support from the government.
  - E. U.S. workers are not open to innovation.
33. Managing cultural diversity involves:
- A. forming different pay structures for various groups.
  - B. creating separate career tracks for employees with families.
  - C. avoiding the use of affirmative action policies.
  - D. reducing cultural diversity by selective hiring.
  - E. encouraging career development for women and minorities.

34. Which of the following skills are more actively sought by U.S. employers today?
- A. Physical strength
  - B. Mastery of particular machinery
  - C. Interpersonal skills
  - D. Ability to perform routine tasks
  - E. Ability to work with a tool
35. Most organizations look for \_\_\_\_ to find employees who are capable of handling a variety of responsibilities, interacting with customers and thinking creatively.
- A. basic psychomotor skills
  - B. skills related to computers
  - C. technical expertise
  - D. specific work experience
  - E. educational achievements
36. Which of the following defines organizations with the best possible fit between their social system and their technical system?
- A. Workforce analysis systems
  - B. Holistic management systems
  - C. Supply chain systems
  - D. High-performance work systems
  - E. Total quality management systems



37. Which of the following is a trend that is seen in present day high-performance work systems?
- A. Mismatches in technical system and social system
  - B. Employee empowerment in decision making
  - C. Increase in individual assignments
  - D. Centralized decision making
  - E. Reduced reliance on knowledge workers
38. How has the requirement for creating high-performance work systems changed?
- A. There is a drive toward low-cost strategy in the labor market.
  - B. Employees prefer implementation of 40-hour work weeks.
  - C. Competitors are looking for ways to standardize prices in their respective industries.
  - D. Employers are looking for ways to tap people's creativity and interpersonal skills.
  - E. Customers are demanding standardized products over customized products.
39. The growth in e-commerce and information economy has led to an increase in the demand for employees in:
- A. technical jobs.
  - B. mining and resource extraction.
  - C. agriculture.
  - D. service occupations.
  - E. manufacturing.

40. Which of the following is true regarding skilled knowledge workers?

- A. They do not have considerable autonomy to make decisions.
- B. They are most likely to experience a lack of opportunities in a slow economy.
- C. They are not easily replaceable as they own the knowledge that the company requires to produce its products.
- D. They are not expected to be technically efficient and are only involved in direct interactions with customers.
- E. They are bound to work under the conditions imposed by the employer owing to the low status of their jobs.

41. Who among the following can be regarded as knowledge workers?

- A. Retail salespersons
- B. Food serving workers
- C. Office clerks
- D. Registered nurses
- E. Attendants

42. Employee empowerment primarily involves \_\_\_\_.

- A. following a centralized and tall organizational structure
- B. providing increased salary and benefits to employees
- C. leading employees by the strength of one's charisma
- D. continually learning and improving one's skills and abilities
- E. giving employees responsibility and authority to make decisions

43. How has the use of employee empowerment affected the recruitment of knowledge workers?
- A. It has enhanced the need for people with high knowledge regarding individual parts of a particular production processes.
  - B. It has substantially enhanced employment opportunities for women and minorities.
  - C. It has shifted the focus away from technical skills to general cognitive and interpersonal skills.
  - D. It has significantly reduced recruiting costs by using the low-cost strategy though it hinders innovation.
  - E. It has made the recruitment process less time consuming.
44. Human resource departments can help in employee empowerment by:
- A. designing jobs such that the managers have complete control over business processes.
  - B. getting employees fully engaged by communicating to them about their role in supporting the organization's mission.
  - C. rewarding employees based on their loyalty to the organization rather than personal accomplishments or predetermined objective criteria.
  - D. providing feedback only during the employee performance review.
  - E. creating jobs that minimize the need for the employees to come up with innovative ideas and solutions.
45. \_\_\_\_ refers to full involvement in one's work and commitment to one's job and company.
- A. Job enlargement
  - B. Employee selection
  - C. Employee appraisal
  - D. Job specialization
  - E. Employee engagement

46. The term teamwork essentially refers to:
- A. centralizing responsibility and authority to make decisions regarding all aspects of product development.
  - B. having the best possible fit between an organization's social system and technical system.
  - C. making efforts to continuously improve the ways people, machines, and systems accomplish work.
  - D. assigning work to a group of employees with various skills who interact to assemble a product.
  - E. providing employees with individual opportunities to grow, thereby achieving organizational goals.
47. Teams that rely heavily on communications technology such as videoconferences, e-mail, and cell phones to keep in touch and coordinate activities are referred to as:
- A. associate teams.
  - B. electronic teams.
  - C. virtual teams.
  - D. traditional teams.
  - E. technological teams.
48. Present day managers expect the HR professionals to use their knowledge of business and human resources to support the company's strategy by:
- A. maintaining compliance with labor laws.
  - B. performing administrative functions effectively.
  - C. designing and delivering effective HR policies and programs.
  - D. recruiting skilled knowledge workers.
  - E. developing strategies to meet broader goals such as profitability and market share.

49. Which of the following terms describes a company wide effort to continuously improve the way people, machines, and systems accomplish work?

- A. Business reengineering
- B. Total quality management
- C. High-performance work system
- D. Optimal performance system
- E. Performance management

50. Which of the following is in compliance with the core values of total quality management?

- A. Providing specific quality training to the supervisors
- B. Adopting a retrospective approach to quality control by correcting error prone products
- C. Developing generalized methods and processes rather than focusing on meeting the needs of the specific customers
- D. Encouraging employees and customers to provide inputs on improving quality of the products and deciding on the costs
- E. Measuring employees' progress based on the amount of work done rather than the feedback obtained from the customers

51. According to the principles of total quality management:

- A. the feedback process should be initiated only after a significant quality improvement.
- B. human resource managers have a limited role since the emphasis is on quality alone.
- C. only key personnel receive training in quality.
- D. errors in a product or service should be prevented before occurrence.
- E. internal customers are more valuable than external customers.

52. When two companies join forces and become one entity, it is referred to as a(n):

- A. acquisition.
- B. merger.
- C. take-over.
- D. joint venture.
- E. strategic alliance.

53. A chemical company buying a medical equipment manufacturing company is an example of a(n)

\_\_\_\_\_.

- A. acquisition
- B. partnership
- C. consolidation
- D. joint venture
- E. strategic alliance

54. If two firms in one industry join to hold a greater share of the industry, it will be referred to as a(n)

\_\_\_\_\_.

- A.  
take-over
- B. consolidation
- C. acquisition
- D. assimilation
- E. conglomerate

55. In 1999, Glaxo Wellcome and SmithKline Beecham combined their businesses to create a new company, GlaxoSmithKline. This is an example of a(n) \_\_\_\_.

- A. acquisition
- B. take-over
- C. partnership
- D. strategic alliance
- E. merger

56. Which of the following is a challenge for HRM during mergers?

- A. Scrutinizing balance sheets
- B. Evaluating the financial worth of the new company
- C. Developing competitively priced products
- D. Developing conflict resolution skills among employees
- E. Sustaining the brand image of the company

57. The HRM function during downsizing is to terminate the workers who:

- A. are performing multiple organizational roles.
- B. are less valuable in their performance.
- C. are a part of the external labor force.
- D. are older than the other employees.
- E. are being paid the highest salaries.

58. As a method of downsizing, early-retirement programs have been shown to be:
- A. by far the most effective.
  - B. linked to greater employee suffering and distress.
  - C. a better alternative to the "grenade" approach.
  - D. most suited to distinguish clearly between good and poor performers.
  - E. humane.
59. When an organization undertakes a complete review of its critical work processes to make them more efficient and to be able to deliver higher quality, it is engaging in:
- A. outsourcing.
  - B. offshoring.
  - C. reengineering.
  - D. greenfield venturing.
  - E. codetermining.
60. Which of the following observations about reengineering is true?
- A. It is primarily concerned with production processes.
  - B. Critical processes are not altered during this process.
  - C. Changing customer needs and technologies necessitate reengineering.
  - D. It has no impact on human resource practices and systems.
  - E. It is an effort to retain the current work processes with minimal change.



61. Avion textiles, a cloth manufacturing company implements a new technology in their production process to improve the speed at which the cloth is produced. To make effective use of this technology, the company decides to train its employees regarding the new technology. They also make changes in the quality check and sales teams to maintain the costs at profitable levels and deliver good quality products. This reformation in all the critical processes of the company to make them efficient is known as \_\_\_\_.

- A. outsourcing
- B. codetermining
- C. downsizing
- D. hedging
- E. reengineering

62. The practice of having another company provide services is known as \_\_\_\_.

- A. benchmarking
- B. downsizing
- C. codetermining
- D. outsourcing
- E. reengineering

63. Home Needs is a consumer goods company who provide the option of door-to-door delivery. They have partnered with a packaging company for transporting their goods to the customers. This practice of having another company to provide one of the services of the company is known as \_\_\_\_\_.

- A. cause marketing
- B. outsourcing
- C. reengineering
- D. disinvesting
- E. downsizing

64. Offshoring is defined as:

- A. a practice of having another company provide services.
- B. moving operations from the country where a company is headquartered to a country where pay rates are lower but the necessary skills are available.
- C. a method of staffing other than the traditional hiring of full-time employees.
- D. a complete review of the organization's critical work processes to make them more efficient and able to deliver higher quality of products and services.
- E. the act of acquiring a new company in a distant location or another country in order to acquire higher market share or growth.

65. When large U.S. software companies like IBM and Microsoft open facilities in India to take advantage of the highly skilled labor available there at lower pay rates, they are engaging in:
- A. consolidation.
  - B. nationalization.
  - C. crowdsourcing.
  - D. codetermining
  - E. offshoring.
66. The largest number of immigrants to the U.S. workforce are from:
- A. Africa.
  - B. Asia.
  - C. North America.
  - D. Europe.
  - E. Central America.
67. Which of the following is the reason why more organizations are looking overseas to hire talented people?
- A. Lack of technology in the U.S.
  - B. Lack of demand for their products in the U.S.
  - C. Poor quality of labor in the U.S.
  - D. Governmental pressure
  - E. Low cost of labor in foreign countries

68. Employees who take assignments in other countries are called \_\_\_\_.
- A. home-country nationals
  - B. immigrants
  - C. external employees
  - D. expatriates
  - E. emigrants
69. Which of the following terms refers to a computer system used to acquire, store, manipulate, analyze, retrieve, and distribute information related to an organization's human resources?
- A. Electronic performance support systems
  - B. e-CRM
  - C. High-performance work systems
  - D. Self-service systems
  - E. Human resource information systems
70. How does a human resource information system help the organization?
- A. It can be used to scrutinize balance sheets.
  - B. It can be used to develop new lines of products.
  - C. It can be used to provide employee coaching.
  - D. It can help avoid litigation and lawsuits.
  - E. It can be used by salespeople to improve targeting.

71. An Internet portal is primarily used to:
- A. process all HR transactions at one time.
  - B. consolidate different HR functions into a single location.
  - C. combine data from several sources into a single site.
  - D. obtain insight into business trends.
  - E. create a benchmark for all other companies in the industry.
72. A(n) \_\_\_\_ provides insight into business trends and patterns and helps businesses improve decisions.
- A. electronic performance support systems
  - B. Internet portal
  - C. shared service center
  - D. application service provider
  - E. business intelligence system
73. Which of the following technologies lets a company rent space on a remote computer system and use the system's software to manage its HR activities, including security and upgrades?
- A. Application service providers
  - B. Internet portals
  - C. Shared service centers
  - D. Business intelligence systems
  - E. Electronic performance support systems

74. Which of the following can be used to consolidate different HR functions into a single location, eliminate redundancy, and reduce administrative costs?
- A. Internet portals
  - B. Application services
  - C. Shared service centers
  - D. Business intelligence systems
  - E. Electronic performance support systems
75. Scott's Services is a company which hosts a software that helps in data processing. They process the payroll, performance, and other details required by a company and make the results available online. Which of the following technologies is being used by the company to do the computing tasks for other companies?
- A. Intranet
  - B. HR dashboards
  - C. HR dashboards
  - D. Cloud computing
  - E. Business Intelligence systems
76. \_\_\_\_ refer(s) to the processing and transmission of digitized HR information using computer networking and the Internet.
- A. Electronic human resource management
  - B. An HR dashboard
  - C. An electronic performance system
  - D. An HR scorecard
  - E. Business intelligence

77. The use of social networking in HR has resulted in \_\_\_\_.

- A. organizations becoming more bureaucratic and restrictive about information pertaining to workplace policies
- B. the elimination of the self-service approach toward information dissemination in the organization
- C. the elimination of face-to-face meetings and training sessions entirely across all businesses.
- D. the collection of employees' opinions through online surveys to improve employee engagement initiatives
- E. HR employees having to take on greater responsibilities pertaining to record keeping.

78. The confidentiality of the HR information can be maintained by setting up e-HRM on \_\_\_\_, a network that uses Internet tools but limits access to authorized users in the organization.

- A. an open website
- B. an intranet
- C. an ethernet
- D. an extranet
- E. Arpanet

79. What is an HR dashboard?

- A. A messaging system used by HR managers to communicate with employees.
- B. A display of how the company is performing on specific HR metrics.
- C. A tool used to measure the profitability and growth rate of the organization.
- D. A computer system used to acquire, store, manipulate, analyze, retrieve, and distribute information about work schedules and job duties
- E. A system used to store, analyze, and process the information regarding the levels of demand and inventory

80. A system in which employees have online access to information about HR issues and go online to enroll themselves in programs and provide feedback through surveys is termed as:
- A. social facilitation
  - B. payroll automation.
  - C. cloud computing.
  - D. data mining.
  - E. self-service.
81. The relationship between employer and employee can be thought of in terms of a(n) \_\_\_\_, a description of what an employee expects to contribute in an employment relationship and what the employer will provide the employee in exchange for those contributions. Unlike a written sales contract, this is not formally put into words.
- A. employee contract
  - B. offer letter
  - C. psychological contract
  - D. union bond
  - E. legal agreement
82. \_\_\_\_ refers to the intentional practice of changing jobs frequently.
- A. Job hopping
  - B. Moonlighting
  - C. Job enlargement
  - D. Job enrichment
  - E. Freelancing



83. The new type of psychological contract has resulted in reduced:
- A. creativity.
  - B. employee compensation.
  - C. flexibility.
  - D. training and development opportunities.
  - E. job security.
84. Employees realize that many companies are no longer able to provide long-term employment security. Instead, the employees now want:
- A. increased pay.
  - B. less demanding work.
  - C. employability.
  - D. written employment contracts.
  - E. additional benefits.
85. The use of independent contractors, on-call workers, temporary workers, and contract company workers, collectively constitute:
- A. outsourcing.
  - B. alternative work arrangements.
  - C. consolidation.
  - D. high performance work systems.
  - E. offshoring.

86. Independent contractors are:

- A. usually full-time company employees.
- B. self-employed individuals with multiple clients.
- C. people employed by a temporary agency.
- D. employed directly by a company for a specific time.
- E. people employed by the company to work on an independent project through a written contract.

87. Martin is a financial analyst who is not employed directly by any company. He works for multiple clients based on their requirements. Martin is a(n) \_\_\_\_.

- A. permanent employee
- B. independent contractor
- C. part-time employee
- D. contract company worker
- E. temporary worker

88. Henry is a human resource consultant who runs and operates his own business from his home. He is often hired by businesses to present one- or two-day workshops on various topics within his field of expertise. Henry is a(n):

- A. on-call worker.
- B. agent.
- C. temporary employee.
- D. contract company worker.
- E. temporary worker.

89. \_\_\_\_ are persons who work for an organization only when they are needed.

- A. On-call workers
- B. Moonlighting employees
- C. Apprentices
- D. Part-time employees
- E. Trainees

90. \_\_\_\_ are employed directly by a company for a specific time, specified in a formal agreement between the company and the workers.

- A. On-call workers
- B. Independent contractors
- C. Temporary workers
- D. Contract company workers
- E. Part-time workers

## Essay Questions

91. Define labor force. Distinguish between internal labor force and external labor market.
92. What sorts of activities does managing cultural diversity involve, and to what degree do HR professionals believe these activities are beneficial in maintaining a competitive advantage?
93. Explain the problem of skill deficiencies in the U.S. workforce.

94. Explain the impact of knowledge workers on the requirements for creating a high-performance work system.

95. What is employee empowerment? How can the HR departments help to make it effective?

96. What are the core values of total quality management?

97. What is outsourcing? What are the trends in HR outsourcing?

98. What is HRIS? How does it help HR professionals?

99. Define electronic human resource management. List out the applications of social networking tools employed by organizations to assist human resource management.

100. What is the "new" psychological contract? What are its implications?

## Chapter 02 Trends in Human Resource Management **Answer Key**

### True / False Questions

1. An individual who is actively seeking employment is a part of an organization's external labor market.

#### TRUE

An organization's external labor market refers to the individuals who are actively seeking employment.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-01 Describe trends in the labor force composition and how they affect human resource management.*

*Topic: Change in the Labor Force*

2. The members of Generation X are characterized by their comfort with the latest technology, and the need to be noticed, respected, and involved.

#### FALSE

Members of Generation X (1965–1980) tend to be pragmatic and cynical, and they have well-developed self-management skills. Those born from 1981 to 1995, often called Millennials or Generation Y, are comfortable with the latest technology, and they want to be noticed, respected, and involved.

*AACSB: Analytic*



*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 02-01 Describe trends in the labor force composition and how they affect human resource management.*

*Topic: An Aging Workforce*

3. Individuals who arrive in the United States without meeting the legal requirements for immigration or asylum are referred to as undocumented immigrants.

**TRUE**

More than 1 million immigrants come to the United States legally each year as relatives of U.S. citizens, on work- or study-related visas, and other means. Other foreign-born workers in the United States arrive in this country without meeting the legal requirements for immigration or asylum. These individuals, known as undocumented or illegal immigrants, likely number in the millions.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-01 Describe trends in the labor force composition and how they affect human resource management.*

*Topic: Change in the Labor Force*

4. Most organizations are look for educational achievements to find employees who can handle a variety of responsibilities, interact with customers, and think creatively.

**TRUE**

Today's employees must be able to handle a variety of responsibilities, interact with customers, and think creatively. To find such employees, most organizations are looking for educational achievements. A college degree is a basic requirement for many jobs today.

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 02-01 Describe trends in the labor force composition and how they affect human resource management.*

*Topic: Change in the Labor Force*

5. A large gap exists between the social system and the technical system in high-performance work systems.

**FALSE**

High-performance work systems refer to organizations that have the best possible fit between their social system and technical system.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-02 Summarize areas in which human resource management can support the goal of creating a high performance work system.*

*Topic: High-Performance Work Systems*

6. Knowledge workers in an organization do not work directly with customers.

**FALSE**

Many knowledge workers will have to be “technoservice” workers who not only know a specialized field such as computer programming or engineering but also must be able to work directly with customers.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 2 Medium*

*Learning Objective: 02-02 Summarize areas in which human resource management can support the goal of creating a high performance work system.*

*Topic: High-Performance Work Systems*

7. Skilled knowledge workers would suffer the most in a slow economy as they have little operational importance in a company.

**FALSE**

Knowledge workers are in a position of power, because they own the knowledge that the company needs in order to produce its products and services. Skilled knowledge workers have many job opportunities, even in a slow economy. If they choose, they can leave a company and take their knowledge to another employer. Replacing them may be difficult and time consuming.

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 1 Easy*

*Learning Objective: 02-02 Summarize areas in which human resource management can support the goal of creating a high performance work system.*

*Topic: High-Performance Work Systems*

8. Successful organizations treat all their workers as knowledge workers.

**TRUE**

Recently, the idea that only some of an organization's workers are —knowledge workers has come under criticism. To the critics, this definition is no longer realistic in a day of computerized information systems and computer-controlled production processes. For the company to excel, everyone must know how their work contributes to the organization's success. Successful organizations treat all their workers as knowledge workers. They let employees know how well the organization is performing, and they invite ideas about how the organization can do better.

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 02-02 Summarize areas in which human resource management can support the goal of creating a high performance work system.*

9. The use of employee empowerment has shifted the recruiting focus away from general cognitive and interpersonal skills toward technical skills.

**FALSE**

As with the need for knowledge workers, use of employee empowerment shifts the recruiting focus away from technical skills and toward general cognitive and interpersonal skills.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 2 Medium*

*Learning Objective: 02-03 Define employee empowerment; and explain its role in the modern organization.*

*Topic: High-Performance Work Systems*

10. Teamwork gives the employees the authority and ability to decide on how to do their work.

**TRUE**

Organizations need to set up work in a way that gives employees the authority and ability to make those decisions to improve quality and provide customer service right at the point of sale or production. One of the most popular ways to increase employee responsibility and control is to assign work to teams.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-03 Define employee empowerment; and explain its role in the modern organization.*

*Topic: High-Performance Work Systems*

11. Virtual teams rely on communications technology such as videoconferences, e-mail, and cell phones to keep in touch and coordinate activities.

**TRUE**

Virtual teams are teams that teams that rely on communications technology such as videoconferences, e-mail, and cell phones to keep in touch and coordinate activities.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-03 Define employee empowerment; and explain its role in the modern organization.*

*Topic: High-Performance Work Systems*

12. The traditional role of HRM as primarily an administrative function has gradually given way to a new role—that of strategic partner.

**TRUE**

Traditional management thinking treated human resource management primarily as an administrative function, but managers today are beginning to see a more central role for HRM. They are looking at HRM as a means to support a company's strategy. The HR professionals are expected to use their knowledge in business and of human resources to help the organization develop strategies and to align HRM practices and policies with those strategies.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality; growth; and efficiency.*

*Topic: Focus on Strategy*

13. Total quality management is intended to bring about a continuous process of quality improvement.

**TRUE**

Total quality management refers to a company-wide effort to continually improve the ways people, machines, and systems accomplish work.

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 1 Easy*

*Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality; growth; and efficiency.*

*Topic: Focus on Strategy*

14. Total quality management proposes that every employee in the organization receive training in quality.

**TRUE**

Training in quality for each employee in an organization is a core value of total quality management.

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality; growth; and efficiency.*

*Topic: Focus on Strategy*

15. When forming Citigroup, Citicorp combined its banking business with Traveller's Group's insurance business. This is an example of a merger.

**TRUE**

When two companies become one it is referred to as a merger.

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality; growth; and efficiency.*

*Topic: Focus on Strategy*

16. When two firms in one industry join together to hold a greater share of the industry, it is regarded as a consolidation.

**TRUE**

Some mergers and acquisitions result in consolidation within an industry, meaning that two firms in one industry join to hold a greater share of the industry.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality; growth; and efficiency.*

*Topic: Focus on Strategy*

17. Early-retirement programs are one of the most effective approaches to downsizing.

**FALSE**

Early-retirement programs are humane, but they essentially reduce the workforce with a “grenade” approach—not distinguishing good performers from poor performers but rather eliminating an entire group of employees.

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality; growth; and efficiency.*

*Topic: Focus on Strategy*

18. An organization’s critical work processes are not altered during a reengineering process.

**FALSE**

Reengineering involves a complete review of the organization's critical work processes to make them more efficient and able to deliver higher quality.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality; growth; and efficiency.*

*Topic: Focus on Strategy*



19. A company that operates in the U.S., shifts its warehouses and operations to a low rent area that is 50 miles away from town. This is an example of offshoring.

**FALSE**

Offshoring refers to moving the operations from the country where a company is headquartered to a country where pay rates are lower but the necessary skills are available.

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 02-05 Summarize ways in which human resource management can support organizations expanding internationally.*

*Topic: Focus on Strategy*

20. Nathan, a citizen of England, works for an automobile company in England and is currently working on a project of the company in the United States. Nathan will hence be regarded as an expatriate.

**TRUE**

Employees who take assignments in other countries are called expatriates.

*AACSB: Analytic*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-05 Summarize ways in which human resource management can support organizations expanding internationally.*

*Topic: Focus on Strategy*

21. The processing and transmission of digitized HR information is called electronic human resource management.

**TRUE**

The processing and transmission of digitized HR information is referred to as electronic human resource management (e-HRM).

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-06 Discuss how technological developments are affecting human resource management.*

*Topic: Technological Change in HRM*

22. Under the new psychological contract, organizations expect employees to contribute time, effort, skills, abilities, and loyalty in return for job security and opportunities for promotion within the organization.

**FALSE**

In the traditional version psychological contract, organizations expected their employees to contribute time, effort, skills, abilities, and loyalty. In return, the organizations would provide job security and opportunities for promotion. Under the new type of psychological contract, companies expect employees to take more responsibility for their own careers, from seeking training to balancing work and family.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 2 Medium*

*Learning Objective: 02-07 Explain how the nature of the employment relationship*

*Topic: Change in the Employment Relationship*

23. Employees' job security has increased as a result of the new psychological contract.

**FALSE**

Under the new psychological contract, employers expect employees to take more responsibility for their own careers, from seeking training to balancing work and family. These expectations result in less job security for employees.

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 02-07 Explain how the nature of the employment relationship*

*Topic: Change in the Employment Relationship*

24. Contract company workers are employed directly by a company.

**TRUE**

Contract company workers are employed directly by a company for a specific time specified in a written contract.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-08 Discuss how the need for flexibility affects human resource management.*

*Topic: Flexibility*

25. The employers can direct contract workers on details such as how and when they have to do their jobs without paying the employer's share of Social Security for those workers.

**FALSE**

Contract company workers are employed directly by a company for a specific time specified in a written contract. If employers direct workers in the details of how and when they do their jobs, these workers are legally defined as employees, not contractors. In that case, employers must meet the legal requirements for paying the employer's share of Social Security, Medicare, and unemployment insurance.

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 02-08 Discuss how the need for flexibility affects human resource management.*

*Topic: Change in the Employment Relationship*

## Multiple Choice Questions

26. The term external labor market refers to the:

- A. contract workers in the organization.
- B. current employees of the organization.
- C. individuals who are actively seeking employment.
- D. employees who have direct contact with customers.
- E. employees of the immediate competitors of the organization.

The external labor market consists of individuals who are actively seeking employment.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-01 Describe trends in the labor force composition and how they affect human resource management.*

*Topic: Change in the Labor Force*

27. Which of the following statements best explains the term "labor force"?

- A. All the permanent employees of an organization
- B. All the people who have contracts to work at the company
- C. All the adult members of a population
- D. All the temporary workers of an organization
- E. All the people willing and able to work

The term "labor force" is a general way to refer to all the people willing and able to work.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-01 Describe trends in the labor force composition and how they affect human resource management.*

*Topic: Change in the Labor Force*

28. Which of the following authorities is responsible for tracking changes in the composition of the U.S. labor force and forecasting employment trends?

- A. National Statistics Association
- B. Occupational Outlook Bureau
- C. U.S. Census Bureau
- D. Bureau of Labor Welfare
- E. Bureau of Labor Statistics

In the United States, the Bureau of Labor Statistics (BLS), an agency of the Department of Labor, tracks changes in the composition of the U.S. labor force and forecasts employment trends.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-01 Describe trends in the labor force composition and how they affect human resource management.*

*Topic: Change in the Labor Force*

29. Which of the following racial groups forms the majority of the U.S. labor force?

- A. African-Americans
- B. Whites
- C. Hispanics
- D. Asians
- E. Europeans

Whites are a dominant group in the U.S. labor force. The 2020 workforce is expected to be 79 percent white.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-01 Describe trends in the labor force composition and how they affect human resource management.*

*Topic: Change in the Labor Force*

30. Which of the following statements about the composition of the U.S. labor force during the next decade is true?
- A. The labor force is expected to grow at a greater rate than at any other time in U.S. history.
  - B. The largest proportion of the labor force is expected to be in the 16- to 25-year age group.
  - C. For the first time ever, the number of workers under 40 years of age will exceed the number of workers 40 years of age or older.
  - D. Despite a small increase in the number of young workers, the overall workforce will be aging.
  - E. The total cost of labor in the United States would considerably decrease.

It is expected that despite a small increase in the number of young workers, the overall workforce will be aging.a

*AACSB: Reflective Thinking*

*Blooms: Understand*

*Difficulty: 1 Easy*

*Learning Objective: 02-01 Describe trends in the labor force composition and how they affect human resource management.*

*Topic: An Aging Workforce*

31. The temporary work visa granted by the U.S. government:
- A. allows workers to permanently bring their spouse and children to the United States.
  - B. permits the workers to remain in the U.S. as immigrants.
  - C. provides dual citizenship to highly qualified and valued immigrants.
  - D. permits highly educated workers to work in the U.S. for a set period of time.
  - E. allows the workers to work permanently in the U.S.

The U.S. government grants temporary work visas to a limited number of highly educated workers, permitting them to work in the United States for a set period of time but not to remain as immigrants.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-01 Describe trends in the labor force composition and how they affect human resource management.*

*Topic: Change in the Labor Force*

32. Employers' support for immigration to the United States can be attributed to the fact that:
- A. there is lack of adequate technology in the country.
  - B. undocumented immigration is not taken seriously by the U.S. government.
  - C. qualified technical workers are scarce in the United States.
  - D. there is increased support from the government.
  - E. U.S. workers are not open to innovation.

In industries such as computer software development, employers say they have difficulty finding enough qualified U.S. workers to fill technical jobs. These employers are pressing for immigration laws to allow a greater supply of foreign-born workers.

*AACSB: Reflective Thinking*



*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 02-01 Describe trends in the labor force composition and how they affect human resource management.*

*Topic: Change in the Labor Force*

33. Managing cultural diversity involves:
- A. forming different pay structures for various groups.
  - B. creating separate career tracks for employees with families.
  - C. avoiding the use of affirmative action policies.
  - D. reducing cultural diversity by selective hiring.
  - E. encouraging career development for women and minorities.

Managing cultural diversity involves creating an organizational culture that values diversity, ensuring that HRM systems are bias free, encouraging career development for women and minorities, promoting knowledge and acceptance of cultural differences, ensuring involvement in education both within and outside the organization and dealing with employees' resistance to diversity.

*AACSB: Diversity*

*Blooms: Remember*

*Difficulty: 2 Medium*

*Learning Objective: 02-01 Describe trends in the labor force composition and how they affect human resource management.*

*Topic: Change in the Labor Force*

34. Which of the following skills are more actively sought by U.S. employers today?

- A. Physical strength
- B. Mastery of particular machinery
- C. Interpersonal skills
- D. Ability to perform routine tasks
- E. Ability to work with a tool

The increasing use of computers to do routine tasks has shifted the kinds of skills needed for employees in the U.S. economy. Such qualities as physical strength and mastery of a particular piece of machinery are no longer important for many jobs. More employers are looking for mathematical, verbal, and interpersonal skills, such as the ability to solve math or other problems or reach decisions as part of a team.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-01 Describe trends in the labor force composition and how they affect human resource management.*

*Topic: Change in the Labor Force*

35. Most organizations look for \_\_\_\_ to find employees who are capable of handling a variety of responsibilities, interacting with customers and thinking creatively.

- A. basic psychomotor skills
- B. skills related to computers
- C. technical expertise
- D. specific work experience
- E. educational achievements

Most organizations are looking for educational achievements to find employees with the ability to handle a variety of responsibilities, interact with customers, and think creatively.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-01 Describe trends in the labor force composition and how they affect human resource management.*

*Topic: Change in the Labor Force*

36. Which of the following defines organizations with the best possible fit between their social system and their technical system?

- A. Workforce analysis systems
- B. Holistic management systems
- C. Supply chain systems
- D. High-performance work systems
- E. Total quality management systems

High-performance work systems refer to organizations that have the best possible fit between their social system and technical system.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-02 Summarize areas in which human resource management can support the goal of creating a high performance work system.*

*Topic: High-Performance Work Systems*

37. Which of the following is a trend that is seen in present day high-performance work systems?

- A. Mismatches in technical system and social system
- B. Employee empowerment in decision making
- C. Increase in individual assignments
- D. Centralized decision making
- E. Reduced reliance on knowledge workers

Among the trends that are occurring in today's high-performance work systems are reliance on knowledge workers, empowerment of employees to make decisions, and use of teamwork.

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 02-02 Summarize areas in which human resource management can support the goal of creating a high performance work system.*

*Topic: High-Performance Work Systems*

38. How has the requirement for creating high-performance work systems changed?

- A. There is a drive toward low-cost strategy in the labor market.
- B. Employees prefer implementation of 40-hour work weeks.
- C. Competitors are looking for ways to standardize prices in their respective industries.
- D. Employers are looking for ways to tap people's creativity and interpersonal skills.
- E. Customers are demanding standardized products over customized products.

As the nature of the workforce and the technology available to organizations have changed, so have the requirements for creating a high-performance work system. Customers are demanding high quality and customized products, employees are seeking flexible work arrangements, and employers are looking for ways to tap people's creativity and interpersonal skills.

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 02-02 Summarize areas in which human resource management can support the goal of creating a high performance work system.*

*Topic: High-Performance Work Systems*

39. The growth in e-commerce and information economy has led to an increase in the demand for employees in:

- A. technical jobs.
- B. mining and resource extraction.
- C. agriculture.
- D. service occupations.
- E. manufacturing.

The growth in e-commerce, plus the shift from a manufacturing to a service and information economy, has changed the nature of employees that are most in demand. The Bureau of Labor Statistics forecasts that between 2010 and 2020, most new jobs will be in service occupations, especially food preparation, education, and health services.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-02 Summarize areas in which human resource management can support the goal of creating a high performance work system.*

*Topic: High-Performance Work Systems*

40. Which of the following is true regarding skilled knowledge workers?

- A. They do not have considerable autonomy to make decisions.
- B. They are most likely to experience a lack of opportunities in a slow economy.
- C. They are not easily replaceable as they own the knowledge that the company requires to produce its products.
- D. They are not expected to be technically efficient and are only involved in direct interactions with customers.
- E. They are bound to work under the conditions imposed by the employer owing to the low status of their jobs.

Knowledge workers are in a position of power, because they own the knowledge that the company needs in order to produce its products and services, and they must share their knowledge and collaborate with others in order for their employer to succeed. Replacing these employees is difficult and time consuming. They have many job opportunities, even in a slow economy.

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 02-02 Summarize areas in which human resource management can support the goal of creating a high performance work system.*

*Topic: High-Performance Work Systems*

41. Who among the following can be regarded as knowledge workers?

- A. Retail salespersons
- B. Food serving workers
- C. Office clerks
- D. Registered nurses
- E. Attendants

Knowledge workers are employees whose main contribution to the organization is specialized knowledge, such as knowledge of customers, a process, or a profession.

*AACSB: Reflective Thinking*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-02 Summarize areas in which human resource management can support the goal of creating a high performance work system.*

*Topic: High-Performance Work Systems*

42. Employee empowerment primarily involves \_\_\_\_.

- A. following a centralized and tall organizational structure
- B. providing increased salary and benefits to employees
- C. leading employees by the strength of one's charisma
- D. continually learning and improving one's skills and abilities
- E. giving employees responsibility and authority to make decisions

Employee empowerment refers to giving employees responsibility and authority to make decisions regarding all aspects of product development or customer service.

*AACSB: Analytic*

*Blooms: Remember*



*Difficulty: 1 Easy*

*Learning Objective: 02-03 Define employee empowerment; and explain its role in the modern organization.*

*Topic: High-Performance Work Systems*

43. How has the use of employee empowerment affected the recruitment of knowledge workers?
- A. It has enhanced the need for people with high knowledge regarding individual parts of a particular production processes.
  - B. It has substantially enhanced employment opportunities for women and minorities.
  - C. It has shifted the focus away from technical skills to general cognitive and interpersonal skills.
  - D. It has significantly reduced recruiting costs by using the low-cost strategy though it hinders innovation.
  - E. It has made the recruitment process less time consuming.

As with the need for knowledge workers, use of employee empowerment shifts the recruiting focus away from technical skills and toward general cognitive and interpersonal skills.

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 02-03 Define employee empowerment; and explain its role in the modern organization.*

*Topic: High-Performance Work Systems*

44. Human resource departments can help in employee empowerment by:
- A. designing jobs such that the managers have complete control over business processes.
  - B. getting employees fully engaged by communicating to them about their role in supporting the organization's mission.
  - C. rewarding employees based on their loyalty to the organization rather than personal accomplishments or predetermined objective criteria.
  - D. providing feedback only during the employee performance review.
  - E. creating jobs that minimize the need for the employees to come up with innovative ideas and solutions.

Human resource departments can help in employee empowerment by getting employees fully engaged, inviting employees to contribute ideas, and setting up programs to reward innovation.

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 02-03 Define employee empowerment; and explain its role in the modern organization.*

*Topic: High-Performance Work Systems*

45. \_\_\_\_ refers to full involvement in one's work and commitment to one's job and company.

- A. Job enlargement
- B. Employee selection
- C. Employee appraisal
- D. Job specialization
- E. Employee engagement

Employee empowerment refers to giving employees responsibility and authority to make decisions regarding all aspects of product development or customer service.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-03 Define employee empowerment; and explain its role in the modern organization.*

*Topic: High-Performance Work Systems*

46. The term teamwork essentially refers to:

- A. centralizing responsibility and authority to make decisions regarding all aspects of product development.
- B. having the best possible fit between an organization's social system and technical system.
- C. making efforts to continuously improve the ways people, machines, and systems accomplish work.
- D. assigning work to a group of employees with various skills who interact to assemble a product.
- E. providing employees with individual opportunities to grow, thereby achieving organizational goals.

As with the need for knowledge workers, use of employee empowerment shifts the recruiting focus away from technical skills and toward general cognitive and interpersonal skills.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-03 Define employee empowerment; and explain its role in the modern organization.*

*Topic: High-Performance Work Systems*

47. Teams that rely heavily on communications technology such as videoconferences, e-mail, and cell phones to keep in touch and coordinate activities are referred to as:

- A. associate teams.
- B. electronic teams.
- C. virtual teams.
- D. traditional teams.
- E. technological teams.

Managers must encourage employees to interact with staff throughout the organization, must ensure that employees receive the information they need, and must reward cooperation.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-03 Define employee empowerment; and explain its role in the modern organization.*

*Topic: High-Performance Work Systems*

48. Present day managers expect the HR professionals to use their knowledge of business and human resources to support the company's strategy by:

- A. maintaining compliance with labor laws.
- B. performing administrative functions effectively.
- C. designing and delivering effective HR policies and programs.
- D. recruiting skilled knowledge workers.
- E. developing strategies to meet broader goals such as profitability and market share.

The managers today are beginning to see a more central role of the HRM. They are looking at HRM as a means to support a company's strategy —its plan for meeting broad goals such as profitability, quality, and market share. This means they use their knowledge of the business and of human resources to help the organization develop strategies and to align HRM policies and practices with those strategies.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality; growth; and efficiency.*

*Topic: Focus on Strategy*

49. Which of the following terms describes a company wide effort to continuously improve the way people, machines, and systems accomplish work?

- A. Business reengineering
- B. Total quality management**
- C. High-performance work system
- D. Optimal performance system
- E. Performance management

Total quality management refers to a company wide effort to continually improve the ways people, machines, and systems accomplish work.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality; growth; and efficiency.*

*Topic: Focus on Strategy*

50. Which of the following is in compliance with the core values of total quality management?

- A. Providing specific quality training to the supervisors
- B. Adopting a retrospective approach to quality control by correcting error prone products
- C. Developing generalized methods and processes rather than focusing on meeting the needs of the specific customers
- D. Encouraging employees and customers to provide inputs on improving quality of the products and deciding on the costs
- E. Measuring employees' progress based on the amount of work done rather than the feedback obtained from the customers

The organizations that engage in total quality management promote cooperation with vendors, suppliers, and customers to improve quality and hold down costs. All employees receive training in quality. The managers measure progress of the employees with feedback based on the data.

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality; growth; and efficiency.*

*Topic: Focus on Strategy*



51. According to the principles of total quality management:

- A. the feedback process should be initiated only after a significant quality improvement.
- B. human resource managers have a limited role since the emphasis is on quality alone.
- C. only key personnel receive training in quality.
- D. errors in a product or service should be prevented before occurrence.
- E. internal customers are more valuable than external customers.

Modern organizations consider HR professionals as strategic partners with other managers.

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 1 Easy*

*Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality; growth; and efficiency.*

*Topic: Focus on Strategy*

52. When two companies join forces and become one entity, it is referred to as a(n):

- A. acquisition.
- B. merger.
- C. take-over.
- D. joint venture.
- E. strategic alliance.

A merger occurs when two companies join forces to become one.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality; growth; and efficiency.*

*Topic: Focus on Strategy*

53. A chemical company buying a medical equipment manufacturing company is an example of a(n) \_\_\_\_\_.

- A. acquisition
- B. partnership
- C. consolidation
- D. joint venture
- E. strategic alliance

An acquisition happens when one company buys another company.

*AACSB: Analytic*

*Blooms: Apply*

*Difficulty: 1 Easy*

*Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality; growth; and efficiency.*

*Topic: Focus on Strategy*

54. If two firms in one industry join to hold a greater share of the industry, it will be referred to as a(n) \_\_\_\_.

- A. take-over
- B. consolidation**
- C. acquisition
- D. assimilation
- E. conglomerate

Some mergers and acquisitions result in consolidation within an industry, meaning that two firms in one industry join to hold a greater share of the industry.

*AACSB: Analytic*

*Blooms: Remember*

*Blooms: Understand*

*Difficulty: 1 Easy*

*Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality; growth; and efficiency.*

*Topic: Focus on Strategy*

55. In 1999, Glaxo Wellcome and SmithKline Beecham combined their businesses to create a new company, GlaxoSmithKline. This is an example of a(n) \_\_\_\_.

- A. acquisition
- B. take-over
- C. partnership
- D. strategic alliance
- E. merger

A merger occurs when two companies become one.

*AACSB: Reflective Thinking*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality; growth; and efficiency.*

*Topic: Focus on Strategy*

56. Which of the following is a challenge for HRM during mergers?

- A. Scrutinizing balance sheets
- B. Evaluating the financial worth of the new company
- C. Developing competitively priced products
- D. Developing conflict resolution skills among employees
- E. Sustaining the brand image of the company

HRM should have a significant role in carrying out a merger or acquisition. Differences between the businesses involved in the deal make conflict inevitable. Training efforts should therefore include development of skills in conflict resolution. Also, HR professionals have to sort out differences in the two companies' practices with regard to compensation, performance appraisal, and other HR systems.

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality; growth; and efficiency.*

*Topic: Focus on Strategy*

57. The HRM function during downsizing is to terminate the workers who:

- A. are performing multiple organizational roles.
- B. are less valuable in their performance.
- C. are a part of the external labor force.
- D. are older than the other employees.
- E. are being paid the highest salaries.

Downsizing presents a number of challenges and opportunities for HRM. In terms of challenges, the HRM function must “surgically” reduce the workforce by cutting only the workers who are less valuable in their performance.

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality; growth; and efficiency.*

*Topic: Focus on Strategy*

58. As a method of downsizing, early-retirement programs have been shown to be:

- A. by far the most effective.
- B. linked to greater employee suffering and distress.
- C. a better alternative to the “grenade” approach.
- D. most suited to distinguish clearly between good and poor performers.
- E. humane.

Early-retirement programs are humane, but they essentially reduce the workforce with a “grenade” approach—not distinguishing good performers from poor performers but rather eliminating an entire group of employees. So it is not very effective.

*AACSB: Reflective Thinking*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality; growth; and efficiency.*

*Topic: Focus on Strategy*

59. When an organization undertakes a complete review of its critical work processes to make them more efficient and to be able to deliver higher quality, it is engaging in:

- A. outsourcing.
- B. offshoring.
- C. reengineering.
- D. greenfield venturing.
- E. codetermining.

Reengineering refers to a complete review of the organization's critical work processes to make them more efficient and able to deliver higher quality.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality; growth; and efficiency.*

*Topic: Focus on Strategy*

60. Which of the following observations about reengineering is true?

- A. It is primarily concerned with production processes.
- B. Critical processes are not altered during this process.
- C. Changing customer needs and technologies necessitate reengineering.
- D. It has no impact on human resource practices and systems.
- E. It is an effort to retain the current work processes with minimal change.

Rapidly changing customer needs and technologies have caused many organizations to rethink the way they get work done. This would lead to a reengineering process. Reengineering involves reviewing all the processes performed by all the organization's major functions, including production, sales, accounting, and human resources.

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality, growth, and efficiency.*

*Topic: Focus on Strategy*



61. Avion textiles, a cloth manufacturing company implements a new technology in their production process to improve the speed at which the cloth is produced. To make effective use of this technology, the company decides to train its employees regarding the new technology. They also make changes in the quality check and sales teams to maintain the costs at profitable levels and deliver good quality products. This reformation in all the critical processes of the company to make them efficient is known as \_\_\_\_.

- A. outsourcing
- B. codetermining
- C. downsizing
- D. hedging
- E. reengineering

Reengineering refers to a complete review of the organization's critical work processes to make them more efficient and able to deliver higher quality.

*AACSB: Reflective Thinking*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality; growth; and efficiency.*

*Topic: Focus on Strategy*

62. The practice of having another company provide services is known as \_\_\_\_.

- A. benchmarking
- B. downsizing
- C. codetermining
- D. outsourcing
- E. reengineering

The practice of having another company provide services is referred to as outsourcing.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality; growth; and efficiency.*

*Topic: Focus on Strategy*

63. Home Needs is a consumer goods company who provide the option of door-to-door delivery. They have partnered with a packaging company for transporting their goods to the customers. This practice of having another company to provide one of the services of the company is known as \_\_\_\_.

- A. cause marketing
- B. outsourcing
- C. reengineering
- D. disinvesting
- E. downsizing

The practice of having another company provide services is referred to as outsourcing.

*AACSB: Reflective Thinking*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality; growth; and efficiency.*

*Topic: Focus on Strategy*

64. Offshoring is defined as:

- A. a practice of having another company provide services.
- B.** moving operations from the country where a company is headquartered to a country where pay rates are lower but the necessary skills are available.
- C. a method of staffing other than the traditional hiring of full-time employees.
- D. a complete review of the organization's critical work processes to make them more efficient and able to deliver higher quality of products and services.
- E. the act of acquiring a new company in a distant location or another country in order to acquire higher market share or growth.

Moving operations from the country where a company is headquartered to a country where pay rates are lower but the necessary skills are available is referred to as offshoring.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-05 Summarize ways in which human resource management can support organizations expanding internationally.*

*Topic: Focus on Strategy*

65. When large U.S. software companies like IBM and Microsoft open facilities in India to take advantage of the highly skilled labor available there at lower pay rates, they are engaging in:

- A. consolidation.
- B. nationalization.
- C. crowdsourcing.
- D. codetermining
- E. offshoring.

Moving operations from the country where a company is headquartered to a country where pay rates are lower but the necessary skills are available is referred to as offshoring.

*AACSB: Reflective Thinking*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 02-05 Summarize ways in which human resource management can support organizations expanding internationally.*

*Topic: Focus on Strategy*

66. The largest number of immigrants to the U.S. workforce are from:

- A. Africa.
- B. Asia.
- C. North America.
- D. Europe.
- E. Central America.

The largest numbers of immigrants to the U.S. have come from Asia.

*AACSB: Diversity*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-05 Summarize ways in which human resource management can support organizations expanding internationally.*

*Topic: Focus on Strategy*

67. Which of the following is the reason why more organizations are looking overseas to hire talented people?

- A. Lack of technology in the U.S.
- B. Lack of demand for their products in the U.S.
- C. Poor quality of labor in the U.S.
- D. Governmental pressure
- E. Low cost of labor in foreign countries

Organizations are looking overseas to hire talented people willing to work for less pay than the U.S. labor market requires.

*AACSB: Diversity*

*Difficulty: 2 Medium*

*Learning Objective: 02-05 Summarize ways in which human resource management can support organizations expanding internationally.*

*Topic: Focus on Strategy*

68. Employees who take assignments in other countries are called \_\_\_\_.

- A. home-country nationals
- B. immigrants
- C. external employees
- D. expatriates
- E. emigrants

Employees who take assignments in other countries are called expatriates.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-05 Summarize ways in which human resource management can support organizations expanding internationally.*

*Topic: Focus on Strategy*

69. Which of the following terms refers to a computer system used to acquire, store, manipulate, analyze, retrieve, and distribute information related to an organization's human resources?

- A. Electronic performance support systems
- B. e-CRM
- C. High-performance work systems
- D. Self-service systems
- E. Human resource information systems

A computer system used to acquire, store, manipulate, analyze, retrieve, and distribute information related to an organization's human resources is referred to as human resource information system.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-06 Discuss how technological developments are affecting human resource management.*

*Topic: Technological Change in HRM*

70. How does a human resource information system help the organization?

- A. It can be used to scrutinize balance sheets.
- B. It can be used to develop new lines of products.
- C. It can be used to provide employee coaching.
- D. It can help avoid litigation and lawsuits.
- E. It can be used by salespeople to improve targeting.

An HRIS can support strategic decision making, help the organization avoid lawsuits, provide data for evaluating programs or policies, and support day-to-day HR decisions.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-06 Discuss how technological developments are affecting human resource management.*

*Topic: Technological Change in HRM*

71. An Internet portal is primarily used to:
- A. process all HR transactions at one time.
  - B. consolidate different HR functions into a single location.
  - C. combine data from several sources into a single site.
  - D. obtain insight into business trends.
  - E. create a benchmark for all other companies in the industry.

An Internet portal combines data from several sources into a single site and lets users customize data without programming skills.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-06 Discuss how technological developments are affecting human resource management.*

*Topic: Technological Change in HRM*

72. A(n) \_\_\_\_ provides insight into business trends and patterns and helps businesses improve decisions.
- A. electronic performance support systems
  - B. Internet portal
  - C. shared service center
  - D. application service provider
  - E. business intelligence system

Business intelligence systems provide insight into business trends and patterns and helps businesses improve decisions.

*AACSB: Analytic*

*Blooms: Remember*



*Difficulty: 1 Easy*

*Learning Objective: 02-06 Discuss how technological developments are affecting human resource management.*

*Topic: Technological Change in HRM*

73. Which of the following technologies lets a company rent space on a remote computer system and use the system's software to manage its HR activities, including security and upgrades?

- A. Application service providers
- B. Internet portals
- C. Shared service centers
- D. Business intelligence systems
- E. Electronic performance support systems

Application service providers let companies rent a space on a remote computer system and use the system's software to manage its HR activities, including security and upgrades.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-06 Discuss how technological developments are affecting human resource management.*

*Topic: Technological Change in HRM*

74. Which of the following can be used to consolidate different HR functions into a single location, eliminate redundancy, and reduce administrative costs?

- A. Internet portals
- B. Application services
- C. Shared service centers
- D. Business intelligence systems
- E. Electronic performance support systems

Shared service centers consolidate different HR functions into a single location, eliminate redundancy, reduce administrative costs, and process all HR transactions at one time.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-06 Discuss how technological developments are affecting human resource management.*

*Topic: Technological Change in HRM*

75. Scott's Services is a company which hosts a software that helps in data processing. They process the payroll, performance, and other details required by a company and make the results available online. Which of the following technologies is being used by the company to do the computing tasks for other companies?

- A. Intranet
- B. HR dashboards
- C. HR dashboards
- D. Cloud computing
- E. Business Intelligence systems

Cloud computing is a technology trend that refers to arrangements in which remote server computers do the user's computing tasks. Access to cloud computing makes powerful HRIS tools available even to small organizations with limited computer hardware.

*AACSB: Reflective Thinking*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-06 Discuss how technological developments are affecting human resource management.*

*Topic: Technological Change in HRM*

76. \_\_\_\_ refer(s) to the processing and transmission of digitized HR information using computer networking and the Internet.

- A. Electronic human resource management
- B. An HR dashboard
- C. An electronic performance system
- D. An HR scorecard
- E. Business intelligence

The processing and transmission of digitized HR information, especially using computer networking and the Internet is referred to as e-HRM.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-06 Discuss how technological developments are affecting human resource management.*

*Topic: Technological Change in HRM*

77. The use of social networking in HR has resulted in \_\_\_\_.

- A. organizations becoming more bureaucratic and restrictive about information pertaining to workplace policies
- B. the elimination of the self-service approach toward information dissemination in the organization
- C. the elimination of face-to-face meetings and training sessions entirely across all businesses.
- D. the collection of employees' opinions through online surveys to improve employee engagement initiatives
- E. HR employees having to take on greater responsibilities pertaining to record keeping.

Information technology is changing the way HR departments handle record keeping and information sharing. HR employees play a smaller role in maintaining records, and employees now get information through self-service. This means employees have online access to information about HR issues such as training, benefits, compensation, and contracts; go online to enroll themselves in programs and services; and provide feedback through online surveys.

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 02-06 Discuss how technological developments are affecting human resource management.*

*Topic: Technological Change in HRM*

78. The confidentiality of the HR information can be maintained by setting up e-HRM on \_\_\_\_, a network that uses Internet tools but limits access to authorized users in the organization.

- A. an open website
- B. an intranet**
- C. an ethernet
- D. an extranet
- E. Arpanet

A great deal of HR information is confidential and not suitable for posting on a Web site for everyone to see. One solution is to set up e-HRM on an intranet, which is a network that uses Internet tools but limits access to authorized users in the organization.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-06 Discuss how technological developments are affecting human resource management.*

*Topic: Technological Change in HRM*

79. What is an HR dashboard?

- A. A messaging system used by HR managers to communicate with employees.
- B.** A display of how the company is performing on specific HR metrics.
- C. A tool used to measure the profitability and growth rate of the organization.
- D. A computer system used to acquire, store, manipulate, analyze, retrieve, and distribute information about work schedules and job duties
- E. A system used to store, analyze, and process the information regarding the levels of demand and inventory

An HR dashboard is a display of how the company is performing on specific HR metrics, such as productivity and absenteeism.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-06 Discuss how technological developments are affecting human resource management.*

*Topic: Technological Change in HRM*

80. A system in which employees have online access to information about HR issues and go online to enroll themselves in programs and provide feedback through surveys is termed as:

- A. social facilitation
- B. payroll automation.
- C. cloud computing.
- D. data mining.
- E. self-service.

Self-service is a system in which employees have online access to information about HR issues and go online to enroll themselves in programs and provide feedback through surveys.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-06 Discuss how technological developments are affecting human resource management.*

*Topic: Technological Change in HRM*



81. The relationship between employer and employee can be thought of in terms of a(n) \_\_\_\_, a description of what an employee expects to contribute in an employment relationship and what the employer will provide the employee in exchange for those contributions. Unlike a written sales contract, this is not formally put into words.

- A. employee contract
- B. offer letter
- C. psychological contract
- D. union bond
- E. legal agreement

A psychological contract between employer and employee is a description of what an employee expects to contribute in an employment relationship and what the employer will provide the employee in exchange for those contributions.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-07 Explain how the nature of the employment relationship*

*Topic: Change in the Employment Relationship*

*Topic: Sharing of Human Resource Information*

82. \_\_\_\_ refers to the intentional practice of changing jobs frequently.

- A. Job hopping
- B. Moonlighting
- C. Job enlargement
- D. Job enrichment
- E. Freelancing

Some employees engage in job hopping, the intentional practice of changing jobs frequently—say, every year or two. Job hopping can be appealing to an employee as a way to stave off boredom and win some rapid increases in pay and responsibility.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-07 Explain how the nature of the employment relationship*

*Topic: Change in the Employment Relationship*

83. The new type of psychological contract has resulted in reduced:

- A. creativity.
- B. employee compensation.
- C. flexibility.
- D. training and development opportunities.
- E. job security.

The new psychological contracts have resulted in reduced job security and longer work hours.

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 1 Easy*

84. Employees realize that many companies are no longer able to provide long-term employment security. Instead, the employees now want:

- A. increased pay.
- B. less demanding work.
- C. employability.
- D. written employment contracts.
- E. additional benefits.

Employees realize that companies cannot provide employment security, so they want employability.

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 02-07 Explain how the nature of the employment relationship*

*Topic: Change in the Employment Relationship*

85. The use of independent contractors, on-call workers, temporary workers, and contract company workers, collectively constitute:

- A. outsourcing.
- B. alternative work arrangements.**
- C. consolidation.
- D. high performance work systems.
- E. offshoring.

Alternative work arrangements are methods of staffing other than the traditional hiring of full-time employees. Use of independent contractors, on-call workers, temporary workers, and contract company workers are all examples of alternative work arrangements.

*AACSB: Analytic*

*Blooms: Understand*

*Difficulty: 1 Easy*

*Learning Objective: 02-08 Discuss how the need for flexibility affects human resource management.*

*Topic: Change in the Employment Relationship*

86. Independent contractors are:

- A. usually full-time company employees.
- B. self-employed individuals with multiple clients.**
- C. people employed by a temporary agency.
- D. employed directly by a company for a specific time.
- E. people employed by the company to work on an independent project through a written contract.

Independent contractors are self-employed individuals with multiple clients.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-08 Discuss how the need for flexibility affects human resource management.*

*Topic: Change in the Employment Relationship*

87. Martin is a financial analyst who is not employed directly by any company. He works for multiple clients based on their requirements. Martin is a(n) \_\_\_\_.

- A. permanent employee
- B. independent contractor**
- C. part-time employee
- D. contract company worker
- E. temporary worker

Independent contractors are self-employed individuals with multiple clients.

*AACSB: Reflective Thinking*

*Blooms: Apply*

*Difficulty: 2 Medium*

*Learning Objective: 02-08 Discuss how the need for flexibility affects human resource management.*

*Topic: Change in the Employment Relationship*

88. Henry is a human resource consultant who runs and operates his own business from his home. He is often hired by businesses to present one- or two-day workshops on various topics within his field of expertise. Henry is a(n):

- A. on-call worker.
- B. agent.
- C. temporary employee.
- D. contract company worker.
- E. temporary worker.

On-call workers are persons who work for an organization only when they are needed.

*AACSB: Reflective Thinking*

*Blooms: Apply*

*Difficulty: 1 Easy*

*Learning Objective: 02-08 Discuss how the need for flexibility affects human resource management.*

*Topic: Change in the Employment Relationship*

89. \_\_\_\_ are persons who work for an organization only when they are needed.

- A. On-call workers
- B. Moonlighting employees
- C. Apprentices
- D. Part-time employees
- E. Trainees

On-call workers are persons who work for an organization only when they are needed.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-08 Discuss how the need for flexibility affects human resource management.*

*Topic: Change in the Employment Relationship*

90. \_\_\_\_ are employed directly by a company for a specific time, specified in a formal agreement between the company and the workers.

- A. On-call workers
- B. Independent contractors
- C. Temporary workers
- D. Contract company workers
- E. Part-time workers

Contract company workers are employed directly by a company for a specific time, specified in a written contract.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-08 Discuss how the need for flexibility affects human resource management.*

*Topic: Change in the Employment Relationship*

## Essay Questions

91. Define labor force. Distinguish between internal labor force and external labor market.

The term “labor force” is a general way to refer to all the people willing and able to work. For an organization, the internal labor force consists of the organization’s workers—its employees and the people who have contracts to work at the organization. This internal labor force has been drawn from the organization’s external labor market, that is, individuals who are actively seeking employment. The number and kinds of people in the external labor market determine the kinds of human resources available to an organization.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-01 Describe trends in the labor force composition and how they affect human resource management.*

*Topic: Change in the Labor Force*



92. What sorts of activities does managing cultural diversity involve, and to what degree do HR professionals believe these activities are beneficial in maintaining a competitive advantage?

Managing cultural diversity involves many different activities. They include:

1. Creating an organizational culture that values diversity.
2. Ensuring that HRM systems are bias-free.
3. Encouraging career development for women and minorities.
4. Promoting knowledge and acceptance of cultural differences.
5. Ensuring involvement in education both within and outside the company.
6. Dealing with employees' resistance to diversity.

In a recent survey of executives at large global corporations, 85 percent said a "diverse and inclusive workforce" is important for encouraging innovation. Majorities of respondents said their companies have a program to recruit a diverse group of employees (65 percent) and develop an inclusive workforce (53 percent).

*AACSB: Diversity*

*Blooms: Remember*

*Difficulty: 2 Medium*

*Learning Objective: 02-01 Describe trends in the labor force composition and how they affect human resource management.*

*Topic: Change in the Labor Force*

93. Explain the problem of skill deficiencies in the U.S. workforce.

The increasing use of computers to do routine tasks has shifted the kinds of skills needed for employees in the U.S. economy. More employers are looking for mathematical, verbal, and interpersonal skills, such as the ability to solve math or other problems or reach decisions as part of a team. Often, when organizations are looking for technical skills, they are looking for skills related to computers and using the Internet. Today's employees must be able to handle a variety of responsibilities, interact with customers, and think creatively. Competition for qualified college graduates in many fields is intense. Some companies are unable to find qualified employees and instead rely on training to correct skill deficiencies

*AACSB: Reflective Thinking*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 02-01 Describe trends in the labor force composition and how they affect human resource management.*

*Topic: Change in the Labor Force*

94. Explain the impact of knowledge workers on the requirements for creating a high-performance work system.

As the nature of the workforce and the technology available to organizations has changed, so have the requirements for creating a high-performance work system. Customers are demanding high quality and customized products, employees are seeking flexible work arrangements, and employers are looking for ways to tap people's creativity and interpersonal skills. Such demands require that organizations make full use of their people's knowledge and skill. This has resulted in increased demand for knowledge workers. Employees whose main contribution to the organization is specialized knowledge, such as knowledge of customers, a process, or a profession are referred to as knowledge workers. Knowledge workers are in a position of power, because they own the knowledge that the company needs in order to produce its products and services, and they must share their knowledge and collaborate with others in order for their employer to succeed. An employer cannot simply order these employees to perform tasks. Managers depend on the employees' willingness to share information. Furthermore, skilled knowledge workers have many job opportunities, even in a slow economy. If they choose, they can leave a company and take their knowledge to another employer. Replacing them may be difficult and time consuming. Recently, the idea that only some of an organization's workers are knowledge workers has come under criticism. To the critics, this definition is no longer realistic in a day of computerized information systems and computer-controlled production processes. For the company to excel, everyone must know how their work contributes to the organization's success. At the same time, employees—especially younger generations, which grew up with the Internet—will expect to have wide access to information. From this perspective, successful organizations treat all their workers as knowledge workers. They let employees know how well the organization is performing, and they invite ideas about how the organization can do better.

*AACSB: Reflective Thinking*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 02-02 Summarize areas in which human resource management can support the goal of creating a high performance work system.*

95. What is employee empowerment? How can the HR departments help to make it effective?

Employee empowerment means giving employees the responsibility and authority to make decisions regarding the aspects of product development or customer service under their control. Employees are held accountable for products and services; in return, they share in the resulting rewards and losses. For empowerment to succeed, listening to the employees with an open mind, getting employees fully engaged by communicating with them about how their jobs support the organization's mission, making sure that the employees have the skills and resources to succeed in their jobs, by rewarding the employees for their accomplishments. The HR departments can also help by encouraging the employees to come up with innovative ideas by showing them that the ideas are considered without regard for the employees' status in the organization and also by rewarding the creative ideas. They can also train the managers on how to get the employees fully engaged and to respect the ideas given by the employees. They can also encourage the managers by evaluating and rewarding the implementation of new ideas so that they can demonstrate that the organization is serious about innovation.

*AACSB: Reflective Thinking*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 02-03 Define employee empowerment; and explain its role in the modern organization.*

*Topic: High-Performance Work Systems*

96. What are the core values of total quality management?

The following are some of the core values of TQM:

- Methods and processes are designed to meet the needs of internal and external customers (that is, whomever the process is intended to serve).
- Every employee in the organization receives training in quality.
- Quality is designed into a product or service so that errors are prevented from occurring, rather than being detected and corrected in an error-prone product or service.
- The organization promotes cooperation with vendors, suppliers, and customers to improve quality and hold down costs.
- Managers measure progress with feedback based on data.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality; growth; and efficiency.*

*Topic: Focus on Strategy*

97. What is outsourcing? What are the trends in HR outsourcing?

Outsourcing refers to the practice of having another company (a vendor, third-party provider, or consultant) provide services. Not only do HR departments help with a transition to outsourcing, but many HR functions are being outsourced. According to a recent survey of human resource managers, about 70 percent of companies had outsourced at least one HR activity. The functions that were most likely to be outsourced were employee assistance, retirement planning, and outplacement.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-04 Identify ways HR professionals can support organizational strategies for quality, growth, and efficiency.*

*Topic: Focus on Strategy*

98. What is HRIS? How does it help HR professionals?

Human Resource Information System is a computer system used to acquire, store, manipulate, analyze, retrieve, and distribute information related to an organization's human resources. The support of an HRIS can help HR professionals think strategically. As strategies are planned, implemented, and changed, the organization must be constantly prepared to have the right talent in place at all levels. This requires keeping track of an enormous amount of information related to employees' skills, experience, and training needs, as well as the organization's shifting needs for the future. An HRIS can support talent management by integrating data on recruiting, performance management, and training. Integrating the data means, for example, that the HRIS user can see how specific kinds of recruiting, hiring, and training decisions relate to performance success. This helps HR professionals identify how to develop the organization's talent and where to recruit new talent so that an ongoing supply of human resources is available to fill new positions or new openings in existing positions.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-06 Discuss how technological developments are affecting human resource management.*

*Topic: Technological Change in HRM*

99. Define electronic human resource management. List out the applications of social networking tools employed by organizations to assist human resource management.

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.

The HRM applications of social networking tools include: 1. Sites for capturing, sharing and storing knowledge to preserve knowledge that otherwise could be lost when employees retire. 2. Online surveys to gather employees' opinion which helps to increase employees' engagement with the jobs and the organization. 3. Networking tools to create online expert communities to identify employee expertise and make it available to those who can apply it. 4. Online discussions such as commenting tools to promote creativity and innovation. 5. Sites where users can post links to articles, webinars, training programs, and other information which helps to reinforce lessons learned during training and on-the-job experience. 5. Instant messaging and other communication tools to use with mentors and coaches which help in employee development through mentoring and coaching. 6. Site where the HR department posts job openings and responds to candidates' questions which helps to identify and connect with promising job candidates.

*AACSB: Analytic*

*Blooms: Remember*

*Difficulty: 1 Easy*

*Learning Objective: 02-06 Discuss how technological developments are affecting human resource management.*

*Topic: Electronic Human Resource Management (e-HRM)*



100. What is the "new" psychological contract? What are its implications?

A "new" psychological contract is a description of what an employee expects to contribute in an employment relationship and what the employer will provide the employee in exchange for those contributions. Unlike a written sales contract, the psychological contract is not formally put into words. Instead, it describes unspoken expectations that are widely held by employers and employees. In the traditional version of this psychological contract, organizations expected their employees to contribute time, effort, skills, abilities, and loyalty. In return, the organizations would provide job security and opportunities for promotion.

However, this arrangement is being replaced with a new type of psychological contract. Companies expect employees to take more responsibility for their own careers, from seeking training to balancing work and family. These expectations result in less job security for employees, who can count on working for several companies over. In exchange for top performance and working longer hours without job security, employees want companies to provide flexible work schedules, comfortable working conditions, more control over how they accomplish work, training and development opportunities, and financial incentives based on how the organization performs.

*AACSB: Reflective Thinking*

*Blooms: Understand*

*Difficulty: 2 Medium*

*Learning Objective: 02-07 Explain how the nature of the employment relationship*

*Topic: Change in the Employment Relationship*