**Chapter 1 : Strategic Human Resource Management**

**Multiple Choice Questions**

1. Choose the most correct from the following: c

 Fac

 (a) the focus of human resource management (HRM) is on managing people within M

 the employer-employee relationship

 (b) HRM involves the productive utilisation of people in achieving the organisation’s objectives and the satisfaction of individual employee needs

 (c) both (a) and (b)

 (d) HRM is simply a set of activities relating to the coordination of an organisation’s human resources

2. HR managers have not been accepted as full strategic business partners because: b

 Und

 (a) they are concerned only with issues of employee welfare M

 (b) they often fail to understand the organisation’s business and align human resource strategies, policies and practices with business strategies

 (c) they are primarily concerned with developing people skills and pay little, if any, attention to the ‘bottom line’

 (d) they perform activities that are not considered to be essential to the success of the business

3. Many organisations have disbanded and distributed HRM functions throughout the c

 organisation due to all of the following except: Fac

 L

 (a) funding cuts and financial losses

 (b) restructuring and takeovers

 (c) computerisation of personal records

 (d) lack of value-added

4. For HRM activities to ‘add value’ to an organisation they must: a

 Und

 (a) improve employee loyalty, responsibility and commitment H

 (b) be low cost but high return

 (c) focus on increasing profits through increasing productivity

 (d) respond to the demands of the shareholders

5. When pursuing a career in HRM there are three broad areas of focus and speciality. b

 Which of the following is not one of them. Fac

 M

 (a) pragmatic generalists

 (b) employee welfare officers

 (c) functional specialists

 (d) strategic partners

6. To successfully fulfil the role of a strategic partner an HR professional must: d

 Und

 (a) demonstrate an ability to ask the right questions L

 (b) have the ability to translate business strategy into action

 (c) put the needs and demands of management above those of the employees

 (d) both (a) and (b)

7. In a situation where the HR manager is supporting the need for employees to be d

 given additional resources to allow them to perform their job more successfully the App

 HR manager is fulfilling the role of: M

 (a) change agent

 (b) employee advocate

 (c) resource allocator

 (d) employee champion

8. Which of the following is not linked to the results of a performance appraisal: d

 Fac

 (a) rewards L

 (b) training and development

 (c) employee placement

 (d) employee responsibilities

9. Employee motivation and behaviour can be positively influenced by: b

 Fac

 (a) social interaction on the job M

 (b) cash rewards

 (c) skill and knowledge transferability

 (d) management commitment to employee welfare

10. An organisation that has a culturally diverse membership can reduce mistakes a

 caused by misunderstanding if they: App

 M

 (a) learn to manage diversity

 (b) introduce better induction and orientation programs

 (c) have clear equal opportunity policies

 (d) improve their communication

11. The purpose of an organisation’s strategy is to: c

 Und

 (a) communicate the CEO’s ambitions to the organisation members M

 (b) provide the shareholders with an understanding of how their investment is being used and protected

 (c) maintain a competitive advantage by capitalising on the strengths and minimising the weaknesses of an organisation

 (d) identify and counter the strengths of the competition

12. Johnson and Johnson, and Sony frequently change their business strategies and d

 practices in response to changes in the business environment, but maintain stable: Fac

 M

 (a) codes of ethics

 (b) mission statements

 (c) goals and objectives

 (d) core values

13. The process whereby managers establish an organisation’s long-term direction, set b

 specific performance objectives, develop strategies to achieve these objectives in the Fac

 light of all the relevant internal and external circumstances and undertake to execute L

 the chosen action plans is known as:

 (a) performance management

 (b) strategic management

 (c) operations management

 (d) service management

14. Hewlett-Packard exists ‘to make technical contributions for the advancement and a

 welfare of humanity’. Jones and Kahaner argued that such statements ‘are the App

 operational, ethical and financial guiding lights of companies’. By what name are H

 such statements more commonly known?

 (a) codes of ethics

 (b) value statements

 (c) mission statements

 (d) business strategies

15. Which of the following would not be analysed during an examination of an c

 organisation’s external environment: Und

 M

 (a) import tariffs

 (b) exchange rates

 (c) technological development

 (d) competition

16. The aim of conducting a SWOT analysis is to: b

 Und

 (a) identify the organisation’s strengths, weaknesses, opportunities and threats H

 (b) select the strategy that gives the best alignment or fit between the external and internal environments

 (c) select a strategy that allows the organisation to maintain its market position given increases in competition

 (d) aid the managing director’s in determining a course of action that most closely fits the articulated mission statement

17. The ability of management to help the organisation respond to changing a

 circumstances through the development of its objectives and polices requires them Und

 to be: M

 (a) proactive

 (b) reactive

 (c) selective

 (d) responsive

18. Which of the following is not considered under an analysis of an organisation’s c

 internal environment: Und

 M

 (a) product quality

 (b) employee skills

 (c) shortages of skilled labour

 (d) customer service

19. The extent to which an organisation is achieving its strategic objectives can be d

 determined by examining: Und

 H

 (a) the yearly profit margin

 (b) the value of shares

 (c) the frequency with which objectives have to be changed

 (d) the implementation of plans and the results achieved

20. The business strategy adopted by the National Australia Bank and Westpac, which c

 involved acquisitions and mergers, is known as a(n): App

 M

 (a) expansion strategy

 (b) competitive takeover

 (c) growth strategy

 (d) aggressive strategy

21. The strategy that seeks to improve performance by cost cutting, downsizing or a

 re‑engineering is known as a(n): Und

 M

 (a) retrenchment strategy

 (b) stability strategy

 (c) consolidation strategy

 (d) financial strategy

22. Organisations are more likely to have a HR strategic plan if they are: c

 Und

 (a) stable H

 (b) retrenching

 (c) expanding

 (d) consolidating

23. Which of the following is not a pressure demanding a broader, more comprehensive d

 and more strategic perspective with regard to an organisation’s human resources? Und

 H

 (a) increasing international competition which is creating a need for improved human productivity

 (b) greater government involvement in HRM through policies such as EEO/AA and superannuation

 (c) increasing education of the workforce that is resulting in changes to employee capabilities

 (d) stable values and attitudes of the workforce

24. Competitors can easily copy all of the following except: b

 Fac

 (a) technology L

 (b) people

 (c) markets

 (d) products

25. HRM strategy aims to enable the organisation to achieve its objectives by all of the c

 following except: Fac

 H

 (a) seeing that all concerned in strategic planning appreciate the human resource implications of their proposals and understand the potential human resource constraints if action is not taken

 (b) achieving a close match between corporate business objectives and the objectives of the human resource function

 (c) maintaining the lowest cost workforce relative to the organisation’s competitors

 (d) assessing the performance requirements needed to reach the company’s goals and deciding the lines along which the requirements should be satisfied

26. HRM strategic planning a

 Und

 (a) clarifies for the people in an organisation how HRM intends to contribute, what M

 methods it will use, and what performance standards it is aiming for

 (b) is concerned only with ensuring that the people requirements of the organisation can be met

 (c) establishes clear guidelines for the implementation of workplace relations legislation

 (d) is the process used by an organisation to monitor and duplicate the human resources of competitor organisations

27. An organisation with a business strategy that includes profit improvement might a

 pursue which of the following set of activities: App

 H

 (a) reduced labour costs through improved employee performance

 (b) increased expenditure on product development

 (c) investment in more advanced technology to increase output

 (d) reduced expenditure on employee development programs

28. Organisational objectives to which HRM can be linked are: d

 Fac

 (a) customer service L

 (b) organisational effectiveness

 (c) strategy development

 (d) both (a) and (b)

29. HRM objectives and activities must be: c

 Fac

 (a) easily understood and achievable M

 (b) designed to favour management, not employee, opinions

 (c) measurable and have a predetermined timeframe

 (d) a reflection of the development of the competition

30. Which of the following is not one of the major purposes of a HRM policy? b

 Und

 (a) to reassure employees that they will be treated fairly and objectively H

 (b) to ensure that the organisation complies with all relevant government legislation and requirements

 (c) to help managers make quick and consistent decisions

 (d) to give managers the confidence to resolve problems and to defend their decisions

31. According to Stone’s diagnostic approach to human resource management, HRM b

 outcomes are: Fac

 M

 (a) acquisition and departure of human resources

 (b) employee commitment and productivity

 (c) organisation structure and organisation culture

 (d) job analysis and employee recruitment

32. To achieve the best alignment between the organisation’s strategy and the d

 organisation environment all of the following should be undertaken, except: Und

 M

 (a) setting clear objectives

 (b) evaluating performance

 (c) examine internal and external influences

 (d) review of global economic issues

33. Organisations that adopt HRM strategies and practices consistent with the demands c

 of their internal and external environments should: App

 H

 (a) attract a group of employees who are satisfied with their jobs and committed to the organisation

 (b) be aware of the intended moves of the competition before they take place

 (c) outperform organisations that have less well-matched strategies and practices

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

34. Which of the following is not a major influence that exists outside of an c

 organisation, but has a significant impact upon an organisation? Fac

 L

 (a) demographics

 (b) technology

 (c) strategy

 (d) legal regulations

35. Job design, employee orientation and training, health and safety, industrial relations, a

 and corporate image can be directly or indirectly affected by: App

 H

 (a) government and community concerns regarding environmental issues

 (b) number of workers employed by an organisation at any given time

 (c) the nature of human resources available to an organisation

 (d) the stability of the national economy

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

 Fac

 (a) technology, job design, competition M

 (b) structure, culture and strategy

 (c) organisation mission, technology, competition

 (d) culture, demographics, political values

37. An organisation’s culture: c

 Und

 (a) is used to convey information to the public that the organisation wants to M

 distribute

 (b) is determined by management and maintained by a rigidly enforced list of rules and regulations

 (c) defines what an organisation stands for, and distinguishes an organisation from other organisations

 (d) manipulates employee behaviour to ensure conformity

38. An organisation can foster the development of a particular culture by all of the a

 following except: App

 H

 (a) responding to changes in society’s expectations

 (b) strategic selection

 (c) employee orientation and training

 (d) rewards systems

39. Stone argues that HRM activities contribute to the development of an organisation’s d

 culture and provide it with a competitive edge: Und

 H

 (a) by selecting only applicants with specialist skills to fill vacant positions

 (b) by restricting the organisation’s strategic objectives to those that can be readily achieved with the existing human resources

 (c) by designing highly specialised jobs which allow employees to perform a narrow range of tasks more efficiently

 (d) by stimulating and reinforcing behaviours needed to achieve the organisation’s strategic objectives

40. For an organisation’s strategy to be implemented effectively it needs to have the b

 right: Fac

 M

 (a) employee mix

 (b) organisational structure

 (c) task environment

 (d) mission statement

41. Organisations with narrow spans of control are characterised by all of the following c

 except: Fac

 L

 (a) hierarchical structure

 (b) highly specialised roles

 (c) flexible reporting relationships

 (d) rigid, formal procedures

42. Organisations which are characterised by flexibility, adaptability, informality, d

 entrepreneurial behaviour, and less specialised roles are described as having: Fac

 L

 (a) narrow spans of control

 (b) laissez-faire management

 (c) bureaucratic/autocratic managers

 (d) wide spans of control

43. When evaluating HRM strategies and policies which of the following is not c

 considered: Fac

 M

 (a) commitment

 (b) cost effectiveness

 (c) creativity

 (d) socialisation

44. The extent to which HRM policies promote the achievement of employee goals and, b

 at the same time, satisfy the organisation’s strategic business objectives is known as: Und

 M

 (a) agreement

 (b) congruence

 (c) fit

 (d) strategic management

45. If HRM specialists are to be involved in strategic planning and decision making they a

 need to: Und

 H

 (a) demonstrate increased profitability through improved employee productivity

 (b) develop their knowledge and understanding of the organisation’s production processes

 (c) acquire specialist skills and qualifications in the human resources discipline

 (d) support major decisions of management

**True/False Questions**

1. The ability to affect customers, business results and share values makes HRM a T

 major contributor to the success of any business. Und

 M

2. There is a growing need for narrow HR specialists who are willing to support F

 traditional practices, and enforce the importance of maintaining tried-and-true App

 approaches to problem solving. H

3. Performing the dual roles of strategic partner and employee champion is a way of F

 ensuring clarity of focus, as the demands faced as employee champion support or App

 reinforce the decisions made as strategic partner. H

4. A healthy industrial relations environment is characterised by cooperation and a T

 high level of commitment. Und

 M

5. Hamel and Prahalad claim that companies that have achieved global leadership F

 ‘invariably began with moderate and realistic ambitions’. Fac

 M

6. If an organisation chooses to focus on an area that is a known strength they are T

 developing a competitive advantage. App

 H

7. Organisations usually determine their business strategy and then analyse the F

 environment to identify factors that might impact upon this strategy. Und

 M

8. Implementation of an organisational strategy is enhanced by the choice of an T

 appropriate organisational structure. Und

 M

9. Fit between an organisation’s strategy, structure, culture and methods of control is T

 important for the success of strategic planning. Und

 M

10. HR strategies do not always have to reflect the organisation’s overall business F

 strategy. Und

 H

11. Organisations in the Australian service sector should make use of employee T

 behaviour and contributions to develop a competitive edge. App

 M

12. Schuler, Galante and Jackson argued that organisations can improve their T

 environment for success by making the right HRM choice. This means that HR Und

 objectives, policies and plans must be integrated with the organisation’s strategic M

 business objectives.

13. HRM objectives and activities are evaluated according to how strictly they adhere to F

 the organisation’s estimated labour costs for a given year. Und

 M

14. A strategic approach to HRM is costly, time consuming, and a waste of time. F

 Fac

 L

15. Organisational culture impacts upon employee behaviour, productivity and T

 expectations. Und

 M

16. An organisation’s design and structure has no significant impact on its ability to F

 achieve its strategic objectives. Fac

 M

17. Many organisations are outsourcing the HR administrative functions such as payroll T

 administration, bottom-level recruitment and clerical work. Fac

 M

18. Research, to date, indicates a positive relationship between HRM practices, and T

 perceptions of organisational performance. Fac

 H

19. When evaluating the success of HRM objectives, strategies and policies employee T

 motivation and job satisfaction should be considered. Fac

 M

20. The shift from an industrial to an information society has not presented Australian F

 HR managers with any significant challenges. Und

 H

**Essay Questions**

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

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

3. The strategic management model presented by Stone contains five basic steps. Identify and discuss the contribution that the HR manager can make at each stage of this process.

4. Human resource management involves a number of activities associated with the acquisition, development and reward of employees. Select three different HR functions and discuss how they are related to, or influenced by, each other; and how together they assist the organisation to achieve its strategic objectives.