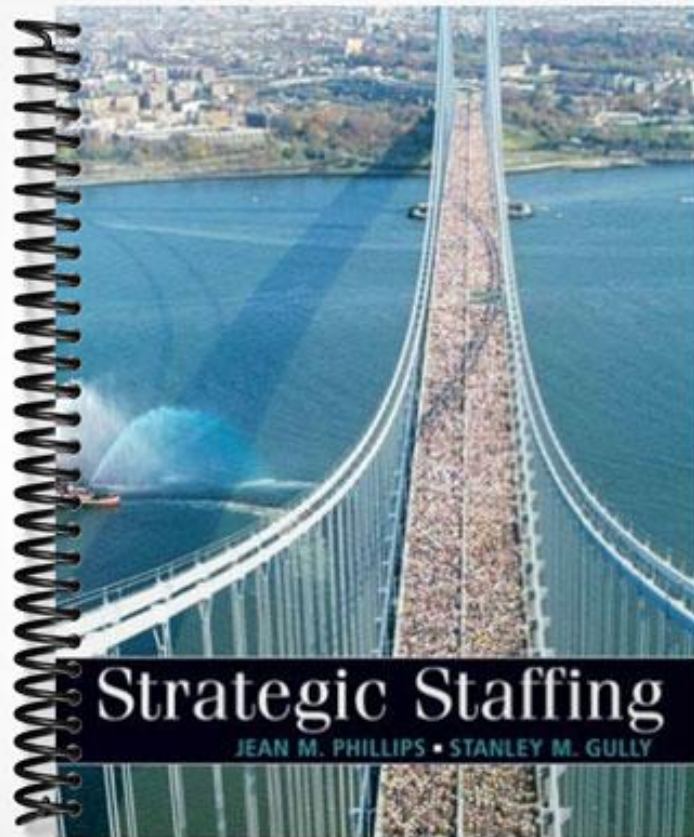


TEST BANK



Strategic Staffing

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Chapter 2 – Business and Staffing Strategies

True/False questions:

1. Valuing the ideas and contributions of people with diverse ideas and perspectives is a possible component of a company's talent philosophy. **T; p. 34; Moderate; AACSB: Multicultural and Diversity**
2. Viewing employees as an asset to be managed generally leads to a low-cost approach to staffing. **T; p. 34; Easy; AACSB: Analytic Skills**
3. A company pursuing a low cost strategy would pursue top talent despite its expense. **F; p. 38; Moderate; AACSB: Analytic Skills**
4. Innovative organizations relying on new product development and organizational flexibility require employees with a narrower range of aptitudes and abilities than do organizations in narrow, relatively stable markets relying on a low-cost strategy. **F; p. 29; Moderate; AACSB: Analytic Skills**
5. Choosing a strategy is often the hardest strategic choice organizations have to make. **F; p. 37; Moderate**
6. An organization's human resource strategy should be derived from and be clearly supportive of its overall staffing strategy. **F; p. 38; Easy**
7. External hiring reduces organizational diversity. **F; p. 41; Easy; AACSB: Multicultural and Diversity**
8. When business contracts, flexible workers are dismissed before core workers. **T; p. 39; Moderate**
9. Proactive staffing is done in response to situations or issues. **F; p. 42; Easy**
10. When an organization evaluates its staffing practices in response to a hiring discrimination lawsuit, this is an example of proactive staffing. **F; p. 42; Moderate; AACSB: Analytic Skills**
11. When labor markets are tight and good recruits are hard to find, organizations must pursue talent-oriented staffing. **T; p. 42; Moderate; AACSB: Analytic Skills**
12. A staffing function is centralized when an organization that has multiple business units has one staffing unit that is responsible for meeting at least some of the needs of all of the company's business units. **T; p. 45; Easy**
13. Most companies can easily replicate a competitor's capabilities simply by imitating the competitor's staffing practices. **F; p. 25; Moderate; AACSB: Analytic Skills**
14. Companies that use the same recruiting techniques are likely to experience similar results. **F; p. 26; Easy**
15. An internal talent focus requires a firm to invest in employee training and development. **T; p. 40; Moderate; AACSB: Analytic Skills**

Multiple choice questions:

16. Viewing employees as easily replaceable is part of a firm's:
 - a. Talent philosophy.*; **pp. 32-33; Moderate; AACSB: Analytic Skills**
 - b. Turnover rate.
 - c. Strategic plan.
 - d. Staffing strategy.

17. Which of the following is NOT a question addressed by a firm's talent philosophy?
- What are our ethical principles when it comes to our employees?
 - Do we value the ideas and contributions of people with diverse ideas and perspectives?
 - Do we see our employees as assets to be managed or employees as investors who choose where to allocate their time and efforts?
 - How many employees will we need to hire to meet our business objectives?*; **p. 33; Moderate**
18. When viewing applicants and employees as investors, the goal is to:
- Be as selective as possible in choosing whom to hire.
 - Ensure that the revenue generated by a new hire exceeds the new hire's total compensation level.
 - Give applicants and employees a return on their personal investment in the organization.*; **p. 34; Moderate**
 - Terminate the bottom performing 10% of employees every year.
19. For organizations relying on new product innovation and for which the commitment and efforts of employees are key drivers of organizational performance, the following talent philosophy would be most appropriate:
- Viewing employees as assets.
 - Viewing employees as investors.*; **p. 29; Difficult; AACSB: Analytic Skills**
 - Keeping salaries as low as possible to control costs.
 - None of the above.
20. What do many experts consider to be the first and most critical step in building a customer-oriented company?
- Performance management.
 - Training.
 - Compensation.
 - Staffing.*; **p. 30; Moderate**
21. Organic growth happens when an organization:
- expands from within by opening new factories or stores.*; **p. 30; Easy**
 - stops using chemical fertilizers.
 - grows by acquiring other companies.
 - None of the above.
22. The ability of competitors to copy an organization's staffing practices is NOT determined by:
- the availability of unique attributes in the labor market.
 - ambiguity surrounding which staffing practices contribute to the acquisition of the valuable and rare employee characteristics.
 - concentration statistics.*; **p. 26; Moderate; AACSB: Analytic Skills**
 - the difficulty of replicating practices deeply embedded in social relationships such as recruiting networks and longstanding relationships with talent sources.

23. If one company successfully recruits engineers by handing out flyers during community events near a university known for its engineering graduates and a competitor can effectively reach the same audience by hanging banners at the same events, this is an example of:
- substitutability.*; **pp. 26-27; Moderate; AACSB: Analytic Skills**
 - value.
 - rarity.
 - imitability.
24. When a firm has a superior level of cooperation and innovation among its research team that allows it to design a new product two days faster than its competitors it has created a:
- human capital advantage.
 - talent strategy.
 - human resource strategy.
 - human process advantage.*; **46; Moderate; AACSB: Analytic Skills**
25. Which of the following is TRUE about external hiring?
- It sends employees the message that loyalty and good performance can be rewarded with a promotion it can enhance employee motivation and retention
 - It can enhance organizational diversity.*; **p. 41; Moderate; AACSB: Multicultural and Diversity**
 - Jobs can be filled faster than through internal hiring.
 - External hires reinforce the organization's culture more than do internal hires.
26. Which of the following is NOT an advantage of retaining workers?
- Creating a more loyal and committed workforce.
 - Creating a workforce that has a better understanding of the company's products, services, and processes
 - Decreased staffing costs.
 - A regular infusion of new ideas and perspectives.*; **pp. 41-42; Moderate**
27. Idiosyncratic jobs are:
- created around a current or new employee's unique experience, knowledge, skills, interests, and abilities.*; **p. 43; Easy**
 - created to fill an immediate hiring need.
 - jobs that have been in an organization for over 20 years.
 - at the entry-level only.
28. Cost is less of a barrier for companies wishing to attract top talent for companies with which of the following competitive advantages?
- Product innovation*; **p. 29; Moderate; AACSB: Analytic Skills**
 - Cost leadership
 - Growth
 - Maturity

29. Hiring people who are efficient, trainable, and willing to follow standardized procedures would support a(n) _____ competitive advantage.
- product leadership
 - operational excellence*; **p. 31; Moderate; AACSB: Analytic Skills**
 - customer intimacy
 - training and development
30. Hiring people who are learning oriented, and who have good networking skills and emotional resilience would support a _____ competitive advantage.
- product leadership
 - operational excellence
 - customer intimacy*; **p. 31; Moderate; AACSB: Analytic Skills**
 - training and development
31. Hiring people who are entrepreneurial, creative, and have a high tolerance for ambiguity would support a _____ competitive advantage.
- product leadership*; **p. 31; Moderate; AACSB: Analytic Skills**
 - operational excellence
 - customer intimacy
 - training and development
32. If a company lets each of its business units staff in whatever way they choose and house their own staffing function, this is an example of:
- delegation.
 - strategic staffing.
 - centralized staffing.
 - decentralized staffing.*; **p. 45; Moderate; AACSB: Analytic Skills**
33. To create value, staffing practices must:
- raise costs.
 - enhance the differentiation of the firm's products or services.*; **p. 25; Moderate**
 - create new products or services.
 - maximize the number of applicants who are hired.
34. Hiring top technical and professional talent is often a priority for firms in the _____ stage of their life cycle.
- introduction*; **p. 32; Moderate; AACSB: Analytic Skills**
 - growth
 - maturity
 - decline

35. Promotions are likely to be fastest in organizations in the _____ stage of their life cycle.
- introduction
 - growth*; **p. 32; Easy; AACSB: Analytic Skills**
 - maturity
 - decline
36. If a company has high turnover, what staffing strategy would be most appropriate?
- Hiring people with the potential to be promoted
 - Hiring people quickly even if their skills are not as high as would be ideal
 - Slowing down the hiring process to try to find better recruits
 - Filling vacancies quickly with people able to perform the job with no additional training*; **p. 34; Moderate; AACSB: Analytic Skills**
37. Establishing a mutually beneficial relationship in which employees are recognized as investing their own resources in exchange for pay and benefits and an opportunity to develop their skills is an example of:
- viewing employees as assets.
 - a competitive disadvantage.
 - viewing employees as investors.*; **p. 35; Moderate; AACSB: Analytic Skills**
 - an innovation strategy.
38. Taking the time to explain the hiring process and making every effort to follow up with candidates and minimize delays is an example of
- viewing applicants as assets.
 - a commitment to ethical behavior.*; **p. 36; Moderate; AACSB: Ethical Reasoning**
 - a commitment to diversity.
 - hiring for long-term careers.
39. A firm's staffing strategy should be derived from its
- staffing plan.
 - business strategy.
 - human resource strategy.*; **p. 38; Easy**
 - competitive advantage.
40. Hiring people from outside the firm for management positions is an example of
- an internal talent focus.
 - a growth focus.
 - an external talent focus.*; **p. 40; Moderate; AACSB: Analytic Skills**
 - a competitive advantage.

41. When Maria gave two weeks' notice that she was quitting her job, her manager started the recruiting process to replace her. This is an example of
- strategic staffing.
 - an investiture philosophy.
 - proactive staffing.
 - reactive staffing.*; **p. 42; Moderate; AACSB: Analytic Skills**
42. To hire technical skills a company expects to need in six months, it would engage in
- talent-oriented staffing.*; **pp. 42-43; Moderate; AACSB: Analytic Skills**
 - reactive staffing.
 - idiosyncratic staffing.
 - job-oriented staffing.

Essay questions:

43. What is a firm's talent philosophy and how is it important to staffing? What are the four questions addressed by a firm's talent philosophy?

An organization's talent philosophy is a system of beliefs about how its employees should be treated. A talent philosophy reflects how an organization thinks about its employees, and is typically shaped by its founders. For example, some organizations view employees as partners and key stakeholders in the company, while others view employees as more expendable and easily replaceable. A company's business strategy and talent philosophy jointly influence how a company interacts with its employees, which then affects how it decides to manage the movement of people into, through, and out of the company. A firm's staffing strategy ultimately reflects both its business strategy and its talent philosophy.

If not created intentionally, a firm's talent philosophy develops on its own as the personal values of high-level managers are expressed in their hiring and talent management decisions and actions. Over time, these values and perspectives become those of the organization.

Questions Addressed by an Organization's Talent Philosophy

- Do we want people to contribute to the company over long-term careers or do we want to focus on filling vacancies in the short term?*
- Do we value the ideas and contributions of people with diverse ideas and perspectives?*
- Do we see our employees as assets to be managed or employees as investors who choose where to allocate their time and efforts?*
- What are our ethical principles when it comes to our employees?*

(pp. 32-33; Moderate)

44. Describe the organizational and product life cycle and how it can influence a firm's choice of strategy.

During the growth stage, new companies or products must set themselves apart from competitors to gain customers and market share. Growth companies often pursue innovation or differentiation strategies to distinguish themselves from their competition. Because they are less established and thus higher-risk employers, they often need to invest more money and resources in staffing to attract the talent they need to grow. Because they lack a large and strong internal talent pool and they need to add new employees as they grow, they frequently need to hire from outside the organization and tend to have an external talent focus.

During the maturity stage of a firm's life cycle, products and services have fully evolved, and the product's market share has become established. The focus now shifts to maintaining or obtaining further market share through cost leadership, often by streamlining operations and focusing on efficiency. Because mature companies have a larger pool of internal talent from which to draw, the talent focus becomes more internal.

Companies in decline are facing shrinking markets and weaker business performance. A company in decline can pursue a cost-leadership strategy and allow the decline to continue until the business is no longer profitable or it can try to make changes to revive the product or service. If it chooses to try to change its product or service, the firm typically adopts a specialization or differentiation strategy.

(p. 32; Moderate)

45. Describe the resource-based view of the firm and how staffing can contribute to a company's sustainable competitive advantage.

Because it is an organization's people who are responsible for gaining and keeping a competitive advantage, hiring and retaining the right people are critical to business strategy execution. The resource-based view of the firm proposes that a company's resources and competencies can produce a sustained competitive advantage by creating value for customers by lowering costs, providing something of unique value, or some combination of the two. To create value, the hiring programs, policies and practices of an organization must either lower the costs of the organization's products or services, enhance the differentiation of the organization's products or services in the eyes of customers, or both. To the extent that staffing influences who has the opportunity and desire to pursue an employment relationship with the organization, staffing serves as a gatekeeper in influencing the level and composition of an organization's talent. This can add value to the organization through employees' competency levels, experience, judgment, social relationships, etc.

Human resources can be a source of competitive advantage because they meet the criteria for being a source of sustainable competitive advantage: they add value to the firm, are rare, cannot be imitated, and cannot easily be substituted with other things.

Other companies cannot necessarily replicate another firm's capabilities just by imitating the competitor's human resource practices.

The resource-based view of the firm focuses attention on the quality of the skills of a company's workforce at various levels, and on the quality of the motivational climate created by management. Human resource management is valued not only for its role in implementing a given competitive scenario but also for its role in generating strategic capability. Staffing has the potential to create organizations that are more intelligent and flexible than their competitors, and that exhibit superior levels of cooperation and operation as well.

Requirements of a Competitive Advantage

- 1. It must be valuable to the firm in the sense that it exploits opportunities and/or neutralizes threats in an organization's environment.*
- 2. It must be rare among the organization's current and future competition.*
- 3. It must be a resource that cannot be easily imitated by other firms.*
- 4. It must be a resource that cannot be easily substituted or replaced with another resource.*
- 5. The firm must be organized to be able to exploit the resource.*

(pp. 25-27; Moderate)

46. Explain when an organization would use talent-oriented rather than job-oriented staffing.

An organization would use job-oriented staffing when it needs to fill a specific job opening. It would pursue talent-oriented staffing when labor markets are tight and good recruits are hard to find, or to address anticipated skill gaps in advance of actual needs.

(pp. 42-43; Moderate)

47. Describe human capital advantage and human process advantages and the differences between them.

Human capital advantage occurs when a firm generates a stock of quality talent by hiring and retaining outstanding people. Human process advantage occurs when superior work processes create a competitive advantage as a result of effective processes that evolve over time, such as learning, cooperation and innovation, which are very difficult to imitate.

(p. 46; Moderate)

48. How should firms identify key jobs on which to focus additional attention and resources during the staffing effort?

All jobs do not warrant equal investment in recruitment or staffing activities. A company's key jobs are those that in some way create value for the organization by contributing to the generation or retention of clients' business or generating new capabilities or products for the organization. Whenever there is performance variability across people working in the same position there is the potential to improve that position's contribution to the organization by raising the average performance level of those employees. For example, if some salespeople sell substantially more of a company's product than do others, staffing (as well as training) improvements may be identified that result in the hiring of a greater number of higher performing salespeople and fewer lower performing salespeople.

Firms must identify which capabilities are the most critical to establishing and maintaining a competitive advantage. An organization's capabilities include human resources, manufacturing, engineering, research and development, marketing, and management information systems. It must then identify which jobs and roles are critical to its competitive advantage. Focusing on better staffing the identified positions should help the company execute its business strategy and enhance its competitive advantage.

(pp. 43-44; Moderate; AACSB: Analytic Skills)