

CHAPTER 2—STRATEGY AND HUMAN RESOURCES PLANNING

TRUE/FALSE

1. Organizations set procedures for making decisions to achieve those objectives through strategic planning.

ANS: T PTS: 1 REF: p. 46 OBJ: 2-1 TYPE: K

2. Human Resource Planning (HRP) is the conducting of recruitment and selection methods according to a strategic plan.

ANS: F PTS: 1 REF: p. 46 OBJ: 2-1 TYPE: K

3. Strategic HRM is a combination of strategic planning and HR planning.

ANS: T PTS: 1 REF: p. 46 OBJ: 2-1 TYPE: K

4. The first step in strategic planning is establishing a mission, vision, and values for the organization.

ANS: T PTS: 1 REF: p. 47 OBJ: 2-1 TYPE: K

5. The vision is the basic purpose of the organization.

ANS: F PTS: 1 REF: p. 47 OBJ: 2.1 TYPE: K

6. Organizational core values form the foundation of a firm's decisions.

ANS: T PTS: 1 REF: p. 48 OBJ: 2.1 TYPE: U

7. Changes in labor supply can place limits on the strategies available to firms.

ANS: T PTS: 1 REF: p. 53 OBJ: 2-2 TYPE: U

8. Internal analysis provides strategic decision makers with an inventory of organizational skills and resources.

ANS: T PTS: 1 REF: p. 53 OBJ: 2-3 TYPE: K

9. Internal analysis focuses on culture and conflicts with an organization.

ANS: F PTS: 1 REF: p. 53 OBJ: 2-3 TYPE: A

10. A cultural audit may examine the attitudes and expectations of the employees.

ANS: T PTS: 1 REF: p. 57 OBJ: 2-3 TYPE: U

11. Strategic planning is the process of anticipating and providing for the movement of people into, within, and out of an organization.

ANS: F PTS: 1 REF: p. 46 OBJ: 2-1 TYPE: K

12. Trend analysis relies on a single factor to predict employment needs.
ANS: T PTS: 1 REF: p. 59 OBJ: 2-4 TYPE: U
13. A strategic vision provides the strong and enduring beliefs and principles that the company uses as a foundation for its decisions.
ANS: F PTS: 1 REF: p. 48 OBJ: 2-1 TYPE: U
14. Strategic knowledge workers usually earn long-term commitments and investments in their training and development from their employers.
ANS: T PTS: 1 REF: p. 56 OBJ: 2-3 TYPE: U
15. Forecasting is frequently more an art than a science, providing inexact approximations rather than absolute results.
ANS: T PTS: 1 REF: p. 60 OBJ: 2-4 TYPE: U
16. Forecasting may be as informal as having one person familiar with the organization anticipate HR needs.
ANS: T PTS: 1 REF: p. 60 OBJ: 2-4 TYPE: K
17. Qualitative HR forecasting techniques generally employ sophisticated analytical models.
ANS: F PTS: 1 REF: p. 59 OBJ: 2-4 TYPE: K
18. Trend analysis is a qualitative approach to labor demand forecasting.
ANS: F PTS: 1 REF: p. 59 OBJ: 2-4 TYPE: K
19. Trend analysis relies on a single business factor.
ANS: T PTS: 1 REF: p. 59 OBJ: 2-4 TYPE: K
20. The vision statement clarifies the long-term direction of the company and its strategic intent.
ANS: T PTS: 1 REF: p. 48 OBJ: 2-1 TYPE: U
21. Staffing tables provide data on external labor supply sources.
ANS: F PTS: 1 REF: p. 60 OBJ: 2-4 TYPE: U
22. Markov analysis is used to track an organization's internal supply of labor.
ANS: T PTS: 1 REF: p. 60 OBJ: 2-4 TYPE: K
23. Core values are the essence of a corporate culture and an expression of its personality.
ANS: T PTS: 1 REF: pp. 48-49 OBJ: 2-1 TYPE: U
24. Succession planning is the process of identifying, developing, and tracking key individuals so that they may eventually assume top-level positions.

- ANS: T PTS: 1 REF: p. 62 OBJ: 2-4 TYPE: K
25. SWOT analysis helps executives summarize the major facts and forecasts derived from the external analysis.
- ANS: F PTS: 1 REF: p. 67 OBJ: 2-5 TYPE: K
26. Corporate strategy focuses on domain selection.
- ANS: T PTS: 1 REF: p. 69 OBJ: 2-5 TYPE: K
27. In international joint ventures, the issue of culture is paramount.
- ANS: T PTS: 1 REF: p. 69 OBJ: 2-5 TYPE: A
28. Dell has been very successful utilizing a low cost strategy.
- ANS: T PTS: 1 REF: p. 69 OBJ: 2-5 TYPE: A
29. Southwest Airlines has been very successful utilizing a differentiation strategy.
- ANS: F PTS: 1 REF: p. 69 OBJ: 2-5 TYPE: A
30. In the long run, firms must approach outsourcing decisions based on cost alone.
- ANS: F PTS: 1 REF: p. 70 OBJ: 2-5 TYPE: U
31. Differentiation strategy is based on efficiency and productivity.
- ANS: F PTS: 1 REF: p. 70 OBJ: 2-5 TYPE: U
32. While unemployment rates vary by sector, the shortage of talent in low-skill jobs continues to create a real challenge for firms.
- ANS: F PTS: 1 REF: p. 53 OBJ: 2-3 TYPE: U
33. Organizational structure is the framework in which activities of the organization members are coordinated.
- ANS: T PTS: 1 REF: p. 72 OBJ: 2-6 TYPE: K
34. Shared values act as a guiding parameter for strategic planning.
- ANS: T PTS: 1 REF: p. 72 OBJ: 2-6 TYPE: K
35. In unionized firms, layoffs are typically based on performance.
- ANS: F PTS: 1 REF: p. 74 OBJ: 2-6 TYPE: A
36. The order of employee layoffs is usually based on seniority and/or ability.
- ANS: T PTS: 1 REF: p. 74 OBJ: 2-6 TYPE: K

37. A disadvantage of overemphasizing seniority is that less competent employees receive the same rewards and security as more competent employees.
- ANS: T PTS: 1 REF: p. 74 OBJ: 2-6 TYPE: U
38. Markov analysis shows the percentage of employees who remain in each of the firm's jobs from one year to the next.
- ANS: T PTS: 1 REF: p. 60 OBJ: 2-4 TYPE: U
39. Benchmarking identifies the best practices in a given area and establishes them as performance standards.
- ANS: F PTS: 1 REF: p. 75 OBJ: 2-7 TYPE: K
40. The target company for benchmarking does not need to be a competitor.
- ANS: T PTS: 1 REF: p. 75 OBJ: 2-7 TYPE: U
41. Calculating separation costs and training investment factors are components measures of human capital.
- ANS: T PTS: 1 REF: p. 90 OBJ: 2-7 TYPE: A
42. The Balanced Scorecard is a tool for mapping a firm's strategy in order to ensure strategic alignment.
- ANS: T PTS: 1 REF: p. 76 OBJ: 2-7 TYPE: K
43. The quality of fill metric attempts to measure how well new hires that fill positions are performing on the job.
- ANS: T PTS: 1 REF: p. 62 OBJ: 2-4 TYPE: K
44. A SWOT analysis helps executives summarize the major facts and forecasts derived from external and internal analysis.
- ANS: T PTS: 1 REF: p. 67 OBJ: 2-5 TYPE: A

MULTIPLE CHOICE

1. The process of setting procedures for making decisions about the organization's long-term goals and strategies is called:
- strategic planning.
 - HR planning.
 - job analysis.
 - environmental scanning.
- ANS: A PTS: 1 REF: p. 46 OBJ: 2-1 TYPE: K
2. Human resources planning is:
- a technique that identifies the critical aspects of a job.
 - the process of anticipating and making provision for movement of people into, within, and out of an organization.

- c. the process of setting major organizational objectives and developing comprehensive plans to achieve these objectives.
- d. the process of determining the primary direction of the firm.

ANS: B PTS: 1 REF: p. 46 OBJ: 2-1 TYPE: K

3. Customers, suppliers and substitutes are part of the _____ environment.
- a. political
 - b. technological
 - c. demographic
 - d. competitive

ANS: D PTS: 1 REF: p. 50 OBJ: 2-2 TYPE: U

4. The _____ provide(s) the basic purpose of the organization as well as its scope of operations.
- a. mission
 - b. vision statement
 - c. core values
 - d. core competencies

ANS: A PTS: 1 REF: p. 47 OBJ: 2-1 TYPE: K

5. Based upon U.S. Census Bureau projections, which of the following is NOT anticipated to happen between 2012 and 2018.
- a. Employment growth will continue to be concentrated in the service-providing sector of the economy.
 - b. The number of workers in the 55 and older group is projected to grow by nearly 30 percent.
 - c. Approximately 62 percent of all new jobs created in the U.S. economy will be in the health care and social assistance industry.
 - d. Minorities and immigrants will constitute a larger share of the population and labor force.

ANS: C PTS: 1 REF: p. 52 OBJ: 2-2 TYPE: U

6. This group of employees has skills that are quite valuable to a company, but not particularly unique or difficult to replace.
- a. core employees
 - b. strategic knowledge workers
 - c. supporting workers
 - d. partners

ANS: A PTS: 1 REF: p. 56 OBJ: 2-3 TYPE: U

7. Which of the following is NOT a component of corporate culture?
- a. Values
 - b. Assumptions
 - c. Experience
 - d. Beliefs

ANS: C PTS: 1 REF: p. 56 OBJ: 2-3 TYPE: K

8. The mission of a company:
- a. is the systematic monitoring of external opportunities
 - b. is the basic purpose of the organization
 - c. are the strong enduring beliefs used by the company to make decisions
 - d. provides a perspective on where the company is headed

ANS: B PTS: 1 REF: p. 47 OBJ: 2-1 TYPE: K

9. The strategic vision of a company:
- a. is the systematic monitoring of external opportunities
 - b. is the basic purpose of the organization
 - c. are the strong enduring beliefs used by the company to make decisions
 - d. provides a perspective on where the company is headed

ANS: D PTS: 1 REF: p. 48 OBJ: 2-1 TYPE: K

10. The core values of a company:
- a. is the systematic monitoring of external opportunities
 - b. is the basic purpose of the organization
 - c. are the strong enduring beliefs and principles used by the company to make decisions
 - d. provides a perspective on where the company is headed

ANS: C PTS: 1 REF: p. 48 OBJ: 2-1 TYPE: K

11. The systematic, regular monitoring of major external forces influencing the organization is called:
- a. demand forecasting.
 - b. environmental scanning.
 - c. exception reporting.
 - d. influence analysis.

ANS: B PTS: 1 REF: p. 49 OBJ: 2-2 TYPE: K

12. Environmental factors that are frequently attended to by organizations include all of the following except:
- a. economic factors.
 - b. demographic trends.
 - c. technological changes.
 - d. employee turnover and absenteeism rates

ANS: D PTS: 1 REF: p. 49 OBJ: 2-2 TYPE: K

13. Social concerns include:
- a. new processes
 - b. innovations
 - c. demographic trends
 - d. elder care

ANS: D PTS: 1 REF: p. 49 OBJ: 2-2 TYPE: K

14. The competitive environment includes all the following except:
- a. new entrants
 - b. suppliers
 - c. rivals
 - d. subordinates

ANS: D PTS: 1 REF: p. 50 OBJ: 2-2 TYPE: A

15. At the fundamental level, strategy focuses on creating ____ value.
- a. buyers
 - b. suppliers
 - c. customer

d. subordinates

ANS: C PTS: 1 REF: p. 50 OBJ: 2-2 TYPE: A

16. The examination of the attitudes and activities of a company's workforce refers to:
- environmental scanning.
 - a trend analysis.
 - a cultural audit.
 - behavioral modeling.

ANS: C PTS: 1 REF: p. 57 OBJ: 2-3 TYPE: K

17. _____ is the process of identifying, developing, and tracking key individuals for executive positions.
- Succession planning
 - Creating skill inventories
 - Developing replacement charts
 - Quality of fill

ANS: A PTS: 1 REF: p. 62 OBJ: 2-4 TYPE: U

18. Questions that might typically be found on a cultural audit include all of the following except:
- Age, race, and gender
 - Pay and benefits
 - Diversity efforts
 - Hiring practices

ANS: A PTS: 1 REF: p. 57 OBJ: 2-3 TYPE: A

19. Integrated knowledge sets within an organization that distinguish it from its competitors and deliver value to customers are known as:
- individual competencies.
 - core capabilities.
 - human capital.
 - organizational competencies.

ANS: B PTS: 1 REF: p. 53 OBJ: 2-3 TYPE: K | 2-3 TYPE: U

20. When a firm's resources improve the efficiency or effectiveness of the company, these are known as:
- difficult to imitate.
 - valuable.
 - organized.
 - rare.

ANS: B PTS: 1 REF: p. 54 OBJ: 2-3 TYPE: K

21. Core capabilities are limited, but provide a long-term basis for:
- delivering customer satisfaction.
 - HR expenditures.
 - human capital development.
 - technology innovation, product development, and service delivery.

ANS: D PTS: 1 REF: p. 53 OBJ: 2-3 TYPE: K | 2-3 TYPE: U

22. When the knowledge, skills, and abilities of a firm's human resources are not equally available to competitors, these resources are known as:
- difficult to imitate.

- b. valuable.
- c. organized.
- d. rare.

ANS: D PTS: 1 REF: p. 54 OBJ: 2-3 TYPE: K

23. Strategic knowledge workers:
- a. have unique skills not directly related to company strategy
 - b. have firm-specific skills directly related to company strategy
 - c. have skills that are valuable but not unique
 - d. have skills available to all firms

ANS: B PTS: 1 REF: p. 56 OBJ: 2-3 TYPE: K

24. With respect to forecasting, which of the following is NOT a critical element of planning?
- a. capabilities
 - b. composition
 - c. culture
 - d. coordination

ANS: D PTS: 1 REF: p. 57 OBJ: 2-4 TYPE: K

25. Which of the following is NOT a component of SWOT analysis?
- a. Weakness
 - b. Threat
 - c. Strategy
 - d. Opportunity

ANS: C PTS: 1 REF: p. 67 OBJ: 2-5 TYPE: K

26. Elements in an effective HR planning process must include all of the following except:
- a. making forecasts of labor demand.
 - b. benchmarking best practices.
 - c. performing supply analyses.
 - d. balancing supply and demand considerations.

ANS: B PTS: 1 REF: p. 80 OBJ: 2-7 TYPE: K

27. Which of the following is NOT an element of organizational growth?
- a. Increased employee productivity.
 - b. A greater number of employees.
 - c. Employees developing or acquiring new skills.
 - d. An increase in profitability.

ANS: D PTS: 1 REF: p. 68 OBJ: 2-5 TYPE: U

28. A qualitative approach to demand forecasting can include any of the following except:
- a. trend analysis.
 - b. the Delphi technique.
 - c. soliciting expert opinions.
 - d. management forecasts.

ANS: A PTS: 1 REF: p. 60 OBJ: 2-4 TYPE: K

29. Trend analysis includes all of the following steps except:
- a. selecting a business factor.

- b. soliciting expert opinions.
- c. computing a productivity ratio.
- d. plotting historical trends.

ANS: B PTS: 1 REF: p. 59 OBJ: 2-4 TYPE: K

30. Multiple predictive techniques used to predict employment needs could include all of the following factors except:
- a. interest rates
 - b. gross national product
 - c. disposable income
 - d. hiring costs

ANS: D PTS: 1 REF: p. 59 OBJ: 2-4 TYPE: U

31. The Delphi technique
- a. attempts to decrease subjectivity of forecasts
 - b. is a quantitative methods
 - c. uses sophisticated statistical tools for forecasting
 - d. is a method of reducing hiring costs

ANS: A PTS: 1 REF: p. 60 OBJ: 2-4 TYPE: U

32. A graphical representation of all organizational jobs along with the numbers of employees currently occupying those jobs and future employment requirements is called:
- a. a staffing table.
 - b. an organization chart.
 - c. a skills inventory.
 - d. career planning.

ANS: A PTS: 1 REF: p. 60 OBJ: 2-4 TYPE: K

33. An analysis of the number and percentage of employees in each job from year to year, with proportions of those who are promoted, demoted, transferred, or exit the organization is called:
- a. a staffing table.
 - b. a Markov analysis.
 - c. a skills inventory.
 - d. modeling.

ANS: B PTS: 1 REF: p. 60 OBJ: 2-4 TYPE: K

34. Talent inventories can be used to develop ____, which list current jobholders and identify possible replacements.
- a. staffing tables
 - b. replacement charts
 - c. trend models
 - d. Markov analysis

ANS: B PTS: 1 REF: p. 62 OBJ: 2-4 TYPE: K

35. The process of identifying, developing, and tracking key individuals so that they may eventually assume top-level positions is:
- a. target forecasting.
 - b. predicted change.
 - c. succession planning.
 - d. replacement selection.

ANS: C PTS: 1 REF: p. 62 OBJ: 2-4 TYPE: A

36. ____ helps executives summarize the major facts and forecasts derived from external and internal analyses.
- target forecasting.
 - predicted change.
 - SWOT analysis.
 - replacement selection.

ANS: C PTS: 1 REF: p. 67 OBJ: 2-5 TYPE: K

37. A firm with a ____ focuses on only a limited portion of the industry.
- target forecasting.
 - predicted focus.
 - concentration strategy.
 - replacement selection.

ANS: C PTS: 1 REF: p. 67 OBJ: 2-5 TYPE: K

38. Cooperative strategies pursued by firms include
- joint ventures
 - growth
 - diversification
 - acquisitions

ANS: A PTS: 1 REF: p. 69 OBJ: 2-5 TYPE: K

39. Structure:
- lays out the route that the organization will take in the future.
 - is the framework in which activities of employees are coordinated.
 - are formal and informal procedures that govern every day activity.
 - act as guiding parameters for strategic planning.

ANS: B PTS: 1 REF: p. 72 OBJ: 2-6 TYPE: K

40. Systems:
- lay out the route that the organization will take in the future.
 - is the framework in which activities of employees are coordinated.
 - are formal and informal procedures that govern every day activity.
 - act as guiding parameters for strategic planning.

ANS: C PTS: 1 REF: p. 72 OBJ: 2-6 TYPE: K

41. Shared values:
- lays out the route that the organization will take in the future.
 - is the framework in which activities of employees are coordinated.
 - are formal and informal procedures that govern every day activity.
 - act as guiding parameters for strategic planning.

ANS: D PTS: 1 REF: p. 72 OBJ: 2-6 TYPE: K

42. Layoff decisions:
- can cause management's discretion to be reduced where layoffs are based on seniority
 - are always determined by labor agreement
 - are made at management's sole discretion

d. and employment rights of each individual are determined by state law

ANS: A PTS: 1 REF: p. 74 OBJ: 2-6 TYPE: K

43. Layoff decisions are frequently based on:
- a. union membership.
 - b. department ranking.
 - c. seniority.
 - d. favoritism.

ANS: C PTS: 1 REF: p. 74 OBJ: 2-6 TYPE: U

44. According to 7-S framework analysis, which of following is NOT in the “Hard S” category?
- a. strategy
 - b. shared values
 - c. structure
 - d. system

ANS: B PTS: 1 REF: p. 72 OBJ: 2-6 TYPE: U

45. Benchmarking refers to:
- a. identifying employees with promotion potential
 - b. identifying performance differences with competing firms
 - c. the process of identifying the best practice of a firm in a given area and comparing your practices to theirs
 - d. the process of establishing performance standards through HRP

ANS: C PTS: 1 REF: p. 75 OBJ: 2-7 TYPE: K

46. Measures of turnover costs include:
- a. separation costs
 - b. return on assets
 - c. earnings per share
 - d. training program costs

ANS: A PTS: 1 REF: p. 91 OBJ: 2-7 TYPE: U

47. A tool adopted for mapping a firm’s strategy in order to ensure strategic alignment is:
- a. target forecasting.
 - b. predicted focus.
 - c. balanced scorecard
 - d. replacement selection.

ANS: C PTS: 1 REF: p. 76 OBJ: 2-7 TYPE: K

48. The capacity of an organization to continuously act and change in pursuit of competitive advantage is:
- a. coordination flexibility.
 - b. predicted focus.
 - c. organizational capability.
 - d. replacement selection.

ANS: C PTS: 1 REF: p. 79 OBJ: 2-7 TYPE: K

49. ____ occurs through rapid reallocation of resources to new or changing needs.
- a. coordination flexibility.
 - b. predicted focus.

- c. organizational capability.
- d. replacement selection.

ANS: A PTS: 1 REF: p. 79 OBJ: 2-7 TYPE: K

50. Cross-training, job rotations, and the like results in ____ within the organization.

- a. coordination flexibility.
- b. predicted focus.
- c. organizational capability.
- d. resource flexibility

ANS: D PTS: 1 REF: p. 80 OBJ: 2-7 TYPE: K

51. Which of the following is NOT a cell of the Balanced Scorecard Model?

- a. financial
- b. planning
- c. customer
- d. process

ANS: B PTS: 1 REF: p. 76 OBJ: 2-7 TYPE: U

52. The first step in strategic planning is:

- a. analyze the competition.
- b. interview potential employees.
- c. review failed plans from the past.
- d. establish a mission, vision, and values for the organization.

ANS: D PTS: 1 REF: p. 47 OBJ: 2-1 TYPE: K

53. Analysis of external opportunities and threats is the _____ component of the strategic management process.

- a. the second
- b. the last
- c. an optional
- d. the most difficult

ANS: A PTS: 1 REF: p. 49 OBJ: 2-2 TYPE: U

54. In the telephone industry, mobile phones and VOIP (Voice-over-the Internet Protocol) are examples of _____ for traditional firms.

- a. companions
- b. rivals
- c. substitutes
- d. supplements

ANS: C PTS: 1 REF: p. 52 OBJ: 2-2 TYPE: K

55. As companies diversify into new businesses, managers are inevitably faced with a “make or ____” decision.

- a. buy
- b. lease
- c. forego
- d. substitute

ANS: A PTS: 1 REF: p. 68 OBJ: 2-5 TYPE: A

ESSAY

1. Describe the basics of SWOT analysis.

ANS:

SWOT analysis permits the organization to formulate strategy based upon internal and external analysis of strengths, weaknesses, opportunities and threats. Strengths and weaknesses are internal factors, while opportunities and threats are external factors. Managers can build upon SWOT analysis to formulate corporate, business and HR strategies for the firm.

PTS: 1 REF: p. 67 OBJ: 2-5

2. Describe the criteria necessary for firms to achieve sustained competitive advantage through people.

ANS:

For an organization to achieve sustained competitive advantage through people, four criteria must be met.

- a. First, the resources that are developed must be of value to the organization. People are a source of competitive advantage when they improve the efficiency or effectiveness of the company. This value is increased when employees find ways to decrease costs, provide something unique to customers, or some combination of the two.
- b. Second, the resources must be rare. People are a source of competitive advantage when their skills, knowledge, and abilities are not equally available to competitors.
- c. Third, people are a source of competitive advantage when employee capabilities and contributions are inimitable, or cannot be copied by other firms. For example, companies such as Disney, Southwest Airlines, and Starbucks are known for creating unique cultures that get the most from employees and are difficult to imitate.
- d. Finally, people are a source of competitive advantage when their talents can be combined and deployed to work on new assignments at a moment's notice when they are organized. For example, information technology, teamwork, and cooperation are methods for ensuring an organized workforce.

PTS: 1 REF: p. 54 OBJ: 2-3

3. Describe the three key elements of the HR Forecasting model.

ANS:

The three key elements in the HR Forecasting process are: (1) forecasting demand, (2) forecasting supply, and (3) balancing supply and demand considerations.

Employment forecasting involves estimating in advance the number and type of people needed to meet organizational objectives. It may involve a quantitative approach using statistical analysis and mathematical models or a qualitative approach focusing on employee performance and promotability.

Supply analysis determines if there are sufficient numbers and types of employees available to staff anticipated openings. Sources of supply can be external or internal.

HR planning should strive for a proper balance between the emphasis placed on demand considerations and that placed on supply considerations. Demand considerations are based on the forecast of trends in business activity. Supply considerations involve the determination of where and how candidates with the required qualifications are to be found to fill vacancies.

PTS: 1 REF: p. 57 OBJ: 2-4

4. What is the Balanced Scorecard?

ANS:

The Balanced Scorecard is a tool developed by Drs. Robert Kaplan and David Norton that helps organizations clarify their vision and strategy and translates them into operational objectives. This tool builds on some existing key management concepts like customer-defined quality, continuous improvement, employee empowerment, and measurement-based management and feedback.

The model has four related cells: (1) financial, (2) customer, (3) processes, and (4) learning. The logic of this tool is firmly rooted in HRM. People management and learning helps management improve their internal business processes (e.g., product development, service, etc.) and provide excellent customer service. Internal processes are critical for creating customer satisfaction, customer loyalty, contain costs, and improve productivity. Customer value creation then can lead to higher profitability and market value.

PTS: 1 REF: p. 76 OBJ: 2-7

5. How would you define “organizational capability”?

ANS:

Organizational capability refers to the capacity of the organization to continuously act and change in pursuit of sustainable competitive advantage.

Flexibility and agility when the environment changes can be enhanced by HR planning. Coordination flexibility refers to rapid reallocation of resources to new or changing needs, and resource flexibility results from having people who can do many different things in many different ways

PTS: 1 REF: p. 79 OBJ: 2-7