

Chapter 2—Strategic HR Management and Planning

MULTIPLE CHOICE

1. Corporate executives hold a certain perspective on HR management in its strategic role, Which of the following would they see as HR's major deficiency?
- HR's traditional opposition to corporate management
 - the lack of specific quantifiable measures of HR activities
 - HR's "softness" as a people-oriented area
 - the lack of respect for HR managers' professional and educational credentials

ANS: B PTS: 1 DIF: Challenging REF: 42-43
OBJ: 02-1 TOP: Conceptual

2. One type of HR process involves linking the HR function with organizational objectives so that performance will improve. Which of the following names it?
- strategic HR management
 - operational management
 - employee exploitation
 - manpower planning

ANS: A PTS: 1 DIF: Moderate REF: 43
OBJ: 02-1 TOP: Definitional

3. Georgiana, the vice president of HR, is in a meeting with the other top-level corporate executives. They are discussing whether opening a branch in Amsterdam is a good strategy for the firm. What must Georgiana do in her role as head of HR?
- raise the ethical issues of opening a branch in a country known for legalization of soft drugs, prostitution, and other "alternative lifestyles"
 - warn the executives against operating in the European Union due to restrictive labour laws
 - meet the strategy's requirement no matter what the current state of the company's human resources
 - frankly communicate whether the firm's current human resources have the capabilities to handle such a strategy

ANS: D PTS: 1 DIF: Challenging REF: 43
OBJ: 02-1 TOP: Application

4. According to Porter, what are the three basic organizational competitive strategies?
- risk aversion, aggressiveness, and entrepreneurial
 - global, domestic, and multinational
 - vertical, horizontal, and diagonal
 - cost-leadership, differentiation, and focused

ANS: D PTS: 1 DIF: Easy REF: 46
OBJ: 02-1 TOP: Definitional

5. In which of the following business environments is a cost-leadership strategy more appropriate than other organizational strategies?
- relatively stable
 - decentralized
 - dynamic
 - highly competitive

ANS: A PTS: 1 DIF: Challenging REF: 46
OBJ: 02-1 TOP: Conceptual

6. Which of the following strategies would be most appropriate in a dynamic environment where the need to find new products and new markets is continuous?
- conglomerate
 - cost-leadership
 - differentiation
 - global

ANS: C PTS: 1 DIF: Moderate REF: 46
OBJ: 02-1 TOP: Definitional

7. Multi-Brands, Inc. “builds” its own human resources to fit its specialized needs. It takes years to train employees with the specific skills that the company requires to pursue its organizational strategy. Which of the following organizational strategies does Multi-Brands probably use?
- entrepreneurial
 - global
 - differentiation
 - cost-leadership

ANS: D PTS: 1 DIF: Moderate REF: 46
OBJ: 02-1 TOP: Application

8. An organizational strategy is focused when the company is concentrating its efforts. Which of these does NOT represent something on which the company could apply a focused strategy?
- a particular production process
 - a particular customer segment
 - a limited geographical area
 - a specific distribution channel

ANS: A PTS: 1 DIF: Moderate REF: 46
OBJ: 02-1 TOP: Definitional

9. According to Miles and Snow’s strategy typology, what are the four basic types of competing firms within a single industry?
- defenders, prospectors, attackers, and reactors
 - defenders, attackers, reactors, and analyzers
 - defenders, prospectors, analyzers, and reactors
 - defenders, attackers, prospectors, and analyzers

ANS: C PTS: 1 DIF: Easy REF: 46-47
OBJ: 02-1 TOP: Definitional

10. According to Miles and Snow, how should organizations with broad product lines that focus on product innovation and search for new markets be characterized?.
- as reactors
 - as defenders
 - as prospectors
 - as analyzers

ANS: C PTS: 1 DIF: Moderate REF: 46-47
OBJ: 02-1 TOP: Definitional

11. Which of the following types of companies would be characterized by centralized authority, tight cost control, and little employee empowerment?
- prospectors
 - defenders
 - reactors
 - analyzers

ANS: B PTS: 1 DIF: Moderate REF: 46
OBJ: 02-1 TOP: Definitional

12. IBM and Procter & Gamble operate in many different product-market segment areas, which may be either stable or variable. They adjust their strategy based on the type of area in which they operate. Which of these terms applies to IBM and Procter & Gamble?
- reactors
 - defenders
 - prospectors
 - analyzers

ANS: D PTS: 1 DIF: Moderate REF: 47
OBJ: 02-1 TOP: Application

13. Which of these organizational characteristics holds true of a reactor?
- operates in at least two different product-market areas, where one is stable and one is variable
 - values creativity, risk-taking, and innovation
 - lacks a consistent strategy, structure, or culture relationship
 - focuses on improving the efficiency of ,existing operations

ANS: C PTS: 1 DIF: Moderate REF: 47
OBJ: 02-1 TOP: Definitional

14. Organizations may engage in analyzing and identifying the need for and availability of human resources. The purpose of doing this is to enable them to meet their objectives. Which of the following terms names this process?
- human resources planning
 - strategic planning
 - labour market analysis
 - environmental scanning

ANS: A PTS: 1 DIF: Easy REF: 47
OBJ: 02-2 TOP: Definitional

15. Which of the following organizational events would NOT affect HR planning?
- monitoring declining quality of the community's schools
 - opening a branch office in Johannesburg, South Africa
 - making technological changes in the manufacturing process
 - changing the accounting software used by the company

ANS: D PTS: 1 DIF: Challenging REF: 47
OBJ: 02-2 TOP: Conceptual

16. Which of the following best describes the responsibility for HR planning?
- HR planning is typically the responsibility of operating managers.
 - HR planning is mainly the responsibility of the top HR executive and subordinate staff specialists.

- c. HR planning is the responsibility of the top HR executive.
- d. HR planning is the responsibility of the organization's top management.

ANS: B PTS: 1 DIF: Moderate REF: 49
OBJ: 02-2 TOP: Conceptual

17. Effective HR planning results in having the right people in the right numbers with the right capabilities at the right time. Which of the following phrases would best complete this assessment?
- a. with the right demographics
 - b. for the right purpose
 - c. in the right place
 - d. with the right attitudes

ANS: C PTS: 1 DIF: Easy REF: 48-49| Figure 2-5
OBJ: 02-2 TOP: Definitional

18. Which of these activities is typically part of the HR unit's responsibilities during planning?
- a. monitoring the HR plan to identify changes needed
 - b. implementing HR plans as approved by top management
 - c. integrating HR plans with departmental plans
 - d. reviewing employee succession plans in relation to overall HR plan

ANS: B PTS: 1 DIF: Moderate REF: 50| Figure 2-6
OBJ: 02-2 TOP: Conceptual

19. Chipper, the only grandchild of the founder of a successful commercial construction firm, is taking a year's research fellowship to study tiger genetics. Family members have held the top management positions in the firm since 1911. Chipper's father, the present CEO, is 72 and is ill. Which of the following statements reflects an incorrect perception to this situation?
- a. This business has a succession problem.
 - b. Years ago, this firm should have focused on attracting and retaining outsiders with key capabilities.
 - c. This situation is not unusual for a family firm.
 - d. It is time for Chipper to get serious and take over the family firm.

ANS: D PTS: 1 DIF: Challenging REF: 50
OBJ: 02-2 TOP: Application

20. Which of the following is a top challenge faced by family-owned firms?
- a. tax planning
 - b. job creation for extended-family members
 - c. management succession
 - d. anti-nepotism legislation

ANS: C PTS: 1 DIF: Easy REF: 50
OBJ: 02-2 TOP: Conceptual

21. How does the HR planning process begin?
- a. by forecasting the relationship between supply and demand for human resources
 - b. by analyzing the internal inventory of HR capabilities
 - c. by considering the organizational objectives and strategies
 - d. by scanning the external environment for changes affecting the labour supply

ANS: C PTS: 1 DIF: Moderate REF: 51| Figure 2-7
OBJ: 02-2 TOP: Conceptual

22. Why is scanning the external environment especially important for HR planning?
- because of the demographic patterns of the internal workforce
 - because of the limited supply of potential employees for all jobs in the firm
 - because of the need to meet certain employment equity quotas
 - because of the reality of drawing from the same labour market as all other employers

ANS: D PTS: 1 DIF: Moderate REF: 50-51
OBJ: 02-2 TOP: Conceptual

23. Which of the following government laws or regulations do NOT affect HR planning?
- tax benefits for job-training expenses
 - pension laws
 - regulations on workweek length
 - reporting requirements for workers' compensation claims

ANS: D PTS: 1 DIF: Easy REF: 51-52
OBJ: 02-2 TOP: Conceptual

24. Which of the following would be affected by tax credits for employee day care and financial aid for education?
- an expanding array of government rules
 - employer practices in recruiting and retaining workers
 - retirement patterns
 - job security

ANS: B PTS: 1 DIF: Moderate REF: 51
OBJ: 02-2 TOP: Conceptual

25. If the unemployment rate declines, which of the following statements suggests the most likely result?
- Early retirement plans become more attractive.
 - Filling jobs with qualified workers becomes easier.
 - The need for overtime also declines.
 - People available for work may be less educated, less skilled, or less willing to work.

ANS: D PTS: 1 DIF: Moderate REF: 52
OBJ: 02-2 TOP: Conceptual

26. Which of the following is a geographic trend that has forced changes in HR plans?
- the influx of highly skilled technical workers from Eastern Europe
 - the outsourcing of jobs to countries with lower wage levels
 - the deterioration of inner cities
 - the movement of better educated workers to Western Canada

ANS: B PTS: 1 DIF: Moderate REF: 52
OBJ: 02-2 TOP: Conceptual

27. Arden Glassworks has consistently paid lower wages than the other employers in the community have. What is likely characteristic of Arden compared with other employers in the community?
- a much lower quality workforce
 - higher unit labour costs
 - more committed employees
 - higher productivity

ANS: A PTS: 1 DIF: Moderate REF: 53
OBJ: 02-2 TOP: Application

28. Which of these is NOT a trend in the composition of the workforce?

- a. aging
- b. falling age of workforce entry
- c. availability of contingent workers
- d. outsourcing

ANS: B PTS: 1 DIF: Moderate REF: 53
OBJ: 02-2 TOP: Conceptual

29. Which of the following identifies what a comprehensive audit of jobs provides a basis for?

- a. doing human capital accounting
- b. determining the effectiveness and efficiency of the company's human resources
- c. forecasting what jobs will need to be done in the future
- d. analyzing the capabilities of the company's workforce

ANS: C PTS: 1 DIF: Moderate REF: 54
OBJ: 02-2 TOP: Conceptual

30. Where can much of the data needed for a comprehensive audit of all current jobs be found?

- a. employee evaluations
- b. existing staffing and organizational databases
- c. personnel update forms completed by employees
- d. supervisory files

ANS: B PTS: 1 DIF: Easy REF: 53-54
OBJ: 02-2 TOP: Conceptual

31. Which of the following questions should a planner address when auditing jobs?

- a. Who is responsible for staffing the organization?
- b. Which jobs have the highest turnover rate?
- c. What is the demographic profile of the current jobholders?
- d. How essential is each job?

ANS: D PTS: 1 DIF: Moderate REF: 53
OBJ: 02-2 TOP: Conceptual

32. What is the basic source of data on current employees and their capabilities?

- a. employee evaluations
- b. personnel update forms completed by employees
- c. HR records in the organization
- d. supervisory files

ANS: C PTS: 1 DIF: Moderate REF: 54
OBJ: 02-2 TOP: Conceptual

33. An HR manager is compiling an inventory of organizational capabilities. What data on current employees would the manager NOT include?

- a. work accomplishments
- b. age
- c. number of children
- d. pay rates

ANS: C PTS: 1 DIF: Easy REF: 54
OBJ: 02-2 TOP: Conceptual

34. How should the information in the employee skills inventory data bank best be treated?

- a. It should be available only to those who have a specific use for it.
- b. It should be posted on the company's intranet.
- c. It should not be relied on, as it is often inaccurate and outdated.
- d. It should include non-job-related data.

ANS: A PTS: 1 DIF: Easy REF: 54
OBJ: 02-2 TOP: Conceptual

35. Vincent, the vice president of HR, is studying the profile of the organization's workforce. His employer is a utility company which essentially provides lifetime employment for workers. Turnover rate is low. An interesting aspect of the profile catches Vincent's eye. He says to himself, "This must be the result of the seven-year hiring freeze we had in the 1970s." Which of the following did Vincent probably notice?
- a. an excessive number of employees in the 50–60 age range.
 - b. a lack of young female and minority employees
 - c. a gap between younger workers and workers who will be retiring in the next 10 years
 - d. an organizational profile heavily weighted toward employees with low seniority levels

ANS: C PTS: 1 DIF: Challenging REF: 53
OBJ: 02-2 TOP: Application

36. Which of the following statements accurately characterizes HR forecasting methods?
- a. Subjective judgment has no place in modern HR forecasting.
 - b. Forecasting is a combination of quantitative and qualitative methods.
 - c. Research has shown that mathematical models are inadequate for HR forecasting.
 - d. Complex computer simulations are the best quantitative forecasting models available.

ANS: B PTS: 1 DIF: Moderate REF: 54
OBJ: 02-3 TOP: Conceptual

37. Which of the following techniques for forecasting employee demand reflects a qualitative approach?
- a. trend analysis
 - b. scatter plots
 - c. simulation models
 - d. nominal group

ANS: D PTS: 1 DIF: Easy REF: 58
OBJ: 02-3 TOP: Definitional

38. Which of these terms pertains to using an organization's past employment needs over several years to predict future needs?
- a. regression analysis
 - b. trend analysis
 - c. ratio analysis
 - d. scatter plot analysis

ANS: B PTS: 1 DIF: Easy REF: 56
OBJ: 02-3 TOP: Definitional

39. How far does an intermediate planning range usually project into the future?
- a. one to five years
 - b. three to five years
 - c. six months to one year
 - d. beyond five years

ANS: A PTS: 1 DIF: Easy REF: 54-55

OBJ: 02-3 TOP: Definitional

40. Decision rules are developed about the proportion of openings in a particular job that will be covered by internal promotions versus new hires. Which of these terms best refers to such rules?
- internal versus external placement
 - placement ratio
 - fill rate
 - make versus buy ratio

ANS: C PTS: 1 DIF: Easy REF: 56
OBJ: 02-3 TOP: Definitional

41. Where should the analysis of specific openings that are likely to occur in the future always begin?
- the top positions in the firm
 - the jobs where applicants with the required KSAs are scarce
 - the jobs that are easiest to fill
 - the entry-level positions in the firm

ANS: A PTS: 1 DIF: Easy REF: 56
OBJ: 02-3 TOP: Conceptual

42. A clothing retailer determined the number of salespeople needed by dividing the company's sales by the number of salespeople and then applying this to sales forecasts. What is this an example of?
- regression analysis
 - trend analysis
 - simulation model
 - ratio analysis

ANS: D PTS: 1 DIF: Challenging REF: 57
OBJ: 02-3 TOP: Application

43. Which best defines a scatter plot?
- a representation of real situations in abstract form
 - a study of an organization's past employment needs over a period to predict future needs
 - a graphical method used to help identify the relationships between two variables
 - a statistical comparison of past relationships among a number of factors

ANS: C PTS: 1 DIF: Moderate REF: 57
OBJ: 02-3 TOP: Definitional

44. A statistical relationship is ascertained between gross sales and number of salespeople among sales regions. With which forecasting technique is this activity most associated?
- trend analysis
 - regression analysis
 - scatter plot
 - ratio analysis

ANS: B PTS: 1 DIF: Moderate REF: 57
OBJ: 02-3 TOP: Application

45. Which of the following techniques would be used in sophisticated forecasting circumstances?
- scatter plot
 - trend analysis
 - ratio analysis
 - simulation models

ANS: D PTS: 1 DIF: Moderate REF: 57
OBJ: 02-3 TOP: Conceptual

46. Which of the following reflects a quantitative approach to forecasting?
- simulation models
 - nominal group technique
 - the Delphi technique
 - management forecasts

ANS: A PTS: 1 DIF: Easy REF: 57
OBJ: 02-3 TOP: Definitional

47. Which of the following methods uses the direct job and industry knowledge of managers and supervisors to project employee demand?
- management forecasts
 - the nominal group technique
 - the Delphi technique
 - simulation models

ANS: A PTS: 1 DIF: Easy REF: 57
OBJ: 02-3 TOP: Definitional

48. Which of these methods is specifically useful in generating insights in highly unstructured or undeveloped areas, such as human resources planning?
- the Delphi technique
 - scatter plots
 - management forecasts
 - nominal group technique

ANS: A PTS: 1 DIF: Moderate REF: 58
OBJ: 02-3 TOP: Conceptual

49. What statement presents a defining characteristic of the nominal group technique?
- It represents real situations in abstract form.
 - It uses the experiences of managers and supervisors to make projections and judgments.
 - It brings participants together for a discussion session led by a moderator.
 - It involves repeated surveys and summaries until the experts' opinions agree on a judgment.

ANS: C PTS: 1 DIF: Moderate REF: 58
OBJ: 02-3 TOP: Definitional

50. Tools that usually include employee age, present performance rating, and potential promotability status can help to identify internal candidates for promotion. Which of the following types of forecasting tools are these?
- organizational charts
 - Markov analysis
 - replacement charts
 - skills inventories

ANS: C PTS: 1 DIF: Easy REF: 59
OBJ: 02-3 TOP: Definitional

51. An HR goal is to identify internal candidates who may be ready for promotion or transfer. Which of these forecasting tools will the HR department probably use first?

- a. organizational charts
- b. skill inventories
- c. replacement charts
- d. Markov analysis

ANS: B PTS: 1 DIF: Moderate REF: 59
OBJ: 02-3 TOP: Definitional

52. Which method to source employees clearly demonstrates the employee movement that can be achieved within an organization?
- a. replacement charts
 - b. Markov analysis
 - c. skills inventories
 - d. organizational charts

ANS: D PTS: 1 DIF: Moderate REF: 59
OBJ: 02-3 TOP: Conceptual

53. One method of sourcing internal candidates uses statistical analysis. Needs are predicted based on probabilities determined by the movement pattern through various jobs. Which of these terms applies to this method?
- a. Markov analysis
 - b. trend analysis
 - c. organizational charts
 - d. skills inventories

ANS: A PTS: 1 DIF: Easy REF: 59
OBJ: 02-3 TOP: Definitional

54. Which of the following makes a false statement about the use of Markov analysis?
- a. It is insensitive to multiple moves in a time period.
 - b. It does not consider underlying causes or changes.
 - c. It requires a large sample size.
 - d. It is usually used for executive positions.

ANS: D PTS: 1 DIF: Moderate REF: 59
OBJ: 02-3 TOP: Conceptual

55. How do HR departments use government estimates of labour force populations and industry trends?
- a. to predict terminations, retirements, and deaths of employees
 - b. to forecast the external supply of human resources
 - c. to implement a human resources information system (HRIS)
 - d. to estimate the internal supply of labour

ANS: B PTS: 1 DIF: Easy REF: 58
OBJ: 02-3 TOP: Conceptual

56. Which of the following influences the internal supply of human resources?
- a. government regulations and pressures
 - b. training and development programs
 - c. changing workforce composition and patterns
 - d. actions of competing employers

ANS: B PTS: 1 DIF: Easy REF: 61
OBJ: 02-3 TOP: Conceptual

57. There is a “human capital crisis” in the federal government. Beyond the need for HR planning, what does this situation illustrate?
- the fact that replacement of employees is more difficult as they age
 - the need for succession planning and the development of replacement charts
 - the fact that most of the federal government’s older workers are unskilled in the new technologies needed to be efficient and effective in the modern world
 - the mistake of hiring a large number of baby boomers in the 1970s

ANS: B PTS: 1 DIF: Moderate REF: 61
OBJ: 02-3 TOP: Application

58. As an assistant HR manager for a large law firm, Alicia is estimating the outflows from the law firm’s current ranks of paralegals. Which of the following factors does Alicia NOT need to include?
- pregnancies
 - retirements
 - promotions
 - deaths

ANS: A PTS: 1 DIF: Easy REF: 62| Figure 2-13
OBJ: 02-3 TOP: Application

59. Several organizational characteristics can promote retention. Which of the following does NOT drive retention?
- characteristics of the employer
 - job design and work
 - mergers and acquisitions
 - employee relationships

ANS: C PTS: 1 DIF: Easy REF: 63| Figure 2-14
OBJ: 02-4 TOP: Definitional

60. In an organizational context, which of the following terms refers to a pattern of shared values and beliefs from which members obtain meaning and determine rules for behaviour?
- culture
 - ethics
 - commitment
 - environment

ANS: A PTS: 1 DIF: Easy REF: 63
OBJ: 02-4 TOP: Definitional

61. According to the textbook, the “100 Best Companies to Work For” have somewhat different cultures and values, yet one factor is consistent among them. What is it?
- work/life balancing programs
 - commitment to treating their employees well
 - work that allows employees to meet self-actualization needs
 - high compensation and benefits

ANS: B PTS: 1 DIF: Moderate REF: 63
OBJ: 02-4 TOP: Conceptual

62. As director of HR of a medium-sized information technology consulting firm, you are most concerned about one kind of turnover because it will have a significant impact on retention of remaining staff. The turnover of which group of employees most concerns you?
- middle management employees

- b. employees who are popular with many co-workers
- c. high-calibre, top performers
- d. low-performing, but highly motivated employees

ANS: C PTS: 1 DIF: Moderate REF: 64
OBJ: 02-4 TOP: Application

63. Which of the following have organizations found to be the cause of high employee turnover rates in the first few months of employment?
- a. uncompetitive pay scales
 - b. lack of recognition for performance
 - c. inadequate selection screening
 - d. work and family conflicts

ANS: C PTS: 1 DIF: Moderate REF: 64
OBJ: 02-4 TOP: Conceptual

64. Which of the following statements presents a misconception about employee workloads?
- a. Almost half of employees feel they are overworked.
 - b. The average worker works slightly more than 40 hours a week at his/her main job.
 - c. Technology has eased the burden of work for Canadian employees.
 - d. Overworked employees are more likely to look for another job.

ANS: C PTS: 1 DIF: Moderate REF: 65
OBJ: 02-4 TOP: Conceptual

65. The executive committee of the firm is concerned with the high rate of turnover among their most promising young new hires. They ask you, as the new director of HR, to suggest how to retain these individuals. Which of these responses would you suggest as the most appropriate to this retention problem?
- a. employee recognition programs
 - b. a formal mentoring program
 - c. immediate promotions
 - d. hiring bonuses

ANS: B PTS: 1 DIF: Moderate REF: 65-66
OBJ: 02-4 TOP: Application

66. What role, if any, can orientation practices play in retention?
- a. Well done orientation can increase employee retention by as much as 25 percent.
 - b. Orientation can affect retention, but only if new employees are assigned to mentors upon entry to the organization.
 - c. "Realistic" orientation encourages newly hired employees to quit immediately when they perceive that the organization is a poor fit for them.
 - d. Orientation practices have little effect on retention of employees.

ANS: A PTS: 1 DIF: Moderate REF: 65-66
OBJ: 02-4 TOP: Conceptual

67. Competitive pay is consistent with individuals' perceptions of their capabilities, experience, and performance. Which of the following is also characteristic of competitive pay?
- a. It is within 15 percent of the market rate.
 - b. It is within 10 percent of the market rate.
 - c. It is at the exact market average.
 - d. It is within 20 percent of the market rate.

ANS: B PTS: 1 DIF: Moderate REF: 66
OBJ: 02-4 TOP: Definitional

68. Which statement about employee satisfaction best exemplifies what generally holds true?
- Employees are satisfied with both the amount of their pay and the processes used to determine their pay.
 - Employees are more satisfied with the processes used to determine their pay than the amount of their pay.
 - Employees are more satisfied with the amount of their pay than the processes used to determine their pay.
 - Employees are not satisfied with either the amount of their pay or the processes used to determine their pay.

ANS: C PTS: 1 DIF: Moderate REF: 67
OBJ: 02-4 TOP: Conceptual

69. Which of these possible forms of reward is an example of intangible recognition?
- “employee of the month”
 - a gift voucher
 - feedback from managers
 - perfect attendance award

ANS: C PTS: 1 DIF: Moderate REF: 67
OBJ: 02-4 TOP: Definitional

70. Which of the following is NOT viewed as a reward issue affecting employee retention?
- signing bonuses
 - performance differentiation
 - recognition
 - competitive benefits

ANS: A PTS: 1 DIF: Moderate REF: 67
OBJ: 02-4 TOP: Conceptual

71. Given the increasing demographic diversity of Canadian workplaces, which of these is most important to aiding retention?
- the proper balance of tangible and intangible rewards
 - competitive pay
 - supervisory/management support
 - non-discriminatory treatment of all employees

ANS: D PTS: 1 DIF: Easy REF: 67
OBJ: 02-4 TOP: Conceptual

72. Which recognized trend has resulted from the pro-active management of diversity issues?
- a reduction in the number of white males being considered for promotion
 - an increased number of minority applicants
 - greater retention of individuals of all backgrounds
 - an increase in employment equity complaints

ANS: C PTS: 1 DIF: Easy REF: 67-68
OBJ: 02-4 TOP: Conceptual

73. Which of the following statements shares an accurate observation about recognition?
- There is no such thing as “negative recognition.”

- b. Any recognition is a positive tool for retention.
- c. Forms of recognition such as “employee of the month” are tangible rewards.
- d. Recognition programs are useful when the company cannot provide competitive pay.

ANS: C PTS: 1 DIF: Challenging REF: 67
OBJ: 02-4 TOP: Conceptual

74. As vice president of HR, you suspect that retention may be a problem in your organization. Which of the following would you take as a first step in a retention management program?
- a. Evaluate compensation and benefits.
 - b. Evaluate the orientation and training programs.
 - c. Improve employee relations between management and line personnel.
 - d. Measure absenteeism and turnover.

ANS: D PTS: 1 DIF: Easy REF: 68| Figure 2-15
OBJ: 02-4 TOP: Application

75. Why do employers use attitude surveys?
- a. to assess employees’ feelings and beliefs about their jobs and the organization
 - b. to provide input to supervisor evaluations
 - c. to assure employees that management is genuinely interested in their needs
 - d. to identify jobs that can be eliminated or automated

ANS: A PTS: 1 DIF: Easy REF: 68-69
OBJ: 02-4 TOP: Conceptual

76. Which of the following survey types measures the degree to which workers identify with, are motivated by, and are willing to give extra effort for their employer?
- a. attitude surveys
 - b. motivational surveys
 - c. engagement surveys
 - d. loyalty surveys

ANS: C PTS: 1 DIF: Easy REF: 69
OBJ: 02-4 TOP: Definitional

77. Which of the following is the most important workplace issue affecting employee engagement in Canada?
- a. competitive pay and benefits
 - b. job security
 - c. opportunity for personal growth and development
 - d. supervisory/management support

ANS: C PTS: 1 DIF: Moderate REF: 68-69
OBJ: 02-4 TOP: Conceptual

78. Which is most characteristic of surveys that can measure attitudes accurately?
- a. They are internally developed.
 - b. They are custom-designed for the organization.
 - c. They are valid and reliable.
 - d. They are lengthy and detailed.

ANS: C PTS: 1 DIF: Easy REF: 69
OBJ: 02-4 TOP: Conceptual

79. Management asks employees to respond candidly to an attitude survey. Which is the most significant expectation that the survey will build up?
- that action will be taken on the concerns identified
 - that the HR department will become more professional
 - that an organizational restructuring may be undertaken
 - that their responses will be kept confidential

ANS: A PTS: 1 DIF: Moderate REF: 68
OBJ: 02-4 TOP: Conceptual

80. Individuals who are leaving the organization may be asked to identify reasons during an interview. What is this interview called?
- an employment interview
 - an appraisal interview
 - an exit interview
 - a retention interview

ANS: C PTS: 1 DIF: Easy REF: 69
OBJ: 02-4 TOP: Definitional

81. Which is the most accurate way for HR managers to view absenteeism and turnover?
- as typical processes within any organization
 - as symptoms of problems
 - as a function of the characteristics of the modern workforce
 - as causes of problems

ANS: B PTS: 1 DIF: Easy REF: 69
OBJ: 02-4 TOP: Conceptual

82. Which of the following statements about exit interviews is a misconception?
- HR specialists are usually better at gaining useful information than supervisors.
 - It is often more useful to contact departing employees a month or so after departure when they may be more willing to provide information.
 - A major reason employees commonly give for leaving their jobs is an offer for more pay elsewhere.
 - Departing employees are eager to use the occasion to voice their “gripes.”

ANS: D PTS: 1 DIF: Moderate REF: 69
OBJ: 02-4 TOP: Conceptual

83. Which of these options represents the ideal circumstances for implementing interventions to improve retention?
- Simultaneously implement across the organization.
 - Pilot-test before implementing in the entire organization.
 - Initially implement in the departments with the worst retention problems.
 - Implement in the departments least likely to have negative consequences.

ANS: B PTS: 1 DIF: Moderate REF: 69-70
OBJ: 02-4 TOP: Conceptual

84. According to provincial and territorial employment standards acts, as well as the Canada Labour Code, which of these requirements must employers fulfill?
- to provide job training for laid-off workers
 - to give a specified notification period to full-time employees, but not to part-time and seasonal workers

- c. to give sufficient notice before implementing a layoff or facility closing that affects more than 50 people
- d. to find laid-off workers new positions within the company

ANS: C PTS: 1 DIF: Easy REF: 71
OBJ: 02-5 TOP: Definitional

85. Sometimes individuals who quit, die, or retire are not replaced. Which approach to dealing with a human resources surplus is this?
- a. attrition
 - b. a buyout
 - c. a hiring freeze
 - d. downsizing

ANS: A PTS: 1 DIF: Easy REF: 71-72
OBJ: 02-5 TOP: Definitional

86. Backroads Merchandise, a manufacturer of outdoors and sports products, is facing a pronounced downturn in business due to lower priced goods from foreign competitors. Top management believes that this problem will be permanent or long-term, and it has decided to reduce the number of employees. The CEO has conferred with the director of HR to learn which method of reducing the workforce both the employees leaving and the employees remaining behind will receive better. The CEO also wishes to minimize the cost of the reduction process. Which of these methods has the director of HR probably suggested?
- a. voluntary separations with severance
 - b. early retirement buyouts
 - c. attrition and a hiring freeze
 - d. layoffs

ANS: C PTS: 1 DIF: Moderate REF: 72-73
OBJ: 02-5 TOP: Application

87. In which of the following are employees put on unpaid leaves of absence from which they may be called back if business improves?
- a. layoffs
 - b. attrition
 - c. buyouts
 - d. terminations for cause

ANS: A PTS: 1 DIF: Easy REF: 72
OBJ: 02-5 TOP: Definitional

88. A volunteer separation program is subject to both up-front costs and another drawback. Which statement best captures the second key drawback?
- a. Some people who take advantage of the program are employees the company would like to retain.
 - b. The method is viewed as less “humane” than layoffs with severance pay.
 - c. A significant loss of morale by “survivors” affects turnover and productivity.
 - d. The enhancement of the paternalistic culture of the organization leads employees to feel a sense of entitlement.

ANS: A PTS: 1 DIF: Moderate REF: 72
OBJ: 02-5 TOP: Application

89. When employees are unhappy with their severance pay, they have the option of suing their employers. Which of the following factors will the courts NOT take into account when determining the severance amount?
- the precedent from similar situations in the past
 - the employee's performance record
 - the employee's length of service
 - the way the employee was treated during his/her tenure

ANS: B PTS: 1 DIF: Moderate REF: 73

OBJ: 02-5 TOP: Conceptual

90. Employees who have been involuntarily removed from the organization because of performance problems or elimination of jobs are eligible for certain services. What are these services for former employees called?
- career repositioning
 - outplacement
 - severance
 - transition support

ANS: B PTS: 1 DIF: Easy REF: 73

OBJ: 02-5 TOP: Definitional

91. Henry is an internal auditor for Mountain Home Mills. A credible rumour is circulating that Mountain Home is about to be acquired by its main competitor, Prairie Foods. Mountain Home and Prairie Foods make almost identical products, and their headquarters will be combined at the Prairie Foods' Calgary location. Which of these possible decisions would Henry be wise to make?
- He should update his résumé and become more familiar with the job market for internal auditors.
 - He should ask for a promotion to senior internal auditor.
 - He should buy a new home, as the acquisition will improve pay rates for employees.
 - He should continue with life as normal because mergers and acquisitions are a common occurrence in the Canadian economy.

ANS: A PTS: 1 DIF: Moderate REF: 73

OBJ: 02-5 TOP: Application

92. Which of the following is NOT a recommendation for making downsizing more effective?
- Involve key managers.
 - Offer outplacement assistance.
 - Provide a comprehensive communication plan.
 - Allow "survivors" to become psychologically toughened.

ANS: D PTS: 1 DIF: Moderate REF: 74| Figure 2-16

OBJ: 02-5 TOP: Conceptual

93. Mergers and acquisitions involve meshing decision-making styles, levels of teamwork, information sharing philosophies, and the formality of the two organizations. What have failures to mesh revealed to be critically important?
- normative consonance
 - cultural compatibility
 - philosophical concordance
 - corporate persona

ANS: B PTS: 1 DIF: Easy REF: 74

OBJ: 02-5 TOP: Definitional

94. Paula is the vice president of HR for Prairie Foods, which has just acquired Mountain Mills. Paula will oversee many layoffs as the company lays off redundant employees. Which of the following trends will Paula know to prepare for when she considers HR planning for the next year?
- an increase in morale of remaining employees
 - heightened productivity by survivors
 - an increase in resignations
 - an upsurge in applications for jobs from external candidates

ANS: C PTS: 1 DIF: Moderate REF: 74
OBJ: 02-5 TOP: Application

95. Which of the following is NOT a strategy that can be used to deal with labour shortages?
- overtime
 - external recruitment
 - attrition
 - subcontracting work

ANS: C PTS: 1 DIF: Easy REF: 76
OBJ: 02-6 TOP: Conceptual

96. Which of the following groups are NOT among the main customers for HR services?
- managers
 - organizational clients
 - employees
 - other departments

ANS: B PTS: 1 DIF: Easy REF: 76-77
OBJ: 02-6 TOP: Conceptual

97. Which of the following is an example of HR metrics?
- number of new clients secured by the sales agent
 - retention rate of legal secretaries
 - average time to fill out furniture requisition forms
 - unemployment levels in the metropolitan area

ANS: B PTS: 1 DIF: Challenging REF: 78| Figure 2-17
OBJ: 02-6 TOP: Conceptual

98. Which of these apparent characteristics of useful HR metrics does NOT belong?
- Measures provide subjective data.
 - Measures are linked to strategic and operational objectives.
 - Results can be compared both internally and externally.
 - Calculations can be clearly understood.

ANS: A PTS: 1 DIF: Easy REF: 78
OBJ: 02-6 TOP: Conceptual

99. There are eight employees in the accounts receivable department. Four work 40 hours a week, and four work 20 hours a week. How many FTEs are in this department?
- 4
 - 6
 - 8
 - 10

ANS: B PTS: 1 DIF: Moderate REF: 78

OBJ: 02-6 TOP: Application

100. One thing that the return on investment calculation shows is the value of expenditures for HR activities. What else does it show?
- what the value added per each HR staff member is
 - whether the HR department is effective in meeting organizational goals
 - what the economic cost of HR to the firm is
 - how long it will take the HR activities to pay for themselves

ANS: D PTS: 1 DIF: Challenging REF: 78
OBJ: 02-6 TOP: Definitional

101. As director of HR for a large regional car dealership with 10 locations, Ed must calculate the potential return on investment (ROI) of implementing a new training program to improve car salespeople's effectiveness in convincing new car buyers to finance their cars through the dealership. Which of the following data does Ed NOT need to collect in order to make his calculation?
- the costs of running update seminars on the new methods for salespeople for one year after the initial training
 - the cost of alternative productivity enhancing training programs for car salespeople
 - the cost of developing and implementing the new training program
 - the dollar value of potential additional new car financing through the dealership in the year after the training program

ANS: B PTS: 1 DIF: Challenging REF: 78-79
OBJ: 02-6 TOP: Application

102. The new CEO of the firm has told the vice president of HR that all HR activities must use the cost of capital as the benchmark against which the returns from their activities are measured. Which measure of effectiveness is the new CEO implementing?
- the balanced scorecard
 - subjective HR metrics
 - return on assets (ROA)
 - economic value added (EVA)

ANS: D PTS: 1 DIF: Challenging REF: 79
OBJ: 02-6 TOP: Application

103. Which of the following perspectives is NOT used when measuring an organization's strategic performance under the balanced scorecard approach?
- competitive
 - financial
 - internal business processes
 - learning and growth

ANS: A PTS: 1 DIF: Challenging REF: 79
OBJ: 02-6 TOP: Definitional

104. The goal is to calculate the cost of absenteeism. Which of the following is NOT part of the calculation?
- overstaffing needed to cover absences
 - overtime for replacements
 - cost of recruiting new employees
 - supervisor's time

ANS: C PTS: 1 DIF: Moderate REF: 80

OBJ: 02-6 TOP: Conceptual

105. Which of the following is synonymous with the term “separation”?
- voluntary quitting
 - leaving the organization
 - dysfunctional turnover
 - termination

ANS: B PTS: 1 DIF: Easy REF: 81
OBJ: 02-6 TOP: Definitional

106. Five employees quit Acme Homes during August. If on August 15 there are 30 employees, which of the following is Acme’s turnover rate?
- .167 percent
 - 16.7 percent
 - .6 percent
 - 6 percent

ANS: B PTS: 1 DIF: Challenging REF: 80-81
OBJ: 02-6 TOP: Application

107. Tina, the director of HR, is disturbed at the high level of turnover at her company. From exit interviews, she suspects that certain supervisors may have higher turnover than others may. How should Tina analyze turnover in order to verify this hunch?
- by employee performance rating
 - by department
 - by job title
 - by employee race and gender

ANS: B PTS: 1 DIF: Moderate REF: 80
OBJ: 02-6 TOP: Application

108. Three components of the *simplified* turnover costing model are typical annual pay for the job, percentage of pay for benefits, and the number of voluntary quits. Which of the following represents the fourth component?
- the number of months it takes an employee to become fully productive
 - loss of organizational memory
 - changes in unemployment taxes
 - pre-employment medical and drug tests

ANS: A PTS: 1 DIF: Challenging REF: 81| Figure 2-18
OBJ: 02-6 TOP: Definitional

109. Carlos, the director of HR for a large paper manufacturing company, is studying the financial costs of turnover of plant personnel at all levels. The calculable costs are sobering, but Carlos is also concerned about the hidden costs of turnover. Which of the following is included in the hidden costs?
- the overtime for employees covering the separated employees’ jobs
 - the turnover of other employees
 - the pre-employment medical tests
 - the lower initial productivity of new hires

ANS: B PTS: 1 DIF: Challenging REF: 81-82
OBJ: 02-6 TOP: Application

110. In one approach to assessing how effective HR is, specific measures of performance are compared against data on those measures in other organizations. Which of the following is the name of that approach?
- ROI
 - EVA
 - the balanced scorecard
 - benchmarking

ANS: D PTS: 1 DIF: Moderate REF: 82
OBJ: 02-6 TOP: Definitional

111. Which of the following terms refers to a formal means to assess the current state of a firm's HR management through research?
- EVA assessment
 - ROI calculation
 - utility analysis
 - HR audit

ANS: D PTS: 1 DIF: Moderate REF: 83
OBJ: 02-6 TOP: Definitional

TRUE/FALSE

1. It is critical that HR executives be included immediately after top management has made strategic decisions.

ANS: F PTS: 1 DIF: Challenging REF: 43
OBJ: 02-1 TOP: Conceptual

2. The differentiation strategy requires an organization to "build" its own employees to fit its specialized needs.

ANS: F PTS: 1 DIF: Moderate REF: 46
OBJ: 02-1 TOP: Conceptual

3. A firm following a cost-leadership strategy may employ a high number of contract and part-time workers, offer little-to-no training, and pay below market rates.

ANS: T PTS: 1 DIF: Moderate REF: 46
OBJ: 02-1 TOP: Conceptual

4. A differentiation strategy is more appropriate in a stable environment than in an environment of change.

ANS: F PTS: 1 DIF: Moderate REF: 46
OBJ: 02-1 TOP: Conceptual

5. Firms using a focused strategy attempt to achieve either a cost advantage or differentiation in a defined market segment.

ANS: T PTS: 1 DIF: Moderate REF: 46
OBJ: 02-1 TOP: Conceptual

6. Companies categorized as defenders in their industry lack a consistent strategy, structure, or culture relationship.

ANS: T PTS: 1 DIF: Moderate REF: 46
OBJ: 02-1 TOP: Definitional

7. Prospectors have broad lines that focus on product innovation and search for new market opportunities.

ANS: T PTS: 1 DIF: Easy REF: 40-41
OBJ: 02-1 TOP: Definitional

8. In most organizations that do HR planning, the main responsibility for this planning is given to the top HR executives and subordinate staff specialists.

ANS: T PTS: 1 DIF: Moderate REF: 49
OBJ: 02-2 TOP: Conceptual

9. An advantage of family-owned businesses is that succession planning is unnecessary if the founder has children and/or grandchildren.

ANS: F PTS: 1 DIF: Easy REF: 49-50
OBJ: 02-2 TOP: Conceptual

10. The strongest evidence of successful HR planning in an organization is if the human resources have been consistently aligned with the needs of the business over a period.

ANS: T PTS: 1 DIF: Easy REF: 49-50
OBJ: 02-2 TOP: Conceptual

11. One measure of organizational effectiveness is the ability to compete for a sufficient supply of workers who have appropriate capabilities.

ANS: T PTS: 1 DIF: Moderate REF: 50-51
OBJ: 02-2 TOP: Conceptual

12. The starting point for evaluating internal strengths and weaknesses is an audit of the jobs currently being done in the organization.

ANS: T PTS: 1 DIF: Moderate REF: 53
OBJ: 02-2 TOP: Conceptual

13. KSAs are employees' knowledge, skills, and attitudes.

ANS: F PTS: 1 DIF: Challenging REF: 53-54
OBJ: 02-2 TOP: Definitional

14. Because of the high degree of uncertainty in the environment, it is virtually impossible to forecast with enough accuracy to benefit an organization's long-range plans.

ANS: F PTS: 1 DIF: Moderate REF: 54
OBJ: 02-3 TOP: Conceptual

15. The main problem with the use of trend analysis to forecast employee demand is that it ignores other factors such as the economy.
- ANS: T PTS: 1 DIF: Easy REF: 56
OBJ: 02-3 TOP: Conceptual
16. A statistical relationship between gross sales and the number of salespeople in sales regions can be found using a scatter plot.
- ANS: F PTS: 1 DIF: Moderate REF: 57
OBJ: 02-3 TOP: Conceptual
17. Difficulties can arise in integrating experts' opinions in the nominal group technique.
- ANS: F PTS: 1 DIF: Moderate REF: 58
OBJ: 02-3 TOP: Conceptual
18. Replacement charts show the number of people who remain at their jobs from one year to the next and the proportion who earned promotions, remained in their positions, or left.
- ANS: F PTS: 1 DIF: Moderate REF: 59
OBJ: 02-3 TOP: Definitional
19. Retention is a major issue for firms because even though many people are looking for jobs, there is a high demand for productive and qualified workers.
- ANS: T PTS: 1 DIF: Easy REF: 61
OBJ: 02-4 TOP: Conceptual
20. Factors influencing an employee's "stay or go" decision are entirely within the control of the employer.
- ANS: F PTS: 1 DIF: Challenging REF: 62
OBJ: 02-4 TOP: Conceptual
21. When all is said and done, money is the key to retaining good employees.
- ANS: F PTS: 1 DIF: Easy REF: 62
OBJ: 02-4 TOP: Conceptual
22. One positive result of corporate downsizing has been the improved level of employee loyalty and retention of the remaining employees who survived the layoffs.
- ANS: F PTS: 1 DIF: Easy REF: 64
OBJ: 02-4 TOP: Conceptual
23. Research has shown that, in most cases, an employee's decision to quit an organization undergoing a merger or acquisition tends to be made quickly and in response to a "shock," such as a bad performance appraisal.
- ANS: F PTS: 1 DIF: Challenging REF: 62|64
OBJ: 02-4 TOP: Conceptual
24. Most people define a "good job" in the same way.

ANS: F PTS: 1 DIF: Easy REF: 64
OBJ: 02-4 TOP: Conceptual

25. As the recruiter for a major interprovincial trucking line, you realize that a safe work environment is not a key factor in retention of truck drivers because the type of person attracted to truck driving is macho and risk-taking.

ANS: F PTS: 1 DIF: Moderate REF: 64
OBJ: 02-4 TOP: Application

26. If a valuable employee seems to be thinking about quitting the organization, a useful tool for preventing this turnover is to promote the individual.

ANS: T PTS: 1 DIF: Moderate REF: 66-67
OBJ: 02-4 TOP: Conceptual

27. Career opportunities and competitive compensation are the two most important determinants of retention.

ANS: T PTS: 1 DIF: Easy REF: 66
OBJ: 02-4 TOP: Conceptual

28. Promoting from within the organization (internal recruiting) has a positive impact on retention.

ANS: T PTS: 1 DIF: Easy REF: 66
OBJ: 02-4 TOP: Conceptual

29. Competitive pay is more of an issue for highly paid individuals than with employees in the lower wage brackets.

ANS: F PTS: 1 DIF: Easy REF: 66
OBJ: 02-4 TOP: Conceptual

30. Special benefits, such as dry-cleaning services, ATM machines, and coffee kiosks, have proven to be highly effective retention tools for hourly employees.

ANS: F PTS: 1 DIF: Easy REF: 67
OBJ: 02-4 TOP: Conceptual

31. Co-worker friendships can be one of the most important signs of a positive workplace.

ANS: T PTS: 1 DIF: Easy REF: 67
OBJ: 02-4 TOP: Conceptual

32. Attitude surveys allow employees to air their views about their jobs, supervisors, and co-workers, as well as about organizational policies and practices.

ANS: T PTS: 1 DIF: Easy REF: 68
OBJ: 02-4 TOP: Conceptual

33. Former employees are likely to be more reluctant to divulge sensitive information regarding their departure from the organization if they are contacted at home than during the exit interview on the organization's premises.

ANS: F PTS: 1 DIF: Moderate REF: 70
OBJ: 02-4 TOP: Conceptual

34. Research has concluded that those who are still around after downsizing are so glad to have jobs that they pose no problems to the organization.

ANS: F PTS: 1 DIF: Easy REF: 71
OBJ: 02-5 TOP: Conceptual

35. Canada does not require that part-time workers and seasonal employees be given the same layoff notification period as full-time employees.

ANS: F PTS: 1 DIF: Easy REF: 71
OBJ: 02-5 TOP: Conceptual

36. One reason that mergers and acquisitions are so widespread is the high level of success for the acquired/merged firms in reaching their financial and strategic objectives.

ANS: F PTS: 1 DIF: Moderate REF: 73
OBJ: 02-5 TOP: Conceptual

37. When two companies merge, layoffs in the HR department often result.

ANS: T PTS: 1 DIF: Easy REF: 75
OBJ: 02-5 TOP: Conceptual

38. As a long-term strategy, overtime is the most effective and efficient way to deal with labour shortages.

ANS: F PTS: 1 DIF: Moderate REF: 75-76
OBJ: 02-5 TOP: Conceptual

39. Despite all the focus on metrics, one should always remember that the HR function cannot be objectively quantified.

ANS: F PTS: 1 DIF: Moderate REF: 76-77
OBJ: 02-6 TOP: Conceptual

40. Typically, HR metrics have been focused on internal HR expenditures and effectiveness.

ANS: T PTS: 1 DIF: Easy REF: 77-78
OBJ: 02-6 TOP: Conceptual

41. Ideally, ROI should be calculated before a new HR program is implemented, not afterward.

ANS: T PTS: 1 DIF: Moderate REF: 79
OBJ: 02-6 TOP: Conceptual

42. If the threshold ROI used by the company for all company expenditures is 15 percent, and a project proposed by the HR department has an anticipated ROI of 21 percent, the HR project should be approved.

ANS: T PTS: 1 DIF: Moderate REF: 78
OBJ: 02-6 TOP: Conceptual

43. The balanced scorecard is especially attractive as a measure of HR effectiveness because the use of the four perspectives eliminates subjectivity in the process.

ANS: F PTS: 1 DIF: Moderate REF: 79
OBJ: 02-6 TOP: Conceptual

44. High turnover is rarely a competitive liability because organizational culture and practices are swiftly passed on to new hires.

ANS: F PTS: 1 DIF: Moderate REF: 81-82
OBJ: 02-6 TOP: Conceptual

45. The cost per employee of HR staff rises as the size of the organization increases.

ANS: F PTS: 1 DIF: Moderate REF: 82
OBJ: 02-6 TOP: Conceptual

46. Abbeyville Dairy does not have a formal HR professional. The top executives are concerned that they need to identify problems the company may have with legal compliance and recordkeeping. It would be advisable for Abbeyville Dairy to conduct an HR audit.

ANS: T PTS: 1 DIF: Easy REF: 83
OBJ: 02-6 TOP: Conceptual

ESSAY

1. Why is strategic HR management essential for organizational success?

ANS:

Strategic HR management is the use of employees to gain or keep a competitive advantage resulting in greater organizational effectiveness. An organization cannot be successful in the long term without effectively managing all of its resources, including its human resources. The HR strategy must support the organization's competitive strategy. HR strategy will be different, depending on the business strategy pursued by the organization. In addition, HR must support the organization's global strategy.

PTS: 1 DIF: Moderate REF: 43-44 OBJ: 02-1
TOP: Conceptual

2. Discuss the impact of the external environment on HR planning.

ANS:

The external environment affects HR planning because every organization must draw from the same labour market that supplies workers for all other employers. Factors that affect the external supply of labour include governmental influences, economic conditions, geographic and competition issues, and workforce changes. Government influences include rules and regulations, tax laws, and mandatory benefits. In addition, companies operating globally must be aware of the laws of the countries in which they have employees. Economic conditions, such as interest rates, inflation, economic growth, and the level of unemployment, affect labour supply. Geographic and competitive concerns involve the net migration of potential workers in a certain area, the organizations competing for the local labour force, as well as international competition. In addition, dual-career couples are more reluctant to relocate than they were in years past. Finally, changes in the composition of the workforce affect HR planning. These include the aging of the workforce, increasing diversity, the use of contingent workers, and outsourcing.

PTS: 1 DIF: Moderate REF: 50-52 OBJ: 02-2
TOP: Conceptual

3. Describe the five main drivers of employee retention.

ANS:

The first driver is the characteristics of the employer. A positive organizational culture, effective management, and recognizable job security are needed. Second, job design/work affect retention. Employers need a good job/person match, time flexibility, and the ability to balance work and life. Third, employees want career opportunities, such as training and development and career planning or advancement. Fourth, rewards are an important component of retention. Competitive pay and benefits, performance-linked compensation, and recognition are all important to employees. The final driver is based on relationships that employees have in organizations. Employees look for fair, non-discriminatory treatment, support from supervisors and managers, and positive co-worker relations.

PTS: 1 DIF: Moderate REF: 62-67 OBJ: 02-4
TOP: Definitional

4. What strategies are available to an organization with a human resource surplus?

ANS:

When there is a surplus of employees, the number of workers can be reduced in several ways. The least distressing for employees is to use a combination of attrition and a hiring freeze to bring the workforce numbers down. This approach is practical only if there is a relatively small surplus of employees. Another less distressing method of reducing employee numbers is voluntary separation, such as early retirement buyouts. These have an upfront cost, and some employees the company may wish to retain may opt to leave. Outright layoffs are the most distressing to both the employees laid off and to those remaining. Sometimes, it is necessary to terminate employees. The law requires that employees to be terminated must be given a certain amount of notice. Other options for dealing with a surplus of employees are to reduce employees' hours temporarily or to change employees' status to part-time.

PTS: 1 DIF: Moderate REF: 70-73 OBJ: 02-3
TOP: Conceptual

5. What are HR metrics and why are they increasingly important to organizations?

ANS:

HR metrics are specific measures tied to HR performance indicators. A metric can be based on costs, quantity, quality, timeliness, and so forth. The focus on metrics forces HR to provide valuable services for the organization that are cost effective and of high quality. Adopting this approach improves HR's credibility with senior management as a strategic business contributor. Strategic HR activities can be measured by their return on investment (ROI) or their economic value added (EVA)—these are both financial measures. The balanced scorecard looks at financial measures as well as internal business processes, the customers' perspective, and the employees' learning and growth perspective. HR also needs to determine whether specific policies and procedures are working effectively and efficiently. Measures of operational HR effectiveness include absenteeism and turnover tracking. Another approach to measuring HR effectiveness is the use of benchmarking, which compares specific measures of performance against data on these measures in other organizations. Benchmarking allows HR managers to judge if they are operating within acceptable ranges compared with other organizations.

PTS: 1

DIF: Moderate

REF: 76-82

OBJ: 02-6

TOP: Conceptual