

## Chapter 02: Strategy and Human Resources Planning

1. Strategic planning involves a set of procedures for making decisions about an organization's long-term goals and strategies.

- a. True
- b. False

ANSWER: True

2. Neil is in the process of recruiting and selecting new employees in a way that caters to the welfare of his organization's existing employees. He is working on human resource planning (HRP).

- a. True
- b. False

ANSWER: True

3. Strategic human resources management (SHRM) is a combination of strategic planning and HR planning.

- a. True
- b. False

ANSWER: True

4. The first step in strategic planning of a firm involves establishing a mission, vision, and values for the firm.

- a. True
- b. False

ANSWER: True

5. When developing a statement that provides a perspective on where her company is headed and what the organization can become in the future, Elana is working on the organization's mission.

- a. True
- b. False

ANSWER: False

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

- a. True
- b. False

ANSWER: True

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

- a. True
- b. False

ANSWER: True

8. An internal analysis enables strategic decision makers to assess an organization's workforce—its skills, cultural beliefs, and values.

- a. True
- b. False

ANSWER: True

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

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- a. True
- b. False

ANSWER: False

10. Susie has been tasked with examining attitudes and expectations of employees. She can accomplish this by conducting a cultural audit.

- a. True
- b. False

ANSWER: True

11. An HR manager will use strategic planning to anticipate and provide for the movement of people into, within, and out of an organization.

- a. True
- b. False

ANSWER: False

12. A manager who relies on a single factor to predict employment needs is likely using a trend analysis.

- a. True
- b. False

ANSWER: True

13. An organization's core values are the strong, enduring beliefs and principles that serve as a foundation for its corporate culture.

- a. True
- b. False

ANSWER: True

14. Stacy's company has made a long-term commitment to her, investing in her continuous training and development, and even giving her an equity stake in the organization. Stacy is most likely a strategic knowledge employee.

- a. True
- b. False

ANSWER: True

15. Forecasting is frequently more of an art than a science, providing inexact approximations rather than absolute results.

- a. True
- b. False

ANSWER: True

16. Qualitative HR forecasting techniques generally employ sophisticated analytical models.

- a. True
- b. False

ANSWER: False

17. Trend analysis is a qualitative approach to labor demand forecasting.

- a. True

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b. False

ANSWER: False

18. In order to be prepared to quickly fill potential job openings with internal candidates, Mary should use skill and management inventories to create an employee replacement chart.

a. True

b. False

ANSWER: True

19. A vision statement clarifies the long-term direction of a company and its strategic intent.

a. True

b. False

ANSWER: True

20. Brad needs data on external labor supply sources. The best tool for him to use for this would be a staffing table.

a. True

b. False

ANSWER: False

21. A manager can use a Markov analysis to track the pattern of employee movements through various jobs within the firm.

a. True

b. False

ANSWER: True

22. Core values are the essence of corporate cultures and an expression of their personality.

a. True

b. False

ANSWER: True

23. Among Paula's responsibilities are identifying, developing, and tracking talented individuals so that they may eventually assume top-level positions within the firm. Paula is responsible for succession planning.

a. True

b. False

ANSWER: True

24. A SWOT analysis helps executives summarize the major facts and forecasts derived from external and internal analyses.

a. True

b. False

ANSWER: True

25. Corporate strategy focuses on domain selection.

a. True

b. False

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ANSWER: True

26. In international joint ventures, the issue of culture is one of the top concerns.

- a. True
- b. False

ANSWER: True

27. One reason that large companies are able to succeed when competing based on a low-cost strategy is that they are able to take advantage of economies of scale.

- a. True
- b. False

ANSWER: True

28. A company that utilizes a differentiation strategy is competing on the basis of providing something unique to its customers.

- a. True
- b. False

ANSWER: True

29. In the long run, firms must approach outsourcing decisions based on cost alone to strengthen their core capabilities.

- a. True
- b. False

ANSWER: False

30. Critical success factors for a low-cost strategy include efficiency, productivity, and minimizing waste.

- a. True
- b. False

ANSWER: True

31. While unemployment rates vary by sector, the lack of talent in low-skill jobs continues to create a real challenge for firms.

- a. True
- b. False

ANSWER: False

32. Reva needs to get a better idea of all the jobs in the organization along with the numbers of employees currently occupying those jobs and future employment requirements. Her best option would be to create a graphical representation such as a skills inventory.

- a. True
- b. False

ANSWER: False

33. Managers might hold a meeting, or several meetings, called talent reviews to ascertain whether or not the company has the human resources that it needs to be competitive going forward.

- a. True

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b. False

ANSWER: True

34. In unionized firms, layoffs are only based on performance.

a. True

b. False

ANSWER: False

35. If a firm gives as much or more weight to seniority as to ability and productivity when considering layoffs, it is likely that the organization is unionized.

a. True

b. False

ANSWER: True

36. A disadvantage of overemphasizing seniority is that less competent employees receive the same rewards and security as more competent employees.

a. True

b. False

ANSWER: True

37. A Markov analysis can show the percentage of employees who remain in each of a firm's jobs from one year to the next.

a. True

b. False

ANSWER: True

38. Sally is looking at her company's practices and performance in a specific area and comparing them with other companies. Sally is engaged in the process of benchmarking.

a. True

b. False

ANSWER: True

39. The target company for benchmarking does not need to be a competitor.

a. True

b. False

ANSWER: True

40. Tim needs to map his firm's strategy in order to ensure strategic alignment. One tool that he could use for this task is a balanced scorecard.

a. True

b. False

ANSWER: True

41. Renee needs to measure how well the new hires in her organization are performing so that the organization will have enough top performers to propel it towards its strategic objectives. She can use a quality-of-fill metric to accomplish this task.

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- a. True
- b. False

ANSWER: True

42. The process of setting procedures for making decisions about an organization's long-term goals is called
- a. strategic planning.
  - b. HR planning.
  - c. job analysis.
  - d. environmental scanning.

ANSWER: a

43. Human resource planning is
- a. the technique that identifies the critical aspects of a job.
  - b. the process of anticipating and providing for the 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 a firm.

ANSWER: b

44. Customers, suppliers, and substitutes are part of a \_\_\_\_\_ environment.
- a. political
  - b. technological
  - c. demographic
  - d. competitive

ANSWER: d

45. Bobbie has skills that are quite valuable to her company, but her skills are not particularly unique, and she would not be difficult to replace. Bobbie would be considered a
- a. core employee.
  - b. strategic knowledge worker.
  - c. supporting worker.
  - d. partner.

ANSWER: a

46. The mission of a company
- a. is used for the systematic monitoring of its external opportunities.
  - b. is the basic purpose of the company.
  - c. is the strong enduring belief used by the company to make decisions.
  - d. provides a perspective on where the company is headed.

ANSWER: b

47. The strategic vision of a company
- a. is used for the systematic monitoring of its external opportunities.
  - b. is the basic purpose of the company.

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- c. is the strong enduring belief used by the company to make decisions.
- d. provides a perspective on where the company is headed.

ANSWER: d

48. The core values of a company
- a. involve the systematic monitoring of its external opportunities.
  - b. make up the basic purpose of the company.
  - c. are the strong enduring beliefs used by the company to make decisions.
  - d. are determined by conducting a trend analysis on its employees.

ANSWER: c

49. Part of Eric's job is \_\_\_\_\_, which requires him to perform systematic, regular monitoring of major external forces that influence the organization.
- a. demand forecasting
  - b. environmental scanning
  - c. exception reporting
  - d. influence analysis

ANSWER: b

50. A competitive environment includes all the following EXCEPT
- a. new entrants.
  - b. suppliers.
  - c. rivals.
  - d. subordinates.

ANSWER: d

51. At the fundamental level, a firm's strategy should focus on creating value for
- a. resellers.
  - b. suppliers.
  - c. customers.
  - d. subordinates.

ANSWER: c

52. Because Kara realizes that the firm's employees are critical to its success, she wants to examine their values, attitudes, beliefs, and expectations. She can do this by conducting a(n)
- a. environmental scan.
  - b. trend analysis.
  - c. cultural audit.
  - d. behavioral forecast.

ANSWER: c

53. Integrated knowledge sets within an organization that distinguish it from its competitors and deliver value to customers are known as
- a. individual competencies.

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- b. core capabilities.
- c. human capital.
- d. organizational competencies.

ANSWER: b

54. When a firm's resources improve the efficiency or effectiveness of the company, the resources are always considered to be

- a. difficult to imitate.
- b. valuable.
- c. organized.
- d. rare.

ANSWER: b

55. When the knowledge, skills, and abilities of a firm's human resources are not equally available to its competitors, these resources are considered to be

- a. impossible to imitate.
- b. devalued.
- c. common.
- d. rare.

ANSWER: d

56. Strategic knowledge workers have

- a. unique skills not directly related to company strategy.
- b. unique skills directly related to company strategy.
- c. skills that are valuable but not unique.
- d. skills that are generally available in the labor market.

ANSWER: b

57. Which of the following is NOT a component of SWOT analysis?

- a. Weakness
- b. Threat
- c. Strategy
- d. Opportunity

ANSWER: c

58. In order to do an effective job at strategic planning, managers do all of the following EXCEPT

- a. make forecasts of labor demand.
- b. neglect supply considerations.
- c. perform supply analyses.
- d. balance supply and demand considerations.

ANSWER: b

59. Which of the following is NOT an element of organizational growth?

- a. Increased employee productivity



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- b. Large number of employees
- c. Employees developing or acquiring new skills
- d. High employee turnover rate

ANSWER: d

60. Abe wants to use a qualitative approach to forecast demand. He should consider any of the following methods EXCEPT

- a. trend analysis.
- b. the Delphi technique.
- c. soliciting expert opinion.
- d. management forecasts.

ANSWER: a

61. Trend analysis includes all of the following steps EXCEPT

- a. selecting a business factor.
- b. soliciting expert opinions.
- c. predicting employment needs.
- d. plotting historical trends.

ANSWER: b

62. Stan is a clerical worker at XLT Corp. with fairly limited and clearly defined duties. His employment relationship with XLT is transaction based. Stan would be considered a

- a. core employee.
- b. strategic knowledge worker.
- c. supporting worker.
- d. partner.

ANSWER: c

63. 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.

ANSWER: a

64. The corporate culture at Federal Financial Services is very competitive and encourages result-oriented behaviors. What type of culture is this?

- a. Clan
- b. Adhocracy
- c. Market
- d. Hierarchical

ANSWER: c

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65. Talent inventories can be used to develop \_\_\_\_\_, which list current jobholders.
- core values
  - replacement charts
  - trend models
  - staffing tables

ANSWER: b

66. The employees at Happy Table are a close-knit group. They show a great deal of concern for each other and for their customers. This typifies what type of corporate culture?
- Clan
  - Adhocracy
  - Market
  - Hierarchical

ANSWER: a

67. Bill bought shares of stock in XLT Corp. As an investor, Bill is a \_\_\_\_\_ of the company.
- customer
  - supplier
  - stakeholder
  - employee

ANSWER: c

68. XLT Corp. is pursuing a cooperative strategy as a way to drive growth. XLT might be considering a(n)
- joint venture.
  - trend analysis.
  - merger.
  - acquisition.

ANSWER: a

69. Clara's firm has been unable to execute effectively. Clara found that the primary reason is that the firm lacks streamlined processes. Clara has identified a flaw in which section of the "4As" framework?
- Alignment
  - Agility
  - Ability
  - Architecture

ANSWER: d

70. Clara's firm has been unable to execute effectively. Clara feels that the main source of this problem is that no one is held accountable for results. Clara has identified a flaw in which section of the "4As" framework?
- Alignment
  - Agility
  - Ability
  - Architecture

ANSWER: a

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71. Clara's firm has been unable to execute effectively. Clara feels that this can be corrected through educational learning. Clara wants to address which section of the "4As" framework?

- a. Alignment
- b. Agility
- c. Ability
- d. Architecture

ANSWER: b

72. In a unionized organization, layoff decisions are usually based on

- a. union membership.
- b. department ranking.
- c. seniority.
- d. favoritism.

ANSWER: c

73. According to the "4As" framework of execution capability, which of the following would be human capital in the area of ability?

- a. Clear strategic intent
- b. Leadership bench
- c. External connection
- d. Accountability for results

ANSWER: b

74. One of Ted's responsibilities is to regularly review HR initiatives to make sure they are in line with his company's strategy of being first to market. In other words, Ted needs to ensure \_\_\_\_\_ alignment.

- a. horizontal
- b. vertical
- c. lateral
- d. measurement

ANSWER: b

75. A \_\_\_\_\_ is a measurement framework that helps managers translate strategic goals into operational objectives.

- a. benchmark
- b. trend analysis
- c. Balanced Scorecard
- d. cultural audit

ANSWER: c

76. One of Ted's responsibilities is to regularly review HR practices to make sure they all focus on the same objectives. In other words, Ted needs to ensure \_\_\_\_\_ alignment.

- a. measurement
- b. capacity
- c. horizontal

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d. vertical

ANSWER: c

77. \_\_\_\_\_ is the ability of an organization to rapidly reallocate resources to new or changing needs.

- a. Coordination agility
- b. Predicted flexibility
- c. Organizational capability
- d. Turnover capability

ANSWER: a

78. Cross-training and job rotations are intended to improve the \_\_\_\_\_ of an organization.

- a. coordination flexibility
- b. turnover capability
- c. organizational capability
- d. resource flexibility

ANSWER: d

79. Which of the following is NOT a cell of the Balanced Scorecard model?

- a. Financial
- b. Turnover
- c. Customer
- d. Process

ANSWER: b

80. The Smith family lives in the same community where Topico has its corporate offices. The Smiths are \_\_\_\_\_ of Topico.

- a. creditors
- b. customers
- c. primary stakeholders
- d. secondary stakeholders

ANSWER: d

81. Analysis of external opportunities and threats is \_\_\_\_\_ step of the strategic management process.

- a. the second
- b. the last
- c. an optional
- d. the penultimate

ANSWER: a

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

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

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d. supplements

ANSWER: c

83. As companies diversify into new businesses, managers are inevitably faced with a make or \_\_\_\_\_ decision.

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

ANSWER: a

84. Describe the basics of SWOT analysis as it relates to strategy formulation.

ANSWER: A comparison of strengths, weaknesses, opportunities, and threats is referred to as a SWOT analysis. A SWOT analysis helps executives summarize the major facts and forecasts derived from external and internal analyses. Strategy formulation builds on SWOT analysis to use the strengths of an organization to capitalize on opportunities, counteract threats, and alleviate internal weaknesses. In short, strategy formulation moves from simple analysis to devising a coherent course of action.

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

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

1. 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 organization. This value is increased when employees find ways to decrease costs, provide something unique to customers, or some combination of the two.
2. The resources must be rare. People are a source of competitive advantage when their skills, knowledge, and abilities are not equally available to competitors.
3. 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.
4. People are a source of competitive advantage when the resources are organized in such a way that their talents can be combined and deployed to work on new assignments at a moment's notice.

86. Describe the three key elements of the HR forecasting model.

ANSWER: The three key elements in the HR forecasting process are: (1) forecasting the demand for labor, (2) forecasting the supply of labor, 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.

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87. What is the Balanced Scorecard?

**ANSWER:** 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. 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, cost containment, and improved productivity. Customer value creation then can lead to higher profitability and market value.

88. Briefly describe the "4As" framework of execution capability.

**ANSWER:** The "4As" required to successfully execute a strategy are as follows:

*Alignment.* Alignment occurs in an organization when it has a clear strategic intent, its staff has shared performance expectations, and they are accountable for the results.

*Agility.* Execution is about competing today and tomorrow. The key to execution increasingly depends on being agile, nimble, and proactive in the face of change.

*Architecture.* A firm's architecture consists of its structures, processes, and systems. Ideally, they should be simple and streamlined so as to propel the firm to success. But too often a firm's architecture can end up being complicated and entangle a firm like a straightjacket.

*Ability.* Products and processes are easy to duplicate. Talent is not. Strategy execution (and ultimately growth and profitability) depend on a firm's talent capacity—a talented group of leaders, managers, and employees working together in an engaged and collaborative way.