

MULTIPLE CHOICE

1. Which of the following statements is FALSE?
 - a. The organization's existing employees limit the organization's choice of strategy.
 - b. Although HR is a staff function, it can add value by helping the organization improve its performance.
 - c. Most HR professionals are not full strategic partners in their organizations.
 - d. In order to have a clear strategic vision, it is best for management to have sole authority to select the organization's competitive strategy..

ANS: D PTS: 1 DIF: Moderate REF: p. 38
OBJ: 1 NAT: AACSB Reflective Thinking LOC: Strategy
TOP: Conceptual

2. In order to add value to the human capital of the organization,
 - a. HR must have good metrics about the HR side of the business.
 - b. HR managers must be focused on reducing the total cost of labor.
 - c. the HR function must form the interface between the external environment of the organization and its internal environment.
 - d. HR policies and practices should result in the workforce with the minimum quantity and maximum quality needed to achieve productivity goals.

ANS: A PTS: 1 DIF: Challenging REF: p. 38
OBJ: 1 NAT: AACSB Reflective Thinking LOC: Creation of Value
TOP: Conceptual

3. In order for any organizational strategy to be successful, the HR function must
 - a. align with the "one best practice" to achieve worker productivity.
 - b. move beyond the traditional HR focus on effectiveness and efficiency.
 - c. develop the needed human competencies within the organization's existing workforce.
 - d. having the right people in the right place at the right time.

ANS: D PTS: 1 DIF: Moderate REF: p. 38
OBJ: 1 NAT: AACSB Reflective Thinking LOC: Strategy
TOP: Conceptual

4. Georgiana, the vice president of HR in an Ohio-based firm, is in a meeting with the other top level corporate executives. They are discussing whether it is a good strategy for the firm to open a branch in Amsterdam. In her role as head of HR, Georgiana must
 - a. concentrate on being a team player and raise no objection to this expansion.
 - b. raise the ethical issues of opening a branch in a country known for legalization of soft drugs, prostitution, and other "alternative lifestyles.."
 - c. frankly explain that the firm's current human talent pool does not have the capabilities to handle the expansion.
 - d. meet the strategy's requirement no matter what the current state of the company's human talent pool.

ANS: C PTS: 1 DIF: Challenging REF: p. 38
OBJ: 1 NAT: AACSB Analytic LOC: Strategy
TOP: Application

5. Perspectivo, Inc., is implementing formal strategic planning for the first time. The organizational mission has been clarified, and now the next step in the process will be
- developing supporting functional strategies.
 - formulating the organizational strategy.
 - analyzing strengths, weaknesses, opportunities and threats.
 - establishing goals and objectives.

ANS: C PTS: 1 DIF: Moderate REF: p. 39 | Figure 2-1
OBJ: 1 NAT: AACSB Analytic LOC: Strategy
TOP: Application

6. _____ is the use of human resource management practices to gain or keep a competitive advantage.
- Manpower planning
 - Strategic HR management
 - HR business integration
 - Competitive HRM.

ANS: B PTS: 1 DIF: Easy REF: p. 40
OBJ: 2 NAT: AACSB Reflective Thinking LOC: Strategy
TOP: Definitional

7. Which of the following is NOT a focus of strategic HR?
- “macro” view of the organization
 - transactional skills
 - high-risk planning outlook
 - proactive HR systems and practices

ANS: B PTS: 1 DIF: Moderate REF: p. 40 | Figure 2-2
OBJ: 2 NAT: AACSB Reflective Thinking LOC: Strategy
TOP: Conceptual

8. Cliff has about 10 years of HR experience and has recently earned his professional certification. He is searching for a job in an organization that takes a strategic approach to HR. Key phrases that Cliff is looking for in organizational informational materials describing the competencies the hiring organization wants in new HR professionals include all of the following EXCEPT
- administrative expert.
 - change steward.
 - business ally.
 - talent manager.

ANS: A PTS: 1 DIF: Moderate REF: p. 41
OBJ: 2 NAT: AACSB Analytic LOC: Strategy
TOP: Application

9. Which of the following is TRUE in forming HR strategy?
- The world changes so rapidly that the past is irrelevant.
 - The past is important only as it can predict the future.
 - The present is the best guide to the future.
 - The impact of strategy is limited to the present, because the future is unpredictable.

ANS: B PTS: 1 DIF: Easy REF: p. 41
OBJ: 1 NAT: AACSB Reflective Thinking LOC: Strategy
TOP: Conceptual

10. As an ambitious young HR professional, you want to advance to the top HR executive position in your organization by having the perspective and expertise to contribute to the strategic planning process. You should
- understand the financial aspects of your organization and its key drivers of business success.
 - hone your skills in a technical HR area such as compensation or HR information systems.
 - become an expert in legal analysis because most HR functions are driven by employment and labor law.
 - ask to be transferred into areas of the organization that are proven training grounds for top executives, such as finance and marketing.

ANS: A PTS: 1 DIF: Moderate REF: p. 41
OBJ: 2 NAT: AACSB Analytic LOC: Strategy
TOP: Application

11. All of the following are considered HR best practices EXCEPT
- typing employee pay to successful performance
 - talent development so that employees can grow with the organization.
 - allowing workforce levels to fluctuate with product/service demand.
 - stringent hiring standards.

ANS: C PTS: 1 DIF: Moderate REF: p. 42
OBJ: 1 NAT: AACSB Reflective Thinking LOC: Strategy
TOP: Conceptual

12. An HR best practice that most directly ties individual behavior to organizational strategy is
- pay for performance.
 - stringent hiring standards.
 - flexible work arrangements.
 - talent development.

ANS: A PTS: 1 DIF: Moderate REF: p. 43
OBJ: 2 NAT: AACSB Reflective Thinking LOC: Strategy
TOP: Conceptual

13. _____ is the assessment of internal and external conditions that affect the organization.
- Data mining
 - Environmental scanning
 - Labor market analysis
 - Strategic planning

ANS: B PTS: 1 DIF: Easy REF: p. 43
OBJ: 2 NAT: AACSB Reflective Thinking LOC: Strategy
TOP: Definitional

14. The ability of an organization to compete with other organizations for a sufficient supply of human resources with the appropriate capabilities is
- evidence of organizational efficiency.
 - an indicator of the HR function's effectiveness.
 - governed by the ability to offer job security.
 - one input to the environmental scanning process.

ANS: B PTS: 1 DIF: Moderate REF: p. 43
OBJ: 2 NAT: AACSB Reflective Thinking LOC: Strategy
TOP: Conceptual

15. IBM builds work teams partly based on individual employees' social networks. IBM collects data on employee social networks by
- asking each employee to record his/her internal and external contacts in an HR database.
 - examining call records and emails of employees.
 - developing internal communication pathways called "spider webs."
 - requiring employees to give HR access to their personal social networking accounts.

ANS: B PTS: 1 DIF: Moderate REF: p. 44
OBJ: 2 NAT: AACSB Reflective Thinking LOC: HRM
TOP: Application

16. Chipper, the only grandchild of the founder of a successful commercial construction firm has just graduated from a noted university with a Ph.D. in zoology. Chipper is taking a year's research fellowship at the San Diego Zoo to study tiger genetics. The top management positions in the firm have been held by family members since 1911. Chipper's father, a civil engineer, is the present CEO. He is 72 and has recently had heart surgery. The firm usually generates about \$300 million in government bridge highway projects per year. Which of the following statements is FALSE?
- This business has a succession problem.
 - Years ago, this firm should have focused on attracting and retaining outsiders with key capabilities.
 - A SWOT analysis would reveal lack of talent in the pipeline as a threat.
 - It is time for Chipper to get serious and fulfill his family responsibilities.

ANS: D PTS: 1 DIF: Moderate REF: p. 44
OBJ: 3 NAT: AACSB Analytic LOC: HRM
TOP: Application

17. As the unemployment rate rises,
- the rate of voluntary turnover increases.
 - early retirement plans become less attractive to Baby Boomers.
 - people available for work tend to have high qualifications.
 - it becomes harder to fill jobs with skilled workers.

ANS: C PTS: 1 DIF: Moderate REF: p. 45
OBJ: 4 NAT: AACSB Reflective Thinking LOC: Environmental Influence
TOP: Conceptual

18. In order to identify threats and opportunities in the world outside the organization, HR managers must
- evaluate the external workforce.
 - conduct a competitive analysis.
 - engage in environmental scanning.
 - perform a global analysis.

ANS: C PTS: 1 DIF: Easy REF: p. 45
OBJ: 4 NAT: AACSB Reflective Thinking LOC: Environmental Influence
TOP: Definitional

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

ANS: D PTS: 1 DIF: Easy REF: p. 45

OBJ: 4 NAT: AACSB Reflective Thinking LOC: Legal Responsibilities
TOP: Conceptual

20. Factors that would be included in a SWOT analysis would include all of the following EXCEPT
- projected inflation rate for the next year.
 - potential changes in union organizing legislation.
 - the proportion of the available workforce who will be under age 30.
 - innovations in payroll processing technology.

ANS: D PTS: 1 DIF: Moderate REF: p. 45
OBJ: 3 NAT: AACSB Reflective Thinking LOC: Strategy
TOP: Conceptual

21. During an economic downturn, resources (including workers and potential workers) are
- under-utilized, and organizations seek to increase productivity and lower costs.
 - are in short supply, and organizations may be hampered in their ability to grow.
 - in over-supply, with the massive numbers of job-seekers making difficult for organizations to locate the most qualified available applicants.
 - a glut on the market, which results in inflationary pressures on wages and resource prices.

ANS: A PTS: 1 DIF: Moderate REF: p. 45
OBJ: 3 NAT: AACSB Analytic LOC: Strategy
TOP: Conceptual

22. Changes in U.S. demographics affects all of the following EXCEPT
- consumer demand for products and services.
 - employee desire to have traditional, stable workplace policies and practices.
 - the need for creative and flexible management.
 - the number and quality of potential employees.

ANS: B PTS: 1 DIF: Moderate REF: p. 46
OBJ: 3 NAT: AACSB Reflective Thinking LOC: Environmental Influence
TOP: Conceptual

23. The cessation of NASA's space shuttle program and the five year delay before the Constellation program launches, means that NASA
- legally has the needed opportunity to lay off all its current employees and hire new employees with fresh technological and scientific skills.
 - has the opportunity to reinvigorate the morale of shuttle technicians and scientists who have been discouraged and unmotivated as a result of being saddled with outmoded technology.
 - will be able to seamlessly apply the current knowledge, skills and abilities of its current workforce to the Constellation program.
 - faces a knowledge gap if experience shuttle-related employees retire before the Constellation program starts up.

ANS: D PTS: 1 DIF: Moderate REF: p. 47
OBJ: 3 NAT: AACSB Analytic LOC: Strategy
TOP: Application

24. Which of the following has been a geographic trend within the last decade that has forced changes in HR plans?
- the movement of better educated workers to the Midwest
 - the influx of highly skilled technical workers from Asia and India
 - the erosion of offshoring advantages because of increases in wages in Asia and India.

d. the continued importance of industry hubs with infrastructure and supply bases.

ANS: D PTS: 1 DIF: Moderate REF: p. 47
OBJ: 4 NAT: AACSB Reflective Thinking LOC: Environmental Influence
TOP: Conceptual

25. Austin, Texas, is a junior rival of Silicon Valley. The city actively recruits new and established high-tech firms to relocate to Austin. As an HR director for a start-up high-tech firm, what would be most important factor regarding the Austin location in comparison to cities without an existing high-tech sector?
- a. exposure to industrial espionage by competing high-tech firms.
 - b. the high salaries commanded by high-tech workers due to the high local demand for them.
 - c. the availability of an existing pool of high-tech workers.
 - d. concern about being “a small fish in a big pond” and thus less likely to get financial support from the city of Austin than if the company would locate in an economically-depressed city.

ANS: C PTS: 1 DIF: Challenging REF: p. 48
OBJ: 3 NAT: AACSB Analytic LOC: Strategy
TOP: Application

26. Arden Glassworks has been the major employer in the town of Arden for over 20 years, drawing mainly on the low and semi-skilled labor force. Now, a large telephone marketing firm is opening an operation in Arden which will also employ low and semi-skilled workers. Which of the following statements is TRUE?
- a. Since Arden and the marketing firm are in different industries, the impact on Arden’s workforce will be minimal.
 - b. Arden will need to offer higher pay and benefits to its employees in order to keep them from moving to the new employer.
 - c. The marketing firm would only open a new operation in a geographic location that has a low average wage so that it can minimize labor costs. Consequently, there will be no upward pressure on the wages and benefits Arden must pay.
 - d. Since Arden and the marketing firm are in the same geographic area, Arden will need to consider the pay scales and benefits the new firm will offer.

ANS: D PTS: 1 DIF: Challenging REF: p. 48
OBJ: 4 NAT: AACSB Analytic LOC: Environmental Influence
TOP: Application

27. The management team at Ginx Enterprises is considering opening several branches in European cities. Gina, the vice president of HR, is studying the employment-related laws and regulations of the European Union for all of the following reasons EXCEPT
- a. to form the basis of training for managers when the branches open.
 - b. to decide which of Ginx Enterprises’ current HR policies and practices must be adapted to the European setting.
 - c. to prepare for the turbulent political and legal systems of Europe.
 - d. to learn what legal compliance issues will be involved with the opening of the branches.

ANS: C PTS: 1 DIF: Moderate REF: p. 49
OBJ: 3 NAT: AACSB Analytic LOC: Strategy
TOP: Application

28. All of the following are potential problems of offshoring operations EXCEPT
- a. the difficulty of reintegrating the production employees to the U.S. should the offshore location close.

- b. potential for lower quality production or service-provision by the offshore facility.
- c. erosion of institutional knowledge in the home country headquarters.
- d. loss of intellectual talent in the home country headquarters.

ANS: A PTS: 1 DIF: Moderate REF: p. 49
 OBJ: 3 NAT: AACSB Reflective Thinking LOC: Strategy
 TOP: Conceptual

29. Angelo is a native-born U.S. citizen. He speaks Italian, English, and French fluently. He has lived and worked in both Italy and France and has an MBA from a prestigious U.S. university. Angelo's friends describe him as "incredibly cosmopolitan" and a person who "blends in like a native wherever he is." Angelo would probably be a good candidate for a company looking to build its international business using _____.
- a. global technical experts.
 - b. expatriate employees.
 - c. an ethnocentric approach.
 - d. host-country nationals.

ANS: B PTS: 1 DIF: Moderate REF: p. 49
 OBJ: 4 NAT: AACSB Analytic LOC: Strategy
 TOP: Application

30. Trunkline Chemicals is considering opening a manufacturing plant in Vietnam. As director of HR, you assign a committee of HR staff to investigate all of the following factors EXCEPT
- a. the role and nature of labor unions in Vietnam.
 - b. the stability of the political environment in Vietnam.
 - c. Vietnamese laws regarding compensation.
 - d. whether the change in manufacturing location will be profitable in the short-run.

ANS: D PTS: 1 DIF: Moderate REF: p. 49
 OBJ: 4 NAT: AACSB Analytic LOC: Environmental Influence
 TOP: Application

31. Alamanzo Devices, Inc., in Oklahoma City is opening a location in Brazil. Managers from Oklahoma City will staff key positions in the Brazilian location so that headquarters can closely control the operations there. This is a/an _____ approach to international staffing.
- a. ethnocentric
 - b. polycentric
 - c. geocentric
 - d. regiocentric

ANS: A PTS: 1 DIF: Moderate REF: p. 50 | Figure 2-6
 OBJ: 3 NAT: AACSB Analytic LOC: Environmental Influence
 TOP: Application

32. Which of the following statements is FALSE?
- a. Although each merger and acquisition has its own challenges, it is possible to take a systematic approach to integrating an acquired company into an existing company.
 - b. Poorly-addressed HR issues such as culture clashes are responsible for a significant number of merger and acquisition failures.
 - c. More than half of mergers and acquisitions are successful in meeting financial, marketing or product gains.
 - d. HR due diligence in an acquisition focuses on legal compliance, compensation and benefit programs, the quality of talent, and labor contract obligations.

ANS: C PTS: 1 DIF: Moderate REF: p. 50
OBJ: 3 NAT: AACSB Reflective Thinking LOC: Strategy
TOP: Conceptual

33. Clement is the vice-president of HR for a financial services firm that has recently acquired a competitor in the same line of business. The main threat to the smooth integration of the two firms is _____ which Clement hopes to break down by continuing the change efforts that were implemented in the early days of the acquisition.
- a. lack of knowledge, skills and abilities in the employees in the acquired organization
 - b. continuing disruption of normal work by due diligence investigations
 - c. legally mandated requirements that employees of the acquired company be given severance if they are laid off as a result of the acquisition
 - d. an “us versus them” mentality between the acquiring and acquired firms’ employees

ANS: D PTS: 1 DIF: Challenging REF: p. 51
OBJ: 3 NAT: AACSB Analytic LOC: Group Dynamics
TOP: Application

34. Justine, VP of HR for Perspectivo, Inc., is concerned that key talent at Vanishing Point, a recently-acquired competitor, will quit. She plans to institute all of the following programs to help retain these employees EXCEPT
- a. giving across-the-board bonuses to all Vanishing Point employees who stay with Perspectivo for one year.
 - b. giving retention bonuses to key Vanishing Point employees.
 - c. giving key Vanishing Point employees special assignments.
 - d. setting up employee hotlines for Vanishing Point employees who have questions and concerns about the acquisition.

ANS: A PTS: 1 DIF: Moderate REF: p. 51
OBJ: 3 NAT: AACSB Analytic LOC: HRM
TOP: Application

35. In mergers and acquisitions, the HR planning process begins with
- a. conducting due diligence.
 - b. addressing key HR processes..
 - c. analyzing the internal inventory of HR capabilities.
 - d. optimizing the workforce.

ANS: A PTS: 1 DIF: Moderate REF: p. 51 | Figure 2-7
OBJ: 4 NAT: AACSB Reflective Thinking LOC: HRM
TOP: Conceptual

36. As a senior member of the HR department at TransOceanic Industries, Abigail realizes that the firm’s upcoming merger with its main competitor, Amorphous Sea Ventures, will result in challenges in the year ahead. Abigail
- a. recognizes that cultural clashes will be minimal since TransOceanic and Amorphous are in the same industry and have similar product lines.
 - b. realizes that she needs to design programs for retaining key talent in the aftermath of the merger.
 - c. anticipates that the two HR departments will continue separate operations since TransOceanic and Amorphous have much different HR systems.
 - d. there will be a reduction in voluntary turnover at executive levels as key employees engage in a power struggle.

ANS: B PTS: 1 DIF: Moderate REF: p. 51

OBJ: 3
TOP: Application

NAT: AACSB Analytic

LOC: HRM

37. Perspectivo, Inc., is a company that is growing rapidly both in sales and in numbers of employees. The culture of the firm is informal and highly-collaborative. The employees are highly psychologically invested in the success of the organization and tend to subordinate their personal lives to the organization's needs. Perspectivo is acquiring Vanishing Point, a smaller company in the same industry that has a traditional, formal culture in which there is a clear separation of work and non-work, and employees tend to "leave work at work." In order to change the culture of Vanishing Point to be more like the Perspectivo culture, HR should do all of the following EXCEPT
- provide examples of desired behavior to the Vanishing Point employees.
 - communicate requirements clearly and consistently to Vanishing Point employees.
 - allow more diversity in attitudes toward work in the merged companies.
 - reward change in behavior by Vanishing Point employees.

ANS: C

PTS: 1

DIF: Moderate

REF: p. 52

OBJ: 3

NAT: AACSB Analytic

LOC: Strategy

TOP: Application

38. A "structural mismatch" between workers and jobs means that
- unemployed workers with needed skills are located in different geographic regions of the country than where economic growth is occurring.
 - workers do not have the skills needed for the current needs of the economy.
 - there is a difference between an organization's existing workforce and the workforce it needs for competitive success.
 - the failure of an organization's HR function to predict talent surplus or shortage.

ANS: B

PTS: 1

DIF: Challenging

REF: p. 53

OBJ: 4

NAT: AACSB Reflective Thinking

LOC: Strategy

TOP: Definitional

39. The Wickham County Hospital is the only full-service hospital providing care in Wickham County. The population of Wickham Country has been increasing by 10 percent a year the last two years, and projections are that the population will grow even more rapidly in the next ten years. To serve the increased need, next year the hospital will open a new wing doubling the number of beds in the hospital. The HR planning for next year must include all of the following EXCEPT
- analysis of the current employees' knowledge, skills and abilities.
 - predicting the qualifications employees will need for the additional jobs.
 - predicting the number of new employees needed in each job to staff the new wing.
 - what actions to take in the event of a talent surplus in the next 12 months.

ANS: D

PTS: 1

DIF: Moderate

REF: p. 53

OBJ: 4

NAT: AACSB Analytic

LOC: HRM

TOP: Application

40. Vendome Products will have a labor surplus of 15% in its non-exempt employee ranks next year because of decreases in sales of its major product line. Vendome will need to consider all of the following alternatives EXCEPT
- transferring non-exempt employees working on this product line into exempt-level jobs at Vendome.
 - workforce reductions of non-exempt employees working on this product line.
 - cutting wages or hours for non-exempt employees working on this product line.
 - not replacing non-exempt employees working on this product line who leave Vendome voluntarily.

ANS: A PTS: 1 DIF: Moderate REF: p. 53 | Figure 2-8
OBJ: 5 NAT: AACSB Analytic LOC: HRM
TOP: Application

41. FreeFormPress has experienced a significant increase in the number of magazines it publishes. But, FreeForm is concerned that several of its existing clients may leave at the end of their current contracts. Rather than hiring additional permanent employees to handle the new clients, all of the following options would be a potential solution for the talent shortage EXCEPT
- hiring contingent workers.
 - freezing internal transfers and promotions.
 - outsourcing excess work to other publishers.
 - requiring employees to work overtime.

ANS: B PTS: 1 DIF: Moderate REF: p. 53 | Figure 2-8
OBJ: 5 NAT: AACSB Analytic LOC: HRM
TOP: Application

42. Amphityron Services, Inc., is experiencing a decline in sales, revenue and profits which it predicts will be reversed in less than a year. Amphityron doesn't have enough work to keep its highly-skilled, experienced workforce busy. The VP of HR should consider all of the following actions EXCEPT
- taking advantage of the downturn to lay off the highest-paid operating employees.
 - suspending 401K contributions until the company returns to profitability.
 - instituting temporary across-the-board pay cuts.
 - offering employees two unpaid vacation days a month until business picks up.

ANS: A PTS: 1 DIF: Moderate REF: p. 54
OBJ: 4 NAT: AACSB Analytic LOC: Strategy
TOP: Application

43. _____ occurs when individuals who quit, die or retire are not replaced.
- Attrition
 - Voluntary separation
 - Workforce depletion
 - A hiring freeze

ANS: A PTS: 1 DIF: Easy REF: p. 54
OBJ: 4 NAT: AACSB Reflective Thinking LOC: HRM
TOP: Definitional

44. Attrition to reduce an employee surplus is most useful when
- employee morale in the organization is low.
 - hiring programs are not affected.
 - the workforce reduction is needed in the short-term.
 - turnover rates in the organization are high.

ANS: D PTS: 1 DIF: Moderate REF: p. 54
OBJ: 4 NAT: AACSB Reflective Thinking LOC: HRM
TOP: Conceptual

45. Backroads Merchandise, an Oklahoma-based manufacturer of outdoors and sports products, is facing a pronounced downturn in business due to lower-priced products from foreign competitors. Top management is concerned that this will be a permanent or long-term problem and they have decided to reduce the number of employees. The CEO has conferred with the director of HR to learn which method of reducing the workforce will be received better by both the employees leaving and the employees remaining behind. The CEO also wishes to minimize the cost of the reduction process. The director of HR has suggested the use of
- layoffs with the option of re-hire when business revives.
 - voluntary separations with severance.
 - greater use of contingent workers.
 - attrition combined with a hiring freeze.

ANS: D PTS: 1 DIF: Moderate REF: p. 54
OBJ: 4 NAT: AACSB Analytic LOC: HRM
TOP: Application

46. Downsizing an organization typically has all of the following effects on the organization EXCEPT
- demoralization of surviving employees.
 - short-term reduction in labor costs.
 - revenue generation.
 - extra costs in the form of severance pay and outplacement.

ANS: C PTS: 1 DIF: Moderate REF: p. 55
OBJ: 4 NAT: AACSB Reflective Thinking LOC: Individual Dynamics
TOP: Conceptual

47. Beyond the upfront costs, voluntary separation programs often have the following drawback
- some employees with needed skill sets will take the voluntary separation option.
 - the method is viewed as less “humane” than layoffs with severance pay.
 - this method is often too slow to generate a large number of immediate separations.
 - the enhancement of the paternalistic culture of the organization leads employees to feel a sense of entitlement

ANS: A PTS: 1 DIF: Moderate REF: p. 55
OBJ: 4 NAT: AACSB Reflective Thinking LOC: HRM
TOP: Conceptual

48. Faced with a severe, long-term drop-off in the demand for their products, a company that manufactures replacement parts for airplanes must cut its workforce significantly. The HR department must generate plans for making the workforce reduction more effective. This plan must include all of the following “best practices” EXCEPT
- developing a plan for communicating information about the workforce reduction to employees.
 - outsourcing the termination interviews and administrative processing.
 - identifying the core work of the business.
 - providing for nurturing of employees who survive the workforce reduction.

ANS: B PTS: 1 DIF: Moderate REF: p. 55
OBJ: 4 NAT: AACSB Analytic LOC: Strategy
TOP: Application

49. ____ is a bundle of services provided to employees who have been laid off. These services give these former employees support and assistance in finding new jobs.
- Severance
 - Worker retraining

- c. Transition support
- d. Outplacement

ANS: D PTS: 1 DIF: Easy REF: p. 55
 OBJ: 4 NAT: AACSB Reflective Thinking LOC: HRM
 TOP: Definitional

50. Paula is the vice president for HR of PrairieBelle Foods. It has just acquired Mountain Mills. Paula will oversee considerable layoffs as the company lays off redundant employees. In considering HR planning for the next year, Paula knows to be prepared for
- a. a decline in morale of remaining employees.
 - b. an upsurge in applications for jobs from external candidates..
 - c. heightened productivity by survivors.
 - d. increase in creativity and innovation among employees.

ANS: A PTS: 1 DIF: Moderate REF: p. 55
 OBJ: 4 NAT: AACSB Analytic LOC: Individual Dynamics
 TOP: Application

51. What is purpose of the Worker Adjustment and Retraining Notification (WARN) Act?
- a. It mandates job retraining for workers who are laid off for economic reasons.
 - b. It requires employers to give a 60-day notice before a layoff or facility closing involving more than 50 people.
 - c. It requires employers to provide outplacement and severance pay for workers who are terminated in “mass” layoffs.
 - d. It requires that employers contemplating layoffs must contact the Department of Labor 60 days before a mass layoff.

ANS: B PTS: 1 DIF: Moderate REF: p. 56
 OBJ: 4 NAT: AACSB Reflective Thinking LOC: Legal Responsibilities
 TOP: Conceptual

52. The Older Workers’ Benefit Protection Act (OWBPA) requires employers to do all of the following EXCEPT
- a. give workers 40 years old and older 45 days to consider accepting severance benefits and waiving the right to sue for age discrimination.
 - b. to disclose the ages of both terminated employees and retained employees when there are layoffs.
 - c. offer older workers “consideration” in exchange for waiving the right to sue the employer for age discrimination.
 - d. provide workers over the age of 40 continued medical benefits until they qualify for Medicare or take new jobs with medical benefits.

ANS: D PTS: 1 DIF: Challenging REF: p. 56
 OBJ: 4 NAT: AACSB Diversity LOC: Legal Responsibilities
 TOP: Conceptual

53. COBRA is a lifeline for employees who have been laid off because
- a. it continues the employee’s medical benefits for up to 18 months at the employer’s expense.
 - b. the employee is able to continue medical benefits for at least 18 months if he/she pays the cost of the insurance.
 - c. it allows employees to buy into the Medicaid program for up to 18 months.
 - d. it transfers the employee’s medical benefits from the employer’s group policy to an insurance exchange for a discounted fee for up to 18 months.

ANS: B PTS: 1 DIF: Moderate REF: p. 56
OBJ: 4 NAT: AACSB Reflective Thinking LOC: Legal Responsibilities
TOP: Definitional

54. Gloriosa Technologies has experienced steady growth in its product lines in the last 20 years. Recently, a new product has become a huge seller, and Gloriosa finds itself short of experienced employees with the needed skill sets. These skills are not available in the labor market because the Gloriosa's production process is unique to it. Until Gloriosa can hire new employees, it should consider all of the following EXCEPT
- require current employees to work overtime.
 - hire contingent employees.
 - contact retired Gloriosa employees and persuade them to come back.
 - offer current employees retention bonuses for staying with Gloriosa.

ANS: B PTS: 1 DIF: Moderate REF: p. 56
OBJ: 4 NAT: AACSB Analytic LOC: HRM
TOP: Application

55. All the following are reasons to outsource an organizational function EXCEPT
- the function is noncore to the organization.
 - another firm has greater economies-of-scale and can provide the service cheaper.
 - the organization does not have employees with the necessary skills to perform the function.
 - the function has legal compliance issues that the organization can push "downstream" to the outsourcing company.

ANS: D PTS: 1 DIF: Moderate REF: p. 57
OBJ: 4 NAT: AACSB Analytic LOC: Strategy
TOP: Conceptual

56. Employees who value _____ are most likely to be attracted to jobs allowing them to telecommute.
- work variety
 - opportunities for early retirement
 - flexibility
 - a fast-track promotion path

ANS: C PTS: 1 DIF: Moderate REF: p. 57
OBJ: 4 NAT: AACSB Reflective Thinking LOC: Individual Dynamics
TOP: Conceptual

57. An hourly manufacturing worker transported from the 1960s to 2010 would find that manufacturing work today
- requires more collaboration skills than in the 1960s.
 - is just as monotonous and repetitive as in the 1960s.
 - replaces employees manual skills with robotics and automation.
 - demands more adaptability to changing conditions than in the 1960s.

ANS: B PTS: 1 DIF: Moderate REF: p. 58
OBJ: 4 NAT: AACSB Reflective Thinking LOC: Environmental Influence
TOP: Conceptual

58. All of the following statements about business process reengineering are true EXCEPT
- BPR may have negative impacts on the organization's employees.

- b. BPR applies to manufacturing industries rather than to the service sector, which uses the “enterprise management improvement” method instead.
- c. an organization that implements BPR can expect to experience radical redesign of its business processes, rather than incremental improvements.
- d. the purpose of BPR is to achieve dramatic changes in cost, quality, speed and service.

ANS: B PTS: 1 DIF: Challenging REF: p. 58
 OBJ: 4 NAT: AACSB Analytic LOC: Creation of Value
 TOP: Conceptual

59. Using technology to monitor employee performance
- a. is legally considered an invasion of privacy unless the Department of Justice has approved the methodology.
 - b. typically does not affect employee attitudes because performance evaluation is a normal and accepted organizational process.
 - c. involves few legal restrictions.
 - d. rarely results in information that results in employee discipline or termination, so its expense is difficult to justify.

ANS: C PTS: 1 DIF: Challenging REF: p. 59
 OBJ: 5 NAT: AACSB Technology LOC: Information Technologies
 TOP: Conceptual

60. Which of the following statements about communication technology’s impact on HR is FALSE?
- a. Constant social networking means that today’s employees experience less of a division between their work lives and their personal lives.
 - b. Employees today expect more frequent and more rapid communication from their managers.
 - c. The organization’s reputation can be damaged by employee communication with outsiders, and this is magnified by social networking.
 - d. Research has shown that the typical employee is not interested in learning more about the organization, so HR communication has little impact on employee attitudes regardless of its format or medium.

ANS: D PTS: 1 DIF: Moderate REF: p. 59
 OBJ: 5 NAT: AACSB Technology LOC: Information Technologies
 TOP: Conceptual

61. Which of the following statements is FALSE about electronic human resource management systems (e-HRM)?
- a. E-HRM systems typically increase the efficiency of administrative HR functions and reduce costs.
 - b. E-HRM systems are usually separate from the organization’s overall enterprise software and IT plan.
 - c. E-HRM can support every function within HR.
 - d. The collection and analysis of HR data via an e-HRM system allows managers to model future conditions.

ANS: B PTS: 1 DIF: Moderate REF: p. 60
 OBJ: 5 NAT: AACSB Technology LOC: Information Technologies
 TOP: Conceptual

62. Typically, the largest controllable expense in the organization involves
- a. executive salaries and bonuses.
 - b. technology software and hardware.

- c. the employees.
- d. raw material input.

ANS: C PTS: 1 DIF: Moderate REF: p. 61
OBJ: 6 NAT: AACSB Reflective Thinking LOC: HRM
TOP: Conceptual

63. Accounting practices treat expenditures on human capital as
- a. discretionary.
 - b. capital investments.
 - c. expenses.
 - d. fixed costs.

ANS: C PTS: 1 DIF: Moderate REF: p. 61
OBJ: 6 NAT: AACSB Reflective Thinking LOC: Creation of Value
TOP: Conceptual

64. The main reason that HR metrics are difficult to compare across organizations is due to
- a. fear by HR executives that their department will not compare well with other organizations.
 - b. the unique nature of each organization's HR function.
 - c. the fact that most of this information is proprietary.
 - d. lack of consistency in HR reporting.

ANS: D PTS: 1 DIF: Challenging REF: p. 62
OBJ: 6 NAT: AACSB Reflective Thinking LOC: HRM
TOP: Conceptual

65. Useful metrics have all the following characteristics EXCEPT
- a. measures are linked to strategic and operational objectives.
 - b. results can be compared both internally and externally.
 - c. calculations can be clearly understood.
 - d. the measures include subjective judgments by experts.

ANS: D PTS: 1 DIF: Moderate REF: p. 62
OBJ: 6 NAT: AACSB Reflective Thinking LOC: HRM
TOP: Conceptual

66. Beth, the employee development manager at Orcho Dynamics, wants to generate metrics that will help her analyze the efficiency and effectiveness of the company's development programs. Which of the following metrics would be most useful for Beth?
- a. HR expenses per FTE
 - b. positions in the organization filled internally
 - c. average tenure of employees
 - d. performance quality of employees in their first year

ANS: B PTS: 1 DIF: Moderate REF: p. 62 | Figure 2-10
OBJ: 6 NAT: AACSB Analytic LOC: Creation of Value
TOP: Application

67. Which of the following HR functions is NOT included in a typical balanced scorecard analysis?
- a. employee training
 - b. employee benefit programs.
 - c. mentoring programs
 - d. succession planning

ANS: B PTS: 1 DIF: Moderate REF: p. 63
OBJ: 6 NAT: AACSB Reflective Thinking LOC: HRM
TOP: Conceptual

68. When using benchmarking
- HR managers are able to identify the reasons why HR functions are below standard.
 - the resulting statistics are comparable across organizations and industries.
 - it is best to compare ratios from year to year.
 - it is best to collect the data on an as-needed basis rather than on a rigid time schedule.

ANS: C PTS: 1 DIF: Moderate REF: p. 63
OBJ: 6 NAT: AACSB Reflective Thinking LOC: HRM
TOP: Conceptual

69. One approach to assessing HR effectiveness is ____, which compares specific measures of performance against data on those measures in other organizations.
- comparative return on investment
 - benchmarking
 - EVA
 - the balanced scorecard

ANS: B PTS: 1 DIF: Moderate REF: p. 63
OBJ: 6 NAT: AACSB Reflective Thinking LOC: HRM
TOP: Definitional

70. The collective value of the competencies, knowledge and skill of the employees in the organization is known as the organization's
- investment in people.
 - talent pool.
 - intellectual assets.
 - human capital.

ANS: D PTS: 1 DIF: Easy REF: p. 64
OBJ: 6 NAT: AACSB Reflective Thinking LOC: HRM
TOP: Definitional

71. Under the balanced scorecard approach, an organization's performance is measured using all of the following categories EXCEPT the ____ perspective.
- marketing
 - learning and growth
 - financial
 - internal business processes

ANS: A PTS: 1 DIF: Moderate REF: p. 64 | Figure 2-11
OBJ: 6 NAT: AACSB Reflective Thinking LOC: HRM
TOP: Conceptual

72. Which of the following statements is TRUE about the balanced scorecard approach to measurement of HR performance?
- The balanced scorecard approach stresses the measurement of qualitative HR contributions rather than rather than tangible or financial contributions of HR.
 - The balanced scorecard helps an organization understand the cost/benefit payoffs of its HR activities.
 - The balanced scorecard approach eliminates most of the subjectivity involved in measuring the strategic performance of HR in an organization.

- d. A major advantage of the balanced scorecard approach is the speed with which it can be implemented.

ANS: B PTS: 1 DIF: Challenging REF: p. 64
OBJ: 6 NAT: AACSB Reflective Thinking LOC: HRM
TOP: Conceptual

73. Revenue divided by full time employee equivalents is
- a way to calculate HR's intangible contribution to the organization.
 - a measure of employee productivity.
 - return on investment in employees.
 - human economic value added.

ANS: B PTS: 1 DIF: Easy REF: p. 65
OBJ: 6 NAT: AACSB Reflective Thinking LOC: HRM
TOP: Conceptual

74. 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 salespersons' effectiveness in convincing new car buyers to finance the car through the dealership. In order to calculate the ROI of the new training program, he needs to collect all of the following data EXCEPT
- 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 following the training program.
 - the costs of running update seminars on the new methods for salespersons for one year following the initial training.
 - the cost of outsourcing training programs for car salespersons.

ANS: D PTS: 1 DIF: Challenging REF: p. 65
OBJ: 6 NAT: AACSB Analytic LOC: HRM
TOP: Application

75. The return on investment calculation shows the value of expenditures for HR activities. It also shows
- whether the HR department is effective in meeting organizational goals.
 - how long it will take a particular HR activity to pay for itself.
 - the value added per each HR staff member.
 - human capital value added

ANS: D PTS: 1 DIF: Challenging REF: p. 65
OBJ: 6 NAT: AACSB Reflective Thinking LOC: HRM
TOP: Conceptual

76. 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 their the returns from the activities are measured. The new CEO is implementing
- the balanced scorecard
 - human economic value added (HEVA).
 - return on investment (ROI).
 - return on assets (ROA).

ANS: B PTS: 1 DIF: Moderate REF: p. 65
OBJ: 6 NAT: AACSB Analytic LOC: HRM
TOP: Application

77. ROI is the organization's

- a. return on interest.
- b. return on innovation.
- c. return on investment.
- d. return on intangible assets.

ANS: C PTS: 1 DIF: Easy REF: p. 65
 OBJ: 6 NAT: AACSB Reflective Thinking LOC: Creation of Value
 TOP: Definitional

78. In order to calculate the wealth created per employee, one must divide _____ by the organization's full time headcount.
- a. shareholder's equity
 - b. net profit after taxes minus cost of capital
 - c. revenue minus (operating expense minus (compensation plus benefits cost))
 - d. value of gains from productivity improvement for the time period

ANS: B PTS: 1 DIF: Challenging REF: p. 66
 OBJ: 6 NAT: AACSB Reflective Thinking LOC: HRM
 TOP: Conceptual

79. A(n) _____ is a formal research effort that evaluates the current state of HR management in an organization.
- a. HR audit
 - b. benchmarking study
 - c. human capital return on investment calculation
 - d. utility analysis

ANS: A PTS: 1 DIF: Moderate REF: p. 66
 OBJ: 6 NAT: AACSB Reflective Thinking LOC: HRM
 TOP: Definitional

TRUE/FALSE

1. A strategic approach to HR requires that organizational HR leaders be included in the decision-making process immediately after the executive team has made major strategic changes.

ANS: F PTS: 1 DIF: Moderate REF: p. 38
 OBJ: 1 NAT: AACSB Reflective Thinking LOC: Strategy
 TOP: Conceptual

2. The HR department's cost of processing each applicant for non-exempt openings is a measure of efficiency.

ANS: T PTS: 1 DIF: Moderate REF: p. 43
 OBJ: 2 NAT: AACSB Analytic LOC: Strategy
 TOP: Application

3. Effectiveness compares inputs and costs to outputs and benefits.

ANS: F PTS: 1 DIF: Moderate REF: p. 43
 OBJ: 2 NAT: AACSB Reflective Thinking LOC: Strategy
 TOP: Conceptual

4. A company with high wages cannot be economically competitive.

ANS: F PTS: 1 DIF: Easy REF: p. 43
OBJ: 2 NAT: AACSB Reflective Thinking LOC: Strategy
TOP: Conceptual

5. Companies that follow HR best practices, such as paying high wages and providing employment security, tend to have more positive HR metrics, but little improvement on organizational operational or financial performance compared with organizations that do not follow HR best practices.

ANS: F PTS: 1 DIF: Moderate REF: p. 43
OBJ: 2 NAT: AACSB Reflective Thinking LOC: Strategy
TOP: Conceptual

6. An underlying concept of the SWOT analysis approach is that the organization should gather data only on aspects of the environment which are within its power to affect.

ANS: F PTS: 1 DIF: Easy REF: p. 45
OBJ: 3 NAT: AACSB Reflective Thinking LOC: Strategy
TOP: Conceptual

7. A lack of a deep talent pool in the organization would be classified as a “weakness” in a SWOT analysis.

ANS: T PTS: 1 DIF: Moderate REF: p. 45 | Figure 2-4
OBJ: 2 NAT: AACSB Analytic LOC: Strategy
TOP: Conceptual

8. The retirement of the baby boom generation will be a benefit to most organizations since it will eliminate employees with outdated skills and irrelevant work experience.

ANS: F PTS: 1 DIF: Easy REF: p. 47
OBJ: 3 NAT: AACSB Diversity LOC: Strategy
TOP: Conceptual

9. Despite the increase in global trade, most U.S.-based organizations experience little impact from global competitors or foreign business practices.

ANS: F PTS: 1 DIF: Easy REF: p. 48
OBJ: 3 NAT: AACSB Reflective Thinking LOC: Environmental Influence
TOP: Conceptual

10. It is rare for U.S. firms to offshore work such as service delivery because this work requires different skill sets than those held by employees available overseas.

ANS: F PTS: 1 DIF: Moderate REF: p. 49
OBJ: 3 NAT: AACSB Reflective Thinking LOC: Environmental Influence
TOP: Conceptual

11. An expansion of a U.S. firm into a developing country would involve only minor HR activities, because these functions (staffing, compensation, training) are generic.

ANS: F PTS: 1 DIF: Easy REF: p. 49
OBJ: 3 NAT: AACSB Reflective Thinking LOC: Environmental Influence
TOP: Conceptual

12. ModernMade Textiles has successfully used a piece-rate compensation plan in its U.S. plants for decades. The motivational effect of compensation policies is similar from one culture to another, so this compensation system can be implemented in new plants ModernMade plans to open in Vietnam and South Korea as long as it is adapted to the local rates of pay.

ANS: F PTS: 1 DIF: Moderate REF: p. 49
OBJ: 3 NAT: AACSB Analytic LOC: Environmental Influence
TOP: Application

13. A polycentric approach to international staffing reduces mistakes due to lack of understanding of the host-country's culture.

ANS: T PTS: 1 DIF: Moderate REF: p. 50 | Figure 2-6
OBJ: 3 NAT: AACSB Reflective Thinking LOC: Environmental Influence
TOP: Conceptual

14. The conduct of a due diligence investigation is one of the legal requirements HR must comply with before an acquisition of a publicly-traded firm takes place.

ANS: T PTS: 1 DIF: Moderate REF: p. 50
OBJ: 3 NAT: AACSB Reflective Thinking LOC: HRM
TOP: Conceptual

15. A major cause of mergers and acquisitions failing to improve shareholder value is poorly-addressed HR issues.

ANS: T PTS: 1 DIF: Moderate REF: p. 50
OBJ: 3 NAT: AACSB Reflective Thinking LOC: Strategy
TOP: Conceptual

16. The up-front costs of voluntary separation programs include retirement buy-outs to induce more senior employees to leave.

ANS: T PTS: 1 DIF: Easy REF: p. 54
OBJ: 4 NAT: AACSB Reflective Thinking LOC: HRM
TOP: Conceptual

17. Downsizing reduces costs in the short term but can damage the organization in the long run by depleting its talent pool.

ANS: T PTS: 1 DIF: Easy REF: p. 55
OBJ: 4 NAT: AACSB Reflective Thinking LOC: Strategy
TOP: Conceptual

18. The intention of the Major Reduction in Force Act is to give employees advance notice of an impending layoff.

ANS: F PTS: 1 DIF: Easy REF: p. 56
OBJ: 4 NAT: AACSB Reflective Thinking LOC: Legal Responsibilities
TOP: Conceptual

19. Phillip has worked for ModernMade Textiles for 25 years, most recently in a supervisory position. He has been laid off. ModernMade Textiles is legally required to provide Phillip one week of severance pay for each year of service.

ANS: F PTS: 1 DIF: Moderate REF: p. 56
OBJ: 4 NAT: AACSB Reflective Thinking LOC: Legal Responsibilities
TOP: Conceptual

20. A major issue in the modern workplace is that interesting and challenging assembly line jobs have been deskilled into monotonous and repetitive jobs.

ANS: F PTS: 1 DIF: Easy REF: p. 57
OBJ: 4 NAT: AACSB Reflective Thinking LOC: HRM
TOP: Conceptual

21. One of the benefits of using independent contractors to offset labor shortages is that these workers can be dismissed when they are no longer needed.

ANS: T PTS: 1 DIF: Easy REF: p. 57
OBJ: 4 NAT: AACSB Reflective Thinking LOC: Strategy
TOP: Conceptual

22. Social networking is a challenge for HR in building employee morale and commitment because competing groups outside of the organization erode employee loyalty and their emotional engagement with the organization.

ANS: F PTS: 1 DIF: Moderate REF: p. 58
OBJ: 5 NAT: AACSB Technology LOC: Individual Dynamics
TOP: Conceptual

23. Business process reengineering (BPR) involves radical redesign of work flow in the organization.

ANS: T PTS: 1 DIF: Easy REF: p. 58
OBJ: 4 NAT: AACSB Reflective Thinking LOC: Creation of Value
TOP: Definitional

24. It is illegal and an invasion of privacy for employers to monitor employee computer use.

ANS: F PTS: 1 DIF: Easy REF: p. 59
OBJ: 5 NAT: AACSB Technology LOC: Legal Responsibilities
TOP: Conceptual

25. Changing societal attitudes are leading to employee expectation that they are entitled to have personal time during the workday in which they can engage in non-work-related communication.

ANS: T PTS: 1 DIF: Easy REF: p. 60 | Figure 2-9
OBJ: 5 NAT: AACSB Technology LOC: Individual Dynamics
TOP: Conceptual

26. HR metrics examine the HR function and results both within and external to the organization.

ANS: F PTS: 1 DIF: Moderate REF: p. 61
OBJ: 6 NAT: AACSB Reflective Thinking LOC: HRM
TOP: Conceptual

27. Because so many HR functions, such as recruiting, involve one-on-one personal interaction, electronic communication innovations have had little impact on HR.

ANS: F PTS: 1 DIF: Easy REF: p. 61
OBJ: 5 NAT: AACSB Technology LOC: HRM
TOP: Conceptual

28. A drawback of HR benchmarking is that the results do not shed light on the reason for discrepancies between the organization's benchmarking ratios and the ratios of the organizations to which it is being compared.

ANS: T PTS: 1 DIF: Moderate REF: p. 63
OBJ: 6 NAT: AACSB Analytic LOC: HRM
TOP: Conceptual

29. The balanced scorecard approach focuses on financial and economic measures rather than less tangible and more difficult to quantify concepts such as institutional knowledge.

ANS: F PTS: 1 DIF: Easy REF: p. 64 | Figure 2-11
OBJ: 6 NAT: AACSB Reflective Thinking LOC: Creation of Value
TOP: Conceptual

30. In the balanced scorecard approach, HR analysis should address accountability, validity and actionable results.

ANS: T PTS: 1 DIF: Moderate REF: p. 64
OBJ: 6 NAT: AACSB Reflective Thinking LOC: Strategy
TOP: Conceptual

31. If an HR manager wishes to determine how much operating profit per employee the firm generates, he/she should calculate Human Capital Value Added (HCVA)

ANS: T PTS: 1 DIF: Moderate REF: p. 65
OBJ: 6 NAT: AACSB Reflective Thinking LOC: Creation of Value
TOP: Conceptual

32. Abbeyville Dairy does not have a formal HR professional. The top executives wish to identify problems the company may have with legal compliance and record keeping. It would be advisable for Abbeyville Dairy to conduct a benchmarking analysis.

ANS: F PTS: 1 DIF: Moderate REF: p. 66
OBJ: 6 NAT: AACSB Analytic LOC: HRM
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. 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. In particular, the organizational strategy will determine the kind of people needed in the organization. Conversely, the kind of people in the organization can limit the strategies the organization can successfully undertake. The organization's HR strategy must provide the right people in the right place at the right time to implement the organization's competitive strategy.

PTS: 1 DIF: Easy REF: p. 38-40 OBJ: 1
NAT: AACSB Reflective Thinking LOC: Strategy TOP: Conceptual

2. What is environmental scanning? Why is it important? What information does external environmental scanning convey to the HR manager?

ANS:

Environmental scanning is the process of studying the environment of the organization to pinpoint opportunities and threats. Many environmental factors are not within the organization's control, but knowledge of these factors allows the organization to plan more effectively. Environmental scanning is sometimes called SWOT analysis because it analyses strengths, weaknesses, opportunities and threats in its internal and external environments. Environmental scanning is important in HR planning because the organization must compete with other employers for sufficient numbers of employees with appropriate capabilities. HR managers must understand the external environment, particularly government influences, economic conditions, geographic issues, competitive issues, and workforce changes. Government policies and regulations influence the supply of labor and also affect employment-related taxes. Economic factors such as interest rates, inflation and economic growth affect the availability of workers, especially by affecting the unemployment rate. Both domestic and international competitors affect the availability of labor, as well as compensation and benefits. Finally, changes in the composition of the workforce and changes in work patterns affect the types of workers available to organizations.

PTS: 1 DIF: Moderate REF: p. 43-48 OBJ: 3
NAT: AACSB Reflective Thinking LOC: Environmental Influence
TOP: Conceptual

3. How are changes in communication technologies, including social networking, affecting the HR function in organizations?

ANS:

Changes in communication technologies are affecting every aspect of HR within organizations. Employees are more able to work from distant locations, either from home or traveling to and from client locations. Telecommuting has become a normal work arrangement. This requires HR to devise new monitoring and scheduling arrangements that are flexible enough to allow for telecommuting. Communication technology puts employees and managers always “on call” and never truly separated from the workplace. Consequently, work life and personal life are becoming more and more intertwined. This affects HR policies on doing personal activities on work time, and work activities on personal time. This may also affect compensation practices. Employees are used to instant communication in their private lives, so they also expect prompt communication from their managers, from HR, and from upper management. Electronic communications increase the ways that managers can monitor and supervise employees, meaning that performance appraisal systems, compensation systems, HR policies on privacy, are all affected. Company HR web portals allow the organization to communicate with employees and allow employees to conduct much of their interaction with HR immediately and conduct much of their scheduling and reporting activities directly. Social networking raises problems of employee productivity when they access these sites at work, and also makes it more difficult for the organization to control its public image as well as proprietary information.

PTS: 1 DIF: Moderate REF: p. 57-61 OBJ: 5
NAT: AACSB Technology LOC: Information Technologies
TOP: Conceptual

4. What are HR metrics and why are they important to organizations? Give examples of HR metrics. How do benchmarking and the balanced scorecard mesh with HR metrics?

ANS:

HR metrics are specific measures tied to HR performance indicators. A metric can be based on costs, quantity, quality, timeliness or other performance goals. HR metrics allow the organization to determine if HR activities are contributing to the organization’s strategic effectiveness and the value it adds to the organization. HR activities can be measured by their return on investment (ROI). The ROI of HR activities is a ratio of the financial benefits of an HR activity compared with the operating and implementation costs of the activity. The ROI will show how long it will take for an HR activity to pay for itself. Human capital approach measures the collective value of the intellectual capital of the employees. One measure of human capital is revenue per employee. Human Capital Value Added is the operating cost per employee adjusted for labor costs. Human Capital Return on Investment is the operating profit derived from investments the organization makes in human capital. Human Economic Value Added is the wealth created per employee. The EVA approach determines if the firm’s investment in its employees is generating more value for the firm than the firm’s cost of capital. The balanced scorecard looks at financial measures as well as internal business processes, the customers’ perspective, and the employees’ learning and growth perspective. 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. This allows HR managers to judge if they are operating within acceptable ranges compared with other organizations.

PTS: 1 DIF: Moderate REF: p. 61-66 OBJ: 6
NAT: AACSB Reflective Thinking LOC: HRM TOP: Conceptual