Chapter 2—Human Resources Strategy and Planning

MULTIPLE CHOICE

1. Which of the following is typically the first step in the strategic planning process for organizations?
   a. Organizational mission
   b. SWOT analysis
   c. Formulating organizational strategy
   d. Establishing goals and objectives

   ANS: A PTS: 1 DIF: Easy OBJ: LO: 02-01
   NAT: BUSPROG: Analytic TOP: Organizational Strategic Planning
   KEY: Bloom's: Knowledge

2. Which of the following is typically the last step in the strategic planning process for organizations?
   a. Formulating supporting functional strategies
   b. Evaluating and reassessing strategy
   c. Establishing goals and objectives
   d. Stating the organizational mission

   ANS: B PTS: 1 DIF: Easy OBJ: LO: 02-01
   NAT: BUSPROG: Analytic TOP: Organizational Strategic Planning
   KEY: Bloom's: Knowledge

3. Ken, a brand manager at Media Labs LLC., is formulating a strategic plan for his organization. He has identified the organizational mission and formulated a SWOT analysis of the business. Which of the following is most likely to be Ken's next step in the strategic planning process?
   a. Evaluate and reassess strategy
   b. Implement strategy
   c. Establish goals and objectives
   d. Formulate supporting functional strategies

   ANS: C PTS: 1 DIF: Easy OBJ: LO: 02-01
   NAT: BUSPROG: Reflective Thinking TOP: Organizational Strategic Planning
   KEY: Bloom's: Application

4. Kurt, a manager at LionShare LLC., is responsible for the strategic planning process in his organization. He is currently at the stage of implementing the strategy. Which of the following stages of strategic planning would have Kurt engaged in just before he moved on to implementation?
   a. Stating the organizational mission
   b. Conducting a SWOT analysis
   c. Establishing goals and objectives
   d. Formulating supporting functional strategies

   ANS: D PTS: 1 DIF: Easy OBJ: LO: 02-01
   NAT: BUSPROG: Reflective Thinking TOP: Organizational Strategic Planning
   KEY: Bloom's: Application

5. Which of the following best defines multinational corporations?
   a. An organization that has facilities and other assets in at least one country other than its home country
   b. An organization that imports goods from other countries to its home country
   c. An organization that exports goods from its home country to other countries
   d. An organization that has facilities and other assets only in its home country

ANS: A PTS: 1 DIF: Easy OBJ: LO: 02-03
NAT: BUSPROG: Analytic TOP: Human Resources and Strategy
KEY: Bloom's: Knowledge

6. Which of the following is best classified as an ethnocentric policy of strategic approaches to international staffing?
   a. Managers from headquarters staff key positions.
   b. Host-country nationals staff key positions.
   c. An international cadre of skilled managers are assigned to global subsidiaries regardless of nationality.
   d. Key positions are filled by individuals in the region of the subsidiary.

   ANS: A PTS: 1 DIF: Easy OBJ: LO: 02-03
   NAT: BUSPROG: Analytic TOP: Human Resources and Strategy
   KEY: Bloom's: Knowledge

7. Which of the following is best classified as a polycentric policy of strategic approaches to international staffing?
   a. Managers from headquarters staff key positions.
   b. Host-country nationals staff key positions.
   c. An international cadre of skilled managers are assigned to global subsidiaries regardless of nationality.
   d. Key positions are filled by individuals in the region of the subsidiary.

   ANS: B PTS: 1 DIF: Easy OBJ: LO: 02-03
   NAT: BUSPROG: Analytic TOP: Human Resources and Strategy
   KEY: Bloom's: Knowledge

8. Which of the following is best classified as a geocentric policy of strategic approaches to international staffing?
   a. Managers from headquarters staff key positions.
   b. Host-country nationals staff key positions.
   c. An international cadre of skilled managers are assigned to global subsidiaries regardless of nationality.
   d. Key positions are filled by individuals in the region of the subsidiary.

   ANS: C PTS: 1 DIF: Easy OBJ: LO: 02-03
   NAT: BUSPROG: Analytic TOP: Human Resources and Strategy
   KEY: Bloom's: Knowledge

9. Which of the following is best classified as a regiocentric policy of strategic approaches to international staffing?
   a. Managers from headquarters staff key positions.
   b. Host-country nationals staff key positions.
   c. An international cadre of skilled managers are assigned to global subsidiaries regardless of nationality.
   d. Key positions are filled by individuals from the same geographic area as the subsidiary.

   ANS: D PTS: 1 DIF: Easy OBJ: LO: 02-03
   NAT: BUSPROG: Analytic TOP: Human Resources and Strategy
   KEY: Bloom's: Knowledge

10. Which of the following is typically the first step in the HR planning process?
    a. Review organization’s environmental analysis/strategic plans

b. Develop HR staffing plans and actions
c. Compile HR planning forecasts
d. Assess external and internal workforce

ANS: A PTS: 1 DIF: Easy OBJ: LO: 02-03
NAT: BUSPROG: Analytic TOP: Human Resource Planning
KEY: Bloom's: Knowledge

11. Which of the following is typically the last step in the HR planning process?
a. Review organization’s environmental analysis/strategic plans
b. Develop HR staffing plans and actions
c. Compile HR planning forecasts
d. Assess external and internal workforce

ANS: B PTS: 1 DIF: Easy OBJ: LO: 02-03
NAT: BUSPROG: Analytic TOP: Human Resource Planning
KEY: Bloom's: Knowledge

12. Mark, an HR manager, is responsible for the HR planning process in his organization. He has reviewed the organization’s strategic plans. Which of the following is most likely to be Mark’s next step in the planning process?
a. Develop HR staffing plans and actions
b. Compile HR planning forecasts
c. Implement HR staffing plans and actions
d. Assess external and internal workforce

ANS: D PTS: 1 DIF: Easy OBJ: LO: 02-03
NAT: BUSPROG: Reflective Thinking TOP: Human Resource Planning
KEY: Bloom's: Application

13. Which of the following is a factor of the external environment in an organization?
a. Leadership bench strength
b. Organizational culture
c. Quality of talent
d. Competitive forces

ANS: D PTS: 1 DIF: Easy OBJ: LO: 02-03
NAT: BUSPROG: Analytic TOP: Human Resource Planning
KEY: Bloom's: Knowledge

14. Which of the following is a factor of the internal environment in an organization?
a. Quality of talent
b. Economic forces
c. Political forces
d. Competitive forces

ANS: A PTS: 1 DIF: Easy OBJ: LO: 02-03
NAT: BUSPROG: Analytic TOP: Human Resource Planning
KEY: Bloom's: Knowledge

15. The term _____ refers to the process of identifying a plan for the orderly replacement of key employees.
a. attrition
b. succession planning
c. due diligence

d. benchmarking

ANS: B PTS: 1 DIF: Easy OBJ: LO: 02-03
NAT: BUSPROG: Analytic TOP: Human Resource Planning
KEY: Bloom's: Knowledge

16. Which of the following is a judgmental method of HR forecasting?
    a. Simulation models
    b. Estimates
    c. Staffing ratios
    d. Productivity ratios

ANS: B PTS: 1 DIF: Easy OBJ: LO: 02-04
NAT: BUSPROG: Analytic TOP: Planning for Internal Workforce Availability
KEY: Bloom's: Knowledge

17. Which of the following is a mathematical method of HR forecasting?
    a. The rule of thumb
    b. Estimates
    c. Staffing ratios
    d. Nominal groups

ANS: C PTS: 1 DIF: Easy OBJ: LO: 02-04
NAT: BUSPROG: Analytic TOP: Planning for Internal Workforce Availability
KEY: Bloom's: Knowledge

18. _____ is a mathematical HR forecasting method that involves making a comparison of past relationships among various factors.
    a. Statistical regression analysis
    b. Productivity ratio
    c. Staffing ratio
    d. Delphi technique

ANS: A PTS: 1 DIF: Easy OBJ: LO: 02-04
NAT: BUSPROG: Analytic TOP: Planning for Internal Workforce Availability
KEY: Bloom's: Knowledge

19. _____ refers to the judgmental method of HR forecasting that relies on general guidelines applied to a specific situation within the organization.
    a. Statistical regression analysis
    b. Rule of thumb
    c. Delphi technique
    d. Simulation model

ANS: B PTS: 1 DIF: Easy OBJ: LO: 02-04
NAT: BUSPROG: Analytic TOP: Planning for Internal Workforce Availability
KEY: Bloom's: Knowledge

20. A(n) _____ refers to the judgmental method of HR forecasting that requires experts to meet face to face.
    a. simulation model
    b. estimate
    c. nominal group
    d. regression analysis

ANS: C PTS: 1 DIF: Easy OBJ: LO: 02-04
NAT: BUSPROG: Analytic TOP: Planning for Internal Workforce Availability
KEY: Bloom's: Knowledge

21. Internal Supply for next year = _____.
    a. Current staffing level + Projected outflows this year + Projected inflows this year
    b. Current staffing level - Projected outflows this year - Projected inflows this year
    c. Current staffing level + Projected outflows this year - Projected inflows this year
    d. Current staffing level - Projected outflows this year + Projected inflows this year

ANS: D PTS: 1 DIF: Easy OBJ: LO: 02-04
NAT: BUSPROG: Analytic TOP: Planning for Internal Workforce Availability
KEY: Bloom's: Comprehension

22. Which of the following is a source of inflow in the current staffing level?
    a. Internal transfers
    b. Turnover
    c. Demotions
    d. Retirements

ANS: A PTS: 1 DIF: Easy OBJ: LO: 02-04
NAT: BUSPROG: Analytic TOP: Planning for Internal Workforce Availability
KEY: Bloom's: Knowledge

23. Which of the following is a source of outflow in the current staffing level?
    a. External hires
    b. Promotions
    c. Recalls
    d. Internal transfers

ANS: B PTS: 1 DIF: Easy OBJ: LO: 02-04
NAT: BUSPROG: Analytic TOP: Planning for Internal Workforce Availability
KEY: Bloom's: Knowledge

24. Which of the following is an effective method of managing a talent surplus?
    a. Outsourcing to a third party
    b. Using contingent workers
    c. Freezing hiring
    d. Increase employee work hours through overtime

ANS: C PTS: 1 DIF: Easy OBJ: LO: 02-05
NAT: BUSPROG: Analytic TOP: Workforce Supply = Demand
KEY: Bloom's: Comprehension

25. Which of the following is an effective method for managing a talent shortage?
    a. Reducing employee work hours
    b. Encouraging attrition
    c. Implementing voluntary separation programs
    d. Outsourcing to a third party

ANS: D PTS: 1 DIF: Easy OBJ: LO: 02-05
NAT: BUSPROG: Analytic TOP: Workforce Supply Demand
KEY: Bloom's: Comprehension

26. Which of the following is true of the Consolidated Omnibus Budget Reconciliation Act?

a. Displaced workers can retain their group medical coverage for up to 18 months for themselves, and up to 36 months for their dependents, if they pay the premiums themselves.
b. Displaced workers can use the Medicare program sponsored by the government for up to 18 months after the termination of their employment.
c. Displaced workers can use the Medicare program sponsored by the federal government for up to 36 months after the termination of their employment.
d. Displaced workers can retain their group medical coverage for up to 12 months for themselves, and up to 24 months for their dependents, if they pay the premiums themselves.

ANS: A PTS: 1 DIF: Moderate OBJ: LO: 02-05
NAT: BUSPROG: Analytic TOP: Workforce Supply Demand
KEY: Bloom's: Comprehension

27. Which of the following is true of the Older Workers Benefit Protection Act?
a. The act requires employers to disclose the ethnicity and gender of both terminated and retained employees in layoff situations.
b. The act requires employers to disclose the ages of both terminated and retained employees in layoff situations.
c. The act requires employers to disclose ages of only the terminated employees in layoff situations.
d. The act requires employers to disclose ages of only the retained employees in layoff situations.

ANS: B PTS: 1 DIF: Moderate OBJ: LO: 02-05
NAT: BUSPROG: Analytic TOP: Workforce Supply Demand
KEY: Bloom's: Comprehension

28. Which of the following is true of the Worker Adjustment and Retraining Notification Act?
a. It requires private or commercial organizations that employ 20 or more full-time workers who have worked more than a year with the organization to give a 30-day notice before implementing a layoff or facility closing that involves more than 10 people.
b. It requires private and commercial organizations that employ 50 or more full-time employees who have worked more than three months in the previous year to give a 45-day notice before implementing a layoff or facility closing that involves more than 30 people.
c. It requires private or commercial organizations that employ 100 or more full-time workers who have worked more than six months in the previous year to give a 60-day notice before implementing a layoff or facility closing that involves more than 50 people.
d. It requires private or commercial organizations that employ more than 50 or more full-time workers who have worked more than a year with the organization to give a 30-day notice before implementing a layoff or facility closing that involves more than 20 people.

ANS: C PTS: 1 DIF: Moderate OBJ: LO: 02-05
NAT: BUSPROG: Analytic TOP: Workforce Supply Demand
KEY: Bloom's: Comprehension

29. Which of the following is a consequence that employers face when they violate the WARN Act?
a. Delisting from the stock exchange
b. Revocation of trade licenses
c. Imposition of trade embargo
d. Incurring heavy fines

ANS: D PTS: 1 DIF: Easy OBJ: LO: 02-05
NAT: BUSPROG: Analytic TOP: Workforce Supply Demand

KEY: Bloom's: Comprehension

30. Which of the following is an HR activity that should be performed before engaging in mergers and acquisitions?
    a. Conducting due diligence
    b. Retaining key talent
    c. Optimizing workforce
    d. Recognizing cultural differences

ANS: A PTS: 1 DIF: Easy OBJ: LO: 02-05
NAT: BUSPROG: Analytic
TOP: Human Resources Planning in Mergers and Acquisitions
KEY: Bloom's: Knowledge

31. Which of the following is an HR activity that should be conducted during integration in mergers and acquisitions?
    a. Assessing risks
    b. Retaining key talent
    c. Identifying possible conflicts
    d. Conducting due diligence

ANS: B PTS: 1 DIF: Easy OBJ: LO: 02-05
NAT: BUSPROG: Analytic
TOP: Human Resources Planning in Mergers and Acquisitions
KEY: Bloom's: Knowledge

32. Which of the following is an HR activity to be performed post integration in mergers and acquisitions?
    a. Assessing risks
    b. Retaining key talent
    c. Identifying and establishing new culture
    d. Conducting due diligence

ANS: C PTS: 1 DIF: Easy OBJ: LO: 02-05
NAT: BUSPROG: Analytic
TOP: Human Resources Planning in Mergers and Acquisitions
KEY: Bloom's: Knowledge

33. During mergers and acquisitions, risk must be assessed _____.
    a. post integration
    b. after making the deal
    c. before making the deal
    d. during integration

ANS: C PTS: 1 DIF: Easy OBJ: LO: 02-05
NAT: BUSPROG: Analytic
TOP: Human Resources Planning in Mergers and Acquisitions
KEY: Bloom's: Knowledge

34. During mergers and acquisitions, the workforce must be optimized _____.
    a. post integration
    b. pre integration
    c. before making the deal
    d. during integration

ANS: A PTS: 1 DIF: Easy OBJ: LO: 02-05

NAT: BUSPROG: Analytic
TOP: Human Resources Planning in Mergers and Acquisitions
KEY: Bloom's: Knowledge

35. Which of the following best defines the term ‘effectiveness’?
    a. The degree to which operations are done in an economical manner
    b. The ability to produce a specific desired effort or result that can be measured
    c. The degree to which operations are done in the least possible time
    d. The ability to produce a specific desired effort or result that cannot be measured

ANS: B PTS: 1 DIF: Easy OBJ: LO: 02-06
NAT: BUSPROG: Analytic
TOP: Measuring Effectiveness of Human Resource and Human Capital
KEY: Bloom's: Comprehension

36. HR-to-employee ratio is classified as a(n) _____ metric of Human Resource.
    a. training
    b. development
    c. HR staff and expenses
    d. compensation

ANS: C PTS: 1 DIF: Easy OBJ: LO: 02-06
NAT: BUSPROG: Analytic
TOP: Measuring Effectiveness of Human Resource and Human Capital
KEY: Bloom's: Knowledge

37. Cost per hire is classified as a _____ metric of Human Resource.
    a. development
    b. training
    c. compensation
    d. staffing

ANS: D PTS: 1 DIF: Easy OBJ: LO: 02-06
NAT: BUSPROG: Analytic
TOP: Measuring Effectiveness of Human Resource and Human Capital
KEY: Bloom's: Knowledge

38. Annual wages and pay increases are classified as a _____ metric of Human Resource.
    a. compensation
    b. training
    c. development
    d. staffing

ANS: A PTS: 1 DIF: Easy OBJ: LO: 02-06
NAT: BUSPROG: Analytic
TOP: Measuring Effectiveness of Human Resource and Human Capital
KEY: Bloom's: Knowledge

39. Average tenure of employees is classified as a _____ metric of Human Resource.
    a. compensation
    b. training
    c. retention and quality
    d. development

ANS: C PTS: 1 DIF: Easy OBJ: LO: 02-06

NAT: BUSPROG: Analytic
TOP: Measuring Effectiveness of Human Resource and Human Capital
KEY: Bloom's: Knowledge

40. Positions filled internally are classified as a _____ metric of Human Resource.
    a. compensation
    b. training
    c. retention and quality
    d. development

    ANS: D PTS: 1 DIF: Easy OBJ: LO: 02-06
    NAT: BUSPROG: Analytic
    TOP: Measuring Effectiveness of Human Resource and Human Capital
    KEY: Bloom's: Knowledge

41. Which of the following best defines HR analytics?
    a. An evidence-based approach to making HR decisions on the basis of quantitative tools and models
    b. An assumption-based approach to making HR decisions on the basis of quantitative tools and models
    c. An evidence-based approach to making HR decisions on the basis of qualitative tools and models
    d. An assumption-based approach to making HR decisions on the basis of qualitative tools and models

    ANS: A PTS: 1 DIF: Easy OBJ: LO: 02-06
    NAT: BUSPROG: Analytic
    TOP: Measuring Effectiveness of Human Resource and Human Capital
    KEY: Bloom's: Comprehension

42. In the balanced scorecard framework, operational effectiveness is classified under _____.
    a. financial measures
    b. internal business processes
    c. customer relations
    d. learning and growth activities

    ANS: B PTS: 1 DIF: Easy OBJ: LO: 02-06
    NAT: BUSPROG: Analytic
    TOP: Measuring Effectiveness of Human Resources and Human Capital
    KEY: Bloom's: Knowledge

43. In the balanced scorecard framework, which of the following factors would considered most important to ensure that the organization is meeting customer expectations?
    a. profit and loss
    b. institutional knowledge
    c. customer satisfaction
    d. utilization of capital

    ANS: C PTS: 1 DIF: Easy OBJ: LO: 02-06
    NAT: BUSPROG: Analytic
    TOP: Measuring Effectiveness of Human Resources and Human Capital
    KEY: Bloom's: Knowledge

44. In the balanced scorecard framework, employee capabilities are classified under _____.
    a. financial measures

b. internal business processes
c. customer relations
d. learning and growth activities

ANS: D PTS: 1 DIF: Easy OBJ: LO: 02-06
NAT: BUSPROG: Analytic
TOP: Measuring Effectiveness of Human Resources and Human Capital
KEY: Bloom's: Knowledge

45. In the balanced scorecard framework, utilization of capital is classified under _____.
a. financial measures
b. internal business processes
c. customer relations
d. learning and growth activities

ANS: A PTS: 1 DIF: Easy OBJ: LO: 02-06
NAT: BUSPROG: Analytic
TOP: Measuring Effectiveness of Human Resources and Human Capital
KEY: Bloom's: Knowledge

46. Which of the following is the function of compliance audits?
a. Reviewing regulatory compliance, benefits administration and reporting
b. Checking record keeping on state and federal paperwork requirement
c. Reviewing specific HR areas such as compensation, training, and so on
d. Reviewing compliance with immigration regulations and the I-9 form requirement

ANS: B PTS: 1 DIF: Easy OBJ: LO: 02-06
NAT: BUSPROG: Analytic
TOP: Measuring Effectiveness of Human Resources and Human Capital
KEY: Bloom's: Comprehension

47. Which of the following is the function of benefit programs audit?
a. Reviewing regulatory compliance, benefits administration and reporting
b. Checking record keeping on state and federal paperwork requirement
c. Reviewing specific HR areas such as compensation, training, and so on
d. Reviewing compliance with immigration regulations and the I-9 form requirement

ANS: A PTS: 1 DIF: Easy OBJ: LO: 02-06
NAT: BUSPROG: Analytic
TOP: Measuring Effectiveness of Human Resources and Human Capital
KEY: Bloom's: Comprehension

48. Which of the following is the function of I-9 audit?
a. Reviewing regulatory compliance, benefits administration and reporting
b. Checking record keeping on state and federal paperwork requirement
c. Reviewing specific HR areas such as compensation, training, and so on
d. Reviewing compliance with immigration regulations

ANS: D PTS: 1 DIF: Easy OBJ: LO: 02-06
NAT: BUSPROG: Analytic
TOP: Measuring Effectiveness of Human Resources and Human Capital
KEY: Bloom's: Comprehension

49. Which of the following is the function of specific program audit?
a. Reviewing regulatory compliance, benefits administration and reporting

b. Checking record keeping on state and federal paperwork requirement
c. Reviewing particular HR areas such as compensation, training, and so on
d. Reviewing compliance with immigration regulations and the I-9 form requirement

ANS: C PTS: 1 DIF: Easy OBJ: LO: 02-06
NAT: BUSPROG: Analytic
TOP: Measuring Effectiveness of Human Resources and Human Capital
KEY: Bloom's: Comprehension

TRUE/FALSE

1. The strategic planning process begins with an assessment of the current state of the business and the environmental forces that may be important during the planning cycle.

   ANS: T PTS: 1 DIF: Easy OBJ: LO: 02-01
   NAT: BUSPROG: Reflective Thinking TOP: Organizational Strategic Planning
   KEY: Bloom's: Knowledge

2. The SWOT analysis helps managers in formulating a strategic plan that considers the organization's ability to deal with the situation at hand.

   ANS: T PTS: 1 DIF: Easy OBJ: LO: 02-01
   NAT: BUSPROG: Reflective Thinking TOP: Organizational Strategic Planning
   KEY: Bloom's: Comprehension

3. Implementing the strategy is typically the last step in the strategic planning process.

   ANS: F PTS: 1 DIF: Easy OBJ: LO: 02-01
   NAT: BUSPROG: Reflective Thinking TOP: Organizational Strategic Planning
   KEY: Bloom's: Knowledge

4. Instead of making a choice, a good strategy will try to accommodate many different demands and interests.

   ANS: F PTS: 1 DIF: Easy OBJ: LO: 02-02
   NAT: BUSPROG: Analytic TOP: Organizational Strategic Planning
   KEY: Bloom's: Comprehension

5. Good strategies involve an accurate diagnosis of the challenge, an approach to overcome the obstacles, and a focus on coherent actions to make the approach work.

   ANS: T PTS: 1 DIF: Easy OBJ: LO: 02-02
   NAT: BUSPROG: Analytic TOP: Organizational Strategic Planning
   KEY: Bloom's: Comprehension

6. Organizational strategy is independent of Human Resource management.

   ANS: F PTS: 1 DIF: Easy OBJ: LO: 02-03
   NAT: BUSPROG: Analytic TOP: Human Resources and Strategy
   KEY: Bloom's: Comprehension

7. A multinational corporation, sometimes called a transnational corporation, is an organization that has facilities and other assets in at least one country other than its home country.

ANS: T PTS: 1 DIF: Easy OBJ: LO: 02-03
NAT: BUSPROG: Analytic TOP: Human Resources and Strategy
KEY: Bloom's: Knowledge

8. The policy of assigning host-country nationals to key staff positions in offshore organizations is known as the ethnocentric policy of global staffing strategies.

ANS: F PTS: 1 DIF: Easy OBJ: LO: 02-03
NAT: BUSPROG: Analytic TOP: Human Resources and Strategy
KEY: Bloom's: Comprehension

9. Assigning an international cadre of skilled managers to global subsidiaries regardless of their nationality is known as the polycentric policy of global staffing strategies.

ANS: F PTS: 1 DIF: Easy OBJ: LO: 02-03
NAT: BUSPROG: Analytic TOP: Human Resources and Strategy
KEY: Bloom's: Comprehension

10. The policy of filling key positions with individuals in the region of the subsidiary in offshore organizations is known as the polycentric policy of global staffing strategies.

ANS: F PTS: 1 DIF: Easy OBJ: LO: 02-03
NAT: BUSPROG: Analytic TOP: Human Resources and Strategy
KEY: Bloom's: Comprehension

11. The focus of HR planning is to ensure that the organization has the right number of Human Resources, with the right capabilities, at the right times, and in the right places.

ANS: T PTS: 1 DIF: Easy OBJ: LO: 02-03
NAT: BUSPROG: Analytic TOP: Human Resource Planning
KEY: Bloom's: Knowledge

12. In the final part of the planning process, HR plans are developed to provide specific direction for the management of HR activities related to employee recruiting, selection, and retention.

ANS: T PTS: 1 DIF: Easy OBJ: LO: 02-03
NAT: BUSPROG: Analytic TOP: Human Resource Planning
KEY: Bloom's: Knowledge

13. The internal environment of planning includes economic, political, and competitive forces that will shape the future.

ANS: F PTS: 1 DIF: Easy OBJ: LO: 02-03
NAT: BUSPROG: Analytic TOP: Human Resource Planning
KEY: Bloom's: Knowledge

14. The external environment of planning includes the quality and quantity of talent, the organizational culture, and the talent pipeline and leadership bench strength.

ANS: F PTS: 1 DIF: Easy OBJ: LO: 02-03
NAT: BUSPROG: Analytic TOP: Human Resource Planning
KEY: Bloom's: Knowledge

15. Short-range forecasts focus on the immediate HR needs of an organization.

ANS: T PTS: 1 DIF: Easy OBJ: LO: 02-04
NAT: BUSPROG: Analytic TOP: Planning for Internal Workforce Availability
KEY: Bloom's: Knowledge

16. Intermediate-range plans usually project one to three years into the future.

ANS: T PTS: 1 DIF: Easy OBJ: LO: 02-04
NAT: BUSPROG: Analytic TOP: Planning for Internal Workforce Availability
KEY: Bloom's: Knowledge

17. Under the federal Consolidated Omnibus Budget Reconciliation Act (COBRA), displaced workers can retain their group medical coverage for up to 18 months for themselves, and up to 36 months for their dependents, if they pay the premium themselves.

ANS: T PTS: 1 DIF: Easy OBJ: LO: 02-05
NAT: BUSPROG: Analytic TOP: Workforce Supply Demand
KEY: Bloom's: Knowledge

18. The Consolidated Omnibus Budget Reconciliation Act (COBRA) requires employers to disclose the ages of both terminated and retained employees in layoff situations, and waiver of rights to sue for age discrimination must meet certain requirements.

ANS: F PTS: 1 DIF: Easy OBJ: LO: 02-05
NAT: BUSPROG: Analytic TOP: Workforce Supply Demand
KEY: Bloom's: Knowledge

19. The Worker Adjustment and Retraining Notification Act (WARN) requires private or commercial organizations that employ 100 or more full-time-workers who have worked more than six months in the previous year to give a 60-day notice before implementing a layoff or facility closing that involves more than 50 people.

ANS: T PTS: 1 DIF: Easy OBJ: LO: 02-05
NAT: BUSPROG: Analytic TOP: Workforce Supply Demand
KEY: Bloom's: Knowledge

20. After a deal for a merger is closed, the focus of HR activity should be on due diligence.

ANS: F PTS: 1 DIF: Easy OBJ: LO: 02-05
NAT: BUSPROG: Analytic
TOP: Human Resources Planning in Mergers and Acquisitions KEY: Bloom's: Comprehension

21. The value for HR practices cannot be measured.

ANS: F PTS: 1 DIF: Easy OBJ: LO: 02-06
NAT: BUSPROG: Analytic
TOP: Measuring Effectiveness of Human Resources and Human Capital
KEY: Bloom's: Knowledge

22. People-related costs are typically the smallest controllable expense in organizations.

ANS: F PTS: 1 DIF: Easy OBJ: LO: 02-06
NAT: BUSPROG: Analytic

TOP: Measuring Effectiveness of Human Resources and Human Capital
KEY: Bloom's: Knowledge

23. “Percentage of employees with career plan” is an example of the development HR metric.

ANS: T PTS: 1 DIF: Easy OBJ: LO: 02-06
NAT: BUSPROG: Analytic
TOP: Measuring Effectiveness of Human Resources and Human Capital
KEY: Bloom's: Knowledge

24. Benchmarking is the process of comparing business processes and outcomes to an industry standard or best practice.

ANS: T PTS: 1 DIF: Easy OBJ: LO: 02-06
NAT: BUSPROG: Analytic
TOP: Measuring Effectiveness of Human Resources and Human Capital
KEY: Bloom's: Knowledge

25. The balanced scorecard is a framework organizations use to report on a diverse set of performance measures.

ANS: T PTS: 1 DIF: Easy OBJ: LO: 02-06
NAT: BUSPROG: Analytic
TOP: Measuring Effectiveness of Human Resources and Human Capital
KEY: Bloom's: Knowledge

26. Revenue per employee is a basic measure of human capital effectiveness.

ANS: T PTS: 1 DIF: Easy OBJ: LO: 02-06
NAT: BUSPROG: Analytic
TOP: Measuring Effectiveness of Human Resources and Human Capital
KEY: Bloom's: Knowledge

27. The formula for calculating the potential ROI for a new HR activity = operating cost for a new or enhanced system for a time period + one-time cost of acquisition and implementation/value of gains from productivity improvements for the time period.

ANS: F PTS: 1 DIF: Easy OBJ: LO: 02-06
NAT: BUSPROG: Analytic
TOP: Measuring Effectiveness of Human Resources and Human Capital
KEY: Bloom's: Knowledge

28. The formula for calculating human capital value added = Revenue - (Operating Expense - (Compensation + Benefit Costs)) / Full-Time Head Count

ANS: T PTS: 1 DIF: Easy OBJ: LO: 02-06
NAT: BUSPROG: Analytic
TOP: Measuring Effectiveness of Human Resources and Human Capital
KEY: Bloom's: Knowledge

29. The formula for calculating human capital return on investment = Revenue +(Operating Expense + (Compensation - Benefits Cost)) / (Compensation - Benefit Cost)

ANS: F PTS: 1 DIF: Easy OBJ: LO: 02-06

NAT: BUSPROG: Analytic
TOP: Measuring Effectiveness of Human Resources and Human Capital
KEY: Bloom's: Knowledge

30. Human economic value added = Net profit before taxes + Cost of capital / Full-time head count

ANS: F PTS: 1 DIF: Easy OBJ: LO: 02-06
NAT: BUSPROG: Analytic
TOP: Measuring Effectiveness of Human Resources and Human Capital
KEY: Bloom's: Knowledge

SHORT ANSWER

1. Define strategic planning.

ANS:
Strategic planning is the process of defining a strategy, or direction, and making decisions on how to allocate the resources of the organization to pursue this strategy.

PTS: 1 DIF: Easy OBJ: LO: 02-01 NAT: BUSPROG: Analytic
TOP: Organizational Strategic Planning KEY: Bloom's: Knowledge

2. Define organizational mission.

ANS:
Organizational mission is the core reason for the existence of the organization and what makes it unique.

PTS: 1 DIF: Easy OBJ: LO: 02-01 NAT: BUSPROG: Analytic
TOP: Organizational Strategic Planning KEY: Bloom's: Knowledge

3. Define strategic HR management.

ANS:
Strategic HR management refers to the use of Human Resource management practices to gain or keep a competitive advantage.

PTS: 1 DIF: Easy OBJ: LO: 02-03 NAT: BUSPROG: Analytic
TOP: Human Resources and Strategy KEY: Bloom's: Knowledge

4. Describe how HR professionals can contribute to the strategic planning process.

ANS:
To contribute to the strategic planning process, HR professionals provide their perspective and expertise to operating managers by the following:

Understand the business: Knowing the financials and key drivers of business success is important to understanding the need for certain strategies.

Focus on the key business goals: Programs that have the greatest relevance to business objectives should get priority.

Know what to measure: Metrics are a vital part of assessing success, which means picking those measures that directly relate to the business goals.

Prepare for the future: Strategic thinking requires preparing for the future, not focusing on the past—except as a predictor of the future.

PTS: 1 DIF: Moderate OBJ: LO: 02-03 NAT: BUSPROG: Analytic
TOP: Human Resources and Strategy KEY: Bloom's: Knowledge

5. Define Human Resource planning.

ANS:
Human Resource planning is the process of analyzing and identifying the need for and availability of people so that the organization can meet its strategic objectives.

PTS: 1 DIF: Easy OBJ: LO: 02-03 NAT: BUSPROG: Analytic
TOP: Human Resource Planning KEY: Bloom's: Knowledge

6. Define forecasting.

ANS:
Forecasting uses information from the past and the present to identify expected future conditions.

PTS: 1 DIF: Easy OBJ: LO: 02-04 NAT: BUSPROG: Analytic
TOP: Planning for Internal Workforce Availability KEY: Bloom's: Knowledge

7. Define severance benefits.

ANS:
Severance benefits are temporary payments made to laid-off employees to ease the financial burden of unemployment.

PTS: 1 DIF: Easy OBJ: LO: 02-05 NAT: BUSPROG: Analytic
TOP: Workforce Supply Demand KEY: Bloom's: Knowledge

8. Define due diligence.

ANS:
Die diligence is a comprehensive assessment of all aspects of the business being acquired. Financial, sales and marketing, operations, and Human Resource staffs can all be involved before the final decision is made to merge or acquire a company.

PTS: 1 DIF: Easy OBJ: LO: 02-05 NAT: BUSPROG: Analytic
TOP: Human Resources Planning in Mergers and Acquisitions KEY: Bloom's: Knowledge

9. Describe the four important factors in changing organizational culture.

ANS:
The four important factors in changing culture are:

Define the desired behavior: Provide behavioral examples of how people are expected to act and tie these behaviors to the performance management system.

Deploy role models: Select leaders who exemplify the desired behaviors and make them visible throughout the organization.

Provide meaningful incentives: Reward the role models with recognition to reinforce their behavior and to signal the rest of the organization.

Provide clear and consistent messages: Align what you say with what you do and reward.

PTS: 1 DIF: Moderate OBJ: LO: 02-05 NAT: BUSPROG: Analytic
TOP: Human Resources Planning in Mergers and Acquisitions KEY: Bloom's: Knowledge

10. Describe the characteristics that should be considered when developing HR metrics and analytics.

ANS:
The following characteristics should be considered when developing HR metrics and analytics:
(a) Accurate data can be collected.
(b) Measures are linked to strategic and operational objectives.
(c) Calculations can be clearly understood.
(d) Measures provide information valued by executives.
(e) Results can be compared both externally and internally.
(f) Measurement data drives HR management efforts.

PTS: 1 DIF: Moderate OBJ: LO: 02-06 NAT: BUSPROG: Analytic
TOP: Measuring Effectiveness of Human Resources and Human Capital
KEY: Bloom's: Knowledge

ESSAY

1. Describe the strategic planning process for organizations.

ANS:
The strategic planning cycle typically covers a three- to five-year time frame, and management considers both internal and external forces when formulating the strategic plan.

The guiding force behind the strategic planning process is the organizational mission, which is the core reason for the existence of the organization and what makes it unique. The mission statement is usually determined by the organizational founders or leaders and sets the general direction of the organization.

The planning process begins with an assessment of the current state of the business and the environmental forces that may be important during the planning cycle. Analysis of the strengths, weaknesses, opportunities, and threats (SWOT) is a typical starting point because it allows managers to consider both internal and external conditions. The SWOT analysis helps managers to formulate a strategic plan that considers the organization ’s ability to deal with the situation at hand. The planning process requires continuous monitoring and responding to environmental changes and competitive conditions.

Managers then determine the objectives for the planning cycle and formulate organization-level strategies to accomplish those objectives. Each function (such as HR) within the organization then formulates strategies that will link to and support the organization-level strategies. The strategic plan is re-evaluated periodically because conditions may change and managers must react to the ever-changing business environment.

PTS: 1 DIF: Moderate OBJ: LO: 02-01 NAT: BUSPROG: Analytic

TOP: Organizational Strategic Planning KEY: Bloom's: Knowledge

2. Discuss global staffing strategies.

ANS:
Staffing for global operations includes a wide variety of alternatives. The optimal solution is to combine the expertise of local employees with the organization-specific knowledge of employees from the home country (headquarters). Some countries require that the organization employ a certain percentage of workers from the host country. Each organization will use a staffing model that best fits its culture and strategic goals. An expatriate is a citizen of one country who is working in a second country and employed by an organization headquartered in the first country Moving an employee to an overseas assignment for an extended period requires careful selection, training and planning to make the experience a success. The return of an expatriate (called repatriation) must be well planned and executed for the organization to continue the benefits of the overseas assignment when the employee comes back. Leadership development is especially important for MNCs. It is becoming more important for individuals in top management positions to have international experience so that they understand the worldwide marketplace. Effective selection and development processes are needed to ensure that the right individuals are chosen for these roles. Leading across cultures requires specific skills, and organizations should provide formal training along with expatriate assignments to develop leaders who can achieve results in this demanding environment. Again, merging of company and HR strategy is required. HR planning is frequently a direct consequence of implementing strategies to move the organization forward. HR planning deals with deciding how many people will be needed to execute specific functions of an organization.

PTS: 1 DIF: Moderate OBJ: LO: 02-03 NAT: BUSPROG: Analytic
TOP: Human Resources and Strategy KEY: Bloom's: Knowledge

3. Describe the Human Resource planning process.

ANS:
The Human Resource planning process begins with considering the organizational plans and the environmental analysis that went into developing strategies. Strengths, weaknesses, opportunities, and threats are considered. Then the possible available workforce is evaluated by identifying both the external and internal workforce. Once those assessments are complete, forecasts must be developed to identify both the demand for and supply of Human Resources. Management then formulates HR staffing plans and actions to address imbalances, both short-term and long term. Specific strategies may be developed to fill vacancies or deal with surplus employees. Finally, HR plans are developed to provide specific direction for the management of HR activities related to employee recruiting, selection, and retention. The most telling evidence of successful HR planning is a consistent alignment of the availabilities and capabilities of Human Resources with the needs of the organization over time.

PTS: 1 DIF: Moderate OBJ: LO: 02-03 NAT: BUSPROG: Analytic
TOP: Human Resource Planning KEY: Bloom's: Knowledge

4. Discuss environmental analysis.

ANS:

Before the managers in a company begin strategic planning, they study and assess the dynamics of the environment in which they operate to better understand how these conditions might affect their plans. The process of environmental scanning helps to pinpoint strengths, weaknesses, opportunities, and threats that the organization will face during the planning horizon. Whether or not this is not done at the organizational level, it should be done at the HR planning level. The external environment includes many economic, political, and competitive forces that will shape the future. For HR the internal environment includes the quality and quantity of talent, the organizational culture, and the talent pipeline and leadership bench strength. Opportunities and threats emerge from the external environment and can impact the outcomes for the firm. Many of these forces are not within the organization's control, but must be considered in the scanning process because they can affect the business. Dealing with uncertainty in the external environment is an important skill for planners. The external environmental scan includes an assessment of economic conditions, legislative/political influences, demographic changes, and geographic and competitive issues.

PTS: 1 DIF: Moderate OBJ: LO: 02-03 NAT: BUSPROG: Analytic
TOP: Human Resource Planning KEY: Bloom's: Knowledge

5. Discuss current and future jobs audit and the key questions that are addressed during internal jobs assessment.

ANS:
The starting point for evaluating internal workforce strengths and weaknesses is an audit of the jobs that need to be done in the organization. A comprehensive analysis of all current jobs provides a basis for forecasting what jobs will need to be done in the future. Much of the data required for the audit should be available from existing staffing and organizational databases. The following are key questions that are addressed during the internal jobs assessment:

- What jobs exist now and how essential is each job?
- How many individuals are performing each job?
- What are the reporting relationships of jobs?
- What are the vital KSAs (knowledge, skills, and abilities) needed in the jobs?
- What jobs will be needed to implement future organizational strategies?
- What are the characteristics of those anticipated jobs?

PTS: 1 DIF: Moderate OBJ: LO: 02-03 NAT: BUSPROG: Analytic
TOP: Planning for Internal Workforce Availability KEY: Bloom's: Knowledge

6. Discuss forecasting methods and periods.

ANS:
Forecasting methods may be either judgmental or mathematical. Methods for forecasting Human Resources range from a manager's best guess to a rigorous and complex computer simulation. Despite the availability of sophisticated judgmental and mathematical models and techniques, forecasting is still a combination of quantitative methods and subjective judgment. The facts must be evaluated and weighed by knowledgeable individuals, who use the mathematical models as tools and make judgments to arrive at decisions. HR forecasting should be done over three planning periods: short range, intermediate range, and long range. The most commonly used planning period of six months to one year focuses on short-range forecasts for the immediate HR needs of an organization. Intermediate- and long-range forecasting are much more difficult processes. Intermediate-range plans usually project one to three years into the future, and long-range plans extend beyond three years.

PTS: 1 DIF: Moderate OBJ: LO: 02-04 NAT: BUSPROG: Analytic
TOP: Planning for Internal Workforce Availability KEY: Bloom's: Knowledge

7. Discuss forecasting the supply of Human Resources.

ANS:
Once Human Resources needs have been forecast, then availability of qualified individuals must be identified. Forecasting availability considers both external and internal supplies. Although the internal supply may be somewhat easier to calculate, it is important to calculate the external supply as accurately as possible.

External Supply: The external supply of potential employees available to the organization can be identified. Government estimates of labor force populations, trends in the industry, and many more complex and interrelated factors must be considered. Such information is often available from state or regional economic development offices. The following items may be included:

- Net migration into and out of the area
- Individuals entering and leaving the workforce
- Individuals graduating from schools and colleges
- Changing workforce composition and patterns
- Economic forecasts for the next few years
- Technological developments and shifts
- Actions of competing employers
- Government regulations and pressures
- Circumstances affecting persons entering and leaving the workforce

Internal Supply: Estimating internal supply considers the number of external hires and the employees who move from their current jobs into others through promotions, lateral moves, and terminations. It also considers that the internal supply is influenced by training and development programs, transfer and promotion policies, and retirement policies, among other factors. In forecasting the internal supply, data from the replacement charts and succession planning efforts are used to project potential personnel changes, identify possible backup candidates, and keep track of attrition (resignations, retirements, etc.) for each department in an organization.

PTS: 1 DIF: Moderate OBJ: LO: 02-04 NAT: BUSPROG: Analytic
TOP: Planning for Internal Workforce Availability KEY: Bloom's: Knowledge

8. Discuss the legal considerations for workforce reduction.

ANS:

HR must be involved during workforce adjustments to ensure that the organization does not violate any of the nondiscrimination or other laws governing workforce reductions. Selection criteria for determining which employees will be laid off must comply with Title VII of the Civil Rights Act as well as the Age Discrimination in Employment Act and the Americans with Disabilities Act. A careful analysis and disparate impact review should be conducted before final decisions are made. There is no legal requirement to provide severance benefits, and loss of medical benefits is a major problem for laid-off employees. However, under the federal Consolidated Omnibus Budget Reconciliation Act (COBRA), displaced workers can retain their group medical coverage for up to 18 months for themselves, and for up to 36 months for their dependents, if they pay the premiums themselves. Employers must also comply with the Older Workers Benefit Protection Act (OWBPA) when implementing RIFs. The OWBPA requires employers to disclose the ages of both terminated and retained employees in layoff situations, and a waiver of rights to sue for age discrimination must meet certain requirements. The worker must be given something of value ("consideration") in exchange for the waiver of right to sue, typically severance benefits. When laying off a group of employees, workers over age 40 who are being laid off must be granted 45 days in which to consider accepting severance benefits and waiving their right to sue. To provide employees with adequate notice of plant closings or mass layoffs, a federal law was passed—the Worker Adjustment and Retraining Notification (WARN) Act. This law requires private or commercial organizations that employ 100 or more full-time workers who have worked more than 6 months in the previous year to give a 60-day notice before implementing a layoff or facility closing that involves more than 50 people. However, workers who have been employed less than 6 months in the prior year, as well as part-time staff members working fewer than 20 hours per week, are not counted toward the total of 50 employees. Despite not being formally counted to determine implementation of the law, these individuals should still be given some form of notice. The WARN Act imposes heavy fines on employers who do not follow the required process and give proper notice.

PTS: 1 DIF: Moderate OBJ: LO: 02-05 NAT: BUSPROG: Analytic
TOP: Workforce Supply Demand KEY: Bloom's: Knowledge

9. Discuss the role of HR during the integration stage of mergers and acquisitions.

ANS:
After a deal for a merger or acquisition is closed, the focus of HR activity switches to the orderly transition of basic HR processes such as payroll and benefits migration. During the first 60 days after the acquisition, HR must deliver high-quality administrative and operational support to employees and managers. The immediate concerns are often about basic services needed to run the operations. Frequent communication, employee hotlines, and guidance for managers all contribute to employee retention and loyalty during the chaotic, early days of the transition. During the transition, managers focus on identifying key talent and establishing initiatives to retain these critical employees. Retention bonuses, special assignments, and enhanced severance can be used to keep key talent in place during the integration stage. Integrating HR information systems is important to provide managers with information about employee capabilities, performance, and potential. The acquiring organization cannot make optimum Human Resource assessments without access to employees' historical information. An inventory of knowledge, skills, and expertise along with performance information provide the data for making suitable assignments for employees from both organizations. Gathering all relevant HR information in a single database helps managers to analyze and compare employee skills and make informed decisions about which employees should be retained. As the businesses are merged, culture based conflicts can emerge. Changing the organizational culture depends upon changing behavior in the organization. Following are four important factors in changing culture:

• *Define the desired behaviors*: Provide behavioral examples of how people are expected to act and tie these behaviors to the performance management system.
• *Deploy role models*: Select leaders who exemplify the desired behaviors and make them visible throughout the organization.

• *Provide meaningful incentives*: Reward the role models with recognition to reinforce their behavior and to signal the rest of the organization.
• *Provide clear and consistent messages*: Align what you say with what you do and reward.

PTS: 1 DIF: Moderate OBJ: LO: 02-05 NAT: BUSPROG: Analytic
TOP: Human Resources Planning in Mergers and Acquisitions KEY: Bloom's: Knowledge

10. Discuss balanced scorecard.

ANS:
One effective approach to measuring strategic performance of organizations, including their HR departments, is to use the balanced scorecard. The balanced scorecard is a framework organizations use to report on a diverse set of performance measures. Organizations that did not use a balanced scorecard recognized that focusing strictly on financial measures only limited their view. The balanced scorecard balances financial and nonfinancial measures so that managers focus on long-term drivers of performance and organizational sustainability. The balanced scorecard measures performance in four areas:

• *Financial measures*: Traditional financial measures such as profit and loss, operating margins, utilization of capital, return on investment, and return on assets are needed to ensure that the organization manages its bottom line effectively.
• *Internal business processes*: Product and service quality, efficiency and productivity, conformance with standards, and cycle times can be measured to ensure that the operation runs smoothly and efficiently.
• *Customer relations*: Customer satisfaction, loyalty, and retention are important to ensure that the organization is meeting customer expectations and can depend on repeat business from its customers.
• *Learning and growth activities*: Employee training and development, mentoring programs, succession planning, and knowledge creation and sharing provide the necessary talent and human capital pool to ensure the future of the organization.

Organizational results in each of these areas determine if the organization is progressing toward its strategic objectives. Using the balanced scorecard requires spending considerable time and effort to identify the appropriate HR measures in each of the four areas mentioned earlier and how they tie to strategic organizational success. The balanced scorecard should align with company goals and focus on results.

PTS: 1 DIF: Moderate OBJ: LO: 02-06 NAT: BUSPROG: Analytic
TOP: Measuring Effectiveness of Human Resources and Human Capital
KEY: Bloom's: Knowledge