

Chapter 1: Introduction to Human Resource Management

Multiple Choice

1. The basic functions of management include all of the following except _____.
 - a. planning
 - b. organizing
 - c. motivating
 - d. leading
 - e. staffing(c; moderate)
2. The management process is made up of _____ basic functions.
 - a. three
 - b. four
 - c. five
 - d. eight
 - e. ten(c; moderate)
3. Which basic function of management includes establishing goals and standards, developing rules and procedures, and forecasting?
 - a. planning
 - b. organizing
 - c. motivating
 - d. leading
 - e. staffing(a; easy)
4. What specific activities listed below are part of the planning function?
 - a. giving each subordinate a specific task
 - b. recruiting prospective employees
 - c. training and developing employees
 - d. developing rules and procedures
 - e. all of the above(d; moderate)
5. Lin spends most of her time at work setting goals and standards and developing rules and procedures. Which function of management does Lin specialize in?
 - a. planning
 - b. organizing
 - c. motivating
 - d. leading
 - e. staffing(a; easy)

6. Which basic function of management includes delegating authority to subordinates and establishing channels of communication?
 - a. planning
 - b. organizing
 - c. motivating
 - d. leading
 - e. staffing(b; easy)
7. What specific activities listed below are part of the organizing function?
 - a. giving each subordinate a specific task
 - b. recruiting prospective employees
 - c. training and developing employees
 - d. developing rules and procedures
 - e. all of the above(a; moderate)
8. Which basic function of management includes selecting employees, setting performance standards, and compensating employees?
 - a. planning
 - b. organizing
 - c. motivating
 - d. leading
 - e. staffing(e; easy)
9. What specific activities listed below are part of the staffing function?
 - a. giving each subordinate a specific task
 - b. maintaining morale
 - c. recruiting prospective employees
 - d. developing rules and procedures
 - e. both b and c(c; moderate)
10. Which basic function of management includes setting standards such as sales quotas and quality standards?
 - a. planning
 - b. organizing
 - c. controlling
 - d. leading
 - e. staffing(c; easy)
11. What specific activities listed below are part of the controlling function?
 - a. giving each subordinate a specific task
 - b. recruiting prospective employees
 - c. training and developing employees
 - d. developing rules and procedures
 - e. checking to see how actual performance compares with standards(e; moderate)

12. _____ is the process of acquiring, training, appraising, and compensating employees, and attending to their labor relations, health and safety, and fairness concerns.
- a. Human Resource Management
 - b. Labor Relations
 - c. Industrial Psychology
 - d. Organizational Behavior
 - e. Organizational Health and Safety Management
- (a; easy)
13. Human resource management is _____.
- a. the concepts and techniques used to control people at work
 - b. the process of organizing work activities
 - c. the process of identifying countries with cheaper labor costs and relocating jobs to those countries
 - d. the process of acquiring, training, appraising, and compensating employees, and attending to their labor relations, health and safety, and fairness concerns
 - e. all of the above
- (d; moderate)
14. _____ is the right to make decisions, to direct the work of others, and to give orders.
- a. Leadership
 - b. Authority
 - c. Delegation
 - d. Management
 - e. Responsibility
- (b; easy)
15. _____ are authorized to direct the work of subordinates.
- a. Line managers
 - b. Staff managers
 - c. Leaders
 - d. Advisory board members
 - e. All of the above
- (a; easy)
16. _____ are responsible for assisting and advising line managers in areas like recruiting, hiring, and compensation.
- a. Human resource managers
 - b. Staff managers
 - c. Line managers
 - d. EEO officers
 - e. Board members
- (a; easy)

17. Effective human resource management could include all of the following responsibilities except _____.
a. placing the right person in the right job
b. training employees
c. controlling labor costs
d. protecting employees' health
e. all are responsibilities necessary for effective human resource management
(e; moderate)
18. Human resource managers generally exert _____ within the human resources department and _____ outside the human resources department.
a. line authority; implied authority
b. staff authority; line authority
c. line authority; staff authority
d. functional control; authoritarian control
e. staff authority; specific authority
(a; difficult)
19. Line managers respect the knowledge human resource managers have in areas such as testing and affirmative action. Consequently, human resource managers can influence line managers through _____.
a. line authority
b. functional control
c. implied authority
d. explicit authority
e. human capital
(c; moderate)
20. Which of the following responsibilities do human resource managers fulfill in their role as employee advocates?
a. establish guidelines for how management should be treating employees
b. provide support for employees contesting unfair practices
c. represent employees' interests as appropriate
d. all of the above
e. none of the above
(d; moderate)
21. All of the following are examples of human resource job duties except _____.
a. recruiter
b. equal employment opportunity coordinator
c. financial advisor
d. compensation manager
e. labor relations specialist
(c; moderate)

22. Which of the following job titles indicates a position in human resources?
- a. recruiter
 - b. job analyst
 - c. training specialist
 - d. EEO coordinator
 - e. all of the above
- (e; easy)
23. Which of the following tasks related to recruiting and hiring is not typically handled by HR staff?
- a. specify necessary job qualifications
 - b. develop pool of qualified applicants
 - c. conduct initial screening interviews
 - d. administer tests
 - e. explain benefits packages
- (a; easy)
24. The expertise of human resource departments became indispensable with the _____.
- a. introduction of employment laws
 - b. passing of equal employment laws
 - c. increase of women in the workforce
 - d. movement of jobs to countries with cheaper labor costs
 - e. both a and b
- (e; moderate; p. 9)
25. _____ refers to the tendency of firms to extend their sales, ownership, and/or manufacturing to new markets abroad.
- a. Expansion
 - b. Market development
 - c. Globalization
 - d. Export growth
 - e. Diversification
- (c; easy)
26. Most people who are classified as nontraditional workers are _____.
- a. contingent workers
 - b. independent contractors
 - c. job sharing
 - d. working multiple jobs
 - e. caring for an elderly parent
- (b; difficult)
27. Which of the following is a type of nontraditional worker?
- a. contingent workers
 - b. part-time workers
 - c. people working in alternative work arrangements
 - d. people with multiple jobs
 - e. all of the above
- (e; moderate)

28. Jak takes on various projects as an independent contractor. He works on several projects for a variety of companies. When a project is complete, he moves on to another project, often with a different company. Jak is a type of _____.
a. contingent worker
b. collateral worker
c. manager
d. consultant
e. none of the above
(a; moderate)
29. Saras and her mother, Ann share one flight attendant job at Jet Airlines. Saras and Ann could be classified as _____.
a. flex-time workers
b. contingent workers
c. nontraditional workers
d. traditional workers
e. none of the above
(c; easy)
30. What term refers to the knowledge, education, training, skills, and expertise of a firm's workers?
a. human resources
b. human capital
c. intangible assets
d. knowledge assets
e. intellectual property
(b; moderate)
31. Which of the following demographic issues represents a challenge for human resource managers?
a. increasingly diverse workforce
b. aging workforce
c. increasing use of contingent workers
d. both a and b
e. all of the above
(d; moderate; p. 13)
32. The proportion of women in the workforce is projected to _____.
a. increase significantly over the coming decade
b. decrease as more women decide to stay home with children
c. stop growing
d. increase at a decreasing rate
e. decrease at an increasing rate
(c; difficult)

33. Over the next few years, employers may face a severe labor shortage because _____.
a. there are fewer people entering the job market than there are retiring baby boomers
b. one-third of married women are not in the labor force
c. Older workers will represent 11% of the labor force
d. people are living longer
e. all of the above
(a; difficult)
34. What tactic will employers likely have to take to fill openings left by retiring employees?
a. instituting flexible work hours
b. providing elder care
c. hiring more women
d. rehiring retirees
e. lowering the retirement age
(d; difficult)
35. A _____ is a company's plan for how it will balance its internal strengths and weaknesses with external opportunities and threats in order to maintain a competitive advantage.
a. SWOT analysis
b. mission statement
c. strategy
d. tactic
e. scorecard
(c; easy)
36. The performance of human resource departments is evaluated based on _____.
a. measurable evidence of efficiency
b. measurable evidence of effectiveness
c. anecdotal evidence
d. qualitative measures of success
e. both a and b
(e; moderate)
37. Quantitative performance measures used by human resource managers to assess operations are called _____.
a. ratios
b. benchmarks
c. metrics
d. grades
e. goals
(c; moderate)

38. The _____ metric can be used as a measurement to show improvements to savings in recruitment and retention costs.
- a. absence rate
 - b. cost per hire
 - c. HR expense factor
 - d. human capital ROI
 - e. time to fill
- (b; moderate)
39. Which metric indicates the cost of health care per employee by providing the per capita cost of employee benefits?
- a. HR expense factor
 - b. human capital ROI
 - c. health care costs per employee
 - d. human capital value added
 - e. revenue factor
- (c; moderate)
40. The _____ metric views human resource expenses in relation to the total operating expenses of the organization.
- a. HR expense factor
 - b. human capital ROI
 - c. health care costs per employee
 - d. human capital value added
 - e. revenue factor
- (a; moderate)
41. _____ are a useful tool for determining why employees are leaving an organization.
- a. Government labor reports
 - b. Exit interviews
 - c. Benchmarks
 - d. HR portals
 - e. Turnover rates
- (b; easy)
42. Which of the following human resource practices can be useful in reducing workers' compensation cost per employee?
- a. safety training
 - b. disability management
 - c. safety incentives
 - d. all of the above
 - e. a and b only
- (d; moderate)

43. Which metric views employees as capital rather than as an expense?
- a. time to fill
 - b. training investment
 - c. HR expense factor
 - d. revenue factor
 - e. none of the above
- (d; difficult)
44. The _____ measures the rate at which employees leave the company.
- a. turnover costs
 - b. turnover rate
 - c. time to fill
 - d. cost per hire
 - e. absence rate
- (b; moderate)
45. When managers use metrics to assess performance and then develop strategies for corrective action, they are performing the _____ function of management.
- a. planning
 - b. leading
 - c. staffing
 - d. controlling
 - e. organizing
- (d; difficult)
46. The term _____ means contributing in a measurable way to achieving the company's strategic goals.
- a. competitive advantage
 - b. achievement success
 - c. value creation
 - d. success metric
 - e. none of the above
- (c; moderate)
47. Managers use a(n) _____ to measure the HR function's effectiveness and efficiency in producing employee behaviors the company needs to achieve its strategic goals.
- a. metric
 - b. HR Scorecard
 - c. benchmark
 - d. high performance work system
 - e. MBO format
- (b; easy)

48. Metrics can be compared against _____ to evaluate an organization's performance.
- a. last year's metric
 - b. competitor's metric
 - c. survey data
 - d. national standard
 - e. all of the above
- (e; easy)
49. The Revenue Factor is equal to _____.
- a. revenue divided by the total number of full-time equivalents (FTE)
 - b. total days elapsed to fill requisitions divided by the number hired
 - c. revenue minus operating expense minus compensation and benefit cost divided by the total number of full-time equivalents (FTE)
 - d. HR expense divided by the total operating expense
 - e. advertising plus agency fees plus employee referrals plus travel costs of applicant plus relocation costs plus recruiter pay and benefits divided by number of hires
- (a; difficult)
50. The HR expense factor is equal to _____.
- a. revenue divided by the total number of full-time equivalents (FTE)
 - b. total days elapsed to fill requisitions divided by the number hired
 - c. revenue minus operating expense minus compensation and benefit cost divided by the total number of full-time equivalents (FTE)
 - d. HR expense divided by the total operating expense
 - e. advertising plus agency fees plus employee referrals plus travel costs of applicant plus relocation costs plus recruiter pay and benefits divided by number of hires
- (d; difficult)
51. The cost per hire is equal to _____.
- a. revenue divided by the total number of full-time equivalents (FTE)
 - b. total days elapsed to fill requisitions divided by the number hired
 - c. revenue minus operating expense minus compensation and benefit cost divided by the total number of full-time equivalents (FTE)
 - d. HR expense divided by the total operating expense
 - e. advertising plus agency fees plus employee referrals plus travel costs of applicant plus relocation costs plus recruiter pay and benefits divided by number of hires
- (e; moderate)

52. The human capital value added is equal to _____.
a. revenue divided by the total number of full-time equivalents (FTE)
b. total days elapsed to fill requisitions divided by the number hired
c. revenue minus operating expense minus compensation and benefit cost divided by the total number of full-time equivalents (FTE)
d. HR expense divided by the total operating expense
e. advertising plus agency fees plus employee referrals plus travel costs of applicant plus relocation costs plus recruiter pay and benefits divided by number of hires
(c; difficult)
53. What metric evaluates retention efforts by an organization?
a. turnover costs
b. turnover rate
c. cost per hire
d. absence rate
e. both a and b
(e; easy)
54. Firms can use the _____ as a benchmark for the cost per hire metric.
a. Government employment report
b. Cost Per Hire Staffing Metrics Survey
c. Employer Costs for Employee Compensation Report
d. Government Job Turnover Report
e. None of the above
(b; easy)
55. Firms can use the _____ as a benchmark for the time to fill metric.
a. Government employment report
b. Cost Per Hire Staffing Metrics Survey
c. Employer Costs for Employee Compensation Report
d. Government Job Turnover Report
e. None of the above
(b; difficult)
56. The concise measurement system used by companies to show the quantitative standards the firm uses to measure HR activities, employee behaviors resulting from the activities, and the strategically relevant organizational outcomes of those employee behaviors is called a(n) _____.
a. evaluation system
b. HR scorecard
c. appraisal system
d. evaluation benchmark
e. annual report
(b; moderate)

57. When seeking to improve the workers' compensation cost per employee metric, human resource managers should analyze _____.
a. types of injuries
b. injuries by department
c. injuries by job type
d. changes in injuries over time
e. all of the above
(e; easy)
58. In which area must HR managers be proficient in order to perform well in today's environment?
a. HR proficiencies
b. business proficiencies
c. leadership proficiencies
d. learning proficiencies
e. all of the above
(e; moderate)
59. Mak wants to report the value of the knowledge, skill, and performance of the organization's workforce. To illustrate how employees add value to an organization, Mak should use the _____ metric.
a. revenue factor
b. human capital value added
c. training investment
d. HR expense factor
e. intangible assets
(b; moderate)
60. Of the four categories of proficiencies necessary for HR managers, which one refers to traditional knowledge and skills in areas such as employee selection, training, and compensation?
a. HR proficiencies
b. business proficiencies
c. leadership proficiencies
d. learning proficiencies
e. staffing proficiencies
(a; moderate)
61. Of the four categories of proficiencies necessary for HR managers, which one refers to knowledge of strategic planning, marketing, production, and finance?
a. HR proficiencies
b. business proficiencies
c. leadership proficiencies
d. learning proficiencies
e. staffing proficiencies
(b; moderate)

62. Of the four categories of proficiencies necessary for HR managers, which one refers to the ability to work with and lead management groups?
- a. HR proficiencies
 - b. business proficiencies
 - c. leadership proficiencies
 - d. learning proficiencies
 - e. staffing proficiencies
- (c; moderate)
63. Su Han is an HR manager for a large company. The MBA degree she earned prior to taking this position has been helpful to her because it prepared her to better understand the role of strategic planning, marketing, production, and finance in creating a profitable organization. Which category of proficiency has Su's MBA prepared her for?
- a. HR proficiencies
 - b. business proficiencies
 - c. leadership proficiencies
 - d. learning proficiencies
 - e. staffing proficiencies
- (b; moderate)
64. Mohan is particularly good at staying abreast of new technologies and practices affecting human resources management. Which proficiency is Mohan skilled in?
- a. HR proficiencies
 - b. business proficiencies
 - c. leadership proficiencies
 - d. learning proficiencies
 - e. staffing proficiencies
- (d; moderate)
65. Which of the following types of laws does not affect the decisions of human resource managers?
- a. equal employment laws
 - b. occupational safety and health laws
 - c. labor laws
 - d. advertising regulations
 - e. all of the above affect the decisions of human resource managers
- (d; difficult)
66. _____ set guidelines regarding how the company writes its recruiting ads, what questions its job interviewers ask, and how it selects candidates for training programs or evaluates its managers.
- a. Equal employment laws
 - b. Occupational safety and health laws
 - c. Labor laws
 - d. Advertising regulations
 - e. Fairness in Employment regulations
- (a; moderate)

67. _____ set guidelines regarding safety practices at work.
- a. Equal employment laws
 - b. Occupational safety and health laws
 - c. Labor laws
 - d. Advertising regulations
 - e. Fairness in Employment regulations
- (b; moderate)
68. Which of the following HR activities may be outsourced to specialist service providers?
- a. administration of 401 (k) pension plans
 - b. employee assistance/ counseling plans
 - c. retirement planning
 - d. background checks
 - e. all of the above
- (e; moderate)
69. Companies may use a(n) _____ to provide employees with a single access point or gateway on a company's intranet to all human resource information.
- a. database
 - b. HR portal
 - c. data warehouse
 - d. www
 - e. URL
- (b; easy)
70. AB Corp streamlined its annual benefits package enrollments by digitizing and aggregating the former paper benefits reports, electronic spreadsheets, and benefit summaries and providing the materials at a single location on the company intranet. AB Corp is using a(n) _____.
- a. database
 - b. HR portal
 - c. data warehouse
 - d. customer relationship management system
 - e. outsourcing model
- (b; moderate)

True/ False

71. Staff managers are authorized to direct the work of subordinates and are directly in charge of accomplishing the organization's basic goals. (F; easy)
72. Human resource managers are generally staff managers. (T; easy)
73. Staff managers are always someone's boss. (F; moderate)
74. In small organizations, line managers may carry out all personnel duties without the assistance of a human resource staff. (T; moderate)
75. Human resource managers assist in hiring, training, evaluating, rewarding, counseling, promoting, and hiring employees. (T; easy)

76. When human resource managers make sure employees can contest unfair practices, they are carrying out an innovator role. (F; easy)
77. The division of human resource responsibilities for line managers and staff managers varies from organization to organization. (T; moderate)
78. As firms seek to keep costs down, there has been a shift to using more traditional workers. (F; easy)
79. With the aging of its workforce, America is facing a demographic shift as significant as the massive entry of women into the workforce that began in the 1960s. (T; moderate)
80. As baby boomers retire from the workforce, there will be more people entering the labor pool than leaving it. (F; easy)
81. Ratios are quantitative performance measures used to assess operations. (F; moderate)
82. The HR Scorecard is a concise measurement system which shows the quantitative standards the firm used to measure the effectiveness and efficiency of human resource activities. (T; moderate)
83. Human resource management creates value for an organization by engaging in activities that produce the employee behaviors the company needs to achieve its strategic goals. (T; moderate)
84. Unlike other divisions, such as research and development, in an organization, the HR function is not evaluated on the extent to which it creates value for the company. (F; easy)
85. The absence rate is focused on more than any other metric used in an HR Scorecard. (F; easy)
86. Human capital ROI reports the return on investment ratio for employees. (T; easy)
87. The revenue factor shows employees as an expense rather than as capital. (F; moderate)
88. The time to fill metric illustrates the efficiency of the firm's recruiting function. (T; moderate)
89. The training investment factor measures the total training cost for all employees taken as a whole. (F; moderate)
90. The acronym FTE used in many of the HR metrics stands for foreign or temporary employees. (F; easy)

91. Turnover rate and turnover costs can both be improved with retention efforts. (T; easy)
92. HR should seek to increase the workers' compensation cost per employee by eliminating such practices as disability management. (F; moderate)
93. The most important proficiency of the four highlighted in the text for human resource managers is law proficiency. (F; moderate)
94. Equal employment laws lay out what a supervisor can and cannot say and do when dealing with labor unions. (F; moderate)
95. Employment laws are intended to curb erroneous corporate financial reporting. (F; moderate)
96. Because of employment laws, HR managers must now review and approve a firm's financial statements. (F; moderate)
97. Human resource managers must have MBA degrees to be promoted to HR directors. (F; easy)
98. ASP is a special wireless technology used to synchronize various electronic tools like cellular phones and PCs and facilitate employee access to employer online HR services. (F; moderate)
99. Ethical issues such as workplace safety, security of employee records, comparable work, and employee privacy rights are all related to human resource management. (T; moderate)
100. HR portals represent a form of outsourcing. (F; moderate)

Essay/ Short Answer

101. What are the five basic functions of management? Explain some of the specific activities involved in each function. Is one function more important for human resource management? (easy)

Answer: The five basic functions are planning, organizing, staffing, leading, and controlling. Planning activities include establishing goals and standards, developing rules and procedures, and developing plans and forecasting. Organizing activities include giving specific task assignments to subordinates, establishing departments, delegating authority to subordinates, and establishing channels of authority and communication. Staffing activities include determining what type of people should be hired, recruiting prospective employees, and setting performance standards. Leading activities include maintaining morale and motivating subordinates. Controlling activities include setting standards such as sales quotas, and quality standards and taking corrective action as needed. Staffing is the function most readily related to human resource management. However, HR managers actually perform all 5 functions.

102. Explain the difference between line authority and staff authority. What type of authority do human resource managers have? (moderate)

Answer: Authority is the right to make decisions, to direct the work of others, and to give orders. Line managers are authorized to direct the work of subordinates and are directly in charge of accomplishing the organization's basic goals. Staff managers are authorized to assist and advise line managers in accomplishing these basic goals. Human resource managers are usually staff managers because they are responsible for assisting and advising line managers in areas like recruiting, hiring, and compensation. However, human resource managers do have line authority within their own department.

103. Human resource managers carry out three distinct functions. List and explain the three functions. (moderate)

Answer: The three functions include a line function, a coordination function, and a staff or service function. HR managers exert line authority within the HR department because they direct the activities of the people in that department. HR managers also coordinate personnel activities. In the service function, HR managers assist in hiring, training, evaluating, rewarding, counseling, promoting, and firing employees. They also administer benefit programs and help line managers comply with EEO, occupational health and safety, and labor laws.

104. Explain the meaning of the term nontraditional worker. Provide an example. (easy)

Answer: Nontraditional workers include those who hold multiple jobs, or who are contingent or part-time, or people working in alternative work arrangements, or who work as independent contractors.

105. Some countries are becoming an hour-glass societies. Explain how this change could negatively affect the labor supply and the retirement system. (difficult)

Answer: The hour-glass metaphor is used to describe a society whose population is wider in older residents and in children but thinner for people in the workforce. When drawn, the shape resembles an hour-glass. As baby boomers retire, the shape of the American population more closely resembles an hour-glass. There are fewer people to take the jobs that baby boomers left behind. This creates two problems. First, the labor pool is smaller. This creates more demand for retirees, foreign labor, and younger workers. Second, it means that there are fewer people working and supplying funds to the social security system. This threatens the viability of the system funding the retirement of the baby boomers.

106. Identify five metrics used to evaluate HR performance. (moderate)

Answer: There are several possible answers including cost per hire, absence rate, human capital ROI, human capital value added, HR expense factor, health care costs per employee, revenue factor, time to fill, training investment factor, turnover costs, turnover rate, and workers' compensation cost per employee.

107. What are the four categories of proficiencies required today for human resource managers? Explain the meaning of each type of proficiency. (moderate)

Answer: The four categories of proficiencies are HR proficiencies, business proficiencies, leadership proficiencies and learning proficiencies. HR proficiencies represent traditional knowledge and skills in such areas as employee selection, training, and compensation. Business proficiencies refer to operations strategy, strategic planning, marketing, production, and finance. Leadership proficiencies include the ability to lead and manage groups. Learning proficiencies include the ability to stay abreast of and apply new technologies.

108. Employment law increasingly affects the decisions of human resource managers. Name three types of laws and explain the purpose of each one. (moderate)

Answer: The three types of laws are equal employment laws, occupational safety and health laws, and labor laws. Equal employment laws set guidelines regarding how the company writes its recruiting ads, what questions its job interviewers ask, and how it selects candidates for training programs. Occupational safety and health laws mandate strict guidelines regarding safety practices at work. Labor laws lay out what the supervisor can and cannot say and do when dealing with unions.

109. What are the three main ways that technology improves HR functioning? (moderate)

Answer: Technology improves HR functioning through self-service, call centers, and outsourcing.

110. Explain the popularity of HR portals. (easy)

Answer: HR portals provide employees with a single access point to all HR information. They let employees and managers access and modify HR information. They streamline the HR process and enable HR managers to focus more on strategic issues. Because they provide a single source of information and the ability for employees to update information directly, they improve efficiency for HR departments.