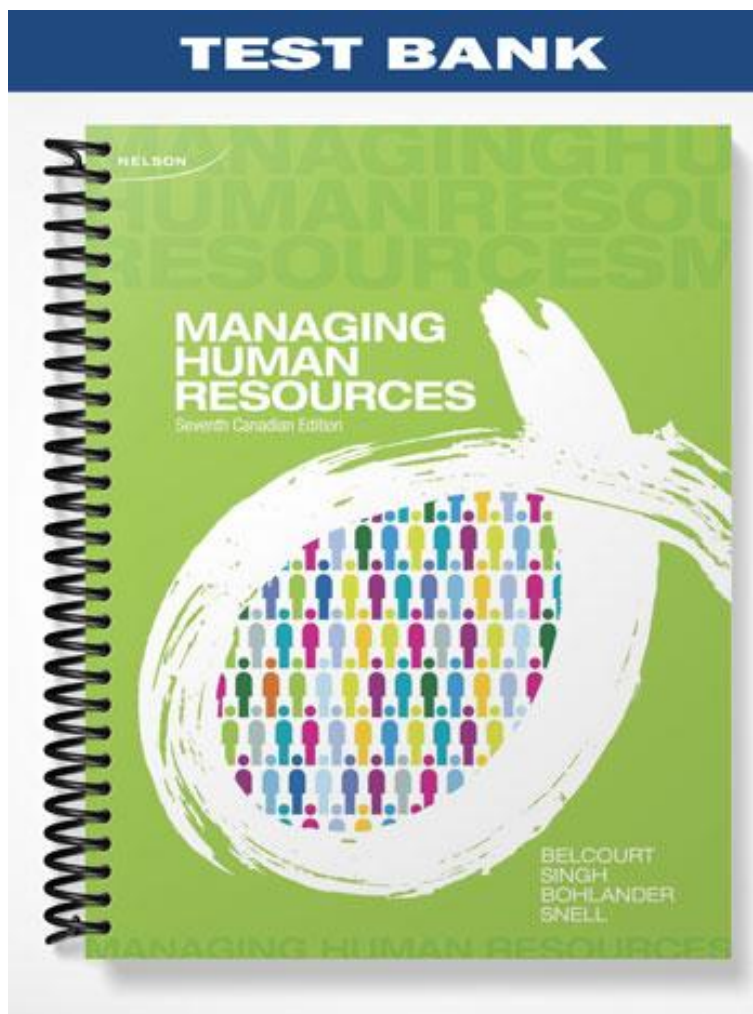


TEST BANK



Chapter 2 Strategy and Human Resources Planning

MULTIPLE CHOICE

1. What is human resources planning?
 - a. a technique that identifies the critical aspects of a job
 - b. the process of anticipating and making provisions for movement of people into, within, and out of an organization
 - c. the process of setting major organizational objectives and developing comprehensive plans to achieve these objectives
 - d. the process of determining the primary direction of the firm

ANS: B PTS: 1 REF: 40 OBJ: 1
BLM: Remember

2. Kramer Athletic Equipment is planning the future of the organization. In this process, the firm is making decisions such as whether to maintain its current path as industry leader in the running shoe business, or branch out to include casual footwear. In addition, the company is also discussing the various needs it will have for new staff if it does choose to go in a new direction. What is Kramer Athletic Equipment doing?
 - a. strategic planning
 - b. human resources planning
 - c. applying principles of strategic human resources management
 - d. planning both its business needs and its HR needs

ANS: C PTS: 1 REF: 40 OBJ: 1
BLM: Higher Order

3. Organization Z is planning its future. In the process, the firm is making decisions such as what type of market it wants to be the leader in and what path to take to achieve this goal. What is Organization Z doing?
 - a. strategic planning
 - b. human resources planning
 - c. performing a Markov analysis
 - d. applying principles of strategic human resources management

ANS: A PTS: 1 REF: 40 OBJ: 1
BLM: Higher Order

4. Eldorado Electronics wants to move from the stagnant calculator industry into the smart phone industry. To do so, however, it would have to make significant changes to its approach to product development in order to gain an edge in this competitive industry. What is the smartest next step for Eldorado Electronics?
 - a. It should consider how its strategic plans will affect its HR needs.
 - b. It should engage in human resources planning.
 - c. It should apply principles of strategic human resources management.
 - d. It should consider how its strategic plans will affect HR needs and also how its current HR status will affect its strategic plans.

ANS: D PTS: 1 REF: 40 OBJ: 1
BLM: Higher Order

Chapter 2 Strategy and Human Resources Planning

5. HR managers must be concerned with aligning HR planning and which of the following?
- the organization's strategic plan
 - the organization's marketing position
 - the organization's return on its human assets
 - the competitive environment

ANS: A PTS: 1 REF: 40 OBJ: 1

BLM: Remember | Higher Order

6. On the entrance to Mac Pencils' factory are the words "to provide the world with high-quality and dependable pencils." What is this an example of?
- mission
 - strategic vision
 - core values
 - strategic mission

ANS: A PTS: 1 REF: 40|42 OBJ: 1

BLM: Higher Order

7. One way human resource planning links to strategic planning is by providing a set of inputs into which of the following?
- the strategy formulation process
 - the strategy implementation process
 - the strategic analysis process
 - the source of competitive advantage

ANS: C PTS: 1 REF: 40 OBJ: 1

BLM: Remember | Higher Order

8. Which of the following best describes the core values of a company?
- they encompass the systematic monitoring of external opportunities
 - they are the basic purpose of the organization
 - they are the strong enduring beliefs and principles used by the company to make decisions
 - they provide a perspective on where the company is headed

ANS: C PTS: 1 REF: 42 OBJ: 1

BLM: Remember

9. When an organization monitors demographic and labour market trends as well as technological and IT changes, it is most likely performing which of the following?
- a competitive environment scan
 - an environment scan
 - a strategic plan
 - a labour market scan

ANS: B PTS: 1 REF: 43 OBJ: 2

BLM: Remember

Chapter 2 Strategy and Human Resources Planning

10. Which term refers to the systematic, regular monitoring of major external forces influencing the organization?
- demand forecasting
 - environmental scanning
 - exception reporting
 - influence analysis

ANS: B PTS: 1 REF: 43 OBJ: 2
BLM: Remember

11. What are the most important factors to consider when scanning the environment in strategic planning?
- the competition, customers, rival firms, new entrants, substitutes, suppliers, and external labour supply
 - the competition, the global landscape, rival firms, new entrants, substitutes, suppliers, and external labour supply
 - the competition, the global landscape, rival firms, new entrants, the business context, suppliers, and external labour supply
 - the competition, customers, rival firms, the workforce, substitutes, suppliers, and external labour supply

ANS: A PTS: 1 REF: 43-44 OBJ: 2
BLM: Higher Order

12. Which of the following organizations is most likely to gain a sustained competitive advantage through its people?
- one in which employee talent is organized, difficult to imitate, rare, and valuable
 - one in which employees are motivated through training initiatives, pay, and fair practices
 - one in which employees are empowered, have promotion opportunities, and have a high morale level
 - one in which employees are empowered, have talent that is rare and valuable, and are motivated through training

ANS: A PTS: 1 REF: 47 OBJ: 3
BLM: Higher Order

13. Which term refers to the integrated knowledge sets within an organization that distinguish it from its competitors and deliver value to customers?
- individual competencies
 - core capabilities
 - human capital
 - organizational competencies

ANS: B PTS: 1 REF: 47 OBJ: 3
BLM: Remember

Chapter 2 Strategy and Human Resources Planning

14. Which of the following can be used to classify different skill groups in an organization by the degree to which they create strategic value and are unique?
- internal environmental scanning
 - a human capital architecture map
 - a skills inventory
 - strategic planning

ANS: B PTS: 1 REF: 48 OBJ: 3
BLM: Remember

15. What does a human capital architecture map classify employees according to?
- exempt and non-exempt status
 - employee function and wage rate
 - employee function and skill level
 - strategic value and unique skills

ANS: D PTS: 1 REF: 49 OBJ: 3
BLM: Higher Order

16. Which statement best describes strategic knowledge workers?
- They have unique skills directly linked to the company's strategy.
 - They have firm-specific skills directly related to company strategy.
 - They have skills that are valuable but not unique.
 - They have skills available to all firms.

ANS: A PTS: 1 REF: 49 OBJ: 3
BLM: Higher Order

17. Which statement best describes the skills of contract labour workers?
- Their skills are not directly related to company strategy.
 - They have firm-specific skills directly related to company strategy.
 - They have skills that are valuable but not unique.
 - Their skills are available to all firms.

ANS: D PTS: 1 REF: 51 OBJ: 3
BLM: Remember

18. What is an important shortcoming of an organization's having to rely on part-time employees?
- limited benefits
 - no job security
 - lack of training
 - no organizational loyalty

ANS: D PTS: 1 REF: 51 OBJ: 3
BLM: Higher Order

19. Which term refers to the examination of the attitudes and activities of a company's workforce?
- environmental scanning
 - trend analysis
 - a cultural audit
 - behavioural modelling

ANS: C PTS: 1 REF: 51 OBJ: 3
BLM: Remember

Chapter 2 Strategy and Human Resources Planning

20. Smith Frozen Foods performs a yearly employee survey to assess how its employees feel about safety on the job, the comfort of the working conditions, and their general level of satisfaction with their work, managers, and coworkers. What is Smith Frozen Foods most likely performing?
- a job satisfaction survey
 - an environmental analysis
 - a cultural audit
 - an engagement measure

ANS: C PTS: 1 REF: 52 OBJ: 3
BLM: Higher Order

21. Which process refers to the examination of the attitudes and activities of a company's workforce?
- environmental scanning
 - trend analysis
 - a cultural audit
 - behavioural modelling

ANS: C PTS: 1 REF: 52 OBJ: 3
BLM: Remember

22. Which of the following best describes forecasting human resources needs?
- It is scientific and relatively error-free.
 - It is difficult and should only be done on rare occasions.
 - It should rely strictly on quantitative approaches, which utilize sophisticated analytical models.
 - It estimates the number and type of people that are needed to meet organizational objectives.

ANS: D PTS: 1 REF: 52 OBJ: 4
BLM: Higher Order

23. What should you take into account when forecasting demand?
- product/service demand
 - the number of part-time employees needed
 - unemployment rate
 - labour mobility

ANS: A PTS: 1 REF: 52 OBJ: 4
BLM: Higher Order

24. Kappa Technology is a firm in the high-technology sector. It needs to hire individuals with very specific knowledge and abilities, and it needs to do so quickly. Which aspect of employee forecasting will be most important for this company?
- skills inventories
 - staffing tables
 - Markov analysis
 - succession planning

ANS: A PTS: 1 REF: 52 OBJ: 4
BLM: Higher Order

25. What are the three Cs in strategic planning?
- culture, capabilities, and composition
 - culture, clarity, and composure
 - culture, competition, and clarity
 - culture, creativity, and composition

ANS: A PTS: 1 REF: 52 OBJ: 4
BLM: Remember

26. Manning Logistics laid off 9 employees from data-entry positions in its finance division. Two weeks later it hired 15 employees into data-entry positions in the inventory division. What mistake has the company committed?
- faulty human resources planning
 - not forecasting
 - faulty strategic planning
 - not analyzing the internal labour force

ANS: B PTS: 1 REF: 53 OBJ: 4
BLM: Higher Order

27. What is the difference between trend analysis and management forecasts?
- Trend analysis is used to analyze the business environment and management forecasts predict labour needs.
 - Trend analysis uses organizational indexes and management forecasts utilize statistical techniques.
 - Trend analysis is quantitative and management forecasts are qualitative.
 - Trend analysis has proven success and management forecasts have major shortcomings.

ANS: C PTS: 1 REF: 55 OBJ: 4
BLM: Higher Order

28. Which of the following is a graphical representation of all organizational jobs along with the numbers of employees currently occupying those jobs and future employment requirements?
- a staffing table
 - an organization chart
 - a skills inventory
 - career planning

ANS: A PTS: 1 REF: 56 OBJ: 4
BLM: Remember

29. What is the most important information obtained from a Markov analysis?
- human capital readiness
 - what types of employees work in each department
 - how many individuals are in each job in each department
 - what positions are going to be coming open and will require a new hire

ANS: D PTS: 1 REF: 56 OBJ: 4
BLM: Higher Order

Chapter 2 Strategy and Human Resources Planning

30. Which of the following lists current jobholders and identifies possible replacements?
- a staffing table
 - a replacement chart
 - a trend model
 - Markov analysis

ANS: B PTS: 1 REF: 57 OBJ: 4
BLM: Remember

31. Which of the following is the process of identifying, developing, and tracking key individuals so that they may eventually assume top-level positions?
- target forecasting
 - predicted change
 - succession planning
 - replacement selection

ANS: C PTS: 1 REF: 57 OBJ: 4
BLM: Higher Order

32. Which of the following is an important step in human resources planning?
- assessing the organizational strategic plan
 - formulating strategy
 - developing global awareness
 - surveying employees

ANS: B PTS: 1 REF: 60 OBJ: 5
BLM: Higher Order

33. Vindal Fabrics has determined that its organizational strength is being an industry leader in producing upholstery fabrics for automobiles. The company believes its weakness is its performance in Southeast Asia. It has also determined that it is missing an opportunity by not yet branching into upholstery for public transit seats. In order to complete a SWOT analysis, what piece of information does Vindal Fabrics need to figure out next?
- It needs to see that its major threat is the economic downturn of the auto industry.
 - Its HR department needs to address the company's major weakness.
 - It needs to perform a revenue analysis in order to see what chances it can take.
 - Its HR department needs to address the company's missed opportunity.

ANS: A PTS: 1 REF: 60 OBJ: 5
BLM: Higher Order

34. What is a major reason why many mergers do not go well?
- strategic planning failures
 - failures in context analysis
 - cultural inconsistencies and conflicts
 - a competitive business environment

ANS: C PTS: 1 REF: 61 OBJ: 5
BLM: Remember

Chapter 2 Strategy and Human Resources Planning

35. In what way can HR best help ensure that a strategic alliance or joint venture goes smoothly in the beginning?
- plan labour supply needs for both organizations
 - systematically monitor employee morale for both organizations
 - teach employees about the other organization
 - assess the compatibility of the two organizational cultures

ANS: D PTS: 1 REF: 62 OBJ: 5
BLM: Higher Order

36. What is at the centre of the 7-S model?
- shared values
 - strategy
 - style
 - systems

ANS: A PTS: 1 REF: 65 OBJ: 6
BLM: Higher Order

37. Which term refers to reducing the workforce through the departure of employees who resign or retire?
- a hiring freeze
 - a worker loan-out program
 - attrition
 - termination

ANS: C PTS: 1 REF: 66 OBJ: 6
BLM: Remember

38. Organization Y is a unionized textiles manufacturing company that is downsizing. What will Organization Y most likely use when deciding whom to lay off first?
- seniority
 - the payroll
 - what skills and abilities the company needs to thrive
 - talent

ANS: A PTS: 1 REF: 66 OBJ: 6
BLM: Higher Order

39. Severance pay is usually calculated based on which of the following?
- the employee's years of service and salary
 - complex formulas administered by the federal government
 - the employee's skills and abilities
 - the employee's education and performance

ANS: A PTS: 1 REF: 67 OBJ: 6
BLM: Higher Order

Chapter 2 Strategy and Human Resources Planning

40. Which statement best describes a hiring freeze?
- It is usually only successful during times of economic crisis.
 - It is a workforce attrition strategy.
 - It discourages competent employees.
 - It leaves more talented labour for the competition.

ANS: B PTS: 1 REF: 67 OBJ: 6

BLM: Higher Order

41. What is benchmarking?
- the practice of identifying employees with promotion potential
 - the practice of identifying performance differences with competing firms
 - the process of identifying the best practices of a firm in a given area and comparing your practices to their practices
 - the process of establishing performance standards through HRP

ANS: C PTS: 1 REF: 68 OBJ: 7

BLM: Remember

42. Which of the following is a method for measuring a firm's strategic alignment?
- Markov analysis
 - SWOT analysis
 - benchmarking
 - using a balanced scorecard

ANS: D PTS: 1 REF: 69 OBJ: 7

BLM: Remember

43. Which term refers to an enthusiastically adopted tool for mapping a firm's strategy in order to ensure strategic alignment?
- target forecasting
 - predicted focus
 - balanced scorecard
 - replacement selection

ANS: C PTS: 1 REF: 69 OBJ: 7

BLM: Remember

44. What is an important difference between small and large businesses in terms of alignment between organization and people strategies?
- Large businesses are constrained by existing internal processes; small businesses have less bureaucracy and can change faster.
 - Large businesses have more strategy to align; small businesses keep it simple.
 - Large businesses have more competitors; small businesses can keep a closer eye on fewer rivals.
 - Large businesses have more overhead and constraints; small businesses are leaner and meaner.

ANS: A PTS: 1 REF: 71 OBJ: 7

BLM: Higher Order

Chapter 2 Strategy and Human Resources Planning

45. An organization states that teamwork and working together are important in its strategy but gives bonuses to individuals who excel independently. What is this an example of?
- a misalignment of functional strategy
 - a misalignment of external fit
 - a misalignment of internal fit
 - a misalignment of strategy and HR

ANS: C PTS: 1 REF: 71 OBJ: 7
BLM: Higher Order

Scenario 2.1

Blockbuster Canada was the first of its kind in Canada in the movie and games rental business and operated for more than 21 years. However, with the advent of more modern technology accessible mainly through Netflix and Rogers On Demand, Blockbuster struggled to stay relevant in a tech-savvy environment where videos and games could now be rented conveniently from the comfort of one's couch via computer or TV. Despite efforts to try to stay relevant they did not leverage technology that had become an important part of their consumer base's daily lives. As a result, Blockbuster was not able to fight off the competition.

46. Refer to Scenario 2.1. To remain competitive Blockbuster Canada needed to systematically monitor the major external forces influencing the movie/game rental business. Which of the following would be important to its success?
- analysis of the internal environment
 - environmental scanning
 - changes in demographics
 - changes in its mission, vision, and values

ANS: B PTS: 1 REF: 43 OBJ: 2
BLM: Higher Order

47. Refer to Scenario 2.1. Blockbuster Canada managers could have successfully advanced the company and remained relevant by focusing on which of the following?
- an environmental analysis
 - what they do best, traditional rentals
 - technological changes including information technology and innovations
 - incentives to keep consumers coming back

ANS: C PTS: 1 REF: 43 OBJ: 2
BLM: Higher Order

48. Refer to Scenario 2.1. What is one of the most important assessments a firm like Blockbuster could have made in order to stay relevant?
- identifying the needs of its customers
 - identifying the needs of its producers
 - identifying the needs of its employees
 - teaming up with the competition

ANS: A PTS: 1 REF: 43-44 OBJ: 2
BLM: Higher Order

Chapter 2 Strategy and Human Resources Planning

49. Refer to Scenario 2.1. Blockbuster's competitive environment includes which of the following?
- its customers, HR strategy, new entrants, core capabilities
 - its environmental scanning and analysis
 - its environmental analysis, strategic planning, and HR strategy
 - its customers, rival firms, new entrants, substitutes, and suppliers

ANS: D PTS: 1 REF: 43 OBJ: 2

BLM: Higher Order

50. Refer to Scenario 2.1. For years, Blockbuster survived as a successful entity with various competitors until Netflix and Rogers On Demand began making movies and games available online. Which of the following most likely contributed to Blockbuster going out of business?
- economic, global, political, and environmental factors
 - technological, psychological, and physical factors
 - technological changes, social concerns, and demographic and labour market trends
 - the lack of knowledge workers

ANS: C PTS: 1 REF: 43 OBJ: 2

BLM: Higher Order

Scenario 2.2

Avie Products Inc. is planning to add a third shift to its production schedule. It currently has 450 workers involved in all aspects of its fertilizer business, best done in Canada. A recent surge in demand from its global customers is driving the need for more workers; however, Simi Meher, the CEO, is concerned that the surge may be temporary, especially in light of the recent economic downturns in the global environment where Avie does business.

51. Refer to Scenario 2.2. Which approach could Avie use to forecast demand for its products?
- staffing tables
 - Markov analysis
 - skill inventories
 - trend analysis

ANS: D PTS: 1 REF: 53 OBJ: 4

BLM: Higher Order

52. Refer to Scenario 2.2. What would assist Avie in determining how many additional workers it would need for the third shift?
- reconciling supply and demand
 - Markov analysis
 - replacement charting
 - trend analysis

ANS: A PTS: 1 REF: 65 OBJ: 6

BLM: Higher Order

Chapter 2 Strategy and Human Resources Planning

53. Refer to Scenario 2.2. What is the best strategy for Avie to follow with respect to workers on the third shift?
- hire full-time employees to get their commitment
 - hire part-time staff
 - get management to do the extra work
 - outsource the work to India

ANS: B PTS: 1 REF: 65 OBJ: 6
BLM: Higher Order

54. Refer to Scenario 2.2. Assume that Avie goes ahead with the third shift. What can the company use to evaluate the effectiveness of this strategy in a year's time?
- Markov analysis
 - trend analysis
 - skill inventories
 - benchmarking

ANS: D PTS: 1 REF: 68 OBJ: 7
BLM: Higher Order

TRUE/FALSE

1. HR planning is the process of setting major organizational objectives and developing comprehensive plans to achieve those objectives.

ANS: F PTS: 1 REF: 40 OBJ: 1
BLM: Key Terms

2. Increased emphasis on HR issues becomes especially critical when organizations consider global strategies, relocation of plants, product innovation plans, and so forth.

ANS: T PTS: 1 REF: 40 OBJ: 1
BLM: Understanding

3. Human resources planning plays a key role in organizational strategy implementation because organizational leaders must make decisions regarding resource allocations to human capital, among other things.

ANS: T PTS: 1 REF: 40 OBJ: 1
BLM: Higher Order

4. Strategic plans have a strong external orientation that covers major portions of the organization, focusing mainly on how the organization will position itself globally.

ANS: F PTS: 1 REF: 40 OBJ: 1
BLM: Higher Order

5. Human resources planning (HRP) is the conducting of recruitment and selection methods according to a strategic plan.

ANS: F PTS: 1 REF: 40 OBJ: 1
BLM: Key Terms

Chapter 2 Strategy and Human Resources Planning

6. The mission statement of an organization is a description of the organization's vision and values.

ANS: F PTS: 1 REF: 41 OBJ: 1
BLM: Key Terms

7. Organizational core values are the strong enduring beliefs and principles that a company uses as a foundation for its decisions.

ANS: T PTS: 1 REF: 42 OBJ: 1
BLM: Higher Order

8. Environmental scanning involves the systematic monitoring of internal factors influencing the organization.

ANS: F PTS: 1 REF: 43 OBJ: 2
BLM: Key Terms | Understanding

9. Economic factors in environmental scanning include general and global conditions.

ANS: T PTS: 1 REF: 43 OBJ: 2
BLM: Key Terms

10. The number of hours that Canadians work per week has been trending downward and now hovers around 33 hours a week.

ANS: T PTS: 1 REF: 45 OBJ: 2
BLM: Higher Order

11. Nearly one-fifth of the workforce is made up of part-time, temporary, and self-employed workers.

ANS: T PTS: 1 REF: 45 OBJ: 2
BLM: Key Terms

12. National and regional unemployment rates are often considered a general barometer of labour supply.

ANS: T PTS: 1 REF: 45 OBJ: 2
BLM: Key Terms

13. Human Resources and Skills Development Canada (HRSDC) analyzes labour markets to determine the supply and demand for labour.

ANS: T PTS: 1 REF: 45 OBJ: 2
BLM: Key Terms

14. External supply of labour is central to strategic planning.

ANS: F PTS: 1 REF: 45 OBJ: 2
BLM: Higher Order

Chapter 2 Strategy and Human Resources Planning

15. Internal analysis provides strategic decision makers with an inventory of organizational skills and resources.

ANS: T PTS: 1 REF: 46 OBJ: 3
BLM: Higher Order

16. A cultural audit asks questions such as “How do employees spend their time?”

ANS: T PTS: 1 REF: 47 OBJ: 3
BLM: Higher Order

17. Core capabilities are integrated skills and knowledge sets within an organization that distinguish it from its competitors and deliver value to customers.

ANS: T PTS: 1 REF: 47 OBJ: 3
BLM: Higher Order

18. Core capabilities provide a long-term basis for technological innovation, product development, and service delivery.

ANS: T PTS: 1 REF: 47 OBJ: 3
BLM: Key Terms

19. In general, contract labour possesses skills and knowledge of less strategic value to the organization than core knowledge workers.

ANS: T PTS: 1 REF: 50 OBJ: 3
BLM: Understanding

20. Organizations such as Canadian Tire and CIBC conduct cultural audits to examine the attitudes and activities of the external workforce.

ANS: F PTS: 1 REF: 51 OBJ: 3
BLM: Key Terms

21. A cultural audit may examine how people are empowered.

ANS: T PTS: 1 REF: 51 OBJ: 3
BLM: Higher Order

22. A cultural audit asks questions such as “What is the ethnic make-up of my workforce?”

ANS: F PTS: 1 REF: 51-52 OBJ: 3
BLM: Higher Order

23. There are two approaches to HR forecasting: quantitative and qualitative.

ANS: T PTS: 1 REF: 53 OBJ: 4
BLM: Higher Order

Chapter 2 Strategy and Human Resources Planning

24. Trend analysis is a qualitative approach to labour demand forecasting.

ANS: F PTS: 1 REF: 53 OBJ: 4
BLM: Key Terms

25. Trend analysis relies on a single business factor.

ANS: T PTS: 1 REF: 54 OBJ: 4
BLM: Key Terms

26. Forecasting may be as informal as having one person familiar with the organization anticipate HR needs.

ANS: T PTS: 1 REF: 55 OBJ: 4
BLM: Key Terms

27. Management forecasts are quantitative measurements of future employment needs.

ANS: F PTS: 1 REF: 55 OBJ: 4
BLM: Higher Order

28. The Delphi technique works best in organizations where dynamic technological changes affect staffing levels.

ANS: T PTS: 1 REF: 55 OBJ: 4
BLM: Higher Order

29. Staffing tables provide data on external labour supply sources.

ANS: F PTS: 1 REF: 56 OBJ: 4
BLM: Higher Order

30. Markov analysis is a systematic monitoring of the major external forces influencing an organization.

ANS: F PTS: 1 REF: 56 OBJ: 4
BLM: Key Terms

31. Markov analysis focuses on the number of employees in particular jobs and their skill levels, compensation, and job tenure.

ANS: F PTS: 1 REF: 56 OBJ: 4
BLM: Higher Order

32. Succession planning is the process of identifying, developing, and tracking key individuals so that they may eventually assume top-level positions.

ANS: T PTS: 1 REF: 57 OBJ: 4
BLM: Key Terms

Chapter 2 Strategy and Human Resources Planning

33. Replacement charts are listings of current jobholders who are potential replacements if an opening occurs.

ANS: T PTS: 1 REF: 57 OBJ: 4
BLM: Key Terms

34. SWOT analysis includes the strengths only for strategy formulation purposes.

ANS: F PTS: 1 REF: 60 OBJ: 5
BLM: Key Terms

35. The stages of HR activity associated with a merger are (1) precombination, (2) combination, and (3) solidification and assessment.

ANS: T PTS: 1 REF: 61-62 OBJ: 5
BLM: Higher Order

36. Value creation is what the firm adds to a product or service by virtue of making it; it's the amount of benefits provided by the product or service once the costs of making it are subtracted.

ANS: T PTS: 1 REF: 62 OBJ: 6
BLM: Higher Order

37. Through human resources planning, organizations strive for a proper balance between demand considerations and supply considerations.

ANS: T PTS: 1 REF: 65 OBJ: 4
BLM: Higher Order

38. Decisions about employee layoffs are usually based on seniority and/or performance.

ANS: T PTS: 1 REF: 66 OBJ: 6
BLM: Key Terms

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

ANS: T PTS: 1 REF: 66 OBJ: 6
BLM: Higher Order

40. Attrition is the fastest way to achieve workforce reduction.

ANS: F PTS: 1 REF: 66 OBJ: 6
BLM: Higher Order

41. In unionized firms, layoffs are typically based on performance.

ANS: F PTS: 1 REF: 66 OBJ: 6
BLM: Higher Order

Chapter 2 Strategy and Human Resources Planning

42. Attrition and early retirement are means for organizations to reduce excess labour.

ANS: T PTS: 1 REF: 67 OBJ: 6
BLM: Higher Order

43. Under the umbrella of layoff strategies are several work reduction options: reduced workweek, reduced shifts, transfers to related companies, and so on.

ANS: T PTS: 1 REF: 67 OBJ: 6
BLM: Higher Order

44. The use of part-time employees creates a problem of labour costs at fast-food restaurants.

ANS: F PTS: 1 REF: 67 OBJ: 5
BLM: Higher Order

45. Over time, organizations may try to reduce their workforce by relying on attrition.

ANS: F PTS: 1 REF: 67 OBJ: 6
BLM: Higher Order

46. Severance pay is a lump-sum payment given to terminated employees.

ANS: T PTS: 1 REF: 67 OBJ: 6
BLM: Key Terms

47. Benchmarking is the process of comparing the organization's processes and practices with those of other companies.

ANS: T PTS: 1 REF: 68 OBJ: 5
BLM: Higher Order

48. Internal fit (or alignment) means that HR practices are aligned with one another in a mutually reinforcing configuration.

ANS: T PTS: 1 REF: 71 OBJ: 5
BLM: Key Terms

ESSAY

1. Describe how human resources planning is integrated with strategic planning.

ANS:

Through strategic planning, organizations set major objectives and develop plans to achieve those objectives. HRP provides a set of inputs that determine what is or is likely to be possible, given the number of available people, training needs, and other people-related issues. HR strategies and action plans are developed according to the overall strategic goals that evolve from the strategy formulation process. During the strategy implementation phase, HRP must make resource allocation decisions, and implement policy, practices, and training that support the decisions and outcomes of the strategic planning process.

PTS: 1

REF: 40

OBJ: 1-6

BLM: Higher Order

2. Describe the three key elements of the HRP model.

ANS:

The three key elements in the HR planning process are (1) forecasting demand, (2) forecasting supply, and (3) balancing supply and demand considerations.

Forecasting demand involves estimating in advance the number and type of people needed to meet organizational objectives. It may involve a quantitative approach using statistical analysis and mathematical models or a qualitative approach focusing on employee performance and promotability.

Forecasting supply determines if there are sufficient numbers and types of employees available to staff anticipated openings. Sources of supply can be external or internal.

HR planning should strive for a proper balance between the emphasis placed on demand considerations and that placed on supply considerations. Demand considerations are based on the forecast of trends in business activity. Supply considerations involve the determination of where and how candidates with the required qualifications are to be found to fill vacancies.

PTS: 1

REF: 52

OBJ: 4

BLM: Remember

3. Identify and briefly describe three strategies that managers frequently use to cope with a labour shortage.

ANS:

(1) Overtime (i.e., asking employees to work extra hours) is a strategy used by most firms during peak periods. (2) Increasingly, organizations are using part-time employees to increase flexibility in scheduling and reducing payroll costs. Many organizations use part-time or contract employees to cover the absences of regular, full-time employees. (3) In addition, nine out of ten Canadian companies—both large and small—make some use of temporary employees. “Temps” are typically used for short-term assignments, vacation fill-ins, for peak work periods, or to cover for employees taking sick leave, pregnancy leave, and so forth.

PTS: 1

REF: 65-66

OBJ: 6

BLM: Higher Order

4. What are the advantages and disadvantages of using attrition as a downsizing strategy?

ANS:

The primary advantage of using attrition (combined with a hiring freeze) is the ability to control and predict compensation expenses that go beyond the salaries and benefits redeemed from departing employees. When the organization does not replace departing employees, the reduction in recruitment, orientation and training, office space costs, and so forth, can result in substantial savings.

However, the disadvantages of attrition are significant. Current employees may be overburdened with the work of departing employees; their skills may not match the skill sets of the departed workers; and no new skills or ideas are infiltrating the organization. In addition, the organization is unable to control who leaves and who stays, which may result in valuable employees leaving, while less needed ones remain. Attrition also poses the disadvantage of taking a long time, compared to processes that can be accomplished rapidly, such as layoffs.

PTS: 1

REF: 67

OBJ: 6

BLM: Higher Order