

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 REF: page 44 OBJ: 1 BLM: Key Terms

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 REF: page 44 OBJ: 1 BLM: Application

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 REF: page 44 OBJ: 1 BLM: Application

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 REF: page 44 OBJ: 1 BLM: Application

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 REF: page 45 OBJ: 1 BLM: Key Terms | Understanding

6. Different skills groups in an organization can be classified by the degree to which they create strategic value and the degree to which they are unique, by using which of the following?
- internal environmental scanning
 - a human capital architecture map
 - a skills inventory
 - strategic planning

ANS: B REF: page 53 OBJ: 3 BLM: Key Terms

7. A human capital architecture map classifies employees according to which of the following?
- exempt and non-exempt status
 - employee function and wage rate
 - employee function and skill level
 - strategic value and unique skills

ANS: D REF: page 53 OBJ: 3 BLM: Knowledge | Understanding

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

ANS: A REF: page 45 OBJ: 1 BLM: Application

9. Which of the following 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 REF: page 56 OBJ: 3 BLM: Key Terms

10. 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 co-workers. Smith Frozen Foods is most likely performing which of the following?
- a job satisfaction survey
 - an environmental analysis
 - a cultural audit
 - an engagement measure

ANS: C REF: page 51 OBJ: 3 BLM: Application

11. 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 REF: page 46 | page 47 OBJ: 2
BLM: Key Terms

12. The examination of the attitudes and activities of a company's workforce refers to which of the following?
- environmental scanning
 - trend analysis
 - a cultural audit
 - behavioural modelling

ANS: C REF: page 51 OBJ: 3 BLM: Key Terms

13. 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 REF: page 46 | page 47 OBJ: 2
BLM: Understanding

14. 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 REF: page 76 OBJ: 7 BLM: Key Terms

15. Which of the following organizations is most likely to gain a sustained competitive advantage through its people?
- one in which employees' 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, their talent is rare and valuable, and they are motivated through training

ANS: A REF: page 71 OBJ: 7 BLM: Application

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

ANS: D REF: page 58 OBJ: 4 BLM: Understanding

17. Which of the following is an important shortcoming of an organization's having to rely on part-time employees?
- a. limited benefits
 - b. no job security
 - c. lack of training
 - d. no organizational loyalty

ANS: D REF: pages 56-57 OBJ: 3 BLM: Understanding

18. 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?
- a. faulty human resources planning
 - b. not forecasting
 - c. faulty strategic planning
 - d. not analyzing the internal labour force

ANS: B REF: page 58 OBJ: 3 BLM: Application

19. A graphical representation of all organizational jobs along with the numbers of employees currently occupying those jobs and future employment requirements is known as which of the following?
- a. a staffing table
 - b. an organization chart
 - c. a skills inventory
 - d. career planning

ANS: A REF: page 61 OBJ: 4 BLM: Key Terms

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

ANS: D REF: page 61 OBJ: 4 BLM: Understanding

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

ANS: B REF: pages 61-62 OBJ: 4 BLM: Key Terms

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

ANS: C REF: page 62 OBJ: 4 BLM: Understanding

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

ANS: A REF: page 58 OBJ: 4 BLM: Understanding

24. 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 REF: pages 59-60 OBJ: 4 BLM: Understanding

25. 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 of the following aspects of employee forecasting will be most important for this company?
- skills inventories
 - staffing tables
 - Markov analysis
 - succession planning

ANS: A REF: page 61 OBJ: 4 BLM: Application

26. Which of the following terms 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 REF: page 74 OBJ: 6 BLM: Key Terms

27. 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 REF: page 75 OBJ: 6 BLM: Understanding

28. 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 REF: page 64 OBJ: 5 BLM: Understanding | Application
29. 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 REF: page 45 OBJ: 1 BLM: Key Terms | Application
30. Organization Y is a unionized textiles manufacturing company that is downsizing. Organization Y will most likely make decide whom to lay off first based on which of the following?
- seniority
 - the payroll
 - what skills and abilities the company needs to thrive
 - talent
- ANS: A REF: page 73 OBJ: 6 BLM: Application
31. 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 REF: page 46 OBJ: 1 BLM: Key Terms
32. 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 REF: page 67 OBJ: 5 BLM: Key Terms
33. Which of the following terms refers to the systematic, regular monitoring of major external forces influencing the organization?
- demand forecasting
 - environmental scanning
 - exception reporting
 - influence analysis
- ANS: B REF: page 46 OBJ: 2 BLM: Key Terms

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

ANS: D REF: page 68 OBJ: 5 BLM: Understanding

35. Which of the following terms refers to the examination of the attitudes and activities of a company's workforce?
- a. environmental scanning
 - b. trend analysis
 - c. a cultural audit
 - d. behavioural modelling

ANS: C REF: page 51 OBJ: 3 BLM: Key Terms

36. What are the three Cs?
- a. culture, capabilities, and composition
 - b. culture, clarity, and composure
 - c. culture, competition, and clarity
 - d. culture, creativity, and composition

ANS: A REF: page 50 OBJ: 3 BLM: Key Terms

37. Which of the following terms refers to integrated knowledge sets within an organization that distinguish it from its competitors and deliver value to customers?
- a. individual competencies
 - b. core competencies
 - c. human capital
 - d. organizational competencies

ANS: B REF: page 52 OBJ: 3 BLM: Key Terms

38. Which of the following statements best describes strategic knowledge workers?
- a. They have unique skills directly linked to the company's strategy.
 - b. They have firm-specific skills directly related to company strategy.
 - c. They have skills that are valuable but not unique.
 - d. They have skills available to all firms.

ANS: A REF: page 53 OBJ: 3 BLM: Key Terms | Understanding

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

ANS: A REF: page 80 OBJ: 7 BLM: Understanding

40. An organization that states that teamwork and working together are important in their strategy but gives bonuses to individuals who excel independently is an example of which of the following?
- a misalignment of functional strategy
 - a misalignment of external fit
 - a misalignment of internal fit
 - a misalignment of strategy and HR

ANS: C REF: page 70 OBJ: 5 BLM: Understanding

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

ANS: A REF: page 71 OBJ: 6 BLM: Understanding

42. 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 REF: page 65 | page 66 OBJ: 5
BLM: Application

43. Which of the following statements 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 REF: page 74 OBJ: 6 BLM: Understanding

44. 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 REF: page 77 OBJ: 7 BLM: Key Terms

45. Which of the following terms 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 REF: page 77 OBJ: 7 BLM: Key Terms

TRUE/FALSE

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

ANS: F REF: page 44 OBJ: 1 BLM: Key Terms

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

ANS: T REF: page 50 OBJ: 1 BLM: Understanding

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

ANS: T REF: page 49 OBJ: 1 BLM: Key Terms

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

ANS: T REF: page 46 OBJ: 1 BLM: Understanding

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

ANS: T REF: page 44 OBJ: 1 BLM: Understanding

6. 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 REF: page 45 OBJ: 1 BLM: Understanding

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

ANS: T REF: page 54 OBJ: 3 BLM: Understanding

8. 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 REF: page 44 OBJ: 1 BLM: Understanding

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

ANS: T REF: page 70 OBJ: 5 BLM: Key Terms

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

ANS: F REF: page 46 OBJ: 2 BLM: Key Terms | Understanding

11. Organizations such as Canadian Tire and CIBC conduct cultural audits to examine the attitudes and activities of the external workforce.
- ANS: F REF: page 51 OBJ: 3 BLM: Key Terms
12. A cultural audit asks questions such as “What is the ethnic make-up of my workforce?”
- ANS: F REF: pages 51-53 OBJ: 3 BLM: Understanding
13. A cultural audit asks questions such as “How do employees spend their time?”
- ANS: T REF: page 51 OBJ: 3 BLM: Understanding
14. Core competencies are integrated skills and knowledge sets within an organization that distinguish it from its competitors and deliver value to customers.
- ANS: T REF: page 52 OBJ: 2 BLM: Understanding
15. The utilization of advanced technology is generally accompanied by more demand for low-skilled workers and less demand for high-skilled workers.
- ANS: F REF: page 58 OBJ: 4 BLM: Understanding
16. There are two approaches to HR forecasting: quantitative and qualitative.
- ANS: T REF: page 58 OBJ: 4 BLM: Understanding
17. The mission statement of an organization is a description of the organization’s vision and values.
- ANS: F REF: page 45 OBJ: 1 BLM: Key Terms
18. Forecasting may be as informal as having one person familiar with the organization anticipate HR needs.
- ANS: T REF: page 60 OBJ: 4 BLM: Key Terms
19. Trend analysis is a qualitative approach to labour demand forecasting.
- ANS: F REF: page 59 OBJ: 4 BLM: Key Terms
20. Trend analysis relies on a single business factor.
- ANS: T REF: page 59 OBJ: 4 BLM: Key Terms
21. Management forecasts are quantitative measurements of future employment needs.
- ANS: F REF: page 60 OBJ: 4 BLM: Understanding
22. The Delphi technique works best in organizations where dynamic technological changes affect staffing levels.
- ANS: T REF: page 60 OBJ: 2 BLM: Understanding | Application

23. Staffing tables provide data on external labour supply sources.
ANS: F REF: page 61 OBJ: 4 BLM: Understanding
24. Markov analysis is a systematic monitoring of the major external forces influencing an organization.
ANS: F REF: page 61 OBJ: 4 BLM: Key Terms
25. Markov analysis focuses on the number of employees in particular jobs and their skill levels, compensation, and job tenure.
ANS: F REF: page 61 OBJ: 4 BLM: Understanding
26. Succession planning is the process of identifying, developing, and tracking key individuals so that they may eventually assume top-level positions.
ANS: T REF: page 62 OBJ: 4 BLM: Key Terms
27. National and regional unemployment rates are often considered a general barometer of labour supply.
ANS: T REF: page 50 OBJ: 2 BLM: Key Terms
28. Human Resources Development Canada (HRSDC) analyzes labour markets to determine the supply and demand for labour.
ANS: T REF: page 50 OBJ: 2 BLM: Key Terms
29. Attrition and early retirement are means for organizations to reduce excess labour.
ANS: T REF: page 72 OBJ: 6 BLM: Understanding | Application
30. The stages of HR activity associated with a merger are (1) precombination, (2) combination, and (3) solidification and assessment.
ANS: T REF: pages 67-68 OBJ: 5 BLM: Understanding | Application
31. Decisions about employee layoffs are usually based on seniority and/or performance.
ANS: T REF: page 73 OBJ: 4 BLM: Key Terms
32. A disadvantage of overemphasizing seniority is that less competent employees receive the same rewards and security as more competent employees.
ANS: T REF: page 73 OBJ: 6 BLM: Understanding
33. Attrition is the fastest way to achieve workforce reduction.
ANS: F REF: page 74 OBJ: 6 BLM: Understanding
34. Through human resources planning, organizations strive for a proper balance between demand considerations and supply considerations.
ANS: T REF: page 72 OBJ: 4 BLM: Understanding | Application

35. Under the umbrella of layoff strategies are several work reduction options: reduced workweek, reduced shifts, transfers to related companies, and so on.
- ANS: T REF: page 73 OBJ: 6 BLM: Understanding
36. The use of part-time employees creates a problem of labour costs at fast food restaurants.
- ANS: F REF: page 69 OBJ: 5 BLM: Understanding
37. Over time, organizations may try to reduce their workforce by relying on attrition.
- ANS: F REF: page 74 OBJ: 6 BLM: Understanding
38. Severance pay is a lump-sum payment given to terminated employees.
- ANS: T REF: page 75 OBJ: 6 BLM: Key Terms
39. Benchmarking is the process of comparing the organization's processes and practices with those of other companies.
- ANS: T REF: page 76 OBJ: 5 BLM: Understanding
40. Human resources planning (HRP) is the conducting of recruitment and selection methods according to a strategic plan.
- ANS: F REF: page 44 OBJ: 1 BLM: Key Terms
41. Economic factors in environmental scanning include general and global conditions.
- ANS: T REF: pages 46-47 OBJ: 2 BLM: Key Terms
42. External supply of labour is central to strategic planning.
- ANS: F REF: page 50 OBJ: 2 BLM: Application | Understanding
43. Internal analysis provides strategic decision makers with an inventory of organizational skills and resources.
- ANS: T REF: page 50 OBJ: 3 BLM: Key Terms | Understanding
44. A cultural audit may examine how people are empowered.
- ANS: T REF: pages 51-52 OBJ: 3 BLM: Key Terms | Application
45. Core competencies provide a long-term basis for technological innovation, product development, and service delivery.
- ANS: T REF: page 52 OBJ: 3 BLM: Key Terms
46. Replacement charts are listings of current jobholders who are potential replacements if an opening occurs.
- ANS: T REF: page 62 OBJ: 4 BLM: Key Terms

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

ANS: F REF: page 65 OBJ: 4 BLM: Key Terms

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

ANS: F REF: page 73 OBJ: 6 BLM: Key Terms | Understanding

49. 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 REF: page 68 OBJ: 6 BLM: Understanding

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.

REF: pages 44-46 OBJ: 1 BLM: Understanding

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.

REF: page 57 OBJ: 4 BLM: Key Terms

3. 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.

REF: page 74 OBJ: 6 BLM: Understanding

4. 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.

REF: page 72 OBJ: 6 BLM: Understanding