

## Chapter 1 The World of Human Resources Management

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### MULTIPLE CHOICE

1. To build human capital in organizations, managers should rely upon staffing programs that focus on which of the following?
- identifying cheap sources of qualified labour
  - identifying and hiring the best and brightest talent available
  - identifying college graduates with the requisite skills
  - identifying individuals with communication skills

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

2. To build human capital in organizations, managers should rely upon staffing programs that focus on which of the following?
- identifying and hiring cheap sources of qualified labour in order to fill front-line positions quickly
  - identifying and hiring the best and brightest without regard to cost
  - identifying college graduates with the requisite skills who can be promoted to management positions quickly
  - identifying and hiring individuals with highly specialized skills who can train others in the organization

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

3. An organization's success increasingly depends most on which of the following?
- the knowledge, skills, and abilities of its top executives
  - the knowledge, skills, and abilities of HR professionals
  - the proper management of the knowledge, skills, and abilities of its employees
  - the knowledge, skills, and abilities of its employees

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

4. Research suggests that the value, skills, and capabilities of employees can have a tremendous impact on an organization's performance. What is the term used to refer to the value, skills, and capabilities of employees?
- intellectual capital
  - human capital
  - core competencies
  - employee capital

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

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5. Why have managers had to find ways to empower employees and encourage their participation and involvement to more fully utilize human capital?
- because these empowering methods are figured as part of training costs
  - because firms are moving away from team-based structures
  - because employee skills often go unused
  - because knowledge exchange is the best method of human capital development

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

6. Many prospective employees are interested in obtaining a job where they can learn new skills and improve existing skills. Which organization would be the most attractive to such candidates?
- an organization that provides many formal training programs that are not easily transferable to other organizations
  - an organization that provides many formal training programs that are very easily transferred to any job the applicant might want to apply for later in his or her career
  - an organization that provides mentorship programs where employees attempt challenging situations under the guidance of experienced senior staffers
  - an organization that provides “grow and learn” sessions where classroom sessions are backed up by on-the-job training

ANS: C                      PTS: 1                      REF: 4-5                      OBJ: 1  
BLM: Higher Order

7. What is the most important outcome of such practices as job enrichment, promotions, coaching, feedback, and rewards?
- increased ability of staff
  - increased motivation of staff
  - decreased turnover of staff
  - decreased absenteeism of staff

ANS: B                      PTS: 1                      REF: 4-5                      OBJ: 1  
BLM: Higher Order

8. HRM plays an important role in organizations by balancing the sometimes competing demands of which of the following?
- competitive challenges and international challenges
  - international challenges and employee concerns
  - employee concerns and HRM challenges
  - competitive challenges and employee concerns

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

9. According to a survey by the Human Resource Planning Society, what percentage of responding companies believed that their HR groups play a key role in developing human capital?
- 20 percent
  - 65 percent
  - 50 percent
  - 40 percent

ANS: B                      PTS: 1                      REF: 5                      OBJ: 1  
BLM: Remember

10. In highly competitive environments, managing organizational change has become which of the following?
- a. a proactive method of downsizing
  - b. the preferred method of reacting to a decrease in organizational performance
  - c. a core competency of the organization
  - d. a product of globalization

ANS: C                      PTS: 1                      REF: 6                      OBJ: 2  
BLM: Higher Order

11. Methods that firms use to align their processes with their essential need to meet customer expectations include all of the following **EXCEPT** which one?
- a. total quality management
  - b. Six Sigma
  - c. cost containment through outsourcing
  - d. process reengineering

ANS: C                      PTS: 1                      REF: 6                      OBJ: 2  
BLM: Higher Order

12. What is the term for the practice of hiring someone outside the company to perform tasks that could be done internally?
- a. outplacement
  - b. contracting
  - c. outsourcing
  - d. employee leasing

ANS: C                      PTS: 1                      REF: 6                      OBJ: 2  
BLM: Key Terms

13. Which organization has the BEST chance of implementing a successful change initiative?
- a. one that has been very positive and relaxed throughout, ensuring not to establish a sense of urgency and always reporting positive effects
  - b. one that has ensured the employees are not overburdened with work relating to the change and have time to focus on their jobs
  - c. one that has ensured the changes are aligned with the organizational culture in important ways
  - d. one that has ensured good news is shared and the change victory is celebrated as soon as some indicators appear positive

ANS: C                      PTS: 1                      REF: 6-7                      OBJ: 2  
BLM: Higher Order

14. The importance of Six Sigma to HR extends to all of the following **EXCEPT** which one?
- a. employee benefits
  - b. performance management
  - c. communication
  - d. training

ANS: A                      PTS: 1                      REF: 6-7                      OBJ: 2  
BLM: Key Terms | Understanding

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15. Reengineering often requires that managers start from scratch in rethinking all of the following EXCEPT which one?
- a. how work should be done
  - b. how technology and people should interact
  - c. how the entire organization should be structured
  - d. how organizations should compete

ANS: D                      PTS: 1                      REF: 6-7                      OBJ: 2  
BLM: Higher Order

16. Organization B is attempting to foster proactive change within the organization. In order to do so, it is implementing some new programs to train employees to be more in tune with customer needs, allowing the employees to find the right solution to issues and problems by doing it right the first time. Organization B is also implementing systems that will hopefully help its processes and services to constantly improve. What is Organization B implementing?
- a. Six Sigma
  - b. continuous improvement
  - c. reengineering
  - d. best quality management

ANS: A                      PTS: 1                      REF: 6-7                      OBJ: 2  
BLM: Higher Order

17. Organization A is attempting to foster proactive change within the firm. This organization is forming teams and extending its processes to include training, performance management, communication, culture, and even rewards. The organization hopes to improve its ability to catch mistakes before they happen. What is Organization A implementing?
- a. Six Sigma
  - b. continuous improvement
  - c. reengineering
  - d. total quality management

ANS: A                      PTS: 1                      REF: 6-7                      OBJ: 2  
BLM: Higher Order

18. Organization C is attempting to manage reactive change within the organization. This organization is radically changing every process through redesigning and rethinking from the ground up. The firm needs a dramatic change in order to survive. What is Organization C implementing?
- a. Six Sigma
  - b. continuous improvement
  - c. reengineering
  - d. total quality management

ANS: C                      PTS: 1                      REF: 6-7                      OBJ: 2  
BLM: Higher Order

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19. If an organization fosters commitment to organizational change in its employees, but fails to foster commitment to communication about the change, which of the following is the most likely result?
- a. The organization will not be successful with change because the employees will resist.
  - b. The organization will be successful with change because it planned a key element.
  - c. The organization will fail because it did not communicate a clear change plan.
  - d. The organization may be successful but only if it does not force a sense of urgency.

ANS: B                      PTS: 1                      REF: 6-8                      OBJ: 2  
BLM: Higher Order

20. Microsoft laid off 5,000 employees due to poorer-than-anticipated financial performance. What is this an example of?
- a. proactive change
  - b. reactive change
  - c. managing change
  - d. transformational change

ANS: B                      PTS: 1                      REF: 7                      OBJ: 2  
BLM: Higher Order

21. In an effort to take advantage of a market opportunity, Apple created the iPhone in open-source format so that anyone can develop and sell an iPhone application. What is this an example of?
- a. proactive change
  - b. reactive change
  - c. managing change
  - d. transformational change

ANS: A                      PTS: 1                      REF: 7                      OBJ: 4  
BLM: Higher Order

22. Which of the following is the best example of how globalization presents challenges for HR professionals?
- a. HR information programs are now written in multiple languages.
  - b. Job candidates are from diverse and international backgrounds.
  - c. International travel is inconsistent with corporate social responsibility initiatives.
  - d. Organizations worldwide are changing the way they do business.

ANS: B                      PTS: 1                      REF: 8                      OBJ: 2  
BLM: Higher Order

23. Which of the following is an example of corporate social responsibility?
- a. providing speed-reading courses for front-line staff to improve their abilities in absorbing new information
  - b. sharing knowledge freely throughout the organization to improve employee efficiency and workflow
  - c. installing noise-reduction baffling in plants to decrease anticipated community complaints
  - d. providing career counselling to outsourced employees to increase their ability to find work

ANS: C                      PTS: 1                      REF: 10                      OBJ: 3  
BLM: Higher Order

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24. Which type of work would a knowledge worker most likely engage in?
- a. deciding which type of fertilizer to buy wholesale for a landscaping business
  - b. counting the number of grocery items in carts leaving a wholesale store
  - c. monitoring children on new daycare playground equipment
  - d. installing new ink cartridges in colour photocopiers in an office environment

ANS: A                      PTS: 1                      REF: 11                      OBJ: 4  
BLM: Higher Order

25. What is an example of an important impact of information technology on HRM?
- a. Paper waste from employee files is drastically decreased.
  - b. Many HR functions can now be considered “self-serve.”
  - c. Employee recording of all types is carried out much faster.
  - d. Convenience in general has increased.

ANS: B                      PTS: 1                      REF: 12                      OBJ: 3  
BLM: Higher Order

26. What is the first step for HR personnel in choosing an HRIS?
- a. evaluate the most time-consuming tasks
  - b. examine the user-friendliness of the software
  - c. calculate the cost savings in using an HRIS
  - d. calculate the time required to train the HR staff

ANS: A                      PTS: 1                      REF: 12                      OBJ: 4  
BLM: Higher Order

27. Which of the following is NOT a primary impact that technology has had on HRM?
- a. It has altered the methods of collecting employment information.
  - b. It has speeded up the processing of employment data.
  - c. It has diminished the role of supervisors in managing employees.
  - d. It has improved the processes of internal and external communications.

ANS: C                      PTS: 1                      REF: 12-13                      OBJ: 4  
BLM: Higher Order

28. To manage employees in a manner that allows human capital to develop as a source of competitive advantage, managers need to be sure to do all of the following EXCEPT which one?
- a. provide training programs that provide skill enhancement
  - b. identify, recruit, and hire the best talent available
  - c. attach pay to productivity
  - d. provide opportunities for development on the job

ANS: C                      PTS: 1                      REF: 13                      OBJ: 5  
BLM: Higher Order

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29. “Layoffs improve efficiency and lower costs.” How would you best describe this statement?
- It’s true. Smart cost reductions save companies in trouble.
  - It’s false, although downsizing was highly regarded at first.
  - It’s false. Downsizing does not have positive benefits for the organization.
  - It’s true, but only for some organizations; others do better by offering a strong commitment to job security.

ANS: D                      PTS: 1                      REF: 14                      OBJ: 5  
BLM: Higher Order

30. What is NOT an approach used by organizations to try to lower labour costs?
- productivity enhancements
  - outsourcing
  - employee leasing
  - employee development

ANS: D                      PTS: 1                      REF: 14-18                      OBJ: 5  
BLM: Higher Order

31. Which of the following is one of the largest expenditures of service companies?
- production costs
  - marketing costs
  - labour costs
  - distribution costs

ANS: C                      PTS: 1                      REF: 14-18                      OBJ: 5  
BLM: Higher Order

32. In an effort to prevent downsizing its employees, ABC Inc. has asked its staff to accept reduced pay. What strategy is ABC Inc. using?
- furloughing
  - employee leasing
  - reduced downsizing
  - outsourcing

ANS: A                      PTS: 1                      REF: 15                      OBJ: 5  
BLM: Higher Order

33. Which statement best reflects the current view on the efficacy of offshoring as a cost reduction measure?
- While organizations can save with this practice, hidden costs, such as productivity loss during the transition, can chew up much of the financial gains.
  - The practice of offshoring has been one of the most positive HR trends of the last ten years.
  - The continuous shifting of global economies makes offshoring a necessary function for organizations to survive.
  - Offshoring only works if top managers begin early in the process to plan their key strategies, such as alternative talent pools and workforce training.

ANS: A                      PTS: 1                      REF: 16                      OBJ: 5  
BLM: Higher Order

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34. What is the term for the method of containing costs that allows firms to maintain working relationships while shifting administrative costs to another firm?
- a. outsourcing
  - b. employee leasing
  - c. gainsourcing
  - d. professional employer organization

ANS: B                      PTS: 1                      REF: 17                      OBJ: 5  
BLM: Key Terms

35. What is a major strength of employee leasing?
- a. With employee leasing, the PEO can manage employee issues.
  - b. With employee leasing, the PEO allows organizations to increase their productivity.
  - c. Employee leasing allows organizations to offer better job security through the strength of the PEO.
  - d. Employee leasing shifts employment costs to the PEO.

ANS: D                      PTS: 1                      REF: 17                      OBJ: 5  
BLM: Higher Order

36. It is anticipated that in the future, the Canadian workforce will exhibit which of the following?
- a. about the same demographic mix as it does today
  - b. an increase in ethnic diversity
  - c. a decrease in ethnic diversity
  - d. a decrease in the number of older workers

ANS: B                      PTS: 1                      REF: 18                      OBJ: 6  
BLM: Higher Order

37. Why are managers most concerned that the expertise of employees will be rapidly drained from their companies?
- a. because recruitment of lower-skilled immigrant workers is increasing
  - b. because large proportions of some workforces are nearing retirement
  - c. because generation nexus is thus far not demonstrating a dedication to training and education
  - d. because of the increase of uneducated women entering the workforce

ANS: B                      PTS: 1                      REF: 18-19                      OBJ: 6  
BLM: Higher Order

38. Which of the following best captures the list of modern social issues in HRM?
- a. changing work structures, attitudes toward work and family, and increasing labour costs
  - b. corporate social responsibility, organizational citizenship behaviour, and changing work structures
  - c. changing demographics, increasing labour costs, and global economic pressures
  - d. changing demographics, employer/employee rights, and attitudes toward work and family

ANS: D                      PTS: 1                      REF: 18-25                      OBJ: 6-8  
BLM: Higher Order



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39. Which statement best describes the relationship among gender, education, and pay?
- a. Women generally earn less than men do; however, when they have an advanced degree they earn the same amount as men.
  - b. Men and women generally earn the same amount except when neither group has any higher education.
  - c. Women consistently and in every category earn less than men with an equivalent amount of education.
  - d. Men with a university degree earn approximately the same as women with an advanced degree.

ANS: C                      PTS: 1                      REF: 22                      OBJ: 7  
BLM: Higher Order

40. Which statement best captures how attitudes toward work are changing?
- a. Employees today define their success less in terms of their job and pay and more in terms of their life in general.
  - b. Employees today value work–life balance but still list pay as their primary concern.
  - c. Employees today value satisfying and interesting work that pays well.
  - d. Employees today are concerned about global financial changes and list job security as most valuable to them.

ANS: A                      PTS: 1                      REF: 24                      OBJ: 7  
BLM: Higher Order

41. Which of the following groups is responsible for building an organization's skilled and motivated workforce?
- a. HR managers
  - b. line managers
  - c. HR and line managers
  - d. department managers

ANS: C                      PTS: 1                      REF: 25                      OBJ: 1  
BLM: Higher Order

42. What is one responsibility of the human resources manager?
- a. giving advice and counsel
  - b. balancing the organization's accounts
  - c. ensuring the credit rating of the organization
  - d. securing new markets

ANS: A                      PTS: 1                      REF: 26                      OBJ: 8  
BLM: Key Terms

43. What are the competencies of the human resources manager?
- a. business mastery, HR mastery, and personal credibility
  - b. business mastery, HR mastery, and executive mastery
  - c. change mastery, personal credibility, union mastery, and HR mastery
  - d. business mastery, HR mastery, personal credibility, and change mastery

ANS: D                      PTS: 1                      REF: 27                      OBJ: 8  
BLM: Key Terms | Understanding

44. The changing nature of the HR manager's role is increasingly focused on which of the following?
- a. policy formulation
  - b. international issues
  - c. basic services like selection, but also policy development, employee advocacy, and advice
  - d. privacy issues, global management issues, HR planning, and downsizing issues

ANS: C                      PTS: 1                      REF: 27                      OBJ: 8  
BLM: Higher Order

45. Which of the following best summarizes the competency model for HR professionals?
- a. HR professionals require change mastery, HR mastery, personal credibility, and business mastery.
  - b. HR professionals require HR mastery, business mastery, global acumen, and change mastery.
  - c. HR professionals require IT mastery, HR mastery, business mastery, and ethics.
  - d. HR professionals require IT mastery, HR mastery, global acumen, and change mastery.

ANS: A                      PTS: 1                      REF: 28                      OBJ: 8  
BLM: Higher Order

**Scenario 1.1**

Canada Proud is a small food processing company located in northern British Columbia. Recently, it has faced pressures from competitors who have been able to produce similar products cheaper. The owners of Canada Proud are looking into the possibility of starting a branch of the company in Mexico. Trade agreements among countries around the globe help companies like Canada Proud in becoming globally competitive. However, the company is aware that there may be opposition to such a move, especially if it affects the future viability of its current operations.

46. Refer to Scenario 1.1. Which trade agreement would be applicable in Canada Proud's case?
- a. General Agreement on Tariffs and Trade (GATT)
  - b. North American Free Trade Agreement (NAFTA)
  - c. North American Economic Cooperation (NAEC)
  - d. Canada-Mexico Free Trade Agreement (CMFTA)

ANS: B                      PTS: 1                      REF: 8-9                      OBJ: 2  
BLM: Higher Order

47. Refer to Scenario 1.1. How can locating a new division in Mexico help the company become more competitive?
- a. it can reduce labour costs
  - b. it will help the image of the company
  - c. it will help the company become larger and better able to challenge competitors
  - d. it will ensure access to Latin American markets for its products

ANS: A                      PTS: 1                      REF: 8-9                      OBJ: 2  
BLM: Higher Order

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48. Refer to Scenario 1.1. What would be a big challenge for Canada Proud's HRM professionals if the company decides to open a division in Mexico?
- a. to convince the Canadian government that it would be better to do business in Mexico
  - b. to acquire the physical facilities in Mexico
  - c. to lay off workers in its current operations
  - d. to hire employees in Mexico with the relevant skills

ANS: D                      PTS: 1                      REF: 8-9                      OBJ: 2  
BLM: Higher Order

49. Refer to Scenario 1.1. One way to avoid or reduce criticism of potential exploitation of Mexican workers through the use of sweatshops and low wages would be to practise "good citizenship." What is the term used to describe such "good citizenship"?
- a. corporate social responsibility
  - b. corporate good citizenship
  - c. organizational citizenship
  - d. corporate philanthropy

ANS: A                      PTS: 1                      REF: 8-10                      OBJ: 2/3  
BLM: Remember

50. Refer to Scenario 1.1. How can setting up a branch in Mexico affect the future viability of Canada Proud's current operations?
- a. Trade agreements do not allow companies to run exactly the same operations in two countries.
  - b. Public pressure in Canada would force the closure of the current operations.
  - c. The cost advantages in Mexico may lead the company to close its operations in British Columbia.
  - d. The pressure to manage more than one set of operations is always too much for a single company.

ANS: C                      PTS: 1                      REF: 8-9                      OBJ: 2  
BLM: Higher Order

### Scenario 1.2

The leadership at ABS Inc. has been pondering on the use of higher levels and intensity of technology in their operations. The organization has a close knit group of about 200 employees and a strong organizational culture. It is worried that its employees could become dependent on technology and this would affect the culture. The firm is also worried about the costs to implement the technology and whether the employees can be trained.

51. Refer to Scenario 1.2. While ABS is worried about technology's effect on its culture, there is another potentially negative effect for some workers. What is it?
- a. there would be less need for unskilled workers
  - b. the organization would become more inefficient
  - c. the image of the firm would be adversely affected
  - d. there would be pay cuts

ANS: A                      PTS: 1                      REF: 11                      OBJ: 4  
BLM: Higher Order

52. Refer to Scenario 1.2. What is a key advantage for ABS Inc. if they install better HRIS systems?
- they will outperform all competitors
  - HR personnel can concentrate on strategic issues versus routine
  - employees will be better paid
  - application rates will increase

ANS: B                      PTS: 1                      REF: 13                      OBJ: 4  
BLM: Higher Order

**TRUE/FALSE**

1. To achieve sustainable competitive advantage through people, an organization's employees' skills, knowledge, and abilities must be widely available in the labour market.

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

2. The knowledge, skills, and capabilities that impact a company's performance but do not necessarily show up on its balance sheet are known as human capital.

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

3. Organizations own their human capital, including investments made in training and development.

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

4. HR programs and assignments are often the primary method by which knowledge is transferred among employees.

ANS: T                      PTS: 1                      REF: 5                      OBJ: 1  
BLM: Remember

5. HR professionals do not need to fully understand the economic and financial matters pertaining to their organization.

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

6. One of the main reasons change efforts fail is that organizations do not create a sense of urgency.

ANS: T                      PTS: 1                      REF: 5-7                      OBJ: 2  
BLM: Remember

7. Reallocation of resources and assets is most often the reason for failed change management.

ANS: F                      PTS: 1                      REF: 5-7                      OBJ: 2  
BLM: Higher Order

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8. The extent to which organizations are successful in focusing on internal management issues often separates the winners from the losers in today's competitive world.

ANS: F                      PTS: 1                      REF: 6                      OBJ: 2  
BLM: Remember

9. To be successful, organizations should seek to align their processes with customer needs.

ANS: T                      PTS: 1                      REF: 6                      OBJ: 2  
BLM: Higher Order

10. "Six Sigma" refers to the six criteria for the Malcolm Baldrige National Quality Award.

ANS: F                      PTS: 1                      REF: 6                      OBJ: 2  
BLM: Higher Order

11. Organizations known for product and service quality recognize the importance of employees in fostering quality improvements.

ANS: T                      PTS: 1                      REF: 6                      OBJ: 2  
BLM: Remember

12. Employee motivation, teamwork, corporate culture, employee education, performance management, and rewards are the six aspects in the quality improvement program known as "Six Sigma."

ANS: F                      PTS: 1                      REF: 6                      OBJ: 2  
BLM: Remember

13. Reengineering is a statistical method of translating customer needs into separate tasks and defining the best way to perform each task.

ANS: F                      PTS: 1                      REF: 6                      OBJ: 2  
BLM: Higher Order

14. To launch a successful reengineering effort, it is important that managers build on existing processes.

ANS: F                      PTS: 1                      REF: 6                      OBJ: 2  
BLM: Higher Order

15. To successfully manage change, organizations, particularly in fast-growing industries, should wait to see how external forces impact performance, and then develop a plan to react to those changes.

ANS: F                      PTS: 1                      REF: 6                      OBJ: 2  
BLM: Higher Order

16. In a recent survey, only about two-thirds of companies reported having a formal change management program to support their change initiatives.

ANS: T                      PTS: 1                      REF: 6                      OBJ: 2  
BLM: Remember

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17. A recent study suggests that about 55 percent of Canada's workforce will be impacted by globalization, with knowledge workers and manufacturing jobs taking the brunt of the impact of the competition by lower-wage countries.

ANS: F                      PTS: 1                      REF: 8                      OBJ: 2  
BLM: Remember

18. Employees and the public at large are demanding that employers demonstrate greater social responsibility.

ANS: T                      PTS: 1                      REF: 10                      OBJ: 3  
BLM: Higher Order

19. The introduction of advanced technology tends to increase the number of jobs that require basic skills.

ANS: F                      PTS: 1                      REF: 11                      OBJ: 4  
BLM: Key Terms

20. Because of the "dot-com bust," the initial explosive success of Internet business declined drastically and is still in a moderate decline.

ANS: F                      PTS: 1                      REF: 11                      OBJ: 3  
BLM: Higher Order

21. In general, many companies are realizing diminished demand for "touch labour" and an increasing demand for "knowledge workers."

ANS: T                      PTS: 1                      REF: 11                      OBJ: 3  
BLM: Remember

22. A Human Resource Information System (HRIS) provides current and accurate data for control and decision making by managers.

ANS: T                      PTS: 1                      REF: 12                      OBJ: 3  
BLM: Remember

23. Because of its importance, HR managers in progressive organizations are frequently assuming sole responsibility for the implementation of information technology.

ANS: F                      PTS: 1                      REF: 12-13                      OBJ: 3  
BLM: Higher Order

24. An important hidden cost of layoffs is a loss of institutional memory and trust in management.

ANS: T                      PTS: 1                      REF: 14                      OBJ: 5  
BLM: Higher Order

25. Labour costs are one of the largest expenditures of any organization.

ANS: T                      PTS: 1                      REF: 14                      OBJ: 5  
BLM: Remember

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26. Rather than simply laying off people in downsizing efforts, companies such as L. L. Bean rely upon voluntary separation programs to provide an incentive for employees to leave on their own accord.
- ANS: T                      PTS: 1                      REF: 14                      OBJ: 5  
BLM: Higher Order
27. Almost all Canadian employers have engaged in some type of downsizing.
- ANS: F                      PTS: 1                      REF: 14                      OBJ: 5  
BLM: Higher Order
28. Methods of reducing labour costs include downsizing, outsourcing, and employee leasing.
- ANS: T                      PTS: 1                      REF: 14-17                      OBJ: 5  
BLM: Remember
29. Outsourcing is positively related to improving key competencies of the firm.
- ANS: T                      PTS: 1                      REF: 16                      OBJ: 5  
BLM: Higher Order
30. An increased reliance on outsourcing is likely to increase the morale and productivity of the employees that remain on the job.
- ANS: F                      PTS: 1                      REF: 16                      OBJ: 5  
BLM: Higher Order
31. Employee leasing refers to employing workers in their homes rather than within the traditional office environment.
- ANS: F                      PTS: 1                      REF: 17                      OBJ: 5  
BLM: Higher Order
32. Employee leasing shifts administrative costs from the company to a professional employer organization.
- ANS: T                      PTS: 1                      REF: 17                      OBJ: 5  
BLM: Higher Order
33. Employee productivity is the result of a combination of employees' abilities, motivation, and work environment, and the technology they have to work with.
- ANS: T                      PTS: 1                      REF: 17                      OBJ: 5  
BLM: Remember
34. It is quite possible that when managers increase costs productivity often rises.
- ANS: F                      PTS: 1                      REF: 17                      OBJ: 5  
BLM: Higher Order

35. Older workers now are choosing to work longer.

ANS: T                      PTS: 1                      REF: 19                      OBJ: 6  
BLM: Remember

36. Currently, the percentage of women in the labour force is 35 percent.

ANS: F                      PTS: 1                      REF: 20                      OBJ: 6  
BLM: Higher Order

37. Women are heavily concentrated in managerial occupations.

ANS: F                      PTS: 1                      REF: 20                      OBJ: 6  
BLM: Higher Order

38. Due to increases in education, the gap between the educated and the non-educated is decreasing.

ANS: F                      PTS: 1                      REF: 21                      OBJ: 7  
BLM: Remember

39. Managing diversity means ensuring all employees are treated equally.

ANS: F                      PTS: 1                      REF: 21                      OBJ: 6  
BLM: Higher Order

40. Managers in general and HR managers in particular should be concerned with the makeup and expectations of their employees.

ANS: T                      PTS: 1                      REF: 23                      OBJ: 7  
BLM: Remember

41. Employees today are less likely to define success only in terms of financial gain.

ANS: T                      PTS: 1                      REF: 24                      OBJ: 7  
BLM: Remember

42. Family-friendly companies may risk alienating those employees who cannot utilize benefits provided.

ANS: T                      PTS: 1                      REF: 24                      OBJ: 8  
BLM: Higher Order

43. Most human resources issues have little relevance for line managers.

ANS: F                      PTS: 1                      REF: 25                      OBJ: 8  
BLM: Higher Order

44. Some companies report that offering family-friendly benefits is so successful there are virtually no drawbacks.

ANS: F                      PTS: 1                      REF: 25                      OBJ: 7  
BLM: Remember



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45. One of the responsibilities of HR managers is to provide advice and counsel to line managers.

ANS: T                      PTS: 1                      REF: 25                      OBJ: 8  
BLM: Higher Order

46. An HR manager is typically expected to function as an in-house consultant to supervisors, managers, and executives.

ANS: T                      PTS: 1                      REF: 25-26                      OBJ: 8  
BLM: Remember

47. Because HR managers function in an advisory role, they are responsible for issuing policy revisions and implementing them.

ANS: F                      PTS: 1                      REF: 26-27                      OBJ: 8  
BLM: Higher Order

48. Top management increasingly expects HR managers to reduce their level of involvement in the overall strategy of the organization and concentrate on improving administrative efficiency.

ANS: F                      PTS: 1                      REF: 27                      OBJ: 8  
BLM: Higher Order

49. One of the roles of HR managers is to act as employee advocates despite their positions as managers.

ANS: T                      PTS: 1                      REF: 27                      OBJ: 8  
BLM: Higher Order

50. According to the diagram in the text, courage is an important aspect of being an HR professional.

ANS: T                      PTS: 1                      REF: 28                      OBJ: 8  
BLM: Remember

**ESSAY**

1. What are the six competitive challenges facing human resources management departments?

ANS:

The six competitive challenges facing human resources departments are (1) globalization, (2) embracing new technology, (3) managing change, (4) developing human capital, (5) responding to the market, and (6) containing costs.

(1) First, in order to grow and prosper, many companies are seeking business opportunities in global markets. HR issues underlie concerns related to managing diverse cultures, geographies, laws, and business practices.

(2) Second, the introduction of advanced technology has created a shift from touch labour to knowledge workers, impacting the way in which workers are managed. In addition, technology has altered the methods of collecting employment information, speeding up the processing of that data, and improving the process of internal and external communication.

(3) Third, to become faster and more adaptable, many organizations are seeking ways to manage change. Programs such as TQM, downsizing, reengineering, outsourcing, and the like are examples of changes that organizations are making to modify the way they operate to be more successful. Each of these change efforts depends heavily on the adjustment of HR practices to facilitate and manage evolving issues related to an organization's workforce.

(4) Fourth, organizational success is increasingly recognized as resting upon a firm's ability to manage human capital. HR practices are the fundamental tools by which organizations build, enhance, and maintain their stock of human capital.

(5) Fifth, meeting the demands of the market is an important criterion for organizational success. Management innovations such as TQM and reengineering represent two prominent approaches to responding to customer demands.

(6) Finally, containing costs, especially labour costs, is an important component of organizational success. As a result, many firms have engaged in initiatives such as downsizing, outsourcing, and employee leasing as a means to realize greater cost controls. Each of these practices has significant implications for HR practices. For example, during a downsizing initiative, HR has an obligation to help maintain a healthy relationship between a company and its employees through services such as outplacement.

PTS: 1

REF: 5-25

OBJ: 2-7

BLM: Remember|Higher Order

2. What implications do the anticipated changes in demographics have for the management of human resources?

ANS:

Demographically, the labour force is expected to age (with the aging of the baby boomers), creating a larger number of older workers and a shrinking pool of young workers. HRM implications for aging workers include (1) increases in the competition for entry-level workers; (2) increased costs of compensation, health care, and retirement benefits; (3) career plateau and related motivational concerns; and (4) training techniques that help senior workers "unlearn" old behaviours while acquiring new ones.

Diversity in the workplace will continue, with a higher proportion of women and minorities in the workforce. HRM efforts that will be required to accommodate the needs of these workers include (1) flexible schedules, parental leave, and daycare options for dual-career families; and (2) training for supervisors in the management of a diverse workforce.

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Educational levels are expected to rise, but functional and technological illiteracy will continue to be a problem for employers. HR managers will need to plan training programs to assist employees in attaining basic and developmental skills and overcoming these deficiencies.

Managing diversity involves managing employees as individuals while maintaining awareness of characteristics common to all employees.

PTS: 1

REF: 18-21

OBJ: 6

BLM: Higher Order