

# Chapter 02

## Developing and Implementing HRM Strategic Plans

### True/False Questions

#### Section One

1. The first human resource department was created in 1901 by The National Cash Register Company (NCR).  
**True; Easy**
2. Personnel management emphasized the aim of achieving strategic goals through people.  
**False; Easy**
3. The Ulrich HR model started the movement toward viewing HR as a functional area.  
**False; Easy**
4. Once implemented, a good strategic plan cannot be adjusted to suit the changing trends in the internal or external factors affecting the company.  
**False; Easy**
5. The HRM strategic plan represents the major objectives an organization wants to achieve.  
**True; Easy**
6. Every stage of the organizational lifecycle requires a different HRM strategy.  
**True; Easy**
7. A SWOT analysis does not apply at the level of departmental performance.  
**False; Easy**
8. Even if a company does not have an HR department, management should still develop HRM strategic plans and HR plans.  
**True; Easy**

#### Section Two

9. Developing programs to meet the training needs of an organization occurs in the fourth part of the HRM plan.  
**True; Easy**
10. A staffing plan is an inventory of all current employees along with their educational level and abilities.  
**False; Easy**

11. A head-hunter is typically used for recruiting candidates for higher level positions.  
**True; Easy**
12. The region or area in which a business is located is a major determinant of its compensation strategy.  
**True; Easy**
13. New employees are given training in various aspects of the company culture at the stage of orientation.  
**True; Easy**
14. Non-job specific skills that employees need to become successful are called human relations skills.  
**True; Easy**
15. A 360 review is a type of training method.  
**False; Easy**

### **Section Three**

16. Strategic plans should be reviewed once a year.  
**False; Easy**
17. An HR manager must develop the departmental goals and HR plans based on the overall goals of the organization autonomously.  
**False; Easy**
18. A strategic plan should be a static document.  
**False; Easy**
19. Quantitative data on strategic plans are effective in demonstrating how HR adds value to the bottom line.  
**True; Easy**
20. Awareness of IT changes in HR isn't necessary, since HR isn't the IT department.  
**False; Easy**
21. A company's budget for compensating employees is unaffected by legislative changes.  
**False; Easy**

### **Multiple Choice Questions**

#### **Section One**

22. Which of the following is an area that personnel management focused on in the past?
  - a. Effective use of labor as a resource
  - b. Anticipation of changes that would impact the company
  - c. Recruitment of new employees and legal compliance
  - d. Enhancement of the company's productivity
  - e. Active contribution to profits

**c; Easy**

23. Which of the following is an area that represents the HRM focus as opposed to the personnel management focus that was prevalent earlier?
- Standalone programs
  - Correct administration of policies
  - Recruitment paperwork
  - Administrative aspects
  - Strategic focus
24. Which of the following differentiates the role of personnel management from the present-day HRM?
- Personnel management had a long-term orientation toward the company's growth, while HRM focuses on short-term goals.
  - Personnel management focused on recruitment processes while HRM today includes strategic planning for the whole organization.
  - Personnel management assessed changes that occurred in the external factors and helped the organization adapt suitably, while HRM plays a passive role.
  - Personnel management focused on developing the company's competitive advantage, while HRM restricts itself to ensuring that enough employees are hired to meet company requirements.
  - Personnel management implied a strategic involvement in the company's goals, while HRM reflects a supportive role.

**b; Easy**

25. Staffing focuses on:
- developing programs to meet the training needs of employees.
  - creating policies based on the requirements noted by the company.
  - determining balanced compensation packages for employees.
  - keeping the organization up-to-date with regulations relating to employment.
  - hiring employees based on the strategic plan projections.
26. Succession planning, which determines how the organization will handle the departure of managers and how current employees will be ready to take on those roles when a manager does leave, falls under the \_\_\_\_\_ duty of HRM.
- determination of compensation and benefits
  - enhancement of retention
  - training and development
  - compliance with regulatory issues
  - development of basic workplace policies

**c; Easy**

27. Which of the following differentiates an HR plan and an HRM strategic plan?
- The HR plan addresses the specific activities in the HR department, while the HRM strategic plan is tied directly to the company's overall objectives.
  - The HR plan comprises long-term goals, while the strategic plan typically includes short-term objectives.

- c. The HR plans focuses on dealing with external factors affecting the organization, while an HRM strategic plan typically considers the internal environment of the organization.
- d. Changes in technology or demographics of the workforce are accounted for in the HR plan, while the HRM strategic plan primarily ensures that recruitments and the allied paperwork are up-to-date.
- e. An HR plan operates at the organizational level, while the strategic HRM plan predominantly applies to the HR department.

**a; Easy**

28. Jason McDowell, an HR manager with Prime Banking and Consultancy, switched from the traditional recruitment methods he had used successfully for over a decade to using the Internet as a platform to advertise job openings. He feels that this change enables him to portray his company's culture in a way that appeals to the younger generation who are avid users of these sites. Additionally, it helps him target the younger generation of potential candidates who are required to fill the positions that are becoming vacant as employees of the baby boomer generation are set to retire. It also helps him minimize costs—a crucial benefit in the uncertain economic conditions that are prevailing. His ability to alter his methods to suit the external factors affecting the organization reflects the area of HR function that Ulrich referred to as the \_\_\_\_\_.

- a. administrative expert
- b. functional expert
- c. human capital developer
- d. change agent
- e. employee advocate

**d; Moderate**

29. Nicole Boyd, an HR manager, had been receiving many complaints about production managers who were rejecting work-from-home requests from their subordinates. Nicole reviewed the situation and evaluated the performance of those who had made the request. She selected those employees whose work required minimal feedback and then took up their case with the production managers, providing evidence of the employees' high-quality work. Nicole's action helped the employees and production managers come to an agreement which enabled the employees to work from home three days a week. Nicole's act of confronting her managers with an issue faced by the employees reflects the \_\_\_\_\_ role of an HR official.

- a. administrative expert
- b. functional expert
- c. human capital developer
- d. strategic partner
- e. employee advocate

**e; Moderate**

30. Which of the following models provides an overall view of the role of HRM in the organization?

- a. Kirkpatrick's model
- b. Ulrich HR model
- c. Hackman and Oldham model
- d. Porter's Five forces model
- e. Two-factor model

**b; Easy**

31. Which of the following is true with regard to the Ulrich model?
- It is a model to explain the ways in which job satisfaction can be enhanced.
  - This model strengthened the role of HR as a functional area.
  - It is a model that focuses on HRM strategic planning.
  - This model advocates that HRM plays the role of an administrative supporter of an organization.
  - This model fails to account for the global business strategy of the company.
- c; Easy**
32. According to Ulrich, HR managers should:
- advocate the management policy as being final during any conflict with employees.
  - understand company objectives, problems, challenges, and opportunities.
  - avoid training programs as much as possible as they cut into the bottom line.
  - restrict themselves to managing the hiring process and ensuring legal compliance.
  - focus exclusively on administrative functions to ensure smooth functioning.
- b; Easy**
33. Which of the following is true of a good strategic plan?
- It is marked by a lack of emphasis on technology.
  - It is devised by the HR department autonomously.
  - It is not applicable to all company employees.
  - It is focused on individual goals, not company objectives.
  - It is aligned to corporate values and the mission.
- e; Easy**
34. Which of the following is true regarding the organizational lifecycle?
- Companies pass through the different stages of the lifecycle in a fixed order.
  - The organizational lifecycle does not incorporate the decline of organizations.
  - Introduction, growth, maturity, and decline are the stages of the lifecycle.
  - Manpower and capital requirements stay constant throughout the organizational lifecycle.
  - Once an organization is on the decline, recovery is not possible.
- c; Easy**
35. It is desirable for an HR department's mission statement to strongly emphasize its \_\_\_\_\_ to be viewed as a dynamic partner in the process of achieving organizational goals.
- administrative duties
  - strategic approach
  - retention plans
  - functional expertise
  - staffing plans
- b; Easy**
36. Which of the following does an organization use to determine and understand the challenges it faces?
- Kirkpatrick's model
  - Job analysis
  - SWOT analysis
  - Hackman & Oldham model
  - Break-even analysis

**c; Easy**

37. \_\_\_\_\_ is a strategic planning tool that identifies strengths, weaknesses, opportunities, and threats in relation to the business.
- Value chain analysis
  - Four corner's analysis
  - Porter's five forces analysis
  - SWOT analysis
  - Break-even analysis

**d; Easy**

38. In the context of SWOT analysis, which of the following would be considered a strength?
- Rapid growth of industry
  - High brand value
  - Relaxation of governmental regulations
  - Tax exemptions
  - Favorable political environment

**b; Moderate**

39. In the context of a SWOT analysis, which of the following would be considered a weakness for an organization?
- Competitors entering the market
  - Changes in technology
  - Lack of a strategic plan
  - Changes in the economy
  - Sluggish growth of industry

**c; Moderate**

40. In the context of a SWOT analysis, which of the following would be considered an opportunity for an organization?
- An experienced and committed workforce
  - A high degree of innovation in product lines
  - Efficient manufacturing methods and processes
  - A good reputation in the market
  - Prospects of exclusive partnerships with international clients

**e; Moderate**

41. Which of the following is a threat according to SWOT analysis?
- Recession
  - Poor management practices
  - Lack of a strategic plan
  - Low-quality output
  - Insufficient resources

**a; Moderate**

**Section Two**

42. The first part of the HRM plan involves:
- appraising employee performance.
  - determining pay scales and other compensation.
  - developing programs to meet the training needs.

- d. selecting the final candidates for the job positions.
- e. determining human resource needs.

**e; Easy**

43. Which of the following steps precedes the stage of training and development in the HRM plan?
- a. Recruitment of potential candidates
  - b. Determination of compensation packages
  - c. Selection of final candidates
  - d. Appraisal of performance
  - e. Determination of human resource needs

**c; Easy**

44. The \_\_\_\_\_ process consists of the interviewing and hiring process.
- a. appraisal
  - b. selection
  - c. training
  - d. recruitment
  - e. compensation

**b; Easy**

45. \_\_\_\_\_ is the step that follows the selection process in the HRM plan.
- a. Compensation
  - b. Appraisal
  - c. Recruitment
  - d. Training
  - e. Determination of human resource needs

**d; Easy**

46. \_\_\_\_\_ is the stage in the development of the HRM plan wherein standards are developed to help rate employee performance.
- a. Appraisal
  - b. Training
  - c. Compensation
  - d. Selection
  - e. Recruitment

**a; Easy**

47. When attempting to determine human resource needs, HR managers prepare a(n) \_\_\_\_\_ providing details of all current employees, which includes their educational level and abilities and helps identify deficits in the workforce.
- a. staffing plan
  - b. appraisal
  - c. retention plan
  - d. inventory
  - e. job analysis

**d; Easy**

48. A \_\_\_\_\_ is a detailed document that synthesizes information to determine how many people should be hired, when they should be hired, and what skills they should have.
- a. staffing plan

- b. job description
  - c. retention plan
  - d. SWOT analysis
  - e. task analysis
- a; Easy**
49. \_\_\_\_\_ is the process of obtaining résumés of people interested in the job.
- a. Orientation
  - b. Appraisal
  - c. Recruitment
  - d. Selection
  - e. Retention
- c; Easy**
50. Which of the following occurs immediately after the interview rounds in a selection process?
- a. Orientation and training programs
  - b. Reference checks, background checks, or tests
  - c. Performance appraisals
  - d. Negotiations over compensation packages
  - e. Team activities to facilitate orientation
- b; Easy**
51. A \_\_\_\_\_ is a person who specializes in matching jobs with people and usually works only with higher level positions.
- a. corporate trainer
  - b. head-hunter
  - c. legal consultant
  - d. talent developer
  - e. functional expert
- b; Easy**
52. Tim Hayes, the current CEO of Nascent Pharma, is set to retire after a long and fruitful career. Nascent Pharma, a forerunner in pharmaceuticals, is now looking for a new CEO. Which of the following recruitment strategies should they use to locate a dynamic professional with the capability of sustaining the growth and popularity of the company?
- a. Traditional advertisements
  - b. Social networking sites
  - c. Internet job sites
  - d. Head-hunters
  - e. Word-of-mouth
- d; Moderate**
53. The \_\_\_\_\_ is an organization's way of doing things.
- a. organizational lifecycle
  - b. company culture
  - c. organizational space
  - d. company structure
  - e. company resource
- b; Easy**

54. Training programs to help employees understand and internalize aspects of company culture typically happen at the stage of \_\_\_\_\_.  
a. recruitment  
b. appraisal  
c. selection  
d. orientation  
e. succession  
**d; Easy**
55. Which of the following is an aspect of an organization's company culture?  
a. Technical expertise  
b. Pay strategy  
c. Dress code  
d. Human relations skills  
e. Administrative capabilities  
**c; Easy**
56. A career development review is used for the purpose of \_\_\_\_\_.  
a. employee selection  
b. recruitment  
c. training needs assessment  
d. performance appraisal  
e. headhunting  
**d; Easy**

### Section Three

57. Which of the following is true with regard to the HRM plan?  
a. The HRM plan exists as an unspoken agreement between the HR department and management.  
b. The HRM plan must be based completely on forecasted figures for the future.  
c. The HRM plan must be unaffected by legislative changes in the external environment.  
d. The HRM plan must be free from any budget constraints that the organization faces.  
e. The HRM plan must be communicated to managers and others in the company.  
**e; Easy**
58. A good HRM plan should be \_\_\_\_\_.  
a. general  
b. universal  
c. specific  
d. broad  
e. indefinite  
**c; Easy**
59. In the context of the HRM plan, which of the following goal statements aims at a specific goal?  
a. "Meet the hiring needs of the organization."  
b. "Develop training to meet the needs of the organization."  
c. "Ensure that all employees are compensated in accordance with their skill and performance."

- d. "Hire ten people with the requisite skills to meet the work demands of this quarter based on the sales forecasts."
- e. "Implement programs to assess and reward employees for their performance."

**d; Moderate**

60. It is desirable for managers to:
- a. monitor the HRM plan constantly to revise and update it as the organization changes.
  - b. resist making changes to the HRM plan when internal factors affect the organization.
  - c. avoid adjusting the HRM plan in correspondence to changes in technology.
  - d. negate the influence of forecasts as they can adversely impact the HRM plan.
  - e. create the HRM plans such that changes in economic cycles do not alter its course.

**a; Easy**

61. An effective HRM plan provides value to the organization when it:
- a. is completely based on forecast figures of the organization.
  - b. incorporates the legislative changes occurring outside the organization.
  - c. establishes generic and wide-ranging goals for the organization.
  - d. imitates the plan used by other companies like its branches or competitors.
  - e. excludes the challenges faced by the company and focuses only on the strengths.

**b; Easy**

### Short Answer/Essay Questions

#### Section One

62. Compare and contrast at least two differences between personnel management and strategic HRM.

Personnel management focused on administering the policies, stand-alone programs, and created a cost for the company. HRM, however, has a focus on achieving strategic goals through people. Under this perspective, training programs are integrated with a company's mission and values and managers along with HR share the responsibility in management of people. HR contributes to the profit objectives of the organization.

**Easy**

63. What is the difference between the HR plan and HRM strategic plan?

The HRM strategic plan focuses on departmental goals, tied to the overall strategic plan. In other words, the strategic plan may include longer term goals, while the HR plan may include shorter term objectives which are tied to the overall strategic plan. The HR plan includes specific strategies and tactics to meet the HRM strategic plan goals. Thus, the HR plan addresses the specific activities in the HR department, while the HRM strategic plan is tied directly to the company's overall objectives.

**Easy**

64. Describe the HR model proposed by Ulrich.

The Ulrich HR model provides an overall view of HRM's role in an organization. The current revision of his model looks at alignment of HR activities with the overall global business strategy to form a strategic partnership. According to this model, the five main areas of HR are as a(n):

- strategic partner
- change agent
- administrative and functional expert
- human capital developer
- employee advocate

**Easy**

65. Perform a SWOT analysis on a company of your choice and provide suggestions for how the SWOT analysis results must be incorporated in the company's HRM strategic plan.

Students should list the strengths, weakness, opportunities, and threats for their company of choice. Answers will vary depending on what company the student writes about. Here, look for specific ties into components of this chapter and the mastery of how to tie a strategic plan with an HRM plan.

**Moderate**

## Section Two

66. What are the six parts of the HRM plan? Which part do you consider the most important and why?

The six parts of the HRM plan are:

- determining human resource needs
- determining recruiting strategy
- selecting employees
- developing training programs
- determining compensation strategy
- appraising performance

Answers will vary on which of these stages is the most important. Look for sound reasoning in the answer.

**Moderate**

67. What are the various recruitment strategies available to HR managers?

Depending on availability and time, some companies may choose to outsource their recruiting processes. For some types of higher level positions, a head-hunter may be chosen to recruit people nationally and internationally. A head-hunter is a person who specializes in matching jobs with people, and they usually work only with higher level positions. Another option is to use an agency which specializes in hiring people for a variety of positions, some temporary positions, and some permanent positions. Traditional advertisements and Internet advertisements are another effective strategy.

**Easy**

68. What are the three main areas in which we can train our employees?

Company culture, job-related skills, and human relations skills are the three areas in which employees are given training.

- A company culture is the organization's way of doing things. Training in this area is usually performed at an orientation, when an employee is first hired.

- Skills needed for the job are technical skills like knowing how to use the register for a retail store employee.
- Human relations skills involve training in non-job specific skills that employees need to be successful.

**Easy**

### **Section Three**

69. Why do we need to link the HR plans to the company's strategic plans?

HR managers must have an understanding of the manner in which the business operates and what its needs are. This would help them link these needs to the HR functions. This creates a value for the organization rather than adding to the costs incurred by it.

**Easy**

70. What are the various reasons behind strategic plans not being implemented?

Some reasons behind a strategic plan being created and not implemented are that:

- it was not developed to be implemented.
- it was not communicated to management and others in the HRM department.
- it failed to meet the budget guidelines of the organization.
- it failed to meet the strategic outcomes of the organization.
- there was a lack of knowledge on how actually to implement it.

**Easy**

71. What are the considerations when measuring a strategic plan?

The plan must be measurable in quantitative terms and aimed at the goals that are specific enough to be measured (not vague).

**Easy**

### **Fill in the Blanks**

#### **Section One**

72. \_\_\_\_\_ mostly focused on the hiring process and legal compliance.

**Personnel management; Easy**

73. As a \_\_\_\_\_, the HR professional develops talent that is projected to be needed in the future.

**human capital developer; Moderate**

74. The \_\_\_\_\_ refers to the introductory, growth, maturity, and decline phases of the organization.

**organizational lifecycle; Easy**

75. \_\_\_\_\_ analysis is a strategic planning tool that identifies the strengths, weakness, opportunities, and threats to an organization.

**SWOT; Easy**

### **Section Two**

76. A \_\_\_\_\_ is a person who specializes in matching jobs with people, and usually works only with higher level positions.  
**head-hunter; Easy**
77. The \_\_\_\_\_ process consists of interviewing candidates.  
**selection; Easy**
78. Communication skills are a type of \_\_\_\_\_ skill.  
**human relations; Easy**
79. Pay scales are determined in the \_\_\_\_\_ part of the HR plan.  
**compensation; Easy**

### **Section Three**

80. Strategic plans must be aimed at \_\_\_\_\_ goals.  
**specific; Easy**
81. Strategic plans must be measurable in \_\_\_\_\_ terms.  
**quantitative; Easy**