
Chapter 4 Human Resource Planning

True/False Questions

5-1. The last step in the human resource planning process is program implementation and evaluation.

Ans: T

Difficulty: M

Page 147, Figure 5.1

LO1

5-2. The retailing industry is an example of an entire sector of the economy that is increasingly being perceived as an area with good opportunities for internal advancement.

Ans: T

Difficulty: M

Page 161

LO4

5-3. An objective measure that accurately predicts future demand is called a nominal predictor.

Ans: F

Difficulty: M

Page 161

LO1

5-4. Companies that take a lead-the-market approach to pay have no advantage over any other companies in recruiting.

Ans: F

Difficulty: M

Page 161

LO2

5-5. An advantage of statistical planning models methods is that they are particularly useful if important events that occur in the labor market have no historical precedent; hence, judgmental methods are of little use.

Ans: F

Difficulty: M

Page 147

LO2

5-6. Organizational recruitment materials that emphasize due process rights, rights of appeal and grievance procedures send a message that the organization has many problems requiring it to provide these formal mechanisms.

Ans: F

Difficulty: M

Page 163

LO4

5-7. Direct applicants are people who apply for a vacancy without prompting from the organization.

Ans: T

Difficulty: E

Page 164

LO5

5-8. A transitional matrix is a judgmental procedure used to forecast labor supply.

Ans: T

Difficulty: E

Page 148

LO2

5-9. As an option for reducing an expected labor surplus, the use of retraining is a relatively slow

solution, but, only a low amount of human suffering is associated with its use.

Ans: T

Difficulty: M

Page 150

LO3

5-10. When reducing expected labor surpluses, downsizing provides fast results at the expense of a high amount of human suffering.

Ans: T

Difficulty: E

Page 150

LO3

5-11. The goals an organization sets in its human resource planning process should come directly from the analysis of the labor supply and demand.

Ans: T

Difficulty: E

Page 150

LO3

5-12. Recruiting advertisements in newspapers and periodicals typically generate less desirable recruits than direct applications or referrals.

Ans: T

Difficulty: M

Page 165

LO5

5-13. As an option for avoiding an expected labor shortage, the use of overtime is a relatively fast solution, but its use is relatively low in terms of revocability.

Ans: F

Difficulty: M
Page 151, Table 5.3
LO3

5-14. As an option for avoiding an expected labor shortage, the use of new external hires is relatively fast and is also high in terms of revocability.

Ans: F
Difficulty: M
Page 151, Table 5.3
LO3

5-15. Private employment agencies serve primarily blue-collar workers while public employment agencies mostly deal with white-collar workers.

Ans: F
Difficulty: E
Page 166
LO5

5-16. In the 1990s the typical organizational response to a labor shortage was technological innovation in the area.

Ans: F
Difficulty: M
Page 150
LO3

5-17. The majority of firms were losing money when they decided to downsize the labor force.

Ans: F
Difficulty: M
Page 151
LO3

5-18. Downsizing efforts have generally lived up to expectations.

Ans: F

Difficulty: M

Page 152

LO3

5-19. The most important reason for firms using temporary workers to eliminate labor shortages is savings in benefit costs.

Ans: F

Difficulty: M

Page 154

LO3

5-20. Outsourcing is a logical choice when a firm doesn't have certain expertise and is unwilling to invest the time and effort to develop it.

Ans: T

Difficulty: M

Page 156

LO3

5-21. Recruiters tend to be viewed by job seekers as less credible when they are personnel specialists rather than experts at the particular job being filled.

Ans: T

Difficulty: M

Page 170

LO6

5-22. An important aspect of the implementation step of human resource planning is obtaining regular progress reports regarding the timing of the program.

Ans: T

Difficulty: M

Page 158

LO3

5-23. The characteristics of recruiters and their specific practices have relatively little impact on job choice decisions.

Ans: T

Difficulty: E

Page 170

LO6

5-24. The process of determining whether there are any subgroups (e.g., minorities) whose proportion in a given job category within a company is substantially different from their -proportion in the relevant labor market is called a work force utilization review.

Ans: T

Difficulty: M

Page 159

LO1

5-25. Research has clearly demonstrated that the use of realistic job previews significantly reduces employee turnover, grievances and absenteeism.

Ans: F

Difficulty: H

Page 171

LO4

Multiple Choice Questions

5-26. Which of the following tends to have the greatest positive influence on job choice decisions?

- a. The kind of recruiters used.
- b. The recruitment sources.
- c. The use of realistic job previews.
- d. Job vacancy characteristics.

Ans: d

Difficulty: E

Page 161

LO4

5-27. The first step in the human resource planning process is

- a. forecasting labor demand and supply.
- b. goal setting.
- c. program implementation.
- d. program evaluation.

Ans: a

Difficulty: E

Page 146

LO1

5-28. The process of attempting to ascertain the supply and demand for various types of human resources is called

- a. goal setting.
- b. program evaluations.
- c. forecasting.
- d. strategic choice.

Ans: c

Difficulty: E

Page 146

LO1

5-29. An advantage of statistical forecasting methods is that

- a. under the right conditions, they provide predictions that are much more precise.

- b. they are particularly useful in dynamic environments.
- c. they are particularly useful if important events that occur in the labor market have no historical precedent; hence, judgmental methods are of little use.
- d. in the event of a legal dispute, they are more acceptable as evidence by juries.

Ans: a

Difficulty: M

Page 146

LO1

5-30. Companies that engage in human resource planning tend to use

- a. statistical forecasting methods.
- b. judgmental forecasting methods.
- c. a balanced approach: statistical and judgmental.
- d. a balanced approach: statistical and quantitative.

Ans: c

Difficulty: M

Page 147

LO1

5-31. What type of strategy should a company use if it wants to make a given vacancy look more attractive?

- a. lead-the-market strategy.
- b. image advertising strategy.
- c. Personnel policy strategy.
- d. Implicit favorite strategy.

Ans: c

Difficulty: H

Page 161

LO4

5-32. For the past ten years, Regent Food, Inc. has sold its prepackaged meals exclusively to the airline industry. Following the loss of several airline accounts in the past year, the company landed substantial accounts (40 percent of current business) with two major railways and the U.S. government. These new clients need somewhat different products, which require a more labor-intensive production process.

Under these circumstances, it would be most appropriate to use a approach to forecasting the company's labor demand in the upcoming year.

- a. statistical
- b. judgmental
- c. transitional matrix
- d. multiple correlation

b

M

p. 147

LO1

5-33. Organizational recruitment materials that emphasize due process, rights of appeal and grievance mechanisms send a message that

- a. the organization has many problems.
- b. the organization values employee rights over productivity and profitability.
- c. job security is high in the organization.
- d. employee morale is low in the organization.

c

M

p. 163

LO4

5-34. A "leading indicator" is

- a. an objective measure that accurately predicts future labor demand.
- b. a subjective measure that accurately predicts future labor supply.
- c. an objective measure used to evaluate whether or not the organizations successfully avoided a pending labor shortage or surplus.
- d. a subjective measure used to evaluate whether or not the organizations successfully avoided a pending labor shortage or surplus.

a

M

p. 147

LO1

- 5-35. The two basic approaches to forecasting are
- judgmental and qualitative.
 - quantitative and scientific.
 - statistical and quantitative.
 - statistical and judgmental.

Ans: d

Difficulty: E

Page 147

LO1

- 5-36. Dow's \$60 million television campaign in the early 1990's hammered home the message "Dow lets you do great things." This is an example of
- general advertising.
 - saturation advertising.
 - image advertising.
 - proactive advertising.

Ans: c

Difficulty: E

Page 163

LO4

- 5-37. A transitional matrix is a
- judgmental procedure used to forecast labor demand.
 - a statistical procedure used to forecast labor demand.
 - a judgmental procedure used to forecast labor supply.
 - a statistical procedure used to forecast labor supply.

Ans: d

Difficulty: E

Page 148

LO1

- 5-38. The sources from which companies recruit potential employees are
- dictated largely by legal constraints
 - determined by demographic patterns

- c. typically regulated by industry standards
- d. a critical aspect of its overall recruitment strategy.

Ans: d

Difficulty: E

Page 163

LO5

- 5-39. Transitional matrices are useful for
- a. charting historical trends in labor demand.
 - b. charting historical trends in labor supply.
 - c. forecasting labor surpluses.
 - d. forecasting labor shortages.

Ans: b

Difficulty: M

Page 148

LO2

- 5-40. Once forecasts for labor demand and supply are known, planners
- a. can set affirmative action targets.
 - b. can implement desired human resource programs.
 - c. can compare the figures to determine whether there will be a labor shortage or surplus for various job categories.
 - d. can set contingency plans.

Ans: c

Difficulty: M

Page 149

LO2

- 5-41. In the example in the book, because Matsushita Corporation accurately forecasted the rise of the yen in relation to the dollar, they
- a. expanded production in Japanese plants.
 - b. reduced production around the world.
 - c. opened “export centers” around the world.
 - d. hedged the yen in commodity markets.

Ans: c

Difficulty: M

Page 149

LO2

5-42. An organization seeking to reduce a projected labor surplus must select from a number of possible options aimed at obtaining that objective (e.g., retirements, lay-offs, job sharing, etc.). This process occurs at what step of human resource planning

- a. goal-setting and strategic planning
- b. program evaluation
- c. forecasting
- d. program implementation

Ans: a

Difficulty: E

Page 150

LO1

5-43. Which of the following is an advantage of relying on internal recruitment sources?

- a. It is likely to promote diversity in terms of race and sex.
- b. It minimizes the impact of political consideration on the hiring decision.
- c. It is generally cheaper and faster to fill vacancies internally.
- d. For entry level positions, there will always be many recruits from which to select.

Ans: c

Difficulty: E

Page 164

LO5

5-44. The function of the goal-setting step in human resource planning is to

- a. select the best option for redressing a pending labor shortage or surplus.
- b. focus attention on the desired end state and provide a benchmark for determining the relative success of a program aimed at avoiding a pending labor shortage or surplus.
- c. ascertain the supply and demand for various types of human resources.
- d. provide documentation of the choices made in the event of a legal challenge.

Ans: b

Difficulty: E

Page 150

LO1

5-45. Direct applicants

- a. require more effort to get them “sold” on the organization.
- b. are more expensive because of necessary background checks.
- c. tend to show lower turnover rates when compared with candidates from other sources.
- d. tend to be much more diverse when compared with candidates from other sources.

Ans: c

Difficulty: M

Page 165

LO5

5-46. Making sure that some individual is held accountable for achieving stated goals is a critical aspect of what step of the human resource planning process?

- a. goal setting and strategic planning
- b. program implementation and evaluation
- c. forecasting
- d. strategic choice

Ans: b

Difficulty: M

Page 158

LO1

5-47. The goals that are set in the human resource planning process should come directly from

- a. mid-level managers, who tend to be most in touch with the organization’s needs.
- b. the analysis of the labor supply and demand.
- c. the strategic choices that are made.
- d. the feedback provided by the formal evaluation of the human resource planning in the company.

Ans: b

Difficulty: E

Page 150

LO1

5-48. Once forecasts for labor and demand and supply are known, the most immediate need of the human resource planner is to

- a. set goals.
- b. implement programs.
- c. ascertain whether there will be a labor shortage or surplus for the forecasted job categories.
- d. conduct an adverse treatment analysis.

Ans: a

Difficulty: M

Page 150

LO1

5-49. Which of the following options for reducing an expected labor surplus has the benefit of being a relatively fast solution, but is also high in human suffering?

- a. Downsizing
- b. Retirement
- c. Retraining
- d. Work sharing

Ans: a

Difficulty: M

Page 150; Table 5.2

LO3

5-50. Which of the following options for reducing an expected labor surplus is a relatively slow solution, but offers the benefit of being low in the human suffering associated with it?

- a. Downsizing
- b. Demotion
- c. Retraining
- d. Transfers

Ans: c

Difficulty: M

Page 150; Table 5.2

LO3

5-51. Which of the following options for avoiding an expected labor shortage has the benefit of being a relatively fast solution and is high in terms of its revocability?

- a. Overtime
- b. Retrained transfer
- c. Turnover
- d. New external hires

Ans: a

Difficulty: M

Page 151; Table 5.3

LO3

5-52. Recruiting advertisements in newspapers and periodicals

- a. are exempt from the requirements of Title VII.
- b. are most effective in attracting applicants who are currently employed.
- c. are generally not needed.
- d. typically generate less desirable recruits than direct applications or referrals.

Ans: d

Difficulty: M

Page 165; Table 5.3

LO5

5-53. Van Roehling Inc., located in a small town 40 miles from Detroit, is seeking to hire ten production workers. The company also wants very much to improve the diversity of its presently all white, male work force. Which of the following combinations of recruitment sources would be the best for the company to use?

- a. Referrals from current employees and walk-in applicants.
- b. A job search firm and advertisement in the local newspaper.
- c. Referrals from current employees and an advertisement in the local newspaper.
- d. Advertisement in a metropolitan Detroit newspaper and Michigan's public employment service.

Ans: d

Difficulty: M

Page 165-166; Table 5.2

LO5

5-54. Your company's primary concern is to reduce an expected labor surplus fast; its secondary concern is to minimize human suffering. The options that would best address the company's concerns (in the priority indicated) are

- layoffs and transfers.
- transfers and work sharing.
- retirement and retraining.
- natural attrition and transfers.

Ans: b

Difficulty: M

Page 150; Table 5.2

LO3

5-55. Forecasting indicates your company needs to reduce its white-collar work force in order to avoid a labor surplus in the next three to five years. Consistent with the corporate culture it wants to maintain, your company places a higher priority on minimizing human suffering than on achieving the labor reduction quickly. The options that are most consistent with these priorities are

- demotions and transfers.
- transfers and work sharing.
- retirement and retraining.
- natural attrition and transfers.

Ans: c

Difficulty: M

Page 150; Table 5.2

LO3

5-56. A small company that manufactures special-order wood furniture has kept its employees busy on a 40-hour-a-week schedule for the past two years. The company just received the largest contract in its history from a Saudi Company opening offices in the area. There is no expectation of repeat business from the Saudi Company. In order to complete the contract in the required six months, additional skilled woodworking manpower is needed. Under these circumstances, to avoid an expected labor shortage, the best option would be

- overtime.
- the use of temporary employees.
- turnover reduction.

d. new external hires.

Ans: a

Difficulty: M

Page 151; Table 5.3

LO3

5-57. Which of the following recruitment sources is most likely to include some applicants who do not really want to work?

- a. Newspaper ads.
- b. Direct applicants.
- c. Public employment service agencies
- d. Executive search firms

Ans: c

Difficulty: E

Page 166

LO5

5-58. The most typical organizational responses to an expected labor shortage are

- a. fast response and low revocability.
- b. fast response and high revocability.
- c. slow response and high revocability.
- d. slow response and low revocability.

Ans: b

Difficulty: M

Page 150

LO3

5-59. Research suggests the main reasons that organizations gave for their downsizing efforts were to

- a. increase stock prices.
- b. reduce costs.
- c. improve organizational competitiveness.
- d. ensure solvency

Ans: c

Difficulty: M

Page 152

LO3

5-60. A recent study of Fortune 100 firms that announced downsizing efforts showed that in the following years most firms showed

- a. improved financial performance.
- b. had worse financial performance.
- c. improved employee morale.
- d. similar financial performance.

Ans: b

Difficulty: M

Page 153

LO3

5-61. Reasons for the failure of most downsizing efforts to live up to expectations include all of the following *except*

- a. downsizing efforts eliminate people who turn out to be irreplaceable assets.
- b. short-term cost savings turn negative in the long term.
- c. downsizing efforts reduce a firm's competitiveness.
- d. employees who survive downsizing become narrow minded and risk-adverse

Ans: c

Difficulty: M

Page 153

LO3

5-62. Many employers use temporary employees because

- a. they are relatively expensive.
- b. once you start using them, they become a source of labor that is difficult to "turn off."
- c. they afford firms the flexibility needed to operate efficiently.
- d. the high cost of unemployment benefits.

Ans: c

Difficulty: M

Page 154



LO3

5-63. Executive search firms (ESFs)

- a. are a relatively expensive way to recruit.
- b. work almost exclusively with high level, unemployed executives.
- c. typically require the person being placed to make the initial contact with the prospective employer directly.
- d. are not subject to the requirements of Title VII.

Ans: a

Difficulty: E

Page 166

LO5

5-64. Yield ratios

- a. express the output yielded by a new hire in relation to the cost of recruiting the new hire.
- b. express the percentage of applicants who successfully move from one stage of the recruitment and selection process to the next.
- c. are particularly useful for assessing the effectiveness of a given recruiting source.
- d. help determine the most efficient source for the type of job vacancy being filled.

Ans: b

Difficulty: E

Page 156-157

LO5

5-65. All of the following about outsourcing are true *except*

- a. outsourcing is a logical choice when firms lack experience in an area.
- b. outsourcing often involves ventures with foreign companies.
- c. technological advancements have slowed down the amount of outsourcing being done today.
- d. outsourcing is driven by economies of scale.

Ans: c

Difficulty: M

Page 156

LO5

5-66. Cost per hire is

- a. useful in establishing the efficiency of a recruiting source.
- b. lower for private employment agencies than for public employment agencies.
- c. lower for executive recruits than for clerical recruits.

Ans: a

Difficulty: M

Page 169

LO5

5-67. The recruiting source that is likely to be least costly per recruit hired is

- a. a college/university.
- b. newspaper ads.
- c. an employee referral
- d. an executive search firm.

Ans: c

Difficulty: M

Page 169, Table 5.4

LO5

5-68. A critical aspect of the program implementation step of human resource planning is

- a. the setting of a benchmark for determining the relative success of a program.
- b. selecting the best option for redressing a pending labor shortage or surplus.
- c. making sure that some individual is held accountable for achieving the stated goals.
- d. ascertaining whether or not the company has successfully avoided any potential labor surpluses or shortages.

Ans: c

Difficulty: E

Page 158

LO1

5-69. The recruiting source that is likely to have the highest yield ratio is

- a. a college/university

- b. walk-ins
- c. a public employment agency
- d. an executive search firm

Ans: d

Difficulty: M

Page 169; Table 5.4

LO5

5-70. Which of the following recruiter characteristics do applicants tend to respond to most positively?

- a. warmth
- b. race (same as applicant)
- c. age
- d. gender

Ans: a

Difficulty: M

Page 170

LO6

5-71. The process of determining whether there are any subgroups (e.g., minorities or disabled) whose proportion in a given job category within a company is substantially different from their proportion in the relevant labor market is called

- a. adverse treatment analysis.
- b. work force utilization review.
- c. subgroup reconciliation.
- d. discrimination analysis.

Ans: b

Difficulty: M

Page 159

LO1

5-72. Affirmative action plans

- a. are required of all employers involved in interstate commerce.
- b. forecast and monitor the proportion of various protected groups (e.g., women, minorities) that are in various jobs or career

Ans: b

Difficulty: M

Page 159

LO1

5-73. The steps required to properly execute an affirmative action plan are

- a. essentially the same as those involved in job analysis.
- b. vary tremendously from organization to organization as a result of unique circumstances.
- c. identical to the steps in the generic human resource planning process discussed in the text.
- d. essentially the same as the steps in the generic human resource planning model except that no strategic choices need to be made.

Ans: c

Difficulty: M

Page 159

LO1

5-74. Affirmative action plans are

- a. required for all companies by law.
- b. required for all companies through Executive Order 1246.
- c. required by organizations bidding on government contracts.
- d. required only by government agencies.

Ans: c

Difficulty: M

Page 159

LO1

5-75. Research regarding recruiter practices indicates that

- a. the use of recruiting teams has little potential due to the mixed messages multiple recruiters tend to send.
- b. generally, applicants responded more negatively to recruiters that were more informative.
- c. applicants responded very negatively to delays in receiving feedback from recruiters.
- d. recruiters are very impressive in their ability to predict which candidates will be successful on the job.

Ans: c

Difficulty: M

Page 171

LO6

Essay Questions

5-76. Compare and contrast the following recruiting sources—executive search firms, employee referrals, newspaper advertising, and colleges/universities—in terms of efficiency (cost per hire) and quality (yield ratio).

Ans: Employee referrals and executive search firms generally have higher yields than the other sources. The latter (search firms) cost more per hire largely due to the higher-quality applicants at executive levels. Employee referrals combine for low-cost/high-quality hires—but have a disadvantage of offering a less diverse pool.

Difficulty: H

Page 164-169

LO5

5-77. In the next six months, your company needs to hire 35 external new hires for production assembly and machine shop positions. In the past, your company has had difficulty in meeting its affirmative action goals in terms of percentage of minorities among new hires. For each of the following recruitment sources, state whether you would use the source in your recruitment program, and explain why or why not: (1) referrals from current employees, (2) public employment agencies, and (3) executive search firms.

Ans: 1. Referrals from employees—A decision to use a referral can be supported by advantages of referrals (lower turnover, etc.) provided that

a. the student recognizes that referrals tend to be relatively homogenous, and that “if the company is under utilizing minority workers, using referrals from current employees may only exacerbate the problem.”

b. the student also uses the public employment agency to address under utilization concerns.

2. A decision not to use referrals can be supported by concerns regarding homogeneity of referrals (mentioned above).

a. Public employment agencies—A decision to use public employment agencies can be supported because specialized “desks” for minorities make them an excellent source for employers who feel that

they are under utilizing minority groups. A decision not to use them can be supported by concern some employers have regarding the motivation and quality of workers referred by public employment agencies.

b. Executive search firms—A decision not to use such firms is supported by the fact that they are expensive and not appropriate for the kind of workers needed.

Difficulty: H

Page 164-166

LO5

5-78. Describe what occurs at the goal-setting and strategic planning step of the human resource planning process.

Ans: In the goal-setting step of HRP, attention is focused on the desired end state, and benchmarks (i.e., goals) are set to be used in determining the relative success of that program aimed at redressing some pending labor shortage or surplus. Goals should come directly from the analysis of the labor supply, and demand and should include:

Difficulty: E

Page 150

LO1

5-79. Discuss the major options organizations have for reducing labor surpluses. In doing so, discuss how they vary in terms of speed, cost, effectiveness, and amount of human suffering.

Ans: Options that are fast but result in high human suffering include downsizing, pay reductions, and demotions. Transfers and worksharing reduce suffering somewhat. Slower approaches include attrition, retirements, and outsourcing. These tend to reduce human suffering greatly.

Difficulty: H

Page 150; Table 5.2

LO3

5-80. Identify and discuss three things that organization can do to increase the positive influence their recruiters have on the job choice.

Ans: Things that organizations can do to increase the positive influence of their recruiters include:

1. Recruiters can provide applicants timely feedback.
2. Recruiters need to avoid behaviors that might convey the wrong organizational impression (e.g., rudeness, boredom, incompetence).
3. Focus recruiting efforts on inexperienced applicants.

4. Avoid mixing recruiting and personnel selection activities.
5. Do recruiting in teams rather than by individuals.

Difficulty: M

Page 171-172

LO6

5-81. Discuss the relative merit of internal versus external recruiting.

Ans: Internal recruiting

Advantages

1. Provides an opportunity for employee advancement within the company.
2. Generates a sample of applicants who are well known to the company.
3. Applicants are relatively knowledgeable about the company's vacancy, which minimizes the problem of inflated expectations.

External recruiting

Advantages

1. For entry-level positions and some specialized upper-level positions, there may not be any internal recruits available.
2. Bringing in outsiders may expose the organization to new ideas.
3. It may help the organization meet goals for a diverse work force (e.g., affirmative action goals).

Difficulty: M

Page 161

LO5

5-82. Discuss the advantages and disadvantages of using temporary employees as an option in response to labor shortages.

Ans: Advantages of using temporary workers include:

1. They increase flexibility that may be easily turned off and on when a company is faced with uneven or cyclical demand for its products or services.
2. Frees firm from administrative burden of being "employer of record."
3. Many temp agencies test and train employees prior to employment.
4. "Temps" often bring a different perspective to an organization.
5. Usually, they are less expensive than regular, full-time employees.

Disadvantages of temporary workers include:

1. Temps lack organizational experience that may create conflict with full-time employees.
2. Marginal commitment to organizations.

Difficulty: E

Page 154-156

LO3

5-83. Forecasting indicates the need for skilled technical manpower in your company will increase dramatically this year. If the company continues on its present course, it will experience a substantial labor shortage by year's end. Something must be done fast, but management is concerned about maintaining its flexibility. Which of the options for avoiding expected labor shortages identified in the text would be most appropriate under these circumstances? Explain your answer.

Ans: The company has two criteria for selecting an option to meet an anticipated labor shortage: it must be "fast," and it must be flexible (i.e., revocable). The only three options discussed in the text that meet these criteria are overtime, temporary employees, and outsourcing. The ideal answer will note that the need for skilled labor is expected to "increase dramatically," which suggests that overtime alone may not be sufficient.

Difficulty: H

Page 151-152

LO3

5-84. Until recently, Donnelly Inc. manufactured mirrors that were sold exclusively to the "Big Three" automobile makers. In the past year, following the loss of the General Motors account, the company landed substantial accounts (30 percent of current business) with Toyota and Honda. These new clients need somewhat different products, which require a more labor-intensive production process. Also, the new clients have leaner inventory systems than the Big Three. Under these circumstances, what kind of method would be most appropriate to use in forecasting the company's labor demand in the upcoming year, a statistical approach or a judgmental approach? Explain your answer.

Ans: The facts presented indicate that historical trends between leading indicators and the labor demand are changing. For example, the substantial new business is labor-intensive. Under these circumstances, statistical approaches to forecasting labor demand are probably inappropriate. A judgmental approach will be able to take into account the recent changes.

Difficulty: H

Page 146-148

LO2

5-85. Outline the steps required to implement an affirmative action plan.

Ans: The steps are the same as those used for generic human resource planning.

1. Forecasting—assessing current work force utilization patterns and then forecasting how these are



likely to change

2. Goal setting and strategic planning—setting specific work-force utilization goals and timetables for achieving them, then choosing specific actions (e.g., recruitment of selection practices) to be carried out in pursuit of the goals that have been set.

3. Implementation and evaluation of the selection programs. This includes comparing results with work-force utilization goals and the timetable set earlier in the process.

Difficulty: H

Page 159

LO1