

Professional in Human Resources (PHR)

PART

I

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Chapter 1

PHR Practice Area 1: Business Management

THE PHR EXAM CONTENT FROM THE BUSINESS MANAGEMENT FUNCTIONAL AREA COVERED IN THIS CHAPTER FOCUSES ON “USING INFORMATION ABOUT THE ORGANIZATION AND BUSINESS ENVIRONMENT TO REINFORCE EXPECTATIONS, INFLUENCE DECISION-MAKING, AND AVOID RISK.” IT CONSISTS OF THE FOLLOWING RESPONSIBILITIES:

- ✓ 01 Interpret and apply information related to general business environment and industry best practices
- ✓ 02 Reinforce the organization’s core values, ethical and behavioral expectations through modeling, communication, and coaching
- ✓ 03 Understand the role of cross-functional stakeholders in the organization and establish relationships to influence decision-making
- ✓ 04 Recommend and implement best practices to mitigate risk (for example: lawsuits, internal/external threats)
- ✓ 05 Determine the significance of data for recommending organizational strategies (for example: attrition rates, diversity in hiring, time to hire, time to fill, ROI, success of training)





IN ADDITION TO THE RESPONSIBILITIES LISTED ABOVE, AN INDIVIDUAL TAKING THE PHR EXAM SHOULD HAVE WORKING KNOWLEDGE OF THE FOLLOWING, USUALLY DERIVED THROUGH PRACTICAL EXPERIENCE:

- ✓ 01 Vision, mission, values, and structure of the organization
- ✓ 02 Legislative and regulatory knowledge and procedures
- ✓ 03 Corporate governance procedures and compliance
- ✓ 04 Employee communications
- ✓ 05 Ethical and professional standards
- ✓ 06 Business elements of an organization (for example: other functions and departments, products, competition, customers, technology, demographics, culture, processes, safety and security)
- ✓ 07 Existing HRIS, reporting tools, and other systems for effective data reporting and analysis
- ✓ 08 Change management theory, methods, and application
- ✓ 09 Risk management
- ✓ 10 Qualitative and quantitative methods and tools for analytics
- ✓ 11 Dealing with situations that are uncertain, unclear, or chaotic

1. Which of the following is not one of the four elements of the acronym VUCA?
 - A. Visionary
 - B. Unemployed
 - C. Clarity
 - D. All of the above
2. Which option is the correct term describing the near-term activities involved in transferring the product or service from the business to the customer?
 - A. Sales
 - B. Marketing
 - C. Placement
 - D. Both A and B
3. Managing payroll and recruiting for open positions are examples of which human resource role?
 - A. Strategic
 - B. Operational
 - C. Administrative
 - D. Employee relations
4. A conduct statement is most likely to be found in which corporate document?
 - A. Employee handbook
 - B. Ethics policy
 - C. Injury and Illness Prevention Plan (IIPP)
 - D. All of the above
5. Which of the following tools would HR most likely recommend to an employer who wants to tailor an employee wellness program to the needs of the workforce?
 - A. Workers' comp aggregate report
 - B. Utilization reports
 - C. Employment trends
 - D. Workforce analytics
6. Reengineering, corporate restructuring, and workforce expansion are all examples of what type of management strategy?
 - A. Change
 - B. Authoritarian
 - C. Risk
 - D. Transformational

7. The employer you work for is looking to open a large paint facility in a neighboring state. It will be the second location, with corporate headquarters continuing to be home base. Which change management structural intervention will HR most likely need to address?
 - A. Reengineering
 - B. Corporate restructuring
 - C. Workforce reduction
 - D. Workforce expansion
8. Which metric should you use to communicate to an executive team the expenses associated with recruiting and selection?
 - A. Cost per hire
 - B. Time to hire
 - C. Replacement cost
 - D. Accession rate
9. A supervisor complained to HR that one of his employees is often tardy. When asked about it, the employee said that he thought being on time wasn't really that important, as his supervisor seemed to come and go as he pleased. The supervisor himself is a nonexempt employee with a regular schedule. What should HR recommend as a first step?
 - A. Discipline the employee for violating the attendance policy.
 - B. Discipline both the employee and the supervisor for violating the attendance policy.
 - C. Coach the supervisor on modeling appropriate workplace behaviors and communicating proper standards.
 - D. Provide the employee and supervisor with the company's standards of conduct.
10. How do employee handbooks contribute to an organization's risk management plan?
 - A. Employee handbooks are required by law.
 - B. Employee handbooks help protect the organization from potential risk.
 - C. Employee handbooks act as an insurance policy by identifying procedures and checklists.
 - D. Employee handbooks are the only way to defend against unlawful discrimination claims.
11. Why is it important for HR professionals to keep up to date on employment litigation statistics?
 - A. It is the first step toward compliance with labor laws.
 - B. These statistics provide insight into updated labor laws in response to cultural or technological trends.
 - C. Doing so helps to predict unemployment trends.
 - D. These statistics help to predict areas of vulnerability and recommend risk management strategies.

12. Which of the following usually present the most risk of a discrimination charge being filed with the Equal Employment Opportunity Commission?
- A. Retaliation, race, disability
 - B. Race, age, disability
 - C. Sex, race, age
 - D. Race, ethnicity, national origin
13. What is the purpose of a legislative committee?
- A. To unify members of the U.S. Congress either for or against a specific bill
 - B. To sponsor a bill, agreeing to seek support of its passage
 - C. To study a bill and determine the likelihood that the bill will be able to pass a vote in the full body of Congress
 - D. To make changes to a bill prior to its forwarding to the full body for a vote
14. An activity in which anybody can participate to influence laws and regulations is known as which of the following?
- A. Lobbying
 - B. Administrative law
 - C. Corporate governance
 - D. Social responsibility
15. A code of conduct is to _____ as an ethical statement is to organizational standards of behavior.
- A. Employee professionalism
 - B. Policies
 - C. Work rules
 - D. Employee standards of behavior
16. An assembly-line configuration and standard operating procedures for taking a sales call are examples of which of the following organizational functions?
- A. Scheduling
 - B. Production layout
 - C. Capacity
 - D. Facility location
17. Considering inputs such as available material and labor is an activity of which organizational function?
- A. Capacity
 - B. Production layout
 - C. Scheduling
 - D. Facility location

18. The evolution from pagers to cellular phones is an example of which of the following forces in the external business environment?
- A. Availability of skilled workers in the labor force
 - B. Legal and regulatory activity
 - C. The economic environment
 - D. Technology developments driving industry change
19. In which of the following ways does the finance department contribute to the achievement of HR outcomes?
- A. A financial analyst can provide information related to incentives for customers to buy.
 - B. A financial analyst can provide models to predict the number of employees needed at different production levels.
 - C. A financial analyst can aid in tracking real-time inventory related to sales.
 - D. The finance department can process employee payroll.
20. Forecasting is most likely to be used when a company is doing which of the following activities?
- A. Conducting a feasibility study
 - B. Creating an annual budget
 - C. Completing an environmental scan
 - D. Developing a training matrix
21. The company for which you work has partners who have agreed to share responsibility for managing the business on a day-to-day basis. This is an example of which of the following business structures?
- A. Limited liability partnership
 - B. Joint venture
 - C. General partnership
 - D. Corporation
22. Under what conditions would employees be most receptive to organizational change?
- A. If they understand the benefits of the changes to their own working conditions
 - B. If they receive a pay increase as the result of the change
 - C. If the organizational change does not directly affect their own jobs
 - D. Employees are never initially receptive to change.
23. Fill in the blank: Technological challenges are to project management as _____ challenges are to change management.
- A. Financial
 - B. Human
 - C. Risk
 - D. Environmental

24. During the strategic planning session, the organizational leaders of a custom cabinet shop identified that there were serious quality defects in the wood being sourced from an outside vendor. Additionally, these flaws were contributing to the reason existing product packaging was no longer adequate to properly prepare the product for freight transport. This company has identified problems in which business function?
- A. Shipping and receiving
 - B. Inventory
 - C. Supply chain
 - D. Purchasing
25. A company objective is to help managers perform through a series of 90-day goals. The goals will be set by the executive team, and managers will be expected to report weekly progress via email. Which of the following internal relationships should HR cultivate to help the company achieve this strategic objective?
- A. Twice-a-month meetings with the managers to identify and support any workforce changes that will need to occur to achieve the goals
 - B. Weekly planning sessions with the executive team to address any obstacles that hinder goal achievement
 - C. Bi-weekly meetings with the CFO to advocate for the financial resources management needs to achieve the goals
 - D. Weekly meetings with the HR generalists to get updated on their own progress toward department goals
26. Which of the following is an example of a human capital measurement?
- A. Employee attitudes
 - B. Employee capabilities
 - C. Productivity
 - D. All of the above
27. A values statement does *not* need to include which of the following?
- A. Standards of behavior
 - B. Ethical components
 - C. Action items
 - D. A definition of what is important to the company
28. A painting company has decided to organize its services by industrial and residential. It plans to hire division directors to form key account teams in both sales and marketing but keep operations as its own division. This is an example of which strategy?
- A. Divisional
 - B. Regional market
 - C. Organizational development
 - D. Business unit

29. Inventory, employees, and accounts receivable are all examples of what?
- A. Assets
 - B. Liabilities
 - C. Capital
 - D. Competitive advantage
30. Which number is the mode in the following sequence: 1334555?
- A. 1
 - B. 3.7
 - C. 5
 - D. 26
31. One of the corporate values of your company is the concept of “Ohana” that is centered around behaviors such as transparency and trust. Which of the following conditions would you expect to find at this organization?
- A. Rules prohibiting disclosures of pay rates
 - B. Encouragement to challenge the status quo
 - C. Generous family leave policies
 - D. Practices that encourage diversity
32. The large company that you work for has decided that addressing the leadership needs of their organization is necessary to advance their growth objectives. Which of the following should be your first priority?
- A. Hiring strong leaders
 - B. Replacing poor leaders
 - C. Evaluating current leaders
 - D. Identifying future leaders
33. Which of the following is the most likely reason that some organizational leaders struggle with ethical decision-making?
- A. Most leaders have personalities that make them inclined to test boundaries.
 - B. Ethics do not lead to measurable outcomes.
 - C. Laws are not consistent from country to country or state to state.
 - D. Not everyone shares the same set of values.

- 34.** A startup company is focused on innovation, driven by its research and development efforts. The skillsets necessary for its workforce do not currently exist in the available labor market. Which of the following strategies should you recommend?
- A.** Offer paid internships to high school students in the communities where you operate.
 - B.** Pay above market value for your research and development team.
 - C.** Invest in training and development for your management staff.
 - D.** Encourage a creative, nontraditional workplace culture.
- 35.** The executive team at a major retailer has decided that it must close 68 stores nationwide, with an anticipated loss of more than 10,000 jobs. Which of the following external partnerships would have the biggest impact on the laid-off workers?
- A.** County unemployment offices
 - B.** State and local political leadership
 - C.** Local staffing agencies
 - D.** Local universities and/or training centers
- 36.** Who is hiring, what price points are selling, and what are the current trends and cultural factors are questions answered by a scan of which of the following?
- A.** Industry practices and developments
 - B.** Economic environment
 - C.** The general business environment
 - D.** The legal and regulatory environment
- 37.** HR provided the strategic planning committee with a report showing the unemployment rate at the state and county levels and the availability of labor by skillset. The committee is most likely preparing for which of the following planning activities?
- A.** A training needs assessment
 - B.** Strategic workforce planning
 - C.** A strategic compensation review
 - D.** The launch of a diversity management team
- 38.** Which of the following is a major characteristic of evidence-based management?
- A.** Conducting a training needs assessment
 - B.** Launching a diversity management team
 - C.** Completing a strategic compensation review
 - D.** Making decisions using scientific evidence

39. Which evidence would you use to make a decision about how many employees a company may need during peak season?
- A. Scientific evidence
 - B. Experiential evidence
 - C. Industry evidence
 - D. Strategic evidence
40. In developing the exam content outline, a major exam administrator identifies subject-matter experts to review the existing exam content and anonymously make suggestions for changes. A facilitator gathers the feedback and then sends out proposed changes to each member for revisions and comments. The facilitator repeats this process round after round until a consensus is reached. This company is employing which of the following decision-making methods?
- A. Evidence-based management
 - B. SME processing
 - C. Delphi technique
 - D. Nominal group process
41. Which of the following is *most* likely to increase employee commitment to change?
- A. Increasing employee trust in management
 - B. Increasing associated pay levels with new responsibilities and tasks
 - C. Terminating employees who have bad attitudes toward the change
 - D. Adding technological components that increase employee skills
42. Purchasing employment practice liability insurance (EPLI) is what type of risk management technique?
- A. Avoid
 - B. Transfer
 - C. Mitigate
 - D. Accept
43. HR is most likely to serve in what type of role related to an employer's use of workforce analytics?
- A. Administrative
 - B. Technical
 - C. Legal
 - D. Advisory

44. For what purpose is a churn model most likely to be used?
- A. To understand why benefit costs continue to increase
 - B. To predict which way employees may vote for (or against) union representation
 - C. To identify the root cause of turnover
 - D. To improve overall employee services
45. Suppliers, employees, and local community groups are all examples of which of the following?
- A. Communities of interest
 - B. Protected whistleblowers
 - C. Company shareholders
 - D. Company stakeholders
46. A code of ethics, accounting rules, and sustainability guidelines are all examples of what type of company behavior?
- A. Legal compliance
 - B. Ethical management practices
 - C. Corporate governance
 - D. Diversity management
47. Which of the following technological tools would best help HR manage résumés, training documents, and service awards?
- A. A human resource information system (HRIS)
 - B. An applicant tracking system (ATS)
 - C. Workforce analytics
 - D. Cloud computing
48. The collective knowledge, skills, and abilities of an organization's employees based upon which an employer may compete is best known as which of the following?
- A. Core competencies
 - B. Strategic workforce planning
 - C. Human capital
 - D. Head count
49. Your favorite news outlet just announced that interest rates will be going up in the next calendar quarter. This is an example of which of the following?
- A. A leading economic indicator
 - B. A key performance indicator
 - C. An element of the consumer price index
 - D. An effect on the labor rate

- 50.** You have tasked a department with coming up with a proposed schedule for the holiday season. You are asking them in effect to form which of the following?
- A.** An autonomous review
 - B.** An evidenced-based decision
 - C.** A team review
 - D.** A group consensus