KASNEB

CS PART III SECTION 5

HUMAN RESOURCE MANAGEMENT

PILOT PAPER

September 2015. **Time Allowed: 3 hours.**

Answer ALL questions. Marks allocated to each question are shown at the end of the question.

QUESTION ONE

CASE STUDY: GREENE SUGAR LTD.

Greene Sugar Limited is a small sugar manufacturing company located in the western part of the country. The company was founded in 1998 by the current Chief Executive Officer (CEO), David Juhudi. He set up the company after being retrenched in one of the bigger sugar companies in Kenya. Armed with vast experience, and an entrepreneurial spirit, David used his severance pay to set up the company. He operated in leased quarters for five years until he was able to acquire his own land and put up his own structures. He brought in Peter Mambo as his chief finance officer. Mambo is an accounting expert and an old college friend, whom David could trust to handle his finances.

Today, Greene Sugar Ltd. has grown significantly and employs 500 full time workers and 100 casual workers.

So far, Greene Sugar Ltd. has not been significantly affected by the latest downturn in the sugar industry. Its market niche continues to be high quality, clean and well packaged sugar, sold at affordable prices.

Greene Sugar Ltd. remains non-union. However, three years ago, the organisation went through a difficult period of employee unrest. There were complaints of poor management, inconsistently enforced policies and unfair practices regarding job changes and movement of employees within the organisation.

To address employee concerns, Greene Sugar Ltd. responded with management training and reorganisation of lower-level supervisory positions. A companywide open-door policy was implemented, allowing employees to freely bring issues to any level of management without fear of reprisal. Things settled down but unrest never went away entirely.

Peter Mugambi has managed staffing at Greene Sugar Ltd. since the early years when the company had less than 100 employees. Mugambi runs a tight ship and manages the department with only one other recruiter and an administrative assistant, who maintains all job postings, including a telephone employment hotline and the company's jobline website. Mugambi is well respected across the organisation for his strict adherence to ensuring equity in hiring and job placement that goes well beyond equal opportunity requirements.

Mugambi recently completed an aggressive hiring drive at major universities, hiring several new management trainees. There was however a downturn in sales after the hiring, changing the atmosphere dramatically. The staffing department has known only hiring, they never had to plan for a layoff. Mugambi worries that a layoff of newly hired employees would seriously harm the company's reputation in the community and make recruiting difficult when the economy gets better.

Mugambi received a confidential email from the company's Finance Director requiring a 10% reduction in labour costs by the end of the fiscal year. He wonders if there is some way to cut labour expenses while saving as many jobs as possible. He also worries about the loss of talent and retaining the knowledge of long-time employees. He has some cost saving ideas, but it certainly will not add up to 10 percent. Mugambi feels certain that there will be a reduction in workforce. A few managers will be delighted since they have some bad apples they would want to get rid of. Mugambi wonders how he is going to ensure that the lay-offs are equitable and non-discriminatory. This is not going to be good for morale and he dreads the backlash when word gets out.

Required:

(a) Explain three reasons why private companies like Greene Sugar Ltd. prefer to be non-union. (6 marks)

(b) Identify four likely objectives of Greene Sugar Ltd.'s management training programs. (4 marks)

(c) Advise Mugambi on three methods he could use to save labour costs and still save as many jobs as possible. (6 marks)

(d) Discuss the short-term and long-term implications of downsizing. (10 marks)

(e) Propose any four discrimination issues that may arise during downsizing. (4 marks)

(f) Suggest five alternative methods of motivating the employees of Greene Sugar Ltd. other than management training. (10 marks)

(Total: 40 marks)

QUESTION TWO

(a) Assess five prevalent challenges facing human resource management today. (5 marks)

(b) Explain Douglas McGregor's theory of the assumptions that managers have on their workers and its relevance to human resource management. (10 marks)

(Total: 15 marks)

QUESTION THREE

(a) Illustrate how a human resource manager can use a learning and development program as an employee retention strategy. (5 marks)

(b) (i) Define the term "performance management" as used in human resource management. (2 marks)

(ii) Indicate four challenges of performance management in public sector organisations. (8 marks)

(Total: 15 marks)

QUESTION FOUR

(a) Explain how reward management values, structures and processes play a role in changing employee behaviour. (5 marks)

(b) Evaluate the risk of carrying out a training programme of staff without undertaking a training needs assessment. (5 marks)

(c) Some small organisations see no need of having a human resource information system in their organisations.

Explain why small firms hold such positions. (5 marks)

(Total: 15 marks)

QUESTION FIVE

(a) Rising cases of industrial action amongst public service employees is a sign of poor employee-employer relations.

Outline five advantages of maintaining good relations with employees. (5 marks)

(b) Explain the procedures that can be used by the public service to reduce disputes with its employees. (5 marks)

(c) State five measures that an organisation would take to control voluntary turnover. (5 marks)

(Total: 15 marks)