



# TECHNICAL UNIVERSITY OF MOMBASA

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SCHOOL OF BUSINESS

DEPARTMENT OF MANAGEMENT SCIENCE

**UNIVERSITY EXAMINATION FOR:**

DOCTOR OF PHILOSOPHY

BHR 6101: HUMAN RESOURCE THEORY

END OF SEMESTER EXAMINATION

**SERIES: AUGUST 2019**

**TIME: 3 HOURS**

**DATE: Pick Date Jul 2019**

## Instructions to Candidates

You should have the following for this examination

-Answer Booklet, examination pass and student ID

Attempt **Question One (Compulsory)** and Any Other **THREE** Questions

This paper consists of **FIVE** questions. Attempt Choose instruction.

**Do not write on the question paper.**

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## Question ONE

### **KIKAMBALA COMPANY**

KIKAMBALA is manufacturing plastic buckets of different sizes. The concern is doing good business and the workers are paid fair wages. The total strength of employees is 100 including five supervisors, one assistant manager and one manager. The proprietor Mr. Elly is a businessman-cum-politician but he ensures that the business unit operates smoothly and makes a reasonably good profit. This business unit started operations in the year 2010. The rules and practices were developed gradually with suitable modifications as and when necessary.

The employees of the concern are rated by supervisors by means of a graphic scale. The factors to be considered for rating are performance at work, loyalty, management and supervisory skills, community activity, initiative,

regularity, punctuality, potentiality to develop, relations with co-workers, achieving of targets and creative ability. The rating factors, methods of evaluation, etc. are made clear to the workers through training, notices, circulars and departmental meetings annual increments, promotions, trainings and end of year bonus and gifts are given to employees based on their performance rating and they must use the method recommended.

This system was accepted by workers for a period of six years since its introduction in 2010. There was no criticism or opposition to the scheme till 2016. However, in 2017, the situation changed and the whole performance appraisal system became a cause of conflict in the labour-management relations and employees started to reject the system terming it in effective and outdated.

In the year 2017, ten employees were denied the annual increment due to their low ratings. They, along with few others, met the owner Mr. Elly and expressed their dissatisfaction with the rating they had received. They argued that some considerations in the ratings are vague and are unfair to workers. They made reference to "community service" and argued that such service is not a part of their normal job and what they do off - the job is none of the employer's business. They also argued that loyalty and relations with co-workers as considerations for rating are confusing. In addition, they argued that annual increment should not be linked with this performance appraisal. Annual increment should be given to all workers as a reward for years' service and to cater for cost-of-living increments. For workers, wage payment is the only source of income, and it gives them a psychological boost whenever they receive an annual increment. Workers urged Mr. Elly to be sympathetic in this regard. One worker also hinted that workers may be required to form a union if the injustice in regard to performance appraisal was not removed. This discussion convinced Mr. Elly and his manager that the present rating system was a dangerous source of friction and that its disadvantages out-weighed its advantages.

Mr. Elly (being a politician also) noted the indirect threat of union formation in his unit and was cautious in his approach. He preferred to make a dignified retreat. After few days, he announced the decision to delink annual increments with performance appraisal. However, the rating system was retained with some modifications. Moreover, as the possibility of promotions were rare, the rating system was not likely to create new problems for workers and employer. This is how Mr. Elly solved the problem relating to performance appraisal tactfully and also peacefully. Workers were happy and their respect for Mr. Elly also increased to some extent.

## QUESTION ONE:

- a) **Basing your argument on the information given by the employees of Kikambala Company, what would you consider as the major Performance Appraisal problems facing the company? Clearly explain to Mr. Elly the benefits/importance of performance Appraisal system? (8 Marks)**

Performance appraisal allows you to provide positive feedback as well as identifying areas for improvement. An employee can discuss and even create a developmental (training) plan with the manager so he can improve his skills.

- 1) Every employee's individual performance influences how all the team or even the firm (especially if it is small) is doing.
- 2) It clarifies the employee's role and status in the organization. Some workers like to know where they stand regarding their job performance and want to see what else (useful) they can do for the company.
- 3) Self-development is the most important benefit for the employee. Performance appraisal allows you to provide positive feedback as well as identifying areas for improvement. An employee can discuss and even create a developmental (training) plan with the manager so he can improve his skills.
- 4) It motivates employees if supported by a good merit-based compensation system. Best performers get better pay and benefits packages. Similarly, those employees that lag behind get penalized.
- 5) It provides a structured process for an employee to approach the management for discussions, identify problems, clarify expectations and plan for the future. It lets both manager and employee set up long- and short-term goals.
- 6) The statistics can be used to monitor the success of the organization's recruitment and induction practices.
- 7) Performance appraisal system also helps the management in deciding about the promotions, transfers and rewards of the employee.
- 8) It is easy to identify the under-performers and decide whether you want to keep them hoping for improvement or sometimes have to let them go.
- 9) Both manager and employee, keep performance appraisal records and can retrospectively review the changes in the performance in future.

- b) **There are two main approaches for human resource management (HRM): the 'hard and the 'soft. Summarize the central assumptions and features of the two approaches (10 Marks)**

The 'hard' version of HRM is primarily concerned with the business performance and is widely acknowledged as placing little emphasis on workers' concerns, 'hard', focusing on the profitability. It focuses on the resource side of human resources. Their role is to manage numbers effectively, keeping workforce closely matched with requirements in terms of both bodies and behavior.

Soft HRM stresses the human aspects of hrm, its concerned communication and motivation. Well-being of the organisation.the 'soft' version of HRM, which although still primarily concerned with the performance of the organization, is also likely to advocate equal concern for the wellbeing of its employees

- c) **Social Learning Theory integrates behavioral and cognitive theories of learning. Explain key tenets/assumptions of this theory. (7 Marks)**

Key tenets of Social Learning Theory are as follows:

- 1) Learning is not purely behavioral; rather, it is a cognitive process that takes place in a social context.

- 2) Learning can occur by observing a behavior and by observing the consequences of the behavior (vicarious reinforcement).
- 3) Learning involves observation, extraction of information from those observations, and making decisions about the performance of the behavior (observational learning or modeling). Thus, learning can occur without an observable change in behavior.
- 4) Reinforcement plays a role in learning but is not entirely responsible for learning.
- 5) The learner is not a passive recipient of information. Cognition, environment, and behavior all mutually influence each other (reciprocal determinism).

## Question TWO

- a) Although, having heterogeneous and immobile resources is critical in achieving competitive advantage, it is not enough alone if the firm wants to sustain it. Discuss how a firm can be competitive using human resources. (15 Marks)**

Barney (1991) has identified VRIN framework that examines if resources are valuable, rare, costly to imitate and non-substitutable. The resources and capabilities that answer yes to all the questions are the sustained competitive advantages. The framework was later improved from VRIN to VRIO by adding the following question: "Is a company organized to exploit these resources

The resource-based view (RBV) is a model that sees resources as key to superior firm performance. If a resource exhibits VRIO attributes, the resource enables the firm to gain and sustain competitive advantage

- a) Discuss factors that have led to increased Organizational interest to HR Metrics and workforce analytics. (10 Marks)**

HR Metrics and Workforce Analysis. ... Today organizations use metrics for evaluating or auditing their HR initiatives/programs and measuring its success. Data Metrics and Workforce Analytics, help the organization in implementing effective and much more informed decisions by analyzing the available information.

- Costs
- Competitiveness
- Value for money
- Technology impact
- Standardization

## Question THREE

- a) In theorizing HRM models, Delery and Doty distinguish three kinds of HRM theories. Critically analyze the three perspectives citing their relevance to human resources today. (15 Marks)**

- a) Universalistic - This is recounted with the term "best practice" and "high performance work practices", and its underlying assumptions or arguments may seem somewhat simplistic:

- b) Contingency - According to Delery and Doty" the contingency theory, indicates that the relationship between the relevant independent variable and the dependent variable will vary according to such influences as company size, company age, technology, and capital intensity, the degree of unionization, industry sector, ownership and location
- c) Configurational - Configurations theory asserts that the integration of relevant concepts and perspectives of a theory or theories under consideration

**b) In the continuing development of human resource management, there exist various trends that will help shape its practice and evolution in the coming years. Human Resource responsibilities have become broader and more strategic over time in response to a number of trends. The role of HR has evolved from primarily being responsible for hiring, firing, payroll, and benefits administration to one that is more strategic. State and Explain FIVE contemporary issues and how they influence HRM practices.**

**(10 Marks)**

- 1) Labour Mobility
- 2) Demographic
- 3) Changing work patterns
- 4) Organizational Culture
- 5) Regulations

#### **Question FOUR**

- a) **HR theories aim to achieve two primary outcomes: more efficient and effective job performance and increased worker motivation or commitment. Discuss two major theories related to organization performance. (15 Marks)**

Theories of Performance

HR theories aim to achieve two primary outcomes: more efficient and effective job performance and increased worker motivation or commitment.

One efficiency theorist, **Henri Fayol**, argued that workers function more efficiently when management is more efficient. From this theory emerged the four functions of management: planning, organizing, leading and controlling.

Another efficiency expert **was Frederick Taylor**, whose theory resulted in jobs being designed to require fewer movements and a piece-rate pay system for factory workers.

- b) The concept of Impression management is a conscious or subconscious process in which people attempt to influence the perceptions of other people about a person, object or event. They do so by regulating and controlling information in social interaction. Discuss the concept of Impression Management and its importance to the organization. (10 Marks)**

The intent of impression management will lead to the consequence, either good or bad. In the organizational context, if the intent is the transformation of negative perception to a positive one through information sharing, transparency, mutual trust and participation, the result is likely to be good. But on the other hand, if the purpose is to manipulate the perception for a short term gain, the result is likely to be disastrous in the long run. The positive impression is the outcome of positive perception, which in turn is the result of positive mindset. On the contrary, negative mindset leads to negative perception and tends to make one judgmental. It is for the organizational management to adopt transformational approach for obtaining positive impact of impression management.

Impression management is closely associated with leadership style. In an organisational situation, it may become good mechanism of control. The philosophy lies in the Machiavellianism thought where it is used to define manipulative and cunning personalities who use any means necessary to achieve one's aims. Leaders who are described as being Machiavellian are politically oriented, seek to have control over followers, use impression management tactics and are deceptive for self-benefit. These individuals tend to be cold, callous, insincere and manipulative (Jakobwitz and Egan, 2006)

#### **Question FIVE**

- a) Demonstrate Kotters Eight (8) Step Change Model Using Kenya's Vision 2030 Transformation Model. (15 Marks)**

- 1) Establish the urgency need for change – Self-analysis of the county as a result of benchmarking and as a result of desperation to catch up with Singapore, Malaysia and South Korea in order to catch up with the emerging economies.
- 2) Create a Guiding Coalition – Creating a National Economic and Social Council (NESC) and Vision 2030 Delivery Secretariat and rallying all ministries, departments and parastatals to align their vision and mission to Kenya's Vision 2030
- 3) Develop a Vision and Strategy - Creating a Vision 2030 blue print as a country vision of becoming middle income country by 2030 with an annual income growth rate of 10% focusing three key pillars/strategies – Social, Political and Economic.
- 4) Communicate the vision - Vision 2030 was officially launched, communicated through electronic and print media and involving every Kenyan in the campaign for patriotism “Najivunia Kuwa Mkenya”
- 5) Empower Broad Based Action – through Rapid Results Initiative (RRI), Performance Contracting, performance based managed, public service reforms etc.
- 6) Accomplish Quick wins – Free primary education (FPE) – social pillar; Infrastructure – economic pillar; and New Constitution 2010 – political pillar
- 7) Leverage gains to accelerate momentum – celebrating the success e.g. Parastatal of the year award, Ministry of the year awards, transparency and accountability, democracy etc
- 8) Anchor the approaches and change culture – Ethics and Anti-Corruption Commission, Ethics and Economic Crimes Bill and Leadership, Ethics and Integrity Bill 2011.

- b) Evaluate HR against measures of sources of competitive advantage. (10 Marks)**

- 1) The value of HR - for human resources to exist as a sustained competitive advantage they must provide value to the company
- 2) The rarity of HR - if it is to be a sustained competitive advantage a resource must be rare
- 3) The inimitability of HR - human resources must be inimitable to be considered a sustained competitive advantage
- 4) The substitutability of HR - for a resource to be considered a sustained competitive advantage it must not have substitutes