



MACHAKOS UNIVERSITY

University Examinations for 2019/2020 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS ADMINISTRATION

FIRST YEAR FIRST SEMESTER EXAMINATION FOR

DOCTOR OF PHILOSOPHY IN BUSINESS

BBA 931: HUMAN RESOURCE SEMINAR

DATE: 4/12/2019

TIME: 9.00-12.00 PM

INSTRUCTIONS:

Answer Question ONE and any other TWO Questions.

QUESTION ONE (30 MARKS)

Study the following Case Study and answer the questions that follow:

DEMOCRACY IN ACTION AT SEMCO

Ricardo Semler was 21 years old (and one of the youngest graduates from the Harvard Business School MBA programme) when he took his father's place as head of the family business, Semco, based in Sao Paulo, Brazil, in 1984. His father Antonio, had founded Semco in 1954 as a machine shop; the company went on to become a manufacturer of marine pumps for the shipbuilding industry, with \$4 million a year in revenues when Ricardo Semler took over. Today, Semco's revenues are over \$200 million a year from a diverse set of businesses ranging from industrial machinery, cooling towers, and facility management to environmental consulting and Web-based HRM outsourcing and inventory management services. Semco prides itself on being a premier provider of goods and services in its markets, provides goods and services only in markets that are complex and thus difficult for competitors to enter, and therefore has loyal customers who are willing to pay higher prices it charges. In addition to growing over 30 percent a year and generating its own cash to support this growth (Semco is a private company), Semco is very profitable.

Semler is the first to admit that Semco's phenomenal success is due to its human resources – its employees. In fact, Semler so firmly believes in Semco's employees that he and other top managers at Semco are reluctant to tell employees what to do. Semco has no rules, regulations, or organizational charts; hierarchy is eschewed; and workplace democracy rules the day. Employees have levels of freedom and autonomy unheard of in other companies, and flexibility and trust are built into every aspect of human resource management and Semco.

Semler believes in employees' willingness and desire to be productive and efficient, make significant contributions to Semco, and ensure its continued profitability (which also benefits the employees in terms of their own compensation). Thus employees have maximum freedom and determine issues ranging from where and when they work to how they are paid. This approach flies in the face of contemporary management thought, yet Semco's ongoing success has made it a living case study in the business community.

Human resource practices at Semco revolve around maximizing the contributions employees make to the company, and this begins by hiring individuals who want, can, and will contribute. Semco strives to ensure that all selection decisions are made based on relevant and complete information. Job candidates are first interviewed by the company as a group; the candidates meet many employees; receive a tour of the company, and interact with potential coworkers. This gives Semco a chance to size up candidates in ways more likely to reveal their true natures, and it gives the candidates a chance to learn about Semco. Once finalists are identified from the pool, multiple Semco employees interview them five or six more times to choose the best person(s) to be hired. The result is that Semco and new hires make very informed decisions and are mutually committed to making the relation a success.

Once hired, entry-level employees particularly in the Lost in Space programme, in which they rotate through different positions and units of their own choosing for about a year. In this way, the new hires learn about their options and can decide where their interests lie, and the units they work in learn about the new hires. At the end of the year, the new employees may be offered a job in one of the units in which they worked, or they may seek a position elsewhere in Semco. Seasoned Semco employees are also encouraged to rotate positions and work in different parts of the company to keep themselves fresh, energized, and motivated and to give them the opportunity to contribute in new ways as their interests change.

Employees at Semco are free to choose when and where they work. Semler realizes that employees have lives outside the workplace and gives them the freedom to manage their work and free time; he does not expect them to work excessive hours either. What is expected of all employees and all units at Semco is performance. Performance is appraised at Semco in terms of results. Every six months, all business units are required to demonstrate that their continued operation is producing value for Semco and its customers. If a unit cannot do so, the unit will be disbanded. Similarly, all employees and managers must demonstrate that they are making valuable contributions and deserve to be "rehired". For example, each manager's performance is anonymously appraised by all of the employees who report to him or her, and then appraisals are made publicly available in Semco. As Semler puts it,

'We treat our employees like adults. If they screw up, they take the blame. And since they have to be rehired every six months, they know their jobs are always at risk. Ultimately, all we care about is performance. An employee who spends two days a week at the beach but still produces real value for customers and coworkers is a better employee than one who works ten-hour days but creates little value'.

Employees also can choose how they are paid from a combination of 11 different compensation options, ranging from fixed salaries, bonuses, and profit sharing to royalties on sales, royalties on profits, and meeting annual self-set goals. Flexibility in compensation promotes risk taking and innovation, according to Semler, and maximizes returns to employees in the form of their pay and to the company in terms of revenues and profitability.

Flexibility, autonomy, the ability to change jobs often, and control of working hours and even compensation are some of the ways by which Semler strives to ensure that employees are involved in their work because they want to be; turnover at Semco is less than 1 percent annually. And with human resource practices geared towards maximizing contributions and performance, Semco is well poised to continue to provide value to its customers.

Source: (George and Jones; 2006:527)

- a) Critically analyse the Selection process used at Semco and discuss the contribution that this type of selection can provide in giving Semco a competitive advantage (10 marks)
- b) Semco makes use of performance appraisals for management development using Upward Feedback where “each manager’s performance is anonymously appraised by all employees who report to him or her, and then appraisals are made publicly available in Semco.” Discuss the significance of this type of appraisal system by also looking at the 360-Degree feedback system. (10 marks)
- c) Discuss the compensation options available at Semco to their employees in relation to the factors that influence the determination of compensation. (10 marks)

QUESTION TWO (20 MARKS)

- a) There is a perception that HR people do not want to think strategically and are reluctant to embrace the HR function into the overall strategy of the business. Discuss the importance of this perception fading and examine the significance of aligning an organization’s HR strategy with its overall business strategy. (10 marks)
- b) To be perceived as one of the best employers in the marketplace, organizations must strive towards obtaining and retaining a workforce that possesses a unique knowledge base. Discuss the importance of obtaining the right people for an organization and how this objective should form the basis of a recruitment policy. (10 marks)

QUESTION THREE (20 MARKS)

- a) Organizations are affected by both internal and external factors. Identify the internal environmental factors that affect HRM in an organization. (10 marks)
- b) Vacant positions may be filled in either through internal or external recruitment. Discuss why HR manager would prefer internal recruitment to external recruitment to fill in a vacant position in an organization. (10 marks)

QUESTION FOUR (20 MARKS)

- a) Describe the challenges and realities faced by both local and foreign companies as concerns HRM in Africa. (10 marks)
- b) Money spend on training is not an expenditure but an investment. Argue for or against this statement. (10 marks)

QUESTION FIVE (20 MARKS)

- a) Explain the concept of downsizing and discuss the differences between termination and resignation. (12 marks)
- b) Giving examples to illustrate your answers, distinguish between the following terms as used in HR seminar:
- i. Conference and symposium (2 marks)
 - ii. Seminar and workshop (2 marks)
 - iii. Conference and seminar (2 marks)
 - iv. Symposium and workshop (2 marks)