



UNIVERSITY EXAMINATIONS: 2013/2014
EXAMINATION FOR THE MASTER OF BUSINESS ADMINISTRATION
(MBA) HUMAN RESOURCE MANAGEMENT
HRM 507 EMPLOYEE RELATIONS (EVENING)

DATE: APRIL, 2014

TIME: 3 HOURS

INSTRUCTIONS: Answer Question One and Any Other Three Questions

QUESTION ONE

The Kenya Amusements Company situated in Nairobi has a workforce that comprises of 140 permanent and 320 temporary employees. They mainly manufacture children's toys. The Current Bargaining Agreement (CBA) due to expire in six months has a clause providing for subsidized lunches. The employees have been taking their lunches at subsidized prices without significant complaints save for slow service and lack of concern on the part of the facility supervisor. The canteen was built together with the factory 10 years ago and needs renovations.

The Kenya Amusements Company is close to other factories and a number of food stalls have been established along nearby roads. As a result, most of the Amusements Company employees take their lunch outside the factory. The company has been subsidizing the canteen for all the years but it has now reached a point where further financial support cannot be extended. There have been some complaints recently ranging from quality to quantity of food, quality of service, a leaking roof and poor sanitary facilities. The Administrative manager responsible for catering services decided to raise the lunch prices and maintain the current subsidy. He published a new price list and this pushed the price of lunch to the same price as that of nearby stalls.

The shop stewards reacted by calling an emergency meeting to address the issue of price increases. The management conceded to the meeting and the shop stewards had the opportunity to impress on the

management that they should have increased the subsidy rather than increase the food prices. The management explained to the shop stewards the justification for no further subsidy and said that price adjustment was the only viable option. The shop stewards could not agree on the term “price adjustment” as used by the management. Unfortunately for the union the meeting ended in a deadlock and the next day the company implemented the new prices.

The employees who continued to use the company canteen were very angry because of the increased prices. This led to arguments breaking out between employees and canteen staff. One of the waiters had a plate of food thrown at him. He retaliated by punching one of the employees; knocking out two of his teeth. The management on their part took up the matter between the waiter and the employee who disagreed and treated the case as assault. They referred it to the local police station. By the time the police arrived, the two workers had disappeared and could not be traced. The agitated employees accused the management of interfering and intimidating them by calling the police in the company premises notwithstanding the reasons that management gave. The chief shop steward in consultation with the sectional stewards called upon all employees to participate in a strike with a view to force the company to accept their demand.

The local Ministry of Labour officials came to know of this industrial unrest and he immediately intervened. After consultation with the management and shop stewards, he addressed the employees. In his address, the labour officer, among other issues talked about an investigation report by the minister and court of awards. Unfortunately, his address and advice did not change the situation. The employees vowed to continue with the strike until the new price list was withdrawn. Consequently the matter reached the Minister. He appointed an investigator to probe the matter and make a report. In addition, the management was surprised that more demands were added to the original ones. These included the sacking of the Managing Director who was a non-Kenyan together with three General Managers. They further demanded that they be provided with transport to and from their places of work.

- a) Justify why the proposed strike by the union is illegal according the current labour legislation
(10 Marks)
- b) The government of Kenya through the Minister of Labour has appointed you as an investigator to handle the dispute at the Kenya Amusements Company. Discuss some of the challenges you are likely to encounter and explain the weaknesses manifested by the union and management in dealing with the dispute.
(11 Marks)

- c) Discuss any four approaches that may be used that would ensure that Human Resource Management can exist with Industrial Relations (10 Marks)

QUESTION TWO

- a) Justify the extent to which the trade union movement in Kenya has contributed towards the improvement in economic, social and political development in a country. (15 Marks)
- b) Discuss the challenges facing trade unions in Kenya (8 Marks)

QUESTION THREE

Discuss the key players in the industrial relations scene in Kenya and the role that each plays.

(23 Marks)

QUESTION FOUR

- a) Explain the regulatory role of the Central Organization of Trade Unions of Kenya in matters of labour relations. (10 Marks)
- b) Sisi Kwa Sisi is a coffee farm that employs 1000 workers. In a recent meeting they had with management they implied that the Farm Management were violating their rights. Discuss the rights these workers were implying (13 Marks)

QUESTION FIVE

The International Labour Organization (ILO) defines the terms and conditions that create a conducive environment for good industrial relations through conventions. Discuss the areas addressed by the core conventions. (23 Marks)

QUESTION SIX

Employee relations has changed considerably from what it was in 1960 to what it is to date. Discuss the Changing Trends and evaluate their Effectiveness in changing the industrial relations landscape in Kenya. (23 Marks)