



UNIVERSITY EXAMINATIONS

THIRD YEAR EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF COMMERCE (BCOM)

BCOM 363: LABOUR RELATIONS MANAGEMENT

STREAM: B COM Y3

TIME: 2 HOURS

DAY/DATE: FRIDAY 14/12/2012

11.30 A.M. – 1.30 P.M

INSTRUCTIONS:

- 1. Write your registration number in the space provided in the answer booklet.**
- 2. Answer question ONE and any other TWO questions. Question one carries (30 Marks) and the rest (20 Marks) each.**

1. Case Study

Sonko Airline has a history particularly in the relationship between management and employees. The Airline was formerly owned by Kimani Otieno, a former Air Force Captain, who in 2004 fired all employees, tore trade union contracts, and reduced labor cost in order to create a cost advantage over competing Airlines in East Africa.

Tom Mkubwa was hired in 2010 to turn the Airline around. Mkubwa faced a number of challenges. The company's cash level was dangerously low, a situation which called for salary increments and some employee benefits being frozen. The airline's on-time performance was ranked the lowest among thirteen airlines which operate in the region. Employees morale was at all time low with the company's staff turnover being estimated at 25% in 2004 and 31% in 2010.

Analysis of exit interviews have revealed a number of factors including: frustration and mistreatment; unclear roles, resulting in role conflicts; boredom at work, and lack of adequate information. Salaries have been paid haphazardly, without regard to individual qualifications and consequently, some employees are getting more pay for doing less work. Theft and dishonesty cases have arisen very sharply. Within the last one year the company has handled 21 cases. The previous year it had only 9 cases.

At the 2010 annual meeting, Tom Mkubwa announced the strategies he had put in place to turn the airline around. “Gentlemen, there is no magic solutions to these problems, he said. The first thing we have to do is to streamline our operations. Specifically we have to improve the company’s performance by putting in place modern operational techniques. We shall have to first of all seek the professional opinion form the experts”, he concluded.

- (a) What HR problems is Sonko Airlines faced with? [12 Marks]
 - (b) If you were consulted as Human Resource Specialist in Labor Relations Management, advice Mr. Mkubwa on what could be done to improve the airline’s situation. [12 Marks]
 - (c) Explain how poor employee relations climate can be improved. [6 Marks]
- 2.
- (a) Explain the main elements of employee relations. [10 Marks]
 - (b) Explain the perspectives of the following parties on employee relations.
 - (i) Managers [4 Marks]
 - (ii) Trade Unions [3 Marks]
 - (iii) Employees [3 Marks]
- 3.
- (a) Explain the stages involved in union negotiations and bargaining. [12 Marks]
 - (b) Explain the ways of employee involvement and participation in decision-making processes of an organization. [8 Marks]
- 4.
- (a) Explain various areas of employee communication. [8 Marks]
 - (b) Explain the following categories of communication media in organizations.
 - (i) Written methods [4 Marks]
 - (ii) Oral methods [4 Marks]
 - (iii) Electronic methods [4 Marks]
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