



MOI UNIVERSITY

**OFFICE OF THE DEPUTY VICE CHANCELLOR, ACADEMIC
AFFAIRS, RESEARCH & EXTENSION**

**UNIVERSITY EXAMINATIONS
2014/2015 ACADEMIC YEAR**

SECOND YEAR END OF SEMESTER EXAMINATIONS

**FOR THE DEGREE OF
BACHELOR OF BUSINESS MANAGEMENT**

EXAM CODE:- BBM 214

COURSE TITLE:- HUMAN RESOURCE MANAGEMENT

DATE:- 14TH DECEMBER, 2015

TIME:-2.00P.M. – 5.00P.M.

INSTRUCTION TO CANDIDATES

➤ **SEE INSIDE.**

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BBM 214: HUMAN RESOURCES MANAGEMENT

INSTRUCTIONS:-

- Answer Question **ONE** and any other **THREE** questions.
 - Question **ONE** carries **25 Marks**
 - Time allowed: **3 hours**
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QUESTION ONE

Read the case below and answer the questions that follow.

Starbucks Corporation: Case Study in Motivation

Because of rapid globalization over recent years, competition around the world becomes more intense, especially for the service industry with similar products. The most critical point for business to achieve success is not only the quality of products they supply, but the atmosphere of cooperating and the amount yielded from teamwork in retail sales. Therefore, it turns out to be essential for companies to motivate, reward and train their employees to be the best quality personnel. Starbucks Corporation, the most famous chain of retail coffee shops in the world, mainly benefits from roasting and selling special coffee beans, and other various kinds of coffee or tea drinks. It owns about 4000 branches in the whole world. Moreover, it has been one of the most rapid growing corporations in America as well. The reasons why Starbucks is popular worldwide are not only the quality of coffee, but also its customer service and cosy environment. Starbucks establishes comfortable surroundings for people to socialize with a fair price, which attracts all ages of consumers to come into the stores. Besides, it is also noted for its employee satisfaction. The turnover rate of employees at Starbucks was 65% and the rate of managers was 25% a year. However, the rates of other national chain retailers are 150% to 400% and 50% respectively. Compared with them, the turnover rate of Starbucks is much lower than other industries on average. As a result, Starbucks is one of the optimal business models for strategies of employee motivation, customer satisfaction and cooperation of teamwork.

The history of Starbucks:

Starbucks began by three friends, Jerry Baldwin, Zev Siegl, and Gordon Bowker, who knew each other at the University of Seattle, in 1971. A sales representative, Howard Schultz, decided to be a part of Starbucks, as director of marketing and retail sales, after he realized the atmosphere and environment of the company. In 1985 Howard Schultz chose to establish a new coffee shop, named Il Giornale, in Seattle. After the next two years, due to the successful strategy of Schultz, the original three owners of Starbucks decided to sell their corporation to Schultz. Then Schultz gathered other investors and changed the name of Il Giornale to Starbucks. He sought to pursue his dream to make everyone taste his coffee, so he focused on the rate of expanding. At that time,

he thought that the most efficient way to grow the amount of branches was to set up new stores in other places. In 1987, Starbucks had the first overseas store in Japan. Until the end of 2002, Starbucks has developed from 17 stores to 5,688 spreading over 30; it has grown over 300 times in these ten years! In Fortune magazine, Starbucks was ranked the 11th best company to work for in 2005 in the USA and then rose up in 2006 to 29th. In 2007, it was ranked as the 16th best. In the same year, Starbucks was also voted as one of the top ten UK workplaces by the Financial Times.

Motivation:

Motivation is a vital factor for business in the production process. Labourers are not machines, and can not always do the same task with equal passion. The chief executive officer of Starbucks corporation, Howard Schultz, considers that the reason for success in Starbucks is not coffee but employees. He firmly believes that the spirit of Starbucks is employees and feels honoured about the value of Starbucks employees. Starbucks offers an interactive structure that makes personnel throw themselves into their job. 1) Equal treatment: The managers in Starbucks treat each employee equally and all of the staff are called partners, even the supervisors of each branch. In order to narrow the gap between managers and employees, they also cwork with the basic level staff in the front line. Due to this, they can maintain a good management system and create a much closer and more familiar atmosphere than other places. Not only do employees enjoy their job but customers are also affected by their enthusiasm. 2) Listen to employees: Starbucks has a wellorganized communication channel for employees. It places great importance on labour. For example, managers plan the working hours per workers and arrange the schedule of time off, according to the workers wants in order to meet their requirements. There are interviews weekly to see what employees needs are. The partners have the right to figure out what is the best policy for them, and the directors show a respect for each suggestion. Starbucks even wants every employee to join in making and developing plans, then work together in achieving their goals. As a result, the policies and principles are communicated between all staff, and there is no limitation in employees personal opinions. 3) Good welfare measures: All employees, including informal personnel, are offered a great deal of welfare policies, for instance, commodities discounts for employees, medical insurance (including health, vision and dental) and vacations. Moreover, the partners who work over 20 hours a week are entitled to benefits. Starbucks also thinks that debt financing is not the best choice, thus it chooses to allocate stock dividends to all employees with a free script issue. By this policy, the employees can get benefits from the dividends of the company. Because of this, they have the same goal in other words, they are motivated to increase the sales to earn more profits. To Starbucks, the employees are the most important asset. Teamwork:

1) The strategies to keep good relationships: Starbucks establishes a well developed system to keep good relationships between managers and employees. As mentioned, they use the title partner regardless of the level of the worker, which narrows the gap of bureaucracy. Furthermore, they cwork in the first line to eliminate the distance between different statuses. Thirdly, the numbers of employees are usually from three to six. Such a small size helps staff get to know each other easily and deeply. Suggestions and complaints made by employees are treated of equal importance. In the same way, they have a right to participate in the process of revising company policies. In that case, each staff member thinks that they also play an

important role in company operating, and they jointly work out the direction of Starbucks. All this gives employees respect and a sense of participation.

(a) Starbucks's motivation schemes seem to be bringing success in its corporate aspirations. Explain how job analysis process contributed to this motivation success story. (8 marks).

(b) Explain how Starbucks has used motivation to attain its objectives. (7 marks).

(c) Human resource planning could assist Starbucks to sustain its performance. Advise Starbucks on how to forecast demand and supply of her workforce. (5 marks)

(d) Managing employee discipline may be an important activity for Starbucks corporation that accompany employee motivation. Advise the corporation on the disciplinary procedure that it may use for her employees. (5 marks).

QUESTION TWO

Human resource management is based on the soft and hard approaches. Using an organization of your choice explain the meaning and distinguishing features of each approach. (15 marks).

QUESTION THREE

Performance contracting is one current issue in Human resource management witnessed in many countries. Explain the meaning, successes and challenges of performance contracting in Kenya using a sector of your own choice. (15 marks)

QUESTION FOUR

(a) Explain the contributions of the scientific management and human relations schools in the process of the evolution of Human Resource Management. (8 marks)

(b) Define employee attraction? Assume that you are the HRM manager of a leading Multinational corporation, how will you address the attraction of workers in remote areas based on their age structure? (7 marks)

QUESTION FIVE

(a) With due application of Hofstede's cultural model, explain the issues that surround culture in global human resource management. (8 marks)

(b) Explain the meaning of performance appraisal and evaluate its effectiveness in performance measurement. (7 marks)

QUESTION SIX ✓

(a) Describe how ~~succession planning~~ ^{human resource} strives to attain organizational strategy in an organization

Q2

(7 marks)

(b) Compare and contrast personnel management and human resource management. (8 marks)

*Link study &
implementation only.*