



UNIVERSITI KUALA LUMPUR BUSINESS SCHOOL

FINAL EXAMINATION

JANUARY 2016 SEMESTER

SUBJECT CODE : EAB21603
SUBJECT TITLE : HUMAN CAPITAL MANAGEMENT
LEVEL : BACHELOR
TIME / DURATION : 3:00PM – 6:00PM / 3 HOURS
DATE : 20TH MAY 2016

INSTRUCTIONS TO CANDIDATES

1. Please read the instructions given in the question paper CAREFULLY.
2. This question paper is printed on both sides of the paper.
3. This question paper consists of **TWO (2)** sections; **Section A** and **section B**. Answer **ALL** questions.
4. Please write your answers on the answer booklet provided.
5. All questions must be answered in **English** (any other language is not allowed).
6. This question paper must not be removed from the examination hall.

THERE ARE FIVE (5) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

SECTION A (Total: 40 marks)**INSTRUCTION: Answer ALL the questions.****Please use the answer booklet provided.****Question 1**

Today, it is normal for workers to receive both wages and benefits as compensation for their labour. The remuneration package consist of a combination of wages, benefits, and rewards. Discuss to what extent do you agree that rewards can drive employee behaviour?

(8 marks)**Question 2**

Sexual harassment at work causes many problems. Victims often face serious difficulties in concentrating on their work. This results in performance problems which are made worse by medical ailments which may be the outcome of stress caused by the harassment. Describe a programme of action which could be instituted by an employer to deal with the issue of sexual harassment at the workplace.

(8 marks)**Question 3**

In order to improve productivity through the Quality Control Circle (QCC) technique, certain requirements must be met. Some of these are the same as those necessary for having effective suggestion schemes. Explain four key criteria for successful quality control circles.

(8 marks)**Question 4**

Every employer needs a disciplinary system. While the majority of employees work hard, follow the rules and generally give value for money, there will always be a few who cause trouble. These people must be firmly dealt with as ignoring unacceptable behavior is unfair to the majority who are dependable and diligent. Discuss the rights of employers to establish rules which their employees must comply with.

(8 marks)**Question 5**

While peace and cooperation between employers and employees is the ideal situation, from time to time there are disagreements and conflict between the parties. This is inevitable

given the two groups' different objectives. Explain to what extent would you agree that employees in Malaysia have the right to take strike action?

(8 marks)

SECTION B (Total: 60 marks)

INSTRUCTION: Answer ALL the questions.

Please use the answer booklet provided.

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Question 6

Case 1: Bomb's away: JetPack's new pay strategy

In today's highly competitive business environment, low salary budgets are a fact of business life. Additionally, to maximize compensation dollars, organizations are linking an employee's annual salary increase to the contributions he or she makes to organizational success—a pay-for-performance compensation strategy. However, low salary budgets, coupled with a pay-for-performance pay policy, can have important outcomes for both employees and their managers as this case illustrates.

JetPack Electronics is an industry leader in the development and manufacture of onboard guidance systems for corporate jet aircraft. Prior to 2006, JetPack products held a 67 percent market share, and profit margins exceeded 23 percent for most guidance systems. Unfortunately, in 2005, one domestic competitor and several low-cost foreign competitors invaded the company's market niche. Not surprisingly, increased competition significantly lowered JetPack's market share and its profits.

Prior to 2007, the compensation policy of JetPack had been to give all employees annual across-the-board salary increases plus adjustment raises based on the consumer price index (CPI) for the company's metropolitan area. These pay increases averaged 3.2 percent yearly. Furthermore, employees received annual merit salary increases, which as one manager stated, "were routinely given to almost all employees". Between 2000 and 2006, the company's annual salary budget ranged between 5.7 and 6.4 percent, well above industry averages.

In 2007, JetPack dramatically changed its corporate pay policy. According to Martin Lichtner, company HR director, "Profits were down, and we simply didn't have the financial ability to reward employees with traditional large salary increases." He further stated, "Frankly, we had no option but to change our compensation policy; we need to get as much bang for our bucks as possible."

In early January 2008, the company informed all employees that across-the-board and CPI adjustment increases were being eliminated. Furthermore, individual merit increases would now be given only on a "proven" merit basis. The days of entitlement increases were over. Employees were told that a pay-for-performance philosophy was now the cornerstone of the company's compensation strategy. Managers were informed that unit salary budgets for 2008 would approximate 3.8 percent. Also, only employees evaluated as "above average" or "outstanding" would be eligible for salary increases.

Questions

- a. How should employees be informed of the company's new pay policy? Explain. (5 marks)
- b. What effect will a pay-for-performance salary policy have on employees? Explain. (5 marks)
- c. Does eliminating the across-the-board annual salary increase seem fair? Explain. (10 marks)
- d. What effect will a strict pay-for-performance standard have on how managers evaluate their employees? Explain. (10 marks)

[30 marks]

Question 7

Case 2: Matching talent with tasks: Dole implements succession planning

With 61,000 workers in more than ninety countries, Dole Food Company has talent all over the world. Only a few hundred of those employees are in top management at the 151-year-old company headquartered in Westlake Village, California. The trouble is, Dole doesn't have comprehensive knowledge of who these managers are or what they can do. If a key job opens up in North America, the business unit leader wouldn't know if the perfect candidate worked in another Dole unit in South America. Dole has no way to match its top managerial talent with its executive needs.

But that is changing. The highly decentralized company is launching a succession planning process, supported by Web-based software, through which Dole executives hope to rectify their inability to promote the best and the brightest across the corporation. The process itself requires a change of culture and could become an agent for further culture change. "The idea of succession planning is contrary to being highly decentralized," says Sue Hagen, vice president of HR for North American operations, who led the effort.

Hagen talked informally to all corporate executives and the leaders and staffs of each business unit to generate consensus for succession planning for corporate positions—corporate officers, business unit presidents, and their direct reports. "The initial group would be about 100," she says. Next year, another few hundred will be included.

"The reaction was mostly positive," Hagen says. Hagen's next step was to hold a series of in-depth interviews with the executives to determine which succession planning processes were needed and how often they should be conducted. The goal was to reflect as much of their thinking as possible. "One division wanted to review the succession plans on their people six times a year. Another didn't want to do it at all, she says. Hagen compromised. Succession planning will be conducted twice a year. She also identified four competencies on which everyone would be evaluated: accountability, business acumen, multifunctionality (cross-training), and vision/ originality.

Many HRMS software suites have an optional succession planning module, but neither Dole nor its business units have a HRMS. "Since most employees are farm or factory workers, there is not much need for the detailed information a HRMS provides," says Hagen. "It would be overkill. In a way, the succession planning software Dole adopted will become a mini HRMS for top personnel," she adds.

Hagen also wanted an application service provider (ASP) model. Outsourcing, including payroll, is common at Dole. Hagen didn't want to own and support technology, and she didn't want the small corporate information technology staff to have to work on it.

The users of the system—top managers—access the program from the Web with a password. They fill out a resume, including career interests, and note any mobility restrictions. They assess themselves on the four competencies. When they are done, the system automatically notifies their manager, who does an assessment and indicates whether he or she thinks the individual could be promoted. The manager also assesses overall potential and the risk of losing the user. This assessment then goes automatically to the division head, then to the divisional HR director, and then to Hagen. Hagen will use the information to create a career development plan for each individual, including seminar she'll organize. She'll also direct business unit leaders potential candidates in other units when they have appropriate openings. "The beauty is, for the first time we'll have a database that ties together these talent metrics and can serve as a clearinghouse for people available for opportunities," Hagen says.

"Dole's corporate management hopes all business units will eventually adopt similar succession planning processes and software," Hagen says. "I view this as a pilot, a very visible pilot," she says. "To get the buy-in of individual business units, we'll show that this was adopted by their senior management and that it works."

Questions

- a. Why do you think companies like Dole need succession planning? **(15 marks)**
- b. Do you see any disadvantage of "automating" succession planning? **(15 marks)**

[30 marks]

END OF QUESTION PAPER