

EASTERN UNIVERSITY, SRI LANKA
FACULTY OF COMMERCE & MANAGEMENT

**Final Year- First Semester Examination in BBA Specialization in Human
Resources Management – 2007/2008 (September 2009)**

HRM 4153- EMPLOYEE RESOURCES

Answer all questions.

Time: Three (03) Hours

Q1. Read the Case Study and answer the questions given below.

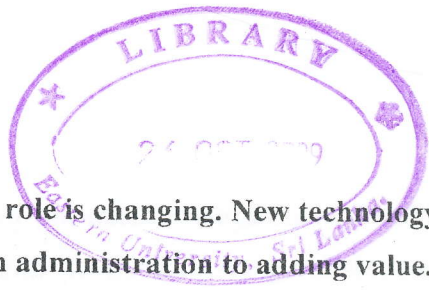
Skandia, an international financial services company, is the one most often cited for its inclusion of human capital information in financial reports. Since 1994, the company has reported on what it calls “intellectual capital” – its term for intangibles. “We do it because assets such as employees, customer relationship, and product solution have become more and more important in creating future value to companies”, Says Jan Hoffmeister, vice president of intellectual capital management for Skandia. In 1994, Skandia Group worldwide decided to publish a supplement to its annual financial report focusing on its non financial assets. The intellectual capital supplement is now issued twice yearly, putting Skandia at the forefront of the trend toward valuing a company’s human capital. “In the old days, a country’s GDP was created largely by agriculture and manufacturing companies. Their assets are accounted for in the traditional financial report, whereas employees, customer relationships, and product innovation aren’t accounted for,” says Jan Hoffmeister, vice president of intellectual capital management for Skandia

Because Skandia is in the business of financial services, the company felt it important to provide its own investors with as much information about the company as possible. “Everything we do has to do with knowledge,” Says Hoffmeister. Skandia tracks and compiles data about different factors that affects its human capital before writing an assessment of them in the annual report supplement. “We ask our stakeholders what is important to them in order for them to make their investment decisions and we dialog with our other stakeholders, like employees and customers” Says Hoffmeister. In its half yearly report, Skandia breaks down human capital into five major components. Some of these categories relate only to the individual, others to the entire organization. Readers of intellectual capital report are looking for indicators that reveal Skandia’s potential for creating value in the future, says Hoffmeister. A trend of increasing employee satisfaction

comparatively low turnover, and product innovation, for example, would indicate a company moving in the right direction. "A reader might look to see how successful sales from products created in the last 18 months were. Do we create new products on an ongoing basis? Are we keeping up and being innovative? This is the kind of thing our supplement report provides to the public" he says. What it doesn't provide, however, is an accounting of the return on investment on human capital. Skandia gets for every dollar it invests in its people or a dollar value on its human capital. "Personally I don't think you can account for ROI and "we are not there yet" He says.

Hoffmeister says the fact that most companies are unable to account for intangibles is a huge problem. "How do you make investment decision if you use an accounting system that doesn't really tell you very much about what creates value in the future?" he asks. That's because there simply isn't an accepted model for measuring it yet", Says Margaret M Blair Co-author of "Understanding Intangible Sources of Value". We want to know how you value the productivity and future benefit of additions to human capital, the special skills, talents, capabilities that are really embedded in the people" he says. Blair defines human capital as a part of a set of intangible that a company simply cannot control. "Human capital gets on the elevator and walks out the door. The company can't directly control it. Its also things like the way employees work together, not just the sum of what an individual knows. There is a continuum of difficulty in finding ways to value this" he says.

- a. What strategic and tactical activities do you recognize at Skandia? Discuss it using suitable indicators showing that the company is moving in the right direction?
(05 Marks)
 - b. Identify five factors that Skandia tracks and compiles data that affects its human capital management.
(05 Marks)
 - c. What are the major problems being faced by Skandia in its reporting system?
(05 Marks)
 - d. Suggest a suitable methodology to solve this problem quoting suitable examples.
(09 Marks)
- (Total 24 Marks)



2). **“In the more successful organization HR’s role is changing. New technology and new structures are helping HR make the shift from administration to adding value.”**

a). What are the three popular approaches used for changing from activity to value added? Briefly explain each of them.

(06 Marks)

b). Explain the three different types of value adding skills that the HR professional needs.

(06 Marks)

c). In ten words or less, write down the vision of the HR function as it should be. Your answer should be focused on issues such as helping the organization meets its goals, adding tangible values and improving organizational effectiveness through people etc.

(07 Marks)

(Total 19 Marks)

3. **“A comprehensive HR measurement system will use a variety of techniques to collect data for HR programs, activities and functions”.**

a). What are the three types of data needed in the measurement system?. Briefly explain each of them.

(06 Marks)

b). What is “a typical performance measurement matrix”?. Explain its implication in an organization.

(07 Marks)

c). Briefly explains the difference between action plan and performance contract in data collection for a HR program. What are the issues that should be considered when deciding which method is more appropriate for data collection?

(06Marks)

(Total 19 Marks)

4. "The best designed evaluation process, model, technique or framework is worthless unless it is integrated effectively and efficiently into the organization"

a). Describe two methods for evaluating HR investment using typical examples.

(04 Marks)

b). Critically analyze the issues involved in implementing a comprehensive HR measurement process showing how an organization should position measurement and evaluation as an essential component of HR.

(07 Marks)

c). XYZNet is the pre-eminent electronic commerce service provider for the entire leading community in HongKong. XYZNet was established in 1994. Given below are a set of data relating to employee absenteeism obtained from the documents of that company.

Year	Percentage of employee absenteeism per year
2000	20
2001	23
2002	21
2003	22
2004	11
2005	04

A major HR program has been implemented during the early part of year 2004 for the prevailing issue.

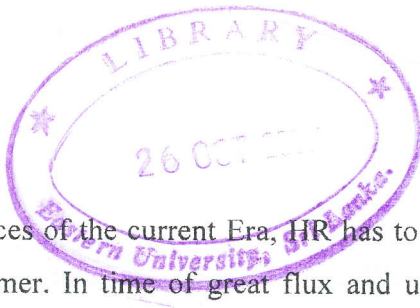
i). Select a HR program that could be response for this issue.

(02 Marks)

ii). Illustrate a useful technique for isolating the effect of the above HR program using the data given in this case study.

(06 Marks)

(Total 19 Marks)



5. "As companies adjust to the new forces of the current Era, HR has to find a basic model for staying in alignment with its customer. In time of great flux and uncertainty, the best approach is usually the simplest and closest to bedrock management"

a). Critically evaluate the significance of this concept using "HR star".

(08 Marks)

b). "There is no end to the number of actions and results that can be measured. What to measure depends on what is important to the organization". Identify top five measures of HR's effectiveness.

(05 Marks)

c). "Anticipation is a much appreciated skill in an uncertain world. HR must develop the insights needed to tell its management customers what is coming tomorrow". How can you prepare appropriate actions to address this challenge?.

(06 Marks)

(Total 19 Marks)