

Eastern University, Sri Lanka

Faculty of Commerce and Management

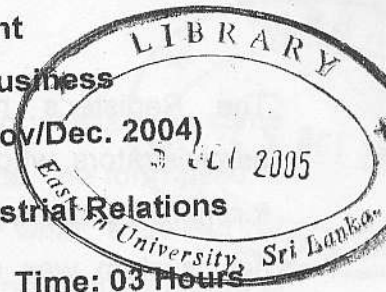
Third Year First Semester Examination in Business

Administration/Commerce/Economics 2003/04 (Nov/Dec. 2004)

MGT 3024 Human Resource Management and Industrial Relations

Time: 03 Hours

Answer all questions



**01. CASE STUDY: APPRAISING THE SECRETARIES AT HRM UNIVERSITY**

Rajaram, newly appointed Register for administrative affairs at HRM State University, faced a tough problem shortly after his university career began. Three weeks after he came on board in September, HRM's Vice-Chancellor, Rajaram's boss, told Rajaram that one of his first tasks was to improve the appraisal system used to evaluate secretariat and clerical performance at HRM University. Apparently; the main difficulty was that the performance appraisal was traditionally tied directly to salary increases given at the end of the year. So most administrators were less than accurate when they used the graphic rating forms that were the basis of the clerical staff evaluation. In fact, what usually happened was that each administrator simply rated his or her clerk or secretary as "excellent." This cleared the way for all support staff to receive a maximum pay increase every year.

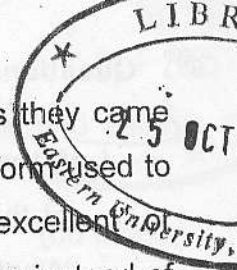
But the current university budget simply did not include enough money to fund another "maximum" annual increase for every staffer. Furthermore, HRM's Vice-Chancellor felt that the custom of providing invalid feedback to each secretary on his or her year's performance was not productive, so he had asked the new Register to revise the system. In October, Rajaram sent a memo to all administrators telling them that in the future no more than half the secretaries reporting to any particular administrator could be appraised as "excellent." This move, in effect, forced each supervisor to begin ranking his or her secretaries for quality of performance.

The Register's memo met widespread resistance immediately – from administrators, who were afraid that many of their secretaries would begin leaving for more Lucrative jobs in private industry, and from secretaries, who felt that the new system was unfair and reduced each secretary's chance of receiving a maximum salary increase. A handful of secretaries had begun quietly picketing outside the Vice-Chancellor's home on the university. The picketing, caustic remarks by disgruntled administrators, and rumors of an impending slowdown by the secretaries (there were about 250 on University) made Rajaram wonder whether he had made the right decision by setting up forced ranking. He knew, however, that there were a few performance appraisal experts in the School of Business, so he decided to set up an appointment with them to discuss the matter.

He met with them the next morning. He explained the situation as he had found it: The present appraisal system had been set up when the university first opened 10 years earlier, and the appraisal form had been developed primarily by a committee of secretaries. Under that system, HRM's administrators filled out forms similar to the one. This once-a-year appraisal (in March) had run into problems almost immediately, since it was apparent from the start that administrators varied widely in their interpretations of job standards, as well as in how conscientiously they filled out the forms and supervised their secretaries. Moreover, at the end of the first year it became obvious to everyone that each secretary's salary increase was tied directly to the March appraisal. For example, those rated "excellent" received the maximum increases, those rated "good" received smaller increases, and those given neither rating received only the standard across-the-board cost-of-living increase. Since universities in general and HRM University in particular have paid secretaries somewhat lower salaries than those prevailing in private industry, some secretaries left in a huff that first year. From that time on, most administrators simply rated all secretaries excellent in order to reduce staff turnover, thus ensuring each a maximum increase. In the process, they also avoided the hard feelings aroused by the significant performance differences otherwise highlighted by administrators.

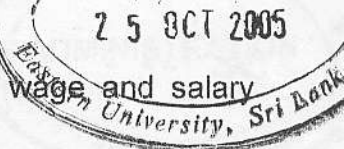
Ravi Experts Ltd agreed to consider the problem, and in two weeks they came back to the Register with the following recommendations. First, the form used to rate the secretaries was grossly insufficient. It was unclear what "excellent" "quality of work" meant, for example. They recommended a new form instead of older one. In addition, they recommended that the Register cancelled his earlier memo and no longer attempt to force university administrators arbitrarily to rate at least half their secretaries as something less than excellent. The two consultants pointed out that this was, in fact, an unfair procedure since it was quite possible that any particular administrator might have staffers who were all or virtually all excellent-or conceivably, although less likely, all below standard. The experts said that the way to get all the administrators to take the appraisal process more seriously was to stop tying it to salary increases. In other words, they recommended that every administrator fill out a form for each secretary at least once a year and then use this form as the basis of a counseling session. Salary increases would have to be made on some basis other than the performance appraisal, so that administrators would no longer hesitate to fill out the rating forms honestly.

Rajaram thanked the two experts and went back to his office to ponder their recommendations. Some of the recommendations (such as substituting the new rating form for the old) seemed to make sense. Nevertheless, he still had serious doubts as to the efficacy of any graphic rating form, particularly if he were to decide in favor of his original forced ranking approach. The experts' second recommendation-to stop tying the appraisals to automatic salary increase-made sense but raised at least one very practical problem: If salary increases were not to be based on performance appraisals, on what were they to be based? He began wondering whether the experts' recommendations weren't simply based on theory.



## Questions

- I. Do you think that the experts' recommendations will be sufficient to get most of the administrators to fill out the rating forms properly? Why? Why not? What additional actions (if any) do you think will be necessary?  
(12 Marks)
  - II. Do you think that Register HRM University would be better off dropping graphic rating forms, substituting instead one of the other techniques, such as a ranking method? Why?  
(08 Marks)
  - III. What performance appraisal system would you develop for the secretaries if you were Rajaram HRM University? Defend your answer.  
(08 Marks)
- 02
- I. Briefly explain the key theories of motivation and their implications for human resources management?  
(05 Marks)
  - II. "The understanding of the external labour market is an important factor in human resources planning". Explain.  
(06 Marks)
  - III. What is Job Enrichment? Illustrate with an example, "individual approach" to job enrichment and "team approach" to job enrichment with benefits and Limitations of each approach?  
(07 Marks)
- 03
- I. Describe different types of interviews, and the problems encountered in the implementation of these interviews?  
(06 Marks)
  - II. Describe the steps taken by both the Management and the Unions for conducting negotiations?  
(06 Marks)



III. Explain the key characteristics of a well-organized wage and salary administration program using examples of your own.

(06 Marks)

04. What internal and external factors need to be considered in Human resource management?

(06 Marks)

II. "Tests can, however, measure some attributes which are difficult to assess by interview. They can, thus, help to reduce the areas of subjective judgment and of possible human errors in the selection process as a whole". Explain the following tests in brief and their usage in employee selection process.

- (a) General intelligence tests
- (b) Special aptitude tests
- (c) Attainment tests
- (d) Psychometric tests

(12 Marks)

05. Silva works in the accounts section of a large departmental store. His supervisor has found a large number of mistakes in a random check of the accounts he is responsible for, and his overall output of work is lower than the department standard.

I. How can the supervisor know whether this poor work is due to inadequate training or other causes?

(06 Marks)

II. If this investigation discloses inadequate training, how should he introduce remedial training?

(06 Marks)

III. How can the supervisor evaluate training programmes of the staff? Explain with suitable example.

(06 Marks)