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3808/205
EMPLOYEE RELATIONS
July 2013
Time: 3 hours

Candidate's Signature: _____

Date: _____



THE KENYA NATIONAL EXAMINATIONS COUNCIL

HIGHER DIPLOMA IN HUMAN RESOURCE MANAGEMENT

EMPLOYEE RELATIONS

3 hours

INSTRUCTIONS TO CANDIDATES

- Write your name and index number in the spaces provided above.*
- Sign and write the date of the examination in the spaces provided above.*
- This paper consists of SIX questions.*
- Answer question 1 and any other THREE questions.*
- Question 1 (Compulsory) carries 40 marks.*
- All the other questions carry 20 marks each.*
- Do not remove any pages from this booklet.*
- Candidates should answer the questions in English.*

For Examiner's Use Only

Question	1	2	3	4	5	6	TOTAL
Marks							

This paper consists of 20 printed pages.

Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.

1. *Read the case below carefully and then answer the questions that follow.* (40 marks)

NO LONGER AT EASE AT POPOTE WOTE WASOME LTD (PWW)

Popote Wote Wasome Ltd is a fairly large firm operating throughout the country. The firm was established twenty years ago as a quasi-governmental institution. It is involved in the production and marketing of educational materials and has a near monopoly hold of this market.

The head office of the firm is located in one of the buildings in the Central Business District of Nairobi county. It has other operational bases in the county in the industrial and upper hill areas. The head office is the administrative hub of the firm while the industrial area base is the main production and operations' centre. The upper hill offices serve as the distribution nerve centre of the firm. However, the firm has coordination centres in the major towns in all the other counties.

The firm has grown into a fairly large entity from its very humble beginnings as a one office operation. It has a staff complement of 254 permanent and pensionable employees. It also usually has about 300 people working as casuals at any one time. The firm relies on contracted professionals for the development of the learning materials, as well as for quality assurance of the materials.

Two years ago, the firm started experiencing liquidity problems. This was mainly as a result of the Government's move to stop direct financial support to its subsidiary organizations. It was also a result of the cumulative cash losses arising from inefficient cash control systems. The liquidity problems necessitated a re-evaluation of the firm's operating systems.

One of the key outcomes of the re-evaluation was the need to reduce employee remuneration as a way of cutting costs. This would involve the emoluments of all categories of workers including the contracted staff.

The senior management, under the stewardship of Mr. Mwakesho, the Chief Executive Officer (CEO) commenced on the implementation of the stringent cost cutting measures. These measures included, among others:

- abolishing staff welfare benefits previously taken for granted such as 10.00 O'clock tea and subsidized lunches even for contracted workers.
- removal of periodic performance based bonuses and the travelling allowances for consultants.
- abolishing of overtime pay with no reduction in work load.
- withdrawal of company vehicles previously used to ferry workers between stations. Employees were expected to find their way to the stations.
- scaling down of salary structures for middle-level managers and support staff.

The CEO decided to deal ruthlessly with any form of dissent. As an example, he immediately demoted one of the middle level managers, Mrs Otieno. Mrs Otieno was accused of behaving in a manner likely to incite other workers to disobedience. The CEO assumed the duties of the Human Resource Manager. He single-handedly, handled disciplinary proceedings against Mrs Otieno. She was stripped of her privileges and re-located from the head office to the industrial area offices where she was expected to share an office with a junior worker.

There was widespread discontent among the workers. This recently culminated in a go-slow at all work stations, which was effectively coordinated via the short messaging service (sms) facility by anonymous leaders. This created a lot of problems for the firm in the form of deliveries that were not met and unfulfilled promises to customers.

The CEO sought advice from other managers outside the firm. He was advised to go for conciliation as a method of resolving the dispute. He then decided to look for a conciliator on his own. He has identified a consultant in industrial relations for the purpose, whom he intends to introduce to the workers' representatives in the hope that a workable solution will be found.

- (a) Highlight the merits of the industrial action taken by the employees of Popote Wote Wasome Ltd (PWW). (10 marks)
 - (b) There are certain omissions according to accepted disciplinary procedure that the Chief Executive Officer of PWW Ltd made in meting out disciplinary action against Mrs Otieno. Highlight these omissions. (10 marks)
 - (c) Describe the violations of the welfare expectations of employees by the management of PWW Ltd. (10 marks)
 - (d) Explain the reasons that may lead to the failure of the strategy adopted by the CEO of PWW Ltd to resolve the employee dispute. (10 marks)
- 2.
- (a) Describe the salient features of collective bargaining as a way of fostering good employee relations in an organization. (10 marks)
 - (b) One form of communication with employees is through the employee handbook. Highlight the types of information that should be contained in this handbook. (10 marks)
- 3.
- (a) There are certain duties that managers perceive as their responsibility for fostering good employee relations in an organization. Highlight these duties. (10 marks)
 - (b) Describe the status that the International Labour Organization (I.L.O) conventions enjoy in relation to member countries of the I.L.O. (10 marks)

