



University of Kelaniya – Sri Lanka
External Examinations Branch
Faculty of Commerce and Management
Bachelor of Business Management (General) Degree Second Examination
(External) 2010

January 2012

BMGT E 2025 – Human Resource Management

No. of questions : 07

Time: 03 Hours

You are required to answer five questions by selecting question Number one (01) and another four questions.

- (01) Trust Assurance PLC (TA) is a composite insurer transacting both Life and General business including personal insurance, in operation since 1986. It is a subsidiary of Jain Holdings PLC one of the biggest conglomerates in Sri Lanka.

Nature of the Industry

Sri Lankan insurance industry has a huge competition since it is a composite of 22 insurance companies. Ceylinco Insurance, Aviva NDB Insurance, Sri Lanka Insurance, Janashakthi Insurance and Union Assurance PLC can be shown as the major players of the industry.

Employee Information

TA operates with 949 permanent nature employees and 2500 sales staff who work under contract basis (non permanent)

When considering about the remuneration package offered by TA, it normally pays a lower salary to its employees when compared with their rivals. TA justifies this policy by emphasizing the fact that the employees have a lesser work load to do and as a result employees can work with a lesser stress and pressure when compared with their rivals.

Company always encourages employees to gather training and professional qualifications. It was noted that the company always encouraged examinations related to insurance field and do not give attention to the fields of Finance, IT, Legal etc. Because of that many employees are retained at the same level for a long time due to lack of required qualification to the next level.

TA always tries to have transparency employee promotion policy. But lot of employees do not happy with the company promotion practice. Some employees argue, saying that top management gives their favours based of sex, geographical areas, religions and based on personal relationships. As per a recent incident, there was a vacancy for the position of General Manager –General Insurance which two Assistant General Managers from Non Motor and Motor Divisions were applied for. The AGM of the Non Motor was working at the head office and the AGM of Motor Division was working at a distant location. The AGM at Non Motor division earned the promotion though the AGM at motor division was the most appropriate employee to deserve that promotion. As a result of this, he left TA and joined with a competitor for a better title and a remuneration package.

Problem

During the immediate preceding year (May 2010-May 2011), three divisional heads (Marketing, General Insurance, Life Insurance) left the company and joined with competitors. In addition to that Some of Senior Managerial employees, who were working in the top positions at TA, have joined with the competitors during last few years. It shows a bad sign for TA's operations. When referring TA's employee data, it shows a huge employee turnover and it composite of both sales and non sales employees. According to employee statistics, 71% of employees have resigned within 5 year period of service. That is a high percentage because within a shorter period of time, a large number of employees have left the company.

In addition to above top management movements, many of sales persons and middle level and operational level employees left the company and joined with competitors. In order to retain the high performers who are going to resign the company offers them a higher salary and benefits soon after they have informed their resignation. This is an unproductive thing. Because before employees give their resignation to the current company, they sign there appointment letter with the new organization.

Identify major problems related to human resource management faced by TA and give your suggestions to eliminate each problem.

(20 marks)

(02)

a) Discuss the importance of Human Resource Department to an Organization.

(06 marks)

b) What are the Strategic goals and objectives of HRM?

(06 marks)

- c) Discuss the advantages and disadvantages of centralized HR department at a group of companies that engage in different businesses. (08 marks)
- (03)
- a) Discuss the importance of "Job design" as a HRM function. (06 marks)
- b) Distinguish the concepts of "Job Enrichment" and "Job Enlargement". (06 marks)
- c) Describe general components of "Job Description" and "Job Specification". (08 marks)
- (04)
- a) Briefly explain the steps of Human Resource Planning process. (10 marks)
- b) Discuss the role of Recruitment Agencies in contemporary HR practice. (04 marks)
- c) "Knowledge and Skills are the only requirements to be considered when recruiting persons for managerial positions". Critically evaluate the above statement. (06 marks)
- (05)
- a) "The most frequently used selection method in Sri Lanka is Interview method". Discuss the advantages and disadvantages of the above method. (08 marks)
- b) What are the purposes of "Induction programmes"? (04 marks)
- c) Briefly describe the meaning of following issues of Performance Evaluation
- i. Halo Effect.
 - ii. Central Tendency.
 - iii. Harshness and Leniency.
 - iv. Recency Effect
- (08 marks)
- (06)
- a) Briefly describe five (5) training methods mostly used in Sri Lanka. (10 marks)
- b) Describe the importance of Career Management as a Labour Turnover reduction tool. (05 marks)
- c) Describe the "Equity concept" in Pay Management. (05 marks)
- (07)
- a) Discuss the difference between "Ethics" and "Discipline" in business environment. (06 marks)
- b) Why is grievance handling important to an organization? Explain. (08 marks)
- c) Why employees join with a "Trade Union" Explain. (06 marks)