



**STRATHMORE INSTITUTE
DIPLOMA IN ENTREPRENEURSHIP
END OF SEMESTER EXAMINATION
DE 1304: HUMAN RESOURCE MANAGEMENT AND SUCCESSION PLANNING**

DATE: 11th December 2019

Time: 2 Hours

Instructions

1. This examination consists of **FIVE** questions.
2. Answer **Question ONE (COMPULSORY)** carries 30 marks and any other **TWO** questions each for 15 marks.
3. Do not write on the question paper.

Question One

Case Study: Tommy

Tommy is an impatient, results-oriented, innovative, hardworking, focused entrepreneur. He likes working with aggressive, highly creative, skilled, focused team players who are flexible, change-driven, informed, cutting-edge professionals much like himself in work ethic but from diverse groups. He believes that professionals with varied backgrounds contribute to better solutions and creativity. He wants only those who are as committed as he is to be growing a company that produces the industry standard and benchmark in intranet and software technology. That means being willing to work sixty to ninety hours a week at High-5-Tech if the project requires, as well as dedication to and passion for customers, the firm, and the project team.

Tommy may start people out with salaries slightly below the industry average, but he rewards performance and tenure. He's reputed to double a salary when a developer exceeds expectations. He also contributes his company's stock to the employees' benefits package, subject to their length of employment. At the current rate, a person might retire a millionaire if he or she can withstand the pace.

Required:

- a) What methods can Tommy use to effectively recruit qualified professionals to work for him? Identify any two methods and justify your answer. (4 Marks)
- b) What requirements should Tommy put in the Advertisement to attract the right kind of person? (6 Marks)
- c) With time, Tommy intends to leave the business in the hands of a professional Managing Director and begin another business in property development. Discuss any

three leadership skills that Tommy should look for in the potential Managing Director.

(6 Marks)

- d) Why is it important for organisations such as Tommy's, to have good reward schemes for their employees? (4 Marks)
- e) Discuss any five reasons why HR policies are important for managing employees in SMEs. (10 Marks)

(Total 30 Marks)

Question Two

- a) Discuss any four challenges that SMEs face in managing their employees. (8 Marks)
- b) Define the following terms as used in Human Resource management
- i. Performance Management (2 Marks)
 - ii. Employment at will (3 Marks)
 - iii. Employee Induction (2 Marks)

(Total 15 Marks)

Question Three

- a) Why is it important for entrepreneurs to have good employee relations with their employees? List and briefly explain any five reasons. (5 Marks)
- b) Empowerment is a way involving employees in decision making and creating good employee relations between the entrepreneur and the employees. What are the advantages of empowerment to an organisation? (10 Marks)

(Total 15 Marks)

Question Four

The CEO at Questa Works Ltd is unable to decide whether to send some of his employees for training outside of the organization or to simply train them internally.

- a) Differentiate on the job training from off the job training. (3 Marks)
- b) Explain to the CEO three advantages and three disadvantages of internal training. (12 Marks)

(Total 15 Marks)

Question Five

- a) The Government of Kenya has had an enormous influence on employee relations by passing a range of labour laws. Identify and describe any three labour laws that regulate employment in Kenya. (9 Marks)
- b) Employee turnover is a major challenge in many organisations. Discuss any three steps that owner – managers in entrepreneurial organisations can take to reduce employee turnover in their organisations. (6 Marks)

(Total 15 Marks)

The End