

EASTERN UNIVERSITY, SRI LANKA
Faculty of Commerce and Management
Final Year-First Semester Examination in BBA (Specialization in HRM)
2009/2010 (August, 2011) (Proper/Special Repeat)
HRM 4123 Human Resource Management and Practices

Answer all five questions

Time: 03 hours


Q1. Case Study: National Development Bank (NDB) and its HRM Practices

The following information was extracted from NDB Bank's annual reports regarding its HRM policies and practices. By using this information answer the following questions:

Human resource initiatives at NDB Bank are about building and sustaining a great team of employees who are ready to act on today's opportunities for a better tomorrow. NDB Bank recognizes that the key to its performance in good times and in bad has been its highly motivated and committed staff. It is their spirit that drives NDB Bank forward. They are its strongest asset.

At NDB Bank every employee is treated with equal consideration. NDB Bank has a diverse yet inclusive culture in which all employees feel valued, respected, and supported and are given the opportunity to excel in their careers and reach their full potential, irrespective of their background, gender, age or ethnicity. NDB Bank has a high proportion of youth in its employee composition, particularly employees in the age category of 21 to 30 years, from 2008 to 2010. This clearly confirms NDB Bank's success in providing young aspiring professionals with opportunities to excel in their careers.

NDB Bank believes that its competitive advantage lies in its employees' commitment to continuous improvement and results. The Human Resources Department has adopted focused human resources management strategies that cater to business expansion plans by developing partnerships with employees to recognize the most competent people and make them accountable for business growth. In this process the Human Resources Department uses techniques such as key staff mapping, career mapping and job rotation.



NDB Bank's average training days are well above the industry average. For instance the Bank's average training days per employee in 2009 was 4.9 and in 2010 it has risen substantially to 5.3 days. Further, a total of 274 training programmes were carried out during the financial year; 20% were for senior management, 25% for executives and 49% for non executives. Out of the programmes, 17% addressed individual development while 10% were management development programmes and 73% focused on organisational development. In today's world, learning is a must to meet the most ever changing challenges. Hence it is the Human Resources Department's responsibility to provide the opportunity to 'Act' upon our learning vision:

'Act is not what you discover, but how you Act with your discovery that is important'

'Act is not what you think, but how you Act with your thinking that counts'

'Act is not what you Say, but how you Act on those decisions that makes a difference'

As a result NDB Bank now has a one of a kind fully fledged training centre with a total capacity of 75 participants, solely dedicated for class room based in house training programs, auditorium style lectures, departmental briefings, and even distant learning sessions. These fully equipped, state of the art meeting rooms and training centre could be used as business centers, meeting rooms as well as induction rooms.

NDB Bank expended Rs 57 million on training and development during the year under review which confirms its commitment to investing in its human talent development. No staff was retrenched even during the economic downturn. Instead, recruitment was frozen and the Bank looked into those business areas that would grow in an economic turnaround and focused on training and developing staff in these areas.

At a time during which the training budget was cut across all industries in general, and across the banking industry in particular, NDB Bank augmented its training budget by 10%, using the slack period to train in new areas, and devised the leadership competency framework.

Leaders of the Future On the premise that technical expertise and job knowledge is insufficient for career progression beyond a certain level of seniority, NDB Bank took the decision that differentiation within the industry could be achieved through developing extraordinary leadership skills among its employees, vital to achieving both personal development as well as organisational objectives. "Those who build great companies understand that the ultimate throttle on growth for any great company is not markets, or technology, or competition, or products. It is one thing above all others: the ability to get and keep enough of the right people"

Having this in mind during 2010, Heidrick and Struggles, one of the world's leading consultancy firms, were appointed to formulate a leadership competency framework in line with NDB Bank's business strategy, around which, all its training and development initiatives are now structured. The leadership competency framework is designed as a special project to ensure that anybody within the organization has the opportunity to aspire to a senior position, and that nobody from within is precluded from gaining leadership experience. The framework was built on the concept that shared leadership actively supports effective teamwork, and several successors are identified for a single position, with leadership not being restricted to those who hold designated leadership roles. In effect, leadership could be from anybody in the organization, according to the requirements of the time. Once the opportunity for leadership arises, selection is made from within the resource pool of potential successors, but if none of those identified internally are found suitable, NDB Bank pursues the option of bringing in a successor from outside. Twenty five leaders were identified and evaluated against this framework using 360 degree feedback, assessment centers and interviews, their performance gaps were identified and corrective measures were adopted. As a result NDB Bank had no limitations and was equipped to recruit its CEO from within the organisation, when called upon.

These far sighted strategies have paid rich dividends. Today, the people of NDB Bank are very capable of meeting the demands of the new economic order in the post conflict era of the country. The overall human resources management philosophy is attuned towards participatory management which creates a conducive environment for performance management and recognition. The remuneration structure is in fact linked with the performance management system.

Additionally, in order to develop long term employee commitment, the management revamped its compensation strategy, looking beyond short term bonuses and benefits to sustainable long term rewards. Remuneration is structured to include not only short term compensation in the form of guaranteed pay and variable pay but long term compensation as well. Consequently, as per the current Equity Linked Compensation Plan (ELCP) the Vice Presidents and the Assistant Vice Presidents are eligible for share-based ownership plans.

NDB is committed to providing staff with a healthy work/ life balance that will develop them not only professionally but personally as well. NDB bank provides its employees with many formal and informal opportunities to interact with each other outside the workplace. NDB Club, organizes many interesting and interactive programmes throughout the year which are well patronized by employees at all levels and their families. The NDB Children's Development Workshop was another event organized by the Human Resources Department, in partnership with a well respected corporate trainer as an year - end welfare initiative for the children of NDB employees. This was developed to inculcate in the children a passion for success through helping them excel in academic pursuits, sports and community service.

The Human Resources Department treads the fine line between cost consciousness and cost effectiveness, both well managed to create human resources strategies that have established its position as an aggressive player in the market. The Human Resources Department has made significant progress over the past few years and has put in place the policies, guidelines and processes required to keep its most valued internal customers happy by improving efficiency levels and reducing the cost component. In doing so the department has now embarked on an initiative to obtain ISO 9001:2008 certifications, by adopting world class practices to increase efficiency levels to carry through employee needs and expectations.

Focused development initiatives, continuous improvements in performance management mechanisms as well as fostering a familiar and supportive working environment has given NDB Bank the stimulus to reach greater heights of excellence when operating in a competitive and challenging financial environment.

Plans for the future are to create many more horizontal and vertical opportunities for staff. Having, over the years, built an extraordinary workplace and a committed and professional staff, NDB Bank counts this a true source of strength and is confident that it gives it a competitive advantage when moving into a future of vibrant growth.

Questions:

- (a) How effective is this bank's human resource practices in your own view? Explain. (07 Marks)
- (b) What are the major dimensions of HRM practices that are contributing to this bank's competitiveness? (07 Marks)
- (c) Identify and name at least five best HRM practices adapted by this bank. And give the reasons to select them as best HRM practices. (07 Marks)
- (d) Discuss this bank's Human Resource Development Practices and their effectiveness in achieving both personal development as well as organisational objectives. (07Marks)

(Total 28 Marks)

Q2.

- (a) "The challenging task of HR managers nowadays is to develop innovative HR practices which must contribute to implement organizations' strategies" Do you agree with this statement? Explain. (05 Marks)
- (b) Why competitive advantage achieved through HRM practices is likely to be more sustainable than that achieved by other means? Explain. (08 Marks)

(c) Who are the super 10 Gold winners (organisations) of HRM Award -2010 under the following **specialized areas of HRM** in Sri Lanka?

1. Capacity Building
2. Outstanding Rewards and Recognition Practices
3. Performance Management Process
4. Talent Supply
5. Leadership and Key Talent

(05 Marks)

(Total 18 Marks)

Q3.

(a) Give an example for HRM practices for the each of the followings.

1. Additive relationship
2. Substitution relationship
3. Synergic relationship

(09 Marks)

(b) Discuss the contribution of HRM Practices to a firm's performance and vice versa (firm's performance for HRM practices).

(09 Marks)

(Total 18 Marks)

Q4.

(a) Explain how following aspects determine the adoption of HRM Practices in Sri Lanka organisations.

- Organisational ownership (sector)
- Business strategy
- Organisational goals

(09 Marks)

- (b) What are the external factors that affect the practice of HRM? Choose one external factor and explain that affects on HRM practices.

(09 Marks)

(Total 18 Marks)

Q5.

- (a) List out any five best e-HRM practices which are used by the organisations in Sri Lanka.

(05 Marks)

- (b) In order to identify the existing problems of a particular organisation, how would you conduct an initial HR intervention? Briefly explain.

(08 Marks)

- (c) Business organisations are spending a large amount of money for employees training and development purposes annually. Identity five HRM practices which can be considered as very low cost but very useful for retaining talented people with an organisation in long-term basis.

(05 Marks)

(Total 18 Marks)