



ZCAS University

**BACHELOR OF ACCOUNTING/BACHELOR OF BUSINESS
ADMINISTRATION/BACHELOR OF ARTS IN HUMAN RESOURCE
MANAGEMENT**

BBA/BACC/BHR

SMS2322 HUMAN RESOURCE MANAGEMENT- AND DEVELOPMENT

19 OCTOBER, 2023

16 30 HOURS

TIME ALLOWED: THREE HOURS (plus 5 minutes to read through the paper)

INSTRUCTIONS:

1. **Section A:** Question One (1) in Section A is **compulsory**.
2. **Sections B:** Answer any **THREE (3)** questions from this section.
3. This examination paper carries a total of **100 marks**.
4. Candidates must **not turn this page** until the invigilator tells them to do so.

SECTION A: Question 1 is compulsory and must be attempted

CASE STUDY

An Analysis of Human Resources Practices at Starbucks Coffee Company

Organizations must perform at reliable and successful levels to stay in business. One indicator of organizational performance is its human resources outcomes. To be competitive in a global marketplace, a large multinational organization should manage human resources as strategically as any other division or department. Starbucks is an example of strong human resources strategy coupled with logistical planning and effective management. It serves as a strong example for all large organizations to model human resources upon.

Overall Human Resources Strategies

Human capital is a large investment for any organization. Management of this capital is a necessary task to ensure strong return on the investment. Human resource management requires strong strategy to effectively and efficiently achieve goals, objectives, and – in turn – better performance. The strategy, management program, and all other human resource activity are then required to determine relevant dimensions of performance and the impact on the company's success (Cania, 2014). Starbucks, a Seattle-based global coffee company, follows a mission to “inspire and nurture the human spirit: one person, one cup, and one neighbourhood at a time” (Starbucks, 2015, para. 4).

The company fulfils this mission through ethical sourcing of product, environmentally-friendly processes and recycling practices, and employee service in the community. After the era of Great Recession, the company launched a new motto: “Great Coffee Everywhere” and grew to include international locations and at-home products (Noe, et. al, 2013). This growth also included the acquisition of the La Boulange, Seattle's Best Coffee, Tazo, Evolution Fresh, and Teavana brands. With large Introduction

ANALYSIS OF HR PRACTICE

3 competitors like Dunkin' Donuts and new start-up Joyride, Starbucks is poised to be a leader in the next generation of coffee shops or be left behind as an outdated relic (Sacks, 2014). Unlike most large companies, employees of Starbucks are called “partners” and are encouraged to join young and build a career with the organization.

Human resources are handled by Starbucks' “Partner Resources Department” with 500 employees serving roles in staffing, learning and development, compensation and benefits, organizational development, and partner services (Starbucks, n.d.). Researchers Korschun, Bhattacharya, and Swain (2014) describe the engaged employee's impact on the brand as follows: Employees who identify with the organization will adopt suggested workplace behaviours and be motivated to support the company's products and brands. Yet prior research also prompts us to suggest that this effect will be mediated by the employee's customer- orientation. Identification is known to encourage behaviours that benefit the collective.

Thus, the more an employee identifies with the organization, the more he or she will seek opportunities to contribute to company performance. Because serving customers' needs is a key way that frontline employees help the company maintain and deepen relationships with those customers, such employees may view their own efforts to contribute to customer loyalty as helping drive long-term organizational success (p. 24). To remain competitive in the coffee and food-and-beverage marketplace, Starbucks needs to keep its partners happy and the public coming back for more.

Recruiting Practices

Recruitment processes are an important part of any human resources strategy. Economic crisis, market booms, natural disasters, and other unforeseen occurrences should not send the hiring and firing process into a tailspin. Instead, organizations should have strong plans to weather any literal or metaphorical storm. Long-term vision should include anticipation of the need for new hires, job specificity, strong candidate pools, logical assessment of candidates, securing the best talent, integrating new hires, and reviewing processes for efficiency and efficacy (Fernandez-Araoz, et al., 2009).

Though Starbucks responded to the recent recession with slashed jobs and closed locations, later efforts focused on long-term goals and recruitment strategy. The "Starbucks College Achievement Plan" was recently launched, offering free college education through Arizona State University Online to all partners, including part-time employees (Starbucks, n.d.). Training Structure Business failures can sometimes be solved through training to develop new skills, refine efficiency, and instruct staff on new policies, procedures, and tools. Issues frequently trigger training but training efforts should always trigger business results (Castaldi, 2012).

When a large mistake, error, or need for improvement arises, not every company is prepared to make improvements. As a large successful company, Starbucks has more resources available to take staff out of their daily work and place them in training sessions. Investment in training needs assessment and training sessions themselves may be daunting for small companies. However, companies with more flexible environments can reap the rewards (van Eerde, Tang, & Talbot, 2008).

As an example of a luxurious training session, Starbucks took their entire work force off the line for a three-hour barista training event, focused on making perfect espresso, in the middle of the economic meltdown of 2008 (MacDonald, 2008). Most retail outlets would steer clear of a door-closing event during busy open hours. Starbucks, however, deemed the reward to be greater than the risk. In terms of Organizational Effectiveness, Starbucks has a strong human resources strategy and management system. This has led to high organizational effectiveness in the industry, stemming in part from successful employee engagement.

Positive employee engagement leads to a psychological climate, cultural attitude, and set of employee behaviors that positively impact an organization from top to bottom (Kataria, Rastogi & Garg, 2013). Therefore, it is safe to say that Starbucks' Partner Resources has had positive effect on the organization as a whole. Solutions Competitor's Human Resources Strategies In a recent article, food editor Bret Thorn (2014) described the "starbucksification" of Dunkin' Donuts. While a donut shop is not, specifically, competition for a coffee shop, customers are loyal to the coffees made by each establishment.

This includes the spread of Dunkin' Donuts to wider regions across the United States with larger retailing of their coffee products. Like Starbucks, Dunkin' Donuts offers K-Cup and ground coffee in supermarkets and convenience stores around the world.

Like Starbucks, Dunkin' Donuts (n.d.) recruits online, focusing on entry-level employees who seek career mobility. Unlike Starbucks, Dunkin' Donuts has only 7,500 storefronts in just 40 states. Each location is a franchise with unique local business owners running daily operations. Dunkin' Brands, Inc. is the corporate entity and also owns the Baskin Robbins ice cream shop chain.

Corporate headquarters boasts free coffee, donuts, and ice cream at corporate offices along with fitness centres, electric car charging stations, and half-day Fridays (Dunkin' Donuts). This cannot be said for employees of franchised locations. Without the central mission, homogenous culture, and overall size of Starbucks, Dunkin' Donuts cannot provide a bold and uniform human resources management system for all employees. This gives Starbucks the competitive edge for recruiting from the common pool of potential employees. With more money to spend, Starbucks has more to offer in terms of investment in human capital.

Thus, Starbucks has the edge.

Conclusion

Employers ask employees to work hard, be pleasant, and show results. The investment of time and money into human resources can, and will, pay off in positive organization outcomes if a strategic management system is in place and well-used. Seattle-based Starbucks has been an example of success through strategic human resource management through good times and bad. Its practices, though occasionally flawed, show an overwhelmingly successful model of large company investment in human capital.

(source:https://awc.ashford.edu/PDFHandouts/Case_Study_Sample_Annotated_08.31.2015.pdf)

- a) Outline and analyse the human resource strategy at Starbucks.

(10 marks)

- b) Explain how Starbucks has sustained its investment in human capital over the years.

(10 marks)

- c) What methods of motivation have been used by Starbucks to motivate employees?

(10 marks)

- d) With regard to the type of human resource engagement at Starbucks, align it to the type of culture they have as an organisation.

(10 marks)

SECTION B: Answer THREE questions only (60 MARKS)

Q2

Human Resource Management has come a long way. Trace the history of HRM in line with the thoughts and ideas of **ONE** of the following pioneers:

Required:

- a) Frederick Winslow Taylor
- b) Elton Mayo
- c) Henri Fayol

(20 marks)

Q3

Human beings are not only the most delicate assets to manage but also the most important assets to have in an organisation.

Required:

Discuss and evaluate this statement with regard to any **TWO** of the following areas:

- a) Discipline
- b) Organisational Culture
- c) Health and Safety
- d) Training and development.

(20 marks)

Q4

It has been observed that to replace a former employee who has resigned or retired, the company has to spend 150% of the previous employee's salary. In the light of the above statement, it is evident that employee retention and employee engagement are critical issues for the organisation to attend to.

Required:

- a) What strategies can the organisation use to retain its employees to reduce high labour turnover?
- b) Explain the various forms of employee engagement that take place in any type of

organisation.

Q5

Required:

Analyse how critical it is for an organisation to align its Mission, Vision, and Values to its employees' performance appraisal.

(20 marks)