



## College of Human Resource Management

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**COURSE: DIPLOMA IN HUMAN RESOURCE MANAGEMENT MODULE 1**

**CLASS: DHRM 2013J**

**SUBJECT: COMMUNICATION**

**LECTURER: BELDINA MUSEE**

**EXAMS: END OF SEMESTER**

**TIME: 2 1/2 HOURS**

**ANSWER ALL QUESTIONS**

1. Outline three factors that may hinder a receiver from understanding a message (3 Marks)
2. Explain clearly the differences between:
  - i) A flow chart and a flip chart
  - ii) An appendix and an index (8 Marks)
3. Outline three benefits of communication amongst colleagues in an organization (3 Marks)
4. Outline three guidelines that may be followed in developing a logical paragraph (3 Marks)
5. Outline three ways through which an employee would demonstrate etiquette during a face-to-face conversation with the manager (3 Marks)
6. Morris has been invited for a job interview in a month's time. Outline four preparations that he should make to ensure success during the interview (4 Marks)
7. Explain four advantages that an organization may derive from using a mobile phone to communicate (4 Marks)
8. Outline four preparations that a secretary should make in order for a meeting to be effective (4 Marks)
9. Explain four forms of non-verbal cues that may be used to enhance communication (4 Marks)
10. a) The Managing Director of Imani Company has been requested by the Board of Directors to make an appeal to the workers to make contributions to help the people facing hunger in some parts of the

country. Write a memo to all members of staff making an appeal for their contributions. The memo will be signed by the Managing Director. (12 Marks)

b) You are the secretary of the Remuneration Committee of Baraka Manufacturers. The chairman has requested you to convene a meeting to be held in three weeks' time. Write a notice to the members.

(6 Marks)

11. The enrolment of students at Upate College has been on the decline in the past two years. The management of the college has asked you as a customer care expert to investigate the situation. Assuming that you have completed the investigation, write the report (16 Marks)

12. Tumaini Limited intends to employ a receptionist. Draft an advertisement that will be placed in the press for this position (8 Marks)

**13. Read the passage below and then answer the questions that follow it.**

It is often hard to understand why companies care when the prices of their shares fall. After all, listed companies have already received money from investors when they first sold shares through an initial public offering. What happens in the secondary market when investors buy and sell to each other at the Nairobi Securities Exchange (NSE) cannot **take away the gains** the company has already made. However, like with most things, the story is a lot more complex than it appears.

To begin with, most senior managers generally have a vested interest in the company. Similarly, the founder-members of many public companies own a significant number of shares. Hence, their personal wealth could be dramatically affected by a fall in the company's share price. Besides, many employees receive performance-related bonuses in the form of shares in their company. This effectively means that they are stockholders of the company and therefore pay strong attention to its share price. Additionally a falling share price can **impact on** the reputation of a company and therefore reflect negatively on its management. It is also not unusual for the management of a company to have salary incentives or employee stock options tied to the company's share prices.

Publicly traded companies which are underperforming also often become takeover targets. If the share price of a company falls **substantially**, it makes much easier and much more affordable for a rival company to move in and buy up a significant amount of stock or launch a takeover bid that shareholders cannot afford to refuse. This is a very big incentive for companies to ensure their stock remains relatively stable so that they remain strong and deter interested parties from forcing them into a takeover deal. In addition, the rate and ease at which companies borrow money can be affected by a falling share price. In most cases, creditors tend to look favorably upon companies which are performing well and may offer them cheaper financing through a lower interest rate.

If the performance of a company's shares is ignored, it can have serious repercussions on the fate of the firm and its management. Share price is often an **indicator** of a company's financial health and can influence analysts' and lenders' evaluations. Hence stock performance directly affects a company's borrowing power, which has a significant effect on its financial health. However, share price is a poor method of evaluating a company's performance because it has more to do with emotion and perception than whether a company is taking care of the business.

Although a manager has little or no control of share price in the short run, poor share performance could over the long run, be attributed to mismanagement of the company. If the share price consistently underperforms, the shareholders would be unhappy with the management and look for changes. While the extent to which shareholders can control management is debatable, executives must always factor in the desires of shareholders since these shareholders are part owners of the company. Companies would want their share prices to remain **relatively stable** so that they remain strong and deter interested companies from taking over. On the other side of the takeover equation, a company with a hot stock has a great advantage when seeking to buy other companies. Instead of having to either use the retained earnings to borrow money, a company will simply issue more shares through a rights issue to fund the takeover.

Moreover, a company may want to increase its share price simply to increase its **prestige** and exposure to the public. The larger the market capitalization of a company, the more analyst coverage the company will receive. Such analyst coverage is a form of free advertising and allows both senior managers and the company itself to introduce themselves to a wider audience. Thus the share price at the stock market is very closely watched by managers and shareholders because it acts as a barometer for a company's prospects and fortunes.

*Adapted from: The Standard; Tuesday, February 22, 2011*

a) In about 150 words and according to the passage, explain why companies get concerned when the price of their shares fall. (12 Marks)

b) State the meaning of the following words and phrases as used in the passage. (6 Marks)

i) Take away the gains;

ii) Impact on;

iii) Substantially;

iv) Indicator;

v) Relatively stable;

vi) Prestige.



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**CLASS: DHRM 2013F**

**SUBJECT: COMMUNICATION**

**LECTURER: BELDINA MUSEE**

**EXAMS: END OF SEMESTER**

**TIME: 2 1/2 HOURS**

**ANSWER ALL QUESTIONS**

1. Outline three purposes of communication in an organization (3 Marks)
2. Outline three factors about the audience that the sender should consider for communication to be effective (3 Marks)
3. Highlight three functions of visual aids in communication (3 Marks)
4. Outline four ways in which supervisors may contribute to poor interpersonal relations among employees in an organization (6 Marks)
5. Outline four functions of business reports in an organization (4 Marks)
6. Highlight three benefits that an organization may derive from introducing a dress code for the employees (3 Marks)
7. State four measures that should be taken when preparing a room to make it suitable for an interview. (6 Marks)
8. Outline four purposes of holding regular meetings between management and subordinates in an organization (6 Marks)
9. Describe four types of body language that can be used to communicate a message (6 Marks)
10. You are the student representative at Mwangaza College. You have been asked to give a speech to welcome first year students who have joined the college. In about 250 words, write the speech. (16 Marks)

11. You work for Mawasiliano Mobile Telephone Company Limited as a Public Relations Assistant. The management has noted that its customer base has not been increasing as fast as that of its competitors. The Chief Executive Officer has requested you to investigate the situation. Assuming that you have completed the investigation, write the report. (16 Marks)
12. The company you work for intends to relocate soon. As the assistant Office Manager, write a letter to Mjengo Estate Manager enquiring about office space (12 Marks)
13. **Read the following passage and then answer the questions that follow it.**

Civil servants are set to benefit should a pension bill, which is before parliament, be passed into law. The Superannuation Bill seeks to introduce a contributory retirement scheme with **enhanced** pension payments.

Once it becomes law, the current non-contributory Civil Service Scheme will be converted into a contributory Public service Superannuation Scheme, in line with a number of public service reforms. The proposed scheme will operate on a defined contribution basis with civil servants contributing 7.5 per cent of their basic salary while the Government chips in with 15 per cent contribution. The contribution will be paid into a public service fund to be established and managed in accordance with the Retirements Benefits Act regulations. This new pension arrangement will replace the current one operated by the Treasury, where some pensioners take home a paltry Ksh 2,000 monthly. The pension scheme will be the biggest in the country once enacted as it will begin with an asset base of Ksh 5 billion.

The government increased the retirement age for civil servants to 60 years from 55 years following concerns over increasing liabilities from pension payments to current and future retirees. The state's current annual spending bill on pensions stands at more than Ksh 26 billion annually. The proposed scheme is ideal as it **takes into account** inflation and the state of the economy. Under the proposed scheme, public servants will be allowed to transfer their savings to new employers without losing benefits. Those who will be more than 50 years old as at 1<sup>st</sup> July 2012 will be given the option to join the new scheme or remain in the old scheme. This way, the Government will contribute 15 per cent of its payroll obligation to the scheme each month, while civil servants will add 7.5 per cent. The pool of funds is a good contribution to Kenya's gross national savings. According to the Public Service minister, public servants will be allowed to access their own accumulated contributions on leaving government service. However, the state's portion will be retained as a deferred benefit until the attainment of the **mandatory retirement** age.

When drafting the Bill, care was taken to ensure that the scheme is compliant with the Retirement Benefits Authority Act. The law was enacted to provide a regulatory framework for the retirement's benefits industry. Cases of abuse of scheme assets by trustees or other parties have declined markedly, if not ceased completely, in the recent past. This is as a result of the oversight role which the Authority plays. Once the new scheme is

operational, Treasury will no longer manage it as it will fall under the supervision of the Retirement Benefits Authority. This implies that civil servants will be paid more than what they are currently entitled to as the scheme will be vested in the hands of trustees. This is because the trustees are empowered to invest the money in specified areas to earn interest. In addition, the scheme will create a separate pool of assets that the Government hopes will, in the long run, reduce its **ballooning** pension liability. While the proposed scheme will operate on a contributory format, where members will contribute to the scheme, it will also be operated on a funded basis. This means that actual money will be set aside by the government rather than the current unfunded arrangements when payments are made directly from the Treasury.

The scheme is intended to apply to all public service employees including teachers and the disciplined forces. The public servants who are below 50 years of age will automatically join this new scheme. The scheme will operate under the umbrella of the Retirement Benefits Authority with its own board of trustees and service providers. The bill is a bold move for Kenya and, if enacted, it will be a landmark reform of the current public service pension arrangements. The plan to introduce a new pension scheme for civil servants comes when efforts are under way to improve terms of employment. These include salary reviews and the recent introduction of a medical insurance scheme. Experts blame the paltry pension earnings by civil servants to low pay during their working years. The proposed scheme, though, is designed to generate adequate pension during their working years. The proposed scheme, though, is designed to generate adequate pension income for civil servants who retire after a full working career.

*Adapted from "The Financial Journal", The Standard, Tuesday 14<sup>th</sup> February 2012*

- a) In about 150 words and according to the passage, explain the benefits of introducing a contributory retirement scheme for civil servants. (12 Marks)
- b) State the meaning of each of the following words and phrases as used in the passage. (6 Marks)
- i) Enhanced;
- i) Enacted;
- ii) Takes Into account;
- iii) Mandatory retirement;
- iv) Compliant;
- v) Ballooning.