TECHNICAL UNIVERSITY OF MOMBASA

SCHOOL OF BUSINESS

DEPARTMENT OF BUSINESS ADMINISTRATION

UNIVERSITY EXAMINATIONS FOR DEGREE IN

BACHELOR OF COMMERCE/BUSINESS ADMINISTRATION

BHR 4307**:** Reward Management

END OF SEMESTER EXAMINATIONS

SERIES: AUGUST   2019
TIME: 2 HOURS

INSTRUCTIONS:
You should have the following for this examination
-Answer Booklet, examination pass and student ID
☐ Attempt Question ONE and any other TWO Questions.
Do not write on the question paper

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Question ONE(COMPULSARY)

i. The Great Coastal Electric Company is a city-based manufacturer of welding machines and motors. When Karisa Kahindi established the company in 1970, he was keenly aware of the importance of a highly motivated workforce, and how the company's success, in fact, depended on it. Therefore, Kahindi had to ensure that each employee would work as diligently as possible for the good of the organisation. Kahindi realised that the best way to motivate employees would be to link the company's reward and recognition system to its goals. To establish this connection, Kahindi developed and implemented a comprehensive incentive system. Its aim was to improve the company's overall performance by allowing contributing workers to share in the proceeds. The plan rewards employees for turning out quality products efficiently while controlling costs. The system includes the following components: Paying by the piece rate: Production workers are paid according to the number of "pieces" or product units they produce that are not defective. If a customer sends a defective part back to the company, the employee who produced it must repair

it on his or her own time. Providing year-end bonus: To reward workers further for their efforts, Kahindi introduced a year-end bonus system that gives all workers an opportunity to nearly double their base wages. Workers get the bonus if the company's annual profit increases. Providing stock options: Kahindi also provided his employees with the option of buying company's stock at a low cost. Employees are also given shares of the company's stock based on annual profits.

a) To motivate his employees Mr. Kahindi uses piece rate system.

i) Discuss the advantages and disadvantages of such a system. **(10 Marks)**

ii) Discuss other methods of rewarding employees, clearly showing their advantages and disadvantages.
(10 Marks)

b) The basic objective of compensation management can be briefly termed as meeting the needs of both employees and the organization. Discuss the other objectives of compensation management. **(10 Marks)**
(Total 30 marks)

Question TWO

Differentiate between past oriented and future oriented performance appraisal methods. **(8 marks)**

Discuss at least two past oriented and two future oriented performance appraisal methods. **(12 marks)**
(Total 20 Marks)

Question THREE

a) The purpose of job evaluation is to produce a defensive ranking of jobs on which a rational and acceptable pay structure can be built. Discuss its important features. (**10 Marks**)

b) Enumerate the benefits of job evaluation exercise. **(10 Marks)**
(Total 20 marks)

Question FOUR

Using relevant examples where appropriate, discuss how organisations can use non-financial rewards to motivate employees' and to reward them for their performance**. (20 Marks)**

Question FIVE
a) In order to achieve the objectives of compensation management, it should proceed as a process.
Discuss the compensation management process. **(10 Marks)**
b) Identify and explain the causes of wage differentials within and among organisations. **(10 Marks)**
(Total 20 Marks)