



UNIVERSITY EXAMINATIONS: 2013/2014
EXAMINATION FOR THE MASTER OF BUSINESS ADMINISTRATION
(MBA) HUMAN RESOURCE MANAGEMENT
HRM 506 PERFORMANCE AND REWARD MANAGEMENT (WEEKEND)

DATE: APRIL, 2014

TIME: 3 HOURS

INSTRUCTIONS: Answer Question One and Any Other Three Questions

QUESTION ONE

Mr. Kazi –Bure has been with Penzi Corporation for the past twenty five years. During the past years, he has been a senior performance management and rewards analyst. He has been in hospital for the last 6 months and although he is coming out of the hospital in a few weeks time, his wife has visited the office and told his manager that it will be unlikely that he will have the power of concentration to resume his old work of determining pay rates. She produces a letter from a specialist doctor which indicates that Mr. Kazi-Bure must have absorbed the many toxic substances present in his working environment in form of dust, liquids and gases. Mrs Kazi expresses her gratitude to the firm for continuing to pay her husband’s full salary.

‘With the house mortgaged and three young children under 8 years, I couldn’t have managed otherwise’ she says.

Kazi-Bure’s manager is Bwana Mdosi. Mdosi reports to his boss who is the HR director, that he got the board’s permission to pay Kazi-Bure his salary for 6 months and now he had to ask for an extension-only for another few weeks presumably. ‘You know, Bwana Mdosi’ says the HR director; ‘ I am sorry to hear about this fellow-what’s his name?- Kazi- Bure. I had the trouble myself a few weeks ago but I reckon the company has been generous as it can be. We have given him 6 months full pay, but we can’t go on and now we know he’s not going to be fit when he does get out of the

hospital.....’ I need the salary survey, job evaluation, pay grades, and wage curves in place like yesterday. We need to report to the Annual General Meeting (AGM) how we establish par rates in the company.

The HR director is not a man to be joked with. But Bwana Mdoshi ventures to suggest that his subordinates work was exceptionally good as he believed in the values and culture of hard work, as enshrined in the employment policy of Penzi Corporation and his breakdown was caused, according to the specialist report, by occupational diseases.

Required:

- (a) With reference to managing performance and reward, discuss five factors that Penzi Corporation Ltd should address regarding how they establish par rates for their employees in the forth coming AGM. (10 Marks)
- (b) Explain to the HR director, the process of administering wages/salaries at Penzi Corporation Ltd that Mr. Kazi-Bure was adhering to, to ensure external, internal and procedural equity for all staff. (10 Marks)
- (c) Give any FIVE problems /challenges experienced in salary administration. (5 Marks)
- (d) From the case, identify any THREE types of rewards and employee benefits as well as welfare services that Penzi Corporation Ltd could use to maintain and motivate the employees. (6 Marks)

QUESTION TWO

Baraka Ltd has been undergoing massive losses in their business. They commissioned a consultant who suggested the need for undertaking Job Evaluation in the organization.

- (a) Explain the role of Job Evaluation in the reward and compensation endeavours of Baraka Ltd. (8 Marks)
- (b) Describe any five Job Evaluation techniques that the consultant is likely to have used during the exercise. (15 Marks)

QUESTION THREE

Bwana Mapesa, the HR manager of Digital Enterprises has just come from a seminar where he learnt of Reward strategies

- (a) Giving examples, explain the various reward strategies that Bwana Mapesa may adopt. (10 Marks)

- (b) What are the potential challenges that Digital Enterprises may encounter following the implementation of these reward strategies? (10 Marks)
- (c) Suggest three ways of addressing these challenges. (3 Marks)

QUESTION FOUR

Dot-Kom Incorporation Ltd is a newly established company in Thika town. The top management has decided to adopt steps and principles of performance management.

- (a) Explain any FOUR Key areas of concern of performance management addressed in establishing the system (8 Marks)
- (b) Advise the management on the principles it should follow to make performance management effective. (5 Marks)
- (c) Analyze the performance management process, and illustrate diagrammatically. (10 Marks)

QUESTION FIVE

- (a) Discuss the rationale for employee benefits in employee/organizational performance. (12 Marks)
- (b) Giving appropriate examples, Examine the concept of ‘Total reward’ in reward and compensation endeavors of an organization. (11 Marks)

QUESTION SIX

Soya Enterprises is a newly established company in Nairobi city. The top management has decided to adopt the balanced scorecard model.

- (a) Provide an overview of the shift from the traditional approach towards corporate performance management to the use of balanced scorecard model. (11 Marks)
- (b) Explain all the perspectives in the balanced scorecard model that the top management needs to consider and address. (12 Marks)