



## MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY

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### University Examinations 2015/2016

SECOND YEAR, FIRST SEMESTER EXAMINATION FOR THE DEGREE OF MASTER OF  
BUSINESS ADMINISTRATION (HUMAN RESOURCE MANAGEMENT OPTION)

### BFA 5242 COMPENSATION AND PERFORMANCE MANAGEMENT

DATE: NOVEMBER 2015

TIME: 3 HOURS

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INSTRUCTIONS: Answer question *one* and any other *three* questions

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#### QUESTION ONE (15 MARKS)

Mr. Kamau, an astute Marketing Assistant in a large manufacturing company was completely satisfied with his job. He put his time conscientiously and did his work thoroughly and skilfully. He was the type of manager that could be relied upon but rather easy going.

He did not like working overtime because he needed his evening and weekends to pursue his outside interests.

Mr. Kamau boss, Henry, thought highly of him, Henry knew that an opportunity to move a hard working manager into a senior management was ripe; Mr. Kamau would be an excellent person to promote into the vacancy when it occurred. When he broached the idea to Mr. Kamau, Mr. Kamau said, “That’s nice of what I am doing, I know my job and it is easy for me to do it without loosing tea, and that job in production would really cramp my style. And I don’t need extra money, so thanks but no thanks.

#### Required

- a) Discuss the factors that may have prompted Mr. Kamau to have such huge dissatisfaction of his work indicating how an astute manager can deal with such issues. (10 Marks)
- b) Elucidate the main challenges in designing compensation system. (6 Marks)
- c) As a human resource manager discuss the factors to put into perspective as you set wage and salary level. (8 Marks)

### **QUESTION TWO (12 MARKS)**

- a) Explain William Demings' Plan Do-check model which emphasize that performance management is a natural process of management (8 Marks)
- b) Discuss some of the errors/biases in performance appraisal indicating how a progressive human resource manager would strive to address these errors. (4Marks)

### **QUESTION THREE (12 MARKS)**

- a) Elucidate the incentive plans that a Human resource manager can adopt for his company indicating implications of the same on organizations performance. (8 Marks)
- b) Discuss the implications of piece-rate salary administrative on an employee's performance. (4 Marks)

### **QUESTION FOUR (12 MARKS)**

- a) The design and redesign of a grade and pay structure is often a massive undertaking." Discuss some of the guiding principles that a Human resource specialist needs to take into account in order to succeed (8 Marks)
- b) Elucidate the effect of perceived equity on salary and rewards management within an organization (4 Marks)

### **QUESTION FIVE (12 MARKS)**

- a) As a human resource manager, explain how you would strive to ensure that performance management remains a motivating process (8 Marks)
- b) Modern management requires that results of any performance appraisal should not be a surprise to the employee. Discuss (4 Marks)