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KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY
UNIVERSITY EXAMINATION, 2022/2023 ACADEMIC YEAR
THIRD YEAR, SECOND SEMESTER EXAMINATION
FOR THE DEGREE OF BACHELOR OF SCIENCE
(BUSINESS ADMINISTRATION)

Date: 3rd August, 2022
Time: 11.30am –1.30pm

KHR 307 - REWARD MANAGEMENT

INSTRUCTIONS TO CANDIDATES

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

QUESTION ONE (30 MARKS)

SALARY INEQUITIES AT KIMBA MANUFACTURING LIMITED

Kisha Young, a human resource manager and one of the founders of Kimba Company Limited, has been trying to figure out what to do with the problematic salary and wages administration situation he has in his company. Recently, Young took over as president of Kimba Manufacturing limited. Another founder and former president, Kuja Giants, had been president for 35 years. The company was family owned and was located in a small town in Meru County. It had approximately 250 employees and was the largest employer in the community. Young was a member of the family that owned Kimba, but he had never worked for the company before becoming the human resource manager. He had an MSc in human resource management and a bachelor of commerce degree, and above five years of management experience with a large manufacturing organization, where he was human resources manager before making his move to Kimba. A short time after joining Kimba, Young's started to notice that there was considerable inequity in the pay structure for salaried employees. A discussion with the human resources director led him to believe that salaried employees' pay was very much a matter of individual bargaining with the past president, Kula Giant. Hourly paid factory employees were not part of this problem because they were unionized and their wages were set through a collective bargaining agreement.

An examination of the salaried payroll showed that there were 25 employees, ranging in pay from that of the president to that of the receptionist. A closer examination showed that 14 of the salaried employees were female. Three of these were front-line factory supervisors and one was the chief human resources officer one. The other 10 were non-managers. This examination also showed that the chief human resources officer one appeared to be underpaid and that the three female supervisors were paid somewhat less than any of the male supervisors. However, there were no similar supervisory jobs in which there were both male and female job incumbents. When asked, the HR director said he thought the female supervisors did not require as much money because they had working husbands. However, he added he thought that they were paid less because they supervised less-skilled employees than did the male supervisors. Young was skeptical about the whole issue. The company from which Young had come had a good job evaluation system.

Although he was thoroughly familiar with and capable of this compensation tool, Young did not have time to make a job evaluation study at Kimba. Therefore, he decided to hire a compensation consultant from a nearby university to help him. Together, they decided that all 25 salaried jobs should be in the same job evaluation cluster, that a modified ranking method of job evaluation was to be adopted and that the job descriptions recently completed by the HR director were current, accurate, and usable in the facilitation of equitable pay structures.

Required

- a) Advise the management of Kimba on the reward guiding principles that they should adopt to avoid further inequalities as well as foster good work relationships.
(6 marks)
- b) You have been called upon by the management of Kimba Company Limited to make a presentation on the “factors affecting compensation planning.” Prepare an outline of the report putting into consideration the need for continuous improvement.
(6 marks)
- c) Explain the aims of effective reward management to the management of Kimba Company Limited.
(6 marks)
- d) Advise the management of Kimba Company Limited on the benefits of carrying out job evaluation to improve on their pay structures.
(6 marks)
- e) As a human resource manager executive, specify the advantages of embracing performance related pay as a contingency pay scheme in boosting employee productivity.
(6 marks)

QUESTION TWO (20 MARKS)

- a) Explain the dangers of a poorly implemented performance management system in the post pandemic era.
(8 marks)
- b) Examine the phases involved in the development of an effective reward strategy.
(8 marks)
- c) Specify the weaknesses of the grading method of job evaluation in a modern organization.
(4 marks).

QUESTION THREE (20 MARKS)

- a) Describe the principles of wage and salary administration in present day organizations.
(8 marks)
- b) Summarize the benefits of a total reward approach in the dynamic business environment.
(8 marks).
- c) Explain the components of an effective reward system in a modern organization.
(4 marks)

QUESTION FOUR (20 MARKS)

- a) Assess the economic theories explaining pay levels in global organizations.
(10 marks)
- b) Analyse the Towers Perrin Model of total reward applied in modern organizations.
(10 marks)

QUESTION FIVE (20 MARKS)

- a) Explain the processes involved in the management of human capital in global organizations.
(8 marks).
- b) Explain the guiding principles for grade and pay structures that guide various reward systems in modern organizations.
(8 marks)
- c) Describe the contributions of performance management systems in organizations in Kenya.
(4 marks)