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**KIRIRI WOMEN'S UNIVERSITY OF SCIENCE AND TECHNOLOGY**  
**UNIVERSITY EXAMINATION, 2024/2025 ACADEMIC YEAR**  
**SECOND YEAR, SECOND SEMESTER EXAMINATION**  
**FOR THE DIPLOMA IN HUMAN RESOURCE MANAGEMENT**  
**DHR 1111: REWARD MANAGEMENT**

Date: 5<sup>TH</sup> DECEMBER 2024  
Time: 2:30PM-4:30PM

**INSTRUCTIONS TO CANDIDATES**

**ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS**

**QUESTION ONE (30 MARKS)**

**ABC COMPANY LIMITED**

ABC Company Limited is a multinational company in the technology sector with a diverse and highly skilled workforce. The company had been facing challenges related to employee retention, motivation, and attracting top talent. To address these issues, they decided to revamp their reward management system, including reward policies and compensation plans. The Company experienced a higher-than-desired turnover rate among its top-performing employees, leading to a loss of institutional knowledge and increased recruitment costs. Employee engagement levels were lower than industry benchmarks, impacting overall productivity and job satisfaction. ABC Company Limited initiated a comprehensive review of their rewards policy and launched a job evaluation process. They shifted from a one-size-fits-all approach to a more customized strategy that considered individual and team performance. The Company adopted a "total rewards" approach, emphasizing not only financial rewards but also non-financial incentives such as career development opportunities, work-life balance, and recognition. The compensation plans were revised to ensure they remained competitive in the industry. Salary bands were adjusted to align with market standards, and bonuses were linked to individual and team performance. Clear and measurable performance metrics were introduced to provide employees with a transparent understanding of how their performance was evaluated and how it related to rewards. A structured recognition program was implemented to acknowledge outstanding performance and contributions at all levels within the organization. ABC Corporation's shift from a one-size-fits-all policy to a more tailored approach, combined with competitive compensation plans and an emphasis on non-financial rewards, helped address their employee retention and engagement challenges while aligning employee efforts with company goals. This comprehensive approach contributed to the company's overall success and competitiveness in the market.

**Required:**

- Describe the financial guiding principles ABC Company Limited should follow to avoid additional unfair practices and foster a positive work environment. (6 Marks)
- ABC Company Limited's management has requested that you present on "factors affecting compensation planning." Compile a report outline while keeping in mind the needs for on-going development. (6 Marks)
- Explain the need for a structured recognition program at ABC Company Limited. (6 Marks)
- Analyse the benefits of the job evaluation programme that ABC management used to improve pay structures. (6 Marks)

- e) As a human resource assistant, enlighten the staff of ABC Company Limited on the advantages of using performance-based pay as a contingency compensation plan to boost employee efficiency.

(6 Marks)

**QUESTION TWO (20 MARKS)**

- a) Explain the main goals of salary surveys in an organization of your choice. (8 Marks)
- b) Describe the steps that constitute the coaching process. (6 Marks)
- c) Explain how efficient performance management systems improve the performance of organizations. (6 Marks)

(6 Marks)

**QUESTION THREE (20 MARKS)**

- a) With an aid of a diagram, illustrate the steps that constitute the performance management cycle. (8 Marks)
- b) Explain the following types of job evaluation. (6 Marks)
- i. Point Factor Method. (2 Marks)
  - ii. Job Ranking Method. (2 Marks)
  - iii. Job Grading Method. (2 Marks)
- c) Examine the factors that affect salaries in organizations. (6 Marks)

(6 Marks)

**QUESTION FOUR (20 MARKS)**

- a) Explain the principles of reward management that human resource managers need to consider in order to create a motivating and productive environment. (8 Marks)
- b) Evaluate the primary objectives of providing employee benefits in organizations. (6 Marks)
- c) Organizations can uphold openness and inclusivity in their remuneration practices by implementing salary structures. In light of the aforementioned assertion, describe three different kinds of pay systems. (6 Marks)

(6 Marks)

**QUESTION FIVE (20 MARKS)**

- a) Performance-based incentives and compensation are crucial components of any organization's pay plan. Specify their primary objectives. (8 Marks)
- c) Analyze five key elements typically found in a compensation and reward policy. (6 Marks)
- d) Explain the following models of reward and compensation management that are commonly used in modern businesses. (6 Marks)
- i. Total Reward Model. (2 Marks)
  - ii. Pay-for –Performance Model. (2 Marks)
  - iii. Market Pricing Model. (2 Marks)