



Kasarani Campus
Off Thika Road
Tel. 2042692 / 3
P. O. Box 49274, 00100
NAIROBI
Westlands Campus
Pamstech House
Woodvale Grove
Tel. 4442212
Fax: 4444175

KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY
UNIVERSITY EXAMINATION, 2023/2024 ACADEMIC YEAR
THIRD YEAR, SECOND SEMESTER EXAMINATION
FOR THE DEGREE OF BACHELOR OF SCIENCE
(BUSINESS ADMINISTRATION)

Date: 20th April, 2023

KHR 305 - PERSONNEL ADMINISTRATION

INSTRUCTIONS TO CANDIDATES

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

QUESTION ONE (30 MARKS)

THE REVISED NSSF DEDUCTION

Kenyan workers will see a reduction of up to Ksh880 from their monthly net pay after employers start implementing revised deductions to the National Social Security Fund (NSSF) this month. An analysis by the Business Daily of how the new payrolls will look shows that employees earning between KSh18,000 and KSh25,000 will see the largest change in total take home after yielding Ksh880 a month. This is after NSSF deductions to employees in the band rise to the KSh1,080 upper limit with effect from the end of February from the current Sh200 with pay-as-you-earn (PAYE) taxes swallowing up gains from a lower taxable pay after the higher deduction.

Kenyans earning KSh18,000 a month will, for instance, see their new taxable pay fall to Sh16,920 after the KSh1,080 NSSF deduction. The take-home nevertheless slides to KSh17,010 from KSh17,890 previously after PAYE and relief surcharges remain unchanged at KSh90 — PAYE KSh2,400, personal relief KSh2,400 and credit of KSh90 as insurance relief from National Health Insurance Fund contributions.

The full implementation of the NSSF Act 2013 nevertheless remains uncertain after the County Pensioners Association appealed to the Supreme Court last week challenging the Court of Appeal's decision that allowed the government to increase monthly contributions to NSSF. The group wants the government to be stopped from enhancing the monthly NSSF contributions pending the hearing and determination of the petition.

The Federation of Kenyan Employers has urged employers to comply with the new NSSF deductions even as the lobby expresses reservations on the effective implementation date for the new rates. Other concerns expressed by the lobby include whether the new rates apply to basic or gross pay with the NSSF yet to explicitly disclose where the deductions are effected.

Adopted from: <https://www.businessdailyafrica.com/>

Required

- a) One employee in your organization has been listening to the ongoing discussion on new NSSF rates in Kenya. She is unable to distinguish between taxes and National social Security Fund (NSSF) charges. Explain to her who is eligible for NSSF benefit and the process of getting the funds. (6 marks)
- b) Explain deductions that may be available against gains or profits from employment. (6 marks)
- c) The Federation of Kenyan Employers has urged employers to comply with the new NSSF deductions. Describe the benefits of complying with the labour regulations (6 marks)
- d) The government of Kenya has directed that the implementation of this deduction must take effect in the February payroll. Explain how use of technology will be beneficial to human Resource Professional in honouring this directive (6 marks)
- e) Explain how changes in the government laws such as the Act mentioned above can affect the reward policy of an organization (6 marks)

QUESTION TWO (20 MARKS)

- a) Analyse the rules relating to payment of Income tax under the Pay As You earn rules. (10 marks)
- b) The office policies and procedures manual must be effective and well structured. Explain the factors that you will consider when preparing a manual document. (10 marks)

QUESTION THREE (20 MARKS)

- a) The National Hospital Insurance Fund (NHIF) is the primary provider of health insurance in Kenya, with a mandate to enable all Kenyans to access quality and affordable health services. Evaluate the benefits prescribed under NHIF package (10 marks)
- b) Discuss the emerging issues and trends in Human Resource Administration (10 marks)

QUESTION FOUR (20 MARKS)

- a) Mr. Hesabu recently got a promotion and he got a salary increment as well. He is currently earning a gross salary of ksh. 160,000. His Pension Contribution is ksh. 6000. He has a monthly tax relief of Ksh. 2400. Calculate his monthly income tax (10 marks)
- b) The Human resource manager at Kwavonza Limited is in the process of developing the company policy on the management of employee diversity. Explain the criteria that the policy developed should meet to be effective (10 marks)

QUESTION FIVE (20 MARKS)

- a) XYZ Limited a large manufacturing organization intends to centralise its office record keeping system. Explain the challenges that it may encounter in accomplishing this task. (10 marks)
- b) Global Bank Limited plans to introduce a new Human resource management information system (HRMIS). Evaluate the challenges the organization may encounter in carrying out the task (10 marks)