



(The University of Choice)

**MASINDE MULIRO UNIVERSITY OF
SCIENCE AND TECHNOLOGY
(MMUST)**

MAIN CAMPUS

UNIVERSITY EXAMINATIONS

2022/2023 ACADEMIC YEAR

FIRST YEAR SECOND SEMESTER EXAMINATIONS

FOR THE MASTER OF SCIENCE IN HUMAN RESOURCE
MANAGEMENT

COURSE CODE: HRM 807

COURSE TITLE: PERFORMANCE MANAGEMENT

DATE: WEDNESDAY, 19TH APRIL 2023 TIME: 2:00 – 5:00PM

INSTRUCTIONS TO CANDIDATES

- Answer Question ONE (compulsory) and any other THREE questions.
- Do not write anything on the question paper.

This paper consists of 4 printed pages. Please Turn Over

Question One

Read the case study below and answer questions that follow:-

NAIROBI ENTERPRISES COMPANY LIMITED

Nairobi Enterprises was founded in the year 2012 by a group of Master of Science in Human Resource Management graduates. The mission statement of the company reads "To provide the best quality human resource management consultancy services to all our clients, with speed and lower cost to satisfy both internal and external customers".

Since its inception, the company's performance has been encouraging considering the rate at which the number of customers has increased. The company's Managing Director, Mr Nuru, observed that this was achieved due to the commitment of the founders of the organization, who form the management team. Mr. Njogu, the Human Resource Manager, attributed this encouraging performance to the commitment of the employees as a result being competitively remunerated.

Nairobi Enterprises Company Ltd started with only 12 employees who have now grown to 156 distributed in its 20 branches country wide.

The company's Managing Director had implemented a culture of employee commitment and team spirit in the entire organization at the initial stages of inception. To ensure that this is maintained, Mr. Nuru called a meeting of the management team in 2004. The meeting's main agenda was rewarding employees for maximum utilization. The meeting addressed the reward management issues that the organization needed to implement in order to motivate employees. The issues deliberated at the time included: performance management, contingency pay, rewarding special groups, reward policy, employee benefits and salary administration.

It was agreed in the meeting that the organization would embrace performance management which should be integrated into the way organization was managed. They agreed that this should be linked with other processes such as business strategy, employee development and total quality management. The HR Manager was requested to observe the principles of performance management in implementing the strategy. The meeting agreed to institutionalize performance contracting for all employees in the company. Mr. Njogu consented to this but asked the management team to assist in formulating guidelines that define performance measures. It was also agreed that the HR Manager should help identify a consultant who would advise the organization on the best approaches to job evaluation for the unionizable employees at Nairobi Enterprises Company Ltd.

On contingent pay, the meeting resolved to develop payment schemes related to individual performance, contribution and competence. The HR Manager and the Finance Manager were assigned the task of ensuring that a plan illustrating how this may be implemented is presented to the management team within a month from the date of the meeting. Mr. Njogu requested that they be allowed to consult performance related pay expert in order to ensure

that they develop a successful plan. The meeting gave them mandate to consult as widely as possible.

The meeting also made recommendations to the HR Manager to reward the management team appropriately and with reference to their contribution. A remuneration committee was formed to address this issue.

On the reward policy, the meeting resolved that this should be reviewed on a regular basis to accommodate organizational changes and market rates of pay. It was agreed in the meeting that all the stakeholders of the company should be involved in formulating the reward policy and that the factors affecting employee satisfaction in relation to the rewards system s should be put into consideration. Mr. Nuru, on his part, informed the team that the reward system to be developed should fit the existing culture of company, while the Finance Manager insisted that the reward policies should also be compatible with the financial capacity of the organization.

The HR Manager, Mr. Njogu, informed the meeting on the need to increase the employee benefits in order to provide an attractive and competitive total remuneration package which both attracts and retains high quality employees. He added that the company's business is highly personalized and service oriented and this requires committed employees. The meeting resolved to increase the benefits such as financial assistance, company cars and other tangible ones upon evaluating the financial position of the organization.

With reference to the salary administration, the meeting agreed that wages should be paid directly to the accounts of all the employees through electronic funds transfer (EFTs). It was agreed that all employees should receive their salaries by 28th of every month. A plan of action to implement the strategies agreed upon in the meeting was developed.

The implementation of these strategies has made the company grow from strength to strength. Nairobi Enterprises today holds 40 per cent market share in offering human resource consultancy services in the country.

- (a) Analyze the principles of performance management that Mr. Njogu was requested by the management of Nairobi Enterprises Company Ltd to observe. (10 marks)
- (b) The company is in the process of measuring performance in achieving objectives. Explain the performance measures that may be used to achieve her objectives. (10 marks)
- (c) Explain the rules of conducting performance review meeting that may be applied by the company. (10 marks)
- (d) Explain five reasons why Nairobi Enterprises management laid more emphasis on **improving the reward management strategies of the company.** (10 marks)

Question Two

- (a) Mr. Jabali has been appointed as a Human Resource Manager of Kelemba Limited. His first assignment is to deal with performance of staff in the organization. Explain the objectives of performance management (10 marks).
- (b) Explain the underpinning theories of performance management (10 marks).

Question Three

- (a) You have been invited by a multinational firm to review its performance. Explain the rules you may apply during the exercise (10 marks).
- (b) There are certain special characteristics that will make performance management more effective and qualitative in achievement of organizational goals. Discuss such special characteristics (10 marks).

Question Four

- (a) Explain the dangers of poorly implemented performance management (10 marks)
- (b) Explain the methods used in achieving consistency in performance review (10 marks)

Question Five

- (a) Explain the impact of performance contracting in Kenya. What are the challenges facing the implementation of performance contracts (20 marks)
- (b) You intend to use 360 degree feedback. Explain the benefits you would achieve in developing and implementing such appraisal tool (10 marks).