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(The *University of Choice*)

MASINDE MULIRO UNIVERSITY OF SCIENCE AND TECHNOLOGY

(MMUST)

MAIN

UNIVERSITY EXAMINATIONS

2023/2024 ACADEMIC YEAR

FIRST YEAR SECOND SEMESTER MAIN EXAMINATIONS

FOR THE DEGREE

OF

MASTER OF SCIENCE IN HUMAN RESOURCE MANAGEMENT

COURSE CODE: HRM 821/804

COURSE TITLE: REWARD MANAGEMENT

DATE: WEDNESDAY 24TH APRIL 2024 TIME: 2.00- 5.00 PM

INSTRUCTIONS TO CANDIDATES

- Attempt question ONE and any other THREE questions

TIME: 3 Hours

MMUST observes ZERO tolerance to examination cheating

This Paper Consists of 4 Printed Pages. Please Turn Over.

Question One

Read the case below and answer the questions that follow)

KARI KAMILI SECURITY LIMITED

Kari Security Limited is a limited liability security company in Kenya established in 1986. The company has its registered office in Bahari Street, Mombasa City. The company provides security services such as guarding, mailing, cash in transit, investigations and consultancy on security risks.

The company is headed by a Managing Director who oversees all the operations of the company through Regional Managers. Occasionally, he bypasses the Regional Managers to attend to critical issues such as those which would involve large compensation claims arising from a lapse in their security arrangements.

The management prefers recruiting officers who are already trained and are ready to take up an assignment. The company's budget contains only a token allocation for training the staff. The company also prefers fresh recruitment while filling vacancies for emerging challenging positions, hence since the company's inception, there have been five Managing Directors and none had occupied the post through succession.

The remuneration packages in the company are skewed to favor top management with disregard to lower cadre of staff particularly the security guards and the supervisors. On the whole, however, the company does not have a competitive package for its staff. This has further been compounded by the high supply of unskilled labour within the Coast Region and the depressed business operations as a result of poor economic performance in the country.

Employees in the company have been made to understand that salary information is confidential and warned that any employee found to disclosing or discussing salary matters will be disciplined. The management has enforced this rule by ensuring that salaries are confidentially processed and paid to employees. However, in the year 2002, another security company offering the same services as those of Kari Kamili Security limited was set up in Mombasa City. This newcomer does not ascribe to the policy of salary confidentiality and on many occasions, employees share salary information openly and without fear in staff portals. The possible association of employees from the two competing security companies, and especially to share matters relating to pay is setting a worrying trend to the management of Kari Kamili Security Limited.

A human resource audit carried out in 2003 in Kari Kamili Security Ltd has revealed that several supervisors, notwithstanding many security guards have resigned citing pay as the major cause. Those interviewed said they were looking forward to finding "greener pastures" in the industry. There has also arisen numerous complaints among the guards in the Kari Kamili Security Limited pay inequalities. There are allegations that pay does not discriminate between good performers and poor performers. They also assert that some guarding assignments, investigation tracking, and guarding Director's premises.

The interaction of employees of the two competing companies during informal forums seems to continue. As a result of such interactions, the employees of Kari Kamili Security Ltd are aware of some components of pay entitled to them, which the employees of the other company are getting, which their company does not provide. In this category are payments for transport, shift work, and hardship allowances. Employees of Kari Kamili Security Ltd are now in the process of drafting an anonymous letter to the management concerning their pay and benefits.

The Managing Director of Kari Kamili Security Ltd as a matter of routine has continued to hold monthly review meeting s with the Regional Managers at the company boardroom. The management of the new competing company are in the process of expanding their business to increase their market share. It has recently embarked on an ambitious recruitment campaign to fill its positions with qualified staff. Their job advertisements carry very attractive pay packages for the respective posits advertised. The advertisements also carry a statement that ''we are an equal opportunity employer'' and also '' we endeavor to comply with all labour legislations''. The Director of Kari Kamili Security Ltd, in complete ignorance of the developments held the last monthly meeting. He was surprised thus when the Regional Manager for Kibarani opened up during the meeting and claimed that he had so far not understood the details of his pay package.

Immediately, the director reminded him of the confidentiality of salaries and advised him to see him in his office for clarification. No sooner had the Director ended his advise than other two managers simultaneously interjected by saying 'Since all present are managers, there is nothing wrong in discussing salary packages''. Once again with finality, the managing Director reminded them of the confidentiality of pay packages and immediately rose up and declared the meeting closed. He further advised them that since it was the last day of the month, the salaries had been credited in their accounts in their respective banks.

The following day being the beginning of the preceding month, there was an established procedure that each Regional Manager calls and gives the end of month report. Out of the six managers, only two managers had called by 2.00pm. The Director was upset by such laxity and breach of established procedure in security reporting arrangements. Upon calling the remaining regional offices, he learned that the managers had not reported to duty that day. He immediately called the respective banks in bid to stop the managers from collecting their salaries for the previous month. He, however, learned from the banks that such salaries had already been collected. Reports received in the Director's office that day showed that the four Regional managers who did not report on duty that morning had taken up new appointments with the new company with effect from 1st day of that month. The other surprise, which broke the camel's back was rising number of telephone calls from the clients to terminate their contracts with the Kari Kamili Security Ltd.

(a) In an effort to curb the rising staff turnover, the company has engaged you as a Human Resource consultant to assist in formulating a pay policy. Explain the various aspects that the policy should cover. (12 marks)

(b) The management of Kari Kamili Security Ltd has decided to establish a competitive pay package for its employees.
Explain the methods it should use to collect the information on pay (8 marks)

(c) Discuss the implications of pay confidentiality that the policy that the company has been operating. (20 marks)

Question Two

(a) Kakamega Company Limited has embraced the pay for performance system in rewarding its employees. Explain the pre conditions that are necessary for the successful implementation of the of the system (10 marks)

(b) Pan Paper Ltd, a medium scale paper industry has been experiencing the problem of disharmony among its employees. Sirma, a Human Resource Management Professional has recommended the adoption of team- based incentive scheme strategy. Evaluate the advantages and limitations of the professor's strategy proposal (10 marks)

Question Three

(a) Jokawa limited which was started ten years ago as a small management consultancy organization, currently employs a large number of professionals in different areas of management. The firm is now considering selecting an appropriate pay structure for its employees. Explain the factors that the firm should consider in selecting the structure (10 marks)

(b) The management of keno Enterprises limited has in the recent past experienced a rise in employee grievances related to the manner in which their salaries have been reviewed. Explain the measures that should be taken in order to correct the situation (10 marks)

Question Four

(a) Explain the factors to be considered in identifying the worthiness of a job (10 marks)

(b) You have been assigned responsibility to appraise staff in your organization. Explain the bottlenecks that you may incur as you discharge your duties. (10 marks).

Question Five

(a) You have been appointed as a Human Resource Manager of an upcoming multinational company. One of your duties is come up with a reward policy. Explain the contents that you are to include in such document (10 marks).

(b) Explain the procedure of conducting Management by Objective as a method of performance appraisal (10 marks)