



GRETSA UNIVERSITY - THIKA

UNIVERSITY EXAMINATIONS JANUARY – APRIL 2019 SEMESTER

CERTIFICATE IN HUMAN RESOURCE MANAGEMENT

COURSE CODE: CIHR 004

COURSE TITLE: FOUNDATIONS OF REWARD MANAGEMENT

DATE: 10 APRIL 2019

TIME: 11.30 AM – 1.30 AM

INSTRUCTIONS TO CANDIDATES

1. SECTION A IS **COMPULSORY**.
2. SECTION B: ANSWER ANY OTHER **THREE** QUESTIONS.
3. **DO NOT** WRITE ANYTHING ON THIS QUESTION PAPER AS IT WILL BE AN EXAM IRREGULARITY.
4. ALL ROUGH WORK SHOULD BE AT THE BACK OF YOUR ANSWER BOOKLET AND CROSSED OUT.

CAUTION: All exam rooms are under CCTV surveillance during the examination period.

SECTION A: COMPULSORY

Question One

Reward management is concerned with

the formulation and implementation of strategies and policies that aim to reward people fairly, equitably and consistently in accordance with their value to the organization. The most important asset to any company is its people. Keeping your employees happy in the workplace can make your company a stronger, unwavering force within your industry. If we look at what companies ranked in “Fortune’s annual 100 Best Companies to Work For List” are doing to retain their employees and found several fantastic ideas. While some of these examples are a little extreme and might not fit into a company’s budget, it is good to be inspired and remember that every individual wants to be recognized for their good work.

- a) (i) What is a reward? **[4 marks]**
- (ii) Explain some **five** incentives that a company can undertake to reward their employees so as to retain them **[10 marks]**
- (iii) Explain the measures that a firm would use to manage a reward system **[6 marks]**
- (iv) Explain the factors that determine the type of rewards to be awarded employees. **[6 marks]**
- b) Job evaluation is an important tool whose aim can be to determine the type of reward to award the employees.
- (i) what is job evaluation? **[4 marks]**
- (ii) how does job evaluation helps in reward management **[6 marks]**
- (iii) how is job evaluation related to performance appraisal? **[6 marks]**

SECTION B: ANSWER ANY THREE QUESTIONS

Question Two

If an employer is said to have a high turnover rate relative to its competitors, it means that employees of that company have a shorter average tenure than those of other companies in the same industry. High turnover may be harmful to a company's productivity if skilled workers are often leaving and the worker population contains a high percentage of novices. Companies will often track turnover internally across departments, divisions, or other demographic groups, such as turnover of women versus men.

Required,

- a) Explain the term ‘employees turnover’ **[4 marks]**

- b) Explain the various types of **turnover** [8 marks]
- c) (i) Explain two main reasons a firm would have a high employee turnover. [4 marks]
(ii) what recommendations would you give to prevent the problems in c(i) above. [4 marks]

Question Three

Reward System is an” integration of the sources and the course of actions that inform the selection of a mix of rewards aimed at facilitating the attraction and retention of employees, and to encourage employees’ effort, cooperation as well as willingness to learn new skills and to adapt to change” (Torrington et al (2009) cited (Cowling and Mailer, 1998). In a simple word Armstrong (2010) defines reward system as “the interrelated processes and practices that combine to ensure that reward management is carried out effectively to the benefit of the organisation and the people who work there”. This indicates that the reward strategy adapted by any organisation must fit into the Human Resources and business strategies of the organisation.

“Reward strategies direct the development and operation of reward practices and processes and also form the **reward policies**, which in turn affect reward practices, processes and procedures” (Armstrong 2010 p28).

- a) Explain the term ‘Reward policy’ [3 marks]
- b) Explain the various types of rewards [12 marks]
- c) Explain the factors that determine the form/type of reward [5 marks]

Question Four

A famous content theory would be Maslow's Hierarchy of Needs, and a famous process theory would be the equity theory.

Theories of motivation provide a theoretical basis for reward management though some of the best known ones have emerged from the psychology discipline. Perhaps the first and best known of these comes from the work of Abraham Maslow. Maslow's Hierarchy of Needs describes a pyramid comprising a series of layers from at the base the most fundamental physiological needs to the highest human fulfilment of self actualisation.

Required ,

- a) Explain the components of Maslow's Hierarchy of needs [15 marks]
- b) What relation does reward management have with this hierarchy of needs. [5 marks]

Question Five

“Small and mid-sized businesses that lose top performers incur the costs of hiring and training new employees, but they face an even greater risk: damaging relationships with existing customers and eroding the morale of other employees. Proof of this is that the companies that are the most profitable usually have the highest employee retention.”

A study the Ron Volper Group conducted, in 2011, across a range of industries, confirmed that the number one reason for "unforced turnover" is employee dissatisfaction with their compensation. Moreover, 80 percent of employees who voluntarily left their company took a higher paying position with another company.

Required,

- a) Explain five compensation plan to retain and motivate employees and up your sales in a down market. **[10 marks]**
- b) Explain five advantages of a good reward system in an Organisation **[10 marks]**