MACHAKOS UNIVERSITY

University Examinations for 2016/2017 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARMENT OF BUSINESS ADMINISTRATION

THIRD YEAR FIRST SEMESTER EXAMINATION FOR BACHELOR OF COMMERCE (HUMAN RESOURCE MANAGEMENT)

BBA 322: WORK AND REWARD MANAGEMENT

DATE: 4/8/2017 **TIME: 8:30 – 10:30 AM**

INSTRUCTIONS
Answer question ONE and any other TWO questions

a) Salary inequities at Acme Manufacturing

Joe Black was trying to figure out what to do about a problem salary situation he had in his plant. Black recently took over as president of Acme Manufacturing. The founder and former president, Bill George, had been president for 35 years. The company was family owned and located in a small eastern Arkansas town. It had approximately 250 employees and was the largest employer in the community. Black was the member of the family that owned Acme, but he had never worked for the company prior to becoming the president. He had an MBA and a law degree, plus five years of management experience with a large manufacturing organization, where he was senior vice president for human resources before making his move to Acme.

A short time after joining Acme, Black started to notice that there was considerable inequity in the pay structure for salaried employees. A discussion with the human resources director led him to believe that salaried employees pay was very much a matter of individual bargaining with the past president. Hourly paid factory employees were not part of this problem because they were unionized and their wages were set by collective bargaining. An examination of the salaried payroll showed that there were 25 employees, ranging in pay from that of the president to that of the receptionist. A closer examination showed that 14 of the salaried employees were female. Three of these were front-line factory supervisors and one was the human resources director. The other 10 were non-management.

This examination also showed that the human resources director appeared to be underpaid, and that the three female supervisors were paid somewhat less than any of the male supervisors. However, there were no similar supervisory jobs in which there were both male and female job incumbents. When asked, the Hr director said she thought the female supervisors may have been paid at a lower rate mainly because they were women, and perhaps George, the former president, did not think that women needed as much money because they had working husbands. However, she added she personally thought that they were paid less because they supervised less-skilled employees than did the male supervisors. Black was not sure that this was true.

The company from which Black had moved had a good job evaluation system. Although he was thoroughly familiar with and capable in this compensation tool, Black did not have time to make a job evaluation study at Acme. Therefore, he decided to hire a compensation consultant from a nearby university to help him. Together, they decided that all 25 salaried jobs should be in the same job evaluation cluster, that a modified ranking method of job evaluation should be used, and that the job descriptions recently completed by the HR director were current, accurate, and usable in the study.

The job evaluation showed that the HR director and the three female supervisors were being underpaid relative to comparable male salaried employees.
Black was not sure what to do. He knew that if the underpaid female supervisors took the case to the local EEOC office, the company could be found guilty of sex discrimination and then have to pay considerable back wages. He was afraid that if he gave these women an immediate salary increase large enough to bring them up to where they should be, the male supervisors would be upset and the female supervisors might comprehend the total situation and want back pay. The HR director told Black that the female supervisors had never complained about pay differences.

The HR director agreed to take a sizable salary increase with no back pay, so this part of the problem was solved. Black believed he had four choices relative to the female supervisors:

1. To do nothing.
2. To gradually increase the female supervisors salaries.
3. To increase their salaries immediately.
4. To call the three supervisors into his office, discuss the situation with them, and jointly
5. Decide what to do.

Questions

a) What would you do if you were Black? Justify your suggestion. (5 marks)

b) How do you think the company got into a situation like this in the first place? (3 marks)

c) Advise the management of on the **two** major methods that they could adopt for paying labour remunerations outlining **four** advantages and **four** disadvantages of each(10 marks)

d) Explain any **four** objectives of wage and salary administration in organizations. (6 marks)

e) The concept of total reward has emerged quite recently and is exerting considerable influence on reward management.

i. What is meant by total rewards (1 mark)

ii. Outline **four** benefits of total rewards (2 marks)

iii. State any **three** transactional and **three** relational rewards that an employee may get in an organization (3 marks)

QUESTION TWO (20 MARKS)

As a human resource consultant you have been invited to help a newly established organization to develop a reward policy and an incentive plan

a) Briefly explain to them any **ten** compensable factors that they should consider when developing the policy (10 marks)

b) Advise them on

i Any **five** benefits of administering incentives (5 marks)

ii Any **five** aspects that should be addressed in the organizations incentive plan (5 marks)

QUESTION THREE (20 MARKS)

a) Discuss **four** internal and **four** external factors that influence wage rates in organizations. (8 marks)

b) Analyze **two** analytical and **two** non-analytical techniques of job evaluation highlighting **two** advantages and **two** merits and two demerits of each. (12 marks)

QUESTION FOUR (20 MARKS)

Job analysis is a perquisite to job evaluation which is the basis of establishing organizational pay structures. In view of this statement

a) Outline any other **four** uses of job analysis information (4 marks)

b) Discuss the process of job analysis (8 marks)

c) Explain any **four** types of pay structures that you know (8 marks)

QUESTION FIVE (20 MARKS)

a) Analyse any **five** aims of reward management. (6 marks)

b) Discuss **six** components of a remuneration package (9 marks)

c) The management of a newly established company seeks your advice of the factors that they should consider when establishing the chief executives compensation. Explain to them **four** such factors. (5 marks)