



# MACHAKOS UNIVERSITY

University Examinations for 2019/2020 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS ADMINISTRATION

THIRD YEAR FIRST SEMESTER EXAMINATION FOR

BACHELOR OF COMMERCE

BBA 322 WORK AND REWARD

DATE: 6/12/2019

TIME: 8.30-10.30 AM

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## INSTRUCTIONS:

Answer Question ONE and any other TWO Questions.

Read the case study and answer the questions that follow

### CASE; DETERMINING PAY RAISE

The Scientific Equipment Manufacturing Company in a small manufacturing unit located in Peenya, Bangalore. The company is non-unionized and manufactures analytical equipment for hospital laboratories.

Approximately one year ago, the manager of the component Assembly Department established three production goals for the department. The goals were: (1) reduce raw material storage costs by 10 per cent (2) reduce variable labour costs (i.e overtime) by 12 per cent; and (3) decrease the number of quality rejects by 15 per cent. The manager told the six unit supervisors that the degree to which each supervisor met or exceeded these goals would be one of the major inputs for their merit-pay increases for the year. In previous years, merit increases were based on seniority and an informal evaluation by the department manager.

The six supervisors worked on separate but similar production lines. A profile of each supervisor is as follows;

Amitha Age 28, single: three years with the company after receiving her degree from the. Bangalore University. Has a job offer from another company for a similar job that provides a substantial pay increase over her present salary. The scientific Equipment does not want to lose Amitha because her overall performance has been excellent.

**Shindhe** Aged 32, married with four children; three years with the company, high school education. One of the most stable and steady supervisors. However, he supervises a group of workers who are known to be unfriendly and uncooperative with him and other employees

**Anandan** Aged 34, married with four children; high school equivalent learning; one year with the company. Came to Karnataka six years ago from Tamil Nadu. A steady worker, well-liked by his co-workers, but has difficulty in learning the local language. He has, therefore, problems of communication within his group and with others.

**Hemalatha** Aged 29, divorcee with three children; two years with the company; high school education. Since her divorce one year ago, her performance has begun to improve. Prior to that, her performance was very erratic, with frequent absences. She is the sole support for her three children.

**Eshwar Murthy** Aged 27, single; two years with the company, college graduate one of the best-liked employees at Scientific Equipment. However, he has shown a lack of initiative and ambition on the job. Appears to be preoccupied with his social life, particularly around his recently purchased house.

**Cherian** Aged 24, married with no children, one year with the company after graduating from a local college. First-time job since graduation from college. He is liked by all employees and has exhibited high level of enthusiasm for his work.

The supervisors presented a summary of the performance of the candidate during the past year. The data included the current annual salary, the performance level on the three goals, and an overall evaluation by the departmental manager.

### **QUESTION ONE (30 MARKS)**

- a) Explain SEVEN errors that the supervisors are likely to commit in an effort to Appraise the employees (7 marks)
- b) Discuss FOUR methods that can aid in proper job evaluation in order to establish a proper grading system. (8 marks)
- c) Discuss FIVE internal and external factors likely to influence the pay raise system in the Scientific Equipment Manufacture. (10 marks)
- d) Explain FIVE measures that an Organization can explore in order to ensure that they retain the most competent employees (5 marks)

### **QUESTION TWO (20 MARKS)**

- a) Describe using a well labelled diagram the components of employee remuneration (10 marks)
- b) Discuss the benefits and limitations of incentive payments for an Organization (10 marks)

**QUESTION THREE (20 MARKS)**

- a) Discuss FIVE ethical and social issues connected with executive remuneration (10 marks)
- b) Discuss FIVE important principles that will guide in proper promotion of employees in an organization. (10 marks)

**QUESTION FOUR (20 MARKS)**

- a) Explain the causes of unequitable employee pay system and the various ways that can be explored to manage the situation. (10 marks)
- b) Job design integrates work content, the reward, qualifications required for each job in a way that meets the needs of the employee and the organization. Discuss FIVE techniques used to design jobs in an organization. (10 marks)

**QUESTION FIVE (20 MARKS)**

- a) Describe the process that must be followed in the administration of fringe benefits (10 marks)
- b) Discuss the challenges that may be faced by an Organization due to high employee turnover. (10marks)