



**UNDERGRADUATE UNIVERSITY EXAMINATIONS**

**SCHOOL OF MANAGEMENT AND LEADERSHIP**

**DEGREE OF BACHELOR OF MANAGEMENT AND LEADERSHIP**

**HRM 323: REWARD MANAGEMENT**

**DATE: 13<sup>TH</sup> APRIL 2026**

**DURATION: 2 HOURS**

**MAXIMUM MARKS: 70**

**INSTRUCTIONS:**

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **SIX (6)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **THREE** questions.
6. Question **ONE** carries **25 MARKS** and the rest carry **15 MARKS** each.
7. **Write all your answers in the Examination answer booklet provided.**

## QUESTION ONE

Read the case study below carefully and answer the questions that follow.

### UFANISI MAKERS LTD

Ufanisi Makers Ltd. is a mid-sized manufacturing company in Kenya that has been in operation for 25 years. It has a reputation for quality products but is facing significant internal challenges. Employee turnover in the last two years has increased by 30%, particularly among skilled technicians and junior managers. The company has always used a seniority-based payment system, where pay increases are determined by an employee's length of service rather than their performance. The only benefits offered are those mandated by law, such as NSSF contributions and WIBA coverage.

An anonymous employee engagement survey recently revealed widespread dissatisfaction. Key complaints included a perception that pay is not competitive with the market, a feeling of inequity, as high-performing new employees earn less than long-serving but less productive colleagues, and lack of motivation to innovate or improve efficiency because there are no rewards for doing so.

The CEO has set a new strategic objective to increase production efficiency by 20% within the next 18 months. To achieve this, she has hired a new HR Manager, Jane, and tasked her with a complete overhaul of the company's reward system. Jane has noted that the line managers feel powerless, as they have no input in the reward decisions for their teams. Furthermore, with plans to expand and create new specialized roles, the company has no formal process for determining the relative worth of different jobs.

Jane must present a proposal to the board outlining how a new approach to reward management can solve the company's current problems and drive its strategic goals.

#### **Required:**

- a) As the new HR Manager, Jane, propose a new reward strategy for Ufanisi Makers Ltd. Your proposal should outline two primary objectives of your new

reward system and explain how they will address the issues of high turnover and low motivation. **(10 marks)**

b) To address the perception of unfairness and create a rational pay system, recommend one suitable job evaluation method for Ufanisi Makers Ltd. Justify your choice and briefly explain how this method will help establish an equitable grade and pay structure. **(10 marks)**

c) Recommend one specific incentive plan Jane could introduce to empower line managers and directly link employee efforts to the company's goal of increasing production efficiency. **(5 marks)**

## QUESTION TWO

a) A global technology firm is experiencing difficulties in aligning the performance of its diverse, international teams with its strategic objectives. Critically analyze how two different theories related to Reward Management could be applied to design a cohesive reward strategy that motivates employees and drives organizational goals across different cultural contexts. **(10 marks)**

b) Evaluate the statement: "Total rewards, encompassing both financial and non-financial elements, are more crucial for long-term employee engagement than a high salary alone." In your answer, discuss the role of reward management and the different types of rewards an organization can use to achieve its objectives. **(5 marks)**

## QUESTION THREE

a) A healthcare organization aims to reduce staff burnout and improve retention. Design a comprehensive employee benefits package and propose one specific incentive plan tailored to this goal. Justify your choices by explaining the role of employee incentives and benefits in fostering a positive work environment. **(10 marks)**

b) Compare and contrast a gain sharing incentive plan with a profit-sharing incentive plan. Evaluate the suitability of each plan for a manufacturing

company focused on improving operational efficiency versus a creative advertising agency focused on innovation. **(5 marks)**

#### QUESTION FOUR

- a) You are tasked with designing a new grade and pay structure for a university that employs academic staff, administrative staff, and grounds crew. Assess the principles of wage and salary administration and you would adhere to and discuss three key factors affecting salary and wage administration that you would need to consider. **(10 marks)**
- b) Evaluate how different payment systems can either strengthen or weaken the link between pay and performance. Use examples of at least two different systems (e.g., piece-rate system vs. team-based bonuses) to support your evaluation. **(5 marks)**

#### QUESTION FIVE

- a) A fast-growing e-commerce company has never had a formal job evaluation system, leading to perceived pay inequalities. Recommend and justify one quantitative and one non-quantitative method of job evaluation that would be suitable for this company. Outline the procedure for implementing your recommended quantitative method. **(10 marks)**
- b) A medium-sized enterprise is setting up operations and needs to design its compensation policy. Advise the management on how The Employment Act, the National Social Security Fund (NSSF) Act, and the Work Injury Benefits Act (WIBA) will fundamentally shape their wage and salary administration practices and benefits offerings. **(5 marks)**

#### QUESTION SIX

- a) Analyze the increasing role of line managers in reward management. Discuss two ways in which the use of ICT in reward management can empower these managers to make more effective decisions regarding their team's compensation while also posing new challenges for consistency and fairness. **(10 marks)**
- b) Critically evaluate the ethical issues in executive compensation. Propose a set of three principles that a company's remuneration committee should adopt to ensure executive pay is justifiable to shareholders, employees, and the public. **(5 marks)**