



**KARATINA UNIVERSITY**  
**UNIVERSITY EXAMINATIONS**  
**FOURTH YEAR, FIRST SEMESTER EXAMINATION**  
**2023/2024 ACADEMIC YEAR**

**FOR THE DEGREE OF:**  
**BACHELORS OF HUMAN RESOURCE MANAGEMENT**

**COURSE CODE: BHR 418**

**COURSE TITLE: COMPENSATION AND REWARD MANAGEMENT**

**DATE: 20/12/2023**

**TIME: 11.00AM – 1.00PM**

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**INSTRUCTION TO CANDIDATES**

**SEE INSIDE**

**Instructions: Answer Question one and any other three questions**

**QUESTION ONE**

**CHRIS KOVALIK, CEO, RUSHDOWN REVOLT,  
A VIDEO-GAME MAKER IN NEW YORK CITY**

We started as 12 part-timers, mostly people who were giving me their moonlight hours. That's not a lot different from now, except now we have 75 people. The magic of what we do is that we don't recruit anybody. We're just a magnet. We let people come to us.

When it comes to compensation, some say they wanted to volunteer, that they weren't expecting compensation. But we never, ever allow people to volunteer their time for us. So we say our company minimum wage is \$15 an hour, and if you insist, we can pay you that per hour.

But generally people come to us with an expectation of compensation because they see that we're making money. When compensation came up, we'd say, "I don't know what your skill set is. I've never hired you before. How much do you think you're worth, and how much do you need?"

If every hour we're compensating them for the amount of money they want and need, if someone is part-time and only giving me 10 hours a week, I'd argue that they're giving me their best 10 hours. Because they're getting paid what they want and doing things that they want to be attached to and be part of.

There's no pattern to the compensation requests. If their number is too low, we'll say, "Are you sure? Are you just giving me a low-ball number I'll say yes to?" If it's high, I don't talk them down, but I ask them to justify it, and if the justification isn't adequate, what I say is, "How long do you think you'll need to prove that justification? Two to three weeks? Then let's pay you two-third to three-quarters of what you asked, and if you prove it, we'll go up to whatever you said."

- a. "The magic of what we do is that we don't recruit anybody. We're just a magnet. We let people come to us." Based on that statement, explain the benefits of fair and equitable compensation **(7 Marks)**
- b. "So we say our company minimum wage is \$15 an hour, and if you insist, we can pay you that per hour." Explain the benefits of minimum wages in a country **(6 Marks)**
- c. Explain the internal factors that influence employee compensation **(8 Marks)**

- d. Based on this organization, explain to them the important principles of wage and salary administration  
(4 Marks)

## QUESTION TWO

- a. Discuss any FIVE components of a compensation system (5 Marks)  
b. Giving relevant examples analyze differences between extrinsic from intrinsic rewards (5 Marks)  
c. Highlight the principles of wage and salary administration (5 Marks)

## QUESTION THREE

- a. Assume you are the manager of EPCO Company. Write SEVEN monetary incentive that you would give to your employees (7 Marks)  
b. Job evaluation is useful in eliminating the discrepancies of a wage payment system. Discuss (8 Marks)

## QUESTION FOUR

- a. Discuss the limitations of job evaluation (5 Marks)  
b. "Connecting performance to compensation doesn't happen without some planning." Explain any FIVE steps that make it work for any organization (5 marks)  
c. List any FIVE emerging issues in compensation and reward management (5 Marks)

## QUESTION FIVE

- a. Explain the key issues/challenges facing reward management (5 Marks)  
b. Explain the purposes of the performance management systems in an organization (5 Marks)  
c. Discuss any FIVE non-monetary incentives that managers can employ in the organizations (5 Marks)

## QUESTION SIX

- a. Discuss the obligations of the wages and salary administration (4 Marks)  
b. Discuss the elements of wage and salary system as identified by Henderson (5 Marks)  
c. Identify any FIVE disadvantages of incentive plan (5 Marks)