

CHUKA



UNIVERSITY

**UNIVERSITY EXAMINATIONS****FOURTH YEAR EXAMINATION FOR THE AWARD OF  
DEGREE OF BACHELOR OF COMMERCE****BCOM 455: COMPENSATION MANAGEMENT****STREAMS: BCOM****TIME: 2 HOURS****DAY/DATE : WEDNESDAY 22 /09/ 2021****2.30 PM – 4.30 PM**

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**INSTRUCTIONS TO CANDIDATES:**

- Answer Question One and any other Two Questions.
- DO NOT WRITE ANYTHING on the question paper.

**(a) HARKLAND INVESTORS**

Hackland investors is a company that exports fresh produce to the international market. The company relies on local agricultural farmers who are spread all over the country. For coordination purpose, the company has divided its employees into various teams some based in the head office while others are in the field. Each team is paid same amount but based on a percentage of the quantity and quality products delivered for export from their assigned regions. Different export companies are competing for access to products from the same group of producers. Agricultural producers are paid depending on the quantity and quality products that they deliver to specific work teams.

- (i) As the lead consultant you have been identified as the team leader of your group. Explain to the team members the implications and rationale for the team-based pay.

[10 Marks]

- (ii) Explain the merits and demerits of the pay method being used by Hackland investors in compensating the agricultural producers. [10 Marks]
- (b) Explain the importance of compensation management to large public entities. [10 Marks]

**QUESTION TWO**

- (a) Market rate surveys for a compensation package may be either published or private surveys. Explain the advantages and disadvantages of relying on each of these surveys in making reward decisions. [12 Marks]
- (b) Describe the following types of compensation;
  - (i) Contingent pay schemes [4 Marks]
  - (ii) Performance related pay [4 Marks]

**QUESTION THREE**

- (a) Using examples explain the significance of non-financial compensation to employees and the organization. [8 Marks]
- (b) Basing your argument on motivational theories, critique theoretical proposals regarding organizational approach to compensation management. [12 Marks]

**QUESTION FOUR**

- (a) Using an illustration explain the broad banded pay structure and indicate its advantages and disadvantages. [12 Marks]
  - (b) Justify on reasons why organizations should commit their resources in development and maintenance of a compensation system. [8 marks]
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