



BOTSWANA OPEN UNIVERSITY

Diploma in Human Resource Management

Compensation and Rewards Systems

CR121

Special Examination

Marks – 100

Time: 3 Hours

Instructions:

1. The examination consists of Four sections: A,B,C and D
2. Begin each to a new question on a new page
3. Answer questions according to instructions given in each section
4. Write answers in the answer booklet provided
5. Write in grammatical English



SECTION A- MULTIPLE CHOICE QUESTIONS

[10 MARKS]

Answer ALL questions in this section. Each question carries ONE (1) mark.

Choose the best alternative.

1. An employee is rewarded by the employer for making available all of the following except for _____.

- A. Skill
- B. Experience
- C. Brain Power
- D. All of the above

2. The ultimate purpose of reward management is to help the organisation to _____.

- A. Achieve its strategic goals
- B. Motivate employees
- C. Implement its policies
- D. Reward people fairly

3. Which one of the following groups is not interested in compensation?

- A. Society as a whole
- B. The government
- C. Individual employees
- D. None of the above

4. _____ is/ are a major component of compensation and reward systems.

- A. Employee benefits
- B. Motivation
- C. Equal opportunities
- D. Disciplinary procedures



5. Which of the following is not an element of compensation according to Milkovich and Newman?

- A. Internal consistency
- B. External competitiveness
- C. Diversity
- D. Administration

6. According to Robbins (1993) intrinsic rewards do not include _____.

- A. Job Freedom
- B. Recognition
- C. Salary
- D. Responsibility

7. _____ cannot be classified as a non-financial benefit.

- A. Medical expenses cover
- B. Impressive title
- C. Own Secretary
- D. Preferred office furnishings

8. One of the steps needed in developing a compensation strategy is _____.

- A. The compensation strategy must be aligned to the organisation's strategy
- B. Consulting staff so that they are aware
- C. Training and development policy
- D. Equity among the male and female employees



9. Fifi restaurant recently introduced a group incentive plan in order to benefit from synergy that result from teamwork. What would be the most likely reaction of the staff?

- A. A high turnover among the high achievers
- B. An increase in productivity
- C. Increased salaries and wages payout
- D. An increase in perceived equity

10. Which one of the following would help in dealing with unfair perception of pay by employees?

- A. Involving the employees in designing pay systems
- B. Using accurate data
- C. Having appeal procedures in place
- D. All of the above



SECTION B: TRUE/FALSE QUESTIONS

[10 MARKS]

Answer all questions. Each question carries ONE (1) mark.

State whether each of the following statements is TRUE or FALSE.

1. One of the aims of compensation and reward systems is to develop a performance culture.
2. Placid clustered environments are extremely dynamic.
3. Management philosophy provides the direction for the organisation.
4. Substitution in compensation occurs when a similar source is found, that provides the same results as that of a competitor.
5. Job analysis involves establishing what each job requires and also coming up with all the tasks associated with a particular job.
6. Under employer-employee shared funding plans, both the employer and employee contribute to the scheme.
7. E-compensation cannot only be run using a company website but can also be done manually.
8. A company experiences economies of scale when its costs per unit of output fall as the scale of production increases.
9. Pay for knowledge plans is not meant to encourage employees to acquire more skills through training and development.
10. In motivation, valence implies that employees are motivated by one main item at a time.



SECTION C-SHORT ANSWER QUESTIONS

[30 MARKS]

Answer ALL questions in this section.

1. List five purposes of appraisals. **(5 marks)**
2. Name five problems associated with benefits **(5 marks)**
3. Explain two reasons that have necessitated human capital to become a critical issue in organisations. **(5 marks)**
4. Name and explain five factors that affect employee's performance at the work place. **(5 marks)**
5. According to Armstrong and Murlin, what do the following symbols when it comes to rewards review? **(5 marks)**
 - i. A
 - ii. B
 - iii. C
 - iv. D
 - v. E
6. Employees may be allowed to buy shares in the company that they work for at a given price. Name and explain the two main stock options available to the employees. **(5 marks)**



SECTION D: ESSAY TYPE QUESTIONS

[50 MARKS]

Answer any TWO questions from this section.

1. It is understood that before an organisation can act on compensation decisions, it should have decided what goals it needs to accomplish. Name and discuss goals of compensation system.
(25 marks)

2. Discuss the following theories of motivation and how they can be used to motivate employees:
 - a) Maslow's hierarchy of needs. **(15 marks)**
 - b) Alderfer ECG theory. **(10 marks)**

3. Examine any five (5) external factors that affect pay structures in organisations.
(25 marks)

END OF EXAMINATION