



THE COUNCIL OF COMMUNITY COLLEGES OF JAMAICA

BACHELOR OF SCIENCE EXAMINATION

SEMESTER II – 2019 MAY

PROGRAMME: BUSINESS ADMINISTRATION
COURSE NAME: COMPENSATION MANAGEMENT SYSTEMS
CODE : HRMT3501
YEAR GROUP: THREE
DATE: THURSDAY, 2019 MAY 09
TIME: 12:00 NOON – 2:00 P.M.
DURATION: 2 HOURS
EXAMINATION TYPE: FINAL

This Examination Paper has 4 Pages

INSTRUCTIONS:

1. **ANSWER ALL QUESTIONS FROM SECTION A**
2. **SECTION B CONSISTS OF FOUR (4) QUESTIONS. ANSWER ANY TWO (2)**

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO

SECTION A

Instruction: In the booklet provided, answer ALL questions in this section.

Calculating the Costs of Increasing the Total Compensation Budget at Butcher Enterprises

Butcher Enterprises has experienced substantial employee turnover among its office workers. During exit interviews, more than 80 percent stated that low pay was the top reason for resigning. The company conducted a survey of local companies' pay practices to confirm whether this concern is valid. Indeed, Butcher Enterprises' average hourly pay rate for total compensation falls well below the market. The compensation survey showed an average hourly rate of \$23 for total compensation. Of this amount, wages are \$16 per hour and benefits are \$7 per hour. In comparison, Butcher Enterprises spends an average hourly rate of \$19 for total compensation. Of this amount, 70 percent is allocated for wages.

Its first priority is to restructure the pay policy structure and will need to stay current with industry trends. The company high staff turnover rate is costing more to recruit than to retain workers; the company will also need to hire compensation specialists to transition its welfare operations. Beyond hiring new staff, consideration should be placed on the implications for current employees to help them successfully overcome the challenges with their compensation packages. Therefore, there are several considerations the company must address in the area of human resource management particularly compensation and staff motivation.

*Strategic Compensation A Human Resource Management Approach, Martocchio, 2015
(Edited version)*

Required:

- A. Define the term 'compensation' and say how a compensation management system ensures the accomplishment of organization strategies. (3 marks)
- B. Distinguish between 'intrinsic compensation' and 'extrinsic compensation.' (4 marks)
- C. Describe **THREE (3)** factors that will affect compensation. (9 marks)
- D. Outline **TWO (2)** types of individual incentive plans that could benefit these workers. (4 marks)

(Total 20 marks)

END OF SECTION A

SECTION B

*Instruction: In the booklet provided, answer any **TWO (2)** questions from this section.*

Question 1

- A. BEST BUY has recently advised its female employees that anyone who becomes pregnant on the job risks losing compensation and being terminated. However, the employees have been advised that the Maternity Leave Act (1979) provide for the right of female workers to be granted maternity leave by their employers. Explain the main provisions of the Acts as it relates to this proposed action. (15 marks)
- B. Discuss the consequences of non-compliance of the Act by BEST BUY. (7 marks)
- C. Explain the **FOUR (4)** main grounds for termination of an employee. (8 marks)

(Total 30 marks)

Question 2

- A. Define the term 'incentive' as it applies to employee compensation. (2 marks)
- B. Discuss **THREE (3)** types of individual employee incentives used by an organization. (12 marks)
- C. Explain **FOUR (4)** guidelines of incentive programmes. (16 marks)

(Total 30 marks)

Question 3

Maslow's Hierarchy of needs proposes that humans are motivated by multiple needs and those needs exist in a hierarchical order wherein the higher needs cannot be satisfied until the lower needs are met.

- A. Discuss the theoretical perspective of Maslow (Hierarchy of Needs) and how management may incorporate it in their compensation strategy in order to motivate employees. (15 marks)
- B. From the list below, briefly explain any **THREE (3)** group incentive plans:
- i. Scanlon Plan
 - ii. Rucker Plan
 - iii. Improshare
 - iv. ESOP

(15 marks)

(Total 30 marks)

Question 4

The typical Gainsharing organization measures performance and through a pre-determined formula shares the savings with all employees.

- A. Identify **FOUR (4)** elements of a Gainsharing plan. (4 marks)
- B. Explain **FIVE (5)** advantages and **FIVE (5)** disadvantages of gainsharing. (10 marks)
- C. Describe any **TWO (2)** of the following group incentive plans:
- i. Rucker Plan
 - ii. Scanlon Plan
 - iii. Improshare Plan
 - iv. ESOP

(16 marks)

(Total 30 marks)

END OF EXAMINATION