

**BINDURA UNIVERSITY OF SCIENCE EDUCATION**  
**FACULTY OF COMMERCE**  
**DEPARTMENT OF HUMAN RESOURCES MANAGEMENT**  
**COMPENSATION [BS431]**

00 MAY 2019

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**INSTRUCTIONS TO CANDIDATES**

1. Answer **QUESTION ONE** and any other three questions.

**INFORMATION FOR CANDIDATES**

1. No cell phones are allowed into the examination room.
2. Start each question on a fresh page.

**QUESTION 1**

With the aid of practical examples, discuss the ethical challenges that are related to executive compensation in Zimbabwean organisations.

[25marks]

**QUESTION 2**

According to the managerial power approach to compensation, executive compensation is viewed not only as a potential instrument for addressing agency problems, but as part of the agency problem itself. Discuss this assertion with the aid of relevant and practical examples

[25marks]

**QUESTION 3**

Motivate arguments in support of greater use of the following approaches in Zimbabwean organizations.

- a) Performance related pay [12]
- b) Financial incentives as opposed to non financial incentives [12]

[25marks]

**QUESTION 4**

- a) Distinguish merit pay from incentive pay. [5]
- b) Discuss any five reasons that account for the diminishing role salary surveys play  
In the determination of compensation levels in Zimbabwean organizations. [20]

[25 marks]

**QUESTION 5**

- a) Explain the concept of compa ratios as it applies to compensation. [5]
- b) With the aid of practical examples, evaluate the usefulness of performance appraisals  
in the determination of compensation levels in the Zimbabwean Civil Service. [20]

[25 marks]

**QUESTION 6**

- a) With the aid of a diagram of Equity Theory, demonstrate the concept of pay for  
performance. [10]
- b) Examine the **six bands** inherent in the Paterson Job Evaluation System. [15]

[25 marks]

**END OF PAPER**