



NURTURING INNOVATORS

**RIARA SCHOOL OF BUSINESS
SEPTEMBER –DECEMBER 2023 TRIMESTER
EXAMINATION FOR BACHELOR OF BUSINESS ADMINISTRATION
EVENING PROGRAMME**

RBA 404: PERFORMANCE MANAGEMENT

DECEMBER 2023

TIME: 2 HOURS

GENERAL INSTRUCTIONS:

Students are NOT permitted to write on the examination paper during reading time.

This is a closed book examination. Textbook/Reference books/notes are not permitted.

SPECIAL INSTRUCTIONS:

1. Write your REGISTRATION NO. Clearly on the answer booklet(s).
2. Answer Question One and ANY other TWO questions.
3. Questions in all sections should be answered in the answer booklet(s).
4. Marks allocated to each question are shown at the end of the question.
5. PLEASE start the answer to EACH question on a NEW PAGE.
6. For the questions, write the number of the question on the answer booklet(s) in the order you answered them.
7. Write your answers in paragraph form unless stated otherwise.
8. Keep your phone(s) SWITCHED OFF at the front of the examination room.
9. Keep ALL bags and caps at the front of the examination room and do not refer to any unauthorized material before or during the course of the examination.
10. You are only allowed to leave the examination room 30minutes to the end of the Examination.

QUESTION ONE

Harriers' Motors Ltd deals in motor vehicles, sells spare parts, provides after sales servicing and undertake car body repairs. During the financial year 31st December 2022, the company expanded its operations from two to four sites. Each site has a car showroom, service workshop and parts storage.

In may 2023, you were appointed as an experienced Management Accountant of the Company. The following information relating to the company is available to you. The company measures its performance using Return on Investment (ROI). The company defines ROI as operating income divided by total assets

Site (kshs)	Operating income (kshs)	Revenue (kshs)	Total Assets
1	1,100,000	4,600,000	4,900,000
2	1,160,000	6,400,000	3,000,000
3	200,000	1,650,000	2,600,000
4	180,000	1,225,000	1,350,000

The manager of site 4 is considering a proposal to invest sh. 200,000 in fast speed Body repair machine. The estimated investment will have operating income of sh. 30,000 p.a.

The company has a 12% required rate of return for investment in all 4 sites.

Required.

- Assess the performance of the 4 sites Using the Return-on-Investment Method (RoI) **(8 marks)**
- Advise the manager of site 4 if it is viable to make the investment of fast speed body repair machine. **(3 marks)**
- Describe other **Four** factors the company need to consider before accepting the investment in (b) above. **(4 marks)**
- Discuss **FIVE** benefits of performance measure to an organization **(10 marks)**
- Harrier Motors Ltd has approached you for advice on an Effective Performance Management System. Required Highlight the **FIVE** characteristics of an effective Performance Management Systems. **(5 marks)**

QUESTION TWO

- (a) The performance prism is an approach to performance management which aims to effectively meet the needs and requirements of all stakeholders. It does this by managing the performance of an organization from five interrelated facets. Required describe the **FIVE** interrelated facets. **(10 marks)**
- (b) non-financial measures are measures of performance based on non-financial information which originates in the operating department and may be used to monitor and control activities within the department. Required Discuss any **FIVE** such non-financial measures. **(10 marks)**

QUESTION THREE

- (a) Performance measurement is used to establish the performance of an entity or individual with respect to budgeted performance, performance in relation to other entities or individuals. Performance measurement is key part of the control process in any entity. Discuss **FIVE** factors to be considered when setting performance measures of a business entity? **(10 marks)**
- (b) Balanced Score Card translates an organizational strategy into four perspectives (Financial, Customer, Business processes and learning and growth). Required describe any **THREE** key performance indicators in each of the four perspectives? **(10 marks)**

QUESTION FOUR

- (a) Performance Appraisal is the process of identifying, measuring and developing human performance in the organization. The performance appraisal may be either formal or informal.

Informal appraisal is the continuous process of feeding back to subordinates' information about how well they are doing their work and it is usually on a day-to-day basis.

Formal (systematic) appraisal occurs after given time periods e.g., yearly or half yearly and it aims to rate the employees' performance. Discuss any **FIVE** benefits of performance appraisal? **(10 marks)**

- (b) performance management system assists the Managements to tracks the performance of employees in a manner that is consistent and measurable. The system relies on a

combination of technologies and methodologies to ensure people across the organization are aligned with the strategic objective of the organization their actions and activities contributes to the mission and vision of the organization. Describe **FIVE** objectives of Performance Management Systems. **(10 marks)**

