



UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
Cambridge International Diploma in Business
Standard Level

HUMAN RESOURCE MANAGEMENT

5165/01

Optional Module

May 2009

2 hours plus 15 minutes reading time

Additional Materials: Answer Booklet/Paper

READ THESE INSTRUCTIONS FIRST

Write your Centre number, candidate number and name on all the work you hand in.

Write in dark blue or black pen.

You may use a soft pencil for any diagrams, graphs or rough working.

Do not use staples, paper clips, highlighters, glue or correction fluid.

Attempt **all** tasks.

Start each task on a new piece of paper.

Please leave a margin on the right and left hand side of each new page.

At the end of the examination, fasten all your work securely together, in the correct order.

The number of marks is given in brackets [] at the end of each question or part question.

This document consists of **3** printed pages and **1** blank page.



You must read the case study below and attempt ALL the tasks which follow.

(The case study is fictitious.)

INFIRMARY SERVICES LTD (ISL)

Infirmary Services Ltd (ISL) run the only private hospitals located in the capital. ISL Central (ISLC) is the main hospital which, with two other hospitals, controls the entire health service in the capital. The nearest competition is 150 kilometres away.

All of the Human Resource Management (HRM) decisions are centralised and taken at ISLC. Each hospital has a manager that makes the daily HRM decisions such as annual leave, grievance procedures and staff promotions. It is the team based at ISLC that follows the true purpose of HRM, providing the right mix of skills, controlling the costs of employment and ensuring that ISL as a company has the ability to react effectively to change. The HRM staff at ISLC create and maintain relationships between the staff who work for and with them, and between ISL and other organisations. 5
10

The selection of new staff for ISL is quite easy because the labour market in the capital is mainly made up of females who are looking for part-time work. The levels of self-employment are low but there is a high percentage of young people attracted to the capital, usually aged between 18 and 25 years. The selection process at ISL requires two references, a letter of application, a completed application form, a practical test and an interview. The reward for those employed is usually a permanent full-time contract. However there are some part-time positions and some temporary contracts to cover illnesses and maternity leave. 15

In addition to recruiting, selecting and issuing contracts for all three hospitals, ISLC also ensures that all of the health and safety legislation, employment protection and equal opportunities legislation is followed. The trade unions have a good relationship with ISL and they encourage their members to report when any of the laws are not followed. 20

At the present time the trade unions are negotiating with the management of ISL on a number of issues. The two most important are setting up systems for improving communication throughout the hospitals and proposed changes in the methods of payment for the employees.

The unions want to set up a series of committees to cover areas such as health and safety, working conditions, wages and discipline. Each committee would have an equal number of managers and workers and would discuss the relevant issues with recommendations to improve the HRM at all of the hospitals. ISL are concerned that workers could try to dictate future HRM strategy and that this might mean loss of control for the managers. 25

The problem with the proposed changes in the methods of payment is that all staff are currently paid a monthly salary, calculated on a fixed hourly rate, with a company pension scheme. The proposal is to change this to payment by results, and to replace the pension scheme with a profit sharing scheme. The unions feel that this would spoil what is a wonderful working environment. The staff are highly motivated because the current working relationships between the workers and the management are excellent. 30
35

There is a good career structure with the chance of promotion, a good programme of continuing professional development and a high level of recognition for a job well done. However, the range of benefits which includes subsidised meals, free health care for the employees, generous holidays and discounted health care for the employees' relatives, may have to be removed. 40

ISL believe that if they do not introduce the new payment methods, the normal ways of ending a contract, via resignation and mutual agreement, might have to be replaced by redundancies and the non-renewal of temporary contracts. ISL and the trade unions are still talking.

You must attempt ALL of the following tasks. Where appropriate use information from the case study to support your answer.

- 1 (a) List **four** elements of the purpose of HRM. [4]
 (b) Explain the meaning of HRM. [6]
 (c) Explain how HRM might change if ISL used a decentralised approach rather than a centralised approach. [10]
[Total: 20]
- 2 (a) List **four** elements of the labour market available to ISL. [4]
 (b) Describe **two** pieces of legislation followed by ISL. [2 x 3 = 6]
 (c) Explain the role of the trade unions with respect to ISL. [10]
[Total: 20]
- 3 (a) List **four** elements of the selection process used by ISL. [4]
 (b) Explain **two** types of employment contract used by ISL. [2 x 3 = 6]
 (c) Explain the ways in which the end of the employment contract may change at ISL if the proposed changes go ahead. [10]
[Total: 20]
- 4 (a) List **four** committees that the unions wish to set up. [4]
 (b) Explain how the grievance procedure at ISL might operate. [6]
 (c) Explain how the systems for communication suggested by the trade union might help the running of the ISL hospitals. [10]
[Total: 20]
- 5 (a) List **four** fringe benefits that the employees of ISL currently receive. [4]
 (b) Describe:
 (i) the present methods of payment; [3]
 (ii) the proposed changes to these methods. [3]
 (c) Explain how the nature of work at ISL contributes to an employee's motivation. [10]
[Total: 20]

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