



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

**HUMAN RESOURCE MANAGEMENT**

**5165/01**

Optional Module

**October 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.)

### **THE REAL PAPER COMPANY (RPC)**

The Real Paper Company (RPC) was formed in 2001 and produces a range of paper-based products. The company is split into three divisions: paper cleaning products, paper wrapping products and paper stationery products. Each of these divisions is in a separate factory in a different part of the country. The Headquarters (HQ) is in the paper cleaning products factory situated on the outskirts of the capital. The capital is unique in that the labour force is made up of equal numbers of male and female workers with a high level of education. Self-employment is low and full-time employment is the only employment anyone is seeking. There are more people in the age range 25 to 35 years but there is a large number aged 55 and above. 5

The company believes that the purpose of Human Resource Management (HRM) is very important because the industry is constantly changing and is very competitive in terms of employment costs. It is because of this belief that all recruitment, selection, training and the setting of wage rates is centralised, taking place at the HQ. 10

Due to the rapidly changing nature of the industry and the improvements in technology, there is a constant need for new skills and the possibility that individuals may need to change their career at least once in the next five years. RPC uses fixed-term contracts and contracts for specific tasks, with very few employees on permanent contracts. 15

RPC is a member of the Paper Producers Employers' Association (PPEA) which has negotiated with the Trade Unions to produce a code of conduct. The code covers employment selection, conditions of employment, including working patterns, and an acceptable method to measure and monitor employee performance. The role of the PPEA is to act on behalf of the employer in the same way that trade unions act for employees. This ensures consistency across the industry and is more efficient than individual firms negotiating. Most of the companies in the industry are members of the PPEA because it frees up their time and there is a collective approach to negotiations. 20

The agreement on selection is that before employment, all potential employees are required to complete an application form, take a practical and psychometric test and have an interview. 25

RPC views itself as a good employer and, because of this, the company has established a number of systems to improve communication in their factories. These systems include safety committees, works councils, a worker director and a monthly staff meeting. The works council is presently looking at different working patterns and payment methods. Staff at the moment work during the day and are paid on a fixed rate with a pension. RPC is considering changing the working patterns to a shift system which it believes has many advantages both for the company and the employees. In the company's opinion, a new payment system would help the change. Under discussion is a piece rate system with an annual bonus or a profit sharing scheme. 30

The employees are keen to keep their present annual appraisal system and believe that this could be used for the annual bonus or profit sharing. As a reward for these changes RPC is proposing to produce a training plan that will provide regular external training on the latest developments within the industry. This training will form part of each employee's continuing professional development and will add to the induction and on-the-job training that already takes place. Everyone will be entitled to 20 hours of training per year and this will be paid for by RPC. 35 40

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

- 1 (a) Explain the terms 'centralised' and 'decentralised' Human Resource Management (HRM). [2 x 3 = 6]  
 (b) List **four** functions of Human Resource Management (HRM) that are centralised at the Real Paper Company (RPC). [4]  
 (c) Explain the link between the purpose of HRM, the changing nature of the industry and the centralised functions at RPC. [10]  
**[Total: 20]**
- 2 (a) List **four** features of the labour market that RPC operates in. [4]  
 (b) Explain the function of the Paper Producers Employers' Association (PPEA). [6]  
 (c) Explain the influence that changes in technology and changes in the nature of the industry might have on HRM at RPC. [10]  
**[Total: 20]**
- 3 (a) List the **four** elements of the selection process agreed by the PPEA. [4]  
 (b) Explain 'fixed-term contracts' and 'contracts for specific tasks'. [2 x 3 = 6]  
 (c) Explain the advantages for RPC and the employees of changing from day work to a shift system. [10]  
**[Total: 20]**
- 4 (a) List **four** systems for communication at RPC. [4]  
 (b) Explain how the following operate:  
 (i) a Works Council;  
 (ii) a Worker Director. [2 x 3 = 6]  
 (c) Explain how RPC might use an appraisal system to measure and monitor staff performance. [10]  
**[Total: 20]**
- 5 (a) List **four** methods of payment that RPC are using, or are considering using. [4]  
 (b) Explain, using examples, how fringe benefits might motivate employees at RPC. [6]  
 (c) Produce a three stage Training Plan for RPC, explaining **each** stage. [10]  
**[Total: 20]**

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