



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

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**HUMAN RESOURCE MANAGEMENT**

**5175/01**

Optional Module

**May 2009**

**2 hours plus 15 minutes reading time**

Additional Materials: Answer Booklet/Paper

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**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.

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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 CENTRAL ASIAN DAM COMPANY (CADC)**

The construction of a dam in the centre of the Asian continent is one of the most ambitious projects ever undertaken. The project involves four governments, the diversion of three major rivers and the potential to provide water and electricity to five different countries. The whole project is the responsibility of the Central Asian Dam Company (CADC). They have sub-contracted parts of the project, such as excavation, civil engineering, electrical technology and construction to a number of specialist companies. From a technical point of view this arrangement is working well but from a Human Resource Management (HRM) perspective there is conflict. 5

CADC believe that they should retain the meaning and strategic purpose of HRM, with the sub-contracted companies maintaining the operational purpose of HRM, resolving conflict and controlling costs. The sub-contractors argue that this is impossible and that everything should be de-centralised. They believe that as individual specialist companies they need to be able to react to change and determine the specialist expertise in the medium and long term. 10

Part of the sub-contractors' argument is based on the fact that they recruit from different labour markets. The local labour market is semi-skilled and unskilled and predominantly male, in the age range 30-45 years old, working at present in the primary sector. Each of the sub-contractors make the point that they will require different skill levels. This will mean that they have to organise their own recruitment and selection that fits their needs, rather than allow CADC to recruit workers from a central base. It also means that they may not pay the same wage rates because it will depend on market forces rather than a set rate. 15

The trade unions representing all of the potential workers have joined together and are demanding a common recruitment and selection policy across the entire project with permanent full-time contracts. The sub-contracting companies are happy to agree to the common recruitment and selection policy but not the permanent contracts. They argue that they need to plan the human resources. Over time the nature of the project will change and the demand for certain workers will decrease whilst for others it will increase. Their planning also needs to include aspects such as absentee rates, succession planning, and health and safety records. This will also influence the market rate for labour over time. 20 25

It is the intention for all of the companies to have functional working structures with both temporary and permanent project teams. The different teams and groups may be required to work shifts or flexitime according to the function of the group. Each group will have targets to meet, usually in the form of key dates for completion, as well as standards to be maintained which will include Health and Safety standards. 30

It is not possible to provide the workforce with fringe benefits due to the nature of the work but CADC has promised that the financial rewards will be high if the project is completed on time. Not only will everyone receive a fixed rate wage but also an annual bonus based on the pre-set targets and a share of the profits once the project is finally completed. 35

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

- 1 (a) Explain the **meaning** of Human Resource Management (HRM). [5]
- (b) Explain the concept of de-centralised HRM. [5]
- (c) Using examples from the case study, explain the difference between the strategic and operational purposes of HRM. [10]
- [Total: 20]**
- 2 (a) Explain the effect that the labour market will have on the different sub-contractors. [10]
- (b) Explain the role that the trade unions might have during the construction of the dam. [10]
- [Total: 20]**
- 3 (a) Outline **five** stages in the recruitment process. [5]
- (b) Outline **five** stages in the selection process. [5]
- (c) Explain the approach that the Central Asia Dam Company (CADC) and the sub-contractors are intending to use for HR planning. [10]
- [Total: 20]**
- 4 (a) CADC use working groups. Explain the difference between working patterns and working groups. [10]
- (b) Explain how standards and targets can be used to measure and monitor the performance of the working groups. [10]
- [Total: 20]**
- 5 (a) Explain how fringe benefits can be used to reward workers. [5]
- (b) Explain the reward system that CADC plan to use. [5]
- (c) Explain how market forces will influence the rates at which workers are paid by the different companies involved in the project. [10]
- [Total: 20]**

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