



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

HUMAN RESOURCE MANAGEMENT

5175/01

Optional Module

October 2007

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 following case study is fictitious.)

SOFT TOY PRODUCTS (STP)

“Soft Toy Products” is a small business making soft toys for children. These are mainly animals but also coloured cubes and balls. Nimesh started the business because his two elder sisters, Leena and Deepa, had made soft toys as a hobby using their own patterns and designs. The quality of their products was so good that a number of toy stores and companies had suggested that they sell them. Nimesh knew that he was good at selling and managing people and that if his sisters designed the toys and organised the finance, they could have a successful business. 5

Nimesh initially recruited a number of self-employed women, working from home to make the toys. Another group worked in a small factory on casual contracts on a flexitime basis. Each worker produced one type of toy only. Nimesh delivered the materials and patterns and then collected the finished items. The workers were paid according to the number of items they produced and the complexity of the toy concerned. The home workers had no employment protection, no sick pay and no training. 10

Nimesh found that the quality of work produced by some home workers was better than others. He decided to introduce a bonus system for high quality work. He also tended to favour certain home workers, providing them with more work, often arriving without notice with a new order and asking for it to be completed in a few days. These home workers often found that they could not produce the toys fast enough, while other workers were waiting for the next batch to arrive. This meant that the work was irregular and so was their income. More importantly, the company often missed deadlines for orders. 15

Leena and Deepa have decided that this cannot continue and have told Nimesh that he will no longer be the Human Resource (HR) manager for the company. They realise that he has no idea of the true meaning of Human Resource Management (HRM). He is destroying relationships between the management and the workers and between STP and its buyers. He has concentrated on the operational side of HRM and totally neglected the strategic purpose, leaving the company unable to grow or react to change. 20 25

Leena intends to put all of the factory workers on permanent contracts with set hours, some on full-time and others on a part-time basis. The home workers are to be given fixed term contracts lasting one year. Initially everyone will have to apply for their own jobs using the standard selection procedure. Leena also intends to set up a training programme for both the factory workers and the home workers. She understands the fact that technology is always changing and that the workforce needs to be kept up-to-date with the latest technology. The growth of technology is so rapid that learning for the workers never ends. 30

Deepa intends to set up a number of committees, including a workers committee and a consultation committee. She hopes to produce a monthly newsletter and put a bulletin board in the factory. All home workers are to be invited into the factory every two weeks to discuss any issues. 35

Leena only has one concern: how does she decide the type and level of reward for each of the workers? Should it be based on skill levels, the technology used, qualifications or something else? Should she simply pay a flat rate per hour to everyone and offer a range of fringe benefits, such as subsidised meals in the factory? Leena has decided that this particular problem is best solved by the workers committee and intends to make this the first agenda item at the very first meeting. 40

You must attempt all of the following tasks.

- 1 (a) Explain how Nimesh ignored the meaning of Human Resource Management (HRM). [10]
 (b) Explain the strategic purpose of Human Resource Management (HRM). [10]
[Total: 20]
- 2 (a) Explain how technological change has influenced Leena's training plans. [10]
 (b) Explain the possible consequences to the business of Nimesh failing to provide employment protection and sick pay. [10]
[Total: 20]
- 3 (a) Explain how the new contracts that Leena intends to issue are better than the previous contracts issued by Nimesh. [10]
 (b) Explain the different stages in the selection process that Leena intends to use. [10]
[Total: 20]
- 4 (a) Describe the different ways of organising work that have been used by STP. [10]
 (b) Explain why Leena has decided to set up a safety committee and a consultation committee to produce a monthly newsletter and a bulletin board. [10]
[Total: 20]
- 5 (a) Explain what criteria Leena should use to determine the level of reward for each of the workers. [10]
 (b) Explain why Leena is considering using fringe benefits to reward the workers. [10]
[Total: 20]

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