



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

HUMAN RESOURCE MANAGEMENT

5165/01

Optional Module

October 2010

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.

(This case study is fictitious.)

PROP GAMES LTD

PROP Games (PG) is a company based in S.E. Asia, producing computer games machines and software for games to be played on a normal computer. For the last 3 months, PG has been forced to remain closed by the Government because it has broken a number of the laws relating to employment and company law. These include Health and Safety, minimum wage, equal opportunities and maternity laws. 5

Javeed and his brother have just purchased the company and intend to reopen it next month. However, before Javeed reopens PG he wants to make a few changes. He believes that the company is overstaffed but he wants to avoid going through a redundancy process, preferring natural wastage and other processes. All of the staff are on permanent contracts, either full or part time. Javeed wants to minimise permanent contracts and introduce fixed term or job specific contracts, especially for the staff producing the software. 10

Javeed is a former Human Resources (HR) director and thinks that human resources are the most valuable of all of the company's resources. He believes that the relationships between workers and between workers and the management are the main factor in any business. It is a process that needs to be developed and maintained and cannot be forced. Whilst it is important to control the cost of wages and salaries, administrative and social costs also need to be controlled. As well as this, the company also needs to have the right mix of staff and the ability to react to change. Relationships in the company are the basis for success. 15

Javeed intends to have a central HR department but to give each separate department within the company some limited responsibility for HR such as discipline and grievance. However, the main features such as recruitment and HR planning will be centralised. 20

Part of the relationship between workers and management is formed through good communication, and Javeed plans to have two worker directors and, a number of committees such as Health and Safety, Consultation and a Social and a Works Council.

Today he has invited a number of key workers to a meeting of what he calls a Works Council. He has three items on the agenda for which he wishes to gain the workers views. 25

Agenda item 1 – the use of non-financial benefits

Agenda item 2 – the use of targets for appraisal

Agenda item 3 – the introduction of Total Quality Management for the software division

In the past, non-financial benefits (known as fringe benefits) such as cheap loans, subsidised meals, free healthcare and discounts on company products have been used by PG to supplement the staff wages. Javeed believes that because the local labour force is young and extremely mobile, they would value a more flexible approach to work through the use of flexitime rather than benefits that traditionally are for the older employee. Many of the employees move between jobs quite frequently and so any long term benefits are of little value but the ability to plan their own time could be attractive to many people. What is more important to many employees is a good wage, or financial package. 30 35

Javeed plans to introduce fixed wage rates but with a share scheme. His brother insists that fixed wage rates with a bonus system would be better and less costly. This could be linked to a series of targets that could be monitored and assessed every six months. In this way not everyone would receive a bonus. Javeed thinks that this is unfair but his brother argues that PG will provide a comprehensive training programme in a rapidly changing industry, including off the job training, and this will keep all of the employees up to date and avoid the need for redundancies due to inadequate skill levels. 40

You must attempt ALL of the following tasks.

Where appropriate use information from the case study to support your answer.

- 1 (a) List **four** purposes of Human Resource Management (HRM). [4 x 1 = 4]
 (b) Explain the meaning of HRM. [6]
 (c) Explain the approach that PG intends to take to manage its Human Resources (HR). [10]
- 2 (a) List **four** laws that PG broke before it was taken over by Javeed. [4 x 1 = 4]
 (b) Explain what problems PG might encounter due to the local labour market. [6]
 (c) Explain how the rapid growth in technology will affect the employees of PG. [10]
- 3 (a) List **four** types of contract that PG have used in the past **and** will use in the future. [4 x 1 = 4]
 (b) Explain how flexitime would work at PG. [6]
 (c) Explain the difference between redundancy and dismissal. [10]
- 4 (a) List **four** systems that PG could use to improve communications. [4 x 1 = 4]
 (b) Explain how targets could be used to monitor the performance of the workers at PG. [6]
 (c) Explain how Total Quality Management might operate for the software division at PG. [10]
- 5 (a) List **four** 'fringe benefits' used by PG. [4 x 1 = 4]
 (b) Explain **why** a company such as PG might use fringe benefits. [6]
 (c) Explain why Javeed's brother thinks that a fixed wage rate with a bonus system would be cheaper than a fixed wage rate plus a share scheme. [10]

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