

CAMBRIDGE INTERNATIONAL EXAMINATIONS  
Cambridge Career Award in Business  
Advanced Level

**HUMAN RESOURCE MANAGEMENT**

**5175/01**

Optional Module

May 2003

**2 hours 15 minutes**

Additional Materials: Answer Booklet/Paper

**READ THESE INSTRUCTIONS FIRST**

The time allocated for this examination includes 15 minutes reading time.  
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.  
You may use a calculator.

Attempt **all** tasks.  
Write your answers on the separate Answer Booklet/Paper provided.  
At the end of the examination, fasten all your work securely together.  
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)

### **Case Study: DEVA**

DEVA is an international textile firm which has, like many others in its sector, seen a slowing down of growth recently. The Chief Executive Officer (CEO) has organised a strategy meeting to discuss ways of retaining workers with high level skills while reducing costs. The basic textiles for the manufacture of clothes and other items are cheap, but sewing the clothes together to a high standard requires very skilled workers. The garments need to be made to high standards in order to avoid costly warranty claims and the loss of big business customers such as chain stores. 5

The Chief Executive Officer has discussed the problem with the Human Resources (HR) Director, who carried out a study to look into the possibility of using a 'core and periphery' model of work organisation. In this model, DEVA decides which staff roles are essential (these are called 'core'), so that the organisation can change and develop, and which are secondary and can be contracted out (these are 'peripheral'). 10

The Human Resources Director has studied various data and come to the conclusion that there are no clear staff roles for the development of the business except at Director level. Fashion directors, marketing directors and others actually shape the business; however, purchasing and procurement are also vital in a highly cost-sensitive market. 15

The most obvious cost is the production facility and the associated factory with its heating, lighting and maintenance, which has high costs attached. He has studied major firms elsewhere and come to the conclusion that if possible some of the production can be contracted out, under a 'putting out system', to homeworkers who work at home on a piecework basis. The main cost of this would be the transport of the various part-made pieces of garments (sleeves, collars, cuffs etc) to and from the homeworkers, for them to make up into finished garments. There would also be the need for a computer-based system to track all of these items, but the savings on closing the factory and moving to a smaller site, would far outweigh the cost of introducing new technology. 20

The Chief Executive Officer has doubts about the proposal. He is concerned that the company will lose economies of scale, and that the workforce will lose both a sense of identity and the teamworking atmosphere generated in the factory. There are other issues such as where the homeworkers live, how many would wish to participate, and what alternative employment opportunities there are for them. 25

**You must attempt ALL of the following tasks.**

- 1 (a) Explain the main factor driving DEVA's need for change. [5]
- (b) Explain fully why the Chief Executive Officer has involved the Human Resources Director at such an early stage in the development of a business strategy. You should base your answer on the role of Human Resource Management in a modern business. [10]  
[Total: 15]
- 2 DEVA has a problem in trying to achieve the right mix of skills while controlling costs.
- (a) Explain why the core-and-periphery model (lines 8-11) could prove inappropriate for DEVA. [10]
- (b) Identify where the main cost savings for the business can be made. [5]
- (c) Identify and explain **two** of the key benefits that DEVA's new plan for contracting-out services could offer to the business. [2 x 5 = 10]  
[Total: 25]
- 3 DEVA will have to ensure that adequate numbers of people are recruited to its homeworkers workforce. Explain **three** recruitment and selection methods the company might use to do so. [15]
- 4 (a) Explain the term 'homeworkers' (line 19). [5]
- (b) Identify **two** advantages to DEVA of using homeworkers. [5]
- (c) Recommend to DEVA a suitable method of monitoring the performance of homeworkers. Give reasons for your choice. [10]  
[Total: 20]
- 5 The Chief Executive Officer has identified some problems with people working at home.
- (a) Explain the main problems identified in the case study. [5]
- (b) Identify and explain **two** potential recruitment issues which might pose further problems. [10]
- (c) Identify and explain **two** major motivational issues which might become a problem when using homeworking. [10]  
[Total: 25]

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