

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

**HUMAN RESOURCE MANAGEMENT**

**5175/01**

Optional Module

May 2004

**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 on both sides of the paper.  
You may use a soft pencil for any diagrams, graphs, music 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]

### **KITKAR AUTOS**

KitKar Autos is a family business run on very traditional lines. The company produce kits that can be assembled into sportscars and, if the customer requires, they also assemble the parts and sell the completed product. For assembly they charge extra but their main market is those people who like the idea of building their own sportscar.

The company is small and employs approximately 30 people, all known personally by the owner Naimesh Parmar. No one has a legal contract of employment. Naimesh deals with everything, he takes the orders, purchases the raw materials, purchases any machinery or tools required, calculates and pays the wages, and makes all of the necessary decisions. 5

If any problems arise with the workforce, they are all dealt with informally after negotiation between the person concerned and Naimesh. He sees himself as a “father figure” and the workers as his family. Naimesh does not encourage anyone to join a trade union because he does not see the point. He is aware that he is also not fulfilling some aspects of the Health and Safety legislation. 10

Recently two very complimentary articles about KitKars have appeared in national newspapers and suddenly they had large orders for their products. Naimesh had to decide whether to remain as they were and create a waiting list, or take on more workers and sell more kits. He chose to expand and has decided to recruit 25 more workers. In order to find the workers Naimesh has placed an advert in the local newspaper, which simply reads: 15

***“Wanted, Men between 25 and 40 years old with experience in engineering or motor vehicles. Please ring Mr Parmar at KitKars for an interview.”***

Naimesh is receiving a large number of telephone calls in response to the advert. However, the majority of callers want more information before they are prepared to attend an interview. Some of the questions asked were about the hours to be worked, the rate of pay and other benefits, the type of contract, equal opportunities and health and safety at the factory. Naimesh did not expect this. He was planning to ask people in for an interview and make a decision based upon the interview. This response changes everything and Naimesh has decided to hold a meeting with the workers to discuss the situation. 20 25

The meeting proves to be very different to what Naimesh had expected. Unknown to him the workers have formed themselves into an informal trade union and want to discuss many more issues than just the employment of additional workers. It appears that for a long time the workers have been unhappy. They feel that Naimesh ignores their complaints. They have no job security, no formal contract, and are not properly rewarded for their efforts. In addition to these points they believe that Naimesh has no real idea of how well or how poorly each individual performs. Their training needs have been neglected. Many of the technical advances in the industry have been ignored, leaving the workers with poor and inadequate machinery and without the right skills for some of the jobs. 30 35

The workforce has produced a list of issues that they wish to be discussed in a formal manner at a later date. They strongly believe that before further workers are recruited the issues they have raised need to be discussed and the problems solved. Only at this point are they prepared to consider working with any new recruits.

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

- 1 (a) Identify **three** operational and **two** strategic purposes of Human Resource Management (HRM). [10]
- (b) Explain whether the HRM at KitKars has fulfilled its strategic and operational purpose. [10]  
[Total: 20]
- 2 (a) Explain the effect that the formation of a trade union may have on the HRM at KitKars. [10]
- (b) Identify the changes KitKars might need to make if they are to conform to the correct legal environment for HRM. [10]  
[Total: 20]
- 3 (a) Outline the recruitment and selection process a company should use to recruit the right employees. [10]
- (b) Compare the recruitment and selection process that KitKars intend to follow to recruit extra workers with the 'best practice' for such processes. [10]  
[Total: 20]
- 4 (a) Explain the different ways in which the workers at KitKars may have their performance monitored. [10]
- (b) Describe the different systems for communication and conflict resolution and recommend the most appropriate approach for KitKars. [10]  
[Total: 20]
- 5 (a) Describe a system of training and development that could be used by KitKars. [10]
- (b) Explain the different methods of payment and reward schemes and recommend the most appropriate approach for KitKars. [10]  
[Total: 20]

