



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

**HUMAN RESOURCE MANAGEMENT**

**5175/01**

Optional Module

**May 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.)

### **MINI CHIPS LIMITED (MCL)**

Mini Chips Limited (MCL) manufactures microchips for the computer hardware industry. They operate from a large factory in a relatively poor area which has high rates of unemployment, especially amongst semi-skilled females in the age range 16 – 25 years old. The population generally has a higher level of education and more skills than other parts of the country, but full-time jobs are very difficult to find. In fact, MCL are one of the main employers within the area. 5

MCL produces microchips using the latest technology and an assembly line process. Each worker performs one or two functions before the 'chip' is passed on. This is not a process that requires high levels of skill but it does require concentration and accuracy. Most of the employees can adapt to the tasks with some training. The final processes are to place the microchips in boxes and then pack them for shipment to Europe. These final processes do not demand any skills, and so many of the employees who carry out these functions are not on permanent full-time contracts, but are employed on a casual basis. 10

The employees in the factory are mostly female with a few males employed as supervisors. Whilst the workforce are all members of the same trade union, the union is not very active in the factory. In fact the company does not follow any pay-related legislation and only observes basic Health and Safety laws. 15

The Human Resource Management (HRM) section within the company has established a number of different systems of communication and ways in which any conflict can be dealt with. Each worker on a full-time contract has an annual appraisal, and for each week every worker has a target level of output that has to be achieved. If the full-time workers achieve their targets, they receive a bonus. However if the targets are not achieved, workers have money deducted from their weekly wage. The same applies if the quality of their work is poor. 20

MCL have recently become aware, after complaints from one company, that the quality of some of their microchips is poor. Some microchips have also arrived damaged. The directors have decided that this is because the skills of the employees do not reach the required standard. The directors have therefore instructed the HRM department to dismiss all of the employees not on a full-time contract and anyone else who could be linked to the complaints. The HRM department has been blamed for this problem, with the directors claiming that the department has not employed the right people and is not motivating them in an appropriate way. 25

The directors have decided that they will take control of all of the HRM functions of the company, especially recruitment, selection and training. They have also decided that they will introduce new payment and reward systems for any employee who can produce a high quality product at a reasonable speed. All of the new workers will be trained for their particular part of the process and only when they have passed a quality test will they be allowed to produce microchips for MCL. 30

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

- 1 (a) Explain the meaning of Human Resource Management and the ways in which MCL has ignored this meaning, as shown in the first four paragraphs of the case study. [10]
- (b) Describe how the approach to the management of human resources changed at MCL following the complaints received about the quality of the microchips. [10]  
[Total: 20]
- 2 (a) Describe how the main features of the local labour market helped MCL. [10]
- (b) Explain the possible consequences of MCL ignoring pay related and employment protection legislation. [10]  
[Total: 20]
- 3 (a) Describe **four** different types of employment contract that MCL might use, giving the reasons for each one. [10]
- (b) Explain how HR planning might have avoided the problems faced by MCL. [10]  
[Total: 20]
- 4 (a) Describe **one** system that MCL could put into place to improve communication and **one** system to improve conflict resolution. [10]
- (b) Describe **two** methods, other than targets, that MCL might use to monitor and measure the performance of its staff. [10]  
[Total: 20]
- 5 (a) Suggest how MCL might better motivate its workers through the nature of their work. [10]
- (b) Produce a three-stage training plan for the new employees of MCL. [10]  
[Total: 20]

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