



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

HUMAN RESOURCE MANAGEMENT

5175/01

Optional Module

May 2011

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 of the tasks that follow.
(This case study is fictitious.)

Cukz Ltd.

Cukz Ltd is a long established firm manufacturing a wide range of cooking utensils. They are the largest exporter of cooking utensils to India and have over 3000 employees at three different factories. Since 2005 the firm has been trying to diversify and has added cutlery and farming tools to its range of products. The decision to diversify has also led to changes in how the business is organised. The changes mean that each of three factory sites has been adapted to specialise either in cooking utensils, cutlery or farming tools. This was a strategic decision made by Head Office, which also makes all the strategic human resource decisions. Each factory site is expected to be profitable and make its own decisions within the framework given by Head Office. This means that the Human Resource (HR) specialists at each factory make all operational HR decisions, with further delegation to particular line managers for specific issues. 5 10

This system has been operating successfully since 2005 but there has recently been a significant decrease in sales of cooking utensils due to competition from Chinese manufacturers. The Head Office management is proposing that all cooking utensil production at this factory will be replaced by farming tool production within the next three months. As there will be fewer overall sales this factory will need to reduce in size and so all future operational HR matters will be transferred to Head Office. The workforce will be cut by 20% but those remaining will be retrained to produce farm tools. 15

All workers at this factory are currently on permanent contracts but these will be replaced by temporary one year contracts that will be reviewed at the end of each year. The current day work system will be changed to shift and flexitime working with more casual work. Staff will now be paid on a piece rate basis with a bonus for achieving production targets instead of the present fixed salaries. Sick pay and all fringe benefits such as subsidised meals and reduced rates for the company's products will be stopped. 20

Other cost cutting measures will mean that in future communication will be through a company notice board and all existing formal consultation and negotiation systems such as the workers council and worker directors will be stopped until further notice. 25

The trade union at this factory is very concerned about the effect of the proposed changes and the workers are concerned about losing their jobs. The 'Association of Farming Tools Manufacturers' and the 'Local Chamber of Commerce' (a group of local business people) are also concerned about the effects of these proposals on the area and other employers. 30

The unions believe that the proposals infringe upon the workers rights and may be against the law. In addition, workers skilled in the production of farming tools are not available in the area, which has a high percentage of unskilled labour predominantly in the age range of 50 to 60. The unions believe that Cukz Ltd should gradually phase out cooking utensil production while retraining the workers to give them the skills to produce farming tools. This general transition, if supported by an open system of communication and a formal consultation and negotiation system, could avoid any bad feeling or loss of jobs, thus maximising the company's production and minimising their costs. 35

You must attempt ALL of the following tasks.

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

- 1 (a) Describe Head Office's original Human Resources (HR) policy and explain how this changed in 2005. [10]
- (b) Assess the effect that the proposed change to the management of HR may have on Cukz Ltd. [10]
[Total: 20]
- 2 (a) Explain the influence that the legal environment is likely to have on the recent proposals of Cukz Ltd. [10]
- (b) Discuss the effect that the local labour market and external organisations might have on the plans of Cukz Ltd. [10]
[Total: 20]
- 3 (a) Explain the alternative approaches Cukz Ltd might take to reduce the number of workers at the cooking utensil factory. [10]
- (b) Describe the proposals that Cukz Ltd have made for different employment contracts at the cooking utensil factory. [10]
[Total: 20]
- 4 (a) Discuss the effect of removing the information, consultation and negotiation systems at the cooking utensil factory. [10]
- (b) Explain the potential impact of changing the working patterns at the cooking utensil factory. [10]
[Total: 20]
- 5 (a) Explain the proposals to change the methods of payment and reward. [10]
- (b) Analyse the effects that all of the changes proposed by Cukz Ltd might have on the motivation of the workers at the cooking utensil factory. [10]
[Total: 20]

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