ADVANCED LEVEL EXAMINATIONS

7HRC – Human Resource Management in Context

EXAMINER'S REPORT

January 2011

Chartered Institute of Personnel and Development

Advanced Level Qualification

Human Resource Management in Context

January 2011

24 January 2011 13:50 –17:00 hrs

Time allowed – Three hours and ten minutes
(including ten minutes' reading time)

Answer Section A and five questions in Section B (one per subsection A to E).

Please write clearly and legibly.

Questions may be answered in any order.

Equal marks are allocated to each section of the paper.
Within Section B equal marks are allocated to each question.

If a question includes reference to 'your organisation', this may be interpreted as covering any organisation with which you are familiar.

The case study is not based on an actual organisation. Any similarities to known organisations are accidental.

You will fail the examination if:

- **You fail to answer five questions in Section B (one per subsection) and/or**
- **You achieve less than 40 per cent in either Section A or Section B.**

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SECTION A – Case Study

Note: It is permissible to make assumptions by adding to the case study details given below provided the case study is neither changed nor undermined in any way by what is added.

The Prestigious Building Group (PBG) PLC is a large construction, development and services company. It specialises in building and civil engineering, support services, private and public-sector house building, property development and investment in the private finance initiative (PFI). The company operates largely in the UK, where it employs a diverse workforce of 11,000 people and it has over 50 offices across the country. PBG operates in a very competitive marketplace, which includes five or six other large construction businesses, some of which operate in overseas markets. In order to maintain its competitive position, PBG is regarded as a good employer in the sector, which pays its staff well, and a fair employer. In the past year, its salary and wage costs increased by some eight per cent. The Group has a good health and safety record.

PBG offers the following key services to a range of private and public sector clients:

- construction services
- commercial property development services
- civil engineering services
- facilities management services
- maintenance services
- project management and installation services
- site support services.

PBG distinguishes itself from its competitors by its wide geographic regional network across the UK. This gives its businesses strong integration into local communities, its client base and its supply chain. It also has strong central co-ordination of national clients and a good track record of performance delivery.

The company operates through four divisions: construction, support services, development, and partnership homes.

- The construction division provides building and civil engineering services delivered through a nationwide network of locally managed businesses, complemented by a major projects and social housing capability.

- The support services division provides services relating to facilities management, building fabric and services maintenance, design consultancy, and project management, as well as construction site support services. This division delivers support services to both public and private sector clients.

- The development division is a property development business involved in the delivery of commercial, retail, mixed-use and regeneration schemes.

- Partnership homes are a new division within the Group and link its social housing contracting business with its private house building company. This recent merger has combined the skills and relationships of the social housing management team with the land skills and marketing techniques of its private development team. This enables the Group to focus on large-scale regeneration projects, participate in PFI housing schemes, and respond effectively to an affordable housing strategy.

With its wide portfolio of business products and services, PBG prides itself on its strategic alliances throughout the country. These alliances not only co-ordinate the delivery of framework agreements and partnerships for single market sectors but also link with customers in the healthcare, education, airports and retail sectors. To this end, PBG draws together the necessary companies and skills to provide total solutions to its clients. The Group also participates in framework agreements and partnerships with local authorities throughout the UK and in central government procurement partnerships. Almost 80 per cent of PBG revenues come from framework, partnering and negotiated contracts, with only a small proportion coming from competitive procurements.

Compared with the previous year, the company's revenues were £2,100 million in the last financial year, a decrease of 10 per cent. The company's operating profit was £24 million, a decrease of 60 per cent, and its net profit was £16 million, a decrease of 66 per cent.

The revenues of the construction division decreased by five per cent during the past financial year, the revenues of the development division by 20 per cent and the revenues of partnership homes by 50 per cent. Support services revenues increased by 10 per cent.

The short-tem market prospects for PBG's four divisions are as follows:

- Construction markets: these are uncertain, especially in the private sector. However, over 50 per cent of the company's order book is underpinned by public sector projects.

- Support services markets: PBG is strong in social housing projects, has a robust stream in building maintenance and sees future opportunities arising from outsourcing in both the private and public sectors.

- Partnership homes markets: private-sector markets are weak but there are better prospects in social housing, where units are being developed on third-party land which has a higher return on capital employed.

- Development markets: commercial property developments are weak but there are possible opportunities for further PFI initiatives.

The Group Chief Executive Officer (CEO) has employed a firm of consultants to undertake the following tasks on behalf of PBG to help it move forward in the difficult market conditions facing the company. As a consultant, there are four immediate tasks that you are required to carry out for the Group. The Group CEO is a strong supporter of evidence-based management and she expects your submission to incorporate as much evidence as possible to justify your analysis and conclusions.

1. **Provide a Strengths, Weaknesses, Opportunities, Threats (SWOT) analysis of the Group and a commentary on it.**

2. **Outline how the company might respond strategically to your SWOT analysis, including HR issues, drawing on research in the field of strategy as appropriate.**

3. **Evaluate the main implications for the Group of planned cutbacks in public spending over the next few years.**

4. **In what ways can PBG try to influence public policy on housing construction and development, including social housing, in the current economic climate?**

It is recommended that you spend an equal amount of time on each of the above tasks.

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SECTION B

Answer FIVE questions in this section, ONE per subsection A to E. To communicate your answers more clearly, you may use whatever methods you wish, for example diagrams, flowcharts, bullet points, so long as you provide an explanation of each.

A

1. Torrington and his colleagues, as well as other writers in the field, have identified different periods or 'themes' in the historical development of personnel management and its transition into contemporary Human Resource Management (HRM).

i. Drawing upon research and experience in your organisation, examine and discuss the
contextual factors that have driven recent developments in HRM strategies, policies and practices.

ii. Examine how these developments in HRM have influenced the ways in which the HRfunction can be organised and delivered. Provide examples from your organisation where appropriate.

OR

2. Various models of organisation are discussed in the literature. One approach is to distinguish between 'classical' studies of organisations and 'contemporary' studies. Despite these contrasting schools of thought, many organisations retain substantial elements of classical organisational structures and processes today.

i. Drawing upon research, discuss what is meant by 'classical' studies of organisation.

ii. Explain why many organisations retain classical structures and processes today and why they have not developed more 'modern' forms of organisation

B

3. With the increasing size and complexity of organisations, there are a variety of specialist managerial functions within them.

i. Apart from HR, what is the most important managerial function in your organisation and why?

ii. Assess the impact that this managerial function has on the HR function. Justify your response.

OR

4. Mintzberg views organisations as political arenas, where organisational politics come into play wherever authority, ideology or expertise are contested.

i. Explain why politics matter in organisations. Then describe and evaluate some of the 'games' that managers play to protect their positions and power in the workplace.

ii. What political strategies can HR specialists use to influence decisions in their organisations?

C

5. In conditions of market and other contextual changes, organisations are adopting systems and techniques of strategic management in response to uncertainty, external turbulence and business competition. Writers distinguish between 'rational' approaches to strategy and 'emergent' ones.

i. Drawing upon research, compare and contrast the rational and emergent approaches to strategy. Which model of strategy is used in your organisation and why?

ii. A major task of strategists is to assess the external forces acting on an organisation to determine its strategic direction. What tools can managers use to undertake an environmental analysis of their organisation?

OR

6. HR strategy is a key feature of contemporary HRM and a variety of strategic HR models have been proposed by researchers in the field. One model is the resource-based view of the firm (RBVF).

   i. Drawing upon research, explain the main features of the RBVF.

ii. Analyse and evaluate the main critiques of the RBVF.

D

7. Globalisation is a complex, contemporary phenomenon, with both its supporters and its critics. Gray defines globalisation as the worldwide spread of industrial production and exchange, promoted by information technology, unrestricted mobility of capital and unfettered freedom of trade. Drawing on this definition, respond to the three questions below.

   i. Evaluate the case for globalisation.

   ii. Evaluate the case against it.

   iii. Assess the extent to which globalisation impacts on your organisation and the sector in which the organisation is located.

OR

8. Multinational companies (MNCs) are commonplace today and they operate in a wide variety of sectors, product markets and countries.

i. Account for the growth and expansion of MNCs in the international economy in recent years.

ii. Review their impact on HR strategies and practices in organisations.

E

9. You have been asked to make a presentation to a group of six-formers in the local sixth form college on 'Trends in the UK labour market and their implications for employment and national training policy'.

   Draft what you will say and why.

OR

10. The twenty-first century continues to be a period of rapid technological change and innovation.

i. Drawing upon research, provide **three** examples of contemporary technological change and assess their implications for organisations.

ii. Explain why some industries and organisations appear to be less affected by new technologies than others.

END OF EXAMINATION

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Introduction

This report reviews the January sitting of the Human Resource Management in Context advanced level examination of the CIPD. This is a core module within the advanced level qualifications framework and draws upon the “Strategy, Insights and Solutions” professional area of the CIPD’s HR Profession Map.

In this first examination in the field, 71 candidates took the unit. Of these, 47 achieved a pass standard or more, giving a pass rate of 66.2%. The breakdown of grades is shown in Table 1.

Table 1: Examination results of unit 7HRC, January 2011

January 2011		
Grade	**Number**	**Percentage of total** (to 1 decimal point)
Distinction	2	2.8
Merit	6	8.5
Pass	39	54.9
Marginal fail	3	4.2
Fail	21	29.6
Total	**71**	**100**

The examination consists of two sections, a seen case study in Section A and short answer question in Section B, where candidates have to attempt five (out of ten) questions, which are divided into five sub-sections. All the learning objectives of the unit are assessed on the examination paper.

In addition to demonstrating knowledge and understanding in this examination, successful candidates are expected to match the CIPD vision of the HR professional as a business partner and a thinking performer who can deliver day-to-day operational requirements and reflect on current procedures, systems and contexts, so as to be able to contribute to continuous improvement and change initiatives.

Candidates are expected to achieve M-level performance in the examination, drawing upon evidence-based argument, critical thinking and broad understanding of their field of study, not only within their own organisation and sector but also across a reasonable spectrum of other organisations and sectors.

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As this is the first report by the Chief Examiner for this module, and because of the relatively small number of candidates who sat it, more detailed statistical trends will be provided within it. But these are unlikely to be included in subsequent reports, as the number of candidates sitting the examination increases.

Section A

This section consisted of a seen case study with four questions, where candidates were expected to answer all questions. The case study centred on the activities of the Prestigious Building Group (PBG) PLC, which was described as a large construction, development and services company. It specialises in building and civil engineering, support services, private and public-sector house building, property development and investment in the private finance initiative (PFI). The Group Chief Executive Officer (CEO) has employed a firm of consultants to undertake four immediate tasks on behalf of PBG to help it move forward in the difficult market conditions facing the company today. The Group CEO is a strong supporter of evidence-based management and she expects candidates' submission to incorporate as much evidence as possible to justify their analysis and conclusions.

The case study touched on a number of issues covered in the module's learning outcomes. However, it was particularly intended to test in-depth knowledge and understanding of Learning Outcomes 4 and 7. There are a number of ways in which this case can be approached but the following summary points could be examined and developed in answers.

Task 1

This asked candidates to provide a Strengths, Weaknesses, Opportunities, Threats (SWOT) analysis of the Group and a commentary on it.

The main strengths of PRG include its provision of diverse services across sectors, its strong footing in the UK and the company's strategic alliances. Its main weaknesses include its poor performances in the partnership homes and developments divisions. Its main opportunities include major building contracts in hand, in both the private and public sectors, and its extended partnership business. And its main threats include the downturn in the UK construction industry, increased salaries and wages, and intense market competition.

Better candidates were able to identify and discuss all the above issues within their SWOT analyses and to provide a reasoned commentary on them. Thus better answers provided some elaboration of the basic issues and/or drew comparisons with other construction businesses, probably reflecting the fact that the case study was ‘seen’ prior to the examination, which positively promoted some desk-based research by candidates in advance of the examination.

In weaker responses to this question, the depth of the accompanying commentary varied. Some weaker candidates showed confusion between what is a weakness and what is a threat and there was often lack of justification of the conditions listed. A frequent example was cutbacks in public spending which some saw as a weakness rather than a threat. There was a general failure to realise that these conditions are assessed in relation to those of competing firms. A weakness in an organisation will be a condition that undermines its competitive position.

A strength implies a condition where a firm has something to a greater degree than its competitors, or is better at doing than are some of its competitors. In this sense, a good health and safety record is not strictly a strength if the records of competing firms are equally reputable. In short, weaker candidates did not explain fully enough why certain conditions may be considered as strengths, weaknesses, opportunities or threats.

Some weaker candidates also gave imbalanced responses or relied too heavily on bullet points, without providing any underpinning analysis in their responses to this question.

Task 2

This required candidates to outline how the company might respond strategically to their SWOT analysis, including HR issues drawing on research in the field of strategy as appropriate.

There are a number of ways of approaching these issues, with Porter’s formulation of competitive strategy being a useful framework to start from. The internal factors determining the company’s response include building on the company’s strengths, minimising or responding to its weaknesses, drawing upon the motivations of the senior management team, and determining the internal limits to the competitive strategy adopted. In terms of external factors, these include the nature of the industry in which the company operates, whether the company should consider expanding its businesses internationally, and how the company might diversify into new potential markets.

Basically the business needs to examine what it can do better, what is happening in the external context and what it should be doing to promote its business interests. More specifically, which division(s) is (are) most likely to deliver success for the Group? Further how might success be measured? Porter’s five forces model could be usefully tested here drawing upon concepts such as threat of entry, intensity of competition, pressure from substitute products, bargaining power of customers, bargaining power of suppliers.

The HR issues needing to be addressed include maintaining employee morale, controlling headcount, retaining quality of staff, keeping the company's good record in employee welfare and health and safety, and affordability of wages and salaries.

Disappointingly, few candidates were able to make good connections between strategy theory and the case data but some were able to link their responses to HR concepts. In general, responses did not link with what had been said in Task 1 and much more emphasis was needed on strategic issues than operational ones. In short, relatively few answers were able to demonstrate how PBG's strategy needed to be developed to maximise strengths, mitigate weaknesses, exploit opportunities and minimise threats.

In fact, the strategic response to the SWOT was often a helpful discriminator of the business orientation of candidates. As indicated above, some weak answers delivered operational rather than strategic responses, with answers focusing on the models and processes involved in producing a strategy without actually getting around to saying how PBG should respond to the situation facing it.

This question was probably the least well answered part of the case study, with most candidates opting for a 'suck it and see' approach in the guise of an incremental or emergent strategy. More positive strategies in terms of what the organisation really needed to do could have been offered.

Few original insights were offered into the HR implications for organisations.

Task 3

This asked candidates to evaluate the main implications for the Group of planned cutbacks in public spending over the next few years.

These are likely to put pressure intense on the Group's businesses. These areas need exploring, especially the impacts of cutbacks in funding for social housing, capping of housing benefits, and the differential impact of these spending cuts regionally around the UK. Each of these issues could be debated in turn. Policies such as the future effectiveness of PFI initiatives might be usefully examined too.

Better answers to this question were able to identify specific components of reductions in public spending. These covered school buildings and social housing that would have a direct impact on the Group. Other informed candidates were able to display some knowledge of the comprehensive spending review.

Weaker candidates did not get to grips with what the Government was doing in terms of cuts. These answers were generally thin in their arguments, lacking detailed analysis of the main issues. Discussions focused mainly on possible redundancies and re-deployment, as well as likely closures of some offices. Such arguments were appropriate but would have been stronger if they had been supported by convincing analysis and evidence-based observation.

Task 4

This asked candidates in what ways could PBG try to influence public policy on housing construction and development, including social housing, in the current economic climate?

Like all sectors of the economy, there are specialist trade and employers organisations in the construction sector. Assumptions can be made that the company is a member of one or more of these organisations. They will be lobbying ministers and departments on behalf of the sector and could play a vital one in advocating regeneration and new social housing provision. Broader media campaigning could also be an element in promoting the Group's strategic policy interests. With its nationwide network of businesses, the company is likely to undertake political lobbying and campaigning locally too.

Better answers mentioned lobbying and use of the media as methods, with others writing convincingly about the range of ways in which PBG could attempt to influence public policy.

Weaker answers lacked breadth and depth and others made rather vague statements about lobbying, without actually saying lobbying "who", and "how" this might be done. Some weak candidates appeared not to have left sufficient time to finish this part of the case study.

Section B

In this section, candidates had to choose one question out of two in each of five sub-sections that covered the remaining learning objectives not examined in the Section A case study. Most questions consisted of more than one part and candidates were expected to attempt all parts in each question.

Question 1

Learning Outcome: 1

The HR function within organisations has always been infinitely flexible over time, because it has always adapted to the external and internal contexts acting upon it. A generation ago a main focus was on industrial relations, monitoring agreed procedures and the determination of pay and conditions. Today the HR function is increasingly driven by the search for business performance, flexibility and employee commitment. This is in response to tight competition, globalisation and neo-liberal economic policies and the objectives of national governments.

Bach takes this further by arguing that there is a ‘new trajectory’ in HR in response to long-term trends in the business context, including the engagement of employees at work and customer-centred businesses. This appears to suggest a shift away from the ‘management of jobs’ to the ‘management of people’ within them. HRM is now closely linked with managing performance, line managers take on more HR tasks, some HR tasks are outsourced, and developing integrated HR strategies becomes a key role for HR professionals. Developments in the HR function in turn mean that its activities are more specialised, including shared services, corporate HR, the business partner role, outsourcing, vendor management, and centres of excellence.

The quality of answers to this question varied widely. Better scripts examined some of the above issues but generally the first part of the question was not done very effectively. Most candidates selected some random HR practices to discuss, such as performance management and HR planning, but failed to explain how the external contexts had shaped the development of these practices. There was a tendency towards description rather than analysis in this part of the question, without really explaining how contextual factors were driving HR practices, strategies and the HR agenda. Little research was drawn upon in answering this part of the question.

In responding to the second part of the question, most candidates referred to Ulrich’s studies, but without critical evaluation. Reference was also made by some candidates to the business partner model, again with little in-depth analysis or review. There was seldom a good link made with the first part of the question or where contextual issues had a direct influence on HR practices and strategies. Generally this part of the question was no better answered than the first part.

Question 2

Learning outcome: 1

Classical studies of organisation are associated with theories of bureaucracy, scientific management and human relations theory. These are rooted in the studies of Weber, Taylor, and Mayo, in the early twentieth century, and later by writers such as Hertzberg, McGregor and Argyris. These orthodox models of organisation provide frameworks and principles of organisational structures and processes aimed at helping practising managers manage more effectively and exert control within organisations. The principles and theories underpinning them are still applied in many organisations today. A main reason is that they are well known, are to some degree tested and are relatively simple to apply in practice. But more than this, classical theories of organisation, where they are applied, legitimise managerial control in organisations and are linked with an ideology of progress that is expected to produce better educated, knowledgeable and civilised societies.

Responses to this question were generally weak. In most cases there were some limited research references to classical writers in the first part of the question, such as Weber, Mayo and Taylor, but at a very superficial level.

Answers to the second part of the question were also limited. In some instances there were attempts to describe transitions from bureaucratic organisational structures and systems to more decentralised, organic ones but not very convincingly. More worryingly, there were few attempts to explain precisely why classical organisational systems continue to thrive and remain ossified. Candidates, in short, struggled with this question and were generally unable to demonstrate underpinning knowledge and understanding of different organisational systems or the theories underpinning them.

Question 3

Learning outcome: 2

Candidates could choose any managerial function in responding to this question, provided that they justified it. These include finance, marketing, operations, risk, quality, performance, strategy and so on. They then needed to explore within the context of their own organisation how this function affects the HR function and to justify their response.

Most candidates were able to specify what they considered to be the most important management function in their organisations. Finance was unsurprisingly typically chosen and this was justified and explained effectively. Other functions included marketing, quality and operations. Better scripts were also able to demonstrate the impact of these functions on HR and to justify their response.

Weak candidates struggled in identifying an appropriate management function. Clearly they had not covered this area in preparing for the examination or had not come across this area of the indicative content by drawing upon the core text. Odd examples of 'management functions' included the 'senior management team', 'corporate governance' and 'the plant manager'. In consequence, answers to the second part of the question were often limited and unpersuasive, with explanations of how these 'functions' impacted on HR and control or determine HR strategy being omitted.

Question 4

Learning outcome: 2

The pervasiveness of power is a central feature of organisational life. Control of the levers of power that authority confers on them provides the means to develop strategies, policies and practices within organisations. Organisational politics is the process of mobilising power where individuals and groups make claims against an organisation's resource-sharing system. For example, decisions about strategy are always political. Organisational politics are generated, for example, by structural cleavages, complexity and uncertainty, and the salience of the issues.

Managers play a variety of games to advance or protect their functional, personal or group interests wherever issues or resources are competed for or contested. A number of 'games' have been identified by Mintzberg such as empire-building, budgeting, alliance-building, expertise games, rival-camp games and others. For HR professionals the classical political interventions were highlighted by Legge many years ago: the roles of conformist innovator, deviant innovator and problem solver. More recently, Ulrich's or Ulrich's and Brockbank's 'business partner' or 'strategic partner' roles have been identified too.

Responses to this question were reasonable but lacked any effective research underpinning. For example, some candidates wrote about types of power and didn't really answer the question asked. Most candidates failed to mention the games that managers play to advance their interests. Answers regarding HR's use of political power and influence were even more poorly directed. Sitting on boards of directors and writing strategy papers were typical but unpersuasive responses to this part of the question, which was poorly done by almost all candidates attempting this question.

Question 5

Learning outcome: 3

The rational approach to strategy is deterministic and adopts a so-called 'scientific' methodology to strategy formulation. It is underpinned by processes that are the outcome of objective analyses rooted in logical methods of determining and managing strategy. This includes analysing the external environment, analysing resources and identifying vision, mission and objectives, developing strategic options, choosing among the options, and implementing and evaluating the chosen strategy.

Emergent strategy on the other hand is shaped, without predetermined objectives. Emergent strategy arises from the observation that human beings do not always react logically and rationally to situations. In this model, strategy emerges over time in adapting to human needs. This approach includes logical incrementalism and proceeds by a series of sub-processes based on the experiences of managers and their sensitivities to changes in their external contexts. Incrementalists claim that formal planning is less suitable for non-routine activities such as innovation and change. The key principle of emergent strategy is that it doesn't have a single, definitive objective and strategy develops over time. Several tools of environmental analysis exist, including the STEEPLE model and techniques such as scanning, monitoring, forecasting, and assessment. Other techniques include Delphi forecasting, scenarios and cross-impact matrices.

Answers to this question were generally satisfactory, with most candidates attempting both parts of the question. Better candidates knew the differences between both types of strategy, could compare and contrast them by drawing upon relevant research, and were able to link the question to their own organisations. Weaker candidates simply described the two approaches, did not draw upon research and made limited observations in terms of their own organisations.

Amongst weaker candidates, comparisons of the two approaches were superficial and limited. These answers contained little consideration of the external conditions affecting strategy formulation and implementation, with little reference to their own organisations or research.

The second part of the question was often covered very summarily. These answers invariably comprised a list of bullet points without elaboration or commentary. Nor were the tools of environmental analysis clearly described and reviewed. STEEPLE was commonly identified and used, whilst others drew upon Porter's five forces model. There was little serious attempt to provide much detail about the suitability of different analytical tools in different circumstances.

Question 6

Learning outcome: 3

The RBVF is an inside-out approach to HR strategy. It views the firm's internal resources as the starting point for understanding successful organisational performance. The essence of the RBVF is that organisations are made up of unique bundles of assets and that access to these, and the firm's ability to make effective use of them, provide the source of its competitive advantage in the marketplace. It is assumed that competitive advantage of the firm derives from the astute use of firm's internal resources. The contribution of the firm's HR function is to promote the development of its human capital rather than just aligning HR to the firm's strategic goals. The focus is not just on the behaviour of HR but on the skills, knowledge, attitudes and competencies which people bring into an organisation. Barney identifies four criteria indicating whether the resource is gaining competitive advantage. It must add positive value to the firm, be unique or rare among competitors, be imperfectly inimitable, and not substituted with another resource by competing firms.

Critiques of the RBVF include: the tautological problems associated with the model, lack of clarity in the relationship between the HRM performance link, the multi-level nature of this link, the static nature of the model, little account is taken of the external contexts of firms, and the model builds on the assumption of economic rationality of the actors involved (Priem and Butler).

Answers to this question were generally weak. Not many candidates were able to describe the RBVF adequately. Most responses were superficial and confused by conflating best practice, best fit and RBVF models. The research basis of answers was also very limited and concentrated largely, where research was identified, on Barney's work. Most candidates didn't really understand the concept and had difficulty applying it. Consequently, critiques of the RBVF were generally weak. Most of these centred on the issue of the model failing to take account of external factors.

Question 7

Learning outcome: 5

The basic case for globalisation includes: international trade brings prices down and quality up, the living standards of the world's poor are improved, world peace is preserved, and the environment is protected. Globalisation is also claimed to produce an international division of labour, enabling companies, countries and regions to specialise in producing those goods and services where they have a comparative advantage. And elimination of trade barriers has intensified international competition and reduced real prices to consumers.

The case against globalisation is: it has led to greater disparity in wealth amongst countries, the creation of what is in effect a single global market brings its own dangers (for example, widespread economic downturns that affect everyone and spread toxically, with financial crises becoming more complex to resolve), some workers in all countries are adversely affected by globalisation (for example, businesses move to where there is cheaper labour), employment is exported to some countries and unemployment is increased in other countries, world cultures are homogenised, and diseases spread more easily due to mass movements of people across national borders. Some see globalisation as an ideological construct, associated with the search for hegemony in the international economy by the developed world, led by the US. Candidates must also relate globalisation issues to their own organisation.

Better answers to this popular question tended to come from candidates who appeared to work in globally-sited organisations. Responses to the first and second parts of the question tended to be better than those to the third part. The primary weaknesses in responses were the tendency to simply describe the cases for globalisation and against it rather than evaluate them. Answers to the third part of the question were generally brief and underdeveloped. This is surprising since candidates could easily have taken each of the points identified in the earlier parts of the question and assessed how these impacted on their organisations but this didn't happen. Nevertheless, most candidates were able to demonstrate a pass standard of performance overall.

Question 8

Learning outcome: 5

Some of the factors accounting for the expansion of MNCs in recent years include: more countries have embraced the free market ideology, the economic centre of gravity is shifting away from the west to eastern countries, technological advances are improving business communications, new market opportunities exist for MNCs, decreasing transportation costs, and major international organisations have promoted free market economics.

MNCs are able to promote current HR strategies and practices across national boundaries, dependent upon the extent to which national business cultures are embedded and the relative strengths of national social institutions. Some common practices include individual performance related pay, employee communication processes, decentralised pay bargaining or non-union recognition, investment in human capital and managing diversity. There is, in short, some evidence of a country of origin effect in the HR practices of MNCs, although these are implemented in different politico-economic conditions.

This was not a popular question and responses to it were not generally persuasive. Answers to the first part of the question tended to be better than those to the second part. The main conditions put forward to explain the growth of MNCs were technological advances, costs of investment and the competitive advantage promoted by the presence of cheap labour in other countries. Weaker answers contained examples demonstrating the existence of MNCs but not their growth.

In the second part of the question, better answers referred to shared services and centres of excellence. But the impact of MNCs on HR strategies and practices was more often than not poorly addressed. The effects of ethnocentric, home/host country factors were missing. Further, the argument that HR strategies and practices seem to be exported to overseas companies by a process of osmosis and diffusion, especially where the corporate culture promotes this, was rarely mentioned. There was, in short, little recognition of country of origin effects.

Question 9

Learning outcome: 6

Labour demand and labour supply have generally increased in recent years, resulting in some 23 million people being employed in the private sector and 6 million in the public sector, with levels of unemployment varying according to the general economic climate. Answers to this question can be analysed in several ways but a useful one is by examining the labour market by occupational categories and by sector, where some groups have expanded in size and others declined.

Expanding occupations include managerial and professional groups, associate professional and technical groups, administrative and secretarial groups and personal services. Occupations in decline include skilled trades, sales and customer services, process, plant and machine operatives, and elementary occupations. Sectors that are expanding include distribution, hotels and restaurants, transport and communications, finance and business services, and until recently public administration, education and health and other services. Sectors in decline include agriculture and fishing, energy and water, manufacturing, and construction. The size and geographical distribution of these occupations and sectors have implications for labour demand and labour supply.

The central issues for national training policy are the extents to which it is linked to education policy (at all levels) and the extent to which it should aim to promote individual advancement or employer needs in a flexible labour market.

This was another popular question but most answers to it were surprisingly weak. The labour market trends mentioned were often brief and lacked depth. The main ones discussed included feminisation of the workforce and the shift from a manufacturing to service economy, though to what extent the latter is a trend remains to be seen. Some very weak answers mentioned issues such as redundancies arising from recession, which is not strictly a long term 'trend'. Many answers adopted a narrow, restricted interpretation of the question as being focused on trends in the supply of labour to the labour market relating to gender and age. These failed to take account of the changing nature of employment in the labour market. One suspects a 'question spotting' strategy had been adopted by some candidates.

The second part to the question calling for the implications for employment and national training policy was underplayed in most responses to the question set. In practice, the impact of labour market changes on employment and national training policy was largely ignored, whilst comments on the impact on national training policy was very limited. This question revealed some prominent weaknesses in knowledge and understanding by many candidates.

Question 10

Learning outcome: 1

Any three examples of technological change can be identified and analysed drawing from areas as wide as ICTs, biotechnology, transportation, energy supply, medicine, robotics and nanotechnology. A wide variety of research sources demonstrate this. The impacts of technological changes are likely to affect how work is organised, what is produced and marketed, methods of management, and market structures.

Technological developments are likely to impact on most industries and organisations but there will always be exceptions, where the impact of technology will be weaker than in other cases. This arises from issues such as resistance to technological change, the economic costs of introducing it, individual and firm preferences, and niche markets requiring niche solutions

Responses to this question were relatively weak. There were a few well crafted answers, covering, for example, issues such as in medicine, robotics and ICTs, where there were developed narratives of the implications of each of these for organisations. In these responses, answers to the second part of the question were also well attempted.

In many other answers, there were some very limited responses. Examples of technological change were generally limited and to some extent repetitive. Also the second part to these questions was badly answered and too often incorporated vague and generalised comments. Few research studies were quoted and responses were generally thin in substance and content.

Conclusion

The pass rate in this first examination diet was 66.2%. The marking team is of the view that this examination paper provided a good test of all the learning objectives and the indicative content of this unit, and was a fair test of candidate knowledge, understanding and application of knowledge within the module. The marking team observed the following general points in assessing candidates in this examination:

1. With a pass rate of some two-thirds of the candidates sitting the examination, the standard of performance was a reasonable but not outstanding one. Further, as demonstrated in Table 1 above, there was a relatively long tail of candidates (almost 30 percent) who failed the examination.

2. Candidate performance was generally better in Section A of the examination (the seen case study) than it was in Section B (the short answer questions). The average mark (arithmetic mean) in Section A was 52.7%, whereas the

average in Section B was 44.9%, giving an average mark per script of 48.8% (see point 5 below).

3. In Section B, candidate choice of questions was concentrated on only five questions: 7 (with 84.5% of candidates answering it), 3, (84.5%), 1 (81.7%), 5 (78.9%) and 9 (69.0%). The remaining five questions (2, 4, 6, 8 and 10) attracted far fewer responses, varying from 4 (answered by 12.7% of candidates), 8 (15.5%), 2 (18.3%), 6 (21.1%), to 10 (29.6%). These data are summarised in Table 2.

Table 2: Distribution of attempted questions in Section B

Question	Percent of candidates attempting each question
1	81.7
2	18.3
3	84.5
4	12.7
5	78.9
6	21.1
7	84.5
8	15.5
9	69.0
10	29.6

The main implications of these data are that candidates in this examination appeared to be confining their choices of questions in Section B to a limited number of topics. In examination terms, this is not a sensible strategy, as the specific topics within each sub-section may not always be the ones that examinees expect to encounter. In future examination diets, candidates are strongly advised to broaden their learning and understanding to cover all the learning objectives of the unit and the range of indicative subject matter within them.

4. The average percentage marks for each question in Section B are set out in Table 3. This shows that the average mark exceeded 50% (the pass mark) in only two answers; questions 3 and 7, with the average mark per question being 44.9%. Candidate performance, in short, varied widely across the range of questions set.

Table 3: Average percentage mark per question, Section B

Question	Average percentage mark per question
1	42.5 (F)
2	37.5 (F)
3	**56.0 (P)**
4	42.2 (F)
5	47.9 (MF)
6	38.4 (F)
7	**50.7 (P)**
8	44.1 (F)
9	42.5 (F)
10	47.6 (MF)

5. Combining Sections A and B together, the average mark per script in this examination was 48.8%. Taking the cohort as a whole, this was not a high

standard of performance which was pulled down by a relatively long tail of weak candidates.

6. One tendency noted by the marking team was candidates who ‘re-interpreted’ the questions set (to greater or lesser degrees) so that they could write what they wanted to about the topic under discussion, rather than sticking to what had been asked by the examiner. This approach clearly loses marks for these candidates.

7. Question spotting should be avoided in both sections of the examination paper. Candidates and subject tutors are reminded that all the learning objectives covering the indicative content of this unit are assessed in the examination. There is, for example, no discernible pattern indicating which learning objectives are likely to tested in the case study in each examination diet. Although the remaining learning objectives are then assessed in Section B of the examination.

8. Another issue noted by the examiners was that some candidates failed to justify their answers when this was asked. Again this loses marks for these examinees.

9. It is a common fault among some candidates to introduce relevant theories or research findings into their answers but then fail to link them effectively to the question set.

10. As this is an M-level examination, candidates are expected to provide evidence-based answers to the questions set, drawing upon relevant research and good practice of HRM in its contexts. This means that they are expected to read around the subject matter of this module. At a minimum, the core text provides an overview of the literature and identifies and reviews key studies in this field of professional knowledge and understanding. But this is not enough and it needs to be supplemented through wider reading by candidates. These sources include relevant academic journals, professional periodicals and the quality press, as indicated by their subject tutors.

To conclude, I would like to acknowledge my team of markers for contributing to the assessment process on this occasion.

Professor David Farnham

Chief Examiner
January 2011