

**ADVANCED LEVEL EXAMINATIONS**  
**7HRC – Human Resource Management in Context**

**EXAMINER'S REPORT**

**May 2012**



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**Chartered Institute of Personnel and Development**

**Advanced Level Qualification**

**Human Resource Management in  
Context**

**May 2012**

**29 May 2012**

**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.**

Night Owls is a small, community-focused business. It is located in an economically-poor area in a large city in the North of England and was set up to provide printing services for individuals and businesses locally. Established as a charity by the local health authority in 1995, it was incorporated as a company limited by guarantee. The company was given specially-purchased and refurbished premises and printing equipment as part of the 'Care in the Community' health policy at the time. This replaced long-stay residential care for psychiatric patients in hospitals with accommodation and support for them in the community.

Night Owls started as a social enterprise. It was committed to employing one-third of its staff who were disabled. Other users were referred to it for sessional training by community health teams. A grant from the local authority towards its running costs, plus health authority funding, soon became a combined grant supplemented by some commercial income, whilst its disabled staff were supported by separate funding.

The firm's premises were developed by a series of grants from the National Lottery. Additional print finishing and information technology equipment was purchased and the premises were adapted to add other office services to the printing services on offer. Together with a retail shop, this expanded Night Owls's customer base and work opportunities for referred users.

Three years ago, the local authority social services department that administered the annual grant, on behalf of the local authority and health authority, announced that this grant would be replaced by a three-year contract to train sessional users for jobs in the local labour market. The terms of the contract included both the number of sessions to be delivered and the employment and training outcomes to be achieved by users. With the sheltered placement support for disabled employees diminishing, Night Owls gave up its social enterprise status and decided to concentrate on training its sessional users under the terms of the new contract. Despite the additional commercial services and the increased staffing provided under the Lottery projects, commercial activity within Night Owls never accounted for more than 50 per cent of its total income. However, the terms of the training contract were generally met and the contract continued.

Up till 2010, the premises used by Night Owls had been rent-free. At this time, the Secretary of State agreed a sub-lease to the company, with a view to disposing of the property with the benefit of the tenancy. However, following the banking crisis and economic recession, Night Owls's commercial income was badly affected, despite staff losses and reduced overheads. Initially, the rent was paid in full by the Council and thereafter it paid half. The full rent will fall on the company once the current financial arrangements cease. Night Owls's labour force has been reduced to 25 staff, consisting of a General Manager, print room and administrative workers plus some trainees and volunteers. Most of them have been with the

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company for some years. The pay structure is flat and the firm's wages are relatively low in the local labour market.

Following the Coalition Government's structural deficit reduction programme, the Council has decided that Night Owls will get only half the current level of statutory funding once the present contract terminates at the end of this financial year. The Board of Trustees, General Manager and staff are very concerned about these developments and their impact on the viability of the company.

At a recent staff seminar, organised by the Trustees, a Strengths Weaknesses Opportunities and Threats (SWOT) analysis was undertaken by the General Manager and staff. The outcomes were as follows:

- Strengths: staff knowledge of the business; a loyal customer base; loyal and flexible staff; skilled and experienced staff; small-scale size; lack of bureaucracy; ability to outsource; use of volunteers; a diverse workforce.
- Weaknesses: outdated and unreliable machinery; not able to compete for large orders; staff lack specialist skills; staff are overworked because of staff shortages; unreliability of volunteers; difficulty of scheduling volunteers; the marketing function is not developed.
- Opportunities: well-established networking contacts; getting sponsored equipment; redesigning the shop premises; T-shirt printing; building links with social enterprises; direct marketing; developing the firm's website; adopting e-commerce methods; demand for these and similar services remains robust.
- Threats: public-sector cutbacks; economic recession; competition from other providers; changing markets within printing; home computing; technological change; 'bad luck'.

In the light of the pressures threatening the business, the Board of Trustees has instructed the General Manager to undertake a review of the organisation's business operations. She has requested a meeting with you, a local independent consultant, to help her with this task.

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At your first meeting with the General Manager, she has asked you to prepare a report on the following:

1. To write an analysis of how the firm can respond to the SWOT analysis in terms of both the business and HR issues.
2. To prepare a STEEPLE analysis of the firm, including the HR implications of this for Night Owls.
3. To provide a written case to demonstrate how Night Owls can use its political influence and contacts to support and promote its business locally.
4. To draft a review of Night Owls's legal obligations to its staff, in the light of its market pressures or if the firm goes out of business, and how it can address them.

*It is recommended that you spend 30% of your time on each of Task 1 and Task 2 and 20% of your time on each of Task 3 and Task 4.*

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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. Management as an activity is constantly changing and the functions of management are wide-ranging.

Drawing upon research and/or current organisational practice, what are the main functions of management in organisations today?

**OR**

2. You have been asked to give a short talk to senior managers within your organisation on 'Managing organisational performance in my organisation.' It is suggested that you address the following two issues only.
  - i. Outline how performance is managed in your organisation and the role of HR in this.
  - ii. Drawing upon current organisational practice, critically evaluate the effectiveness of this performance management system and suggest how its effectiveness can be improved.

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#### **B**

3. Management literature commonly distinguishes between the 'rational' and 'emergent' approaches to strategy formulation and implementation.
  - i. Drawing upon research and/or current organisational practice, explain what is meant by **one** of the above approaches to strategy formulation and implementation.
  - ii. Critically review the effectiveness of this approach to formulating and implementing strategy.

#### **OR**

4. You have received the following email from a colleague. 'I get confused between "best practice HR" and "best fit HR". Please explain the main differences between them for me.'

Drawing on research, draft your response to this request.

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#### C

5. The UK economy is normally characterised as being a relatively open, market economy, made up of a mixture of private enterprise and public services.
- i. Drawing upon research, outline and evaluate the main characteristics of the UK market economy today.
  - ii. Examine **up to three** implications of these characteristics for the HR function.

#### OR

6. Porter argues that five competitive forces determine the intensity of industry competition and profitability.
- i. Outline and critically evaluate Porter's 'five forces model'.
  - ii. Illustrate how this model can be applied (or not applied) in your organisation.

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**D**

7. You have been asked to make a presentation to new recruits on 'What globalisation is and how it affects our organisation.' Drawing upon research, you have been asked to concentrate on the two issues below.
- i. Explain what globalisation is and why it is such a contested phenomenon.
  - ii. Critically review how globalisation affects your organisation.

**OR**

8. There is a range of major international agencies seeking to influence patterns of international trading, national economic policies and economic development.

Drawing upon research, critically evaluate the role of any **one** international agency in the global economy.

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**E**

9. The size and distribution of the UK population is an important part of the business environment.
- i. Drawing upon research, explain the most significant changes in patterns of employment over the last 25 years.
  - ii. Why have these changes happened and what is their impact on the HR function?

**OR**

10. You have been sent an email by a colleague studying for the CIPD's advanced level qualification. She writes: 'What are the economic cases for and against reducing net immigration into the UK, please?'

Drawing upon research, draft your reply.

**END OF EXAMINATION**

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#### Introduction

This report reviews the May 2012 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 examination , 178 candidates took the unit. Of these, 108 achieved a pass standard or more, giving a pass rate of 60.7%.

The breakdown of grades was as follows.

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<b>Grade</b>	<b>Number</b>	<b>Percentage of total (to 1 decimal point)</b>
Distinction	3	1.7
Merit	15	8.4
Pass	90	50.6
Marginal fail	10	5.6
Fail	60	33.7
<b>Total</b>	<b>178</b>	<b>100.0</b>

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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#### 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 Night Owls, a small social enterprise, located in an inner city, which is experiencing some funding and business problems that could lead to closure of the business.

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: 1 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 write an analysis of how the firm can respond to the SWOT analysis presented in the case, in terms of the business and HR issues facing the firm.

This question could be approached in a number of ways. But the overall aim of Night Owls must be to keep trading and survive the difficult business climate and hostile external contexts facing it in the short term. The strengths of the company need to be built upon. The staff are long-term employees of the company, who know one another well, are a balanced team, get on together and know the business and its customer base from long experience in the social care sector and the market for local printing and training. Further, they are flexible and have been with the organisation a long time. The company needs to maintain its diverse workforce.

Building on this staff flexibility and knowledge of the business in the locality are key factors that could provide Night Owl with a comparative advantage locally, even in these difficult times. This is likely to be facilitated by the small scale of the business and its lack of bureaucracy and hierarchy. Night Owls' ability to outsource and draw on help from its volunteers is also a plus for its survival. But the staff need to be kept on board, motivated and kept working collectively as a team. Suggestions how to do this can be discussed.

The opportunities identified for the company also need to be acted upon and utilised as far as possible to keep the firm in business. All the issues listed in the case provide opportunities for the company to adapt and respond to its changing market structure and its new market opportunities. These include sponsorships, networking, diversifying, using IT and expanding its e-commerce opportunities.

The weaknesses in Night Owls, in turn, need to be addressed by the organisation where possible. Large orders appear to be out of the firm's capacity to deal with as does, in the short term, its outdated machinery, unless some philanthropic organisation or individual can be persuaded to finance or sponsor this. Given the pressures on staff, it is essential that action is taken to keep workplace and job stress to a minimum. Developing further

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opportunities for volunteers to take off some this pressure would be helpful. But volunteers need handling carefully.

Central to expansion and growth is developing and delivering an appropriate marketing plan and marketing strategy, particularly in relation to expanding the retail side of the business and other small business needs locally. The issue is who does this and where can help be obtained? Some sort of internship might be tried, for example.

The threats to the business are clear in the short term, particularly competition, public sector cutbacks and home computing alternatives. Developing the training side of the business might be worth exploring too. Night Owls is not a sophisticated firm and it doesn't need sophisticated measures to survive. But it does mean developing a collective ethos to solving the problems facing the business and everyone working hard to address the harsh commercial and HR issues facing the firm now.

Some candidates reiterated too much of the case study and failed to extract the business and HR issues. However, better answers used the four headings and responded with proposals of actions the organisation could take to minimise weaknesses, avert threats, build on strengths and capitalise upon opportunities. At times, the ideas expressed showed a lack of appreciation of the difficulties the case organisation faces and indicated that the candidates concerned had not fully read or understood the case.

Better answers also offered a range of options, some of which were good such as the possibility of work experience or of an internship of a marketing person or an IT student to develop marketing methods and establish a website for on-line selling. The best answers were those that promoted the need to develop the commercial side of the business.

In almost all the weaker answers, there was lack of any sense of priority. For example, out of the range of options proposed, which one should the organisation pursue first and how? The worst scripts were those which failed to provide the advice and guidance that the organisation would surely expect from a consultant.

Overall, this was the best answered question in Section A. This was possibly because the SWOT data was shown in the question, indicating a strong likelihood of a question on this topic. Some candidates went through each of the four headings, but a number (as a result of tutorial guidance, perhaps?) sought to apply some conceptual idea or framework to the overall issues, for example, the Boston Grid or forming a strategic alliance. These contributions were commonly not helpful.

Where candidates had a good understanding of the framework and a sound grasp of the case study, this produced some good answers. A number made over-ambitious statements, particularly about the HR role, for example, the need for extensive training. Some really good students had done their homework and checked out the government grants available and so on.

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#### Task 2

This required candidates to prepare a STEEPLE analysis of the firm, including the HR implications of this for Night Owls.

The external contexts facing Night Owls are challenging. A STEEPLE analysis should enable the General Manager and staff to identify the main external contextual factors acting on the firm and provide indications how these might be addressed. The immediate socio-cultural contexts facing Night Owls are again challenging. These include the business being located in an economically-deprived urban area. This limits its recruitment base and its market opportunities. The local population is a relatively young, diverse one that is attractive to overseas migrant workers, and two overseas person works for it. Incomes are generally low, thus limiting discretionary spending power by potential customers.

Technologically, the firm is relatively weakly placed. It has old equipment that is likely to break down and needs repeated repairs and renovation of the printing facilities. It cannot afford to buy into the latest printing technology systems. This limits the capacity of the business and its attractiveness to new, large clients.

The economic context is dire. Unemployment locally is high and rising. Most other local small businesses are struggling too and support from the formerly helpful local authority is not available. Nor are the government's macro-economic policies helpful for business expansion. The firm is struggling to compete and to survive, thus keeping its wages low and its hours of work long. Environmentally, the area leaves a lot to be desired and the geographic location is not generally a good place in which to work and live. The firm does however attempt to run an environmentally responsible business.

Politically the Coalition government's economic and social policies are generally not supportive of the firm's business plans. Legally the firm, like all small businesses has a lot to deal with, in terms of its legislative and regulatory responsibilities. Being a small organisation, structured relatively openly, Night Owls considers itself to be both an ethical and socially responsive organisation.

Generally, this was not a well-answered question. Too many candidates used a table or listed points under each heading. This often made it difficult to judge depth of understanding of the candidates' answers. A further weakness was answers that listed external developments without any link to the case company. For example, employment legislation was noted but few candidates identified the particular pressures this might have on a small firm like Night Owls. In both this task, and in the first task, there was often apparent confusion over 'HR'. Some talked about the role of the HRM function - not HR issues - leading to the question whether this difference is sometimes understood by some candidates.

Commonly, the STEEPLE analyses were weak and often lacked precise links to the organisation. The HR implications were seldom thorough and focused. In this answer, and the last one, the proposals made were often ambitious and lacked sensitivity to the organisation's size, expertise and resources. Some of the recommendations offered, such as

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developing the business partner role, training line managers, and installing performance related pay, seemed impractical in the circumstances.

Overall, answers were poor, even though it ought to have been a strongly anticipated question. Too many answers were in note form or set out in a tabular manner, writing was often squashed up and scrappy, which made it difficult to give students credit for their analyses. Too many scripts appeared not to know how to undertake a STEEPLE analysis. They knew the headings but simply looked internally at the organisation, not at factors in the external environment and how they impinged on the firm. In weak answers, many candidates used bullet points which didn't really spell out the key points.

#### Task 3

This asked candidates to provide a written case demonstrating how Night Owls can use its political influence and contacts to support and promote its business locally.

The case for Night Owls using any political influences it can muster to promote its business locally is based on its strong position and its network of contacts in its community for many years. Starting as a social enterprise that was local authority and health authority funded, Night Owls has good contacts with its public-sector antecedents. Although the people formerly running these organisations have long since left, regular contacts have been maintained, certainly with the local authority, during the development, establishment and growth of the firm. So the local authority might be a starting point for exploring what discretionary funding or other support that might be provided to Night Owls, in the short term, to help keep it solvent.

There is probably a network of individuals, past users and others who might be influential locally. Another very important contact, who has had some well published contacts with the firm earlier, such as during the general election campaign, and is known to support Night Owls, could be the local MP. She too has extensive contacts locally (and beyond) and could possibly draw on these to help the firm in some tangible way or other. The National Lottery might again be considered as a possible source of matching funding, such as for investing in new printing equipment. Good will and contacts with local play-makers are key forces to build upon.

Many responses were generally good attempts at the question set but there some narrow answers, which failed to come up with a range of methods to support and promote Night Owls politically. Reasonable answers focused on lobbying local politicians, forming alliances and applying for funding from business enterprise initiatives. These issues, however, often needed deeper discussion and justification by candidates.

Surprisingly, some candidates failed to grasp the idea of 'political' contacts, often just talking about the need to get more customers. Although there were some good creative ideas about harnessing Night Owls' charitable status, and using the health authority and local government to advertise their products, many candidates failed to realise the extent of scaling down that is going on in local government at the moment.

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#### Task 4

This asked candidates to draft a review of Night Owl's legal obligations to its staff, in the light of its market pressures or if the firm goes out of business, and how it can address them.

With the possibility of failing to survive in the current marketplace, Night Owls needs to carry out any potential redundancy programme involving the staff, legally and professionally. Since the business lacks HR capacity, it will have to draw upon the free services of a body such as ACAS to provide advice how to proceed along this pathway. Payments of wages will need to be arranged and possible redundancy procedures, redundancy payments and redundancy support will have to be provided and implemented effectively, if the firm goes out of business. The important thing is to try and keep the firm solvent and avoid getting into debt. The role of the chair of trustees and the other trustees will need to be up to speed on this. Effective on-going communications between the trustees and the General Manager and other staff is a necessary condition for this to happen.

Surprisingly, some candidates did not read and respond to the part of the question which read 'in the light of its market pressures or if the firm goes out of business' and produced general comments about legal obligations facing firms such as health and safety and to pay wages. Better answers focused on redundancy, contract variation, requests for flexible working arrangements and so on. These candidates were deemed to have addressed the question adequately. Few answers provided much in-depth knowledge of employment legislation to be used in a case like this.

On balance, there were few knowledgeable and thorough answers to this question. Generally, the weakness was insufficient knowledge of legal content. Very bland answers mentioned the obligations regarding redundancy but mainly in terms of process. Here again, there was need for more thorough discussion by candidates in responding to the question set. Although some candidates did consider the firm's legal obligations (for example if wages were to be cut or redundancies were needed), a number did not apply employment legislation to the specific issues or largely ignored the word 'legal' in their answers.

#### 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: 2*

This question asked candidates to draw upon research and/or organisational practice and explain the main functions of management in organisations today.

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Given the complex nature of management in contemporary organisations, answers to this question could be interpreted by candidates in a number of ways. One approach is to analyse management activities in organisations using the framework provided by Mintzberg, for example. This examines the diversity and fragmentation of managerial work, covering interpersonal skills, informational skills and decisional roles. Another approach is by drawing upon Hales' contribution in the literature in terms of the concepts of separation, extension and dispersion within the management function. A third approach is by examining the traditional managerial functions such as finance, marketing, operations, strategy and HRM and extending this to risk management, quality management, and performance management and how they relate to the managerial role in organisations..

This was not a popular question and there was a difference here between those candidates who approached the question in terms of the nature of management functions in general and those who discussed the role of line managers. The traditional approach was mainly the one adopted. Better candidates discussed the issues of risk, quality and customer service, and performance management, in addition to the responsibility for finance and operations.

Weaker candidates discussed the devolvement of HR responsibilities to line managers, which didn't address the question effectively. The inclusion of research evidence was usually minimal.

Better answers were able to provide one or more relevant models, although some just listed management thinkers from Taylor onwards. A small number of candidates misread/ misunderstood the question and examined the role of line management, which is a drawback of 'question-spotting', perhaps. Other weak candidates looked at the role of management in making changes rather than the changing role of management. These had little real understanding of the key models that relate to management and mistakenly used HR models in their answers.

#### **Question 2**

*Learning outcome: 2*

This question asked candidates to outline how performance is managed in their organisation and the role of HR in this. They also had to draw upon current organisational practice, critically evaluate the effectiveness of this performance management system and suggest how its effectiveness can be improved.

This own-organisation question has two issues to be addressed in the answer. An outline of how performance is managed in the candidate's own organisation has to be provided and the role of the HR function in doing this. The second issue is to evaluate the performance system identified and suggest how it might be improved. So it is important that candidates provide a sound, descriptive review of what happens in their own organisations, supported by a critical evaluation and with suggestions for improvement where appropriate.

This was a popular question, which prompted some very lengthy, descriptive answers. Several candidates spent too much time on this question to the detriment of other elements of the paper. They probably did this because the question was well within their comfort

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zones and other questions were more challenging. Having said this, answers to part (ii) of the question, where candidates were asked to critically evaluate the effectiveness of performance management, and come up with improvements, were disappointing and weak.

Examiners were expecting far more focused responses, discussing the problems of measurement, consistency, objectivity, halo/horns effects and so on. But these answers generally focused on little more than the lack of buy-in from managers

In other cases, there was often a poor range of performance management techniques offered as a part of the critical analysis, which was commonly very limited. Candidates need to be aware that if they get a question like this, and they have very limited performance management practices within their organisation, the second part of the question doesn't limit them. They have been given an opportunity to be creative, within their organisation.

Very poor answers failed to describe the range of elements involved in an organisation-wide performance management system and focused mainly on appraisals. Some responses, however, passed because there were reasonable comments on HR involvement and faults in the system. Although the latter was often scant, sometimes it was thorough and effective. A few candidates described the system and merely claimed it worked extremely well but without supporting justification. They were not very convincing.

#### **Question 3**

*Learning outcome: 3*

This asked candidates to draw upon research and/or organisational practice and explain what is meant by either the rational or emergent approaches to strategy. They also had to critically review the effectiveness of this approach to formulating and implementing strategy.

In answers to this question, candidates can examine either the rational approach to strategy or the emergent approach. The rational approach incorporates a number of different models but basically it comprises a series of planned, sequential stages in the strategy process based on analysis, vision-mission-and-goals, a range of options, choosing an option and implementing it.

The emergent approach, again with a number of different models, does not have a single, definitive strategic objective but strategy develops over time through the processes of analysis, resource analysis and strategy implementation incrementally. In the rational model, its effectiveness may be affected because the future may not be predicted accurately, the proposed strategies may not be capable of being managed as expected and strategy decisions may need to be altered according to circumstances.

In the emergent model, effectiveness may be affected by organisational resources needing to be allocated between the demands of competing units, strategy decisions may need to be directed from the centre, and management control is simpler where the basis of the actions to be taken have been planned in advance.

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Although there were a few exceptions, answers to this question were generally superficial and showed only a fundamental knowledge of either approaches. Research evidence was seldom forthcoming. However, in a few instances, there were arguments in favour of the emergent approach owing to the complexity and competitiveness of markets. The major failing was absence of any meaningful critique. Better answers were those that discussed the rational approach and mentioned the difficulty in predicting the future, the rigidity of the approach and that it would be acceptable in stable market conditions.

There were some reasonable attempts at this question, where part (ii) was generally better answered than part (i). As in the first element of the question candidates often failed to really explain what their chosen approach to strategy formulation and implementation involved. There were other cases where rational and emergent strategy was confused.

#### Question 4

*Learning outcome: 3*

This asked candidates to explain the differences between best practice and best fit HR.

There are a number of differences between best practice and best fit HR (BPHR and BFHR). The essence of BPHR is that it is assumed that universal bundles of HR can be applied to all organisations; these tend to enhance business performance in all organisations; these bundles help organisations gain competitive advantage; and they contribute to improved employee attitudes, quality, productivity and customer service. BFHR in contrast consists of three main models: external fit, internal fit and life-cycle models, and is an 'outside-in' set of theories. They are based on the proposition that different types of HR strategy are best suited to different types of business conditions and organisational contexts.

The BFHR approach claims that there is a link between HR strategy and competitive advantage but that HR strategy is contingent upon the particular circumstances of each enterprise. HR strategies therefore have to be fitted to each enterprise in relation to their product markets, labour markets, size, structures and other related factors.

Answers here were polarised. There are still a significant proportion of candidates who don't have a clue about the concepts 'best fit' and 'best practice' HRM. Indeed, some answers were shockingly poor – such as best practice is what ACAS and the CIPD suggest and best fit is what works best for an organisation. Better answers were clear on the differences and cited authors' work to support their response. These were usually Pfeffer (best practice) and Kochan and Barocci's life cycle model (for best fit).

Overall, however, it is surprising the numbers of candidates who were unable to clearly distinguish between the two theories. Those providing credible answers were very few. Candidates with some knowledge of this field were able to describe each of them but not able to explain in some depth the differences. This topic, it seems, continues to be a source of confusion for too many candidates and some centres.

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#### Question 5

*Learning outcome: 4*

This asked candidates to outline and evaluate the main characteristics of the UK market economy today and to examine up to three implications of these characteristics for the HR function.

The UK market economy is exactly that: an economy driven forcibly by markets. It is characterised by high reliance on price-driven markets, supply relations are at arms' length, they are price-driven, and privatisation is high. Firms are driven by the search for profit goals and management is hierarchic. The dominant factor of production is finance capital, where banking and the stock market are very important institutions, those controlling capital are guided by market indicators and are short-term in their perspectives.

The welfare system is no longer universal but is selective and private welfare provision is becoming increasingly important. Government policy is strong, centralised and prefers to be non-interventionist. Because of the market-driven nature of the macro-economy, the effect on the labour market is that there is relatively low job security within it. This context means that the HR function is largely reactive to product market and labour market signals. The sort of issues that HR has to typically manage include medium levels of labour mobility, sometimes adversarial labour management, medium levels of labour turnover, poor skills in the labour market, and low levels of job security. Union power is now weak.

This was not a popular question. A few answers were excellent but many others were bare pass or poor standard. The problem with most answers tended to be a very narrow focus on the mix of organisation types in the UK economy (private and public) and an inability to relay any other features of a market economy.

The main 'economic' characteristic mentioned was the distinction between public and private sectors. Few answers focused on the fact that the economy is mainly market and cost-driven and based upon the forces of competition nowadays, even in the public sector. Some candidates, having made the initial distinction, proceeded to describe in some depth the public sector. Most answers were mainly descriptive and would have been strengthened if they indicated that this sector also has to justify links between outputs and inputs in terms of valued added. Generally, the answer to the second part of the question was also weak, by failing to provide suitable implications for the HR function.

#### Question 6

*Learning outcome: 4*

This asked candidates to outline and critically evaluate Porter's 'five forces model' and to illustrate how this model can be applied (or not applied) in their organisation.

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Porter's five forces model identifies the competitive forces that jointly determine the intensity of industry competition and profitability, where the strongest force or governing forces become crucial from the point of view of strategy formulation. The model's focus is on the intensity of rivalry amongst existing competitors; the others are bargaining power of buyers, bargaining power of suppliers, threat of entry to the industry, pressure from substitutes.

To cope with these five competitive forces, Porter identifies three potentially successful generic strategies: cost leadership, differentiation and focus or niche markets. The critiques of Porter include: the historical context of the model (1980s); the model assumes perfect competition; it assumes static market structures; it is based on the idea of competition; and it does not take account of some contemporary business models. Candidates need to relate Porter's model to their own organisations.

Most candidates were able to describe the key features of the Porter model, although criticisms were often thin or non-existent. Application of responses to candidates' own organisations was generally handled competently. This was a popular question but some candidates missed out part (ii) of the question altogether and thus failed to pass. Other candidates were devoid of critical analysis and so struggled to make a pass. Some candidates claimed that the model was not relevant. This was accepted if justified robustly.

In general, however, answers to this question were not very impressive, with probably less than half of those attempting it producing a coherent and creditable answer. Several candidates listed the five forces but they failed to explain them. Also there was often an absence of discussion on the limitations of the model. Better answers contained some comment on these. A further distinction between good and weak candidates was the ability to apply the model to their own organisation. Weak answers failed to demonstrate how each of the forces did or did not impact on their organisation.

#### **Question 7**

*Learning outcome: 5*

Here candidates were asked what globalisation is and why it is such a contested phenomenon. They also had to critically review how globalisation affects their organisation.

Any reasonable definition of globalisation is sufficient; but basically globalisation is market capitalism based on international free trade. This point may be developed further in the response. Globalisation incorporates manufacturing, tele-work, tourism, agriculture and finance. Globalisation is basically contested because of anti-globalisation arguments and protests against it. Organised groups against globalisation emerged out of heightened public awareness that the profit strategies of large MNCs were leading to widening disparities in personal wealth, the distribution of household income and individual well-being in the global economy, as well as damaging the eco-environment, weakening human rights and consuming the finite resources of the planet, without regard to sustainability and conservation. These and related issues need to be considered in the light of contemporary globalisation arguments. Again the answer needed to link with the candidate organisations.

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Generally answers here were not strong. The main weaknesses were a failure to provide a clear definition of 'globalisation' and/or to examine why it is a contested phenomenon. But there were some thoughtful considerations of the effects on the candidates' organisation.

A common problem in responses to this question included a failure by candidates to comment on why globalisation is a contested phenomenon. Better answers completed this element of the question confidently, demonstrating superior knowledge of the concept. There was some decent discussion from candidates about how globalisation is affecting their own organisations. It was interesting to read the variations according to sector.

Generally, those failing to achieve a pass standard of performance did not provide adequate comment on each of the three elements; a definition, why it is contested and how it affects their own organisation. The more able candidates did this. With the exception of a few candidates, another failing was not providing any critical evaluation. Candidates need to realise that this requires commenting on the positive and negative impact of globalisation or any other factor. Very weak answers produced no real evaluation, whilst others usually concentrated on the positive aspects of globalisation alone.

#### **Question 8**

*Learning outcome: 5*

This asked candidates to draw upon research, critically evaluate the role of any one international agency in the global economy.

Any single international body may be identified here such as the World Bank, OECD, IMF, ILO, WTO, or IMF. Its activities and functions need to be first explained and critically reviewed but the main critique of these organisation centres around their perceived role in expanding globalisation and supporting the globalisation agenda. The central critique of these bodies is that their activities are strongly identified with free market and global approaches to economic policies. These promote neo-liberal economic policies, privatisation and tax cutting initiatives, not Keynesian interventionist ones. These points need elaborating and developing in candidate answers.

Of the few candidates answering this question, there was only one which was impressive and focused. This answer provided a sound description and critical evaluation of the IMF. The remaining answers were simply descriptive and, besides lacking a critical evaluation, they did not really provide a knowledgeable account of the institution's role and its disposition toward free trade and globalisation.

Answers generally indicated that candidates did not know very much about the agency they chose; they perhaps chose this question, because they knew even less about globalisation. Other candidates described the role with little or no evaluation.

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#### Question 9

*Learning outcome: 6*

This asked candidates to draw upon research, explain the most significant changes in patterns of employment over the last 25 years, why these changes have happened, and what their impact is on the HR function.

Responses to this question can be considered in a number of ways: employment by age, occupation, industry, gender and ethnicity. The most likely responses will focus on occupational changes where managers, senior officials, and elementary occupations have increased in numbers, with more traditional occupations decreasing. By sector, finance and business services, public administration and other services have increased in numbers, whilst agriculture, manufacturing, energy and water have decreased. There is now more part time work and the proportion of full time employment has decreased; there are more women in employment than previously but largely in part time jobs. The ethnicity of the working population has widened to. The working population is ageing and working more flexibly. The main reasons for these changes are economic structural changes and governmental policy, whilst the main implications for the HR function include more time is now spent on managing a more diverse and less secure workforce than 25 years ago. Most other implications derive from this.

Some answers were very good. Significant changes were identified with some comment on the impact on HR. The part of the question which received least attention was the reasons why they have happened. The difference between those who passed and those who didn't was a matter of depth. The changes highlighted were sometimes a simple list such as decline in manufacturing, more women in work, more part-time work without further explanation.

In other responses, there was some disconnection between part (i) and part (ii) of the answers. There was lack of follow-through to link the changes and activities carried out by the HR function and the changes identified by the candidate in the first part of the question. The most significant problem was failure by candidates to identify and discuss changes in patterns over the last 25 years. Instead, there was a tendency to trot out material concerning the current state of play, such as unemployment, depressed wages and so on. Better answers focused on ageing, feminisation, diversity, flexibility and the rise of the service sector: there were some good answers here.

#### Question 10

*Learning outcome: 6*

Candidates were asked to examine the cases for and against reducing net immigration into the UK.

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The case for immigration into the UK rests ultimately on a claimed deficit in skilled labour supply. It is argued that this additional supply of labour has helped keep interest rates lower and growth higher than would otherwise have been the case, A further argument is that immigration supports the economic policy objectives of economic growth and increased productivity, as well as raising the tax base. This labour supply incorporates skilled professional people, where there is a shortfall in the UK.

The House of Lords Select Committee on economic affairs, on the other hand, reported in 2008 that immigration has become a significant part of the UK economy, comprising about 12 % of the total workforce. It found no evidence that net immigration contributes economic benefits to the UK. The Committee argued that the focus of the debate should be on the effects of immigration on income per head of the resident population, rather than on economic growth. Immigration seems to enlarge the economy but with relatively small benefits for the resident population.

This was not a popular question but most of the candidates doing this question provided relevant material. Overall, the arguments given were suitably presented but weaker answers built-in sweeping statements, without much evidence or support, and showed a populist reaction, drawn from the redtop press. The impression given from this examination cohort was that answers to this question were either very good or weak. The former knew what they were talking about and presented a balanced view, with some supporting research evidence. In the answers that failed, the focus was on skilled immigrants bridging the skills gap or that they are usurping the jobs of the indigenous population. Those at pass level presented a slightly wider range of issues and in a little more depth.

### Conclusion

The pass rate in this examination diet was 60.7%. The marking team is of the view that the examination paper provided a good test of all the learning outcomes and the indicative content of this unit, and it 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-fifths of the candidates sitting the examination, the standard of performance was a reasonable but not outstanding one. Further, as demonstrated in the statistics above, there was a relatively long tail of candidates, about a third, who failed the examination. In many cases, these fail candidates did not achieve a pass standard of performance in either section of 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). But generally, candidates who produced weak Section A answers went on to produce a weak Section B performance, although some who were borderline in Section A managed to make up ground in Section B. There were few, if any cases, where candidates did significantly better in Section A than in Section B. This would suggest that the case-study is challenging for many candidates and they are poorly prepared for the questions posed, despite the 'seen' nature of the case and the 'hints' given in

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the case for areas to research in advance of the examination. It may be that centres are not placing enough emphasis on preparation and practising possible responses to the case prior to the examination.

3. In this examination cohort, candidates showing competence in Section A also showed it in B. This was also true of weak candidates, who demonstrated poor performance in both sections.
4. Answers to the case-study questions tended to be descriptive, lacking thorough analysis and evaluation, and insight into the nature of the organisation and sensitivity to its resources and expertise.
5. Overall the general pass mark per script remains bunched in the 50%-55% range.
6. In general, the knowledge of many candidates about the organisational contexts of businesses was not comprehensive and detailed enough. Also their ability to present structured arguments with supporting organisational and research evidence needs to improve. Establishing the meaning of concepts introduced at the outset in each question would add strength to most answers.
7. Some weaker candidates provided answers that seemed like rote-learned PowerPoint presentations. The problem often with these was that more detailed explanation of the points listed was missing in candidate responses.
8. Given the weakness in responses to parts of Section A, and some answers to Question 5 in Section B, it would appear that quite a lot of candidates still have some difficulty in understanding the nature of the economic structure and its impact on organisations. And they fail to apply these concepts to particular scenarios effectively.
9. A tendency noted by the marking team was that some candidates continue to “re-interpret” the questions set (to greater or lesser degrees), so that they wrote 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.
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 unit. At a bare minimum, the Chief examiner’s 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.

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To conclude, I would like to acknowledge once again my team of markers for contributing to the assessment process on this occasion. The markers were Derek Adam-Smith, John Ashcroft, Chris Evans, and Amanda Thompson.

**Professor David Farnham**

Chief examiner