



Chartered Institute of Personnel and Development

Advanced Level Qualification

**Human Resource Management in
Context**

May 2013

28 May 2013

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.

Asian HR Solutions (AHRs) is a human resources management (HR) consultancy, operating in Asia where it is one of the region's best known training companies. It services clients in India, the United Arab Emirates (UAE), Jakarta, Malaysia and Oman but, because of market trends, it is considering expanding its remit to other parts of the global economy. Located in Hyderabad, the privately-owned business employs some 400 staff made up of professional, administrative, and technical people. AHRs has a reputation for employing exceptional and strongly motivated individuals. For example, 62 per cent have masters degrees, compared with 40 per cent of staff in similar companies in the sector. The Chief Executive Officer's (CEO's) preferred management style is a paternalist and authoritarian one.

Founded in 1995 by its present CEO, Dr Dilip Kumar, AHRs seeks to be a leader in its field and the business is now one of the largest specialist training, education and knowledge support companies for HR professionals in the Asian region. Since its establishment, the mission of the business has been 'to build HR excellence in companies and promote human well-being at work'.

The channels through which AHRs provides HR services to its corporate and individual clients are five centres of excellence:

- The HR Certification Centre: AHRs conducts over 400 open workshops in six countries each year, such as HR Certificates in association with a leading developer of educational software, SOFTCO. Through this, it trains over 3000 of Asia's top professionals in specialised areas of HR annually.
- The HR Education Centre: AHRs supports two long-term education programmes - a 14 month part-time fellowship programme for current and future HR leaders and a six-month, licensed HR generalist programme for key HR team members.
- The HR Knowledge Centre: this services the HR community through research studies, consultancy work and case-study projects, which are jointly developed by AHRs staff and leading external authorities.
- The Psychometric Assessment Centre: this provides a battery of psychometric and ability tests available online that helps HR professionals guide, develop, select and assess people in a variety of service, manufacturing and media-based companies. These cover psychometric

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profiling, motivational analysis, ability battery testing, people's analytical and problem-solving abilities; and campus screening for MBA programmes.

- The Motivational Assessment Centre: its tools are claimed to be exceptionally powerful predictors of how well people will convert work related abilities and capabilities into performance by identifying an individual's ideal role from a motivational perspective. It uses an evidence-based methodology to identify a person's deep-rooted internal drivers which are difficult to reveal at interview.

Most of the company's HR business activities are developed out of specific client needs. These are delivered on demand to a range of businesses in terms of size, sector, technological capacity and location. However, whatever service is provided, such as certification, professional education, knowledge transfer or psychometric testing, each HR service is targeted, customised and quality-driven.

AHRS also provides a dedicated HR software programme to clients, called Rayman. This delivers intelligent HR information and powerful reporting data, allowing better HR decisions to be made saving client time and money. It reduces administration costs and improves communication between managers and employees.

Given the market pressures facing the company, and the market potential for expanding its business activities into Europe, AHRS is considering setting up a new business in London. With AHRS planning to take on a wider global role, the CEO is setting up a number of working parties for the purpose of business planning. One working party has been asked to examine the possible impacts of the UK's market economy and UK social trends on AHRS if it were to establish a business in London.

You have been appointed, as a UK consultant, to chair a working party to consider the possible impacts of the UK market economy and social trends on AHRS, if it locates in London. Drawing on research and evidence-based sources, you are required to write a briefing paper to the CEO covering the following four areas:

- 1. Describe the main institutional features of the UK economy in terms of its market characteristics, system of business regulation, managerial accountability, labour market features, and the value system underpinning the market economy. Explain how AHRS will have to take each of these into account in any relocation to London.**
- 2. Discuss how the UK's membership of the European Union is likely to impact on the above features, as appropriate (such as labour market policy etc).**

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3. Examine the main HR implications for AHRS if it was to locate in London, building on the above description.

4. Specify and analyse three issues of diversity management (such as gender and ethnic origin etc) which AHRS will have to address if it chooses to locate in London. Justify your answer.

It is recommended that you spend 40% of your of time on task 1 and 20% on each of the three remaining tasks.

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SECTION B

Answer FIVE questions in this section, ONE from each 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. The HR function has undergone significant changes in its purposes, structures and activities in recent years, largely in response to transformations in the external and internal contexts within which organisations and HR operate.
 - i. Critically evaluate **up to three** developments in the delivery of HR activities within organisations in recent years and explain why these have happened.
 - ii. Examine and review the extent to which these HR developments have taken place in your organisation.

OR

2. There is increasing interest being shown in issues of business ethics and corporate social responsibility (CSR) by some organisations. These companies are attempting to integrate social and environmental concerns in their business operations and in interactions with their stakeholders on a voluntary basis.
 - i. Drawing upon research, explain why some organisations are paying greater attention to business ethics and CSR than others.
 - ii. Discuss the main barriers to promoting business ethics and CSR within organisations.

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B

3. Performance management is not a new set of management practices but it has changed its purposes and forms over the years.
 - i. Discuss the external factors that have influenced the development of performance management systems in organisations since the 1980s.
 - ii. Critically evaluate the performance management system in your organisation in terms of improving both individual and organisational performance.

OR

4. Organisations are resource-dependent bodies. To survive and grow, they need to influence and shape the HR agenda by dealing with contextual uncertainty and negotiating to obtain the resources, including the people, they need.

Drawing on research, critically review **up to three** external factors that have helped shape the HR agenda within your own organisation. Justify your response.

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5. In debates about determining an organisation's strategic direction and assessing the external forces acting on it, a distinction is commonly made between the 'scope of environmental analysis' and the 'process of environmental analysis'. The former is often concerned with the socio-cultural, technological, economic, environmental, political, legal and ethical contexts (STEEPLE) of organisations, whilst the latter is concerned with scanning, monitoring, forecasting and assessing these contexts.

Building on this distinction, undertake a STEEPL analysis of your own organisation. Justify your answer.

OR

6. Although HR strategy is not a new management practice, strategic focus is a distinguishing feature of contemporary Human Resource Management and has been developed in a number of strategic HR models. One such model is the Harvard model.

Drawing upon research, critically evaluate the Harvard model of best practice HR.

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7. Classical economic theory argues that in 'perfect' market, price is determined by the 'free' interplay of supply and demand. However, there are few perfect or free markets in the real world and intensity of competition among producers or suppliers of goods and services varies widely.

Explain why in advanced market economies, market competition rarely is 'perfect'. Illustrate your answer with examples of the types of market competition that exist in practice.

OR

8. A managerial colleague has asked you to lead a workshop for a group of managers studying for a Masters in Business Administration (MBA). She wants you to explain what is meant when a government pursues a neo-liberal economic policy (sometimes called 'neo-liberalism') and how it affects business organisations.

Drawing upon research, draft what you will say and why.

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9. A common feature of businesses is the creation of formal interest groups that try to influence public policy to get legislation enacted to their own advantage.
- i. Drawing upon research and/or current organisational practice, critically examine how business interest groups try to influence the policy decisions of government and the authorities, giving examples in your answer.
 - ii. Identify and discuss some of the ethical issues involved in corporate lobbying.

OR

10. It is commonly argued that a country's national education policy is a crucial element in promoting economic growth and economic development.
- i. Drawing on research, evaluate the link between education policy and the national economy.
 - ii. Discuss the extent to which national education policy promotes or does not promote economic growth in a named country of your choice.

END OF EXAMINATION

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Introduction

This report reviews the May 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, 327 candidates took the unit. Of these, 213 achieved a pass standard or more, giving a pass rate of 65.1%. The breakdown of grades is shown below.

Examination results of unit 7HRC, May 2013

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Grade	Number	Percentage of total (to 1 decimal point)
Distinction	3	0.9
Merit	35	10.7
Pass	175	53.8
Marginal fail	10	3.1
Fail	104	31.8
Total	327	100.00

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

Learning outcomes: 5 and 6

This section consisted of a seen case study with four questions, where candidates were expected to answer all questions.

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 5 and 6.

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. The way in which the case is approached and the practicality of responses is more important than providing 'ideal' solutions to the questions put.

Task 1

This asked candidates to describe the main institutional features of the UK economy and explain how AHRS will have to take these into account in any relocation in London.

Building on Hampden-Turner's and Trompenaars (1993) study of the cultures of capitalism, the UK's market economy (and those of other Anglo-Saxon states) is based on largely a free market system where the state prefers to abstain from intervening in the market transactions of buyers and sellers, except to ensure that 'fair' practices obtain. Regulation is facilitated by a statutory regulation system and by contracts between the parties, negotiating in free markets, and, where disputes arise, these can be mediated by the courts or by the terms of reference of state and public regulatory agencies. The prime accountability of the market place is to a company's shareholders; other stakeholders have relatively weak accountability, except through legal protection as is the case of employees. The labour market is largely deregulated, though there is a statutory minimum wage, some basic minimum standards of legal protections, and some collective bargaining. In a free labour market, buyers and sellers of labour make their own 'bargains' in their own self-interests.

The dominant value system in the UK market economy is mainly an individualist one, or individual self-interest, where individuals (and organisations) make their own decisions. In relocating to the UK, and given the sort of business it is, AHRS will need to take account of these underpinning principles of the free market economy, in terms of dealings with all its stakeholders including employees in the labour market and in the markets where they buy resources and sell their services to firms.

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The answers provided here were generally good. Most candidates had sufficient knowledge of the nature of the UK economy and were able to describe the major institutions. Often the differentiators between marks were the degree of depth of these descriptions. Only a minority of candidates was able to produce very good answers, which included suggestions how AHRS might account for these factors in relocating to London.

Answers were generally weaker on (or neglectful of) managerial accountability and particularly the value system underpinning the market economy. Most answers focused on labour market characteristics. The second strand of the question wasn't done well on the whole. Certainly few candidates systematically considered and discussed how AHRS would have to take each of these features into consideration in relocating to London.

Task 2

This required candidates to discuss how the UK's membership of the European Union is likely to impact on the above features.

The HR implications of a move to the UK imply that the employment relationship in a business like AHRS (UK) is likely to be a strictly individualist, unitary and flexible one between the parties, which need to be adapted to the HR needs of the business. The most effective HR model is likely to be based on Torrington's et al "HRM mark 2" approach, where HR is integrated with line management, there is a longer-term time perspective than with traditional personnel management practices, and there is maximum utilisation of the firm's human resources. Attempts will need to be made to manage performance robustly and some attempt to achieve both vertical and horizontal integration of business and HR policies. An 'Anglicised' set of HR policies and practices is the one most likely to match the business needs of an organisation such as AHRS planning to operate 'from scratch' in the UK.

In general the answers to this question were not as good as those in the first question. Most answers were descriptive with little analysis of the impact EU membership has on the nature of the UK economy. The better candidates did identify issues such as AHRS gaining wider access to product and skills markets. It also needs to accommodate laws and directives emerging from the EU.

Some candidates took it as an opportunity to discuss the current in-out debate in the Coalition government about the UK's membership of the EU and so answered their 'own' question. Others tried to answer the question as posed but showed lack of preparation and lack of understanding of what membership of the EU means for companies operating in the UK. Some candidates discussed in very general terms the regulations stemming from Europe. There were few links in weaker scripts to the answer given to the first question.

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Task 3

This asked candidates to examine the main HR implications for AHRS if it locates in London.

Coming from an Asia-Pacific business and social culture, AHRS needs to understand and take cognisance of the underpinning principles of the EU which will affect the business in its dealings with customers, employees and a range of other institutions in both the UK and mainland Europe. For example, the Treaty of Lisbon sets out four underlying principles of the EU: a more democratic and transparent Europe, a more efficient Europe, Europe as an actor on the global stage and most importantly, a Europe of rights and values, freedoms, solidarity and security. These underpinning principles of the EU have been articulated in other instances in terms of 'social peace', 'security and safety', 'economic and social solidarity', 'working more closely together to promote the European model of society' and promoting human values and social progress.

With a base in London, AHRS, with its given its business remit, business goals, potential European markets and labour market needs, is likely to employ linguists and other staff from around Europe and, if it is to successfully incorporate them into the business. It must take these underpinning European principles into account in developing and executing its business plans.

This question was commonly tackled from a strategy and policy perspective and the nature of the London labour market was often addressed. Issues relating to management style were also reviewed in these answers. Often the answers here made up for weaker answers to the first question. There was a range of varying approaches but most were able to identify differences between UK and Asian cultures in terms of gender and attitudes to authority.

Most responses discussed whether AHRS should adopt a polycentric or ethnocentric approach to HR. Usually, however, such comments were offered as issues to be considered rather than decisive and practical solutions. Some candidates concluded that owing to the nature of the psychological contract, management style and the extent of employment regulations in the UK, that a polycentric approach would be most successful or probably a necessity.

Some weaker candidates looked at the demography of London and some just simply, moving to the UK, which was not strictly the question put. Few candidates had really looked up the demographic structure of London in any detail. But a number picked up its multi-cultural nature and the autocratic/paternalist style of the owners of AHRS. Hofstede was drawn upon here and in other parts of the answer.

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Task 4

This asked candidates to specify and analyse three issues of diversity management, which AHRS will have to address, if it moves to London.

If AHRS is to locate successfully in London, with its diverse, multi-ethnic, multi-national communities, and where tight labour market conditions commonly persist, managing diversity effectively will be an essential set of tasks for the business to achieve, not to mention dealing with work permits affecting migrant workers. Diversity could cover issues as wide as age, disability, gender, ethnic origin, human rights, religion and beliefs, sexual orientation and transgender equality. Given the business roots of this traditional organisation, dealing with some of these issues could make sensitive demands upon it. In responding to this question, candidates need only to identify and discuss any three areas of diversity management.

Diversity issues were generally well considered by candidates, with some sound considerations about locating in London. Gender and ethnic origin issues were used extensively, with most answers demonstrating sound levels of analysis. The very good answers in this cohort discussed issues such as flexible working arrangement to accommodate more female workers. They also expressed the need for policies on issues such as religious festivals.

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. Some questions consisted of more than one part and candidates were expected to attempt all parts in each question.

Question 1

Learning outcome: 1

This question asked candidates to critically evaluate up to three developments in the delivery of HR services. Candidates also had to review the extent to which these HR developments have taken place in their organisations.

Any three of a number of developments in the delivery of HR include HRM and performance, HRM and line managers, outsourcing of HR, ethics and HRM, delivering HR strategy, all of which have impacted on current roles in HR function such as shared services, corporate HR, business partner, outsourcing, vendor management and centres of excellence. The reasons why these developments have occurred include increased competition in the market sector, globalisation, public management reforms, and the search for improved performance in organisations.

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Candidates also need to consider how these developments have affected their own organisations.

The answers here were generally good, with most earning a reasonable pass. The focus was mostly on shared services, centres of excellence and devolvement of HR to line managers. Better answers also gave sound reasons why these changes had come about. Sometimes, however, this was an issue that was overlooked and weakened the answers presented. The poorest answers were those that produced responses that had more to do with HR roles and the structure of the function rather than its delivery.

The second part of the question, as is often the case with some candidates, was not given the same attention as the first part. In general, the comments provided suggested that certain developments had occurred but evaluation of their effectiveness was often weak.

Question 2

Learning outcome: 1

This question asked candidates to critically examine why some organisations pay more attention to business ethics and corporate social responsibility (CSR) than others. Candidates also had to discuss the barriers to promoting business ethics and CSR in their own organisations.

Some organisations have adopted ethical policies and CSR arising from greater public awareness of these issues and from the activities of external pressure groups, legislation and EU initiatives – good ethics is perceived as being also good for business. Those arguing for social responsibility and ethical responsibility in organisations claim that business is not exempt from ethical concerns but must recognise and respond to them effectively. Ethical issues cover employment, workers' rights, diversity and equal opportunities, accounting, and whistle blowing. Some organisations resist these pressures due to financial and market factors, the costs involved, dominant personalities in organisations, and corporate inertia.

This question was generally competently answered, with some examples. Why some firms are engaging with the CSR agenda more than others was not really picked up by some candidates but answers were considered valid, if the candidate explained why some did invest in CSR. Barriers were understood by and large, but better answers devoted more time and attention to this and gave fuller responses.

Some good answers were presented with the majority again earning a good pass or better. Most candidates had a sound knowledge of the issues and were able to establish the business case for CSR. In weaker answers, these issues were either not covered fully or there was too much focus on ethics.

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In the second part of the question, most candidates were either quite knowledgeable of the barriers or were not. Some weak candidates showed they did not understand clearly the distinction and the links between CSR and ethics.

Question 3

Learning outcome: 2

This question asked candidates to discuss the external factors that have influenced the development of performance management systems in organisations. They also had to critically examine the performance management system in their organisations

A number of factors have influenced the development of new types of performance management systems since the 1980s. These have replaced former performance appraisal systems that didn't reflect the dynamic nature of jobs and organisational contexts. The factors promoting change include increasingly competitive market conditions, management theories of excellence, successive administrative reforms in the public sector, quality, restructuring, developments in technology, and increasing individualisation of the employment relationship. These have resulted in the introduction of systems for managing organisational performance and systems for managing employee performance. Candidates also need to apply these concepts to improving performance in their own organisations.

Most answers to this question were of at least a pass standard or better, with those giving weak answers performing below standard throughout their answers. The business case for PM systems was usually reasoned effectively, which included global competition, management accountability, Individualism and inter-generational shifts.

The second part to these answers was the differentiator between bare passes and anything better. Attempts at critically reviewing the in-house system were sometimes superficial and descriptive; whilst others were a little more evaluative by presenting some strengths and weaknesses. The major omission was any evidence relating to individual and organisation performance.

Question 4

Learning outcome: 2

This question asked candidates to critically review up to three external factors that have helped shape the HR agenda in their organisations.

This question can be addressed in a number of ways. For example, in their search for productive, skilled human resources, organisations have to respond to issues such as external labour markets. There is no single labour market in the UK but a series of thousands of small, specific markets delineated by geography, skill, occupation, and organisation. This means that employers have to respond to

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different labour market conditions. Another issue is flexibility at work, which is both demand-driven and supply-driven. Matching these requires goodwill and mutuality on both sides. Employment legislation is also an important issue that helps shape the HR agenda. Successive surveys of employers demonstrate that they view the law as a major trigger for change. Public policy also enters into the equation, since governments seek to influence what they regard as good employment relations and good employment practices.

There were some very good answers here. The most common factors identified were globalisation, reduced government funding and changes to the rules on immigration. These were generally followed by well-reasoned ways in which the HR agenda had to change, for example, in terms of recruitment, rewards, redundancies and so on. The best answers came from candidates who had made use of the best-fit model; suggesting that owing to external factors, business strategy had to change and as a consequence so did the HR agenda.

Few candidates drew on research and marks were restricted as a result but nevertheless there some safe, good passes, as well as some merit-level scripts. Other common choices were legislation, austerity measures and the unemployment-skills gaps.

Question 5

Learning outcome: 3

This question asked candidates to undertake a STEEPLE analysis of their own organisations and justify their answers.

In responses to this question, candidates were expected to draw upon the socio-technical, technological, economic, environmental, political, legal and ethical acronym.

Several chose this question and demonstrated a reasonable knowledge of their own organisations and the external environment in which they operate.

Answers were better where the STEEPLE was prefaced with a snapshot of the organisation and the points were elaborated and not just listed. Lists, notes and jottings without commentary generally failed as the examiner could not decipher what points were being made. The economic and political contexts were generally poorly-tackled in the analysis.

Nevertheless, if a reasonable and relevant STEEPLE analysis was produced a pass mark was awarded. Where a pass standard was not achieved, it was mainly because the issues raised were just brief lists, with little if any evaluation. No answers were distinctive, largely because there was a lack of reference to the implications for business strategy. Nor was there reference to the extent to which a STEEPLE analysis is adopted and the results utilised in strategy formation. Equally, there was

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little or no comment on how regularly the organisation monitors and reviews the STEEPLE factors.

Question 6

Learning outcome: 3

This question asked candidates to draw on research and critically evaluate the Harvard model of best practice HR.

Writers such as Beer et al suggest that HR policy choices are influenced by stakeholder interests and the situational factors interacting on them. The main elements of the Harvard model are: stakeholder interests; situational factors; four clusters of HRM policy choices; and the four "Cs" perceived HR outcomes – commitment, competence, congruence and cost-effectiveness. The HR policies incorporated within this best practice model are: flexibility, selection processes, appraisal, learning and development of core employees, reward systems, participation and employee involvement. The Harvard model has the weaknesses of other best practice models including doubts about the precise sorts of HR practices making up the Harvard 'bundle', its claimed universality, the fudging of goals and interests in the model, and the strong prescriptive focus of the Harvard approach.

Too many candidates showed themselves to be badly prepared for this question, even if it is explained in the Chief Examiner's core text. Few candidates were able even to describe the Harvard model and many of them were only able to achieve a pass mark by their critiques of best practice in general. Too many candidates wrote generally about best practice and some went on to describe the best-fit model, even though the question did not ask this. It is clear that Pfeffer would have been the preferred best practice model question for many candidates.

Question 7

Learning outcome: 4

This question asked candidates to explain why in advanced market economies, market competition is rarely perfect, giving examples in practice.

There are few free markets in advanced market economies, mainly because of the large scale of modern, multi-national businesses operating globally.

Competition amongst producers and suppliers is often intense but in many sectors big businesses are price-makers, not price-takers. The market structures that exist together with lack of full knowledge of markets by consumers (whether individual or corporate) lead to market imperfections. Thus market competition ranges from perfect competition to monopolistic competition to oligopoly and monopoly.

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Candidates can briefly explore each of these structures and outline their main features. Because markets can operate below the optimum use of the available resources, governments find it necessary to intervene in them for economic, social and moral reasons.

This was a more popular question than Question D8 in this sub-section of the examination. But attempts at it were generally poor. Few candidates approached the question by briefly outlining the nature of perfect competition, then following this with reasons why it rarely exists. Although this was the case in some answers, in better responses there was sound coverage of the features of monopolistic competition, oligopoly and monopoly. Strangely, not many candidates referred to various government forms of intervention being a major factor which undermines or regulates competition in these market forms. This is odd, particularly when several candidates began their first answer of the case study with the sentence: 'The UK is a mixed economy'.

Question 8

Learning outcome: 4

This question asked candidates to draw on research and explain what is meant by neo-liberal economic policy.

Neo-liberal economic policy originated in the 1980s and describes a market-driven approach to economic (and social policy) based on neo-classical theories of economics. These stress the efficiency of private enterprise, free trade and relatively open markets and they seek to maximise the role of the private sector in determining the political and economic priorities of the state. Neo-liberals support 'small' government. Neo-liberalism also describes an internationally prevailing ideological paradigm that leads to social, cultural, and public policies that use the language of markets, efficiency, consumer choice, transactional thinking and individual autonomy to shift risk from governments and corporations to individuals.

These ideas extend this kind of market logic into the realm of social and personal relationships. In economic terms, neo-liberal economic policies impact on fiscal policy, taxation, tax reform, floating exchange rates, liberalisation of trade, privatisation, deregulation and financial liberalisation. All these factors affect business organisations in terms of their search for profits, performance, efficiency, competitiveness in turbulent markets, as well as their HR policies and practices.

This was not a popular question and relatively few candidates attempted it. But those doing so did it in a similar way, with candidates skipping over the question about why competition is rarely perfect. They then proceeded to trot out a rehearsed revision answer or note listing different forms of market competition. These responses were generally competent but did not demonstrate that the students really understood what they were writing about, as evidenced by their failure to tackle the issue of perfect competition.

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More generally, little comment was offered on the broad features of a neo-liberal approach, such as free trade, economic efficiency and limited government interference with the market mechanism. As these candidates seemed unable to provide an effective outline of the system, it was not surprising that they were unable to follow it up with discussion on the impact the approach has on public policy and business organisations.

Question 9

Learning outcome: 7

This question asked candidates to critically examine how business interest groups try to influence public policy. They also had to discuss some of the ethical issues involved in corporate lobbying.

In contemporary societies, formal participation in politics extends beyond voting in elections. Individuals, groups and organisations try to influence government policy decisions. Business interest groups or pressure groups, employers' organisations and other groups attempt to do this. Their representatives try to gain access to those taking policy decisions and lobby key players including the first minister, members of the government, ministers, representatives, and senior public officials.

The factors affecting pressure group influence and power include membership size, quality of leadership and financial resources. Other factors include the legitimacy of the interest, their 'insider' or 'outsider' status, and public opinion. A host of ethical issues and dilemmas arise out of corporate lobbying. These include the fairness of the process where some groups have more resources to deploy than others, the transparency of corporate lobbying, the potential of exchange of monies between the parties, to what extent lobbying contributes to the common good or not, and whether some power-group lobbying undermines the democratic process.

This question was less popular than Question E10 in this sub-section. Some very weak answers seemed to result from candidates running out of time. Comments included were acceptable but there was not enough depth to warrant a pass. Most answers focused too much on open approaches, such as marches, demonstrations and media coverage. Only good answers discussed the more covert methods such as retired politicians being hired as political consultants by some business interest groups. Similarly, it was these answers that were able to produce decent commentaries on the ethics of lobbying.

The better answers were well argued, although some interpretations of what constitutes an interest group were odd. Examples on the whole were generally sound and candidates were able to write about what issues might attract lobbyists. However, good answers to the 'how' question posed in the examination were more elusive. A few candidates even used current news stories to highlight some unethical practices.

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Question 10

Learning outcome: 7

This question asked candidates to evaluate the link between education policy and the national economy and whether it promoted economic growth.

Links between education policy and economic growth internationally are well documented in terms of primary, secondary, vocational and higher education, although context, culture and institutions matter. All developing and developed countries seek to have an educational system within them, whether through both state and/or private institutions, which has instrumental, social and ideological purposes at all levels. In this question, candidates were able to draw upon evidence in a country of their choice and use this to support, refute or review this thesis in terms of their own observations and critical analyses.

Most candidates argued that there is a positive link between education policy and economic growth. Logic suggests this is the case but such answers were not supported by research evidence. The Leitch report was frequently mentioned, but often as an aside and not in direct support of the argument presented. Whilst this report forecasts a skills shortage in the future which will impact growth, it cannot solely be the fault of education policy. Most candidates seemed to omit the fact that there are several market variables that may inhibit or enhance economic growth. Few answers were convincing, mainly because there was little supporting evidence and analysis.

Amongst those not answering the question effectively, these responses were generally glib and superficial. Most argued that education policy does link to national economic performance but little analysis and little evidence were provided to support these answers. Often this was the last question attempted and it received short shrift as a result. For the second part of the question, most candidates chose the UK and simply mentioned one or two things the government is doing with education such as tuition fees and apprenticeship programmes. But after, they did not explain whether these initiatives promoted or did not promote economic growth. Some very weak answers were contradictory answers and naive.

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Conclusion

The pass rate in this examination diet was 65.1%. 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. A major weakness in the case study was, with a fail rate in the overall examination of around a third of all candidates, that too many of them did not seem very well prepared. This is especially disappointing, given that they had time to read and work on the case study in advance. Some of these candidates relied on SWOT/PESTLE/Porter's five forces analyses and tried to shoe horn their answers into them. This often resulted in weak performances. For example, in one examination centre with five candidates, only one of them produced a pass standard of answer. Three failed the examination on the basis of their answers to Section A.
2. Overall, however, the majority of answers to the case study were good. Those gaining a bare pass standard of performance were mostly descriptive, with minimal evidence of analysis and evaluation of the issues. Really good answers demonstrated a competent understanding of the business context and offered the organisation studied positive direction and actions. It is particularly helpful to examiners, where candidates provide sub-headings in their case study reports.
3. In general, answers to the Section A questions were better in this examination than in some earlier examinations.
4. Weak candidates are not picking up the sorts of areas that are likely to be examined in the case study when it is distributed; but question spotting is not an option.
5. In Section B, the most common weakness was in two-part questions, where answers to the first part were more thorough than in the second. Some students need to produce more balanced answers, because they are likely to pick up more marks doing so.

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6. To repeat what has been said by the Chief Examiner in his earlier reports; this is an M-level examination, where 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 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 sufficient 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.
 7. Poor exam technique continues to be displayed by some candidates. Time management issues are one, resulting in insufficient time to answer one section or another - usually Section B. Answers in Section B are often too brief, too descriptive and unfocused on the question set.
 8. References to relevant research are commonly thin. Some candidates seem determined to get Porter's five forces, the AMO model, Ulrich, and Pfeffer in their responses, even when they are not called for or are irrelevant. Candidates need to be advised by tutors to be more discerning and use models only where they support and enhance answers and demonstrate relevant knowledge and understanding. Random use of such models tends to show weaknesses in candidate's understanding and they result in marks being lost rather than gained.
 9. Candidates, on the whole, seem to be on more comfortable ground when they are asked to discuss their own organisations. But this is an M-level examination, so academic knowledge and understanding must be brought to bear and be seen to be applied by candidates.
 10. In general, questions on economics remain a problem for some candidates and centres. These centres need to address this issue.

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

Professor David Farnham

Chief examiner