

7LMP – Leading, Managing and Developing People

EXAMINER'S REPORT

September 2016



Chartered Institute of Personnel and Development

<p>Advanced Level Qualification Leading, Managing and Developing People September 2016</p>
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<p>Date: Thursday 29 September 2016</p>

<p>Time: 09:50 – 13:00</p>

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

Instructions

- Answer **all** of Section A.
- Answer **five** questions in Section B (**one** per subsection).
- Read each question carefully before answering.
- Write clearly and legibly.

Information

- 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 coincidental.

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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% in either Section A or Section B
and/or
- You achieve less than 50% overall.

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SECTION A – Case Study

Note: In your responses, you are allowed to improvise or add to the case study details provided below. However, the case study should not be changed or compromised in any way.

Tulip House is a well-established 40-bed nursing home located in an up-market suburb of a large city. The setting is beautiful, comprising a large Victorian mansion and two acres of attractive gardens. The home is firmly embedded in its community where it has maintained an excellent reputation for over 40 years. There are never any vacancies for very long. When a place at Tulip House becomes available, it is immediately filled by someone who has been waiting to move in for some time.

As a business, Tulip House has always been run by the same family. The home was established in the 1970s by Mrs Jean Bunion who invested an inheritance in its development, drawing on her nursing and management skills to establish it as a successful small business with a loyal and hard-working team of employees. On Jean's retirement years ago, her daughter Doreen Bunion (also an experienced nursing professional) took over and made no major changes in the way that Tulip House was run.

Until recently things were fine, but the business is now starting to run into financial difficulties. In truth, Tulip House is in need of a fair amount of investment and it is not currently generating sufficient profits to make this possible. In fact, the business has ceased to generate any profit at all and is only just solvent. A bad damp problem has begun to manifest itself, the roof needs extensive repairs, the heating system is continually breaking down and wholesale re-wiring will soon be required if the building is to retain its license for use as a nursing home. The decor is fading fast, its bathrooms and kitchen particularly needing investment.

Doreen employs 25 staff, some on a full-time and some on a part-time basis. The majority have worked at Tulip House for more than five years, some having been hired by her mother before she retired. They thus comprise a loyal and committed team. Doreen's management style is informal, relaxed and paternalistic. She avoids following plans, budgets, pay scales, written contracts and procedures wherever possible, preferring to appeal to peoples' good will when disputes arise, as they inevitably do, over hours, standards of performance, training needs and the allocation of work. As problems arise she deals with them effectively and pragmatically, relying more on her own judgement than on established rules and policies. She is generous and supportive towards her staff and clients alike, and they hold her in very high regard. Doreen is immensely proud of Tulip Lodge and her work there forms by far the most important part of her life. She is wholly dedicated to her work, rarely taking holidays and working in

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excess of 80 or 90 hours most weeks. Now, however, the finances of the business are worrying her and she feels inadequate to the task of addressing them herself. The time has come, she decides, to sell up and fulfil her long-term dream of running a small hotel in Spain.

Tony Chopper is interested in purchasing the Tulip House business. He is a successful local businessman who owns a group of betting shops and two pubs. He has spare cash to invest. Tony got to know Doreen and her team when his elderly father resided at Tulip House for five years prior to his death. He believes that with sufficient investment, new leadership, careful cost control and much more efficient management, the business could be made highly profitable. He has friends who have made millions from running chains of nursing homes and believes that Tulip House could be the first in his own highly lucrative chain.

Tony is, however, hesitant about taking over Tulip House and Doreen is even more hesitant about selling to him. This is because he failed badly when he embarked on a similar business venture a few years ago. On that occasion he purchased a smaller nursing home on the other side of the city called Rose Lodge. Like Tulip House, Rose Lodge was formerly a thriving business with a good reputation for high quality care and like Tulip House it was running at a loss. Having secured a bank loan, Tony took it over and immediately started making changes. He invested a great deal of money in new carpets and curtains, bed linen, some new furniture, central heating and double glazing. However, in order to generate a sufficient return on the investment and repay the loan, he needed Rose Lodge to generate an immediate operating profit of at least 20%.

In order to meet the financial targets Tony required Rose Lodge's long-serving manager, Nina Purpura, to cut her staffing costs by a third. This involved introducing a range of flexible working practices. Split shifts were imposed in the kitchens so that staff were employed to work on two separate four-hour periods each day, nursing assistants were employed on zero-hours contracts, while an outside provider was contracted to provide cleaning services in place of the experienced and much-loved domestic staff that had been employed previously. In addition Tony made two full-time administrative employees redundant, hiring temporary staff on a part-time basis when necessary to cover their work. New employees were employed at the rate of the national minimum wage while the higher paid, existing employees lost their accustomed Christmas bonuses and generous rates of overtime. Everywhere costs were cut in order to meet financial targets.

Within six months both Nina and her deputy handed in their resignations and Tony found it very difficult to replace them with anyone of similar calibre. Absence rates rocketed, mainly due to 'stress', staff turnover doubled and three employment tribunal claims had to be defended. Before long Tony was forced to rely heavily on agency nurses and inexperienced assistants hired through the local job centre. He thus failed to cut his

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staffing costs by as much as was necessary, in the process reducing the quality of the care that his residents received.

The result was a rapid loss of reputation. Some residents complained bitterly, while others simply moved out. Before long Rose Lodge, despite its attractive physical makeover, struggled to fill all its beds resulting in a decline in income. The last straw for Tony occurred two years after he purchased the business when Rose Lodge badly failed a routine local authority inspection. It was not meeting the statutory staffing requirements in respect of having qualified nursing staff on its premises at all times. He then decided to cut his losses, wound up the business and sold the building to a landlord.

Doreen tells Tony that in principle she is prepared to sell Tulip Lodge to him at their agreed price. But before she does so she wants to be assured that he will not 'run it into the ground' as he did with Rose Lodge. Tony is also keen to avoid making the same staffing mistakes again, and so decides to seek some specialist HRM advice.

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Respond to the following questions, drawing on research and examples of current practice where appropriate.

- 1. What are the main strengths and weaknesses of the approaches to managing people that Doreen Bunion has established at Tulip House?**
- 2. What major immediate HR challenges will Tony Chopper face if he purchases Tulip House and needs to replace Doreen Bunion? What advice would you give him about handling these?**
- 3. What advice would you give Tony about ways in which he might introduce greater efficiency and flexibility at Tulip House in such a way as to avoid the consequences that befell Rose Lodge when he took that business over?**

It is recommended that you roughly the same amount of time answering each of the three questions.

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SECTION B

Answer FIVE questions in this section, ONE per subsection A to E. You may include diagrams, flowcharts or bullet points to clarify and support your answers, so long as you provide an explanation of each.

A

1. In 2015 the CIPD published a research report entitled 'Developing the Next Generation' which focused on the challenges associated with integrating and developing 16-24 year olds during their first years in employment. While warning against overgeneralisation, the report identified some significant 'skills gaps' which many employers find that they need to address when young people first start their working lives. The most significant are communication skills, team working and social confidence. The report went on to argue that in order to effectively address these key skills gaps, learning and development practitioners need to 'shift' their emphasis from being 'training deliverers' to 'performance consultants'.
 - i. Why do members of the 16-24 age group appear to lack both social confidence and the communication and team working skills that members of older generations have?

AND

- ii. What advice would you give managers responsible for HRD in your organisation about how to address these skills gaps during the first years of young workers' employment? Justify your answer.

OR

2. Arguably the most significant and influential HRM-related research in recent decades was that carried out by figures such as Mark Huselid, Jeffery Pfeffer and many others into the link between HRM policy in organisations and their relative business performance. Using different methodologies they concluded that it is possible to identify a bundle of human resource policies and practices which are clearly associated with superior business performance. This has led many to conclude, perhaps controversially, that investing in sophisticated HRM practices will ultimately lead to the achievement of competitive advantage.

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- i. What types of HR policy are typically included in the 'bundle of best practices' that researchers identify in their studies? How are these said to be associated with superior business performance?

AND

- ii. Explain why it is sometimes seen as controversial to argue that adopting sophisticated human resource policies and practices will typically lead an organisation to achieve superior levels of business performance compared with its competitors.

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B

3. Looking back over your working life to date, identify the period of time when you would say that you were personally most motivated while at work.
- i. Explain what led to you being so highly motivated at this time.

AND

- ii. To what extent could your experience be used to support the validity of one or more of the more prominent published theories about what motivates people at work? Justify your answer.

OR

4. Studies into the concept of employee engagement mainly focus on the implications for efficiency and productivity, but some have established significant additional links between positive engagement and employee well-being. In other words, it would appear that engaged employees are much more likely than disengaged employees to enjoy good physical and mental health.
- i. What in your view explains the link between positive engagement and well-being? Justify your answer.

AND

- ii. Why do employers benefit when their employees score highly on measures of personal well-being?

AND

- iii. What measures would you recommend your own organisation takes to help increase levels of positive engagement among its employees?

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5. It is widely recognised that highly charismatic leaders have rare qualities which allow them to achieve great things, for example in times of crisis or by transforming the fortunes of a failing organisation. However, it is also generally accepted that the attributes which make leaders highly charismatic cannot be acquired through training.
- i. Drawing on examples, explain what personal attributes a charismatic leader must have if he or she is to 'achieve great things'.

AND

- ii. To what extent do you agree with the view that a highly charismatic figure has little to gain from undertaking a formal course in leadership development? Justify your answer.

OR

6. In the 1960s the educationalist Laurence J. Peter famously articulated what has become known as the 'Peter Principle'. This holds that in large organisations leaders tend to be promoted up the levels of a management hierarchy until they cease to be competent in their roles. At this point further promotions cease. The net result, said Peter rather cynically, is that many organisations are led at all levels by incompetent people.
- i. While many argue that Peter overstated his case somewhat, plenty of serious research suggests that he identified a serious organisational phenomenon. To what extent do you agree? Justify your answer.

AND

- ii. What steps can hierarchical organisations take to ensure that people who have leadership responsibilities are not over-promoted in the way that Peter identified?

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7. Improving individual performance is a central objective of HRM, yet the formal tools which are most commonly used to achieve it are often heavily criticised. Performance feedback systems were recently labelled 'management's fatal flaw' in one highly critical book and this view is widely held. Performance appraisal systems are said to be no more than 'bureaucratic tick-box exercises' which line managers dislike and which play no serious role in improving performance.
- i. Thinking about your own organisation as well as published research, explain how far you agree with the view that performance appraisal and feedback systems generally serve little or no practical purpose as far as improving individual performance is concerned.

AND

- ii. What steps would you recommend are taken in your organisation to make performance appraisal more effective? Justify your answer.

OR

8. A common theme among studies and articles looking at the future of HRM is an acceptance of the likelihood that skills shortages will increasingly present a major challenge for organisations. Some argue that resolving challenging recruitment and retention issues will dominate much HR work over the coming ten years.

Assume that you have recently been appointed to a talent management post in an organisation that provides specialised professional advice to international clients. The organisation is growing, but operates in a competitive global market. Its capacity to maintain its existing client base, let alone to expand further, is dependent on its ability to recruit and retain expert consultants who are able to work internationally. The organisation pays its employees a competitive salary, but its capacity to significantly increase the total pay bill in the future will be limited.

You are asked to write a briefing paper for senior managers making suggestions about steps the organisation could take to help it avoid suffering from the impact of skills shortages in the future. What points would you make? Justify your answer.

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9. Some argue that the business case for taking equality and diversity issues seriously is very compelling and that organisations which fail to do so are likely to suffer a financial penalty over the long term. Others argue that the business case is in fact quite weak and that a solid body of regulation is thus required to ensure that organisations meet minimum standards in this area.

- i. What are the major strands of the business case for the promotion of equality and diversity in organisations?

AND

- ii. Drawing on your own experience and that of your organisation, comment on the view that regulation is necessary in order to ensure that minimum standards are met in the area of equality and diversity practice.

OR

10. There has been a great deal of thinking recently about how best to define exactly what an ethical approach to management and leadership encompasses. One school of thought gives prominence to the notion of integrity, arguing that managers and organisations that demonstrate integrity in their dealings are rightly perceived to be acting ethically. Research studies have also sought to demonstrate the positive outcomes that follow when an organisation is perceived to act with integrity.

You have been asked to prepare a short training session for managers about the concept of integrity and how it might be further developed in your organisation.

- i. Using examples from the field of HRM, show how you would define the term 'integrity' in the context of management and employment.

AND

- ii. What potential advantages could be expected to be gained were your organisation and its managers to be successful in significantly improving their reputation for integrity? Justify your answer.

END OF EXAMINATION

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Introduction

168 candidates sat the Leading, Managing and Developing People exam in September. As always there was a very considerable variation in the performance of students from different centres, but on this occasion the cohort as a whole did very well indeed, achieving an overall pass rate of 77% which is one of the highest that we have recorded in recent years. The number of merits and distinctions was not so exceptional, but the number of passes was unusually high.

The final breakdown of marks was as follows:

September 2016		
Grade	Number	Percentage of total (rounded)
Distinction	3	2
Merit	28	17
Pass	98	58
Marginal Fail	18	11
Fail	21	12
Total	168	100

The papers were marked by Gail Swift, Graham Perkins, Julie Beardwell, Penny Graham, Cecilia Ellis, John Mitchell, Catherine Jones and myself.

Section A

Learning outcomes: 4 and 6

On this occasion the case study was intended to test candidates' knowledge and understanding of Learning Outcome 4 (contribute to the promotion of flexible working and effective change management in organisations) and of Learning Outcome 6 (assess the contribution made by HRM and HRD specialists in different types of organisation).

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- 1) *What are the main strengths and weaknesses of the approaches to managing people that Doreen Bunion has established at Tulip House?*

The vast majority of candidates had few problems writing an extensive, thoughtful and reasonably well-informed answer to this first question. The weaker candidates tended to reproduce points from the case study brief while adding too little by way of original analysis to enable us to award a pass. One or two had a tendency to add points that were not included in the case study at all or to embellish some of Doreen's supposed faults, for example by assuming that an absence of pay scales meant the absence of any kind of systemised payroll.

In fact Doreen's management style is typical of that which is often favoured by people who run SMEs, although hers is perhaps rather more extreme than most. It is highly personal, pragmatic, well-meaning and above all, informal. This has great advantages but also great disadvantages. The major advantages are the ability it gives to recruit loyal and reliable employees who are prepared to demonstrate discretionary effort (that is, are positively engaged) and are likely to remain employed with the business for long periods of time. Many employees enjoy working in this kind of family environment where their views are taken into account and flexible working arrangements can be made easily as and when required. It allows people to be managed as individuals rather than as a group in a more bureaucratic fashion. It does not suit people who are ambitious for personal advancement, but that is true of work in most SMEs where career development opportunities are often necessarily limited by establishment size. The disadvantages of the informal style of management are several. First there is far too much reliance on the owner-manager's presence so that decisions can be taken as and when necessary. There are no written guidelines or procedures which allow the work of the organisation to continue smoothly in Doreen's absence. Secondly, as is the case here, financial control tends to be inadequate. Money is spent addressing short-term day-to-day issues, not enough being saved or invested so as to ensure the long term health of the organisation. Thirdly, the absence of standard policies runs the risk of perceived favouritism and unfair treatment. This can lead to avoidable disengagement and personality clashes which can be very damaging in an SME. Doreen seems to be very accomplished at avoiding these problems, but that is down to her personal skills. The style of management she adopts brings those kinds of problem with it. A further criticism could be that things are too stable at Tulip House because of the management style. The team has perhaps become too staid and comfortable, bereft of new ideas and innovative thinking.

Some candidates appeared to argue that the absence of any formal HR function in this organisation was something that should be seen as 'weakness' as a matter of principle. Many were quite unconvincing here, perhaps assuming wrongly that a CIPD examination team would expect them to make such a case. It is of course important to accept that HRM practices are quite capable of being applied in organisations which do not have

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formal HR functions, and that this is often entirely appropriate in relatively small companies such as this one.

- 2) *What major immediate HR challenges will Tony Chopper face if he purchases Tulip House and needs to replace Doreen Bunion? What advice would you give him about handling these?*

This was also well-answered on the whole, although some candidates lost marks by avoiding altogether the issue of how to replace Doreen herself and the immense potential challenges associated with doing so, despite this being flagged clearly in the question.

It was our intention that the more general case for implementing change should be addressed in answers to Part 3, but we decided to take a relaxed approach here and rewarded candidates who covered it in Part 2 equally.

In practice by far the most immediate HR problem Tony will face is replacing Doreen with a general manager who has the skills, judgement, personality and experience necessary to maintain the home's outstanding reputation. Tulip House relies very heavily indeed on Doreen at present and the gap left by her departure will be very difficult indeed to fill. In addition, of course, the new manager will have to introduce changes of quite a profound nature over a short time period in order to secure the long-term financial health of the business. It would also be wise (and probably necessary too given the number of hours Doreen works) to recruit a strong deputy or even two deputy/senior managers to support a new general manager. The main advice is thus that very great care indeed needs to be taken when recruiting people to these posts. First, a highly competitive salary and benefits package needs to be designed, preferably one which provides incentives to reward long service. Some form of profit sharing arrangement would suit well. Secondly, a variety of recruitment channels need to be used in order to attract a wide field of potential candidates. There may be members of the existing team who would be interested in applying. This should not be discouraged, as continuity may be welcome in this kind of situation, but it is more important that people of the very highest calibre are brought in. The second set of HR challenges relate to the need to introduce some policies and rules so that the business can be more tightly managed and is less dependent on one big personality in order to function. Overdoing this may reduce effectiveness as it would challenge the established culture of the organisation, but it would make sense for legal reasons as much as anything to standardise contracts, pay scales, holiday / training / absence policies etc. Finally, Tony needs to take care when establishing his own relationship with the managers and staff at Tulip House. He needs to find a balance between enforcing effective management control and holding back so that the business can continue to thrive in respect of relationships between staff and clients. There will also be a requirement for a great deal of reassurance as the change of

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ownership takes place so that high levels of trust are maintained and unwanted resignations avoided.

- 3) *What advice would you give Tony about ways in which he might introduce greater efficiency and flexibility at Tulip House in such a way as to avoid the consequences that befell Rose Lodge when he took that business over?*

There were many possible suggestions that could be made in answering this question and we were thus not too restrictive when deciding which were worthy of marks.

We did, however, expect strong candidates to stress the importance of employee involvement in this context. The management mantra 'people support what they help to create' is very relevant here. Change is necessary and it may be uncomfortable for some. However, over the long-term all stakeholders can potentially benefit. By involving staff in decision-making about how efficiency savings can be made the chances that the transition will be successful are greatly enhanced. It is also important that change is paced steadily and not introduced in a big bang kind of a way. In this context candidates cited some of the better known models of change management (Kotter, Lewin etc) and were rewarded for doing so. However, in order to secure good marks, they needed to do more than simply describe the models without also linking them to the case study as some were apt to do.

In terms of increased flexibility, care needs to be taken wherever possible to prioritise forms of flexible working which are potentially as attractive to employees as they are to managers looking for savings. This is a stable and well-established business, so there is no need for Tony and his new managers to reduce job security. Changes to existing contracts of employment should be minimised. The focus thus needs to be placed on approaches such as flexitime, term-time working, part-time working and possibly annual hours arrangements - all approaches to flexibility that are popular with employees and would-be employees. There is also possibly mileage in introducing functionally flexible self-managed teams as a means of reducing costs while maintaining high levels of employee engagement. Those candidates who developed arguments along these lines picked up plenty of marks.

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Section B

Question A1

Learning outcome: 1

This proved to be a popular choice. Over half of the candidates gave this one a go, most very competently. Strongest answers to the first part here were answered from two distinct perspectives. First candidates argued that younger people generally lack a range of interpersonal skills that tend to develop with experience of life. This has always been the case. It is only once we have been working for a time that we develop greater self-confidence and that feeds into team working and effective communication. The other perspective focuses on the particular issues that the current generation of younger workers seems to have in this regard. Evidence is patchy, but many (including the authors of this report) argue that 'generation Y' or the 'Millennial generation' have different strengths and weaknesses than the other generations in the workforce. They are said to be more technologically savvy, but to have shorter attention spans and to lack social skills because they have spent more time interacting technologically and less time playing team sports, visiting extended family and engaging in community activities than members of older generations did when they were young. There is a great danger of over-stressing these arguments, but they are commonly made in the research literature.

Part 2 also allowed for the development of a range of original arguments which we judged on their merits when awarding marks. That said, we rewarded those who were aware that the principal message coming out of the recent research relates to the need to individualise learning experiences through the use of coaching and mentoring. These are said to be more effective for developing soft interpersonal skills than traditional classroom-based training experiences. Many also argue in favour of technology-enabled approaches to training as these are particularly attractive to younger workers. Finally, it is argued that the skills gaps referred to in the question stem are best addressed on-the-job through experience and critical reflection on that experience.

Question A2

Learning outcome: 1

This question proved to be another popular choice, a sizeable minority of the candidates choosing to answer it. Those who opted for it tended to be well-informed about the research cited and the idea of bundles of best practice. Those who attempted this without being sufficiently familiar with the Huselid – Pfeffer research sometimes struggled to write convincing answers.

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Research linking HRM with business performance outcomes is specifically covered by Learning Outcome1 and so should be broadly familiar to candidates sitting this paper. The types of practices that Pfeffer included in his 'bundles of best practices' were:

- providing employment security
- investing heavily in recruiting the right people
- extensive use of self-managed teams and decentralisation
- high wages linked to organisational performance
- high levels of investment in training
- limited status differentials (ie: managers and staff are treated the same)
- willingness to share information.

Others stress autonomy, voice, sophisticated selection techniques, thoughtful work design, work-life balance and line management development programmes aimed at developing emotional intelligence.

The most common argument is that these serve to attract, retain and engage superior performers who then 'go the extra mile' by demonstrating discretionary effort. That in turn feeds through into better organisational performance.

Part 2 was tougher and was answered a good deal less effectively by many candidates, some of whom ignored it altogether. By contrast those who were familiar with the arguments here scored very well.

It is controversial to argue that HRM investment will lead to superior business performance because other explanations of the link are possibilities. For example, it could be that financially successful organisations go on to introduce sophisticated HRM rather than the reverse being the case. It is also possible to argue that the 'link' applies to some organisations in some industries and some locations (that is, large private sector American corporations of the kind who participated in much of the research), but that the links are more tenuous in other countries, in the public services and in SMEs.

Question B3

Learning outcome: 2

This proved to be a hugely popular choice, being answered by a big majority of candidates. By and large, part 1 was answered more impressively than part 2.

A wide variety of situations could be described here in answer to part 1, but to score highly candidates needed to do more than describe their experiences. They were asked

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to *explain*, suggesting that a degree of analysis had to be included here along with a description, marks being awarded accordingly.

Strong answers to part two tended to focus on needs-based theories, goal-based theories and/or cognitive theories. Job design-based theories were also successfully cited by some candidates. What mattered was that the answer demonstrated clear understanding of some of the key theoretical perspectives on motivation. It was also, of course, open to candidates to argue that their experience did little to support the commonly quoted theories. That was fine provided a good, compelling justification was provided.

The main weakness here was a tendency to cite theories that are not generally considered, at least primarily to be focused on motivation at work. So, for example, it was common for the AMO model to be discussed, despite only part of it being related to motivation and the model as a whole being much more focused on organisational performance.

Question B4

Learning outcome: 2

Only a relatively small number of candidates attempted this question, but those who did tended to have plenty of relevant knowledge and understanding and hence scored highly.

Part 1 could be answered in different ways - the more sophisticated and well-justified the argument, the higher the mark. It may simply be the case that engaging staff leads to higher levels of well-being – a solid and valid point. However, the strongest candidates also interpreted the evidence as suggesting that people who enjoy a good level of psychological and physical health are more likely to be engaged. That is certainly what the positive psychological research suggests, both perspectives being widely accepted and mutually reinforcing.

Part 2 was entirely straight forward. A happy workforce tends to be more productive, having lower levels of absence and employee turnover in particular, and also to demonstrate higher levels of discretionary effort.

Answers to part 3 varied depending on the organisation's existing practices. To score well, however, these answers needed to demonstrate some understanding of employee engagement theory - vision, involvement, voice, clear performance targets, interested and supportive managers, empathy, respect etc. Most managed to do so very effectively.

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Question C5

Learning outcome: 3

This was the one question on this paper which was answered rather disappointingly, mainly because candidates had a strong tendency to conflate rather simplistically 'charismatic leadership' (which the question was focused on) with 'transformational leadership' (which it was not). Of course, there is some overlap here, which we took account of. But answers which simply interpreted the question as being about transformational leaders lost marks.

Any number of prominent examples from fields of politics, sport or business could be used here, as were examples observed by candidates in their own working or home lives. What mattered is that "great things" have been achieved through charismatic leadership. The kinds of traits that are typically associated with such figures are sometimes quite difficult to define precisely. They include personal charm, presence, energy, intelligence, self-confidence, eloquence, judgement - sometimes also compassion, loyalty, decisiveness and the capacity to inspire others to strive to meet goals. Too often here, candidates wrote much more broadly about the direction a leader decided to go in. That may well be relevant to explaining their success, but it does not fall within the 'personal attribute' category and was not therefore what this question was focused on.

A number of arguments were advanced very effectively in answer to part 2. The key point made in the literature is that while charismatic leadership can not be taught, individuals with the capacity to develop into charismatic leaders can learn to be self-critical / aware and hence modify their behaviours as and when necessary. That is something of value that can be learned through formal development. Importantly, of course, there is also a technical side to effective leadership of all kinds. It is not just about being able to motivate people. The direction in which you take them matters equally, as does the quality of decision-making. And that side can most certainly be developed through formal HRD interventions as well as experience. Most of the stronger answers developed points of this kind.

Question C6

Learning outcome: 3

This question was only answered by a relatively small number of candidates, most of whom did so very competently.

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The Peter Principle is one explanation for the strong tendency of employees in larger UK-based organisations to have quite a poor impression of their managers, and particularly senior leaders in their organisations. We tend not to rate our organisational leaders very highly. This is less the case in many other countries, particularly in Asia and Africa where employees tend to rate their leaders more highly. The problem arises entirely understandably because of our commitment to rational selection principles. When deciding who to promote, there is a strong tendency to focus on performance in someone's existing role. If a junior leader has done a good job over two or three years in a role, this record is heavily taken into account when promoting them. This then continues until they cease to do well in a role. In other words, good performance in a leadership role is taken as a proxy for likely strong performance in the next role up the hierarchy.

The way to stop this from happening is to look beyond current performance when deciding who to appoint to a higher job in an organisational hierarchy. This means selecting people against competency frameworks/person specifications using a wider range of criteria. It is also helpful if people act as deputies to senior figures or 'act up' on a temporary basis in order to help establish whether or not they have the attributes required to take on a more senior role. It may be that further development is required before they are ready to be promoted. Strong candidates also identified the potential role that can be played by management development interventions and in effective performance appraisal in preventing the Peter Principle from becoming too cemented in a large organisation.

Question D7

Learning outcome: 5

We expected and received a wide range of responses to part 1. The question was phrased quite provocatively, so it was not surprising that a good number of candidates disagreed with all or part of the critique. That was fine provided they could advance a credible alternative case, most of which were rooted in personal experience or observation. What mattered as far as marks were concerned was that they addressed the specific points made in the stem about bureaucracy and systems operating for the sake of it rather than actually driving improved performance in any way.

Part 2 answers were also mainly based on personal experience and observation, but we took care also to reward students who cited published sources here. The major published alternatives to traditional performance appraisal tend either to focus on HRD and developmental objectives or to involve more frequent and shorter meetings with line managers instead of the one 'big' annual meeting. It is also entirely reasonable to argue

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that the existing architecture can remain, but that line managers need more by way of training in order to get the best out of the system.

Question D8

Learning outcome: 5

A great deal is being written at present about the looming threat of skills shortages – particularly but not exclusively in the UK – and about their capacity to hold back growth in organisations. This is particularly true for specialised organisations whose growth depends on its capacity to recruit and retain highly qualified people in relatively tight labour market conditions. Traditionally organisations have responded to such situations by raising pay levels. In this scenario, however, the total pay bill must be kept under tight control. That does not mean that there is not the capacity to develop creative / innovative reward systems aimed at recruiting and retaining exceptional people, but it does rule out simply addressing the skills shortage by increasing pay. The need here therefore was for candidates to suggest alternatives. Employer branding and related approaches was often correctly recommended here along with total reward strategies, overseas recruitment and a range of HRD initiatives aimed at developing the required skills and knowledge in people who have the potential to become full-qualified consultants. Skills-mix reviews which seek to reduce reliance on the hardest-to-recruit groups also have a potential role to play. Many, diverse, potential strategies were suggested, the quality and credibility of the justification being central in determining the final mark.

Question E9

Learning outcome: 7

This was answered by a good majority of candidates. Most did so pretty effectively, but as is always the case when we ask about the business case for equality and diversity, too many focused too heavily on legal matters exclusively.

In fact, of course, the business case has a number of distinct strands. It is principally based on the need for all organisations to maintain positive reputations for ethical conduct in a competitive market place. It follows that organisations which gain a poor reputation in this area, for example by being known for treating some minority groups poorly, will suffer commercially and may even develop 'toxic reputations'. It is also commonly argued that an employer which discriminates in favour of some groups, will suffer financially because they are not accessing the most talented and experienced staff. By contrast, competitors who draw on the whole labour market when recruiting will employ superior performers and thus over time will be more successful. A third strand relates to the need to maintain a positive reputation in the investment community, among

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investors, advisors and financial journalists. It is argued that because they tend to accept the first strands of the business case, companies wishing to attract future investment stand to gain from maintaining a highly positive and pro-active reputation in this area.

Answers to part 2 varied considerably and were considered on their merits. Many candidates argued that while the business case has traction, it does not apply equally in all labour markets and all product markets, particularly overseas. There is thus a need to reinforce it with proportionate and effective regulations. A good number drew effectively on personal experience and observations when answering part 2. These were often interesting and effectively-argued.

Question E10

Learning outcome: 7

Integrity in the context of management usually defined as being about the extent to which words and deeds match up. It thus concerns the extent to which managers keep their promises and on which their words can be relied on. Consistency of purpose and message are key, as well as honesty and straight-dealing. The values espoused may be questionable ethically, but if they are genuinely held and consistently acted upon then they can constitute an approach which has integrity. It is often said that the opposite of integrity is hypocrisy – which involves saying one thing but doing another. Numerous examples can be given to illustrate these principles from across the field of HRM. What mattered as far as the awarding of marks was concerned was that they did clearly illustrate integrity and not good ethics more generally.

The best answers to part 2 focused on trust and the building up over time of strong, trusting relationships. It was sometimes linked nicely to the concept of psychological contracts. The published research shows that this then feeds through into positive motivation and engagement, discretionary effort, lower staff turnover, higher levels of job satisfaction and organisational commitment. People are less likely to be cynical about their organisations and more likely to recommend working in them to others. They are also likely to respect their managers more, potentially to resist less during times of change and to be more supportive followers.

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Conclusion

This was a strong cohort whose papers were, by and large, a pleasure to read. While we saw relatively few truly outstanding papers, the good majority of candidates coped very effectively with this paper, writing solid, well-informed answers to the questions in both Sections A and B. The candidates that did not manage to pass, often did so quite marginally. The reasons for lower marks were no different from those noted in previous examiners' reports. Sometimes parts of questions are missed or only answered very briefly. Sometimes candidates fail to write answers which directly address the questions or otherwise miss a major point. Most often, answers are simply too limited in terms of their length, depth of analysis or subject matter knowledge to allow the examiner to award a pass at M level. Another common issue is a failure to provide a full and substantial justification for points that are made. Too often candidates still appear to assume that they do not need to justify an argument.

Stephen Taylor

Chief examiner