ADVANCED LEVEL EXAMINATIONS

7HRC – Human Resource Management in Context

EXAMINER'S REPORT

May 2011

Chartered Institute of Personnel and Development

Advanced Level Qualification

Human Resource Management in Context

May 2011

23 May 2011   13:50 –17:00 hrs

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

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

Please write clearly and legibly.

Questions may be answered in any order.

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

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

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

You will fail the examination if:

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

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SECTION A – Case Study

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

Digitox Ltd is a private company, located in the East Midlands, providing quality digital print solutions to businesses and public organisations throughout the UK. Digitox is recognised as a pioneer in digital and on-demand printing and has provided quality print services and large savings to its customers for over 10 years. It describes itself as the 'one stop shop' for fast digital printing solutions. The business has maintained a high level of year-on-year investment to ensure that it leads in technology, as well as in service, cost-effectiveness and quality.

The company's aim is to use its collective experience and expertise to deliver quality print solutions that achieve optimum benefits for its clients. This is underpinned by a philosophy of:

- If the customer can see it – Digitox will print it

- If others say it can't be done – Digitox will do it

- When the deadline is impossible – Digitox will make it happen

- When the budget is not enough – Digitox will give its customers change.

The company manages its print orders to ensure that customer needs are paramount. For example, customers can use an upload tool to supply their artwork and requirements to the company, which then does the rest. Digitox employs 40 people – mainly managerial, technical and support staff – and works in partnership with copier manufacturers, systems engineers and web-designers.

The company uses digital output as the ideal method of producing short- to medium-run black and white and full colour documents in more cost-effective ways than traditional printing. Digital data are easily stored and updated so that changes are made without difficulty, either prior to printing or in the following batch. Digital output allows more effective print management. This is because there is no need for bulk stock; no need to destroy out-of-date stock; and customers can simply order 'on demand'. Also Digitox has the equipment and techniques to finish its jobs to very high levels of presentation, finishing and binding.

The company provides two basic sets of services to its customers:

- Print solutions: small format (such as leaflets, newsletters and business cards) in colour or black and white; large format (such as advertising posters and hoardings and signage); and fine art (such as prints for artists working in

digital media and fine art editions), using specialised light fast pigment-based inks, guaranteed for 70 years.

- Special services: art and design work (either as hard copy or digital); capturing and archiving (backed up on three separate servers in a library system for later retrieval); and web development (providing expert design, professional copy-writing and content management systems).

Financially Digitox is sound. Its revenue at the end of the last financial year was £5 million, which was up eight per cent over the previous year. It had an operating profit of £1 million, up 20 per cent, and a net profit of £700,000, up two per cent. The company is in a strong market position, has robust financial growth and is always looking for new market opportunities. Its major concern is competition in a hard marketplace.

For a company operating in a dynamic market using new technology, however, Digitox is organised and managed in very traditional ways. Organisationally, Digitox is a typical bureaucracy, based on traditional, rational-legal principles. Its structure is organised by function and defined by strict rules and hierarchical relationships, with little organisational flexibility. Communication is predominantly vertical, decision-making is centralised and job roles are well-defined, specialist ones. If any distinctive management style is discernible, it is rooted in scientific management principles. This derives from the leadership style of the first Chief Executive Officer (CEO), a professional engineer, who retired six months ago. He was very much a traditionalist, whose value system was underpinned by the belief that applying scientific management principles to organisation, work and managing people would maximise the benefits to the business and its customers, as well as achieving high levels of co-operation between management and workforce. The company's HR policies are very ad hoc; HR is largely an administrative role, under the General Manager; and staff turnover is relatively high.

The new, young CEO is much more forward looking and is a moderniser. Given the company's financial strength, she wants Digitox to be even more responsive to its customer needs, more flexible in its organisation and more willing to take account of wider stakeholder interests in formulating company strategy in a rapidly changing market context. She is also concerned about the autocratic, top-down management style of the former CEO and thinks that a more collegial approach to management decision-making will benefit the company.

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The organisation's CEO has asked you, as an HR consultant, to write a report covering three tasks:

1. **Drawing upon research, identify Digitox's stakeholders, prioritise their relative importance to the business, and demonstrate how each stakeholder is likely to try to influence the formulation of Digitox's organisational strategy.**

2. **Review Digitox's organisational structure and make recommendations for either retaining or changing it. You must justify your recommendations.**

3. **Drawing upon research, outline the principles underpinning a collegial style of management and indicate whether this will help steer Digitox towards achieving its vision and corporate objectives or not. You must justify your response.**

It is recommended that you spend a third of your time on Task 1, a third of your time on Task 2 and a third of your time on Task 3.

SECTION B

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

A

1. The research literature reveals a wide range of approaches and models of corporate strategy. One study by Whittington (2001) provides a useful four-fold typology of strategy: systemic, classic, processual and evolutionary, based around processes and outcomes.

    i. Describe and analyse each of Whittington's four typologies and comment on their relevance, if any, for your organisation.

    ii. What are the implications of each of these typologies for HR systems and HR strategy?

OR

2. Drawing upon Delery and Doty (1996), recent researchers have classified and categorised HR strategies into three alternative perspectives, each of which contains a range of studies. The three generic, alternative perspectives are called the universalistic, the contingency and the configurational.

    i. Select **one** universalistic model of HR strategy and critically examine its main features.

    ii. Summarise the principal criticisms advanced about universalistic models of HR strategy as a generic group.

PLEASE TURN OVER

B

3. The UK economy is often described as a mixed, market economy. A visiting manager from mainland China, whom you have met at a conference, says that she does not really understand what a 'mixed, market economy' means. She wants you to explain to her **up to five** main features of the UK mixed, market economy. You have said that you will provide a written summary for her.

   Draft what you will say and why.

    OR

4. Historically, it has been shown that the structure of the UK labour market is continually changing, in terms of size, occupations and sectors.

     i.   Drawing upon research, identify **up to three** sectors where employment has expanded in the UK in recent years and explain why this has happened.

     ii. Drawing upon research, identify **up to three** occupational groups that have contracted in the UK in recent years and explain why this has happened.

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C

5. Globalisation is now a fact of economic and business life, which affects organisations, governments, social institutions and people as individuals.

     i.   How has your organisation been affected by globalisation and what have been its responses to it? If it has not been affected by globalisation explain why.

     ii. Analyse how successive UK governments have responded to the forces of globalisation.

OR

6. Multinational corporations (MNCs) are complex, many-layered organisations. It has been noted by several commentators that managerial and employee behaviour is influenced by distinctive cultural and institutional factors within MNCs.

   Drawing upon research and current practice, discuss some examples of cultural variables incorporated within MNCs and review how these affect managerial and employee behaviour within them.

D

7. Coyle (2005) and others support the case for promoting immigration into the UK in response to high labour demand by employers. This demand for labour, they claim, cannot be met internally within the UK. It is also argued that another benefit of immigration is to increase productivity within the economy as a whole.

   i. Drawing upon research, argue the case **against** government promoting immigration into the UK.

   ii. Evaluate whether immigration is helpful (or not) to your organisation in meeting its labour market needs, giving reasons for your view.

OR

8. Rapid technological change is a major feature of post-industrial societies like that of the UK and technology develops continuously in response to new needs, scientific advances and innovatory applications in everyday life.

   i. Provide **up to three** examples of advanced technologies and explain how they are affecting your industry.

   ii. Examine the implications of advanced technologies for HR practices within your organisation.

_____

E

9. You have been invited to make a presentation to a workshop of European business leaders in your sector of employment on 'The basic principles of the UK's political system.'

   Drawing on research, draft an outline of the main points that you will make.

OR

10. Following the UK general election in 2010, the Coalition Government made it clear from the outset that a main aim of its economic policy was to reduce public spending over the duration of the present Parliament.

    i. Evaluate the long term impact of this policy on the UK labour market.

    ii. Discuss the extent to which this policy is affecting your organisation with particular reference to HR issues.

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 second examination in the field, 75 candidates took the unit. Of these, 38 achieved a pass standard or more, giving a pass rate of 50.7%. There was an increase in the proportion of merit grade scripts, compared with the January examination diet, but a fall in the proportion of pass grades. The breakdown of grades is shown in Table 1.

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

May 2011		
Grade	**Number**	**Percentage of total** (to 1 decimal point)
Distinction	0	0.0
Merit	8	10.7
Pass	30	40.0
Marginal fail	3	4.0
Fail	34	45.3
Total	**75**	**100.0**

The examination consists of two sections, a seen case study in Section A and short answer questions in Section B, where candidates have to attempt five (out of 10) questions, which are divided into five sub-sections. All the learning outcomes 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.

Section A

This section consisted of a seen case study with three questions, where candidates were expected to answer all questions. The case study centred on Digitox Ltd which provides quality digital print solutions to businesses and public organisations throughout the UK. Digitox is recognised as a pioneer in digital and on-demand printing and has provided quality print services and large savings to its customers for over 10 years. It describes itself as the "one stop shop" for fast digital printing solutions. The business has maintained a high level of year-on-year investment to ensure that it leads in technology, as well as in service, cost-effectiveness and quality. Candidates had to answer three questions. These covered: an identification and prioritisation of Digitox's stakeholders; a review of the organisation's structure; and whether a collegial style of management would contribute to achieving its vision and corporate objectives.

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 (LOs) 1 and 2. There are a number of ways in which this case can be approached but the following summary points could have been examined and developed in answers.

Task1

This asked candidates to identify and analyse Digitox's stakeholders, prioritise their relative importance to the business, and demonstrate how each stakeholder is likely to try to influence the formulation of Digitox's organisational strategy.

The stakeholder approach to organisations contrasts with stockholder theory. The stockholder theory of organisations identifies shareholders as the prime drivers of firms. They provide capital to corporate managers who act as agents in advancing their interests. For scholars such as Friedman, stockholder theory is inconsistent with the idea of corporate social responsibility at the cost of the other stakeholders.

Stakeholders, in contrast, are any party with interests in an organisation and its activities. Stakeholder theory argues that every legitimate person or group participating in the activities of a firm or business does so to obtain benefits for themselves.

However, the priority of the interests of all legitimate stakeholders is not self-evident. Mitchell and others classify stakeholder classes to whom management should pay attention. They can be examined in terms of their power to influence the firm, the

legitimacy of the stakeholder's relationship with the firm and the urgency of the stakeholder's claim on the firm.

Stakeholder theorists argue that all persons or groups with legitimate interests in an organisation have economic and moral claims upon it. There are a number of definitions and analyses of stakeholders in the private sector. These include: management, investors, employees, customers, suppliers, partners, communities, political groups, trade associations, and politicians.

Further categories of stakeholders are used by other writers. But, objectively, amongst stakeholders there is no prima facie priority of one set of interests and benefits over another. In answering this part of the question, candidates had to decide their own prioritisation of stakeholders, as well as showing how each set of stakeholders might try to influence strategy formulation. Employees, for example, might draw upon trade union membership, consumers through legislation and partners through their 'supply' power.

Candidates were generally able to identify relevant stakeholders, although the quality of justification varied. Some used a stakeholder matrix, which provided a clearer insight into their thinking. Others showed some sophistication by noting, for example, that not all customers would be as influential as others. But some candidates failed to prioritise and others only did so by implication, thus losing marks for this element of the task. The main weakness of candidates, however, was the quality of explanation given to how stakeholders might be able influence strategy. Some answers were very superficial, such as staff are 'the most important asset' idea or that customers can go elsewhere. If this point had been developed through the need for customer care strategy or cost-control, for example, it would have provided a good link to Task 2 of the section. Another weakness in responses to this question was an almost total absence of stakeholder theory and no sense of the relative power of each set of stakeholders. Most candidates just discussed stakeholder 'interests' and put these in priority order, which is not what the question asked.

Task 2

This required candidates to review Digotox's organisational structure and make recommendations for either retaining or changing it.

In responding, candidates had to determine (and justify) whether the current bureaucratic structure of Digitox is suitable in delivering its business purposes, effectively and efficiently, or whether a post-bureaucratic form of organisation is more appropriate. Drawing upon writers such as Weber, ideal-type bureaucracy is epitomised by: a hierarchy of offices; specialisation of work roles, including managers; impersonal decision-making; widespread use of formal rules and procedures; and formal processes to appoint people – with all the inflexibilities involved.

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Some contemporary commentators claim that a post-bureaucratic paradigm, which challenges the nature of classic bureaucratic organisation, is superseding the bureaucratic form. As Hecksler argues, this model emphasises: the sharing of information within organisations; an assumption that people's careers will not be restricted to a single organisation; co-ordination is predicated upon broad principles, rather than specific rules; the importance of trust relationships; and consensus is generated through dialogue amongst organisational actors, not obedience to impersonal authority embodied in formal rules.

The characteristics of such organisations include: decentralisation of activities, outsourcing, horizontal inter-organisational networks, flexibility, a trend towards broader job roles, and softer, participative styles of management. Another approach is to argue - based on earlier studies by Burns and Stalker, for example - that modern organisations, operating in rapidly changing, competitive and global markets, need speedy responses to change. This is facilitated by organic forms of organisation, horizontally structured, predominantly lateral communication, decentralised decision-making, loosely defined roles, and high reliance on mutual adjustment between co-workers.

Nearly everyone advocated change from the current bureaucratic structure but few did this on the basis of what could be termed a 'review'. Few candidates were able to explain what type of structure the organisation should adopt, most discussed the organisation culture and management style that would be preferable and ignored the question to provide advice on structure. Better answers referred to Burns and Stalker (that is organic versus mechanistic structures) and these produced much better answers with regard to the context within which Digitox operates.

Candidates generally were able to consider the current structure, but some did not really link it to any models. Various suggestions were offered for the new structure but often the matrix model was suggested. Sometimes the lines between structure and management style became quite blurred. Often the points were very generalised.

Most candidates were able to identify the key features of bureaucracy and link these to Weber. Better answers noted that this form of structure has benefits. Some candidates proposed a change with some justification, for example, the competitive marketplace. Others reviewed relevant models (such as network and virtual structures), whilst others simply chose one or pointed to the need for a more organic organisation – with again Burns and Stalker sometimes mentioned. Better answers, again, were able to show the limits of the existing structure and how their proposals would overcome them.

Task 3

This asked candidates to draw upon research and outline the principles underpinning a collegial style of management and indicate whether this will help steer Digitox towards achieving its vision and corporate objectives or not.

The issue needing to be addressed by candidates was whether a collegial style of management is likely to be more effective than the authoritarian, centralised style of the former CEO, given the company's vision, philosophy and turbulent markets. Either side of the argument could have been supported, provided it was justified and drew upon relevant research. The professionalisation of management, described by Hopper and Hopper and others, is regarded as resulting in a form of neo-Taylorism which is claimed to have attributes such as measurement of increasing amounts of data; credentialism where experts are characterised by certification and qualification; top-down management to legitimise managerial experts; diffusion of responsibility amongst different managerial experts, so that it can be difficult to pinpoint responsibility; and experts appointed to solve particular problems, accompanied by continuous initiatives.

Opponents of the 'cult of experts' and cult of the chief executive, such as Hopper and Hopper, argue that the collegial style of management and leadership articulated by scholars such as Drucker and Given remains an appropriate form of management today. This is where the chief executive (or senior manager) is a thoughtful listener, shares decision-making authority with the entire top team of management, and operates by consensus and compromise. This approach to management normally results in CEOs being paid more modestly than many CEOs are today.

The relevance of collegiality to new organisational forms and processes was expected to be usefully explored by candidates. A collegial style of management also has implications for systems and routines, structures and hierarchy, decision-making, finance, training and HR policy within organisations.

Generally responses to this question were weak. There were a few good answers where candidates appeared to have a better grasp of the principles of a collegial management style but most didn't. The main problem was the lack of real clarity about this managerial style. Most candidates went down the 'democratic' style of management. Better answers were able to link the style to the demands on the company and the need for members of the workforce that could exercise imitative and creativity to undertake their work. Many advocated a democratic style, because the question seemed to point them in that direction.

Most scripts demonstrated a weak understanding of a collegial style of management. And in these cases, it was considered that a more participative/democratic style was needed. This approach was often justified by changes noted above in the

marketplace and/or staff satisfaction, as evidenced through high labour turnover. In general, this part of the question was not particularly well done.

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 outcomes not examined in the Section A case study. Most questions consisted of more than one part and candidates were expected to attempt all parts in each question.

Question 1

Learning outcome: 3

This question asked candidates to:

i. Describe and analyse each of Whittington's four typologies of strategy and comment on their relevance, if any, for their organisation.

ii. Consider the implications of each of these typologies for HR systems and HR strategy.

Whittington distinguishes between deliberate and emergent strategic processes, with either revenue-maximising or pluralist outcomes. The four typologies of strategy are systemic (deliberate process and pluralist outcome), with strategy shaped by the wider social system within which it is rooted, and strategic choices being influenced by the wider culture and institutions of society – HR strategy mirrors societal and institutional contexts.

Classic strategy, (deliberate and revenue-maximising), adopts a rational approach to strategy, leaving little room for choice regarding HR planning since it is assumed that there is 'one-best' way to manage people – choice in HR systems is limited. Processual (emergent and pluralist), strategy emerges out of disagreements within management, acknowledges that organisations have conflicting goals and accepts that strategy can never be perfect – HR choices reflect these ambiguities. Evolutionary (emergent and revenue-maximising), strategy is a response to market forces, where the promotion of flexible systems, including HR systems, provides an important component of competitive advantage.

Responses to the first part of this question were often well done by some candidates by drawing upon the main points from the core text. The second part was less well done. Weaker students could not remember all the four points and some did not apply the model to their organisations effectively. Really weak students made up their

own definitions. One example was the view that 'systemic' was about having systems. Some centres seemed to have taught their students that there were links between best fit and best practice and some of the strategies. In some cases, candidates tried only to link this to their own organisation and did not stand back and see this as a general classificatory model. Other candidates just wrote generally about links to HR strategy without connecting the points back to the four types of strategy proposed by Whittington.

Question 2

Learning outcome: 3

This question asked candidates to:

   i.   Select one universalistic model of HR strategy and critically examine its main features.

   ii. Discuss the critiques made of universalistic models of HR strategy as a generic group.

The universalistic perspective of HR suggests that there is a set of HR practices that work in all organisations, regardless of context, and that all firms should use them (Pfeffer 1995). The assumption is that some HR practices are simply such 'good' or 'best' practices that all firms should adopt them to gain competitive advantage. There are a number of universalistic models that could be examined: Harvard, Guest, Pfeffer and the 'human equation', high performance work systems, and the partnership model.

There are a number of critiques of universalistic models: there are doubts about the sorts of HR practices making up appropriate bundles of HR activities, their universality is questioned, it is easier to adopt universalistic models where labour costs are a low proportion of total costs, universalistic models also tend to fudge issues of goals and interests in these studies, they have strong prescriptive overtones, there are methodological critiques – such as consistency in the number of specific HR practices included in HR bundles – and there are variations in the proxies used to measure these models.

A handful of better candidates were able to specify a universalistic model of HR strategy and critically evaluate it. However, most answers were weak. This was largely because these candidates confused best practice models with best fit ones, were unable to describe a universalistic model adequately, or chose a contingency model. Even where Pfeffer was referred to, many candidates just listed his HR bundles and were light on the limitations of these models. Candidates unable to examine a universalistic model could not, of course, critically evaluate it. Another typical weakness demonstrated in responses to this question was a focus on description, rather than critical evaluation of these models of HR strategy.

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Question 3

Learning outcome: 4

This question asked candidates to:

Explain up to five main features of the UK mixed, market economy.

The main features of the UK market economy can be analysed in terms of six major characteristics: general (such as the dominant economic factor being finance, with high privatisation, price-driven markets, and low public spirit); firms (largely profit-driven goals, hierarchic management and medium social overheads); the financial system (marketised, a very important stock market and high short term returns on finance capital); the labour market (with low job security, medium mobility, medium labour turnover, poor occupational skills, weak occupational unions and adversarial labour management); the welfare system (falling universal provision, rising means testing, rising private welfare and participation in HE strongly related to social class); and government policy (strong and centralised, open trade policy, industrial policy non-interventionist, and the top income tax rate relatively low)

Answers to this question were generally weak, superficial and anecdotal. Few candidates were able to explain and examine the main features of the UK's mixed market economy. For example, typically a very limited number of features were reviewed and these tended to be looked at superficially. Most candidates just did not seem to understand what the term 'mixed market economy' meant. Some unnecessarily compared the mixed market economy with the free market economy and the command economy. Surprisingly, given the market dominance of the financial and banking system on the UK economy, very few candidates were able to discuss and explore this and the implications for the labour market and management practices.

Question 4

Learning outcome: 4

This question asked candidates to:

i.   Draw upon research and identify up to three sectors where employment has expanded in the UK recent years and explain why this has happened.

ii. Draw upon research and identify up to three occupational groups that have contracted in the UK in recent years and explain why this has happened.

Research by the Office for National Statistics shows that the sectors where employment has expanded in recent years include: distribution, hotels and restaurants, transport and communications, finance and business services, public administration, education and health, and other services. Occupational groups that have contracted in the UK in recent years include: skilled occupations or trades, ales and customer services, process, plant and machine operatives and elementary occupations.

The basic reasons for these changes can be found in the changing structure of the economy and the impact of factors such as government policy, international factors and labour supply (and training) on the economy. These issues could then be expanded and developed in candidate answers.

Little research or evidence-based arguments were used by candidates answering this question. Consequently most responses were weak. Often confusion was shown between 'sectors' and 'occupational groups'. Also within each category, those identified were often very broad (for example, the 'service sector') rather than being specific. The other main weakness was the poor quality of the explanation for decline/increase. Most candidates attempted both parts of the question but it was evident that they were more at ease discussing expanding sectors than they were contracting occupational groups. Some candidates had strange interpretations of what constitutes a sector or an occupational group and consequently lost marks for this.

Question 5

Learning outcome: 5

This question asked candidates to:

i.   Explain how their organisation has been affected by globalisation and what its responses have been to it. If it has not been affected by globalisation they had to explain why.

ii. Analyse how successive UK governments have responded to the forces of globalisation.

Responses to this question depended on the organisation identified and the sector in which it is located. Typical responses by organisations in the private sector to global pressures could include: addressing competitive pressures in the marketplace; seeking to retain and expand their market share of products or services, domestically and internationally; searching for new markets, products and methods of providing them; investing in information and communication technologies; taking over and merging with other businesses; investing and relocating operations overseas in trans-

national groupings; responding to pressures on productivity, quality and performance; and seeking to improve profits and profitability.

In terms of HR policies and strategies, leading-edge companies are likely to seek greater commitment and motivation of their workforces. This is in the expectation that committed and motivated people contribute to improved performance and higher profitability and that people make a difference.

The main responses to globalisation by governments include: weakening the redistributive dimensions of the welfare state; emphasising market solutions to resolving economic and social welfare problems as the preferred approach to making resource decisions; emphasising the importance of flexible labour, product and capital markets; regulating the economy is no longer a managerial one but a steering one for government; recognising and accepting the central role of the private sector in creating wealth; managing expectations arising from a 'low taxation' culture, where personal and corporate taxpayers have expectations of tax reductions or at least a low tax regime.

Government's role also involves dealing with a more limited concept of citizenship, where the boundaries of the public domain becoming narrower and more circumscribed; accepting that financing public goods becomes harder to achieve and that government has to draw on the private sector as a major source of 'public investment'; delivering a more limited range of 'public services' by replacing birth-to-death welfare state regimes.

Despite the scope given to candidates in responding to this question, and being a popular question, few appeared to understand what globalisation meant. Some answered that their organisation had been affected, and then demonstrated that it had not, since the issues they discussed were not simply the results of globalisation. Definitions of globalisation were weak, with some candidates seeing globalisation being connected with the EU. Often weak answers came from candidates working in the public sector and here globalisation was linked solely with the recruitment of foreign workers.

Few were able to make any significant headway with the second part of the question. This resulted in the second part being very poorly answered and the discussion here was weak. Occasionally there was reference to some relevant issues but often points were made that were not really connected with globalisation and how UK governments have responded to it.

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Question 6

Learning outcome: 5

This question asked candidates to:

> Draw upon research and current practice and discuss some examples of cultural variables incorporated within MNCs and review how these affect managerial and employee behaviour within them.

Hollinshead (2010) defines the cultural determinants of behaviour as the 'software' or psychological factors affecting people in organisations. MNCs often import these values into their businesses around the world to varying degrees. These affect both managers and non-managerial employees within them. The concept of culture is used at the individual level (personal culture), group level (group culture), organisational level (corporate culture) or societal level (national culture). Thus culture has many levels and layers of impact (Spencer-Oatey 2000). Basically, however, culture is the pattern of shared meanings and understandings passed down through language, symbols and artefacts amongst humankind.

At a more sophisticated level, Hodgetts and Luthan's (2003) provide six characteristics of culture that define it at any level. It is: learned, shared, trans-generational, symbolic, patterned, adaptive. Tools used to analyse culture include Ingelhart and Welzel's values map. Another tool is drawn from Trompenaars and Hampden-Turner: individualism v communitarianism; achievement v ascription; neutral v affective; specificity v diffuseness; sequential v synchronic; and inner v outer directedness.

Candidates attempting this question generally worked for MNCs or had done and so could draw on this work experience. The biggest weakness was the inability to review how the cultural variables affect managerial and employee behaviour – most were fairly accurate describing the cultural variables and that's where the bulk of the response was invariably focused. However, there was relatively little exploration of research evidence in this area, resulting in most responses being at a pass standard of performance.

Question 7

Learning outcome: 6

This question asked candidates to:

i. Draw upon research and argue the case against government promoting immigration into the UK.

ii. Evaluate whether immigration is helpful (or not) to their organisation in meeting its labour market needs, giving reasons for this.

A high-powered, House of Lords Select Committee on Economic Affairs (2008), for example, has argued that immigration has become highly significant to the UK economy, with immigrants comprising some 12 per cent of the total workforce, and a much higher proportion in London. Yet it found no evidence supporting the argument, made by government, business and others, that net immigration generates significant economic benefits for the UK population. In its review of the evidence, increasing overall GDP, which government has persistently emphasised as being important, is an irrelevant and misleading criterion for assessing the economic impacts of immigration on the UK.

The Committee did not believe that the total size of an economy is an index of national prosperity. Rather, the focus of analysis should be on the effects of immigration on income per head of the resident population. Both theory and the available empirical evidence indicate that these effects are small, especially in the long run, when the economy fully adjusts to the increased supply of labour. In the long run, the main economic effect of immigration is to enlarge the economy, with relatively small benefits for the incomes of the resident population.

The Select Committee's overall conclusion was that the economic benefits to the resident population of net immigration are small, especially in the long run. Many immigrants make a valuable contribution to the UK but the real issue is how much net immigration is desirable.

Some of those tackling this question were generally able to provide a reasonable answer to the second part of the question, typically referring to 'hard-working' immigrants willing to work for lower wages than the indigenous population, although a couple working in the NHS noted specific skill shortages filled by non-Europeans. The quality of the first part of this question varied widely, with some referring only to 'taking British workers' jobs', being better candidates and other factors such as demand on public services and social housing. Few candidates mentioned the Select Committee's findings.

Weak candidates had some difficulty going beyond the popular press arguments. The main reason for them for promoting immigration was to help with unemployment levels, although some took the argument beyond this and talked about the pressure on the NHS and public services.

Question 8

Learning outcome: 6

This question asked candidates to:

i. Provide up to three examples of how new technologies are affecting their organisation.

ii. Examine the implications of new technologies for HR practices within their organisation.

Changes in technology are not limited to information and communication technologies. Whilst many examples could be examined from this area, changes in the fields of biotechnology, transportation, energy supply, medicine, robotics and nanotechnology could also be drawn upon. Examples from any of these fields are legitimate responses to this question. New technologies affecting HR practices can be found in working systems, recruitment, computer-based learning, HR databases, corporate communication systems and so on.

Technological advancements commonly cited were ICT-related (such as the internet, video conferencing, mobile phones) – and some variety was evident, including robotics, fibre optic medical technology and so on. A few candidates were off-beam with containerisation and the mechanical lifting platform for refuse collection vehicles - aside from this most candidates managed this part of the question well. The second part of the question was interpreted quite widely, so a range of implications for HR practices were given, some sounder than others. There were some interesting discussions on the impact that IT has on flexible working and linking this through to HR policies. There were also discussions about the impact this has on lone/home workers and harassment by being bombarded with emails and how much discretionary behaviour a workers wants.

Question 9

Learning outcome: 7

This question asked candidates to:

Draw on research and explain the basic principles of the UK's political system.

The basic principles of the UK's political system are summarised in the assumptions that: the economy should be privately-owned, where government's role is limited to

ensuring fair competition and protecting consumers. Economic policy should have an underlying aim of keeping inflation low. There should be limits on welfare and public service expenditure. A plural democracy like that of the UK should support organised pressure groups and legitimate political interest groups. Foreign policy should support the North Atlantic Treaty Organisation and US leadership in the 'world order'. Each of these points could be developed, drawing upon the relevant literature.

There were very few answers to this question and the general level of performance was very weak, with no candidate achieving a pass standard. Typically answers were anecdotal, adopted a 'common sense' approach to the UK's political system, and only covered some of the issues raised by the question. No answer drew upon research or a hard evidence base.

Question 10

Learning outcome: 7

This question asked candidates to:

i.   Discuss how the policy of reducing public sector spending is affecting their organisation with particular reference to HR issues.

ii. Discuss the measures their organisation is taking to address any public spending cutbacks affecting it.

This question gave candidates wide scope to interpret the question by enabling them to link their responses to their organisations. Such an economic policy is clearly going to affect public sector organisations more directly than private sector businesses. These are likely to result in service cutbacks, rationing of some services and some redundancies. The impact on private firms is likely to be more indirect. For example, contracts with public organisations through outsourcing are likely to be lost and the services provided to public organisations are likely to become more cost-sensitive. HR issues such as flexible working, early retirements, pay freezes, job losses etc may have been usefully explored by candidates.

The main focus of answers was on unemployment and lowering living standards but there were very limited answers in many cases. Some discussion took place in terms of greater numbers of applicants seeking work, more sophisticated training demands, pressure on devising redundancy selection procedures and so on. One very good answer looked at the way this has brought about public sector mergers and the impact that had on the HR department. Some candidates missed the end of the sentence in part one of the question, referring to the labour market, and just made general remarks about the effects of public spending cuts. Job losses always featured but few could project beyond this to the long term effects on the labour

market. Part two for most was a gift question, as their organisations were either directly or indirectly affected by deficit reduction.

But generally, many candidates failed to get beyond the increase in unemployment effect, although some of them noted skills shortages and their potential longer-term effects. Others saw the likely decline in demand for their private sector goods or services.

Conclusion

The pass rate in this second examination diet was 50.7%, compared with 66.2% in the January examination. The marking team is of the view that this examination paper provided a good test of all the learning outcomes 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 this examination:

1. With an overall pass rate just over 50% of the candidates sitting the examination, the standard of performance was disappointing. Further, as demonstrated in Table 1 above, there was an extremely long tail of just over 45% candidates failing the examination outright. These candidates were ill-prepared for sitting the examination. This was demonstrated by their failure to complete the examination paper, answering the case study but not *any* question in Section B, not attempting 5 (out of 10 questions) in Section B, presenting short, ill-informed answers, not responding effectively to the questions put by drawing upon evidence, and not demonstrating M-level performance.

2. As in the first examination diet in January, candidate performance was generally better in Section A of the examination (the seen case study) than it was in Section B (the short answer questions).

3. The quality of answers to the case study was variable, ranging from 15% to 68%, with one candidate scoring 10% but not answering any questions in Section B. The weakest answers were brief. Weak candidates did not allocate sufficient time to each task and their answers were often messy or incoherent. Of the three tasks, the first caused the least problem, although several minimal answers simply highlighted the stakeholders and made general comments to justify the priority order. Too many answers to Tasks 2 and 3 were very weak and unfocused. Sometimes the answers hardly varied, so that responses to Task 2 and Task 3 provided similar answers. Responses to Task 2 were often about culture and style rather than structure, even though the question was clearly stated. In fail and marginal fail answers, collegial management style in Task 3 was interpreted as being 'democratic' or

concerned employee involvement. Candidates on the whole apportioned their time equally between the three tasks.

4. There was some evidence of 'coaching' for possible questions arising out of the case study. This was indicated by common frameworks and observations being repeated by candidates in some centres and these did not always match the question set. This resulted in some poor marks for these answers

5. In Section B, compared with the January examination, where there was a bunching of answers, there was a much better distribution of questions attempted this time, with only Questions 3, 6 and 9 having relatively low response rates. There was no general tendency for candidates to confine their choices of questions in Section B to a limited number of topics, although the quality of answers overall was not of a high standard.

6. Table 2: Average percentage mark per question Section B, 7HRC, May 2011

Question	Average percentage mark per question
1	42.0 (F)
2	30.9 (F)
3	38.2 (F)
4	40.6 (F)
5	42.2 (F)
6	*47.8 (MF)*
7	**50.5 (P)**
8	**51.1 (P)**
9	23.8 (F)
10	*47.6 (MF)*

The average percentage marks for each question in Section B are indicated in Table 2. This shows that the average mark (arithmetic mean) exceeded 50% (the pass mark) in only two answers; Questions 7 and 8. Two questions averaged marginal fail grades (Questions 6 and 10) and two, Questions 2 and 9, averaged marks around 30% and below. Candidate performance, in short, varied widely across the range of questions set in Section B but was generally weak. This is a pattern that mirrors candidate performance in the January examination.

7. In each sub-section in Section B, there appeared to be clear preferences for the questions tackled *within* each of the paired questions offered. It is difficult to determine the reasons for this. Was it because the alternative was perceived as too hard or because certain topics had not been covered in class? As with the PDS there was a tendency to describe/prescribe rather than assess or review in candidate answers in Section B.

8. Commenting generally on Section B answers is not easy. However, some issues are identifiable. In some centres all candidates attempted Section B first, which tended to raise the mark for this section. In most centres, there were clear patterns in the questions attempted. So much so that, in some centres, no candidates attempted Question 3 (up to five main features of the UK mixed market economy) or Question 9 (basic principles of the UK political system). Consequently, Question 4 (on sectors where employment has expanded/occupations experiencing contraction) and Question 10 (public sector spending reduction) were answered by all candidates, with varying degrees of success.

9. In other parts of Section B, Questions 8 and 2 were decidedly more popular than Questions 1 and 7. However, terms such as 'universalistic' and 'contingency' were not understood, even at the most basic level, by many candidates. Overall, candidates appeared to be most comfortable answering questions or parts of questions which referred to their own organisations. They were less confident when asked to refer to research, discuss concepts, display wider learning from the indicative content or demonstrate wider reading or quote with accuracy from the Chief Examiner's core text. Candidates' avoidance of questions about the UK political system and the UK economy is worrying, given their places in the learning outcomes.

10. There was evidence at some centres that students had been coached for the examination. In these cases, all students attempted Section B first and the same examples arose in many of the scripts. Given the breadth of this exam, this may not be a sensible strategy, since it could exclude certain topics for students to choose from in the examination.

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

12. Question spotting should be avoided in both sections of the examination paper. Candidates and subject tutors are reminded that all the learning outcomes in this unit are assessed in the examination. There is no discernible pattern indicating which learning outcomes are likely to be tested in the case study in each diet, with the remaining learning outcomes being assessed in Section B of the examination.

13. Another issue noted by the examiners was that some candidates failed to justify their answers when asked. This loses marks for examinees.

14. Across the centres examined in this diet, many candidates seemed to be unable to cite key research relevant to the questions and they often had a

very narrow range of research which they attempted to draw upon in as many questions as possibly. These included Herzberg, Purcell and the AMO model, Ulrich and so on. Better candidates could refer to a range of literature, thus showing signs of wider reading.

15. 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. Candidates are expected to read around the subject matter of this module. At a minimum, the Chief Examiner's core text, which is strongly mapped to this module, provides an overview of the literature and identifies and reviews key studies in this field of professional knowledge and understanding. But this needs to be supplemented through wider reading by candidates, including journals and the quality press.

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

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