

**EXAMINER'S REPORT**

January 2016

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Chartered Institute of Personnel and Development

**Advanced Level Qualification**  
**Human Resource Management in  
Context**  
**January 2016**

Date: Tuesday 26 January 2016

Time: 09:50 – 13:00 hrs

**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.**

Sparks PLC is a private-sector company that generates and sells electricity in wholesale markets in the UK. Its core business is delivered through nuclear power stations, coal-fired power stations and sustainable energy provision throughout the country, with a head office in Edinburgh. The business generally operates in non-urban locations.

Previously a state-owned enterprise, the UK government sold the company to the private sector in the 1990s. The company created a new set of human resources (HR) strategies and continued to recognise trade unions. But it subsequently experienced financial difficulties, received support from government, the organisation was restructured, and some acquisitions and mergers of overseas providers were agreed.

In 1995, the business had 12,000 employees. This has been reduced to about 5,000 employees today, following a series of downsizing through redundancy and early retirement schemes. The company's severance programmes were very generous and included extensive retraining opportunities for redundant employees and financial support to build new careers outside the company. Pre-retirement programmes were also introduced. A major disadvantage of these early retirement and severance packages was loss of experienced workers from the industry.

The most important human resource management (HRM) strategy until recently was managing the departure of staff through job redundancies and early retirements. The business is now moving from a period of contraction to one of growth and expansion.

The company has no difficulties recruiting staff, as there is a steady supply of well-qualified applicants for vacant positions. In addition, the company offers higher salaries than other businesses in the areas where its power stations are located. However, research shows up to 20 per cent of new recruits are 50 years of age or over. This is reflected in the company's equal opportunities policy which prohibits age discrimination. Sparks PLC has also changed its recruitment process to remove all personal details, including age, from the information available to interview panels. But the company needs to address the way it manages employees aged 50 years of age and over. Currently, staff turnover is around one per cent, which is considered to be favourable.

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Employees at all levels tend to stay with the company until retirement, partly because the pension schemes are so good. The company has three defined benefit pension (DBP) schemes: for managers, technical, and support staff. The most significant difference is in normal retirement age, which has crept up from 60 to 65 years of age. The company also takes account of population trends and a Pensions Working Party is examining best practice in other organisations to inform the company's policies.

The company has some diversity issues to address and, in particular, it would like to attract more female applicants to create a more balanced workforce. The company currently employs 600 women out of its 5,000 workers but only 60 of these hold senior positions. The numbers of ethnic minority groups are also relatively low. The company is now placing greater emphasis on achieving a more diverse workforce and it has set up an Equal Opportunities Focus Group (EOFG).

Because of what is happening inside and outside the company, Sparks PLC stresses the importance of age and diversity issues in its policy development. For example, the EOFG has an 'Ageism' sub-group. This helps identify policy areas requiring improvement. An ageing workforce is thus both a problem and an opportunity for the company.

A flexible working policy operates within the company but both management and staff do not consider flexible working practices to be an essential feature of the business. The company is therefore considering offering more flexible working options to older people. Working against this is the shift work pattern of full-time workers, who receive a salary premium for this. This also impacts on final pension entitlements, because employees are reluctant to look at alternative working arrangements as they near retirement.

Politically, government is adopting an open-minded approach to the country's energy policy in response to future energy needs nationally. This could involve extending and improving existing plants or even commissioning new ones. Such a scenario is likely to lead to an uncertain future in the recruitment and managing of the industry's workforce.

Because of its changing business contexts, Sparks PLC is experiencing a series of new strategic HR issues on its agenda. For example, encouraging older workers to remain in their jobs is going to impact on individual retirement age. Furthermore, instead of managing closures, the industry is managing expansion. The company's Executive Board (EB) is now seeking external advice to take these issues forward within the business.

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The Chief Executive Officer (CEO) of Sparks PLC wants you to respond, as an external consultant, to the following issues in a written report for her attention. You are expected to draw on relevant research and current practice to support your recommendations:

**Question A1**

- (a) Explain why the company is faced by an ageing workforce problem.
- (b) Critically analyse some of the issues in managing an ageing workforce.

**Question A2**

- (a) Make the business case for revising the company's diversity policy.
- (b) Identify and justify up to THREE key areas where the existing diversity policy can be developed and improved.

**Question A3**

Demonstrate how the HR function in the company can promote good practice in managing an ageing workforce and deliver the diversity policy effectively.

**Question A4**

Given its internal and external contexts and emerging HR strategic agenda, critically examine the cases FOR and AGAINST the company adopting a best-practice HR strategy. In doing this, you must specify which best-practice model you are discussing, as well as outlining its main features and components.

*It is recommended you spend 25% of your time on each of Questions 1, 2, 3 and 4.*

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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. A Socio-cultural, Technological, Economic, Environmental, Political, Legal and Ethical contextual analysis (STEEPLE) is commonly used in reviewing and assessing an organisation's external contexts.
  - i. Critically examine up to **THREE** advantages and up to **THREE** disadvantages of using a STEEPL analysis in such reviews.

**AND**

- ii. Drawing on current practice to what extent is a STEEPL analysis useful in reviewing the external contexts of your organisation? Justify your answer.

**OR**

2. The Institute of Directors (IOD) is reported to have singled out some leading companies for criticism, because of excessive boardroom pay and weak governance issues. According to the Director-General of the IOD, the Institute is trying to get back to the focus of corporate governance in British businesses. For him, corporate governance is about running companies better and in accordance with their proposed purposes for all their stakeholders.

- i. Explain and discuss why the IOD has taken up this position on corporate governance.

**AND**

- ii. Critically review what the IOD is arguing about corporate governance and whether you agree with or disagree with its approach to this matter. Justify your answer.

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**B**

3. Gaining managerial legitimacy in modern organisations is a continual demand placed on senior managers and they use a variety of ways to do this.
- i. Drawing on research and current practice, explain (a) what managerial legitimacy is and (b) why it is important in contemporary organisations.

**AND**

- ii. Critically review how managers gain legitimacy with the workforce in your organisation, taking account of the role of the HR function in doing this.

**OR**

4. You have received the following email from a senior colleague in the finance department:

'I've been asked to give a short talk to a group of young HR professionals about "The importance of the finance function in organisations." From your experience, please give me some guidance on what to say, as I find certain people not only have difficulties with the finance function but also are very critical of it.'

Drawing on research and current practice, draft a reply to this request.

**C**

5. In market economies, firms are continually seeking competitive advantage in the marketplace. This search for sources of competitive advantage is driven by many factors including globalisation, increases in the quantity of business information available, and the professionalisation of the management function.
- i. Select any **ONE** model of competitive advantage (such as Porter's five forces model) and critically evaluate it.

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**AND**

- ii. To what extent does this selected model apply or not apply to your organisation? Justify your answer.

**OR**

6. You have been asked to write an article in the e-newsletter for local managers on 'The role of the Bank of England in the UK's financial system.'

Drawing on research, draft an outline of what you will say. Justify your answer.

**D**

7. The phenomenon of contemporary globalisation has had major impacts on the world economy, national economies, financial markets, labour mobility, multi-national corporations and consumption patterns for over 30 years. Unsurprisingly, globalisation has both its advocates and its critics.

- i. Drawing on research, critically review up to **THREE** arguments in support of globalisation and up to **THREE** arguments against globalisation.
- ii. Examine and discuss how globalisation affects or does not affect your organisation

**OR**

8. You have received the following email from a senior managerial colleague:

'In the light of the political debate going on in the UK about the country's role in Europe, I have been asked to give a talk to a group of final-year school students on the advantages and disadvantages of the UK being a member of the European Union (EU). Please advise me on this.'

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

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**E**

9. It is frequently argued that secondary education policy in some countries, including the UK, is continually failing to prepare young people for entry to the labour market.

Drawing on research and current practice, to what extent do you agree or disagree with this point of view? Use **EITHER** any part of the UK **OR** a named country of your choice to illustrate your response. Justify your answer.

**OR**

10. You have been asked to prepare a short learning module for immigrant workers in your locality on 'The political system in this country'.

Indicate the topics you will include in this module and why you will include them. Drawing upon research, use examples from **EITHER** the UK political system **OR** the political system in a named country of your choice to illustrate your answer.

**END OF EXAMINATION**

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**Introduction**

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

In this examination, 293 candidates took the unit. Of these, 207 achieved a pass standard of performance or more, giving a pass rate of 70.7 %, with some good results in the upper range of marks. In addition, seven overseas’ candidates sat this examination and one achieved a pass standard of performance, giving a pass rate of 14.3%. The breakdown of grades for national candidates is shown below.

Table 1: Examination results of unit 7HRC, January 2016

<b>January 2016</b>		
<b>Grade</b>	<b>Number</b>	<b>Percentage of total (to 1 decimal point)</b>
Distinction	6	2.1
Merit	33	11.3
Pass	168	57.3
Marginal fail	25	8.5
Fail	61	20.8
<b>Total</b>	<b>293</b>	<b>100.00</b>

The examination consists of two sections, a seen case study in Section A and short answer question in Section B, where candidates have to attempt 5 (out of 10) questions, which are divided into five sub-sections. All the learning objectives of the unit are assessed on the examination paper.

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

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

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**Section A**

*Learning outcomes: 4 and 7*

This section consisted of a seen case study with four questions, where candidates were expected to answer all questions. The case study touched on a number of issues covered in the module's learning outcomes, but it was particularly intended to test in-depth knowledge and understanding of learning outcomes 4 and 7.

There are a number of ways in which this case can be approached but the following summary points could be examined and developed in answers. Candidates were asked to provide responses to the following questions in the form of a written report. Surprisingly, relatively few candidates presented their answers in a report format as asked.

**Question 1**

This question asked candidates to explain why the company is faced by an ageing workforce problem and to critically analyse some of the issues in managing an ageing workforce.

Basically the company has to manage an ageing workforce because the working population in the UK is ageing. This is due to low birth rates and rising life expectancy in the country. The company is also attracting and retaining older workers, demand for the firm's products and services is increasing, and the firm's HR policies support an ageing workforce. However, there are problems in managing an ageing workforce. A critical one is physical fitness. This is an important factor for enhancing employment retention in the power station environment. It is particularly important for those aged over 45 years. The company's occupational health services have to continue being responsive to these issues. A supportive policy in training staff to do their jobs more effectively and thus minimise stress, strain and injury is critical here. All jobs need to be subject to regular risk assessment, and every plant could have an occupational health adviser and physiotherapist on site. Maintaining a healthy workforce can be supported by regular health checks and the provision of gym facilities at each workplace. Due to the nature of the industry, job redesign is not normally possible, and redeployment opportunities will become more difficult to find for those employees requiring less physically demanding work.

Most candidates produced quite competent answers to this question and the best of these discussed both the internal and external factors involved. Better answers commented on performance and monitoring long-term illness, occupational care, and retirement training; although some responses needed more precise comments on changing the pension system, such as the reasons for this and how this should be achieved.

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Weaker answers focused on only the internal factors, such as the pension scheme and fewer young applicants wanting to work for the company. The weakest answers provided brief answers to part (b) and often lacked focus. There was discussion on issues such as recruitment and lack of training, rather than problems relating to managing the workforce. Commentaries on improvements to the recruitment process would have been better placed in answers to Question 2, where these observations were often repeated there.

**Question 2**

This question asked candidates to make the business case for revising the company's diversity policy and to identify and justify up to three key areas where the existing diversity policy can be developed and improved.

The business case for having a revised diversity policy within the firm for, say, gender, ethnicity, disability, age, culture, sexual orientation, and family structures, can be analysed in terms of the external and internal business benefits. These can help improve measures of business performance such as profitability, productivity, and quality. External benefits to the firm arise when it better represents the world of work and the legislative environment surrounding it. For instance, having staff with roots in other countries and cultures can help a business address its products appropriately and sensitively to new markets. Consumers are becoming more diverse and the firm may need to reflect this or risk losing important markets.

Internal business benefits arise from diversity improving operations within the firm. For example, a diverse workforce that includes a range of cultural perspectives can improve creativity and problem-solving skills, thus resulting in better decisions and outcomes. A diverse workforce also offers greater flexibility within the firm.

In general, answers to part (a) were not very well done, with some candidates appearing to ignore business-case issues altogether. Two approaches were commonly taken to part (b). Some focused on specific groups (such as women, ethnic minorities and younger workers) and how these might be attracted to the company. Other candidates examined, to varying degrees of competence, specific practices that might be introduced. Both approaches were judged to be appropriate. In some cases, answers to this question tended to drift into Question 3.

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**Question 3**

This question asked candidates to demonstrate how the HR function in the company can promote good practice in managing an ageing workforce and deliver the diversity policy effectively.

There is a wide literature in these areas of good practice. The HR function needs to adopt: positive attitudes to older workers; involve older workers in organisational restructuring and development; reduce age-related labour costs; react to changes in labour market conditions; resolve labour market bottlenecks; and develop policies in specific HR practices. These involve: job recruitment; learning, training and lifelong learning; career development; flexible working practices; health protection and promotion; workplace design; redeployment; employment exit and transition to retirement; and adopting comprehensive approaches to these issues. Managing diversity draws on similar principles in terms of gender, disability and ethnicity. HR can help by: encouraging more people to apply for posts through job-sharing and part-time working; advertising widely to attract a diverse workforce; publishing recruitment results internally where appropriate: maintaining confidentiality; offering work experience and opportunities or mentoring; working with community groups and arranging local sponsorships.

Many good answers to this question built on the answer provided to Question 2 when demonstrating good practice. However, few candidates provided research evidence to support their argument and all but the best answers tended to list specific work practices rather than consider how they could be delivered effectively. The quality of responses to this question was dependent on the ability of candidates to think at a strategic level. For example, many answers were long and operational, whilst others were clearer, more concise, and strategic.

Some weaker candidates attempted to introduce the Ulrich model here, but were not successful in linking it to the actual question. It would seem they just saw it as an opportunity to include it somewhere in their answers.

**Question 4**

This question asked candidates, given Spark's internal and external contexts and emerging HR strategic agenda, to critically examine the cases for and against the company adopting a best-practice HR strategy. In doing this, candidates had to specify which best-practice model they were discussing, as well as outlining its main features and components.

Best-practice HR includes the Harvard model, Pfeffer's human equation, high performance work systems, and the partnership model. Taking Pfeffer, a popular model of best-practice, as an example, this is aimed at promoting the importance of

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the human equation, enabling profits to be built by putting people first. Its constituent components are: (1) employment security and internal labour markets; (2) selective hiring and sophisticated selection; (3) extensive training, learning and development; (4) employee involvement, information sharing and worker voice; (5) self-managed teams and team working; (6) high compensation, contingent upon performance; (7) reduction of status differentials and harmonisation. In this case, components (1), (2), (3), (4), and (7) can be used to support the case for a best-practice approach in this instance; (5) and (6) the case against.

This question was answered incorrectly by some candidates by using Ulrich's model of the HR function. Others drew on Tyson and Fell's Clerk of Works model as a basis for a response. Where candidates used Pfeffer, or some another recognised best-practice model of strategic HRM, answers were often thin and candidates failed to show they had a confident grasp of the concept.

Some answers that started with best-practice quickly dismissed it and moved on to the merits of the resource-based view of the firm or a best-fit model. Other weak candidates confused best-fit and best-practice models. The performance of some candidates in this question was sufficiently worrying to raise concerns about the teaching of strategic HRM at these Centres.

## **Section B**

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

### **Question A1**

*Learning outcome: 1*

This question asked candidates to critically examine up to three advantages and up to three disadvantages of using a STEEPLE analysis and the extent to which a STEEPLE analysis is useful in reviewing the external contexts of their organisation.

A STEEPLE analysis is a means of auditing an organisation's environmental or contextual influences with the purpose of using this information to guide strategic decision-making. The assumption is if the organisation is able to audit its current business contexts and assess potential changes, it will be better placed than its competitors to respond to these changes.

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The advantages of STEEPLE include: it is a simple framework; it facilitates an understanding of the wider business context; it encourages the development of external and strategic thinking; it enables an organisation to anticipate future business threats and take action to avoid or minimise their impact; and it enables an organisation to spot business opportunities and exploit them.

The disadvantages of STEEPLE include: some users oversimplify the amount of data used for decisions; to be effective this process needs to be undertaken on a regular basis; the best reviews require different people being involved, each having a different perspective; access to quality, external data sources can be time consuming and costly; the pace of change makes it difficult to anticipate developments that may affect an organisation in the future; too much data makes it difficult to see the devil in the detail and this leads to 'paralysis by analysis'; and data may be based on assumptions that subsequently prove to be unfounded.

This question was a popular one and was generally quite well answered. Candidates appeared confident evaluating the STEEPLE model and in most cases were able to identify a range of advantages and disadvantages. Some good organisational examples were included in the second part of these answers. However, justification of reasons why STEEPLE is useful was in some cases not answered as well.

**Question A2**

*Learning outcome: 1*

This question asked candidates to explain and discuss the IOD's current position on corporate governance. They also had to discuss whether they agreed with or disagreed with the IOD's approach.

The IOD's criticisms of some leading companies and their governance systems has arisen from observations about what it regards as excessive executive pay and weak governance in British boardrooms of large companies. The IOD is not challenging high pay in general but excessive pay specifically. This is the case where skewed incentives seem to distort executive behaviour. One example of this is a major Bank, where the executive bonus pool was reported to be nearly three times larger than the dividend payout to the company's owners. The IOD blames the focus on 'shareholder value'. This encourages top executives to run companies on the basis of earnings expectations rather than running 'real' businesses. The IOD is arguing that a company is not just about short-term profit and shareholder gain. It believes shareholders should be asking these questions and need to have a more positive influence on 'good', ethical corporate governance in issues such as executive pay, stakeholder interests, and shareholder-first thinking in relation to foreign takeovers of large British companies.

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Candidates who attempted this question were knowledgeable on the subject and answered it effectively. They adequately covered the major issues such as the short-term nature of many business decisions and the discrepancy between high bonuses at a time of low profits and the consequences for the organisation and its stakeholders, particularly in terms of brand image. Weaker answers usually lacked depth and breadth but generally did enough to achieve a pass standard of performance.

**Question B3**

*Learning outcome: 2*

This question asked candidates to explain (a) what managerial legitimacy is and (b) why it is important in contemporary organisations. They also had to critically review how managers gain legitimacy with the workforce in their organisation, taking account of the role of the HR function in doing this.

A major task for management is gaining, winning or keeping a sense of legitimacy from those working in organisations, so that managerial power is not questioned. Legitimate power is accepted power and underpins the right to manage. Questioned power is illegitimate and can result in managers having to enforce power in organisations. This can result in unintended consequences for management and organisations. Questioned power is also time consuming, since management wants to get things done efficiently and effectively, without wasting time having its authority challenged and needing to respond to such challenges. Today managements are more likely to seek to manage by consent rather than by applying naked power. According to Hales (2001) gaining managerial legitimacy depends on the types of power resources owned by management, personal power, positional power, and modes of influence. Using force, for example, is not legitimate and results in alienated employee behaviour, whereas normative power, economic power, professional knowledge and technical knowledge are more likely to be legitimate (to greater or lesser degrees) and thus promote positive employee responses. The HR function needs to support and promote managerial legitimacy by its policies, procedures and professional expertise.

This question was not a popular one and was often not handled very well. Some candidates appeared to be guessing what the term 'managerial legitimacy' meant and were unable to identify relevant theory or apply it effectively to their own organisation. The main weaknesses of candidate responses were: not addressing the first part of the question – the nature and importance of managerial legitimacy. This often produced some general points about authority and power and providing fairly vague answers to the second part of the question by stating that HR's role was to train managers to ensure their legitimacy.

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**Question B4**

*Learning outcome: 2*

This asked candidates to draft a draft a short talk to a group of young HR professionals about the importance of the finance function in organisations.

There are all sorts of justification for having an effective finance function in organisations. One of these goes along these lines: the growing perception that measurement and financial information are imperative in running an organisation and monitoring its success in competitive environments; the globalisation of capital flows with investors, lenders and regulators expecting to deal with a professional function and finance team, even in countries where different institutional models prevail; the increasing importance and sophistication of financial engineering in organisations; global governance/regulatory changes emphasising the role of finance. These include: the focus on financial governance and controls after major financial scandals; the widespread adoption of International financial reporting standards; and the ability of the accounting profession to attract and develop talented individuals to take on senior organisational roles. Reports from major consultancies, the big four accounting firms, and professional bodies thus urge finance functions to take leading roles in strategy development, decision making and organisational change.

Many candidates chose this question, despite some of them appearing to have a very limited understanding of the importance of the finance department. It is difficult to know if those who provided limited answers, just mentioning some of the activities associated with the finance function, genuinely believed this was appropriate or that this was all they knew and it was a better alternative to Question B3. Those that did not achieve a pass standard were unable to illustrate how the function is important and focused more on its relationship with the HR function. Weak answers described activities undertaken by the finance department, rather than providing any evaluation on the importance of finance in organisations.

**Question C5**

*Learning outcome: 3*

This asked candidates to select any one model of competitive advantage and critically evaluate it. They also had to discuss the extent to which this selected model applies or does not apply to their organisation.

In the globalised economy, firms are continually seeking competitive advantage for themselves, through the agency of top management. There are many models of competitive advantage including Porter five forces model (1985), the resource based view of the firm and core competences and capabilities (Prahalad and Hamel 1990).

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Porter, for example, argues that five competitive forces determine the intensity of industry competition and profitability, and that the strongest forces become crucial in terms of strategy formulation. These elements are: threat of entry, intensity of rivalry; pressure from substitute products; bargaining power of buyers; and bargaining power of suppliers. Candidates also had to demonstrate whether or not their chosen model of competitive advantage applies to their organisations.

Only a minority of candidates provided comprehensive answers to both parts of this question. The majority were able to describe the five forces model accurately; but too many candidates described the elements in too much depth. This usually meant a critical evaluation of it was either ignored or minimal. Some evaluations outlined the benefits of the model but struggled to identify any limitations.

Answers to the second part of the question were also varied. Some adequately described the extent of its use and indicated its links to the formulation of business strategy. Weaker answers merely said it was of little value and not used, but they failed to explain why. Given the popularity of this question, the quality of the answers provided should have been of a much higher standard.

**Question C6**

*Learning outcome: 3*

This asked candidates to write an article in the e-newsletter for local managers on the role of the Bank of England in the UK's financial system.

The Bank of England, which is the UK's central bank, gained operational independence of government in 1997 to set interest rates. This was a role formerly undertaken by the Chancellor of the Exchequer. However, it was feared that the chancellor took decisions for political reasons. Therefore, the Bank was given independence to set interest rates for economic rather than political factors. Its main functions today include: (1) The Bank controls money supply. This is where the Bank is responsible for issuing bank notes and coins. It needs to print enough money to meet demand, without causing excessive inflation. (2) The Bank is lender of last resort. This means that if commercial banks suffer a shortfall of cash, they can borrow money from the Bank of England. This is an important function, as it helps maintain liquidity and confidence in the banking system. This role was tested in 2007 when Northern Rock couldn't raise enough funds on the money markets and was forced to borrow from the Bank of England, with government acting as guarantor. (3) The Bank sets interest rates. In particular the Bank has an inflation target of keeping the consumer price index at around two per cent. The Bank produces an inflation forecast and set interest rates according to predictions of future inflation.

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In most cases candidates selecting this question were well able to explain the role of the Bank of England, at least in terms of its main functions. There were some very good answers to this question but overall it wasn't a popular question. Perhaps some Centres are not paying sufficient attention to this topic within the learning outcomes and indicative content. Justifications tended to be weak.

**Question D7**

*Learning outcome: 5*

This question asked candidates to draw on research and critically review up to three arguments in support of globalisation and up to three arguments against it. They also had to examine and discuss how globalisation affects (or does not) affect their organisation

The many arguments supporting globalisation include: globalisation lets countries do what they can do best; if, for example, it buys cheap steel from another country it doesn't have to make its own steel; it can focus on particular products or services; globalisation provides larger markets; it can sell more goods and make more money; it can create more jobs; and consumers also profit from globalisation; products become cheaper and consumers can get new goods more quickly.

The many arguments against globalisation include: it causes unemployment in industrialised countries, because firms move their factories to places where they can get cheaper workers; globalisation may lead to environmental problems; a company may want to build factories in other countries, because environmental laws are not as strict as they are at home; poor countries in the Third World cut down more trees so that they can sell wood to richer countries; globalisation can lead to financial problems ; in the 1970s and 1980s, countries like Mexico, Thailand, Indonesia or Brazil got a lot of money from investors who hoped they could build up new businesses there; these new companies often didn't work, so they had to close down and investors pulled their money out. In addition, some of the poorest countries in the world, especially in Africa, may get even poorer, because their populations are not as educated as in developed countries and they don't have the new technology developed countries have. Also human, animal and plant diseases can spread more quickly through globalisation. These arguments can be tested against candidates' own organisations.

Candidates appear to like the topic of globalisation and it is a popular choice of question in Section B. However, the consequence of their enthusiasm can be a tendency to write everything they know about the topic area, rather than focusing on the requirements of the question set. That said, the majority of candidates answered this quite well and included research to support their critique. Centres are advised not to neglect the other topic areas in Learning outcome 5.

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**Question D8**

*Learning outcome: 5*

This asked candidates to give a talk to a group of final-year school students on the advantages and disadvantages of the UK being a member of the European Union (EU).

The EU is a unique economic and political partnership between 28 European countries that covers much of Europe. The EU operates through a system of supranational independent institutions and inter-governmental negotiated decisions by member states. The advantages of the UK being a member of the EU include: membership of the single market; free movement of citizens; more jobs; money for development; a louder voice internationally; and greater protection of workers. Its disadvantages include: the cost to government and the taxpayer of membership; inefficient policies such as the common agricultural policy; net migration; and more bureaucracy and less democracy.

Candidates answering this question generally did well, perhaps because the EU debate is so frequently in the news. Arguments were generally balanced and well considered. Better answers cited data and drew on research. The main weaknesses were a lack of supporting research and a concentration on topical issues, such as immigration and the UK's current negotiations of changes to its terms of membership.

**Question E9**

*Learning outcome: 6*

This question asked candidates to address the issue whether secondary education policy in some countries is continually failing to prepare young people for entry to the labour market.

There are several strands in this statement and no definitive response to this question. Answers to it depend on what the purposes of secondary education are. So it is important to recognise that different people – politicians, educationalists, teachers, parents, employers and students - might have differing views about what the purposes of secondary education are all about. Here are some of the possible aims of secondary education that individuals might espouse, in no particular order. (1) to provide knowledge and skills to 'get by'; (2) to transmit knowledge of the subject matter being taught; (3) to create thoughtful and reflective citizens; (4) to prepare students for university entrance; (5) to prepare students for work and the labour market; (6) to gain personal self-esteem and confidence; (7) to learn how to learn; (8) to develop life-long habits for work; (9) to teach students how to live.

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Clearly some of these objectives are compatible; others not so. So whether secondary education policy is or is not failing to prepare young people for the labour market is a matter of private judgement and personal experience.

The common points discussed in response to this question were high youth unemployment rates, the skills gap, and high university fees – all of which were offered in support of the statement quoted. These were generally weak arguments, because it was often implied these were solely due to a failing secondary education system. But other factors contribute to high youth unemployment, skills gap and university fees. Some better answers contained reference to the aims and objectives of secondary education. These mainly used the argument that there is too much emphasis placed on academic subjects within the secondary school area.

For most candidates, however, there was no reference to the aims of secondary education, so they were unable to substantiate their arguments one way or another. Those who disagreed with the statement argued that schools and colleges are doing more to prepare young people for the labour market than was the case historically.

**Question E10**

*Learning outcome: 6*

This asked candidates to prepare to prepare a short learning module for immigrant workers in their locality on *The political system in a named country of their choice*.

There are several ways in which this task can be done. For example, possible topics might include: the nature of political democracy; an outline of how political democracy developed in the UK; major institutions and arms of the state in the UK; the rule of law and legislative process; political culture in the UK and differences between regions; and citizenship and political participation. Justification of the content that is included in this module needs to be provided.

This question generated quite a divide in the quality of answers presented. Those candidates that passed had a clear understanding of the main features of the UK political system, unlike weaker answers which appeared to have very limited knowledge of the subject matter. Those candidates who failed did so because of their inability to demonstrated sufficient knowledge of this topic in their answers.

Better answers identified topics for the module on the political system as the question required, with suggestions that were valid and suitable. Weaker answers showed little knowledge and understanding of the features of a political system – some answers scoring very low marks because they failed to focus on the question set.

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**Conclusion**

The pass rate in this national examination diet was 70.7%. The examination team is of the view that the examination paper provided a good test of all the learning objectives and indicative content of this unit, and it was a fair test of candidate knowledge, understanding, and application of knowledge within the module. The examiners observed the following general points in assessing candidates in this examination:

1. This is an M-level examination so candidates are expected to provide evidence-based answers to the questions set, drawing upon relevant research and good practice of HRM in its contexts. M-level candidates are expected to read around the subject matter of this module and be able to critically evaluate topics and research in the field. Basically, this requires candidates giving a considered view on a piece of research or evidence and the extent to which they agree or disagree with it, and why. At a minimum, the core text provides an overview of the literature, identifies key studies in this field of professional knowledge, and critically reviews them. But this is not enough. This needs to be supplemented through wider reading by candidates. These sources include academic journals, professional periodicals, and the quality press, as indicated by their subject tutors.
2. The Section A case study appeared to be well-received by most candidates, with few surprises or problems for them. Mostly, the quality of answers was adequate but not outstanding. Yet again, it was disappointing to observe those candidates who appeared not to have researched the case study or even familiarised themselves with its detail. Additional research, knowledge of the sector, and reference to similar contexts were unfortunately lacking from many candidate scripts.
3. The Section A responses of weaker candidates drew on very little or limited research relating to the case-study organisation. Few of these candidates had really looked at any real-life companies in this market and the problems facing them. These candidates could have looked more generally for other organisations so as to benchmark Sparks plc against them. Some level of preparation is yet again a differentiator between candidates that do well in the case-study questions and those who do not. Further, ability to demonstrate strategic, higher order, critical thinking, which is normally required in response to the case-study questions, is a necessary condition for producing high quality responses to case-study scenarios.
4. In preparing for the case-study examination, candidates need to be supported by their Centres to understand the contexts and key issues to be addressed after the case study has been distributed. Candidates also need to undertake self-directed study in preparation for sitting the examination. Once in the

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examination room, candidates should read the case-study questions carefully and respond to the questions set (*not* the ones they would like to have answered). They also need to provide supporting evidence for their recommendations and critical understanding of the case material.

5. In Section B, the questions were clear in their intention and there were no major issues with interpretation or understanding. Clearly, some questions were significantly more popular than others but overall they provided good coverage of the learning outcomes of this module. Questions were clear and concise and should have been straightforward for candidates to read and digest under examination conditions. Nevertheless, there were only a few questions in which candidates generally performed consistently well. Disappointingly, there were some questions where candidates should have had every opportunity to secure a pass or above but due to a lack of strategic and business-focused thinking, they did not quite reach the standard expected. There are also some specific subject areas where candidates appeared to be less confident, such as the role of the Bank of England. It may be that some Centres are focusing on the most common indicative content areas in the hope questions will be general and less specific than in other topics.
6. There was a general lack of reference to research in scripts and persistence of the phrase, 'research suggests that'. Some themes seem to be well-covered by Centres and their candidates were able to earn an overall pass on the strength of their answers to these questions. This is also one reason why the pass rate on this occasion was quite high. But there were two common weaknesses: first, an inability to provide a comprehensive critical evaluation of a topic and, second, limited application of a concept to the candidates' own organisations supported by sound reasoning. There needs to be an improvement in these areas to ensure better results.
7. There continues to be a problem with some candidates answering questions of their own making rather than the questions on the examination paper. Others misconstrue or slant the questions to suit their own preferences. Weaker candidates also tend to make few, if any, references to research or current practice and produce answers that are overly descriptive. The overall results were not uniform, with some Centres performing significantly better than others.
8. Those candidates who were weak in Section A generally displayed the same weaknesses in Section B, meaning that scripts that failed were commonly failed in both sections of the examination. Better candidates had clearly prepared for the case study in Section A and they tended to show a broad range of knowledge in Section B.

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9. Overall, there is still the recurring distinction between those candidates who prepare well for the examination and are able to apply this knowledge at M level standard and those that cannot. Candidates need to be encouraged to engage with the case-study organisation and its context during their preparation for the examination. Those who do well on the case-study questions, and achieve lower marks in Section B, invariably achieve a pass standard of performance overall.
10. To repeat, the importance of including research wherever possible in examination answers should be noted, together with the need for a greater level of critical evaluation and justification. Many candidates are still not considering the wider business context or thinking strategically.

To conclude, the examination team considered the examination paper to be a fair and a sufficiently challenging one for candidates. The range of questions offered all candidates a reasonable chance of passing, provided they had received adequate guidance and tuition and had done sufficient preparation in advance of the examination. As usual, I'd like to acknowledge and thank my examiners for contributing to the assessment process on this occasion. These were Derek Adam-Smith, John Ashcroft, Helen Bessant, Chris Evans, Dee McGhee, Alan Peacock and Amanda Thompson.

**Professor David Farnham**  
Chief Examiner