cipd

Chartered Institute of Personnel and Development

Advanced Level Qualification

Leading Managing and Developing People

January 2013

25 January 2013   09:50 –13:00 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.

Leading, Managing and Developing People

EXAMINER'S REPORT

January 2013
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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.

Hubbubabaloo Media is a television and radio production company based in London. It was founded 20 years ago by a group of four well-known, high-profile comedy writers and performers as a vehicle for producing their own shows. Since then it has been responsible for the production of several successful series shown on UK television, and more recently radio comedies too. It employs 40 people directly, but effectively provides a livelihood for over 100 further contractors. These people are employed in a mixture of creative, technical and management roles.

The company has enjoyed considerable financial success, but in recent years its fortunes have begun to wane somewhat. In the past three years income has declined and money has been lost as a result of investments made in a TV series that failed to attract a big audience and a disastrous foray into co-production of an animated film that lost millions for its investors.

Part of the problem is the rather lax and inefficient approach that managers at Hubbubabaloo have taken to the management of staff. For most of its existence there was more than enough money to pay people decent salaries for doing limited amounts of work. The management style adopted by the directors has been informal, occasionally chaotic and overly tolerant of poor performance. This type of approach worked well when the team's creative juices were flowing and the work they produced was both critically acclaimed and commercially successful. But it is now realised that the high cost base threatens the future existence of the company in more uncertain times.

The four founding directors, all of whom remain household names in the world of TV comedy, have decided to sell the business in its entirety to a private equity firm called Harding Hart Ltd (HH) which has interests in a number of fields, including the management of call-centres and insurance companies. HH are paying £30 million for Hubbubabaloo with a view to streamlining its operations and making it much more efficient, before selling it on for a considerable profit in two to three years' time. The founding directors will maintain an association with the company which will continue to employ them as performers.

Managers at HH intend to take the same approach to running Hubbubabaloo that they take in their other businesses; an approach that has been described by one financial journalist as 'ruthless but effective' and by another as being 'low commitment – high control' in nature. Within two weeks of the take-over, the following proposals have been made and endorsed by the HH board:

i. The total headcount at Hubbubabaloo will be halved to 20 employees and around 50 full-time contractors.

    ii.   New contracts will be drawn up which reduce most basic pay packages by 30%. Those who do not sign will be dismissed and offered re-employment on the new terms.

    iii.   A profit-based payment system will be introduced that makes further remuneration dependent on group and personal performance.

    iv.   Each year the top performing 20% of staff will be paid bonuses equivalent to 50% of their salaries, while the lowest performing 20% will be fired.

    v.   All staff will be expected to work whatever hours are necessary to complete their allocated work. No further informal overtime payments will be made.

    vi.   The established and rather generous annual budgets for training, management development and charitable activities will all be cut back drastically.

Having sold the company the four founding directors, while delighted with their bank balances, have become concerned about the approach that Harding Hart is taking to its management. While they accept that significant change is necessary, as well as more professional management, they are worried about the potential impact of the proposals on the motivation of their loyal staff. Some also have ethical concerns and wonder if they should intervene.

You have been asked to advise the four founding directors on the HRM aspects of Harding Hart's proposals.

    1. **To what extent do you agree with the view that Harding Hart's proposals will have a de-motivating effect on key employees in the business? Draw on published research when justifying your answer.**

    2. **What ethical arguments could be made against the approach that Harding Hart intends to take? What counter-arguments would you anticipate could be made in response?**

    3. **What steps would you now advise the four founding directors to take? Justify your points with a clear, credible business case.**

It is recommended that you spend an equal amount of time on each task.

PLEASE TURN OVER

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SECTION B

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

A

1. A recent CIPD survey reported that:

    'Almost eight in ten employees who are engaged agree or strongly agree they achieve the right balance between their work and home lives, compared with just 51% of employees who have neutral engagement (they are neither engaged nor disengaged), and just 11% of workers who are disengaged.'

    i.   Why do you think that there is such a strong link between levels of employee engagement and work-life balance? Justify your answer.

    ii. Why is it that so many line managers remain sceptical about the benefits of promoting work-life balance?

OR

2. The main finding of the Leitch Report (published by the government in 2006) was that the stock of skills held collectively by the UK's workforce was inadequate for the long-term future needs of our economy. Over time the proportion of lower skilled jobs is in decline, while demand from employers for people to take on more specialised, professional and managerial jobs is growing.

    i.   What are the reasons for the trend towards more highly skilled work and away from lower skilled work?

    ii. What are likely to be the major implications for HR managers over the next decade?

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B

3. The GLOBE studies (2004) focused on effective leadership in different cultures. They found that some qualities were associated with successful leadership across the world (for example: honesty, intelligence, a positive outlook), but that others were more significant in some places than in others. 'Self-protective leadership', for example, which involves prioritising security and face-saving by following procedures and maintaining established organisational hierarchies, was found to be unimportant in Anglo-Saxon and Nordic business cultures, but very significant elsewhere in the world.

   i. Why do 'self-protective leaders' thrive across most of the world, while making only very limited impact in countries such as the UK?

   ii. What practical lessons can be learned from the GLOBE research by companies that are looking to expand their operations globally? Justify your answer.

OR

4. The novelist Margaret Atwood famously made the following observation:

'We still think of a powerful man as a born leader and a powerful woman as an anomaly'

   i. Drawing on your own experience and reading, state how far you agree with this point of view and why?

   ii. What steps would you advise your organisation to take in order to improve the promotion prospects of female employees with senior management potential?

PLEASE TURN OVER

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C

5. The CIPD's 'Shaping the Future' research (2011) stressed the contribution of organisational agility in promoting sustainable success. The report argued that employees need to develop 'a change-ready mindset' so that they are able to adapt rather than simply react to changed circumstances.

   You have been asked to draw up a report for senior managers in your organisation setting out what steps it should take to improve its agility and to help develop change-ready mindsets among employees. What main points would you make and why?

OR

6. According to government statistics in 2012, over half the jobs that are currently being created in the UK are part-time. Eight million people in the UK are now employed on part-time contracts, representing just over 27% of the working population. The figure was 25% in 2000, but only 9% in 1961.

   i.   Why has part-time working increased so significantly over recent decades?

   ii.   What are the major advantages and disadvantages associated with part-time working from an employer's perspective? Justify your answer with reference to your own organisation.

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7. According to the CIPD's Learning and Talent Development Survey for 2012, in 85% of organisations some line managers are considered to be 'deficient in management and leadership skills'. Yet in around half these cases, newly appointed line managers receive no additional training when they take up their new roles.

   Evaluate the training that is currently provided for new managers in your organisation. What are the main strengths and weaknesses? What improvements would you recommend and why?

OR

8. Dr Vince Cable, the government's Business Secretary often argues in favour of 'The John Lewis model' of employee ownership. Along with many he believes that when staff are also owners of a business their individual performance will improve. Others disagree, pointing to examples of employee ownership that have not brought performance improvements.

   i.   Drawing on research, explain why employee ownership is sometimes linked with superior employee performance.

   ii.   Some argue that employee ownership is insufficient on its own as a catalyst for improved performance. Other factors also have to be in place. To what extent do you agree with this view and why?

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E

9. Researchers periodically ask new graduates which organisations they would most like to work for given the opportunity. In the UK the results have not changed much over several decades. The most common top choices are the larger private sector corporations with international companies being particularly attractive. By contrast public sector organisations are much less desirable employment destinations. NHS Trusts and local authorities are not ranked highly. There are, however, some interesting exceptions to this general rule. The BBC is always ranked highly, while private companies operating in the catering sector tend to be ranked poorly.

    i.   What in your view explains these findings?

    ii.   What steps could public sector organisations take to improve their attractiveness to graduate recruits?

OR

10. In most smaller firms there is a preference for informality in the way that managers deal with staff. Features of HR practice that are almost standard in larger companies, such as performance appraisal, clear disciplinary procedures, standardised induction programmes, pay spines, pension schemes and written policies on employment matters, are often absent or undeveloped in smaller firms.

What are the major advantages and disadvantages associated with this informal approach to HRM?

END OF EXAMINATION

Leading, Managing and Developing People

EXAMINER'S REPORT

January 2013

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Introduction

A total of 244 candidates sat the Leading, Managing and Developing People exam in January, the seventh cohort to do so. As was the case with previous cohorts the pass rate was pleasingly high, ending up at 71% on this occasion. There were few really bad fails and a good number of merits, although rather fewer distinction level papers than we would have liked to see. Overall the standards achieved are high, a good majority of candidates managing to pass both sections of the paper with some confidence. As always, those who did not tended simply to be under-prepared, and hence unable to write clear, direct and full answers to the questions on the paper.

The overall breakdown of marks was as follows:

January 2013		
Grade	**Number**	**Percentage of total** (rounded up)
Distinction	5	2
Merit	37	15
Pass	131	55
Marginal fail	43	18
Fail	28	10
Total	**244**	**100**

As always I am indebted to my excellent team of markers who manage to do such an excellent job in such a short period of time. In January they were Krystal Wilkinson, Elisabeth Wilson, Gail Swift and Graham Perkins. I am particularly grateful to Krystal Wilkinson who helped undertake some of the moderation for this cohort as well as acting as a marker.

Detailed feedback on each question is as follows:

Section A
Learning outcomes: 2 and 7

As is always the case with pre-seen cases most students perform pretty strongly, demonstrating familiarity with the issues that are raised and an ability to deploy that understanding effectively in answering the questions that appear on the paper. There remain, however, a frustratingly numerous group who underperform and sometimes fail to achieve a pass mark because they insist on writing out prepared answers to hoped-for questions that do not actually appear on the paper. Moreover, the frustration is increased by the observation that in many cases these are clearly able candidates who are able to develop original arguments and justify them effectively.

Preparation of answers ahead of the exam is inevitable when a pre-seen case is issued, and we would not want to discourage this as a means of building confidence

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and helping to develop understanding. But it is also essential that tutors help prepare students for a good range of possible question areas, as the same case can be used to test a good range of the learning outcomes. The ones that are most anticipated may not in fact be those that the questions are designed to test.

The result here was a tendency for candidates to write very much stronger answers to Task 3 (the more general one) than to Tasks 1 and 2 which were focused on more specific learning outcomes. Task 2 was a particular struggle for some who appeared not to have thought through the ethical aspects of this case as fully or as deeply as we would have hoped.

Task 1

As expected, most agreed with this statement, but the best answers also managed to convey a more subtle, commercially realistic and balanced approach than the weaker ones. In truth, some of the proposals are likely to de-motivate more than others, while some people (notably the stronger performers) will quite probably be positively motivated by some of the changes that are being proposed. The stronger answers also focused some attention on the particular challenges associated with the motivation/engagement of people employed in creative roles, making reference to theories of motivation set out in the research literature. By contrast, weaker answers tended to take a blanket 'best practice' approach which ignored the financial realities and focused only on the employee perspective. In order to pass this part, some reference had to be made to published research – a requirement that the vast majority were able to fulfil without difficulty.

Task 2

This was the poorest answered part. This was because while we read some very good answers, too many were ill-prepared for a question about the ethical aspects of the case study. Moreover, here too, there was a tendency to take quite a simplistic line, condemning as utterly unethical much of what is being proposed. Good answers here drew on theory and made reference to Milton Friedman's defence of stockholder-oriented business ethics alongside a more conventional stakeholder-type perspective on business ethics. The truth in this case is that some quite ruthless and unpleasant actions are inevitable in order to ensure the survival of the company. Very real ethical dilemmas always arise in such situations, and it is not enough simply to say all the actions that are proposed are unethical in nature. The best answers were thus more nuanced and, again, more commercially realistic. Both sides of the debate were developed reasonably in the answers, idealistic thinking being avoided. The more rooted in published research and the more credible the arguments made and justified, the higher the mark.

Task 3

The best answers here took a sound, commercially realistic line and backed this up with a strong business case. The need is to moderate some of the proposals, particularly those which carry significant legal risks or which run the risk of provoking resignations from key performers. But it must also be recognised that cost savings must be made and that maintaining the status quo is not an option.

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Weaker answers, by contrast, provided only a limited business case and some rather naively simply suggested ditching all the proposals along with the business deal. The very best developed original perspectives which did more than simply plot a third way between the proposals for change and the status quo. These tended to recognise the challenges associated with engaging and retaining creative staff, suggesting sound strategies for reducing costs while maintaining a reasonable level of morale among key employees.

Section B

Question 1
Learning outcome: 1

This proved to be a reasonably popular question which most answered reasonably well. Part two was generally answered more convincingly than part one, some candidates struggling to develop a clear argument about possible links between work-life balance and engagement within the workplace. In fact there are a number of possible explanations that could be advanced. Most, however, in some shape or form reflect the idea that work-life balance provides people with the capacity to become positively engaged. Links can be made here with the John Purcell's AMO model – ability, motivation and opportunity to demonstrate discretionary effort – all of which are enhanced by the achievement of a good work-life balance. Those who do not have this are more likely to be tired, resentful and generally negative about their work. Another argument can be developed around the concept of stress, the idea being that poor work-life balance leads to dysfunctional stress which in turn tends to reduce the level of positive engagement.

A number of points could also be developed in answer to part two. So here, as for part one, the quality of the justification was more important than the point that the candidate argued as far as marks were concerned. Many focused on the overwhelming pressure that many managers are under to deliver short-term objectives and the way that promoting work-life balance can make this harder and more costly to achieve. Others reflected on how managers (rightly in the main) make satisfying customers their priority, and see dealing with employee interests as being of second-order significance. In other words, employee engagement is desirable but not essential. Many other simply argued that line managers were often poor people managers, ignorant of effective approaches and reluctant to try new ones.

Question 2
Learning outcome: 1

This was a straightforward question for most who attempted it. The principal explanation lies with the industrial restructuring that has occurred in recent years, mainly as a result of globalisation and technological developments. Lower skilled jobs, particularly in manufacturing, have tended either to be replaced by machines or exported overseas where labour is a good deal cheaper. In response the UK increasingly has to rely on the service sector in order to make its living in the world, and here knowledge sectors are seeing the major growth in jobs.

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There are several implications for HR managers, some depending on the sector they work in. Where substantial numbers of lower-skilled people are employed skills shortages are likely to be rarer, making recruitment and retention easier. The focus of HR activity is thus likely to be on performance management. By contrast in organisations which employ more highly skilled people, skills shortages are likely to develop and worsen over time. The emphasis of HR work will therefore be on sourcing and developing the requisite skills.

Question 3
Learning outcome: 3

In past papers students have demonstrated keenness to write about cultural difference, and particularly the Hofstede studies, so it was interesting to see how they tackled a question that focused on this field. In fact only a relatively small proportion attempted this. But those who did generally knew their stuff and were able to develop some sound arguments.

Answers to part one accurately explained that because business cultures vary greatly across the world, different styles of leadership are most appropriate in different places. Decades of research into cultural diversity shows that this persists despite globalisation. It follows that people living in different places have different expectations of their leaders. The best answers made specific reference either to Hofstede's work on risk and uncertainty avoidance or to other studies that have made similar sorts of observation. Some cultures are much more risk-averse than others. The UK along with other Northern European and Anglo-Saxon countries scores very low on uncertainty avoidance, reflecting an ease with risk-taking and a relatively low interest in long-term security/status/face saving. By contrast where uncertainty avoidance is high, there is an expectation that leaders will be 'self-protective' and this is prioritised over other qualities. The implications for organisations seeking to expand globally include the need to ensure that leaders who have an appropriate style are appointed to manage staff who have different cultural expectations. There is also a need as far as management development is concerned to focus on the universally prized attributes cited in the question.

Question 4
Learning outcome: 3

This proved very popular indeed, a good majority of candidates choosing to answer it, most of whom wrote very effectively and at some length in answering both parts.

Most agreed with Margaret Atwood, although some argued that her case is overstated/now somewhat dated. The best answers backed their points up with some statistical evidence, but even where this did not happen, a sound justification was generally advanced. It was important that personal experience was included (for example, the proportion of senior managers who are women in organisations the student has worked in). One or two lost marks simply because they failed to comply with the need to draw on personal experience or to focus (in part 2) on a specific organisation.

12

Answers to part two tended to focus on targeted management development initiatives, the significance of role models/mentoring, changing attitudes to flexible working practices etc. All of these were good points to make.

Question 5
Learning outcome: 4

This was quite a popular choice and most candidates handled it well. It was important that organisational examples were given, but answers inevitably varied greatly depending on the organisation. The strongest answers also demonstrated some familiarity with the published research, hence stressing the importance of extensive and effective communication so that people know why change is happening, breaking down silos between departments and more effective leadership.

Question 6
Learning outcome: 4

The majority of candidates tackled this question, few finding it at all difficult to write a good, competent answer. The major reasons for increases in part-time working are increased female participation and increases in the number of people (students, early retirees etc) more generally who are looking for part-time work. These are demand-led factors. There also supply-led factors, particularly associated with moves away from manufacturing (with three 8-hour shifts and steady work flow) to service sector work with varied patterns of work flow. This makes it more efficient to employ part-timers at busy periods. Longer opening hours and 7-day a week operations also lend themselves to the employment of part-timers. Some also mentioned the introduction of rights to request flexible working that have also played a role.

Part two had to be answered from an organisational perspective, so answers varied in key respects. Organisational efficiency is a clear advantage as is ensuring the employment of talented people whose preference is for part-time work. The countervailing disadvantages are the training costs, potential communication difficulties on days off, and the tendency for part-timers to be inflexible about when and where they work. There is also some evidence to suggest that part-timers are sometimes less committed and engaged than full-timers due to their work being a less significant part of their lives. Most covered these kinds of points and others too. However, some weaker answers missed the efficiency-based arguments altogether, failing to acknowledge the financial advantages brought by the employment of part-time workers at peak times.

Question 7
Learning outcome: 5

This attracted the vast majority of candidates, most of whom wrote at length and with authority about management training in their organisations. The answers were most interesting to read, mainly because of the huge variety of practices/absence of them that was discussed.

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The reasons given by respondents to the survey were partly a view that training is not necessary (presumably by different people than those who believe management skills to be lacking), cost/budget restrictions and lack of available time. These were covered in many answers, as were other factors such as lack of capability to deliver the required programme, a preference for on-the-job learning and a lack of confidence in the effectiveness of formal training initiatives. Answers to part two also varied greatly. What mattered in terms of marks was that both elements were addressed fully and directly, strong justifications being provided for the assertions that were made.

Question 8
Learning outcome: 5

Relatively few attempted this question, but those who did picked up marks as they did so pretty effectively.

The virtues of employee ownership along John Lewis lines are being hotly debated at present. The underlying idea is that employee ownership gives people a very direct stake in their organisations financial success as they get to share in the profits. This improves their levels of engagement and this leads to improved organisational and individual performance. The best answers developed an argument along these lines, backing it up with reference to published examples and to theories about profit sharing.

Most agreed with the premise in part 2, arguing that it is perfectly possible to achieve superior performance without employee ownership and not uncommon for employee ownership to have little impact on performance. This is because of the significance of other factors in underpinning improved performance – key examples being the capacity of managers to inspire, a sense of shared purpose, employee involvement more generally, fair-dealing on the part of management and good career development opportunities.

Question 9
Learning outcome: 6

Another straightforward question that appealed to a good number of candidates and which was generally answered well. The pattern of results can partly be explained by rewards. Although graduate recruits are paid similar amounts in the public and private sectors, longer term the rewards for successful recruits are a great deal higher in the larger private corporations. A second explanation is the wish that many graduates have to be able to record a period working for a blue chip corporation on their CVs. Gaining a place on one of their training schemes carries prestige. A third explanation is the budget available in the larger corporations for training and also recruitment advertising. Answers to part two were more varied, the stronger candidates developing arguments about employer branding and the need to differentiate rather than copy the private sector. Most appreciated that public sector organisations need to become more adept and sophisticated at selling themselves to

potential graduate recruits, stressing what makes a career in them satisfying. Job security, pensions and public service were all covered in the answers.

Question 10
Learning outcome: 6

Another popular question that posed few problems for stronger candidates. The major advantages include the retention of a family atmosphere which is conducive to effective teamworking and high levels of job satisfaction. Flexible working is also the norm in an informal employment setting as is open communication between managers and employees. On the negative side informality can easily lead to perceptions of unfairness and undue favouritism arising. The absence of clear policies which are generally applied means that 'one rule' does not apply to all. The result is de-motivation and reduced job satisfaction. There is also a higher risk of employment tribunal claims because the law tends to expect formality in the way disputes are managed.

Conclusion

On the whole this batch of papers was a pleasure to mark. Most candidates achieved a high standard, providing good, solid and effective answers to all parts of the questions we asked. There were remarkably few examples of candidates running out of time or answering two questions from the same section, suggesting a good level of preparation by tutors. There were plenty of very strong answers and plenty of variety in the perspectives taken.

Where candidates fell below a pass level it was in most cases due to insufficient subject matter knowledge and hence a failure to provide us with answers that were sufficiently full or direct to enable the award of a pass mark. Some still struggle a bit with justification of points, and in a minority of cases there is a tendency to answer a question that is different from that we set.

In general, though, a pleasing performance. Candidates and tutors are to be congratulated on all their hard work in preparing for this exam.

Stephen Taylor
Chief examiner