

UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
Cambridge International Diploma in Business
Standard Level

HUMAN RESOURCE MANAGEMENT

5165/01

Optional Module

May 2004

2 hours 15 minutes

Additional Materials: Answer Booklet/Paper

READ THESE INSTRUCTIONS FIRST

The time allocated for this examination includes 15 minutes reading time.
Write your Centre number, candidate number and name on all the work you hand in.
Write in dark blue or black pen on both sides of the paper.
You may use a soft pencil for any diagrams, graphs, music or rough working.
Do not use staples, paper clips, highlighters, glue or correction fluid.

Attempt **all** tasks.

Start each task on a new piece of paper.

Please leave a margin on the right and left hand side of each new page.

At the end of the examination, fasten all your work securely together, in the correct order.

The number of marks is given in brackets [] at the end of each question or part question.

This document consists of **3** printed pages and **1** blank page.

IB04 05_5165_01/RP
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 UNIVERSITY of CAMBRIDGE
International Examinations

[Turn over

You must read the case study below and attempt ALL the tasks which follow.

[The following case study is fictitious]

THE SOFT ANIMAL KINGDOM (SAK)

The Soft Animal Kingdom is a small business making soft toys for children. These are mainly animals but also coloured cubes, balls and tools such as hammers. Dipesh started the business because his two elder sisters had made soft toys as a hobby and had made their own patterns and designs. The quality of their products was so good that a number of toy stores and companies had suggested that they sell their products. Dipesh knew that he was good at selling and so if his sisters made the patterns and obtained the materials, other people could make the toys and he could sell the finished product. The business is in fact a partnership between himself and his sisters, but Dipesh always takes control. 5

He recruited a number of self-employed women to make the toys, working from home. Dipesh delivers the materials and patterns and then collects the finished items. The workers are paid according to the number of items they produce and how difficult the toy is to make. Dipesh found that the quality of the work produced by some workers was better than others and so he introduced a bonus system for high quality work. He also tends to favour the better workers, providing them with more work. He often arrives without notice with a new order and asks for it to be completed in a few days. These 'better workers' often find that they cannot produce the toys fast enough, but other workers are waiting for the next batch to arrive. This means that the work is irregular and so is their income. 10 15

Dipesh is so successful at selling the toys that he has decided that the company needs to expand. He has purchased an old factory and has had it renovated. He has also decided that he will not use homeworkers, but instead everyone will work at the factory. He has called a meeting of all of the homeworkers to show them the new factory and discuss the future with them. The factory is equipped with the latest machinery, which many of the workers had never seen before, but it lacks basic facilities like a canteen, has no washing facilities and only has one toilet. 20

Dipesh outlines his plans. The new machines will allow more toys to be made with fewer workers, and so he plans to make a few people supervisors to control the quality, but others might lose their jobs. He expects everyone to be trained on all of the machines and once they have been trained, he will pay them an hourly rate with a bonus for weekly production over a set target. Some of the workers ask about setting up a trade union and Dipesh agrees, although he does not know what this will mean. They also ask about the paid holidays they are entitled to and if the company will provide a pension. Dipesh has not even considered this but does suggest a group could meet with him to discuss any issues like this. 25 30

As the meeting draws to a close, Dipesh decides to make a final motivating speech. "The company is growing and there will be many new opportunities for everyone. New technology is constantly being introduced and you will all have the chance to improve your skills and progress. The opportunities for promotion will increase as the company grows and I will be loyal to those who started with me. This is your chance to be part of an exciting and dynamic company, please join me." 35

You must attempt ALL of the following tasks.

- 1 (a) Define the meaning of Human Resource Management. [4]
- (b) Explain why a company should use Human Resource Management. [6]
- (c) Explain whether Dipesh managed his homeworkers efficiently and effectively. [10]
[Total: 20]
- 2 (a) List **four** functions of a trade union. [4]
- (b) Identify which aspects of the legal environment Dipesh has failed to mention or cover adequately. [6]
- (c) Explain how the training needs of the workers at SAK will be affected by the proposed changes in technology. [10]
[Total: 20]
- 3 (a) List **four** elements of the selection process. [4]
- (b) Explain the **four** ways in which contracts can be terminated, and recommend which method would be most appropriate for SAK. [6]
- (c) Explain the difference between the contractual arrangements used for the homeworkers and those likely to be used by SAK in the factory. [10]
[Total: 20]
- 4 (a) List **four** methods of measuring or monitoring people's performance at work. [4]
- (b) Explain how an appraisal system might work at SAK. [6]
- (c) Explain how a system could be set up at SAK to negotiate and discuss the issues raised at the meeting called by Dipesh. [10]
[Total: 20]
- 5 (a) List **four** fringe benefits that a company may use. [4]
- (b) Explain how SAK might motivate its workers so that output and quality are at their highest possible levels in the new factory. [6]
- (c) Explain what types of training Dipesh would have to put into place to ensure that his workers are able to use the new technology and keep up to date. [10]
[Total: 20]

