



Chartered Institute of Personnel and Development

**Advanced Level Qualification**

**Human Resource Management in  
Context**

**January 2017**

**Date: Tuesday 24 January 2017**

**Time: 09:50 – 13:00**

**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.

# 7HRC – Human Resource Management in Context

## EXAMINER'S REPORT

January 2017

---

### **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.

### **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.**

Alpha Construction Ltd (ACL) is a well-established property, construction and services group. It operates across a range of sectors in the UK, including housing, defence, education, power, and utilities. ACL has 10,000 employees and is also able to draw upon a group of reliable sub-contractors to carry out its range of business activities. Until recently, it had a successful record of financial stability and business growth. However, compared with the previous financial year its net profit fell last year by over 60%.

ACL values all its stakeholders and it operates through an integrated business model. This covers planning and investment, development and design, construction and infrastructure works, building maintenance, and facilities management. At the end of the property life-cycle, the group also undertakes refurbishment or complete regeneration projects.

The company invests, builds, maintains, and renews sites wherever it operates and it has a series of contracts to drive continued revenue growth. The company has three business divisions: property, construction, and services.

- ACL's property division is involved in property development, property investment, structured project finance, and private and affordable house-building activities. This part of the business delivers a mixture of schemes including commercial, retail, mixed-use, and brown-field site regeneration.
- The property division comprises three main businesses: commercial, industrial, retail and mixed-use property development; structured property financing; and

## 7HRC – Human Resource Management in Context

### EXAMINER'S REPORT

January 2017

---

housing provision. By combining the capabilities of its businesses, ACL offers its customers a complete range of property development and infrastructure services in the UK. By providing all the related services in the property life-cycle, ACL has been able continuously to maximise value for its shareholders, customers and clients.

- The business's construction division encompasses regional contracting and civil engineering activities. It is engaged in a full range of building projects, power, waste, infrastructure facilities, and rail and mining projects. This division offers specialist design engineering projects, building information modelling, and interiors and refurbishment
- The support services division manages and delivers support services to both public and private-sector clients. The services offered include: maintenance, environmental, facilities management, fleet and passenger, waterways and energy solutions. Other services include: housing maintenance largely to local authorities; waste collection including a major recycling facility; highways maintenance and utilities services including maintenance in water, gas and power supply.

In the current business context, however, ACL faces some critical challenges.

- ACL's business is concentrated in the UK market, but this revenue stream is expected to grow only slowly over the next few years.
- In the next few years forecasted business trends suggest a downturn in the construction industry, which will pose challenges for ACL and could adversely affect its revenue and profit margins.
- The property and construction industry faces intense competition from other big-name providers in the sectors where ACL operates. Further, since financial strength is an important factor in deciding whether to grant a contract in the construction business, ACL can lose contracts to larger players in the sectors where it operates. This is because these firms have access to wider financial resources.
- Property and construction companies are subject to extensive and complex regulations that affect the development and construction process including zoning, density, and building standards. This can cause delays or increase the costs of construction projects.
- ACL's integrated business model operates within an organisational structure based on classical bureaucratic and scientific management principles. Because of this, the company's decision-making processes are slow and extended. It is difficult to promote a fast-response, entrepreneurial culture within the group. The existing hierarchical structure is also one which fails to facilitate working in teams

# 7HRC – Human Resource Management in Context

## EXAMINER'S REPORT

January 2017

---

or open and honest communication between managers and between management and its workforce.

Given the current, short-term and turbulent business contexts of ACL, its new Chief Executive Officer (CEO) is concerned about the group's future business prospects and performance. She plans an initial diagnostic review of the organisation. This includes how stakeholder needs are being responded to, the internal structures of the organisation, and the factors impinging on the organisation's recent weakened financial performance.

**In your role as an External Business Consultant, the CEO wants you to write a report drawing on research and current practice, covering the following issues:**

- 1. Identify and critically review UP TO THREE external challenges to ACL's business prospects in the next three years.**
- 2. Undertake a robust stakeholder analysis of ACL. Ideally, you will indicate each stakeholder's power to influence the business, the legitimacy of the stakeholders' relationship with the business, and the urgency of the stakeholder's claims on the business.**
- 3. Critically examine the business case for replacing ACL's bureaucratic organisational structure. Recommend an alternative form of structure which is likely to encourage innovation and creativity among the workforce, improved team working and effective channels of internal communication within the business. Justify your answer.**
- 4. Identify and discuss THREE external forces (such as employment legislation) that are likely to impact on the group's HR agenda during the next three years.**

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

EXAMINER'S REPORT

January 2017

---

**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. You have received the following email from a managerial colleague in another organisation.

*'I understand that in developing corporate strategies, leaders in organisations commonly draw on a variety of tools and techniques of environmental or contextual analysis.*

- i. Please explain any **ONE** of these tools or techniques to me.*

**AND**

- ii. What tools or techniques of environmental analysis could be used in your organisation and how would you judge their effectiveness?'*

Provide a helpful reply drawing on research and/or current practice.

**OR**

2. According to Boselie (2014), strategic human resource management (SHRM) involves management decisions in different organisational contexts relating to the policies and practices that shape the employment relationship. He claims these are aimed at achieving individual employee, organisational and societal goals. Boselie and other researchers identify a number of SHRM theories, such as the resource-based view of the firm.

- i. Select any **ONE** recognised theory of SHRM and critically evaluate it.*

**AND**

- ii. To what extent is this theory relevant (or not relevant) to your organisation and why?*

EXAMINER'S REPORT

January 2017

---

**B**

3. You have been asked to give a short talk to a group of school leavers on 'Neo-liberalism: what it is and how it affects organisations, workers and consumers'.

Drawing on research, outline what you will say.

**OR**

4. You have received the following email from a junior colleague.

*'I'm doing a business studies course at the local university, where we have examined the role of the central bank in economic affairs. But I still don't fully understand this role. Please explain to me briefly what the central bank does in the national economy.'*

Drawing on your reading, draft what you will say. Justify your answer.

# 7HRC – Human Resource Management in Context

## EXAMINER'S REPORT

January 2017

---

**C**

5. Globalisation has a variety of definitions and perspectives. It is sometimes described as the integration of markets, spread of multi-national organisations and production across national boundaries, and homogenisation of consumer tastes. But it is also a controversial issue.
- i. Drawing on research, explain why globalisation is such a contested and disputed concept.

**AND**

- ii. How does globalisation impact on (a) your organisation and (b) you as an employee?

**OR**

6. Multi-national companies or multi-national corporations (MNCs) are businesses that operate across national boundaries and in several countries. MNCs have grown in size, scope and importance in the international economy during the past three decades.
- i. Drawing on research, explain why MNCs have become such important players in the international economy and national economies in recent years.

**AND**

- ii. Which contextual factors make HR practices so challenging in MNCs?

EXAMINER'S REPORT

January 2017

---

**D**

7. Population trends indicate the size of the UK population in 2010 was about 63 million, having risen by about four and a half million in the previous decade. By 2020, it is projected that the UK population will have risen to about 67 million, following a rise of another 3.9 million during this decade.
  - i. Drawing on research, analyse what you consider to be the main implications of this population growth for the UK economy and its social structure.

**AND**

- ii. Critically examine the possible impacts of this recent population growth on your organisation (a) as an employer of people and (b) as a producer of goods and/or services.

**OR**

8. A recent paper commissioned by the Advisory Conciliation and Arbitration Service (ACAS, 2016) reports that the impact of social media in the workplace is increasing. Social media is the broad term used for internet-based tools used on PCs, laptops, tablets and smart phones to help people make contact, keep in touch, and interact.
  - i. Critically examine **UP TO THREE** policy areas where organisations need to adopt guidelines on the use of social media in the workplace.

**AND**

- ii. Critically evaluate how the use of social media impacts on the HR practices of your organisation.

**7HRC – Human Resource Management in Context**

**EXAMINER'S REPORT**

**January 2017**

---

**E**

9. You have received the following email from a colleague you know in the local managers' club.

*'Hello, my boss has asked me about the new national living wage. As you know it is now law that most people over the age of 25 are entitled to this hourly rate. Can you please explain to me (a) the benefits of the national living wage and (b) some of the problems for employers and the community arising from the national living wage?'*

Draft a reply to this request, drawing on research and current practice.

**OR**

10. You have been asked to give a talk to some local managers on the following topic:

*'How businesses try to influence politics and politicians to protect or advance their commercial interests.'*

Draft this talk, drawing upon research and current practice.

**END OF EXAMINATION**

# 7HRC – Human Resource Management in Context

## EXAMINER'S REPORT

January 2017

---

### Introduction

This report reviews the January 2017 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.

On this occasion, 306 candidates sat the written examination. Of these, 207 achieved a pass standard or higher giving an overall pass rate of 67.6%. This is slightly lower than in some recent examinations and is accounted for by wider variations in examination performance among some centres than is normally the case. Pleasingly, however, the proportion of distinction and merit grades went up on this occasion, but the proportion of fails scripts was higher. The breakdown of grades is shown below.

January 2017		
Grade	Number	Percentage of total (to 1 decimal point)
Distinction	10	3.3
Merit	33	10.8
Pass	164	53.5
Marginal fail	17	5.6
Fail	82	26.8
<b>Total</b>	<b>306</b>	<b>100.0</b>

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

EXAMINER'S REPORT

January 2017

---

**Section A**

*Learning outcomes: 1 and 2*

This section consisted of a seen case study with four tasks, where candidates were expected to answer all tasks in a report format. The case-study organisation, which was a property, construction and services group, touched on a number of issues covered in the module's learning outcomes. But the case was particularly intended to test in-depth knowledge and understanding of learning outcomes (LOs) 1 and 2.

In responses to the case study tasks, candidates are expected to demonstrate M-level performance and the ability to develop logically structured and clearly focused responses to the tasks put. They are also expected to show familiarity with recent research and examples of current practice.

There are a number of ways in which this case could be approached but the practicality and depth of responses was more important than providing 'ideal' solutions to the tasks put. The following commentary illustrates the types of issues that could be examined and developed in answers.

**Task 1**

The main external threats to ACL's business prospects include a projected downturn in the UK building and construction industry in the short-term, notwithstanding the company's new contracts in the pipeline. This is compounded by a shortage of key labour skills in the sector. Another factor is intense competition in the sector. In the construction business, contracts are often awarded through bidding processes based on price and the acceptance of certain risks. ACL competes with other general and speciality contractors, both foreign and domestic, large international contractors as well as small and medium size local contractors.

The group faces stiff competition from companies such as Balfour Beatty and AMEC. Some of these competitors have greater financial and other resources than the group. Since financial strength is an important factor in deciding whether to grant a contract in the business, ACL can lose contracts to larger players who have access to wider financial resources. Regulatory pressures derive out numerous national laws and local constraints on the sector. This can cause delays or increase the costs of construction projects. Laws and regulations relating to the protection of the environment can cause delays, increased costs of compliance, and prohibitions on building in environmentally sensitive areas. Companies such as ACL engaging in construction activities are exposed to high levels of safety and security regulation by government. Regulatory pressures thus threaten to depress the future prospects of the company.

## EXAMINER'S REPORT

January 2017

---

Most candidates produced, at least, an adequate response to this task. The difference in the quality of the answers tended to be in the depth of the analysis, the extent to which the analysis was supported by references, and/or the length of the answer. There was clear evidence a number of centres and students had undertaken relevant research and these answers gained higher credit for this.

The main challenges identified by candidates were a downturn in the markets and profits, strong competition, Brexit uncertainty, limited financial strength and government regulations. Some mentioned issues such as an ageing population, skill shortages, immigration, which would have been better placed in responses to Task 4. Stronger candidates, however, discussed Brexit in terms of trading, the single market, tariff barriers and so on and were wise enough to reserve comment on the free movement of labour until Task 4. Better answers contained suggestions how ACL might deal with these challenges. These included seeking cost efficiencies, taking advantage of the apprenticeship levy, and forging alliances with educational institutions – all of which were quite plausible. Others such as partnerships or even merger with competitors needed more consideration.

In summary, the majority of candidates tackled this task fairly well, although the better responses were from those candidates who had conducted a good level of research into the industry and clearly identified with the external challenges ACL was likely to face. Weaker responses were from those candidates who on the whole repeated what was already provided within the case. It was unfortunate that some candidates cited internal rather than external factors such as issues with ACL's cash flow.

### Task 2

This required candidates to undertake a robust stakeholder analysis of the case-study organisation, drawing ideally on the Mitchell et al framework of the power, legitimacy and urgency of the stakeholder's claims on the business.

Mitchell et al's (1997) typology of stakeholders is a useful framework of analysis to be used in relation to, for example, ACL's employees, managers, suppliers, customers, creditors, sub-contractors, regulatory authorities, and so on. They define stakeholders as those parties to whom management should pay attention. For them, classes of stakeholders possess one or more of the following: stakeholder power to influence the organisation; the legitimacy of the stakeholders; and the urgency of the stakeholder's claim on the organisation. Basically, power is the ability of individuals or groups to persuade or coerce others to follow courses of action. Legitimacy is a separate attribute of stakeholder-management relations reflecting socially-constructed systems of norms, values, and beliefs. Urgency is the degree to which stakeholders' claims on the organisation call for immediate attention. Combinations of these attributes of power legitimacy, and urgency result in three generic groups of stakeholders: latent, expectant, and definitive. This recognises that parties with no power, legitimacy or urgency in relation to an organisation have no salience with the firm's managers. More sophisticated answers were likely to identify up to seven

EXAMINER'S REPORT

January 2017

---

stakeholder classes using the Mitchell et al framework, categorise them effectively, and relate these to ACL.

Stakeholders were generally identified well by candidates, with good answers relating to Mitchell et al's typology and appropriate consideration of power, legitimacy and urgency issues. Poor answers tended to list stakeholders without considering levels of influence and these answers often failed to attempt a meaningful analysis. It was clear from the case study that the issue of stakeholders was a significant one, therefore candidates would have been well advised to familiarise themselves with stakeholder theory. However, disappointingly in some cases, this eluded those answering this task. Those who demonstrated a good understanding of Johnson and Scholes or Mitchells' stakeholder typology tended to answer this well.

Some candidates attempted to cover all possible stakeholders and these answers tended to lack much by way of depth. Better answers chose three or four stakeholders to illustrate the 'definitive, expectant and latent' categories, and most of these produced a robust analysis. There was considerable variation among the answers which category a particular stakeholder should allocated to. For example, some saw suppliers as 'latent' while others judged them to be 'definitive'. No 'right or wrong' decision was made on this basis; answers were marked on the strength of the supporting arguments.

Among weaker candidates, some were familiar with Mitchell's model of stakeholder analysis or similar ones, but a significant number appeared not to be able to apply this model to the case. This suggests lack of overall understanding of this model. Consequently despite being able to identify ACL's stakeholders, many of these candidates struggled to conduct an appropriate stakeholder analysis. This was a predictable Task and one with which you would have expected students to be comfortable.

**Task 3**

This asked candidates to critically examine the business case for replacing the case organisation's bureaucratic structure and recommend an outline alternative structure and justify their answer.

Basically, the business case for substituting an alternative organisational structure from a bureaucratic-scientific management one to an alternative is on the grounds of efficiency, effectiveness and speed of response in ACL. Even Weber warned that under bureaucracy formal rationality without substantive rationality leads to an 'iron cage' capable of imprisoning humanity and making humankind into 'cogs' in an ever-moving social mechanism. Studies by Crozier (1964), Dalton (1959) and Gouldner (1954) demonstrate the dysfunctions of bureaucracy. These are: a common disjuncture between the formal and informal organisation; what is done in organisations has both intended and unintended consequences; and the effects of human agency, unpredictability and goal displacement under bureaucracy.

**EXAMINER'S REPORT**

**January 2017**

---

Typical alternatives to bureaucracy include matrix, M-form, post-bureaucratic, and organic organisational structures.

No single or detailed alternative was expected in answers. Any alternative structure likely to promote more flexible and responsive organisational decision-making, team working and employee involvement was acceptable. Post-bureaucracy, for example, has three main characteristics: organisational rules are replaced by consensus and dialogue-based personal influence; responsibilities are assigned by competence for the tasks to be done; and they have open boundaries, with people coming into and out of the organisation in flexible ways.

There were some reasonable answers to this task and most were relevant and passable. Some knowledge was exhibited regarding bureaucracy but only better candidates were able to explain precisely what the alternative post-bureaucratic structure might look like. The weakest answers contained discussions on the need for group working and two-way communication, laterally as well as vertically, also employee voice. Often these arguments needed more justification to be convincing. Most candidates referred to a matrix structure based on project teams which in itself provided justification for the possibility of innovation and creativity and higher efficiency and savings from avoiding duplication of activities and operations. Very good answers went further and explained some of the drawbacks of a matrix structure, such as conflict arising between department and project leaders and so on.

Weak answers, on the other hand, lacked detail, simply suggesting a flatter structure. A matrix structure was commonly recommended by candidates in some centres, where explanations of matrix forms of organisation structure varied. Some were detailed and others confused. There was little emphasis in these answers on how the recommended structures would encourage innovation and creativity, although there was a larger focus on issues of communications and team-working.

**Task 4**

This asked candidates to identify and discuss three external forces likely to impact on the group's HR agenda during the next two or three years.

In its continuous search for productive, skilled human resources, ACL has to respond to a number of external forces or contexts shaping its HR agenda. Knowledge and understanding of these enable ACL to respond to these forces effectively. Thus candidates could identify and discuss any three areas of the organisational context likely to affect its HR agenda. These include, but are neither exclusive or exhaustive, the national and international economy; labour market; legislation from the UK government – especially, but not exclusively employment law; the national living wage; changes in the social structure – such as migration and increasing economic and social inequality; technology; the eco-environment; and public policy. The HR consequences of these contextual forces needed to be explored and discussed by examinees, where higher marks were awarded to more sophisticated, evidence-based answers.

## EXAMINER'S REPORT

January 2017

---

Among weaker candidates, there was some repetition of the issues raised in response to Task 1. Marks were awarded where the angle was different but where the same points were made it was difficult to warrant allocating marks in both tasks. Other responses to this, however, were reasonably good. The main external force discussed was Brexit. This was in terms of the uncertainty of changes to UK legislation and the free flow of skilled and non-skilled migrant workers, as well as the departure from the single market and decline in the value of sterling. Other external factors included the apprenticeship levy and how it assists in overcoming the skills gap, the ageing population and the need for further changes to policies aimed at its management, and expansion into foreign countries and the HR implications of this. The prime distinction between effectively argued answers and those not of a pass standard was limited assessment of the impact on the HR agenda, where many candidates merely outlined the issues.

Overall most candidates performed quite well in this task, successfully identifying three external forces likely to impact the ACL's HR agenda during the next three years. But the quality of answers varied as indicated earlier, with some candidates merely repeating the external factors discussed in response to Task 1 rather than considering other issues.

### 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 A1

*Learning outcome: 3*

This asked candidates to explain any one tool or technique of contextual or environmental analysis and critically evaluate it. They also had to discuss which of these tools is used in their organisations and how effective they are.

In answering this two-part question, any one tool or technique of corporate strategy could be identified and critically evaluated by candidates. These include, but are neither conclusive nor exhaustive: rational models of strategy; emergent models; tools and processes of environmental analysis; techniques such as forecasting, Delphi forecasting, cross-impact matrices, and scenarios. In the second part of this Question, candidates were expected to review and assess the tools or techniques used in environmental analyses in their own organisation.

Most candidates were able to identify and include an appropriate tool for contextual analysis, with the STEEPLE analysis being the most popular one. Many candidates,

### EXAMINER'S REPORT

January 2017

---

however, did not go beyond explaining the component parts, failing to put it into the context of the development of corporate strategies. Better answers included some additional explanation of the tool or techniques selected, plus why this was then relevant to their own organisation. Weak candidates, unfortunately, failed to address the second part of part by explaining how its effectiveness might be judged.

A few candidates insisted on using a SWOT analysis, either here or in part (ii) of the question without drawing attention to the fact that only Opportunities and Threats are considered to be external factors. Most were able to outline the technique, but only a minority provided any explanation of its limitations or weaknesses.

#### **Question A2**

*Learning outcome: 3*

This asked candidates to draw upon research and select any one recognised model or theory of SHRM and critically evaluate it. They also had to assess its relevance for their own organisation.

In this two-part question, candidates were expected to identify, explain and critically evaluate any one strategic HRM model, assess its relevance for their own organisation, and justify their response. Any one of the following could be discussed: best-practice HR and any one of its variants, best-fit HR (external fit or the matching model); best-fit HR (internal fit or the structural configuration model); best-fit HR (the life cycle model); and the resource-based view of the firm. In the second part of the Question, candidates were expected to examine the relevance of their chosen model of SHRM to their own organisation.

This was not a popular question, but the pass rate was fairly high, indicating that a higher proportion of candidates are now able to distinguish between functional and strategic HR models and the various approaches within each category. In each pass answer, it was pleasing to see all elements of the question were attempted. A differentiator, however, was the thoroughness of a critical evaluation. The most common model chosen was 'best fit', which though it was adequately described, the evaluation was limited to comments such as 'it fails to consider employee needs', or it is too 'deterministic'. Answers to the second part of the question varied in terms of depth and justification. Bare pass answers simply argued the chosen model was or was not relevant to their own organisation, unsupported by critical reasoning.

EXAMINER'S REPORT

January 2017

---

**Question B3**

*Learning outcome: 4*

This asked candidates to prepare a short talk to a group of school leavers on 'Neo-liberalism: what it is and how it affects organisations, workers and consumers', drawing upon research.

Supporters of neo-liberalism basically argue that market competition is the best means of promoting economic growth and protecting political freedoms. Substantive policies include: privatising public services, promoting free markets, supporting market de-regulation, and drawing upon supply-side economic policies, such as lowering taxes, weakening the bargaining power of trade unions, encouraging labour flexibility, encouraging investment and enterprise, and removing barriers to the free movement of finance capital. Under neo-liberalism, economic efficiency supersedes social equity as the guiding principle of public policy. The effects on organisations, workers, and consumers needed to be described and critically explored in the second part of the question.

Responses to this question typically fell into two categories. One was those who had understanding of the concept and were thus able to explain its key features and those who did not. The latter category often focused on one aspect, for example, privatisation, and did not demonstrate sufficient and wider knowledge of the topic. The question called for some account of the effect of neo-liberalism on organisations, workers and consumers. While it was not expected that equal weight would be given to each, weaker answers often did not address either one or two of these factors. A few very poor answers demonstrated some confusion between the characteristics of Keynesian and neo-liberalism. In some other cases, candidates appeared to be guessing what neo-liberalism was, which is surprising given its impact on national and international economies for over 30 years. Overall, the standard of responses to this question was disappointing.

**Question B4**

*Learning outcome: 4*

This required candidates to reply to an email asking them to explain the role of the central bank in their national economy, drawing on research to do this.

The role of central banks – such as the Bank of England – has changed over the years. In the UK, it primarily exists to promote monetary and financial stability. Thus it issues bank notes and has a monetary stability objective by aiming to produce stable prices and low inflation within the national economy. But it does more than this by: protecting and enhancing the safety and soundness of individual firms, such as building societies, banks and major investment firms through the Prudential Regulation Authority, and the finance system through its Financial Policy Committee.

### EXAMINER'S REPORT

January 2017

---

The Bank also has other financial stability roles: such as lender of last resort at times of financial stress, the regulation and oversight of key payment, settlement and clearing systems, and to resolve failing financial institutions safely. Candidates were expected to justify their answers.

Responses to this question generated a mix range in the standard of answers provided. For example, there were a number of students who confidently and comprehensively explained the role of the central bank, thus gaining high marks. And a number of other candidates were able to cite the setting of interest rates, but only this. Some others in comparison struggled to include any role that the central bank adopts.

It seems some aspects of Learning Outcome 4 need more attention to be paid to them in some centres. Most answers were sufficiently focused on the Bank's responsibilities for determining monetary policy and interest rates, regulation of the high street banks and the impact of its policies on other financial markets. But there was seldom mention of the reasons why the Bank manipulates interest rates or oversees the operations of other banks. Some candidates mistakenly assumed the Bank has direct responsibility for fiscal policy; failing to realise that it has only an advisory role in association with Government and the Treasury. Similarly, it was argued direct loans are made to private enterprises, which is rarely the case. Frequently, the need to control economic growth and inflation was mentioned but with little reasoning why and how. The same occurred regarding quantitative easing.

#### **Question C5**

*Learning outcome: 5*

This asked candidates to draw upon research and explain why globalisation is such a contested and disputed concept and how it impacts on their organisation and them as employees.

In this two-part question, the contested nature of globalisation needed to be explored and its impact on candidates' own organisations and as employees had to be discussed. Thus critics of globalisation argue its features bring it closer to a disorderly global market, rather than an orderly one. Scholars such as Gray argue, in turn, that globalisation cannot be contained in a single framework designed to reproduce the 'American dream', with its ideal type of predatory, corporate, shareholder capitalism. More fundamentally, specific critiques include arguments relating to the dysfunctional effects of globalisation in terms of market creep, market failure, the individualising of intellectual property rights, the impact on labour, and the impact on the eco-environment. Responses to the second part of the question would vary by candidate, type of organisation and job status.

It is continually disappointing to see how few candidates include any theory or reference to models and concepts of globalisation in their answers. This is a popular part of the syllabus, evidenced by how many chose this question but it is continually

EXAMINER'S REPORT

January 2017

---

poorly answered in terms of evidence and justification. This was the most popular question on the paper, possibly many candidates predict a globalisation question will appear on the examination and hence attempt to prepare accordingly. Unfortunately the standard of the answers offered does not reflect a high level of knowledge or application, with many candidates achieving only a pass level or just above.

It would seem that candidates do not fully appreciate the factors that contribute to the contested debate surrounding globalisation. Many provided the advantages and disadvantages which would be acceptable if these were then directed at the question asked, but generally they did not do this. Very few were able to draw on research and those that did mainly focused on various authors' definitions of the phenomenon. On the whole the second part of the question offered a better set of responses, but few were able to confidently explain how globalisation affects them. This type of question clearly distinguishes between those candidates that learn the basics and those are able to demonstrate a higher order of thinking consistent with 'M' level performance.

**Question C6**

*Learning outcome: 5*

This asked candidates to draw on research and explain why MNCs have become such important players in the international economy and national economies in recent years. They also had to discuss what we know about the HR policies and practices of MNCs.

In this two-part question, some definition of MNCs could be provided, such as global businesses that operate on a transnational basis across regions and countries. MNCs are created to leverage their ownership advantages by combining this with country-specific location advantages, within a common governance structure. The factors promoting their growth include: more countries have embraced the free market ideology and economic policy; the centre of economic gravity has shifted to developing countries, which are highly entrepreneurial; technology and its falling costs are improving business communications; free trade creates new business opportunities for MNCs; declining transportation costs; and major international institutions have, since the 1990s, aggressively supported the roles of MNCs in the international economy. In the second part of the question, there is no academic consensus about how MNCs organise their HR policies and practices, so a variety of approaches to answering this part of the question was acceptable. The debate is inconclusive, for example, is there convergence or divergence in HR practices between companies that are based in different countries, what influences corporate and local HR practices in MNCs, how do institutional and cultural factors affect the HR practices MNCs cross-nationally, and so on?

Overall, candidate performance in this question was weak. The main issue with this question is that there was inadequate coverage of both parts by many candidates,

EXAMINER'S REPORT

January 2017

---

there was no reference to research, and most of the arguments presented were rather bland and unconvincing.

The main focus of comments on the importance of MNCs related to cost efficient locations, exploitation of indigenous populations, elimination of small businesses, carbon footprint, and all-year round goods or services at lower price with reasonable quality. These answers could have been strengthened with more commentary on the wider political and economic issues.

The arguments presented in the second part to the question could also have done with more detailed examination. The comments related mainly to language and cultural differences. There was minimal examination of the debate between convergence and divergence of HR practices between international operations, except for accommodating those wanting work time to practice their religions. Bearing in mind the limitations in many of the answers, one wonders why some candidates chose this question, and not Question 5. This suggests that in some centres both topics need more attention by tutors and students.

**Question D7**

*Learning outcome: 6*

This asked candidates to draw upon research and analyse what they consider to be the main implications of population growth for the UK economy and its social structure. They also had to examine the possible impacts of recent population growth on their organisation as an employer of people and a producer of goods and/or services.

In this two-part question, the following and other related issues were likely to be examined in either or both parts. The UK population is projected to increase by some 10 million in the next quarter century, from some 64 million now to about 73 million by 2040. About 50 per cent of this growth is expected to be due to net migration. However, population growth is a sensitive issue. There are fears about the impact of higher population levels on quality of life and concerns about the impact on housing and the infrastructure to meet this demographic growth. However, increased population density can have economic benefits and enable a more efficient use of national resources.

Given a choice between more efficient public services and more space, many people in the UK could prefer lower population density. The main issues requiring analysis include: the supply and demand for housing; the limiting of the impact of an ageing population on society; the increased efficiency of population density; the reduced quality of life due to increased population pressures; transport; and the impact of economic growth on GDP per head. Another issue is it depends how population growth is managed. If population growth is concentrated in areas like the south-east, rising population places greater emphasis on the need for effective regional and housing policies.

EXAMINER'S REPORT

January 2017

---

This was overwhelmingly the most popular question in the sub-section, with some very good answers, as well as some fail scripts. Most candidates were able to identify the impact of population growth of the infrastructure and social structure, with some providing very good insights. The economic impacts were less well handled by weaker candidates. Answers to the second part of the question demonstrated, in most cases, some sound or good application to their own organisations, both as an employer and producer of goods or services.

On the other hand, there were some weak answers. These came from those who performed poorly in both sections of the examinations and appear to have come mainly from centres with a small number of entrants. The difference in overall performance between these and larger centres seems to have been a significant issue. Most answers contained comments that were relevant but often there was a lack of depth and breadth to the analysis. A common occurrence here, as well as in other questions, was the unequal attention given to both parts of the question set where answers to the first part were usually more extensive than to the second part. Weaker answers were generally superficial and brief. Stronger answers discussed the increase in and diversity of demand for products and services owing to immigration and an ageing population, the pressures on the NHS and other social services, housing shortages and the rising cost of these and other factors such as transport and fuel. The impacts in the second part of the question usually referred to immigration alleviating skill shortages, the need to retain older but skilled staff, the pressure on services in the public sector, and difficulties of recruiting staff to work in low paid jobs in high cost areas.

**Question D8**

*Learning outcome: 6*

This asked candidates to critically examine up to three policy areas where organisations need to adopt guidelines on the use of social media in the workplace. They also had to critically evaluate how the use of social media impacts on the HR practices of their organisation.

Some employers have difficulties setting standards of behaviour for employee use of social media. Research suggests employers need to take a common-sense stance in regulating conduct and treat 'electronic behaviour' as it would non-electronic behaviour by workers. Thus employers need to work out a policy, draw a line between work and non-work lives, and be ready to adapt the policy to new conditions. Policy issues include: network security, defining acceptable behaviour of internet and email use, smart phones and hand-held computers, social networking sites, and blogging and tweeting.

Other policy issues include: data protection and monitoring, business objectives, disciplinary procedures, and the organisation's intellectual property rights. These and related issues could then be related to what happens in the candidates' own organisations.

## EXAMINER'S REPORT

January 2017

---

This was a popular question and candidates appeared well able to apply a pragmatic answer to both sections. Both sections appeared to receive due attention and were competently addressed and in some cases thoughtful and interesting answers were provided. Most candidates argued that there should be at least a set of guidelines outlining behaviours that are permissible and those that are not, with those breaching the latter having to face disciplinary action. Stronger candidates sensibly argued that a blanket policy forbidding use of these technologies would be draconian. Responses to part two of the question mainly stated that the organisation had a set of guidelines that had links to, or were included within, the disciplinary policy. A few candidates suggested their organisation had no specific policy and relied on the honesty and good nature of staff not to abuse the privilege of unconstrained usage.

A further acceptable argument was that monitoring staff behaviour is difficult and costly, so in its absence, only when misbehaviour was accidentally discovered did any punitive action take place. Some candidates stated that their organisations did impose a blanket ban on personal use of all these technologies, thus denying the organisation of their benefits. Very few answers discussed other important policy areas such as data protection, consumer confidentiality, and intellectual property rights.

### Question E9

*Learning outcome: 7*

This asked candidates to explain the benefits of the national living wage and some of the problems for employers and the community arising from the national living wage'.

The 'National Living Wage (NLW)', announced by the Chancellor of the Exchequer in 2015, and introduced in 2016, is calculated according to the basic cost of living in the UK. The government has instructed the Low Pay Commission that the minimum wage premium for staff over 25 should reach 60 per cent of median earnings by 2020. Although a controversial issue, there are claimed benefits for the NLW for employers, families and the wider society. For employers, it can enhance the quality of work by staff, promote a fall in absenteeism, impact positively on recruitment and retention, make customers aware of the firm's ethical employment practices, and reduce labour turnover. For families, the NLW affords the opportunity for people to provide for themselves and their families, make employees more willing to accept changes in working practices, and promote change in the workplace. For society, the NLW contributes to reducing poverty in the UK and putting the issue on the economic and political agenda.

The problems of the NLW for employers and others include: it can result in cost-push inflation, it doesn't necessarily improve worker productivity, it can cause unemployment, it increases opportunities for a black market for low-skill labour, it doesn't benefit the poorest, and it has a limited impact on relative poverty.

EXAMINER'S REPORT

January 2017

---

Responses to this question were generally well answered. The NLW has received a lot of press coverage and candidates seemed well versed in terms of the issues arising for employers in the second part of the question. In the first part, weaker candidates simply described the NLW and the reasons for its introduction rather than setting out the benefits. Some of those who discussed the benefits considered benefits in a narrow fashion by looking only at the benefits for employees rather than for the economy more broadly. Although the problems for employers encountered were effectively discussed, the potential issues to the community often received less attention.

**Question E10**

*Learning outcome: 7*

This asked candidates to prepare a talk on how businesses try to influence politics and politicians to protect or advance their commercial interests, drawing upon research and current practice.

Businesses try to influence politics, governments and international agencies to promote their commercial and market interests. They do this by: organising into pressure and action groups at sector level, organising at national level, organising at international level, lobbying national and local politicians, ministers and governments, lobbying and using pressure group politics by cross-sector and cross-nationally, using public relations and media campaigns, using the mass media, and by influencing the regulatory institutions of the state. Further, businesses can influence the general public through advertising and by controlling mainstream media agencies. They can also influence international organisations and economic and political agreements. With virtually an unlimited access to money and other resources, corporations can easily influence governments to promote economic, social and business policies favouring them at the expense of consumers, citizens and families.

Of those attempting this question, the majority picked up on the need to provide an outline to a talk. Again there was a wide gap between the knowledge and application demonstrated, with a significant number of candidates failing to reach a Pass standard. It was disappointing to see some of them just describing business pressure such as unions and then not explaining how businesses try to influence politics and politicians. This was an example where a number of candidates appeared to have a very low level of understanding to provide what would have been an acceptable response. Others, however, provided extremely knowledgeable responses and drew on examples to support their answers.

Pleasingly, most candidates realised the question was referring to pressure groups, whose aim is to lobby government to influence policy such that it favours their interests or avoids them being damaged. Some answers could have been strengthened if candidates had paid more attention to 'How' in the question. There was need for more commentary on the variety of lobbying methods pressure groups use and the levels at which they operate. Also more comments would have helped

## EXAMINER'S REPORT

January 2017

---

on their power to influence policy based on size, resources, the contentiousness of the intended policy and the action they might take to counter it. Some examination of the legitimacy of the lobbying process might also have been productive.

### Conclusion

The pass rate in this examination diet was 67.6 %, slightly down from the previous examination in September 2016. But there were some good scripts at distinction and merit levels. 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 it was a fair test of candidate knowledge, understanding and application of knowledge within the module. The marking team noted the following general points in assessing candidates in this written examination.

1. To repeat a point made in other Chief Examiner reports, 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. This means candidates are expected to read around the subject matter of the module and provide informed, justified answers to the questions set. Therefore candidates need to supplement their studies through wider reading. These sources include academic journals, professional periodicals, and the quality press, as indicated on many occasions by the Chief Examiner.
2. In the Section A case study, there was a noticeable divide between those candidates who had prepared carefully for the case and those who, when answering the questions, were only reliant on the content of the case on the examination paper. It was pleasing to see more candidates responded with a report structure as requested, plus a significant number had conducted a good range of research in advance of the examination. This allowed them to understand both the internal and external contexts of ACL. Many had effectively identified similar organisations, with which they could make comparisons, and, as a result, were able to apply this knowledge when answering each question.

Higher performing candidates were those who clearly identified with the industry and sector and were able to cite secondary research to support their justifications. This is very important when attempting to provide evidence of M-level thinking. It is not sufficient to make generic comments about a case organisation, without evidence, and many did, so consequently they did not achieve a pass standard in this section of the examination.

3. In the view of the examination team, the seen case-study gave candidates a clear and fair, steer in the direction of likely questions, so they should have been able to adequately prepare for the examination. In general, weaker answers tended to lack much by way of reference to research or current practice in their answers.

## 7HRC – Human Resource Management in Context

### EXAMINER'S REPORT

January 2017

---

Better answers from some centres did produce a 'report format' and some even provided a brief, concluding paragraph. But once again too many candidates failed to present their answer in a report format. Whilst this would not cause a candidate to fail the section, complying with the required format can give candidates some valuable additional marks in their assessed work.

4. Responses to the case-study questions were generally clear and well prepared for better candidates. But sometimes a 'learned' answer was presented to the examiners, often with some irrelevant content that was presumably included only because it had been prepared by the candidates. The case study was based in a sector that could easily have been researched, but in many cases candidates failed to demonstrate sufficient underpinning knowledge and understanding of the sector.
5. In Section B, candidates were assessed on a wide range of areas and these provided a mixed set of responses. Particularly noticeable, however, was the significant gap between the standard of answers produced, with some not achieving a pass level, whilst others gained a distinction. All too often some candidates were drawn to questions that appeared to be an easier option for them but, when answering them, they did not fully read the question or understand it. Consequently they either answered a slightly different question or the answer was overly descriptive.
6. On the other hand, it was pleasing to note in Section B questions that the majority of candidates responded to the questions in the format asked for, for example an e-mail response or a talk. It was also encouraging to see that the questions on globalisation and economic policy were generally better answered than in previous examination diets.
7. The overall impression is that this set of results was less to do with lack of knowledge and understanding by those who failed but by the inability of candidates to apply their knowledge and produce sound answers based on adequate analysis, evaluation and thoughtful justification. Several centres could improve their pass rates by providing students with more developmental opportunities in these skills. Again there was a noticeable distinction between those candidates that had not only prepared well for the examination, but also had the ability to articulate this knowledge at a higher level. They had most likely attempted a number of past examination questions prior to the examination.
8. Other candidates unfortunately are either insufficiently prepared or lack a satisfactory level of knowledge to apply this at M-level. There are significant differences between those candidates who are citing research in their answers and those who offer little more than a few textbook references. This is disappointing for what is an evidence-based qualification.
9. In summary, the structure of this examination paper followed the pattern set for recent years and provided a good test over the full range of issues covered in the

**EXAMINER'S REPORT**

**January 2017**

---

learning outcomes. The examiners believe this was a well-balanced paper with M-level questions that covered the learning outcomes well. But understanding and applying recent research evidence and good current practice is still not evident from many answers. Also competent analysis with critical discussion and justification of the arguments presented still seems to be a difficult task for candidates on the pass/fail borderline.

10. For those candidates performing poorly, common problems persist. These include: lack of reference to the literature; lack of focus on the question set; lack of critical evaluation or analysis, which is expected at M level; and poor time management. However, it was pleasing to note on this occasion that fewer candidates produced answers in extreme note form or in lists with a string of bullet points. This message seems to have filtered through to centres. Better candidates were able to demonstrate good subject knowledge, understanding of topics, business orientation, application capability, presentation and persuasion skills, and good examination technique.

To conclude, I'd like to acknowledge and thank my team of examiners for once again contributing to the speed and quality of the assessment process. The examiners on this occasion were: Alan Peacock, Amanda Thompson, Chris Evans, Dee McGhee, Derek Adam-Smith, Helen Bessant, and John Ashcroft.

**Professor David Farnham**

Chief Examiner