

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

**HUMAN RESOURCE MANAGEMENT**

**5175/01**

Optional Module

October 2006

**2 hours  
plus 15 minutes reading time**

Additional Materials: Answer Booklet/Paper

**READ THESE INSTRUCTIONS FIRST**

Write your Centre number, candidate number and name on all the work you hand in.  
Write in dark blue or black pen.  
You may use a soft pencil for any diagrams, graphs 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.



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

[The following case study is fictitious.]

### **KIDZ TOYZ**

The following is a newspaper article from the Daily Times, a regional newspaper, reporting on the opening of a new branch of the multinational toy manufacturer, Kidz Toyz, in the local area.

“The opening of the new Kidz Toyz factory is the most exciting development in the South East area in twenty years. Kidz Toyz has a reputation as the market leader and always seems to be able to react to changes in the market quicker than any of its competitors. The company’s long term development and growth is exceptional and is clearly the result of the expertise that it has managed to obtain through the appointment of certain key individuals in the business. The new factory will provide over 250 jobs for the area with the possibility of more in the future. 5

Kidz Toyz is not only the market leader, it also has a reputation for some of the best Human Resource Management (HRM) policies and practices in the industry. 10

The company has moved away from a centralised system of HRM, and the new factory will have representation on the board of the parent company. Employee relations, recruitment, selection, and training and development will all be the responsibility of the local management and not the head office. This enables the company to consider local conditions and to react appropriately. All of the operational aspects of HRM will be localised with only the strategic aspect of HRM dictated from head office. 15

It is a tradition with Kidz Toyz to employ all of its workers on permanent contracts as this provides the security that workers need and shows that the company trusts its recruitment and selection process. Part-time contracts are used if the employee wants to work on a part-time basis for whatever reason, or if the nature of the job does not require full time working. Contracting out to employment agencies has never been an option for the company. 20

Possibly the most impressive part of HRM at Kidz Toyz is the company’s training programme. Kidz Toyz has fully adopted the concept of lifelong learning and provides a comprehensive induction programme followed by regular periods of training to keep all staff up to date with the latest technology. Its training needs analysis identifies who requires training and when. The company prides itself that in these modern times a job at Kidz Toyz is for life. Through its well planned series of on-the-job and externally provided training, it can ensure that no one will ever need to be made redundant because they no longer have the right skills. 25

Trade Unions are not banned at the Kidz Toyz factories around the world, but are rarely in evidence due to the harmonious working conditions. Staff working on the factory floor are required to work a rotating shift pattern that ensures that the machines can operate 24 hours a day. Additional payments are provided for the night shift every three weeks. The office staff work flexitime with core hours between 10.00 am and 15.00 pm. Everyone is paid an hourly rate that exceeds the minimum wage and there is a package of financial rewards and fringe benefits, which include a seasonal bonus, subsidised meals in the canteen, discounts on all company products and a free health check every six months. 30 35

Production is based on the concept of Total Quality Management, and a range of formal consultation and negotiation systems exist for the workers. These include works councils and a range of committees. These committees make a real contribution to the working of the factory.

All of you out there who wish to work for this wonderful company need to start writing your letters now and get ready for the tests. The selection process is rigorous but you will find that it is worth it.” 40

**You must attempt ALL of the following tasks**

- 1 (a) Explain how Kidz Toyz has decentralised its HRM and suggest why the company might have done this. [10]
- (b) Explain whether or not the strategic purpose of HRM at Kidz Toyz has been successful. Give reasons for your answer. [10]  
[Total: 20]
- 2 (a) Explain how Kidz Toyz has used the concept of life long learning to overcome technological change and the threat of redundancy. [10]
- (b) Explain the role a Trade Union might have at Kidz Toyz. [10]  
[Total: 20]
- 3 (a) Explain the difference between full time permanent employees and contracting out to employment agencies. [10]
- (b) Describe each of the stages of the selection process that Kidz Toyz is likely to use in order to appoint the right quality employees. [10]  
[Total: 20]
- 4 (a) Explain why the working patterns used by Kidz Toyz are the most appropriate for the company's operation. [10]
- (b) Describe and evaluate **four** different systems for communication that are used at Kidz Toyz. [10]  
[Total: 20]
- 5 (a) Assess the effectiveness of the training and development methods used by Kidz Toyz. [10]
- (b) Explain the differences between financial rewards and fringe benefits. Use examples from Kidz Toyz in your answer. [10]  
[Total: 20]

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