Chartered Institute of Personnel and Development

Advanced Level Qualification

Leading Managing and Developing People

January 2012

26 January 2012   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.

ADVANCED LEVEL EXAMINATIONS

7LMP - Leading Managing and Developing People

EXAMINER'S REPORT

January 2012

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.

You work in the HR department of a large corporation which operates a well-known chain of fashion stores (Large Co). Your company has outlets on the high streets of all the major UK cities and is steadily increasing its presence in out of town shopping complexes and airports. In addition, recent years have seen the start of what is intended to be a major expansion overseas with the opening of new flagship stores in a number of European cities. International online sales are also growing rapidly.

As part of its overseas expansion plans, a few weeks ago, your company took over another organisation (Small Co) which operates three high street fashion outlets in South East Asian cities and also supplies garments to a range of retailers in the UK from its factories. It employs around 100 staff at its UK headquarters and 400 across Asia.

You have been seconded for a year to work at Small Co which has not to date ever employed a professionally qualified HR manager.

Soon after your arrival at Small Co, you become aware of various management practices which you are uneasy about and which are very different indeed from what you are used to at Large Co.

Pay rates, for example, do not appear to be established using any rational system. In the UK some staff are paid at the level of the National Minimum Wage, while others are appointed at a variety of rates according to what they were able to negotiate at interview. There are also a good number of junior managerial staff who are working in excess of 60 hours each week. Trade union membership is actively discouraged while training and development opportunities are minimal. There is no formal induction provided and no staff handbook. Health and safety procedures appear to be minimal. In the past year alone the company has had 17 employment tribunal claims lodged against it, all of which were settled out of court. Staff turnover is running at 35%.

You are even more concerned when you visit some of the stores and garment factories that Small Co operates in Asia. Here pay is very low and hours of work are long. The more senior posts all seem to be held by male relatives of top managers (all themselves men), while people seem to be hired and fired on a whim. While the managers you meet deny bullying their staff, this is not what the staff themselves say to you when you speak to them confidentially. Moreover, while it is denied that anyone under the age of 15 is employed, some staff look to you to be considerably younger. You are also concerned to observe that water contaminated with dyes and fixing agents appears to be being channelled directly into a river behind one of the factories you visit.

You are taken aback by what you observe in your first few weeks at Small Co. You are used to working in Large Co with its big HR division, range of 'good practice' employment policies and prominent corporate code of ethics. None of this exists at Small Co and there is no sign

at all that any kind of ethical culture has been developed. It is, however, a very profitable business.

1. **What are the main strands of the business case you could make in support of the introduction across Small Co's operations, as a matter of priority, of an ethical culture alongside ethically sound HR policies and practices? What counter-arguments might you expect to have to answer?**

2. **Drawing on published literature and organisational practice, what specific contribution to the development of an ethical culture could be made by the promotion of new HR practices in the following areas:**

    - **recruitment and selection?**

    - **performance management and reward?**

    - **employee relations?**

    - **HRD?**

It is recommended that you spend approximately 40% of your time on question 1 and 60% of your time on question 2.

<div align="right">

PLEASE TURN OVER

</div>

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. In 2011 the results of an international online survey about employee attitudes were published. These demonstrated that UK employees are less impressed by their managers than is the case anywhere else in the world. Here, only 10% describe their manager as 'brilliant', while 73% say that their manager 'fails to invest properly in staff development or training'. Only 18% believe that their managers are more capable than they are, while an astonishing 41% of UK workers describe their manager as being 'almost totally incompetent'.

    i.   What are the consequences, from an HR perspective, of a situation in which managers are viewed negatively by large numbers of their staff?

    ii.   What steps can the HR function in organisations take to address these issues?

OR

2. The Workplace Employment Relations Surveys (WERS) carried out in the UK since 1980 have tracked a long term decline in trade union membership. The proportion of the workforce that joins unions is now around half of what it was 30 years ago.

    i.   What do you think are the major reasons for this trend?

    ii.   What are the main advantages and disadvantages of this trend from the perspective of the HR function?

ADVANCED LEVEL EXAMINATIONS

7LMP - Leading Managing and Developing People

EXAMINER'S REPORT

January 2012

B

3. The term 'employee engagement' has become central to the language of HRM since it was first coined in the late 1990s. But people still tend to disagree about what exactly it means. Some see it as a genuinely innovative concept, while others argue that it is no more than a new term meaning essentially the same thing as 'employee commitment.'

    i.   Drawing on research, explain how an 'engaged' employee is different from a 'committed' one?

    ii. What steps could your organisation take in order to increase its levels of employee engagement? What would be the advantage of taking such steps?

OR

4. One of the most widely cited and longest-established theories about human motivation at work is labelled 'equity theory.'

    i.   Briefly explain the thinking behind equity theory and the contribution it has made to our understanding of human motivation in workplaces.

    ii. How might equity theory underpin decision-making when an organisation is proposing a round of redundancies?

PLEASE TURN OVER

C

5. Research sponsored by CIPD looked in detail at managers' perceptions of times that they made the transition into new leadership roles (Leadership Transitions: Maximising HR's Contribution. 2008). It found some striking differences between the responses of men and women. Women are much more ambivalent than men. Only 49% of the women surveyed believed that their last promotion had had a positive effect on their lives, compared to 65% of men. Women were also twice as likely as men to report that their promotion had had a negative effect on them.

    i.   Why do you think that so many more women seem to be ambivalent about their promotions than men are?

    ii. What steps can HR managers take to help reduce this ambivalence?

OR

6. Daniel Goleman has famously argued that however determined, decisive and technically brilliant individuals are, they can never be truly successful leaders if they do not also possess a great deal of emotional intelligence.

    i.   What exactly is the meaning of the term 'emotional intelligence'?

    ii. Drawing on your own observations of leader figures, both in and out of work, state how far you agree with Daniel Goleman's view and why.

D

7. Increasing a workforce's flexibility often involves employers reducing their employees' security. A consequence is a tendency for staff to be less committed to the organisation.

    i.   Which forms of flexible working tend to decrease job security?

    ii.   What approaches would you advise your own organisation to take in order to increase flexibility while retaining the loyalty and commitment of its staff?

OR

8. Some argue that it is necessary for organisations to restructure themselves regularly in order to encourage people to share their ideas widely and to avoid 'silo thinking'. An organisation that wants to promote creativity, innovation and learning needs to shake itself up every few years through regular structural change.

    i.   What disadvantages can you see might follow if an organisation embarks on a programme of 'change for the sake of change'?

    ii.   Explain how far you agree with the idea that structural change increases an organisation's capacity for innovation and learning. Justify your answer.

PLEASE TURN OVER

ADVANCED LEVEL EXAMINATIONS

7LMP - Leading Managing and Developing People

EXAMINER'S REPORT

January 2012

E

9. In the UK, as in most countries, public sector workers are considerably older, on average, than their counterparts in the private sector. As a consequence, the next few years are going to see a substantial proportion of public sector workers retiring and drawing their pensions.

    i.   Why do you think public sector workers are older on average than equivalent groups of workers in the private sector?

    ii. What HR measures would you advise a public sector employer to take, if faced with the imminent retirement of a large number of staff in a short time frame?

OR

10. Despite the recent recession, competition among employers for high calibre graduate recruits is very strong. The larger, private sector organisations attract by far the most applications from ambitious and able graduates, although some public sector employers such as the civil service and the BBC are also popular choices.

    i.   Why are so many new graduates particularly attracted to the prospect of joining larger, private sector employers?

    ii. What advice would you give to a small start-up business that was keen to employ a cohort of able new graduates over the next three or four years?

END OF EXAMINATION

Introduction

This was the fourth cohort to sit the LM&DP exam and they did just as well as those who took the exam in May and September 2011. We marked 201 papers this time, and are pleased to report another final pass rate of 73%.

There were many good, strong papers, enabling us to award 39 merits and 5 distinctions. On this occasion, however, the higher marks were awarded for answers to Section B (that is, the unseen part). The answers to the questions that were based on the seen case study were rather disappointing, too many candidates writing what appeared to be pre-prepared answers rather than addressing the questions that were asked directly and fully.

The breakdown of grades was as follows:

January 2012		
Grade	**Number**	**Percentage of total** (rounded up)
Distinction	5	2
Merit	39	19
Pass	104	52
Marginal fail	28	14
Fail	25	13
Total	**201**	**100**

The papers were marked and moderated by myself, Gail Swift, Elisabeth Wilson, Andrew Hambler and Alex Evans.

Section A

The case study focused on:

 Learning Outcomes 5 and 7

Learning Outcome 5: Understand and explain the aims and objectives of the HRM and HRD functions in organisations and how these are met in practice.

Learning Outcome 7: Promote professionalism and an ethical approach to HRM and HRD practice in organisations.

In general we were rather disappointed with the answers we read and it became quite frustrating to mark them. This was because although the quality of the thinking and writing was typically good, candidates very often seemed either unable or unwilling to give us direct answers to the questions. This is, I suppose, an inevitable consequence of seen cases. Students prepare answers to the questions they think are likely to be asked, and then proceed to write those answers even though the questions are in fact different.

ADVANCED LEVEL EXAMINATIONS

7LMP - Leading Managing and Developing People

EXAMINER'S REPORT

January 2012

Question 1

Answers to this question often focused almost entirely on giving an account of the steps that the candidate thought should be taken in Small Co. Some interesting, imaginative and effective suggestions were made. But the question concerned the case for taking an ethical approach and the need to counteract arguments that might be put up in opposition to this.

Good answers to the question thus focused on the need to maintain the confidence of consumers, of investors and of employees/would be employees as well as other stakeholders. High marks were awarded to candidates who demonstrated an understanding of the way that poor ethical practice can very rapidly destroy a hard-won corporate reputation via media stories and increasingly, campaigning activity by pressure groups spreading negative publicity via social networking websites. For a company like Large Co, with its valuable brand reputation, the consequences of poor ethical practices in its new subsidiary coming to the attention of the wider public would be hugely damaging. Legal arguments were also advanced in respect of some of the practices.

The anticipated counter-arguments, where candidates addressed this issue seriously, were commercial in nature. This was a take-over of a highly profitable organisation. Introducing new approaches would be costly and would reduce the value of the asset – at least in the short term. Moreover, many of the practices described as occurring in its Asian operations are likely to be entirely normal and legal in the countries concerned. Given the context there is thus less of a compelling ethical case. Indeed it may be argued that Small Co is, comparatively, a pretty good employer.

We took a pretty liberal approach to the marking here. Had we not done so the pass rate would have been a good deal lower, which would not have reflected the ability of the cohort. So where some attempt was made to address the question, even if in passing rather than fully and directly, pass marks were awarded. Where this was not done at all or only very briefly indeed, lower marks were awarded.

Question 2

We encountered the same problem when marking part two. Plenty of good, practical and effective suggestions about what to do in these four areas of HR practice, but only rarely did a candidate really answer the question directly. In particular we read many answers that touched on ethical practice in HRD, employee relations, etc, but avoided the rather trickier question of how managers can embed a culture of ethical practice in an organisation.

The sort of points we were hoping to find expressed in the answers were the following:

- Recruitment practices need to incorporate judgements about people's ethical orientation, to positively select those who will be inclined to support the development of an ethical culture and to screen out people who would not. There are also clearly a range of basic equality / diversity issues to tackle here.

- Payment systems need to reward ethical behaviour, particularly in respect of senior management. Introducing performance-based reward systems, perhaps underpinned by 360 degree appraisal would be appropriate.

  Otherwise some alternative means of evaluating individual ethical orientation
  - For example by setting performance objectives that have an ethical flavour can be introduced.

- The contribution made by employee relations practices will be in the areas of consultation and employee involvement, possibly also through the development of robust grievance arrangements and the introduction of procedures which prevent firing 'on a whim'. Attempts to discourage union membership in the UK HQ should be halted.

- The possible HRD contribution is particularly significant. The best answers here focused on induction procedures, management development programmes and other training interventions which actively promote ethical practices and which communicated expectations clearly.

Here too we were as generous as we could be when marking. Those who developed points about ethical HR practices passed. The highest marks, however, were reserved for those who genuinely addressed the issue of building an ethical culture. Those who simply set out some general account of 'good practice' without reflecting on ethics specifically did not pass.

Section B

Question 1

Learning outcome: 1

This was answered by most candidates and by and large it was answered very well. They pointed out that the consequences are potentially serious. First, unless people respect their managers they are unlikely to be motivated or engaged with their work. Indeed, they may be actively de-motivated and disengaged. Secondly, this makes it very difficult to pursue a positive approach to management control. If leaders are not admired, they have to rely on threats and negative motivation methods. These tend to be less effective. Other points were also be made about the effectiveness of communication and people's willingness to remain employed in a workplace for any length of time. A major point, from an HR perspective, concerns the role played by line managers in implementing HR initiatives. These are less likely to be successful if line managers are disrespected by their staff – a point that was well made by many candidates.

HR managers can do a lot to address the problem of ineffective supervision. First line managers need to be selected as much for their capacity to lead effectively as for their technical skills and seniority. Secondly, reward and performance management systems

also need to better reflect line management ability. Finally, much more could be done in terms of effective management development interventions.

Question 2

Learning outcome: 1

This was only attempted by a minority of candidates, but those who wrote answers were generally very well-informed and justified their points effectively.

The main reasons for long-term declines in trade union membership both in the UK and internationally have been hotly debated for years. There are a number of factors including the switch from a manufacturing-based to a service-based economy, the declining size of workplaces, increased competitive intensity in the private sector, more effective employee-focused management, less TU-friendly regulation and the rise of more individualistic attitudes. This last point was particularly thoughtfully explained in many answers.

The main advantages of recognising trade unions are associated with having the freedom to advance agendas without needing to negotiate them - for example, changing payment systems - and to communicate directly with staff without the presence of an intermediary. Industrial action is also rarer and high trust employment relations more common. The big disadvantage is the absence of a body that could be relied on to convey employee views and sentiments up the management ladder. More costly methods have to be found now to establish exactly what employee attitudes and sentiments are on key issues.

Question 3

Learning outcome: 2

This proved to be a popular choice. Part 1 was challenging, but most rose to the challenge effectively. Engagement is not easy to define precisely and many of the published definitions differ slightly. It is probably best to see it as being multi-dimensional. It thus incorporates commitment, but goes beyond that. An engaged employee demonstrates vigour and energy in what they do, actively seeking opportunities for discretionary effort and personal development. There is an element of pride there too and a desire to support others.

Answers to part 2 were of more variable quality. Some did not focus on their own organisation or on any named organisation at all, preferring to make more general comments. Some of these were pertinent, but marks were lost because the question that we asked was not being addressed. That said, this is clearly an area of management practice which candidates both know about and tend to have views about. So answers tended to be strong as well as varied. Most put an emphasis on coaching, on the provision of developmental opportunities, on decentralising decision-making and on employee involvement.

Question 4

Learning outcome: 2

This was answered by a minority of candidates, but for the most part pretty effectively.

Equity theory was developed by Adams in the 1960s. It holds that when someone believes that they or their colleagues are being treated inequitably (that is, unfairly in relation to others) their levels of motivation fall and they will take steps to right the injustice. The greater the perception of inequity, the greater the demotivation and the stronger the determination to rebalance things. This result can be overt conflict in the form of industrial action or other responses such as increased absence. Most candidates explained these points well.

Answers to part 2 were often rather less convincing. The key point to make about redundancies is the presence, after the event, of survivors whose levels of motivation are important to organisations. A round of redundancies that is perceived as having been handled inequitably will therefore in all likelihood have consequences after those most affected have left. Only relatively few really developed points of this kind, preferring to write about victims rather than survivors.

Question 5

Learning outcome: 3

This was most interesting to mark because people developed a range of different points and justified them in different ways. Some were rather one-dimensional, focusing only on work-life balance issues. The more impressive answers were wider-ranging in their content. Generally though, it was pretty well answered.

The CIPD research suggested that the key factor is a lack of female role models at senior levels in organisations to mentor and support newly promoted leaders. It also pointed out the significance of problems handling work-life balance issues when many women are placed in senior management roles. The research also argued that more women than men find it difficult to delegate the detailed tasks to others in order to focus on broader strategic matters.

Being aware of the issue is the first step that HR managers can take. Formal peer-support networks and mentoring programmes can be set up, and support given during the period in which people are making a transition to a leadership role.

Question 6

Learning outcome: 3

Of all the questions in Section B, this appeared to be the one that gave candidates the greatest difficulty. While we read many interesting and effective answers, there were some rather weak arguments put forward.

Goleman's definition is generally accepted. He says that emotional intelligence (EI) incorporates self-awareness, self-regulation (that is, emotional self-control), high levels of motivation, empathy and general social skills. Most articulated this or something approximating to it reasonably well, although a minority were clearly not well-informed and appeared to be guessing their answer.

People had different points to make in response to part 2. Goleman's work is controversial in the stress it places on EI vis a vis other leadership qualities. What mattered was that a credible point of view was justified with reference to personal observations. Some candidates named political leaders and prominent business leaders as examples of people who they thought demonstrated high levels of emotional intelligence. Some of these seemed to us to be inappropriate examples, and marks were lost if a good justification was not provided. The best answers accepted that EI is a quality that has been shared by some but by no means all effective leaders and explained why this was the case - at least historically.

Question 7

Learning outcome: 4

A mixed bag of answers here, some outstanding, others struggling to provide a full and direct answer. Some candidates also lost marks by providing bullet point lists that they did not justify.

Any measure which casualises labour or which replaces permanent, direct employment with other forms (fixed term contracts, outsourcing to other providers, heavy use of agency staff) can have the effect of reducing job security. The best and most commonly cited examples are zero-hours contracting, agency work and employing people on a fixed-term basis. Job sharing and flexitime are rather poor examples, yet were commonly given in this context.

The best way to retain commitment while also achieving greater flexibility is to focus on introducing forms of flexibility that are mutually beneficial to employer and employee. Improving employability via multi-skilling is a good example. Employees also benefit, or can benefit, from part-time working options, flexitime, condensed hours, term-time working and annual hours schemes. There is demand for these opportunities among significant groups in the working population. Candidates were generally stronger when answering this second part.

Question 8

Learning outcome: 4

This was answered by a sizeable minority, many of whom produced basic answers which were strong enough to pass, but which were not as original or well-justified as answers to some of the others on this paper.

The key disadvantage is that if no strong business case can be made to justify the upheaval of major structural change, it is harder to gain people's support for it. There is then a danger that good people either disengage or leave the organisation. Most articulated points of this kind effectively.

Answers to part 2 were much more varied. What mattered was that a convincing argument was put and that this drew on personal experience to some extent. In the main people agreed with the proposition in the question. The quality of the justification given, however, varied hugely.

Question 9

Learning outcome: 6

This was a tough question, but one which many candidates attempted and did pretty well. There are a number of reasons. One is the tendency for public sector workers to remain in their jobs, if not their organisations, for the whole of their careers. Public services generally report the lowest levels of staff turnover. Once people enter the police or the civil service or teaching etc, they tend to stay there for a long time. Another reason has been the tendency of public sector organisations, at least until recently, to avoid large-scale shake outs of staff through transformative change. Another reason is the fact that many public sector roles were established in the 1970s when large numbers of young people joined expanding public services. This cohort is now coming up to retirement.

The sensible HR function will want to plan for a smooth transition, particularly when large numbers of more senior and highly experienced colleagues are leaving. So workforce planning and succession planning are important. There is also a major HRD role here, the aim being to ensure that the organisation has the skills to draw on when the retirements occur. Some candidates also mentioned initiatives designed to prolong people's careers – later retirement, moving on to part-time contracts and other forms of flexible working which can be undertaken while drawing a pension.

Question 10

Learning outcome: 6

This was another question that most chose to attempt and answered effectively. There were some strong original arguments developed, particularly in answer to part 2.

The main reason that large PLCs attract so many strong graduate recruits is their capacity to invest in top notch training programmes that expose new graduates to a wide range of valuable experiences early on in their careers. Many also offer international placements and most pay well too. There is the motivation of gaining experience with a 'big name corporation' as a means of impressing other employers later in a career and also the choice of career options that a large organisation is able to provide its new graduates.

The best advice for an SME seeking to compete is to differentiate itself and the HRD experiences it can offer. Exposure to decision-making at the top level is one positive

message to put across as is flexibility and the chance to grow with the company. Another type of good advice would be to gain name recognition through focusing recruitment activity on specific universities, building up a relationship with one department perhaps, providing internships for its students and getting involved in its research and teaching activities. Student sponsorships can also work well. All these points and more were made in answers to Question 10.

Conclusions

From my perspective as examiner, I was pleased with the standard achieved overall by this cohort of candidates. The pass rate held up well, despite many indifferent answers to Section A. I think we would have achieved a record pass rate had candidates focused more on the questions asked in relation to the case study, but the overall final breakdown was nonetheless pleasing. Answers to Section B were of a particularly high quality this time.

The main message that I would like tutors to pass on to future cohorts is the importance of addressing the question asked in Section A. Of course, when a case is seen, people will pre-prepare answers. This can be helpful, but care needs to be taken to adjust if the questions do not turn out to be those that are anticipated.

Stephen Taylor
Chief examiner