

**UNIVERSITY OF BOLTON**

**Institute of Management**

**BSC BUSINESS MANAGEMENT**

**SEMESTER 1 EXAMINATIONS 2018/2019**

**WORK AND THE EMPLOYMENT RELATIONSHIP**

**MODULE NO: BAM6007**

Date: Wednesday 16 January 2019

Time: 10.00 – 1.00

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**INSTRUCTIONS TO CANDIDATES:**

There are 2 questions on this paper.

Answer both questions.

All questions carry equal marks.

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### **Case study**

Stretchyclothes is part of a large, national-owned multinational cloth making business. It operates on a single site located on an industrial estate where it employs 1,500 staff. Its primary business is the manufacture of material used in the production of Sportswear. During the past five years, the firm has run into severe financial difficulties. Recent economic recessions in parts of the world, BREXIT and changes in the American market has led to a substantial reduction in demand for their cloth. In this environment it has had great difficulty in competing with rival companies both in terms of product quality and price. It is perceived by the parent company to be substantially overstaffed and technically inferior in comparison with its competitors. Because the site has accumulated considerable losses over the past few years, its future is now insecure.

### ***Employee relations issues***

The majority of employees on the site (1,400) would be classified as manufacturing staff although they vary considerably in terms of skill level. It is a diverse workforce. In addition, there are approximately 100 other employees (supervisors, managers, administration and research staff). Staff turnover levels are very low due to high levels of unemployment in the area. The average length of service is over 10 years, with a good proportion of the current workforce having been employed at the plant since the 1990s and early 2000s. As a result, there is a strong level of employee attachment to the firm and a deep-rooted workplace culture. One trade union is recognised.

**Case study continues overleaf**

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### **Case study continues**

Membership among the workforce is 100%. Relations between employees and management are characterised by a low level of trust but a willingness to negotiate agreements that are acceptable to both sides. This semi-permanent truce means that collective disputes are uncommon but can occur from time to time. Little information is shared between the two sides for fear of jeopardising their respective negotiating positions. The attitude of most employees towards supervisors and managers is one of suspicion. There is a tendency to distrust anyone who appears to get on with managers. The supervisors believe that they run a tight ship. Managers understand that the supervisors operate 'in a pretty basic and brutal context, bordering on bullying'. They generally have a poor view of those they supervise, and are highly suspicious of any 'soft' human resource management initiatives. Evidence of mistrust between the different groups is seen in the existence of a high ratio of supervisors to workers and in the elaborate clocking-in procedures.

### **Required changes**

It is clear that if the firm is to survive it needs to transform its operations dramatically so that it is able to compete effectively with its international rivals. It needs to replace its outdated manually-controlled machinery and processes with cleaner, computer-driven systems. It also needs to become more consumer oriented, enabling it to respond rapidly to changing customer demands. It is clear that the above developments will have far-reaching consequences for staff. The total number employed will have to be reduced by 50% over a two-year period, and the remaining staff retrained to operate the new machinery. Jobs in the future are likely to require a far wider range of separate tasks than is currently the case, to allow the firm to respond more rapidly to short-term customer demands. People will be required who have a higher level of diagnostic ability than those employed at present.

### **Case study continues overleaf**

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### **Case study continues**

There is also likely to be potential for the introduction of team-working, job rotation and employee involvement programmes, as well as payment of bonuses related to profit levels.

Because of the high costs incurred by potential interruptions and the very high costs associated with the development of a new plant, it is seen as imperative that good employee relations and high trust are fostered and achieved. The current employee relations climate is conducive neither to the introduction of substantial changes nor to the successful management of the proposed new manufacturing processes. The parent company has shown a potential willingness to make available sufficient funds to enable the development of such a strategy. However, because success is heavily dependent on a transformation of the prevailing employee relations climate, future support is conditional upon substantial progress being made in this field.

### **Questions**

As the current HR Director you have been asked to make recommendations to the managing director about how the firm might go about achieving its employee relations objectives. Draw up a report using the following guidelines:

1. Identify each of the major stakeholder groups that have an interest in the firm's future. Assess where differences of interest exist and where there is a common interest on which a high-trust employee relations climate might be built. **(50 marks)**
2. Design a strategy for action in the employee relations field. It is important that you should prioritise your suggestions in order of potential impact. **(50 marks)**

**END OF QUESTIONS**