Examination Period 3: 2016/17

HRMM03217N

Module Title: Human Resource Management in Context
Level: Seven
Time Allowed: Two hours

Instructions to students:

- Enter your student number **not** your name on all answer books.
- Answer **all** questions.
- Students are permitted to bring an annotated case study into the examination room.
- Students are **not** permitted to remove this examination paper from the examination room. For all purposes the examination paper remains the property of the University of Northampton.

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Note: This case study is an adaption of a CIPD case study. 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.

Case study

Night Owls is a small, community-focused business. It is located in an economically-poor area in a large city in the North of England and was set up to provide printing services for individuals and businesses locally. Established initially as a charity by the local health authority, in 1995 it was incorporated as a company limited by guarantee. The company was granted specially-purchased and refurbished premises and printing equipment as part of the “Care in the Community” health policy at the time. This replaced long-stay residential care for psychiatric patients in hospitals with accommodation and support for them in the community.

Night Owls operated as a social enterprise. It was committed to employing one-third of its staff who were disabled and other users were referred to it for sessional training by community health teams. A grant from the local authority towards its running costs, plus health authority funding, soon became a combined grant supplemented by some commercial income, whilst its disabled staff were supported by separate funding. The firm’s premises were developed by a series of grants from the National Lottery. Additional print finishing and information technology equipment was purchased and the premises were adapted to add other office services to the printing services on offer. Together with a retail shop, this expanded Night Owls’ customer base and work opportunities for referred users.

Three years ago, the local authority social services department that administered the annual grant, on behalf of the local authority and health authority, announced that this grant would be replaced by a three-year contract to train sessional users for jobs in the local labour market. The terms of the contract included both the number of sessions to be delivered and the employment and training outcomes to be achieved by users. With the sheltered placement support for disabled employees diminishing, Night Owls gave up its social enterprise status and decided to concentrate on training its sessional users under the terms of the new contract. Despite the additional commercial services and the increased staffing provided under the Lottery projects, commercial activity within Night Owls never accounted for more than 50 per cent of its total income. However, the terms of the training contract were generally met and the contract continued.

Up until 2010, the premises used by Night Owls had been rent-free. At this time, the Secretary of State agreed a sub-lease to the company, with a view to disposing of the property with the benefit of the tenancy. However, following the banking crisis and economic recession, Night Owls’ commercial income was badly affected, despite staff losses and reduced overheads. Initially, the rent was paid in full by the Council and thereafter it continued to pay half. The full rent will fall on the company once the current financial arrangements cease. Night Owls’ labour force has been reduced to 25 staff, consisting of a General Manager, print room and administrative workers plus some trainees and volunteers. Most of them have been with the company for some years. The pay structure is flat and the firm’s wages are relatively low in the local
labour market. Following the Government’s structural deficit reduction programme, the Council has decided that Night Owls will get only half the current level of statutory funding once the present contract terminates at the end of this financial year. The Board of Trustees, General Manager and staff are very concerned about these developments and their impact on the viability of the company. At a recent staff seminar, organised by the Trustees, a Strengths Weaknesses Opportunities and Threats (SWOT) analysis was undertaken by the General Manager and staff. The outcomes were as follows:

- **Strengths:** staff knowledge of the business; a loyal customer base; loyal and flexible staff; skilled and experienced staff; small-scale size; lack of bureaucracy; ability to outsource; use of volunteers; a diverse workforce.
- **Weaknesses:** outdated and unreliable machinery; not able to compete for large orders; staff lack specialist skills; staff are overworked because of staff shortages; unreliability of volunteers; difficulty of scheduling volunteers; the marketing function is not developed.
- **Opportunities:** well-established networking contacts; getting sponsored equipment; redesigning the shop premises; T-shirt printing; building links with social enterprises; direct marketing; developing the firm’s website; adopting e-commerce methods; demand for these and similar services remains robust.
- **Threats:** public-sector cutbacks; economic stagnation; competition from other providers; changing markets within printing; home computing; technological change; “bad luck”.

In the light of the pressures threatening the business, the Board of Trustees has instructed the General Manager to undertake a review of the organisation’s business operations. She has requested a meeting with you, a local independent consultant, to help her with this task. At your first meeting with the General Manager, she has asked you to prepare a report on the following:

1. **To prepare a PESTLE analysis of the firm, including the HR implications for Night Owls.** *(25% of marks)*

2. **Based on the PESTLE and SWOT analyses, your recommendations for:**
   - a.  A business strategy that will ensure the organisation’s future survival and success
   - b.  An HR strategy to support and facilitate this business strategy *(75% of marks)*

Answers must be supported by appropriate academic theories and sources.