Barriers to effective HRM

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Keywords Human resource management, Barriers, Competitive advantage, Australia, New Zealand

Abstract In this study, scales were developed to measure the extent to which organisations exhibited “soft” or “hard” approaches to HRM, and the extent to which potential barriers to the effective operation of HRM were present. The sample comprised 549 employees, managers and HRM staff across a wide range of types of organisations in Australia, New Zealand, the USA, the UK and Canada. While the results supported the contention that HRM effectiveness can be achieved via both “soft” and “hard” approaches, several barriers to HRM take-up were identified and there was little evidence that organisations generally operated HRM policies and practices that were seen as effective. Although very few differences between countries were found, the authors suggest the barriers identified and related ineffectiveness of HRM may be all the more detrimental to the competitiveness of Australian and New Zealand organisations in light of the recent economic downturn in the Asia-Pacific region.

Introduction

Australia and New Zealand are unusual in that they are attempting to support developed economies whilst being island states with limited populations. Although many other industrialised countries with small populations can be found in Europe, these countries have greater opportunities for trade across common boarders, and many have joined trading blocks such as the EU.

In 1995, an Australian government sponsored study reported that Australian management had a number of deficiencies in comparison with their competitors (Karpin, 1995). It concluded that urgent action was needed for Australian organisations to become world-class and remain competitive in what it referred to as the coming “Asia-Pacific century”. Later writers have emphasised the importance of a “strategic” approach to human resource management (HRM) to bring about the changes called for by the Karpin report (Fisher and Dowling, 1999; Edwards et al., 1997). These same writers, however, have noted that progress in terms of actually implementing a strategic approach to HRM seems to have been slow. Similar calls for change in HRM have been voiced in New Zealand (Stablein and Geare, 1993), with concern also being expressed about the still slow rate of progress (Haynes and Fryer, 1999).

The recent economic downturn in the Asia-Pacific region has intensified the urgency of change, with organisations within Australia and New Zealand currently finding themselves faced with three inter-related challenges. First, their ability to compete with goods and services from overseas competitors may have been impaired, where, because of the poor health of many Asia-Pacific economies, overseas competitors are able to provide products and services at a lower price than can local industry. Second, for many Australian
Barriers to effective HRM

495

and New Zealand organisations, the Asia-Pacific region represents a key market in which to sell their products or services. In a period where this market has effectively shrunk, they must compete all the more aggressively and effectively in order to outperform their competitors. Finally, the recent economic crisis has intensified the competitive pressures placed on organisations in Australia and New Zealand where they attempt to compete within a global market (i.e. beyond their home country and Asia-Pacific region economies).

All of this suggests that organisations in Australia and New Zealand will need to concentrate more on highly value-added products and services produced by a skilled and motivated workforce. In achieving this, it is generally agreed that a more “strategic” approach to HRM is needed (Boxall, 1996; Fisher and Dowling, 1999; Haynes and Fryer, 1999; Kane, 1996).

Most studies of HRM have tended to focus only on the views of HR staff on particular aspects of HRM, usually within a single country or industry sector, and have done little to identify any problems or barriers that may exist to the implementation of HRM. Many have also failed to consider the theoretical and definitional issues that have plagued HRM.

In this article we compare the role of HRM in securing competitive advantage for organisations in five countries, including Australia and New Zealand from the Asia-Pacific region and three developed countries from Europe and North America. Measures designed to assess both “hard” and “soft” versions of HRM (Legge, 1995a, 1995b) were included. We identify a number of barriers that inhibit an organisation’s ability to take up new HRM-related initiatives designed to improve its competitiveness. From an Australian and New Zealand perspective, the good news is that, when compared with organisations in countries with economies exhibiting broadly the same characteristics, organisations in Australia and New Zealand were found to face the same barriers to the take-up of HR initiatives and to have no less effective HRM. The bad news is that these barriers and related HRM ineffectiveness may be all the more detrimental to the competitiveness of Australian and New Zealand organisations where, in light of the recent economic downturn in the Asia-Pacific region, the need for new HR-related initiatives is all the more acute.

The article is divided into five main sections. The first consists of an overview of the various perspectives on HRM adopted within the literature and of what is perceived to constitute “effective” HRM. In particular, it focuses on the criteria concerning what have been termed “hard” and “soft” approaches to HRM. The section concludes with a discussion of what the literature has identified as “barriers” to the take-up of effective HRM. In so doing, it suggests that the take-up of HRM is subject to a number of constraints from within the organisation – constraints originating from various constituencies or interest groups. In the next section, we give a detailed outline of the methodology underlying our study. The following presents the results of the study. The views of a sample \( n = 549 \) of employees, managers and HRM staff at organisations in Australia, New Zealand, the USA, the UK and Canada were
Human resource management and barriers to its effectiveness

Although a wide variety of perspectives on HRM have been promulgated in recent years, much of the writing that goes beyond technical issues can be seen as interpreting HRM as incorporating either a “soft”, developmental humanist approach or a “hard”, situational contingent approach (Boxall, 1996). This “soft”/“hard” distinction is particularly prevalent in the work of Storey (1992). Legge (1995a, p. 35; 1995b, pp. 66-7) has suggested that in the “soft” approach, effective HRM is seen necessarily to involve a focus upon fostering employee motivation, commitment and development. It is an approach that acknowledges the importance of HRM to the aims of the business, whilst reflecting attempts by management to create a work environment that emphasises employee development, through practices such as training, participation and communication, and the importance of having innovative, flexible, committed employees who are valued resources (Beer et al., 1984a; 1984b; Boxall, 1996; Guest, 1989; 1991; 1992; Noon, 1992; Walton, 1985).

“Hard” HRM is, as Legge (1995a, p. 34; 1995b, p. 137) has noted, closely aligned with what is often termed “strategic HRM”. In these instances, HRM is closely linked with business strategy (Beer et al., 1984a; 1984b; Boxall, 1996; Dyer, 1984; Hendry and Pettigrew, 1990; 1992; Kamoche, 1994; Lundy, 1994; Miller, 1989; Purcell, 1995; Schuler, 1992; Tyson, 1995; Whipp, 1992). Accordingly, it views employees as “a resource to be used dispassionately and in a formally rational manner” (Storey, 1992, p. 26). As such, HRM effectiveness can be more contingent upon cost minimisation measures rather than upon significant investment in human resources.

Organisations within many countries in the Asia-Pacific region appear to compete through low prices, using inexpensive labour to carry out relatively unskilled tasks. A “hard”, contingency-based approach to HRM is often seen as an essential part of a cost-minimisation strategy. Based on the earlier discussion, however, Australian and New Zealand organisations are likely to need the developmental humanist approach to compete effectively in the face of the higher labour and infrastructure costs characteristic of their more developed economies.

A number of studies of HRM have found that in spite of the amount of theoretically and empirically based advice available in the literature, many organisations fail to take up what are seen to be effective approaches to HRM. In short, though “soft” and “hard” views of HRM are embedded in the literature at the theoretical level, they do not, with the exception of a handful of “lead”,...
Barriers to effective HRM

“exemplar” or “excellent” companies, appear to have been translated into practice (see for example Buller, 1988; Gilbertson and Fogelberg, 1991; Guest, 1990, 1992; Jain and Murray, 1984; Kramer, 1992; Legge, 1995a, 1995b; Moore and Jennings, 1993; Pleva et al., 1994; Storey, 1995). Instead, HRM often appears to have been implemented on an ad-hoc, partial or reactive basis. Thus, as Becker and Gerhart (1996, p. 796) have noted: “At times, there appears to be a major ‘disconnect’ between what the research literature says that firms should do and what firms actually do”. Evidence of HRM’s take-up is also weakened where many studies simply focus on one management practice, often at large, multinational, private sector organisations, implicitly presenting this as indicative of a grand HRM strategy (see for example Buller, 1988; Heyes, 1998; Kane et al., 1994; Midgley, 1990; Plevel et al., 1994; Rosenthal et al., 1998).

We are left then to wonder as to why there is a dearth of evidence pointing to the widespread adoption of meaningful and effective forms of HRM. The answer may lie with a number of what are generally post-hoc analyses of HRM. These studies have identified a wide range of factors acting as barriers to its take-up. Three in particular merit attention. The first concerns the extent to which top management has a low priority and short-term view of HRM issues while being more concerned with issues such as power and control. This situation would be exacerbated by HRM’s oft-cited low power and status at the senior executive level (Gennard and Kelly, 1995; Grant and Oswick, 1998; Kane, 1996; Torrington, 1989). In short, senior management commitment to HRM is crucial to its effective operation (Fowler, 1987; Kane, 1996; Purcell, 1994), but often not as forthcoming as it might be. Indeed, writers such as Dyer and Holder (1988, p. 37), have gone so far as to suggest that top management is probably the most powerful force that can work against the adoption of HRM initiatives.

The second barrier to effective HRM relates to the extent to which HRM practitioners possess the knowledge and skills necessary to implement a credible HRM programme within their organisation. A number of commentators have expressed concerns about the ability of some HRM staff to undertake the additional, more proactive roles outlined above (Collins, 1985; Dyer and Holder, 1988; Miller, 1991; Moore and Jennings, 1993; O’Neill, 1985; Schuler, 1990).

The third barrier to effective HRM occurs as a result of the lack of proven knowledge about, and the few attempts at demonstrating, the long-term impact of HRM programs (Fernie and Metcalf, 1995; Guest and Peccei, 1994; Huselid, 1998; Legge, 1995b; Storey, 1995). As a consequence, members of an organisation may be sceptical of the value of major HRM initiatives. It is a scepticism that may be held by both senior and middle management. They are unable to discern tangible and positive performance outcomes related to HRM, so that their commitment to it wanes or, in some cases, simply fails to materialise. Since they are responsible for its actual implementation, their lack of commitment results in ineffective HRM.
On the basis of the above review of the literature, Blunt’s (1990, p. 58) assessment of world-wide trends in HRM remains highly pertinent: “The continued suggestions made by HRM writers as to what needs to be done to improve the management of human resources appears to have had a somewhat moderate and fragmented impact on practice”. However, Blunt’s assessment was made on the implicit presumption that HR commentators have an obligation to be prescriptive. In taking this position, he ignores a contrasting and less prescriptive view of HRM proposed by Tsui and her colleagues (Tsui, 1990; Tsui and Milkovich, 1987). This is the multiple constituency approach. Rather than specifying ideal HRM techniques or strategies, it emphasises that HRM is subject to a wide range of pressures and expectations from a variety of interest groups within the organisation. These expectations may, or may not, be in line with “hard” or “soft” HRM; the point is that HRM’s effectiveness is based on respondent perceptions of the extent to which it is able to meet these expectations. Unlike many studies of HRM which are based on data supplied solely by HRM practitioners, studies adopting the multiple constituency perspective necessarily include assessments of HRM by non-HRM staff (Heneman et al., 1995; Kossek, 1989; Tsui, 1990; Tsui and Milkovich, 1987). The present study adopts the same strategy.

In sum, it would appear that most studies of HRM have investigated a relatively specific area of HRM; rely mainly on information provided by HRM staff; restrict their sample to moderate or large-size private sector organisations, usually within a single country; and do not explicitly consider the problems or barriers that might inhibit HRM effectiveness.

In what follows we seek to address these deficiencies by reporting a study which:

- gathers responses from three major groups of constituents – managers, employees and HRM staff;
- measures respondent perceptions of both “hard” and “soft” aspects of HRM effectiveness;
- attempts to assess directly the extent to which the major problems/barriers to HRM exist and are related to HRM effectiveness; and
- compares perceptions across a wide range of types and sizes of organisations within Australia and New Zealand and three comparable overseas countries (i.e. nations with similarly developed economies).

**Method**

**Measures**

Our study utilised a questionnaire that targeted managers and employees as well as HRM staff. It was therefore necessary to avoid questions about technical details that could be answered only by HRM staff. Also, since the questionnaire was to be completed in a number of countries by respondents from organisations in many industries across the private sector, government
and non-profit sectors, it would not have been appropriate to include questions which pertained to factors relevant to only one country, industry or sector. The final questionnaire consisted of 42 questions.

The first page included instructions and some background questions. As a part of the instructions, the following definition was provided: “In this questionnaire, the term ‘HRM’ is used to cover all of the usual Personnel Management or Human Resource Management policies and practices, such as selection, promotion and termination of staff, performance appraisal, equal opportunity, pay and benefits, training and career development, human resource planning, etc”. For all items except those assessing background characteristics, a seven-point Likert-style scale was used, anchored at 1 = very true in my organisation, to a very great extent, etc., and at 7 = not true at all, not at all, etc. The major portion of the questionnaire consisted of questions that asked respondents to indicate the extent to which a series of potential problems or barriers to HRM were present in their organisation. Three additional questions were concerned with possible problems with the field of HRM, such as its long-term impacts being difficult to quantify.

For those organisations which had one or more HRM staff, two questions asked for assessment of the extent to which they were helpful to managers and employees, whilst three attempted to assess HRM staff knowledge and skills, credibility with top management and view of their role. Seven questions were concerned with evaluation of the effectiveness of HRM in their organisation. Three of these were written from a situational contingency or “hard” perspective, whilst three more were concerned with the developmental humanist, or “soft”, perspective. An additional question asked respondents to assess the overall effectiveness of HRM in their organisation. The exact questions used are detailed in Table I.

**Sampling technique**

A sample consisting of HRM staff, managers and employees across a wide range of sectors and in several different countries was needed. It was decided that an efficient way to gather such a sample was to target students in MBA-type courses who were employed full-time whilst studying part-time. Therefore, questionnaires were distributed and collected from this type of student in MBA classes at two universities in Sydney, Australia; one in Wellington, New Zealand; two in South-eastern USA; one in London, UK; and one in Montreal, Canada.

**Subjects**

A total of 702 respondents from these five different countries completed the questionnaire. The current study focused only on those 549 respondents who indicated that their organisation had one or more staff specifically designated as personnel or HRM managers. Of these respondents, 310 (56 per cent) were Australian, 91 (17 per cent) were British, 75 (14 per cent) were American, 33 (6 per cent) were Canadian, and 37 (7 per cent) were New Zealanders. (Note:
Table I. Questionnaire items and factor-based scales

<table>
<thead>
<tr>
<th>Scale 1: Effectiveness ($\alpha = 0.91$)</th>
<th>M</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>How effective overall do your organisation’s HRM policies and practices seem to be?</td>
<td>4.26</td>
<td>1.26</td>
</tr>
<tr>
<td>How effective are your organisation’s HRM policies and practices in terms of increasing employee motivation, satisfaction and commitment to the organisation?</td>
<td>4.81</td>
<td>1.65</td>
</tr>
<tr>
<td>To what extent do your organisation’s HRM policies and practices help all employees to develop to their maximum potential?</td>
<td>4.60</td>
<td>1.57</td>
</tr>
<tr>
<td>To what extent do your organisation’s HRM policies and practices appear to treat all employees fairly?</td>
<td>3.73</td>
<td>1.65</td>
</tr>
<tr>
<td>To what extent do your organisation’s HRM policies and practices appear to adopt a long-term perspective?</td>
<td>4.32</td>
<td>1.53</td>
</tr>
<tr>
<td>To what extent do your organisation’s HRM policies and practices in the various HRM areas appear to be closely integrated with each other?</td>
<td>4.10</td>
<td>1.50</td>
</tr>
<tr>
<td>To what extent do your organisation’s HRM policies and practices seem designed in line with the organisation’s strategy and objectives?</td>
<td>3.90</td>
<td>1.61</td>
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<tr>
<th>Scale 2: Helpfulness ($\alpha = 0.76$)</th>
<th>M</th>
<th>SD</th>
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<tbody>
<tr>
<td>My organisation’s HRM staff are a help to managers in dealing with HR matters</td>
<td>3.73</td>
<td>1.60</td>
</tr>
<tr>
<td>My organisation’s HRM staff are a help to employees in regard to their rights, entitlements and needs</td>
<td>3.72</td>
<td>1.74</td>
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<tr>
<th>Scale 3: Management attitudes ($\alpha = 0.87$)</th>
<th>M</th>
<th>SD</th>
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<tbody>
<tr>
<td>Our top managers take a short-term perspective.</td>
<td>3.92</td>
<td>1.28</td>
</tr>
<tr>
<td>There is little rational logic behind what happens in our organisation</td>
<td>3.97</td>
<td>1.77</td>
</tr>
<tr>
<td>Our top managers give low priority to human resources issues</td>
<td>4.50</td>
<td>1.71</td>
</tr>
<tr>
<td>Our top managers are more concerned about their own power and about maintaining control than about the real needs of the organisation</td>
<td>4.08</td>
<td>1.71</td>
</tr>
<tr>
<td>Our top management is not sophisticated in terms of its understanding of HRM</td>
<td>3.37</td>
<td>1.76</td>
</tr>
<tr>
<td>There is a general lack of trust, support and fairness in my organisation</td>
<td>3.87</td>
<td>1.78</td>
</tr>
<tr>
<td>Financial problems have led our top management to be more concerned about the organisation’s short-term survival than long-term benefits</td>
<td>4.00</td>
<td>1.76</td>
</tr>
<tr>
<td>Groups beyond our top management (such as shareholders, boards, corporate headquarters, central agencies, politicians, etc.) take a short-term view of HRM</td>
<td>3.79</td>
<td>2.02</td>
</tr>
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<tr>
<th>Scale 4: HR staff ($\alpha = 0.85$)</th>
<th>M</th>
<th>SD</th>
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</thead>
<tbody>
<tr>
<td>Our HR staff probably lack the knowledge and skills to develop and carry out a long-range integrated HRM program</td>
<td>3.83</td>
<td>1.66</td>
</tr>
<tr>
<td>My organisation’s HRM staff seem to see their job as routine administration instead of attempting to maximise the long-term benefits for the organisation and its employees</td>
<td>3.96</td>
<td>1.93</td>
</tr>
<tr>
<td>Our HRM staff seem to lack the influence and credibility to gain the resources and management commitment to implement effective new policies and practices</td>
<td>3.76</td>
<td>1.93</td>
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<tr>
<th>Scale 5: HRM nature ($\alpha = 0.62$)</th>
<th>M</th>
<th>SD</th>
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<tbody>
<tr>
<td>There is a lack of proven knowledge in the field of HRM about which HRM policies and practices are actually the best</td>
<td>3.96</td>
<td>1.24</td>
</tr>
<tr>
<td>The real long-term impact of HRM programs is difficult to quantify</td>
<td>3.61</td>
<td>1.51</td>
</tr>
<tr>
<td>Since people are complex, subjective and political, “human resources” cannot be “managed” in a rational and logical way</td>
<td>3.55</td>
<td>1.65</td>
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</table>

Other items in the questionnaire

<table>
<thead>
<tr>
<th>Item</th>
<th>M</th>
<th>SD</th>
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<tbody>
<tr>
<td>There is a general resistance to change in my organisation</td>
<td>3.60</td>
<td>1.60</td>
</tr>
<tr>
<td>There is resistance to centralised control, policies, etc. in my organisation, with most areas just wanting to do their own thing in their own way</td>
<td>3.76</td>
<td>1.75</td>
</tr>
<tr>
<td>Because of rapid changes in my organisation’s external environment, its future needs are hard to predict</td>
<td>3.69</td>
<td>1.81</td>
</tr>
<tr>
<td>Our line managers lack the skills to implement effective HRM programs</td>
<td>3.48</td>
<td>1.66</td>
</tr>
<tr>
<td>My organisation is informally divided along ethnic, racial, religious, gender or status lines, which inhibits the development of fair and effective HRM policies</td>
<td>5.15</td>
<td>1.79</td>
</tr>
<tr>
<td>Union actions and attitudes make it difficult to implement effective HRM programs in my organisation</td>
<td>5.19</td>
<td>1.78</td>
</tr>
<tr>
<td>Our line managers are too overburdened with other work to attend to HRM issues</td>
<td>3.72</td>
<td>1.64</td>
</tr>
</tbody>
</table>


percentages given throughout are rounded to the nearest whole percent and do not include any missing responses.) The majority (76 per cent) had been with their organisation for more than two years; about half (51 per cent) were aged 25 to 34 years, with a further 33 per cent aged between 35 and 44 years. Thirty-eight per cent were female, whilst 58 per cent were male. Most had gained their familiarity with HRM in their organisation through their roles as managers/supervisors (44 per cent) or employees (42 per cent), although 12 per cent had gained this familiarity through their roles as HRM staff. The sample generally represented mid-level (63 per cent) and senior-level staff (20 per cent), with only 16 per cent identifying themselves as at a relatively junior level. This would imply that even those who were familiar with their organisation’s HRM through an employee role were likely to be professional staff, rather than unskilled or semi-skilled employees. Although this is not surprising in light of the sampling technique, it should be borne in mind when interpreting the results.

In terms of the respondents’ organisations, the sample was relatively evenly divided between the private, for-profit sector (45 per cent) and the public or government sector (42 per cent), with only 9 per cent identifying their organisation as other than the above. Respondents were offered the choice of 11 different industry categories as well as “other”, and responses spread across all of these. The largest percentages were in the financial/business services area (20 per cent), manufacturing (16 per cent), community service (13 per cent) and public administration (11 per cent). Organisation size, in terms of number of employees, also varied considerably, with the largest percentages in the 1,000-9,999 employees category (31 per cent) as well as the 200-999 employees category (27 per cent).

Overall, the sampling technique appeared successful in capturing a very broad range of respondents in terms of country, level and type of position and type and size of organisation.

Results
In this section, mean scores for all of the seven-point items relating to barriers and HRM effectiveness are first reported. These items were then factor analysed, resulting in the presentation and discussion of five factor-based scales. The final part of the section reports on the use of these scales to make comparisons within the sample.

Barriers and effectiveness item scores
Table I lists mean scores and standard deviations for all of the items other than those concerned with respondent or organisational background. All items used seven-point response formats and they are grouped in terms of scales described later. For items listed in Scale 1, a response of “1” indicated “very effective” or “to a very great extent”, whilst a response of “7” indicated “not at all”. For all of the remaining items, a response of “1” indicated “very true”, whilst a response of “7” indicated “not at all”. With the seven-point scales used, a mean rating of 4
represents the scale mid-point. Using this as a reference point, it can be seen that HRM is not generally seen as very effective, with most of the mean scores above 4.00 (Scale 1). HRM staff are generally seen as at least moderately helpful to both managers and employees (Scale 2), although there is general agreement that they lack the knowledge, skills, influence, credibility and perspective on their roles to implement a strategic approach to HRM (Scale 4). There was also general agreement that HRM as a field lacks enough proven knowledge and that its long-term impact is difficult to quantify, although it was believed that people can be managed in a rational, logical way (Scale 5). Mean ratings in regard to management-related attitudes (Scale 3) generally clustered around the scale mid-point. One exception was that there appeared to be general agreement that top managers are more concerned about their own power and about maintaining control than about the real needs of the organisation; this item obtained the greatest level of agreement of all of the items.

Also shown at the bottom of Table I are a number of items not included in the above scales. These show that there is general agreement about the presence of resistance to change and to centralised control, that a rapidly changing environment makes future needs hard to predict, and that line managers lack the skills and are too overworked to implement HRM programs effectively. The two items that attracted the lowest mean levels of agreement were that informal divisions within their organisation and that union actions inhibit the development/implementation of effective HRM programs.

Based on these mean scores, the overall picture is, at best, of moderately effective HRM. Contributing factors seem to be management attitudes and priorities, HRM staff themselves, and the state of HRM as a “science”. Whilst HRM staff are generally seen as helpful to managers and employees in routine matters, they are not seen as possessing the knowledge, skills, influence and credibility to develop and implement more effective HRM policies.

Factor analysis and descriptive statistics for factor-based scales
In order to search for underlying dimensions and to reduce the data to a more reliable set of scales, factor analysis was performed on items relating to the barriers to HRM effectiveness and the evaluation of HRM policies and practices. The SPSS for Windows Version 6.13 statistical package was used for this purpose. Factors were extracted using principal axis factoring and the factors were rotated to simple structure using the Oblimin procedure. Root-one criterion suggested that seven factors could be extracted, while an examination of the plot of factor eigenvalues, and using the scree criterion, suggested the extraction of only three factors. The five-factor solution was adopted as this gave rise to well defined and readily interpretable factors.

Based on this factor solution, five scales were constructed by averaging the items that defined each of the factors. Items were chosen on the basis that they loaded relatively strongly on the related factor (in almost all instances above 0.5), and did not have significant loadings on any of the other factors. Table I
lists the questionnaire items comprising each of the five scales. The names given to each of the scales is shown as well as the scale means, standard deviations and Cronbach alpha reliability estimates.

The first factor contained items related to the effectiveness of HRM policies and practices, both with respect to increasing employees’ motivation, satisfaction and commitment (“soft” aspects of HRM), and to being supportive of the organisational strategy and objectives (“hard” aspects of HRM). It also contained a single item which gave an overall rating of the effectiveness of the organisation’s HRM policies and practices. The second factor contained items evaluating how helpful HRM staff were to both managers and employees. Whilst the Cronbach alpha for the first scale is high (0.91), the alpha for the second scale is considerably lower (0.76), suggesting that the extent to which HRM staff are seen as helpful to managers is somewhat independent of how helpful they are seen to be to employees.

The remaining three factors contained items relating to the various potential barriers to effective HRM in the organisation. The third factor (scale alpha = 0.87) represents subjects’ views on the extent to which top management give low priority to HR issues and take a short-term view of HRM issues whilst being more concerned with issues such as power and control. The fourth factor (scale alpha = 0.85) assessed whether the organisation’s HRM staff lack the knowledge, skills and credibility to implement a strategic approach to HRM. The fifth factor (scale alpha = 0.62) assessed the extent to which the respondents thought that there is a lack of proven knowledge about the best HRM policies, and difficulty in demonstrating the long-term impact of HRM programs. It can be seen that the Cronbach alpha for the fifth scale is relatively low, indicating a lower internal consistency amongst respondents’ views as to difficulties facing HRM as a field.

In addition to the five factor-based scales described above, two further scales were formed from items contained in the effectiveness scale. The first, which we have labelled “HRM soft” comprises the three items which reflect the “soft” aspects of HRM (alpha = 0.81). The second comprises the three items which relate to the “hard” aspects of HRM, and has been labelled “HRM hard” (alpha = 0.83).

**Correlations amongst scales**

Table II shows correlations between effectiveness and the other scales described above. For ease of interpretation, in this and all subsequent tables, items have been recoded where necessary so that a higher score reflects a greater extent or quantity of the construct being measured. Thus, the negative correlations between three barriers scales and the effectiveness measures indicates a tendency for a greater presence of these barriers to be associated with lower effectiveness ratings. It can be seen that the scale most strongly, and negatively, related to the effectiveness measures was the one (management attitudes) in which the majority of items reflected a variety of negative top management attitudes (with r’s ranging from −0.54 to −0.60). Comparable
negative correlations with the effectiveness measures occurred with the HR STAFF scale, which measured the extent to which HR staff lack the required skills, attitudes and credibility to manage a long-term integrated HR program. The scale indicating the extent to which HR staff are helpful to both employees and management had noticeably lower correlations with the effectiveness measures (r’s from 0.33 to 0.37). This clearly suggests that respondents had expectations of HR staff that extended further than simply being helpful people. The scale reflecting intrinsic difficulties of the HRM area (HRM nature) was shown to be essentially unrelated to the effectiveness measures.

It can be noted that a correlation of $r = 0.72$ between the two scales reflecting the “soft” and “hard” aspects of HRM (HRM soft and HRM hard), is slightly lower than the Cronbach alpha reliability estimates of these two scales (alpha’s of 0.81 and 0.83, respectively). Although factor analysis resulted in the items comprising these two scales forming a single factor, this finding does give some indication that they could represent two strongly related but distinct constructs. It should be noted that both of these scales are highly and approximately equally correlated with the overall HRM effectiveness scale (effectiveness), suggesting that attention to both organisational and individual needs is necessary for HRM to be seen as effective. The correlations of both hard and soft HRM scales with the various barriers scales are generally parallel, although HRM hard is somewhat more highly correlated with the scale assessing the strategic potential of HRM staff (HR staff) than is HRM soft. This might suggest that a developmental approach to employees is not as reliant upon capable HRM staff as is a more purely strategic HRM approach.

Relationships between scales and respondent and organisational characteristics

A number of differences amongst respondents and their organisations were of interest in this study. Several became apparent on the basis of the respondent type and level of position. Table III shows that, for all measures except the management attitudes scale, there was a statistically significant association between scale scores and whether respondents’ familiarity with the organisation’s HRM policies and practices was gained as a manager, employee or HRM staff member. Examination of the group means and post-hoc paired

<table>
<thead>
<tr>
<th>Scale</th>
<th>Effectiveness</th>
<th>HRM soft</th>
<th>HRM hard</th>
</tr>
</thead>
<tbody>
<tr>
<td>Helpfulness</td>
<td>0.37*</td>
<td>0.33*</td>
<td>0.35*</td>
</tr>
<tr>
<td>Management attitudes</td>
<td>-0.60*</td>
<td>-0.54*</td>
<td>-0.56*</td>
</tr>
<tr>
<td>HR staff</td>
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<td>-0.48*</td>
<td>-0.56*</td>
</tr>
<tr>
<td>HRM nature</td>
<td>-0.08</td>
<td>-0.07</td>
<td>-0.07</td>
</tr>
<tr>
<td>Effectiveness</td>
<td>1.00</td>
<td>0.93*</td>
<td>0.91*</td>
</tr>
<tr>
<td>HRM soft</td>
<td></td>
<td>1.00</td>
<td>0.72*</td>
</tr>
<tr>
<td>HRM hard</td>
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</table>

Note: *p<0.01
comparisons showed that this was due to the consistently more positive evaluations by those who had gained familiarity with their organisations’ HRM policies and practices through their work as members of the HRM staff.

This result could be explained in a number of ways, including the possibility that HRM staff knew more about their organisations’ HRM policies and practices, so that their ratings were more accurate. It was found that the level of self-rated familiarity with an organisation’s HRM policies and practices was related to more positive evaluations of all of the scales discussed above ($p < 0.01$), with the exception of HRM nature. To control for possible differences in familiarity, the analysis reported in Table III was repeated after statistically controlling for subjects’ ratings of their familiarity with the company’s HR policies and practices. This was done using a series of ANCOVAs with familiarity as the covariate. It was found that controlling for familiarity tended to reduce the strength of the relationships shown in Table III. After controlling for familiarity, statistically significant relationships with the independent variable remained only for the helpfulness and HRM nature scales. (However, even for these two scales, the strength of the relationship was significantly reduced after having controlled for familiarity). A plausible interpretation of these results is that the more optimistic ratings by HR personnel are partially, but not fully, explained by their greater familiarity with the company’s HR policies and practices.

From Table IV, it can be seen that there was a positive association between a subject’s level in the organisation and his or her evaluations on most scales. Paired comparisons showed that this was mainly due to the more positive evaluations of senior level respondents, compared to those of relatively junior and mid-level respondents. None of the post-hoc paired comparisons showed a statistically significant difference between the ratings of relatively junior and mid-level subjects.

An analysis of covariance (ANCOVA) was also performed on each of the measures shown in Table IV, with level in the organisation as the independent variable, and how familiar the respondents rated themselves with their organisation’s HRM policies and practices as the covariate. None of the
measures showed a statistically significant association (for an alpha of 0.05) with the respondents’ level in the organisation, after having controlled for the familiarity variable. A possible interpretation of these results is that the association between respondents’ scores on the various measures and their level in the organisation can be “explained” by differences in their familiarity ratings.

Analysis of scores on the scales discussed above yielded a few other minor differences on the basis of respondent or organisational characteristics. The length of time that the respondent had been with their organisation was correlated at a relatively low, but statistically significant ($p < 0.05$) level, with lower ratings of effectiveness ($r = -0.09$) and HRM soft ($r = -0.12$). There was a general trend for respondents from the public sector to give less favourable ratings than those from the private and “other” sectors. However, statistical significance was only achieved for ANOVAs involving the attitudes of top management, and with the competence and attitudes of HR staff. No ANOVAs or post-hoc multiple comparisons were statistically significant when analysing for differences between organisations with different numbers of employees. Similarly, no significant relationships were found between respondents’ age or gender and the scales discussed above.

**Relationships between scales and country-based samples**

One of the key aims of this study was to compare perceptions of barriers to HRM and of various aspects of HRM effectiveness across countries. Table V shows the mean ratings for each of the country-based samples. One-way ANOVAs were carried out for each of the above variables. None of these were statistically significant (alpha rate of 0.05) except for the helpfulness measure ($p = 0.03$). Post-hoc paired comparisons indicated a higher mean rating (i.e. less helpfulness) for the UK sample, compared with both the Australian and USA samples. Overall, however, there appears to be very little difference between perceptions of HRM effectiveness or of the barriers to this effectiveness on the basis of the country involved.
Discussion
Of the results presented above, three aspects in particular merit close attention. These are:

1. the results in regard to HRM effectiveness and their relationships to concerns about the concept of HRM;
2. the problems and barriers to effective HRM; and
3. the differences in perception between various groups including responses by country.

HRM effectiveness and the concept of HRM
The pattern of correlations shown in Table II, and the factor analytic results discussed above, could be seen as suggesting a distinction between HRM as strategy and its routine service aspects. In terms of the former, critics have suggested that the strategic needs of the organisation regarding staff often come into conflict with employee needs for satisfying, meaningful work and career progression (Hendry and Pettigrew, 1990; Keenoy and Anthony, 1992; Legge, 1995a; 1995b; Storey, 1995). We found little evidence of this. Items measuring the various “hard” and “soft” dimensions of HRM were found to form a single, reliable scale (Scale 1, Table I). To explore further possible conflicts between organisational needs and individual needs, correlations between these items and the item measuring overall HRM effectiveness were compared across groupings such as respondents by country, and type and level of position. Again, there was little evidence of any conflict.

Earlier, it was suggested that most organisations in developed countries such as those included in this survey will find it difficult to compete through simple cost minimisation and thus will find it necessary to include the “soft”, developmental aspects of HRM in addition to a link with strategy and objectives. The finding in this study of a strong relationship between the strategic and the developmental aspects of HRM perhaps support this assertion.
On the other hand, there was little evidence that a majority of organisations in any of the five countries had in place HRM policies and practices that were seen as effective, particularly in terms of the extent to which they increased employee motivation, satisfaction and commitment and helped employee development. Regardless of country, respondents demonstrated a propensity to rate their organisations’ HRM policies and practices as being ineffective overall. While discouraging, these results are generally in accord with concerns about the state of HRM practice in these countries that we reported in our earlier analysis of the HRM literature.

Turning to those results pertaining to the routine service aspects of HRM, respondents generally believed that their HRM staff were helpful to both managers and employees in relation to HR matters. While this suggests that respondents attached some importance to this facet of HRM, it should not detract from the fact that they did not associate it with effectiveness. In sum, it suggests that in terms of measuring HRM effectiveness, our respondents were looking for something more substantive than good service. Moreover, it offers little solace to those looking for indications of HRM making a significant contribution to organizational competitiveness. That said, the level of agreement about HRM’s service credentials was above that achieved by the more strategic aspects of HRM and represents what Tsui and Gomez-Mejia (1988) refer to as a “service-oriented, user-reaction” approach to the evaluation of HRM. Further, it seems to fall in line with calls by some commentators for a recognition of the importance of the service aspects of the HRM role. For example, Torrington (1989, p. 66) has drawn an analogy between the role of HR managers and that of general practitioners in medicine, while Bowen and Greiner (1986, p. 53) and Hales (1994, p. 54), have assessed the need for HR managers to view managers and employees as customers and to learn to market HRM services effectively.

Problems and barriers to effective HRM

In explaining failures to implement effective HRM policies, Jain and Murray (1984, p. 103) suggested that decisions about policies are determined by a combination of the individual’s power to make things happen, motives or objectives and rationality or knowledge of what actions cause what results. The findings of this study would appear to support this view. They demonstrate an overarching trend among our organisations – one which was expressed by responses that grouped together the perceptions that HRM was ineffective, that it lacked top management understanding and commitment, and that it suffered from a lack of HRM staff expertise.

Most of the items that defined management attitudes (Scale 3, Table I) were related to the priorities and understanding of top management in relation to HRM. Two of the other items focus on lack of apparent rationality, trust, support and fairness, elements which can be interpreted as strongly influenced by top management attitudes and priorities. Scores on this scale were relatively highly correlated with the effectiveness of HRM policies and practices (Scale 1).
In short, our sample reveals a widely held perception that top management support is crucial for effective HRM and that in many instances this support is not forthcoming. This seems to confirm the findings of the earlier discussed strand of literature, which suggests that a lack of commitment to HRM among senior management undermines the ability of the organisation to adopt a meaningful and effective HRM programme.

A lack of top management support for HRM may be attributable to two other factors noted earlier. First, it may be that the HRM function lacks representation and therefore power and influence among senior management within an organisation. Such a suggestion would appear to be in line with the widely held view among our respondents that senior management were more concerned with their own power and maintaining control than about the real needs of the organisation – needs that might entail the enhancement of HRM input and influence to the organisation’s strategy and greater devolution of power and control to line management in relation to the management of employees. Second, and as our respondents indicated, it may also be that top management take a short-termist perspective on HRM because they believe that the evidence of HRM having a long-term and positive impact on individual or organisation level performance is sketchy.

A further barrier to the implementation of effective HRM – again one which was also identified in the earlier review of the HRM literature – relates to the ability of some HRM staff to undertake the additional, more proactive roles that it is supposed to encompass. In this study, there was a general tendency for respondents across all five countries to agree that their HRM staff viewed their job as routine administration and lacked the knowledge, skills, influence and credibility to develop and implement an HRM programme. These perceptions were closely related to perceptions of overall HRM effectiveness and suggest that this barrier is a very real problem for many organisations.

Differences in perceptions
It is perhaps not surprising that HRM staff would rate their own helpfulness to managers and employees at a higher level than would non-HRM staff. However, the findings of more positive responses from senior level staff and from those who claimed greater familiarity with HRM in their organisation invites some discussion. It could be that these respondents simply have a greater knowledge of HRM as practised in their organisations, and that their views are thus more accurate. On the other hand, they might also feel a greater investment in the organisation’s management and its HRM, and either tend to respond somewhat defensively to the questions or at least not appreciate how top management and HRM effects lower level staff and those with less contact with HRM.

Regardless of the interpretation, the finding of significant differences on the basis of these particular background variables supports the need for a multi-constituency approach to evaluating HRM effectiveness. Tsui and Milkovich (1987, p. 521), for example, suggest that the HRM unit’s environment can be
conceived of as a network of constituencies, where constituencies are “. . . those parties, actors, claimants, or other institutions that . . . either affect or are affected by an organisation’s actions, behaviors and policies”. They add that “Its ultimate survival will depend on its ability to meet these stakeholders’ expectations or demands”.

Finally, it is particularly important to note that no significant differences in scale scores were found based upon the country of the respondent. More specifically, Australian and New Zealand respondents did not give significantly different responses to those of their counterparts in the USA, the UK or Canada. We might have expected to see an emphasis on “soft”, developmental humanist HRM at organizations seeking competitive advantage and operating in developed economies: this is not the case. Instead, respondents in all countries placed “hard” and “soft” elements of HRM on the same scale, while perceiving HRM overall to be ineffective.

Though all five countries included in the study have developed economies exhibiting broadly the same characteristics, this in itself does not explain a lack of differences. One explanation may lie in the classic cross-cultural literature which suggests that all five countries share similar values and/or a strong Anglo-Saxon influence. Hofstede (1983), for example, found Australian work values to be generally similar to those in the USA, Canada, the UK and New Zealand. A number of studies comparing managers in Australia and the USA have found similar values, beliefs about leadership and preferences for rewards (Popp and Fox, 1985). Discussions of the development of HRM in Australia, its current status and the challenges it faces (Collins, 1985; Dunphy, 1987; Kane, 1996; O’Neill, 1985; Stace, 1987) generally parallel such discussions in the USA (Dyer and Holder, 1988; Meshoulam and Baird, 1987; Schuler, 1990), Canada (Moore and Jennings, 1993), the UK (Hendry and Pettigrew, 1990; Storey, 1995) and New Zealand (Gilbertson and Fogelberg, 1991; Stablein and Geare, 1993). Thus, the results of this study could be seen as adding to a relatively small body of literature which implicitly suggests that the differences in HRM theory and practice in English language speaking countries may be relatively minor.

Conclusions
This study set out to remedy a number of deficiencies in prior work. In particular, it measured both “hard” and “soft” aspects of HRM and related them to perceived overall HRM effectiveness; it directly addressed what have previously been identified in a post-hoc manner as major barriers to HRM implementation; it gathered data from three important constituencies of HRM; and it compared two countries of the Asia-Pacific region with similar, developed countries in Europe and North America.

Amongst the results, perhaps the most important implications are for HRM theory. The correlations amongst the views of the majority of respondents, regardless of position or level in the organisation and regardless of the country they were from, indicate that, to be seen as effective, HRM must meet the basic criteria of both the strategic and the developmental perspectives. That is, HRM
policies and practices must be long term in focus, integrated with one another and in line with the organisation’s strategy and objectives as well as treating all employees fairly, increasing employee motivation, satisfaction and commitment, and helping all employees develop to their maximum potential. Thus, although critics are correct in asserting that both the “hard” and the “soft” aspects of HRM are seldom effectively implemented in practice, we found little evidence of conflict or incompatibility between these two theoretical perspectives in our results.

The use of a multiple constituency perspective on HRM was also generally supported, with significant differences found on the basis of the respondent’s position as either HRM staff, manager or employee, and their level in the organisation. Although these findings were complicated by the greater reported familiarity with the organisation’s HRM policies and practices by HRM staff and higher level respondents, inclusion of three important constituencies rather than only HRM staff adds greater confidence to the results.

The distinction between HRM effectively offering traditional services to both managers and employees and adopting a strategic role was supported by the results of our factor analysis. Two of the most positive item means amongst all the HRM-related items were concerned with the extent to which HRM staff were a help to managers in dealing with HR matters and were a help to employees in regard to their rights, entitlements and needs. Whilst this is an encouraging sign that HRM staff are effectively performing basic operational duties, these staff were also often seen as lacking the knowledge, skills, influence, credibility and view of their role effectively to develop and implement a more strategic HRM program. The correlations amongst scale scores indicated that these lacks were much more closely related to the perceived effectiveness of HRM than was the effective performance of traditional personnel management duties. This suggests that the general HRM approach is at least implicitly accepted by most respondents.

In terms of the barriers facing the implementation of effective HRM, although a wide range of possible barriers were included, the results of factor analysis indicated that the three major underlying factors were: management attitudes; the above mentioned deficiencies of HRM staff; and difficulties with the current state of HRM. The first two of these factors were highly related to HRM effectiveness, which generally supports the concern about them expressed in prior work. In terms of the latter factor, however, whilst there was considerable agreement about the lack of proven knowledge and the difficulty in quantifying the results of HRM, this factor was not significantly correlated with HRM effectiveness.

Thus, in general, our results support the contention that HRM effectiveness can be achieved via “hard” and “soft” approaches to HRM since this effectiveness is related both to organisational strategy and objectives, and to employee motivation and development. However, in the majority of cases, such effectiveness has been hampered through the goals of HRM not being achieved.
in practice, the inadequacies of a sizeable proportion of HRM staff and lack of support from top management. One must therefore conclude that where organisations in countries with developed industrial economies attempt to implement HRM, they often do so in a way that undermines its effectiveness.

Minimal significant differences were found across the five countries included in our sample, which generally supports prior comparisons. Further research could usefully be carried out which used the scales developed in this study in other, less developed countries in the Asia-Pacific region. If there is a greater use of cost minimisation strategies in these countries, the relationships between the “hard” and “soft” aspects of HRM and their relationships to HRM effectiveness might be different.

The fact that our results showed no significant differences in HRM effectiveness when compared by country might, at first glance, appear to be good news for Australian and New Zealand organisations. Given these organisations have as good a record of HRM effectiveness as those in the USA, the UK and Canada, it could be argued that, while their HRM has not led to any perceived advantage over competitors based in like economies, it has not led to any perceptible disadvantage either. We contend that this view detracts from what is, in fact, bad news for these organisations. As we pointed out in our introduction, organisations in Australia and New Zealand currently find themselves entering the next millennium on the back of a major economic downturn within the Asia-Pacific region. This downturn has exacerbated the need for Australian and New Zealand organisations to maximise competitive advantage. Since there appears to be little opportunity for them to do so by focusing solely upon price-based competition, there is general agreement that strategies which focus upon innovation, quality and service are likely to be more effective. Such strategies tend to rely upon highly skilled, committed and innovative workforces. Thus the strategic application of a developmental approach to HRM can be argued as essential for many of the organisations in these two countries.

One way of going about this would be to tackle and overcome the barriers to effective operation of HRM that the study has identified. As yet, there are few indications that organisations in Australia and New Zealand have done so. Instead, the barriers remain in place, leading to the conclusion that these organisations appear to be adding to their present difficulties through what is tantamount to a self-inflicted handicap.

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Barriers to effective HRM


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