Journal of Management Studies 34:1 January 1997
0022-2380

SOFT AND HARD MODELS OF HUMAN RESOURCE MANAGEMENT: A REAPPRAISAL*

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ABSTRACT

Two of the most widely adopted models of human resource management are the hard and soft versions. These are based on opposing views of human nature and managerial control strategies. The hard model is based on notions of tight strategic control, and an economic model of man according to Theory X, while the soft model is based on control through commitment and Theory Y. We argue that because these assumptions are so divergent, they cannot both properly be incorporated within a single model of human resource management.

Eight in-depth case studies were carried out, involving questionnaires, interviews and focus groups in order to find out whether organizations were practising either form of HRM. We found that no pure examples of either form existed. The paper concludes that the rhetoric adopted by the companies frequently embraces the tenets of the soft, commitment model, while the reality experienced by employees is more concerned with strategic control, similar to the hard model. This distinction between rhetoric and reality needs to be taken into account in conceptualizations of human resource management.

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INTRODUCTION

Human resource management (HRM) has frequently been described as a concept with two distinct forms: soft and hard. These are diametrically opposed along a number of dimensions, and they have been used by many commentators as devices to categorize approaches to managing people according to developmental–humanist or utilitarian–instrumentalist principles (Legge, 1995b).

The terms have gained some currency although, from a theoretical point of view, the underlying conflicts and tensions contained within the models have not been sufficiently explored and, from a practical perspective, available empirical evidence would suggest that neither model accurately represents what is happening within organizations (Storey, 1992; Wood, 1995). This leads us to question the value of these dimensions for defining normative forms of HRM. In this paper, we first analyse the conflicts and tensions both between and within the soft and hard models, and then report on the findings of an in-depth empirical study which will enable us to review and challenge the theoretical foundations upon which the soft and hard models are based.

CONFLICTS AND TENSIONS BETWEEN SOFT AND HARD MODELS OF HUMAN RESOURCE MANAGEMENT

The soft–hard dichotomy in HRM exists primarily within normative models of human resource management, rather than in what Legge (1995b) terms the descriptive–functional or critical–evaluative traditions. The earliest examples where this terminology is used are in the work of Guest (1987) and Storey (1987, 1992). Guest (1987), in seeking to define HRM, identifies two dimensions, soft–hard and loose–tight. Similarly, Storey (1992) plots existing interpretations of HRM along the two dimensions of soft–hard and weak–strong. Although these two commentators draw heavily on the work of American HRM academics in drawing a distinction between the two forms – the Harvard model for the soft version (Beer et al., 1985) and the Michigan model for the hard version (Fombrun et al., 1984 – the terms soft and hard have not been used in the American literature, and the debates surrounding them have taken place exclusively in a British context (Hendry and Pettigrew, 1990).

Guest (1987) and Storey (1992) in their definitions of soft–hard models of HRM view the key distinction as being whether the emphasis is placed on the *human* or the *resource*. Soft HRM is associated with the human relations movement, the utilization of individual talents and McGregor's Theory Y perspective on individuals (developmental–humanism). This has been equated with the concept of a 'high commitment work system' (Walton, 1985b), 'which is aimed at eliciting a commitment so that behaviour is primarily self-regulated rather than controlled by sanctions and pressures external to the individual and relations within the organization are based on high levels of trust' (Wood, 1996, p. 41). Soft HRM is also associated with the goals of flexibility and adaptability (which themselves are problematic concepts, as we shall see in more detail later), and implies that communication plays a central role in management (Storey and Sisson, 1993).

Hard HRM, on the other hand, stresses 'the quantitative, calculative and business-strategic aspects of managing the "headcount resource" in as "rational" a way as for any other factor of production' (Storey 1992, p. 29; Legge, 1995b) (utilitarian–instrumentalism). Hard HRM focuses on the importance of 'strategic fit', where human resource policies and practices are closely linked to the strategic objectives of the organization (external fit), and are coherent among themselves (internal fit) (Baird and Meshoulam, 1988; Hendry and Pettigrew, 1986), with the ultimate aim being increased competitive advantage (Alpander and Botter, 1981; Devanna et al., 1984; Lengnick-Hall and Lengnick-Hall, 1990; Miles and Snow, 1984; Storey and Sisson, 1993; Tichy et al., 1982; Tyson and Fell, 1986).

These two perspectives on HRM are viewed as opposing: 'what is striking is that the same term [HRM] is thus capable of signalling diametrically opposite sets of assumptions' (Storey, 1992, p. 26). However, both Guest and Storey, while explicitly acknowledging this dichotomy, incorporate both when constructing their own HRM 'model' or 'theory'.

For example, in his paper, Guest (1987) draws on both hard and soft dimensions in constructing his 'theory' of HRM which contains reference to four HRM 'policy goals', including 'strategic integration', which is clearly associated with his interpretation of the hard model, and 'commitment', which is associated with his view of the soft model. Thus, Guest acknowledges a difference between the concepts and assumptions of soft and hard HRM, but abandons the distinction when embarking upon theory-building.

Similarly, Storey (1992), identifies his four key features of an HRM approach as incorporating both soft elements such as commitment, and hard elements such as strategic direction.

The incorporation of both soft and hard elements within one theory or model is highly problematic because each rests on a different set of assumptions in the two key areas of human nature and managerial control strategies. Many of these assumptions can, in fact, be traced back to the work of McGregor (1960), who even used the terminology 'hard' and 'soft' to characterize forms of managerial control. McGregor was concerned with how to foster an organizational environment conducive to innovation. He concluded that most managerial control strategies were based on views of human nature contained in Theory X (e.g. that people dislike work), leading to tight managerial control through close direction. This has overtones of the emphasis within the hard model on strategic direction, integration, and performance management techniques such as appraisal.

Theory Y, on the other hand, opens up the notion that 'man will exercise self-direction and self-control in the service of objectives to which he is committed' (McGregor, 1960, p. 326). If people are assumed to be in pursuit of self-fulfilment through work, then management's aim should be to foster individual growth and development in order to realize the potential of its 'human resources' (*sic*). He continues, 'the principle of integration demands that both the organization's and the individual's needs be recognized' (p. 329). This has a surprising degree of similarity with today's soft version of HRM, resting on the notions of commitment and self-direction, with the dual aims of meeting the needs of the organization and of the individual.

McGregor's argument was that it is our view of human nature (Theory X or Theory Y) which ultimately influences management control strategies. Echoes of this can be found in Noon's (1992) argument that definitions of HRM contain contradictory elements of 'modern man', who is influenced by physical, psychological and social laws and 'hermeneutical man', who is self-bound and '*creates* organizational reality and structures rather than *responds* to them' (Noon, 1992, p. 27; Sullivan, 1986).

Soft models of HRM can be compared with the Theory Y approach or notions of 'hermeneutical man'. The soft version assumes that employees will work best (and thereby increase organizational performance) if they are fully committed to the organization (Beaumont, 1992; Dunham and Smith, 1979; Guest, 1987, 1988; Legge, 1995a; Lundy, 1994; Walton, 1985a). Hope (1994) notes that 'the employee working under an HRM system would not merely comply with the organization's wishes, but positively and affectively commit themselves to the aims and values of their employers, and thereby give added value through their labour' (p. 3). The soft model emphasizes that this commitment will be generated if employees are trusted, if they are trained and developed, and if they are allowed to work autonomously and have control over their work (Guest, 1987; Hendry and Pettigrew, 1990; Kamoche, 1994; Mahoney and Deckop, 1986; Purcell, 1993; Purcell and Ahlstrand, 1994; Tyson et al., 1994). In other words, the strategic dimension of the soft model, in contrast to the hard model, is that control comes through commitment (Purcell, 1993).

Under the hard model, on the other hand, control is more concerned with performance systems, performance management and tight control over individual activities, with the ultimate goal being to secure the competitive advantage of the organization (Guest, 1995). This implies that the individual is managed on a much more instrumental basis than under the soft model.

Ultimately, then, there is a tension and conflict between elements of self-expression and high trust contained within the soft model, and direction and low trust within the hard model (Noon, 1992). Although hard and soft models of HRM therefore derive from very different intellectual traditions, and incorporate diametrically opposed assumptions about human nature and managerial control, both have been incorporated within the same theories or models of HRM. Thus, for instance, Storey's (1992) model contains elements of modern man (or Theory X) when he states that 'people-management decisions ought not to be treated as incidental operational matters or be sidelined into the hands of personnel officers' (p. 26). In other words, people-management needs to be controlled and directed 'from above', and hermeneutical man (or Theory Y) when he states, 'it is human capability and commitment which … distinguishes successful organizations … the human resource ought to be nurtured' (p. 26). The opposing nature of the models' underlying assumptions leads us to question the validity of constructing models of HRM on the basis of both soft and hard elements.

CONFLICTS AND TENSIONS WITHIN SOFT AND HARD MODELS OF HRM

These conflicts between soft and hard versions of HRM are further compounded by the conceptual difficulties contained within them, particularly concerning the notions of strategic integration and commitment.

Strategic integration has been defined by Legge (1995b, p. 96) as having three dimensions: 'The integration or "fit" of human resources policies with business strategy; the integration or complementarity and consistency of "mutuality" employment policies aimed at generating employee commitment, flexibility and quality; the internalization of the importance of human resources on the part of line managers.' Integration with business strategy can be concerned either with developing HR policies that 'fit' the organization's stage of development (life cycle models) or with its strategic orientation, such as models that build on Porter's three generic strategy types (Schuler and Jackson, 1987). 'The fundamental strategic management problem is to keep the strategy, structure and human resources dimensions of the organization in direct alignment' (Tichy et al., 1982, p. 48).

The problematic nature of this concept has been identified by a number of commentators. For instance, while fit between strategy and HRM implies that HRM policies should be *contingent* upon business strategies, fit among HR policies themselves would imply 'an *absolutist* approach to the design of employment policy' (Legge, 1995a, p. 38). Further, there is no evidence that a tight fit leads to positive outcomes, and the concept of fit implies inflexibility and rigidity which could, in themselves, be detrimental to organizational outcomes (Lengnick-Hall and Lengnick-Hall, 1990). Legge (1989) and Keenoy (1990) both argue that fit might not be attainable, or desirable, in a diversified organization.

An underlying assumption of some 'matching models' of hard HRM which argue that an appropriate human resource strategy can be found for any business strategy is that there is a simple, linear relationship between strategy and human resource strategy, particularly where it is argued that typologies of linkages, such as a one-way or reciprocal linkage, can be established (Baird and Meshoulam, 1988; Butler et al., 1991; Dyer, 1984; Golden and Ramanujam, 1985). This fails to acknowledge the complexities both between and within notions of strategy and HRM; for instance, the Mintzbergian contrast between 'emergent' and 'intended' strategies (Dyer, 1985; Truss and Gratton, 1994), and is based on a rational model of individuals and organization, which takes no account of the significance of power, politics and culture (Purcell and Ahlstrand, 1994; Kamoche, 1994). The matching model is based on a narrow, classical view of strategy formulation which assumes that formulation and implementation are separate activities and, consequently, that strategies in the HR area can simply be 'matched' to business strategies at the formulation stage. However, Whittington (1993) has identified three other perspectives on strategy formulation, evolutionary (the market selects the winners and environmental fit is the main goal; strategy is therefore emergent), processual (strategy is a means used by managers to codify a complex world, and is discovered in action rather than formulated), and systemic (social systems have a key role to play in shaping strategic goals), none of which would allow for a 'matching' process with HR strategies to take place. HRM can also be non-strategic and reactive (Miller, 1987).

The soft model of HRM is founded on the concepts of commitment, flexibility and quality, although these are similarly ambiguous and open to debate (Purcell, 1993). Keenoy (1990) argues that the goals of quality, flexibility, commitment and integration presented in Guest's (1987) soft model of HRM may well not be mutually compatible and, in practice, may be difficult to achieve. The assumption that committed workers are necessarily more productive has also never been proved (Bassett, 1994).

Prieto (1993) notes that there are three types of flexibility; numerical (flexibility in the number of people in the workforce), wage (where wage adjustments can be linked to profits), and functional (where there is a broadening of skills). These three types of flexibility, he argues, are all very different and may even be contradictory. While flexibility is frequently presented as a desirable attribute for both organizations and individuals, Prieto (1993) argues that the more coercive side has been downplayed. For instance, numerical flexibility may include the use of short-term contracts or temporary assignments as a means to alter the size of the workforce, at the expense of more permanent forms of employment that may be more attractive to employees. This can therefore affect levels of commitment. There is also confusion surrounding the notion of commitment, and it is unclear whether the desired form of commitment is to the organization, work group, immediate supervisor, union or occupation, and the interaction and potential conflict between these different forms of commitment has not been addressed within the HRM literature (Legge, 1995b).

Thus, as we have seen, conceptualizations of HRM along the hard–soft dimension are plagued with inconsistencies and ambiguities. At a theoretical level, the principal problem with using them together as elements to construct a 'theory' of HRM is that they are founded on opposing assumptions regarding human nature and, consequently, the legitimacy of managerial control strategies. Noon's (1992) observation that theories of HRM lack the requisite criteria of parsimony and completeness also applies, particularly where such complex notions as 'strategic integration', 'commitment' and 'flexibility' are concerned.

If such conceptual weaknesses exist within models of HRM, how valid can they be as the basis of normative theories? Do organizations practise either soft or hard HRM, and under what conditions? How can these practices, in turn, inform theories of HRM?

In the following sections of the paper, we will analyse the practice of soft and hard HRM on the basis of an empirical study, before discussing the implications of the findings for theories of HRM.

METHODOLOGY

The data presented in this paper are taken from a broad-ranging study of HRM within eight case-study organizations in the UK. Within each organization, we focused on one business, unit or region so that we could obtain in-depth data, rather than simply collecting broad-brush information across the organization as a whole. Appendix 1 provides background information on the companies studied. The fieldwork took place between mid 1993 and early 1995.

The case study method has been particularly recommended for analysis of HRM, since it permits a holistic analysis of a set of interrelated phenomena within controlled settings (Boxall, 1993; Dyer, 1984). Adopting this approach enabled us to gather in-depth data to explore HRM from a variety of perspectives within the same organization. The units studied were all based in Britain, and were from different sectors. All the private sector firms were in the top five in terms of profit in their particular sectors. The advantage of this variety was that we could examine HRM in a range of settings. Conversely, we had no means of verifying the impact of sectoral differences on our findings and, consequently, our conclusions are put forward as propositions that merit testing further on a broader sample.

The organizations included were self-selected, in that the human resource director of each firm was a member of the Leading Edge Forum group of companies which sponsored the research and granted access to their organization. One implication of the self-selection is that the level of interest and involvement in HRM issues in the firms could be expected to be quite high, compared with average organizations, and we could therefore have anticipated companies such as those in our sample would have quite sophisticated HR techniques. As we shall see, this was by no means always the case. Clearly, this meant that the research team had no means of selecting companies, and it was therefore not possible to impose controls on the sample. However, despite these disadvantages, we were able to have full control over the nature of the study. We therefore feel that our data consequently represents a significant empirical contribution in terms of their richness, depth, scope and rigour.

Prior to the main research project, a pilot study was carried out in one of the organizations, Glaxo Pharmaceuticals. Within all the organizations, a self-completion questionnaire was mailed to a random 20 per cent sample of employees at managerial level and below within the unit we were studying. In total 4,290 questionnaires were issued and 2,220 returned, an average response rate over the eight organizations of 52 per cent, which we considered very good. Approximately 60 per cent of questionnaires in each organization went to non-managerial staff ('operating core'), and the remaining 40 per cent to management-level staff. Table I gives the number of responses and response rates for all the companies.

The research included a focus group discussion with members of the human resource department both from the unit of study and from the broader organization, and a total of 287 hour-long semi-structured interviews were carried out within the unit of study, with employees from all levels of the firm, including the managing director, other directors, line managers, 'operating core' (i.e. employees with no direct supervisory responsibility), human resource director and members

Table I. Questionnaire responses

Company	*Response rate %*	*No. questionnaires analysed*
BT	50	294
Chelsea & Westminster Trust	39	126
Citibank	59	177
Glaxo	71	178
Hewlett Packard	56	215
Kraft Jacob Suchard	70	164
Lloyds	51	610
WH Smith News	46	456

Table II. Number of days' training received by employees this year

(Percentages)	*20+ days*	*11–20 days*	*1–10 days*	*None*
BT	3	11	56	29
Chelsea & Westminster Trust	12	11	51	24
Citibank	2	2	55	40
Glaxo	6	13	72	9
Hewlett Packard	3	8	75	13
KJS	2	7	57	33
Lloyds Bank	2	9	59	28
WH Smith	2	2	41	53

of the HR department. This figure includes the 12 interviews in each firm that were carried out as part of an 'Unwritten Rules of the Game' study on behalf of the consulting group Arthur D. Little, who were also sponsoring the research (McGovern, 1995; Scott-Morgan, 1994). Further short questionnaires were completed by the directors and HR director who took part in the interviews.

FINDINGS

Earlier, we differentiated between soft and hard models in terms of two criteria; first, underlying perceptions of human nature and, secondly, managerial control strategies. The soft perspective is characterized by a developmental–humanist stance and the hard perspective by an instrumental–utilitarian stance. We shall analyse our data along these two dimensions. In particular, we shall make reference to the views and experiences of the employees to contrast company rhetoric with individual perceptions.

Human Nature

First, we consider perceptions of human nature. The soft perspective implies that individuals are viewed as a resource worthy of training and development, whereas the hard perspective implies that individuals are a cost to be minimized. We would therefore expect minimal training to take place within organizations adopting a 'hard' perspective, with a greater emphasis on training under 'soft' HRM.

Table II shows that most questionnaire respondents in all organizations except WH Smith received at least some training in the current year. However, the vast majority of employees received 1–10 days, with a minority being trained for more than 20 days. Most training took place within Glaxo and Hewlett Packard.

Table III shows that, although employees may be receiving training, the quality and usefulness of that training cannot be taken for granted. In only two of the organizations, KJS and Glaxo, did more than half the respondents indicate that they thought they received the training they needed to do their jobs well. In Lloyds Bank and Citibank, fewer than one-third of respondents felt they received enough training, and it was only in three of the organizations that most respondents felt they were encouraged to develop new skills. One Lloyds Bank

Table III. Employees' perceptions of training

(Percentages)	*'I receive the training I need to do my job well' (agree/strongly agree)*	*'The organization does not encourage me to develop new skills' (disagree/strongly disagree)*
BT	41	31
Chelsea & Westminster Trust	36	46
Citibank	30	49
Glaxo Pharmaceuticals	56	71*
Hewlett Packard	46	69
Kraft Jacobs Suchard	51	63
Lloyds Bank	29	37
WH Smith	36	43

*Question used at Glaxo (pilot) was reversed, i.e. the statement was positive. Percentage given represents those agreeing with the statement. There is the possibility that this led to a higher score for Glaxo

senior manager said, 'People's perceptions of development would be that it is inadequate. But of course they are looking at being developed as generalists and I want them to be specialists more and more.' This implies a tension between individual aspirations and company needs that is ultimately resolved, as the hard model would suggest, at the expense of the individual.

These views contrast sharply with company rhetoric. All the companies placed great emphasis on training and development, with most having a number of large-scale training initiatives either in place or being developed, sometimes as part of a broader culture change programme. There was clear evidence that all the organizations were increasing their investment in training, sometimes from a very low base. This was particularly true at Lloyds Bank and WH Smith, where training initiatives were being put in place at the time of the research that represented a marked improvement on earlier provisions. We may therefore expect that levels of training and skill development will increase within both these organizations.

Significant qualitative differences emerged between the types of training offered. It was clear that even where training opportunities were provided, these were not necessarily equated with a soft, developmental HRM perspective. For instance, the training offered by Citibank was felt by most interviewees to be of excellent quality, but its primary focus was on creating a workforce with the skills the bank needed in specialist technical and professional banking matters, with management and other skill development training hardly figuring in the programme offered. The training manager stated that the training programme's primary aim was broadly to support the bank's three-year plan and, secondly, to ensure that each course met a particular business objective. There was no explicit aim within the training of increasing individuals' skill levels or broadening their experience. The technical bias of this training programme implies a somewhat different view from the long-term individual development suggested by the soft model, although it does not suggest a cost minimization strategy indicative of a hard approach. This raises the point that workforce skill levels will always need to be high in such knowledge-based organizations.

Similarly, at KJS while one internal brochure stated: 'We believe that outstanding people, more than physical assets, financial resources or brands, make the difference in achieving superior business results', another document concluded: 'individual development, when managed effectively, leads to increased productivity and growth'. Thus, at KJS, training and development were regarded as necessary investments in human capital aimed at improving bottom-line competitive advantage rather than developing the individual, although this is likely to be an additional outcome.

BT was putting through a programme of culture change, entitled 'Involving Everyone', with the purpose of developing an achievement orientation in individuals and fostering a sense of shared purpose. A portfolio of management development programmes was on offer. The aim behind this was described in one document as 'to increase our people's potential to achieve [our] business goals.' The focus was on 'get[ting] people to become responsible for their own development', in the words of one senior manager. Thus, at BT, training and development were again linked to competitive advantage.

One other form of individual development within organizations is career management. Upward progression may be one of the rewards given by organizations to their employees in return for their labour (Mumford, 1971). One of the most characteristic features in all the companies studied was a shift in responsibility for career management from the organization to the individual.

For example, at Citibank, internal documentation noted: 'No-one at Citibank is guaranteed a career. What you are offered is the chance to pursue one.' At Kraft, one member of the HR department said: 'Whilst the formal structure for employee development has been driven by the HR function, greater emphasis has been placed on the role of the line manager and the individual themselves in adding value to their own roles and influencing career progression.' This trend accompanied rounds of downsizing that had taken place in most of the companies, with the associated delayering, shortening of career tracks, and reconfiguration of jobs. In other words, not only were people increasingly expected to self-manage their careers, but career options themselves were severely limited compared with a few years ago. This shift was most marked in Lloyds Bank, where the recent culture change programme explicitly signalled a move away from a paternalistic and authoritarian model (Purcell and Ahlstrand, 1994) towards empowerment of the individual and devolution of responsibility from the centre, 'opportunities are limited, a lot is left to the individual' (personnel staff). This was further marked by an end to automatic promotion, a shift to greater work specialization, and the adoption of a sales ethos. The new climate was of personal responsibility. The flatter structure led to redundancies, loss of promotion opportunities, segmented management, and the loss of status for branch managers who saw many of their responsibilities centralized. These feelings are reflected in the relatively high number of respondents who said that they did not have the opportunities they wanted to be promoted, both within Lloyds Bank and within BT, which had undergone a similar exercise (see table IV).

This shift towards self-managed careers would appear to reflect the soft model's emphasis on individual empowerment. However, since this is accompanied by a curtailing of career opportunities in most cases, an alternative interpretation could be that the organizations are adopting a more instrumental

Table IV. Percentage of respondents agreeing/strongly agreeing with the statement 'I do not have the opportunities I want to be promoted'

BT	62
Chelsea & Westminster Trust	39
Citibank	33
Glaxo Pharmaceuticals	32
Hewlett Packard	33
Kraft Jacobs Suchard	47
Lloyds Bank	52
WH Smith	35

approach by adopting the rhetoric of soft HRM and empowerment in circumstances that do not permit its use. Similarly, although training may be provided (as in 'soft' HRM), its primary purpose is to improve organizational performance. Individual development is not an explicit goal in its own right, as is suggested by the developmental–humanist stance of the soft model.

Control Strategies

We now turn to the question of control strategies. In particular, we are concerned with whether the organizations adopt a strategy of control through commitment (soft model) or control through tight strategic direction (hard model).

The soft model suggests that organizations make extensive use of communication with employees as a mechanism to maximize commitment (to the organization) (Legge, 1995b; Storey, 1992).

One of the most striking results (see table V) is that most of the organizations are effectively communicating their aims to their employees, but that *upward* communication is barely in place, even in those organizations where downward communication is strongest. Interestingly, in only three of the organizations did most employees feel that the strategy was communicated clearly to them.

Table V. Communication between management and staff

(Percentage of respondents agreeing/strongly agreeing)	*'I am aware of what management is trying to achieve'*	*'Senior management is well informed about what people at lower levels think and do'*	*'My organization does not communicate its strategy to us clearly as employees' (disagree)*
BT	67	12	34
Chelsea & Westminster Trust	46	14	21
Citibank	64	8	44
Glaxo Pharmaceuticals	63	16	54 (rev)*
Hewlett Packard	73	20	53
KJS	68	11	57
Lloyds Bank	59	11	21
WH Smith	60	21	21

*Question used at Glaxo (pilot) was reversed, i.e. the statement was positive. Percentage given represents those agreeing with the statement. There is the possibility that this led to a higher score for Glaxo

Table VI. Percentage of respondents agreeing/strongly agreeing with the statement 'I do not have a great deal of trust in my manager'

BT	53
Chelsea & Westminster Trust	37
Citibank	31
Glaxo Pharmaceuticals	20
Hewlett Packard	19
Kraft Jacobs Suchard	26
Lloyds Bank	49
WH Smith	27

The question of trust was also explored; the soft model suggests that individuals are regarded as worthy of trust and discretion. The results of the question 'I do not have a great deal of trust in my manager' are shown in table VI. Overall, levels of trust (measured in terms of trust in the immediate manager) were quite high, particularly at Glaxo and HP, although in Lloyds Bank and BT they were low relative to the other organizations. In the interviews at Lloyds Bank, we found a lack of trust between staff and headquarters. People clearly felt that head office was remote and did not listen to them: 'There is great distrust of the bank, a them and us feeling,' said one line manager. The bank's internal newspaper was known as the 'propaganda sheet' and the company's head office as 'Planet Bristol'. Similarly, in BT, employee communications plans were drawn up each year, including a two-yearly employee attitude survey. Staff, however, felt they were seen as a resource to be cut, and were sceptical of the value of communications. 'We are inundated with briefings ... by the time it gets to the shop-floor level, you have got a lot of messages and you lose credibility,' said one line manager. These findings show the extent to which senior management were felt to be out of touch with the views and feelings of employees, in particular in relation to the changes occurring in career patterns and security.

In order to ascertain levels of commitment, we used the Mowday et al. (1978) 15-item Organizational Commitment Questionnaire (OCQ) to assess the degree of commitment across our sample, and found a very broad range (the OCQ was not used in the pilot company, Glaxo Pharmaceuticals). The respondents from HP recorded by far the highest levels of commitment, with a summary indicator of 84 per cent. No other organization scored over 50 per cent. WH Smith was the second highest with 38 per cent, and the lowest was actually a negative score, −1.1 per cent.[1] Using the Mowday et al. (1978) measure, there is little evidence that the companies were achieving high levels of commitment at the time of our surveys. Longitudinal research would show whether initiatives currently being put in place would lead to increased levels of commitment.

In our study, we also looked at the converse area of strategic direction and integration (see table VII). One factor to emerge from the case studies was that all the companies were unique in the way in which business strategy and human resource factors were, or in most cases, were not explicitly linked together. These data would suggest that there was limited scope within the organizations for the HR function to perform an 'architect function' (Tyson and Fell, 1986), since

Table VII. Integration of HR factors and strategy at corporate/group level

	BT	*C&W Trust*	*Citibank*	*Glaxo*	*HP*	*KJS*	*Lloyds*	*WH Smith*
HR director member of corporate board			x					
Involvement of HRD in corporate strategy:*								
Involved in formulating			x		x			x
Able to advise on people implications once formulated							x	
Informed of strategy and asked to implement it	x							
Corporate value/mission statement included explicit reference to people	x	x	x	x	x	x	x	x
Separate document articulating people-management strategy								x
People-management strategy integral/implicit part of corporate strategy	x	x	x	x	x	x	x	

Notes: x = yes; *Data not available for Glaxo, KJS or Chelsea and Westminster Trust

their representation at corporate level is so limited. This reflected the findings of Tyson's study (1995) that HR matters may constitute a second or third-order strategy (Purcell, 1989). In only three instances did the HR director play an active role in formulating the overall business strategy, and we do not have data on exactly how that role was fulfilled.

Some interesting differences emerge when we compare these data at the corporate level with findings at the level of the business unit that formed the focus of our research. Glaxo and Lloyds both had a separate document outlining their people management strategy at the business unit level, although not at corporate level. WH Smith's people management strategy was articulated and contained within the overall strategy document for the unit. None of the organizations reported that there was no conscious strategy for managing people within the unit of study, and most reported that the strategy for managing people was an integral part of the business unit strategy. The only organization reporting that strategic HR issues were not discussed at either executive committee meetings or within groups of HR and line staff at the business unit level was BT.

In none of the firms did human resource considerations take precedence over business strategic considerations. The most sophisticated example of linking business and human resource strategies was found in KJS, which is a subsidiary of the American conglomerate Philip Morris. Overall strategic direction in terms of core business was determined by the parent firm and, within this framework, financial targets were set by the European subsidiary for the British firm. Working within these parameters, the subsidiary had the latitude to determine its strategy for meeting these targets, which consisted of four main aims: 'Growth through acquisitions, develop the organization, take out costs, strengthen core businesses.'

The human resource director at KJS UK had taken these and developed a set of people implications and associated human resource strategies under the headings: hiring, motivating, developing and maintaining. It was clear that people considerations were very much secondary to business strategic objectives. One senior director at Kraft summed up the position in his firm:

> 'I don't think HR gets factored into the development of business strategies. HR would be involved in our three-year planning, in terms of development, succession planning and so on, but it doesn't determine which way the company goes or how the company is going to expand into different cores ... HR falls out of the business strategy.'

There was clear evidence of attempts to make explicit linkages between the various areas of HR intervention to ensure coherence, for instance through various training initiatives, which could be regarded as evidence of their use of strategic control in HRM. Citibank also had strong linkages between strategy and HRM. They, too, had a clearly articulated HR strategy, and the three-year plan incorporated a section on HR implications written by the HR director, who was also involved in strategy formulation. However, in contrast with KJS, the stress at the bank at a strategic level was on the role of line managers in motivating and developing their staff, and on recruiting, motivating and retaining key skilled individuals. The performance appraisal of senior directors was linked to their achievement of targets in the area of people management. Whereas KJS stressed utilizing people to achieve strategic objectives for the organization, Citibank's philosophy was to achieve 'excellence in people management' through 'meritocracy, independent initiative, listening/communicating, development' (internal documentation), founded on respect for the individual. In this sense, Citibank represented the 'soft' model of strategic HRM, although the emphasis on linking people management to business objectives is indicative of the hard model. However, our research found little evidence of any deliberate or realized coherence between HR activities. For instance, one HR officer commented that the firm could be recruiting someone in one department and laying off someone with a similar profile in another.

Hewlett Packard could be described as having a unique 'cultured' soft model of HRM, in that HR considerations were an intrinsic part of the corporate strategy and management style, rather than being grafted on to it. This created a situation where HRM was imbued into the culture of the organization, and the whole way in which people operated, becoming 'owned' by everyone, not the HR function itself ('the ownership of managing people and practising the HP Way is a line management-owned function' (senior manager)). For instance, the managing director articulated the six key processes for the organization as 'customer focus, planning process, order generation, product generation, order fulfilment, people fulfilment'. The emphasis placed in this model on development, fulfilment and quality is indicative of the soft model, however, a distinction needs to be drawn between the soft model as exemplified in Citibank as compared with Hewlett Packard. Whereas in the bank responsibility for drawing out the HR implications of the business strategy ultimately lay with the HR function (although the management of people itself was carried out in the line), this was not the case in HP, where people considerations were seen as a fundamental component of the business strategy itself. These clearly represent two diverse models of HRM, although both within what might be termed the soft paradigm.

The remaining organizations fitted neither of the models, having what could best be described as 'transitional' models of HRM similar to those indicated by Purcell and Ahlstrand (1994). WH Smith at the time of the research was in transition between a paternalist HR strategy (Purcell and Ahlstrand, 1994) and a strategy that emphasized linking HR and business strategies together. The importance of the external environment is well illustrated in this instance, where the firm was experiencing enormous competitive pressures hitherto unknown in its long history. It was these pressures that had prompted a change in overall business strategy towards a focus on productivity and customer service. In this new environment, a paternalist HR function was no longer seen as able to deliver these strategic objectives, and initiatives were being put into effect that sought to improve the quality of performance, accompanied by a major culture change programme.

Similarly, Lloyds was suffering from intensified competition in the wake of changes in the financial services industry and a maturing of the market in the 1990s. In response to these changes, the bank developed a new strategy of focusing on selective market leadership and maximizing shareholder value. This led to a major programme of restructuring and the centralization of many activities. This has been accompanied by a move from a centralized paternalistic model where people were promised 'jobs for life', towards an emphasis on performance management, devolution of responsibility to line managers, regional pay and individualized reward schemes, gathered under an umbrella of the 'personnel platform', a framework based on job design and grading, competencies and self-managed careers, which sought to bring coherence to the various HR interventions and activities. Lloyds could therefore be described as moving between a paternalistic model and a variant of the hard model.

Chelsea & Westminster Trust was having to define a strategy, mission and business plan for the first time. While the organization theoretically had a free hand in both strategy and HR matters, in practice central and professional control continued to be the determining factor in both areas. As yet, there was no articulated HR strategy, and no evidence of any coherence among HR activities in different parts of the organization, although an HR strategy was being drawn up at the time of the research. The language of the soft HRM model, for instance flexibility, commitment, quality, was in evidence but so, too, was that of the hard model, emphasizing financial control. These sat alongside the traditional public sector HRM philosophies and practices, leading to a model unique among our cases.

We found no evidence that the organizations in our sample were adopting an 'integrative linkage' between their business and HR strategies (Golden and

Table VIII. Control over setting work targets

% ticking each statement	*Solely responsible for setting own targets*	*Determine targets together with boss*	*Boss sets targets but seeks my agreement*	*Boss solely responsible for setting targets*	*Not aware of having any specific targets*
BT	4	25	29	37	5
Chelsea & Westminster Trust	30	46	7	2	15
Citibank	11	57	22	5	5
HP	6	59	27	3	5
Glaxo	5	60	26	8	1
KJS	9	72	10	4	5
Lloyds Bank	4	24	36	27	9
WH Smith	11	38	21	14	16

Ramanujam, 1985). Most of the firms operated what Golden and Ramanujam term the 'one-way' linkage, where business strategy informs HR strategy, but not vice versa. This was reinforced by the questionnaire responses. Just 14 per cent of respondents overall (n = 1,894) felt that the HR department in their organization had a clear strategy guiding its activities, although 61 per cent felt the organization had a clear corporate strategy.

Another aspect of strategic control which we measured was the degree of control individuals had over setting their own work targets (see table VIII). Individuals had most control at the Chelsea & Westminster Trust, and least control at BT and Lloyds Bank, which were those organizations where employees expressed least trust in their managers (see table VI).

Flexibility and Adaptability

Finally, we examined the concepts of flexibility and adaptability. At Lloyds Bank, the rhetoric supported the soft model of HRM. The 'Shaping our Future' communications programme stressed values such as flexibility, specialization, devolution, adaptability, responsibility and teamwork. The need for flexibility of staff had arisen particularly out of market pressures to open branches for longer hours. One senior manager said at interview: 'I want my branches to open on Saturday with more flexible staff on short-term contracts. Personnel try to cling to the status quo.' However, as table IX shows, only 56 per cent of questionnaire respondents thought the bank flexible enough to cope with change, one of the lowest scores.

Although we do not have absolute indicators of the degree of flexibility or the relative competitive advantage of the organizations, the questions referred to in table IX can act as proxies for measuring organizational flexibility and performance, albeit through the eyes of employees. For instance, KJS appeared to adopt most of the tenets of the hard model of HRM with a focus on bottom-line performance in the way people are managed, and yet it scored second lowest of all the organizations in terms of the number of respondents who believed that the company was better placed than its competitors to meet the challenges of the 1990s. Hewlett Packard, which scored quite highly in terms of adopting a soft,

Table IX. Organizational flexibility

(Percentage of respondents (agreeing/strongly agreeing)	*'My organization is flexible enough to cope with change'*	*'My organization is better placed than any of its competitors to meet the challenges of the 1990s'*
BT	56	63
Chelsea & Westminster Trust	55	38
Citibank	73	59
Glaxo Pharmaceuticals	69	66
Hewlett Packard	80	91
Kraft Jacobs Suchard	58	47
Lloyds Bank	56	62
WH Smith	73	72

developmental and commitment approach to its employees, also scored very highly in terms of flexibility and performance. Thus, although the soft model may emphasize individual development and commitment, the underlying principle behind this is still bottom-line performance. Chelsea & Westminster Trust scored the lowest on both these questions (especially the second), as well as scoring quite low in terms of training, development and career opportunities. This suggests that it may be close to Miller's (1987) version of non-strategic HRM.

DISCUSSION

The data from our study showed that no single organization adopted either a pure soft or hard approach to human resource management. At the rhetorical level, many embraced the tenets of the soft version (training, development, commitment), but the underlying principle was invariably restricted to the improvement of bottom-line performance. The specification of the soft model suggests that soft HRM has the dual aims of improved competitive advantage *and* individual development. This second element appeared to be missing in the organizations we studied. This was most apparent in the case of career development. As we saw, the onus is increasingly on individuals to manage their careers, and this is expressed by the organizations in terms of empowering individuals to manage themselves. In reality, however, the options for individuals have been severely curtailed by organizational restructuring, and so in many instances this is simply empty rhetoric and perceived as such by employees. This was reflected in the low scores achieved for most organizations on the organizational commitment questions. While, on the one hand, training was taking place in the organizations, the *aim* of much of this training was not the development of the individual as an end in itself, but ensuring that individuals had the skills necessary to carry out their jobs in such a way as to improve organizational performance. One side-effect of this training could be individual development, but it was not an explicit aim.

One conclusion of our study, therefore, is that even if the rhetoric of HRM is 'soft', the reality is almost always 'hard', with the interests of the organization prevailing over those of the individual.

In all the organizations, we found a mixture of both hard and soft approaches. The precise ingredients of this mixture were unique to each organization, which implies that factors such as the external and internal environment of the organization, its strategy, culture and structure all have a vital role to play in the way in which HRM operates.

There was no evidence of organizations developing or adhering to any particular guiding philosophy in HRM beyond motherhood statements of the 'people are our most important asset' type. In no case was there a clearly articulated and developed human resource strategy that was translated into a mutually supportive set of human resource initiatives or practices, then cascaded down through the line. Instead, what we found was a combination of some broad-brush guiding strategy or philosophy, inherited policies and practices which may or may not be integrated in some way, new initiatives, and responses to internal and external pressures.

This brings us back to the tensions and contradictions contained within models of human resource management such as those of Guest and Storey, which contain elements of both hard and soft HRM, with their respective foundations in utilitarian–instrumentalism and developmental–humanism. We argued earlier that theoretical models of HRM should not contain elements of both, since they are based on divergent views of human nature and strategic control. A more empirically grounded model would, on the basis of our data, suggest that the rhetoric of HRM is concerned with hermeneutical man and commitment-based strategic control, whereas the reality of HRM experienced by employees within organizations today is based on concepts of modern man and tight strategic direction towards organizational goals. We therefore need to retain this distinction between HRM at the rhetorical level and the reality experienced by individuals in our conceptualizations and models of human resource management if they are to be empirically and theoretically sound.

APPENDIX

Background Information on Sample

Company name	*Type of company*	*Product/activity*	*Unit studied*	*No. employees in unit*
BT	UK plc	Telecommunications	Payphones	2,800
Citibank	US MNC	Banking	Global Finance Europe	1,700
Glaxo Pharmaceuticals	UK MNC	Pharmaceuticals	Pharmaceuticals	1,400
Hewlett Packard	US MNC	Technology	Computer Services	2,000
Kraft Jacob Suchard	US MNC	Food	UK HQ	500

Lloyds Bank	UK plc	Banking	Thames Valley & East Region	3,200
WH Smith	UK plc	Retailing and distribution	News Distribution	4,300
NHS	Public sector	Health services	Chelsea & Westminster Trust	1,870

NOTES

*The authors would like to thank the Leading Edge Forum for sponsoring the research and providing access, also Arthur D. Little for funding the 'Unwritten Rules' data collection. We would also like to thank Simon Bacon and Edel Conway for help with the survey data, and Dr Peter Moore of BP for his detailed comments. Our thanks are also extended to the anonymous *JMS* referees for their insights and guidance.

[1] Numbers represent the averaged sum of the mean scores for each question expressed as a percentage.

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