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The role and impact of HRM policy

Carol Gill, *Melbourne Business School*
Denny Meyer, *Swinburne University of Technology*

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1. Literature Review

The question of how Human Resource Management (HRM) contributes to

organizational performance has produced three perspectives (Boxall and Purcell,

2008). The universalistic perspective proposes that a bundle of high performance

'best practices' should be adopted which are independent of organization strategy

(Katou and Budhwar, 2007). The contingency perspective proposes that rather

than mechanically adopting best practices a fit between HRM and business

strategy is important and that business strategy should precede and be tightly

linked to HRM strategy (Schuler and Jackson, 1987; Dany et al, 2008). The

configurational perspective takes the contingency perspective one step further,

proposing that HRM should contribute to business strategy rather than just flow

from it, and that simultaneous internal and external fit between the external

environment, business strategy and HRM strategy are important (Ulrich and

Brockbank, 2005). The contingency and configurational perspectives argue that

HRM practices cannot be consistently applied to all organizations. In particular,

practices suited to a price sensitive, high volume, commodity market may be

inappropriate for a high quality, low volume market. The proposition is that

'best practice' High Performance Work Practices (HPWP), focused on the soft

HRM strategy of Developmental Humanism, are more compatible with business

strategies that emphasize quality and product differentiation, whilst hard HRM

strategies, focused on utilitarian instrumentalism and numerical flexibility, are

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better suited to business strategies that emphasize cost control and competition based primarily on price (Boxall and Macky, 2007; Legge, 1989; 1995; Youndt et al., 1996)[1].

There is mixed research evidence for this proposition with some studies supporting it (Arthur, 1994; Dunlop and Weil, 1996; MacDuffie, 1995; Datta et al., 2005). However, several reviews of empirical research conclude that, despite its theoretical appeal and confirmation in some industry-specific studies, most research supports a 'best practice' approach, indicating that HPWP are universally applicable in all organizations regardless of their type or context (Delery and Doty, 1996; Purcell, 1999; Orlitzky and Frenkel, 2005).

The normative or prescriptive model of HRM incorporates both hard and soft models because of its foundation in two United States schools. The 'hard' contingency perspective within HRM is derived from Harvard's strategic approach that linked workforce management to organisational strategy and the 'soft' universalist or best practice model is derived from Michigan (Poole and

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[1] The hard concept of HRM focuses on 'utilitarian instrumentalism' which sees employees as an expense of doing business rather than a source of competitive advantage (Legge, 1995). In this model employees are considered passive and treated as a factor in the production process. The soft model of HRM is consistent with the 'Resource-based View' that proposes that HRM can be a unique source of sustainable competitive advantage because an organization's management processes and culture are unique or rare and therefore hard to imitate or substitute. Employees in this model are treated as valuable assets and a source of competitive advantage through their skill, adaptability and commitment. The soft concept of HRM has been termed 'developmental humanism' (Legge, 1995).

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Mansfield, 1994). Walton (1985) developed this latter approach into the High

Commitment Work System. It is argued that simultaneous adoption of hard and

soft HRM models in the normative model creates inherent contradictions and that

these may lead to a gap between rhetoric and reality as organizations espouse a

soft rhetoric whilst enacting a hard reality (Storey and Sisson, 1993; Blyton and

Turnbull, 1994; Noon, 1994; Guest and Peccei, 1994; Legge, 1995; Truss, 2001;

Francis, 2002).

The gap between espoused and enacted values was identified by Argyris (1990)

who proposed, in his work on organizational defensive routines, that all levels of

management frequently create a reality that is different to what they espouse they

would prefer. Becker and Gerhart (1996:796) also noted a gap between rhetoric

and reality stating that "at times, there appears to be a major disconnect between

what the research literatures says that firms should do and what firms actually

do". Finally, Vaughan (1994) suggested that whilst organization mission

statements espouse that employees are their most important asset, organization

reality is characterized by impersonal economic rationalism. There is some

empirical support for this view. A U.K. study by Truss et al. (1997) analysed

HRM policies and programs in eight organizations and found that, whilst there

were no pure examples of soft or hard HRM in rhetoric or reality, the rhetoric

adopted by the companies frequently incorporated the characteristics of the soft,

commitment model, while the reality experienced by employees was more

concerned with strategic control, similar to the hard model. It was found that

even when the soft version was embraced at the rhetorical level there was still an

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emphasis on improving bottom line performance and the interests of the

organization always took priority over the individual employee. In a later study,

Hope-Hailey and Truss (2005) found tensions between the rhetoric of HRM

strategy and the "grim" reality of employee experience, with the result that

financial performance was not sustainable in the longer term.

A gap between rhetoric and reality seems likely in the Australian context. Whilst

espousing the importance of human resources in the 1990s, Australian

organizations adopted economic rationalism which led to widespread re-

engineering, downsizing, de-layering and out sourcing with dramatic results.

More specifically, between 1986 and 1997, 3.3 million full-time workers were

retrenched and between 1990 and 1995, 55,000 jobs were lost in just 20 large

organizations that reduced up to 80 per cent of their workforces (Australian

Centre for Industrial Relations Research and Training 1999; Morehead et al.,

1997). Enterprise Bargaining also shows a trend towards hard reality. Roan,

Roan et al (2001) reviewed Australian Workplace Agreements (AWAs) between

March 1997 and June 1998 and found a general trend towards the hard HRM

philosophy of minimisation of costs and maximisation of flexibility of hours.

They concluded that there was little evidence that AWAs are being used to

advance the philosophy of soft HRM.

Some commentators have argued that a gap between rhetoric and reality points to

the ineffectiveness of HRM. Skinner (1981:106-14) proposed that HRM is

ineffectual saying that "human resources management seems to be mostly good

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intentions and whistling in the dark" and that HRM is "Big Hat, No Cattle". One reason for the gap is that HRM uses rhetoric to enhance its status and distinguish itself from its previous non-strategic Personnel role, but is unable to follow through in reality. Kamoche (1996) suggested that HRM is used as a legitimate device to enhance the status of a marginalised HRM function and reformulate managerial control through a unitary ideology or soft rhetoric. HRM adopts the role of champions of competitiveness in delivering value and may become more important strategically even though employee's everyday work experience may deteriorate (Hope-Hailey, Farndale and Truss, 2005).

HRM may also find it hard to implement soft reality because as a function it has been devolved, fragmented and outsourced (Caldwell, 2003; Hope-Hailey and Truss, 2005). HRM has had to manage the simultaneous pursuit of soft and hard reality, because there has been a trend towards a contractual relationship between employers and employees, which has a focus on mutual self interest. In this relationship loyalty to the company is no longer emphasized and employees stay employable because they are useful bundles of skills and knowledge (Warren, 1999). This can be explained by Agency Theory which identifies two problems in an agency relationship where the principal delegates work to the agent, who performs that work. Firstly, the goals of the principal and agent may conflict and secondly it may be difficult or expensive for the principal to verify what the agent is actually doing, particularly when the agent's behaviour cannot be observed. To resolve these problems the principal can limit the agent's self serving behaviour through outcome based contracts where the rewards for both depend on the same actions or use information systems, such as surveillance, that

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inform the principal about what the agent is doing (Eisenhardt, 1988). This conflicts with the soft rhetoric of High Performance, Commitment or Involvement Work Practices that promise to facilitate high performance by transforming employees from workers into partners (Caspersz, 2006). In addition to this, the HRM function has to negotiate conflicting roles that require it to serve both management and employees in process and people oriented roles (Hope-Hailey and Truss, 2005; Hailey, Farndale and Truss, 2005). The role ambiguity of personnel managers has allowed them to become masters at reinventing or reinterpreting their role in their efforts to maintain their credibility and status within a changing world of work. This has resulted in their willingness to adopt different roles and rhetoric to suit the times and exploit possible bases of power (Caldwell, 2003; Legge, 1995). A gap may also arise because, although HRM is achieves fit between its business and HRM strategy (external integration), it cannot achieve internal integration of its HRM policies and practices or coherence between line management and the HRM function on HRM policy and practice (Guest, 1989). The presence of impoverished HRM (IHRM), that has no power or resources, may be an indication that management does not value HRM or that HRM is unable to fulfil its promises because it is under-resourced. Finally the gap may not be real because there may be a time lag of up to 3 years between an HRM intervention and its effect on organization performance (d'Arcimoles, 1997; Guest et al., 2003). If true, criticising an organization's failure to take up soft reality may be premature, as their rhetoric may be an aspirational description of what they want to achieve (Turnbull and Wass, 1997; Renwick, 1998).

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It may be that unions can play a role in implementing soft HRM practice and ensuring that there is no gap between organization rhetoric and reality. Firstly, it has been demonstrated that unions that have a cooperative relationship with management can play an important role in overcoming barriers to the effective adoption of practices that have been linked to organizational competitiveness through collective and independent voice which builds employee commitment and union networks that facilitate the implementation of new practices (Gill, 2009a). Secondly union can ensure that employers fulfil their promises and do not breach the psychological contract which may ultimately benefit the organization as well as employees (Gill, 2009b).

Others proposed a more Machiavellian agenda where HRM is a "wolf in sheep's clothing" that uses unitary rhetoric to disguise the pluralist needs of employees and increase managerial control (Armstrong, 1987; Wilmott, 1993). Wright and McMahen (1992) propose that the main role of HRM may be to address these institutional aspects of the organization and Guest (1990) argued that the impact of HRM rhetoric in the US may have been to provide a smokescreen behind which management can introduce non-unionism or obtain significant concessions from trade unions.

HRM has been accused of bolstering the power position of management elites by systematically forging certain versions of reality through its rhetoric or 'illusory claims' (, 1989; Gratton et al., 1999; Hardy, 2001; Harley and Hardy, 2004; Keenoy, 1997; Storey, 1995; Vaughan, 1994; Watson, 1986; Willmott, 1993).

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Direct control uses a detailed specification of tasks with close supervision.

Indirect control is achieved through identity regulation. This latter approach

manages the insides of workers, so that employees become identified with

'managerially inspired discourses', which is a less obtrusive and a more effective

means of control (Alvesson and Willmott, 2002). In particular, the latter is

effective when managers and employees are given autonomy because identity

regulation ensures that discretion is bounded by, or kept in line with, the

organization's values and priorities (Ercek, 2006). Wilmott (1993) asserts that

employees are turned into 'willing slaves' who negate their own interest because

they believe the organization will take care of them. Employees' willingness to

subjugate themselves results from the sense of identity, security and self-

determination that corporate values promise. He asserts that organizations prey

on the vulnerability of individuals who lack the intellectual resources to respond

in a way that is not self-defeating. Sisson (1994) proposes that rhetoric of

empowerment disguises the transfer of responsibility from the organization to the

worker and the rhetoric of downsizing disguises redundancies that have

transformed permanent jobs into casual and contract work, increasing the

flexibility of the workforce. Identity theory is particularly important for

knowledge intensive organizations for which knowledge workers are a

significant resource. Agency Theory proposes that in knowledge intensive

organizations management of the relationship between employers and employees

is difficult because hierarchical and technical means cannot prescribe behaviour

in detail due to the complexity and organic nature of the work. Consequently,

management may act to create the 'right' identity to attain loyalty to unitary

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values and norms to replace instrumental loyalty derived from money and

contracts (Alvesson, 2000).

However, it has been proposed that the argument that employees don't know

their own minds is patronising. There is empirical support for the proposition

that employees question management motives and are more astute (Willemyns et

al., 2003). In particular, one study of management motives found that employees

report that managers were primarily driven by political rationales and implement

team working for reasons of self-interest (Keenoy, 1990). Another study found

that 43% of employees believed their managers cheat and lie to them and 68% do

not trust their manager (Moreland, 1996). Hallier (2009) argues that employees

have responded sceptically to employer rhetoric of commitment and cites

research (Collinson and Collinson, 1997; Hallier and Forbes, 2005) that

employees engage in sceptical compliance or mimic management's rhetoric to

protect their positions by appearing to be 'on side'.

There is also empirical evidence supporting the HRM unitary paradigm that

employees like management initiatives. Guest (1999) analysed data from the UK

Institute of Personnel and Development annual survey (1997) of 1000 workers,

finding that workers believed that HRM had been implemented effectively; that

HRM leads to greater satisfaction, job security, motivation and lower levels of

pressure at work; and that there was a strong positive link between the adoption

of additional High Performance Work Practices such as team working and

outcomes valued by workers. In addition to this, research by Mannan and Rees

(2004) indicates that there is some overlap between the rhetoric proposed by

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American HR managers and the reality of HRM as perceived by employees. However, we do not know if employee's positive opinions have been manipulated by management rhetoric (Mueller et al., 2000).

Some theorists have proposed that theories and research on this topic have been problematic. Firstly, Keenoy (1999) suggests that the ambiguities that characterise the discourse and practices of HRM are derived from the epistemological methodologies used to investigate HRM. Observation is a creative act and researchers are guided not by what they do or don't see but by what they are looking for. Hope-Hailey and Truss (2005) suggest that there may have been some slippage in the empirical analysis to reflect a preferred interpretation. Others have proposed that British pluralist traditions may have stimulated a critical approach to HRM (Kane et al, 1999; Armstrong, 2000; Mamman and Rees, 2004). In particular, Harley and Hardy (2004) propose that the constructionist approach to HRM may be a response to the unitarist and empirically sound US model that is undermining the British pluralist tradition.

Secondly, Guest (1999) proposes that there is irony in a perspective that argues that HRM has not been effectively implemented and simultaneously suggests that HRM is powerful enough to manipulate employees. He speculates that academics may be setting up a "straw man" that can be critically analysed.   In this way the gap between rhetoric and reality may be created by the polarisation between academic rhetoric and practitioner reality. In particular, Ulrich and Brockbank (2005) propose that HRM can engage in an unproblematic,

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collaborative partnership with line managers and senior executives. However, Hope-Hailey, Farndale and Truss (2005) argue that this approach fails to consider the pluralist, competing stakeholder perspective that characterises reality. Alvesson and Willmott (2002) assert that there is a dominance of positivist epistemology in the literature that presents management as a neutral technology or branch of engineering with very little research that contributes to our understanding of the informal qualities of workplace organization.

There is a dearth of empirical research exploring the relationship between HRM policy, HRM practice and employer and employee outcomes and the research that does exist is qualitative. The main goal of this research is to answer the following research question using positivist quantitative research methods.

What is the role and impact of HRM policy?

2. Theory and Hypotheses

To answer the research question we will test hypotheses in the following three areas.

2.1. Policy, Practice and Outcomes

The universalist or best practice model of HRM indicates that soft HRM practice will result in positive organizational outcomes for all organizations in all

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industries (i.e. Walton, 1985; Becker and Huselid, 1998). In contrast, the

contingency model argues that HRM practice must be aligned to business

strategy to produce positive organizational outcomes implying that in some cases

hard HRM may be optimum strategy (Boxall and Macky, 2007; Legge, 1989;

1995; Youndt et al., 1996). Given this mixed research we examine the efficacy

of the universalist model in hypothesis 1a which proposes that soft HRM practice

impacts positively on organizational outcomes.

In hypothesis 1b we take this one step further by testing whether Soft HRM

policy statements coupled with hard HRM practices (policy and practice gap

organizations) will have a more positive impact on outcomes than hard HRM

practices alone. This tests the proposition that HRM is able to use soft HRM

policy or rhetoric to disguise hard HRM practice or reality. If accepted we can

conclude HRM policy or rhetoric has a significant impact on human resource

outcomes in organizations. It will support the proposition that soft HRM policy

is rhetoric that facilitates positive outcomes through identity regulation that

manages the insides of workers so that employee identify with managerially

inspired discourses; are transformed from workers into partners; and become

loyal to unitary values and norms (Alvesson, 2000; Alvesson and Willmott,

2002; Caspersz, 2006; Ercek, 2006; Wilmott, 1993). It may also provide support

for the notion that policy can deliver indirect control through identity regulation

where reality is constructed for employees through HRM rhetoric (Alvesson and

Willmott, 2002; Ercek, 2006) and for the Machiavellian role of HRM that

suggests that soft HRM policy statements provide a smokescreen that allows

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management to reduce employee power (, 1989; Gratton et al., 1999; Guest, 1990; Hardy, 2001; Harley and Hardy, 2004; Keenoy, 1997; Storey, 1995 Vaughan, 1994; Watson, 1986; Willmott, 1993).

If negated it will indicate that employees can discern management motives and are not 'taken in' by management rhetoric (Hallier, 2004; Willemyns et al., 2003). A negative result may also indicate that a HRM policy/practice gap may diminish employee trust in management's ability, benevolence and integrity to deliver on promises made worse by attempts to disguise current realities (Gill, 2009; Mayer et al., 1995).

Finally in hypothesis 1c we examine whether organizations with soft HRM policy and soft HRM practice (no gap between policy and practice) have a positive impact on outcomes over and above soft HRM practice alone. If supported we can conclude that soft HRM policy or rhetoric adds value over and above soft HRM practice. This would support the notion that additional value is extracted over and above that obtained through the implementation of soft HRM practice.

1a. Soft HRM practice will have a positive impact on outcomes

1b. Soft HRM policy statements coupled with hard HRM practices (gap organizations) will have a more positive impact on outcomes than hard HRM practices alone.

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1c. Soft HRM policy statements coupled with soft HRM practice (no gap

organizations) will have a more positive impact on outcomes than soft HRM

practices alone.

Implicit in the above hypotheses is the assumption that although soft HRM

policy will facilitate soft HRM practice, there is a gap between rhetoric and

reality with soft policy tending to outstrip soft practice.

2.2. HRM Function and Policy and Practice

Consistent with the contingency argument that an organization must develop its

human resource management strategy rather than mechanically adopt best

practices (Dany et al., 2008) we anticipate that a strategic HRM function

(SHRM) will have a positive impact on organizational outcomes in hypothesis

2a.

It is also proposed that a gap between policy and practice may also arise because

HRM cannot execute its strategy. Even if an organization has alignment between

its business and HRM strategy (external integration) it must be able to achieve

internal integration of its HRM policies and practices and coherence between line

management and the HRM function (Guest, 1989).   It is also likely that

impoverished HRM (IHRM) that lacks resources, power and/or time may be

unable to fulfil its policy. IHRM may also indicate that HRM is not valued by

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management. In these circumstances a marginalized HRM function may be incentivized to promote reputation enhancing and obfuscating soft HRM policy, but be unable to match this in practice, resulting in a gap between policy and practice (Kamoche, 1996). We anticipate that IHRM will be associated with a gap between policy and practice in hypothesis 2b.

2a. SHRM will have a positive impact on outcomes.

2b. IHRM will be associated with a gap between policy and practice.

2.3. Union Presence and Policy and Practice

Finally, we examine the relationship between unions and policy and practice. It has been demonstrated that unions that have a cooperative relationship with management can facilitate the implementation of soft HRM practices (Gill, 2009a). Unions are also more likely to ensure that management fulfils its promises so that a gap between policy and practice is less likely (Gill, 2009b).   . In hypothesis 3a we test whether union organizations are more likely to have soft HRM policy and practice and less likely to have a gap between policy and practice.

It has also been suggested that management uses soft unitary rhetoric to eliminate or minimise the impact of unions that prevent them from implementing hard reality (Chen, 2007). Consequently, organizations without unions are more

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likely to have soft rhetoric and hard reality or a gap between HRM policy and practice. We test this proposition in hypothesis 3b.

3a. Union organizations are more likely to have soft HRM policy and practice and no gap between the two than no union organizations

3b. No union organizations are more likely to have a gap between policy and practice than union organization.

3. Methodology

3.1. Sample and Survey Procedure

One-hundred-and seventy nine Human Resource Managers from large Australian organizations (500+ employees) in multiple industries participated in a paper survey. This sample of workplaces was obtained by sending a survey addressing the Human Resource (HR) Manager to a population of 896 large organizations identified in the Dun and Bradstreet 1999 Business Who's Who online data base. The data collection focused on large organizations because they were most likely to have well established HR functions, managed by experienced professionals who were knowledgeable about HR policies, practices and human resource outcomes. The respondents selected themselves into the sample by returning the anonymous and confidential survey. The accompanying letter assured anonymity and offered an executive summary to respondents.

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3.2. Descriptive Statistics

There was a 26% response rate with most of the respondents (84.8%) being the most senior HRM manager or a senior member of HRM. The majority of respondents (53%) had HR qualifications while 40% had a business qualification. Only 11% of respondents had no formal qualification. Years of HRM experience ranged from none to 37 years with a median of 12 years.

A wide range of industries was represented in the sample with the largest numbers for manufacturing (28%), services (11%), transport and communication (10%) and construction (9%). There were two particularly large retail companies included in the survey and one particularly large organization in the transport, communications and electricy/gas industry. The two retail companies had 30000 and 40000 part-time employees as well as 60000 and 45000 full-time employees. The number of full-time HRM employees was 150 and 500 for these two companies. The large organization in the transport, communications and electricy/gas industry had 28000 full-time employees, 700 part-time employees and 300 full-time HRM employees. But the rest of the companies were much smaller with a median of 770 full-time employees, 25 part-time employees, 55 casuals and only six full-time HRM employees for the sample. A high union presence was reported by 31% of respondents while 50% of respondents reported some union presence, leaving 19% of the companies with no union presence.

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3.3. Measures

The testing of the hypotheses required the construction of scales for HRM policy and practice, employer and employee outcomes, the HRM function and union presence. All survey items were rated on a 7-point Likert scale anchored with 'strongly agree' (1) to 'strongly disagree' (7). Confirmatory factor measurement models were used to test for validity in AMOS version 7, with adequate fit associated with a non-significant Chi-Square Statistic or the following goodness of fit statistics recommended by Byrne (2001); CMIN/DF (<3), RMSEA (<.08), GFI (>.90) and CFI (>.90). The reliability of scales was tested using Cronbach's alpha in SPSS v15 with values of below 0.6 considered too low by Hair et al. (2006).

Three items measuring policies that propose that employees are valued assets that lead to competitive advantage and stress the importance of employee commitment and communication were used to construct the Soft HRM policy scale. Another three items measuring the importance of extracting value for money out of employees including getting employees at the right price and maximising productivity and considering employees an expense of doing business were used to create a Hard HRM policy scale. The HRM policy scales were based on Leggs's (1995) concepts of soft HRM, or Developmental Humanism, and Hard HRM, or Utilitarian Instrumentalism developed in her book titled Human Resource Management: Rhetorics and Realities which clearly articulated the Critical Perspective on HRM.

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An exploratory factor analysis was performed with principal axis factoring and an oblimin rotation in order to confirm that these policy statements have bi-dimensionality. The confirmatory factor analysis showed that the item "employees are an expense of doing business" had to be removed, producing the results shown in Table I. The Cronbach's alpha values suggested good reliability for the Soft HRM Policy scale and reasonable reliability for the Hard HRM Policy scale.

INSERT TABLE I ABOUT HERE

The concept of HRM practice was based on Walton's (1985) concept of the High Commitment Work System developed in the Michigan USA school on which the soft perspective of HRM is based. This scale uses the nineteen items shown in the Table IX, with low values on this scale indicating hard HRM practice and high values indicating soft HRM practice. These items emphasize shared goals, decision-making, accountability, participation, rewards and management. Exploratory factor analysis with Horn's (1965) parallel analysis suggested that organizational practice could be viewed as a single construct, explaining 35% of the variation in the responses to the items. Confirmatory factor analysis indicated some redundancy in regard to the items "This work place is committed to avoiding downsizing where possible" and "In this work place information is

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shared widely at all levels". After removing these two items the fit was reasonable (CMIN/DF = 1.842, CFI = .90, RMSEA = .069) with a Cronbach alpha of 0.858 indicating good reliability.

The first and third hypotheses also required the definition of a gap variable. This was defined as the difference between the Soft HRM Policy scale and the Soft HRM Practice scale.

Five items were used to construct an outcomes scale with confirmatory factor analysis indicating a good fit (Chi-Square = 9.196, df = 5, p=.101, CMIN/DF = 1.84, GFI = .98, CFI=.99, RMSEA = .069) and good reliability according to the Cronbach alpha statistic (α=.803). This scale, described in Table II, measures employee commitment, productivity, flexibility and satisfaction and quality of relationship with management.

INSERT TABLE II ABOUT HERE

The testing of the second hypothesis required the construction of scales for SHRM and IHRM. A Strategic HRM scale was constructed from four items based on the work of Guest (1987) and an Impoverished HRM scale was constructed from three items. The exploratory analysis explained 67% of the

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variation in the responses. A confirmatory factor analysis suggested that one of the items, "This work place has the type of workforce it needs to ensure a competitive advantage in five years time" had to be removed in order to achieve a good fit (Chi-Square = 6.476, df=4, p=.166, CMIN/DF = 1.62, GFI = .99, RMSEA = .059). As shown in Table III this left a SHRM scale based on the integrity of HRM strategy and an IHRM scale measuring inadequacy in HRM power and resourcing. The Cronbach Alpha statistics indicated good reliability for the SHRM scale (α=.78) and adequate reliability for the IHRM scale (α=.60).

INSERT TABLE III ABOUT HERE

3.4. Analytic Procedure

The first hypothesis, involving the relationships between HRM policy, practice and outcomes, was tested using correlation analysis, structural equation modelling and regression analysis. The second hypothesis, regarding the relationship between HRM function, policy, practice and outcomes, was tested using structural equation modelling. The third hypothesis involving the relationship between union presence and HRM policy/practice gap was tested using ANOVA and nonparametric Kruskal Wallis tests, due to a lack of

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symmetry in some of the scales. All analyses were conducted in PASW

Statistics v18 and AMOS v17.

4. Results

Descriptive statistics and correlations for all the measurement scales are

summarised in Table IV. These results confirm the assumption that Soft Policy

facilitates Soft Practice because there is a significant positive correlation between

these two scales (r = .38, p<.001). There is also support for the assumption of a

gap between Soft Policy (Mean = 5.66) and Soft Practice (Mean = 4.21). A

paired nonparametric test (Wilcoxon signed rank) shows that this difference is

significant (z = 10.435, p<.001), suggesting that Soft HRM Practice tends to fall

short of Soft HRM Policy.

INSERT TABLE IV ABOUT HERE

4.1. Policy, Practice and Outcomes

The first hypothesis concerns the relationship between outcomes, HRM policy

and practice. Table IV suggests support for the first hypothesis (H1a) that states

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that Soft HRM practice will have a positive impact on outcomes. We found a significant but weak positive correlation between Soft HRM Policy and outcomes (r=.29, p<.001) and a significant positive correlation between Soft HRM Policy and Soft HRM Practice (r=.38, p<.001). However, the structural model illustrated in Figure 1 shows that the positive effect of Soft HRM Policy on outcomes is severely negated when there is a gap between Soft HRM Policy and Soft HRM Practice, confirming hypothesis H1b. Figure 1 also suggests that there is no direct impact of Hard HRM policy on outcomes. This model describes the data well (Chi-Square = 2.01, df=2, p=.365) and explains 21% of the variation in outcomes.

INSERT FIGURE I ABOUT HERE

As shown in Table V regression analyses based on the Soft HRM policy, Soft HRM practices and the Gap (Soft HRM policy minus Soft HRM practice) scales suggests that Soft HRM practice is the most important variable for the prediction of employer and employee outcomes, with Soft HRM policy and the Gap variable becoming redundant (R-Square Change = 0.1%) when added to a model which already contains Soft HRM Practice. This suggests that Hypotheses 1b and 1c are not supported. It appears that it is practice which determines outcomes regardless of policy or the gap between policy and practice.

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INSERT TABLE V ABOUT HERE

4.2. HRM and Policy and Practice

The second hypothesis concerns the relationship of HRM function with the above variables. Table IV suggests support for Hypothesis 2a in that there is a significant positive correlation between outcomes and SHRM (r=.44, p<.001). Table IV also provides some support for hypothesis H2b in that there is a significant but very weak positive correlation between impoverished HRM (IHRM) and the gap between policy and practice (r = 0.19, p = .010). These correlations are used to suggest the structural model for outcomes shown in Figure 2.

Figure 2 describes the data well (Chi-Square = 6.614, df = 6, p = .358), explaining 29% of the variation in outcomes. As before we see that a gap between policy and practice partly negates the effect of Soft HRM policy on outcomes. The improved R-square for outcomes in Figure 2 can be attributed to the effect of SHRM. In support of H2a Figure 2 shows that SHRM has a direct positive impact on outcomes but also an indirect effect as a result of its negative impact on the gap between policy and practice. It appears that IHRM has a positive impact on Hard HRM policy and, more importantly, a negative impact

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on SHRM, thereby increasing the gap between policy and practice. This means that hypothesis H2b is supported but not for the reasons expected. As shown in Figure 2 there is no direct impact of IHRM on the gap between Soft HRM Policy and Practice. Instead it appears that there is an indirect impact in that, in particular, IHRM inhibits SHRM, thereby increasing the gap between Soft HRM Policy and Practice.

INSERT FIGURE 2 ABOUT HERE

4.3. Unions and Policy and Practice

In order to test the third hypothesis companies were segmented according to the strength of the union presence in Table VI. It was found that soft HRM practice and soft HRM policy did not differ significantly for these three segments, nor did the gap between policy and practice. So, contrary to expectation, it was found that union presence does not have a significant impact on Soft HRM Policy, or Practice or the Gap between policy and practice. Interestingly the strength of union presence also appeared to have no significant impact on Hard HRM policy or HRM function. However, in the case of a strong union presence outcomes were significantly lower (Chi-square = 9.99, df = 2, p = .002, η^2 = .070).

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INSERT TABLE VI ABOUT HERE

Table VII summarises the results against each hypothesis.

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5. Discussion

In this section we begin by summarising our research goals and findings before

discussing our theoretical and practical contribution. We also consider the

limitations of our research and make recommendations for future research.

The main goal of this research was to examine the role and impact of HRM

policy. In the literature review we examined the way in which HRM contributes

to organizational outcomes finding mixed evidence on whether there is a

universal or best practice HRM that all organizations should aspire to or whether

HRM is contingent upon business strategy and creates competitive advantage

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through customizing HRM practices so that they execute or even co-create business strategy. Best practice approaches seem to focus on soft HRM where human 'resources' are developed to create competitive advantage whilst the contingency approach can be either hard or soft depending on whether an organization focuses on creating competitive advantage through low cost or differentiation of their products and services. The Critical Perspective has argued that the prescriptive or normative model of HRM may incorporate both universalistic and contingent models of HRM resulting in a soft HRM rhetoric that does not match the hard HRM reality in place. In doing this, it has been proposed that organizations use soft rhetoric to obscure hard reality to manage the competing interests of employees to benefit employers. In this way soft rhetoric denies the pluralist needs of employees and consequently extracts additional value by turning them into 'willing slaves'. Contrary research indicates that employees are able to 'see through' rhetoric that does not match reality. Existing research into this has been based on case studies in UK organizations and has found a soft rhetoric and hard reality gap (Truss, 1997; Hope-Hailey and Truss, 2005). However, there have been no Australian studies to date and quantitative research on multiple organizations across industries has not been conducted. This study fills this gap by examining HRM policy and practice in 179 Australian organizations to see if there is a soft HRM policy rhetoric and hard HRM practice reality gap. Consistent with prior research we found that there was a gap between soft HRM policy rhetoric and hard HRM practice or reality and that this gap had negative outcomes for organizations in terms of employee commitment, productivity, satisfaction, change resistance and the relationship between managers and employees. We also found that policy

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rhetoric adds no additional value over practice indicating that HRM is not able to

manipulate employee reality to produces more positive outcomes. The positive

impact of soft HRM policy on outcomes reflects its positive impact on soft HRM

practice which has a positive impact on outcomes. It is likely that setting policy

goals increases the probability of introducing compatible practice through

influencing the behavior of the HRM function, Management and/or employees.

However, more research is required to ascertain the exact mechanisms by which

this is achieved.

Secondly, we examined the relationship between HRM policy, practice and

organizational outcomes and in doing so add an empirical study to an academic

debate. Hope-Hailey and Truss (2005) suggest that whilst the soft rhetoric and

hard reality gap may have a positive short term impact in the long term it is likely

to have a negative impact on organization outcomes. However, a range of

authors have suggested that soft rhetoric facilitates employee identification with

management discourses and obscures hard reality. Alternative propositions are

that employees are not taken in by HRM rhetoric and that a gap between soft

rhetoric and reality may undermine employee trust and have a negative impact on

outcomes. An additional explanation is that HRM has strategic aspirations which

are translated into soft rhetoric but is unable to execute soft reality because it is

under valued and under resourced. In particular HRM is often charged with

managing the competing, pluralist demands of both employer and employees and

is unable to deliver on both, consequently managing this tension with soft

rhetoric and hard reality. Further to this, some authors suggest that HRM uses

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soft rhetoric to enhance its reputation and power. We test this proposition by examining the impact that strategic and impoverished HRM have on policy, practice and outcomes. We found that strategic HRM reduced the gap between policy and practice and had a positive impact on outcomes and that an impoverished HRM was not strategic and consequently was not able to have a positive impact on outcomes. Through its impact on strategic HRM, impoverished HRM was more likely to produce a gap between policy and practice.

Thirdly, we examined whether unions were able to influence the adoption of policy and practice and the gap between the two. It has been proposed that union networks and voice facilitate the implementation of soft HRM practice and it is also likely that collective voice ensures that organizations follow through on their rhetoric, reducing the gap between rhetoric and reality. Our results did not support these hypotheses, however, we did not test the quality of union presence in these organizations. In particular, data on union density was not collected and the quality of the relationship between management and the unions is not known. It has been suggested that "unionism per se is neither a plus nor a minus to productivity: what matters is how unions and management interact at the organization" (Freeman and Medoff, 1984, pp. 179). It is proposed that a union presence coupled with a cooperative relationship between unions and management may facilitate the introduction of soft reality and reduce the likelihood of a gap between rhetoric and reality whilst organizations that have a union presence and an adversarial relationship between unions and management

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are more likely to have a gap. In the latter case management may use a soft

unitary rhetoric to convince employees that they do not need unions even when

hard reality is in place. Future research should do a more complex analysis and

include union density and the quality of the union/management relationship in

their design.

5.1. Implications for theory

In conclusion, consistent with prior case study research, we found a gap between

soft HRM policy rhetoric and hard HRM practice reality in our cross industry,

Australian sample. We also found that this gap had negative outcomes for the

organization. This supports the Critical Perspective on HRM that suggests that

normative HRM has inherent contradictions that result in a soft rhetoric/hard

reality gap with soft rhetoric being based on the universalist or best practice

perspective within HRM and hard reality being based on the contingency

perspective within HRM. This finding adds to previous studies on the rhetoric

and reality of HRM by extending extant knowledge through a large scale

empirical perspective.

Secondly, we found limited support for Identity Theory and must conclude that

HRM does not construct reality for employees. Whilst there was a gap between

rhetoric and reality, we did not find evidence that HRM was Machiavellian in

disguising hard reality with soft rhetoric or delivering employer outcomes at the

expense of employees. In fact, we found that when HRM was strategic and not

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impoverished, in terms of power, resources and time, that it was effective in implementing soft reality which reduced the gap between rhetoric and reality, delivering positive outcomes. Consequently the gap between rhetoric and reality is more likely to be the result of HRM's ineffectiveness, because HRM that is well resourced and strategic usually closes the gap between rhetoric and reality and consequently improves outcomes.   This finding provides some support for the contingency perspective on HRM that proposes that external and internal fit between business strategy and HRM and congruence between HRM and line management is required. Thirdly, strategic HRM reduced the gap between policy and practice and had a positive impact on outcomes and impoverished HRM that lacked power and resources was not strategic and consequently was not able to have a positive impact on outcomes, leading to a gap between policy and practice. This indicates that the gap between rhetoric and reality is caused by the inability to deliver practice consistent with policy rather than because of some Machiavellian agenda.

Thirdly, we found that policy rhetoric adds no additional value over practice indicating that HRM is not able to manipulate employee reality. This makes a contribution to theory by suggesting that HRM is unable rather than unwilling to bridge the policy rhetoric/practice reality gap. This does not support the proposition that HRM policy manages employee identification with management and supports the notion that employees are able to see the gap between policy and practice and that this gap results in lower commitment, productivity and satisfaction and promotes change resistance and a poor relationship between

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managers and employees. By examining the impact of a macro discourse on perceptions in organizations this research has provided theoretical and empirical insights to the field of Critical Management and Identity Management and Regulation.

Finally, a union presence had no impact on HRM policy or practice and did not prevent a gap between rhetoric and reality. We concluded that it is likely that the absence of data on the quality of the relationship between management and unions may have produced this result indicating that further research is required that uses more sophisticated measures of union impact in organizations such as union density, power and relationship with management. This is important given there is evidence that the relationship between unions and management will influence whether unions will have a positive or negative impact on new practices. This clearly points to the need for further research on the role of unions in HRM policy, practice and outcomes.

5.2. Research Limitations and Future Research

There are two particular limitations in this research which must be acknowledged in interpreting the results. Firstly, this research collected self report data from HRM managers, who were the best single source of information on the research constructs because they are the source of rhetoric, the implementers of reality and the owners of human resource metrics. However, whilst respondents were assured that their data was anonymous and promised valuable bench mark data from the survey to give them an incentive to give an accurate response, there is a

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risk that HRM managers distorted their responses because they are also key stakeholders in HRM and suffer the consequences of its failure. Whilst statistical tests did not suggest common method bias there is still a risk that this may have occurred. In future research data collected from multiple representative respondents from within the organizations (not just HRM) could overcome these limitations. However, identifying suitable respondents for this research is problematic because the critical perspective on HRM maintains that managers and the HRM function are manipulators and likely to lie and that employees are unable to tell the truth because they are manipulated by management calling in to question responses from all of these sources. Further to this, critiques of the critical perspective propose that researchers interpret the truth through the frame of their own academic agendas which taints research in this area.

Secondly, this research was cross-sectional and may not have captured a possible time-lag effect between the articulation of HRM policy, the implementation of HRM practices and the subsequent outcomes that are delivered. Data on organizational outcomes was collected at the same time as data on policy and practice consequently causation between the two can be questioned. In future research it would be valuable to collect data on HRM practice after data collection on HRM policy and data on outcomes after this. This would also help to reduce the effects of any common method bias.

In addition to the above limitations, our sample did not separate knowledge-intensive from populations which were not knowledge intensive. This could make a valuable contribution given the Resource-based View taken in the

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contingency perspective that suggests that soft HRM may be more compatible with business strategies that emphasize quality and product differentiation where employees are more likely to create a unique source of sustainable competitive advantage. Future research could examine whether this is a moderator of organizational outcomes.

Finally, as discussed above our analysis of the role that unions play in the implementation of soft HRM policy and practice and the gap between the two was limited. In the future research should undertake a more thorough analysis of union presence in terms of union density and the quality of the relationship between management of unions to fully investigate the role that unions may play in this regard.

5.3. Implications for Practice

In addition to the theoretical implications of this research, which should inform academic debate, this research has several practical implications for managers and HRM functions. Firstly, we identified that there is a gap between rhetoric and reality which is delivering negative outcomes in terms of employee commitment, productivity, satisfaction, change resistance and employee relationship with management. Organizations should increase soft HRM policy rhetoric and soft HRM practice reality, minimising the gap between the two, because soft HRM practice reality has positive outcomes; soft HRM policy rhetoric enhances these outcomes further; and no gap between policy rhetoric and practice reality ensures that these positive outcomes are not negated.   In

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particular, we recommend that managers ensure they can deliver on their HRM policy rhetoric to achieve positive outcomes before communicating it to employees. This is important for managers who may make aspirational rather than achievable policy. This research shows them that policy statements must be closely aligned with achievable practice.

Soft HRM policy is more likely to be achieved when organizations have an HRM function that is both strategic and effectively resourced. To achieve a strategic HRM function, HRM needs to ensure that there is a strong relationship between business strategy and HRM strategy and alignment between HRM and Management on HRM policy and practice. Consequently, we recommend that managers and HRM agree on the way employees should be managed. In addition to this, organizations need to ensure their HRM function has power, time and resources. This is important information for organizational leaders who may see HRM as an administrative function that provides support for the execution of business strategy. This research demonstrates that adequately resourcing the HRM function and adopting HRM as a business partner is an investment that will pay off by delivering positive outcomes through people.

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6. Appendix

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6. Appendix

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Table I: Confirmatory Factor analysis for policy: (Chi-Square = 9.028, df=5, p=.106, GFI = .980, CFI = .982, RMSEA = .068)

Factors	Soft HRM policy	Hard HRM policy
This workplace publicly states (in Annual Reports, Employee Hand Books, Media Releases etc.) that:		
Getting employee commitment is important	.785	
Communication with employees is important	.855	
Employees are our most important asset and a source of competitive advantage	.562	
Getting the right number of employees at the right price is a high priority		.583
Increasing employee productivity is a primary objective		.784
Cronbach's alpha	**.771**	**.600**

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Table II: Confirmatory Factor analysis for outcomes: (Chi-Square = 9.196, df=3, p=.101, GFI = .979, CFI = .987, TLI = .975, RMSEA = .069)

	Standardised (Beta) Weights
Employees are very committed to this workplace	.760
Employees are highly productive	.605
Employees are not resistant to change	.385
The overall workplace relationship between managers and employees is excellent	.787
This workplace has a satisfied workforce	.886
Cronbach's alpha	**.803**

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Table III: Confirmatory Factor Analysis for HR Function: Standardised

(Beta) Weights

HR Function	Strategic HRM (SHRM)	Impoverished HRM (IHRM)
There is a strong link between HRM strategy and Business strategy	.904	
In respect of HRM this work place says what it means and means what it says	.738	
Management and the HRM function agree on the way employees should be managed	.585	
If HRM had more power there would be better HRM outcomes		.746
There is not enough time and resources to implement effective HRM		.571
Cronbach's Alpha	.78	.60

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Table IV: Descriptive Statistics and Correlations (* p<.05, ** p<.01)

	1	2	3	4	5	6	7
Mean	4.21	3.20	4.99	4.34	4.59	5.66	1.46
Standard Deviation	0.93	0.74	1.27	1.54	1.54	1.22	1.22
Correlations							
1.Soft HRM practice	1.00	.68**	.68**	-.29**	.18*	.38**	-.38**
2. Outcomes	.68**	1.00	.44**	-.17*	.04	.29**	-.22**
3.Strategic HRM (SHRM)	.68**	.44**	1.00	-.32**	.23**	.24**	-.28**
4.Impoverished HRM (IHRM)	-.29**	-.17*	-.32**	1.00	.09	-.03	.19*
5.Hard HRM policy	.18*	.04	.23**	.09	1.00	.27**	.14
6.Soft HRM policy	.38**	.29**	.24**	-.03	.27**	1.00	.71**
7.Gap = (6) – (1)	-.38**	-.22**	-.28**	.19*	.14	.71**	1.00

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Table V: Hierarchical Regression Analysis for the Prediction of Outcomes to test the impact of Soft HRM policy

	First Stage Regression			Second Stage Regression		
	Beta	t(177)	p-value	Beta	t(176)	p-value
Soft HRM practice	.539	12.3	<.001	.527	11.1	<.001
Gap between Soft HRM policy and Soft HRM Practice				.025	.699	.485
Change in R-Square	Change in R-Square = 46.2% F(1,177) = 151.7, p<.001			Change in R-Square = 0.1% R-Square = 46.3% F(1,176) = 0.5, p=.485		

	First Stage Regression			Second Stage Regression		
	Beta	t(177)	p-value	Beta	t(176)	p-value
Soft HRM practice	.679	12.32	<.001	.695	11.64	<.001
Soft HRM policy				.042	.70	.485
Change in R-Square	Change in R-Square = 46.2% F(1,177) = 151.7, p<.001			Change in R-Square = 0.1% R-Square = 46.3% F(1,176) = .489, p=.485		

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Table VI: Impact of union presence on policy, practice and the gap

	Mean Value (StdDev) for union presence clusters:-			ANOVA		Kruskal-Wallis test	
	None	Not strong	Strong	Effect	p-	Chi-Sq	p-
	N=32	N=90	N=55	Size	value	(df = 2)	value
1.Soft HRM policy	5.90	5.67	5.49	.013	.318	3.197	.202
	(1.28)	(1.11)	(1.36)				
2. Hard HRM policy	4.64	4.40	4.75	.007	.525	1.489	.475
	(1.71)	(1.59)	(1.39)				
3. Strategic HRM	5.24	4.98	4.88	.009	.438	.740	.691
	(.94)	(1.28)	(1.42)				
4. Impoverished HRM	4.25	4.53	4.11	.015	.270	2.461	.292
	(1.46)	(1.47)	(1.70)				
5.Soft HRM practice	4.40	4.18	4.13	.011	.397	2.634	.266
	(.93)	(.88)	(1.00)				
6.Gap = (1) – (5)	1.49	1.49	1.36	.003	.794	.193	.908
	(1.10)	(1.09)	(1.50)				
7.Outcomes	3.40	3.30	2.92	.070	.002	9.99	.007
	(.75)	(.62)	(.80)				

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Table VII. Summary of Results

Hypotheses	Results
Assumption: Although soft policy facilitates soft practise there is a gap between rhetoric and reality.	Although there is a positive correlation between Soft HRM Policy and Soft HRM Practice (r = .38, p<.001), soft HRM policy is used more than soft HRM practice, supporting the argument that there is a gap between rhetoric and reality.
H1a. Soft HRM practice will have a positive impact on outcomes	This hypothesis was supported. Soft HRM practice has a moderate positive correlation (r = .68) with outcomes.
H1b. Soft HRM policy statements coupled with hard HRM practices (gap organizations) will have a more positive impact on outcomes than hard HRM practices alone.	This hypothesis is not supported. The gap between policy and practice was significantly and negatively correlated with outcomes (r=-.22). There was some evidence from Figure 1 to suggest that Soft HRM policy reduces the impact of the gap between rhetoric and reality on outcomes, however, Table V shows that the size of the gap between Soft HRM Policy and Soft HRM Practice has a negligible additional impact (R-Square Change = 0.1%) on outcomes once Soft HRM Practice is incorporated in the model indicating that soft HRM policy influences outcomes only because it encourages the implementation of soft HRM practice.
H1c. Soft HRM policy statements coupled with soft HRM practice s (no gap organizations) will have a more positive impact on outcomes than soft HRM practices alone.	This hypothesis is not supported. Although Soft HRM policy is positively correlated with outcomes (r=0.29), policy has a negligible additional impact (R_Square Change = 0.1%) on outcomes once Soft Practice is incorporated in the model. Soft policies merely facilitate soft HRM practices, allowing soft HRM practice to have more impact on outcomes. The effect of soft HRM policy on outcomes is mediated by practice. If soft HRM policy translates into soft HRM practice there will be good outcomes. However, the larger the gap between soft HRM policy and soft HRM practice the worse will be the outcomes.
H2a. SHRM will have a positive impact on outcomes.	This hypothesis was supported. SHRM has a significant and positive correlation with outcomes (r = .44). Figure 2 shows that there is no direct relationship between SHRM and soft HRM policy. However, SHRM has a

Carol Gill, Denny Meyer, (2011) "The role and impact of HRM policy", International Journal of Organizational Analysis, Vol. 19 Iss: 1, pp.5 – 28

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	positive impact on soft HRM practices, reducing the gap between soft HRM policy and soft HRM practices. In addition SHRM has a direct positive impact on outcomes
H2b. IHRM will be associated with a gap between policy and practice.	This hypothesis was indirectly supported. IHRM has a significant negative correlation with SHRM (r = -.32) which has a direct positive relationship with outcomes (r = .44). Decreases in SHRM are also associated with an increase in the gap between soft HRM policy and practice, which serves to further reduce outcomes. Therefore although there is no direct relationship between IHRM and the gap between soft HRM practice and soft HRM policy there is an indirect effect, through SHRM. This produces the significant correlation between IHRM and the gap between policy and practice (r = .19, p = .010) found in Table IV.
H3a.Union organizations are more likely to have soft HRM policy and practice and no gap between the two	No support was found for this hypothesis. Union organizations did not appear to be more successful at influencing management to implement soft HRM policy or practices or to close the gap between the two.
H3b. No union organizations are more likely to have a gap between policy and practice.	No support was found for this hypothesis. Organizations without a union did not use soft rhetoric more frequently. This does not support the proposition that management uses soft rhetoric to eliminate unions. It also supports the findings for hypothesis H3a implying that unions do not succeed in keeping management more honest, improving outcomes for employees.

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Table V111. Survey Items Used to Construct the Soft HRM Practice Scale

1. It is common for employees to look beyond their individual jobs to address system problems/improvements
2. Accountability focuses on the team rather than the individual
3. Decision making is decentralised
4. Jobs are designed to empower employees
5. This work place reduces status distinctions to de-emphasise hierarchy
6. This work place is committed to avoiding downsizing where possible
7. Retraining, redeployment and employability take precedence over downsizing
8. This work place puts greater emphasis on hiring employees based on cultural fit than on hiring for specific job-relevant skills
9. Training focuses on the overall development of the employee and is not confined to the current job role
10. In this work place rewards are based more on group achievement than individual pay geared to job evaluation
11. This work place has a principle of equality of salary sacrifice in hard times
12. This workplace has a profit sharing or share ownership scheme so people are rewarded when business is doing well
13. Management treats employees as an expense of doing business
14. In this work place coordination and control are based more on shared goals, values and traditions than monitoring and sanctions
15. Supervisors facilitate rather than direct the workforce through their interpersonal and conceptual ability
16. Management treats employees as its most important asset and a source of competitive advantage
17. In this work place information is shared widely at all levels
18. In this work place employee participation is encouraged on a wide range of issues
19. Employee views are actively sought through processes such as attitude surveys

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Figure 1: The impact of the gap between policy and practice on outcomes

with significant beta coefficients and R-Square values shown

(Chi-Square = .422, df=2, p=.810, GFI=.999 CFI=1.00, RMSEA=.000).

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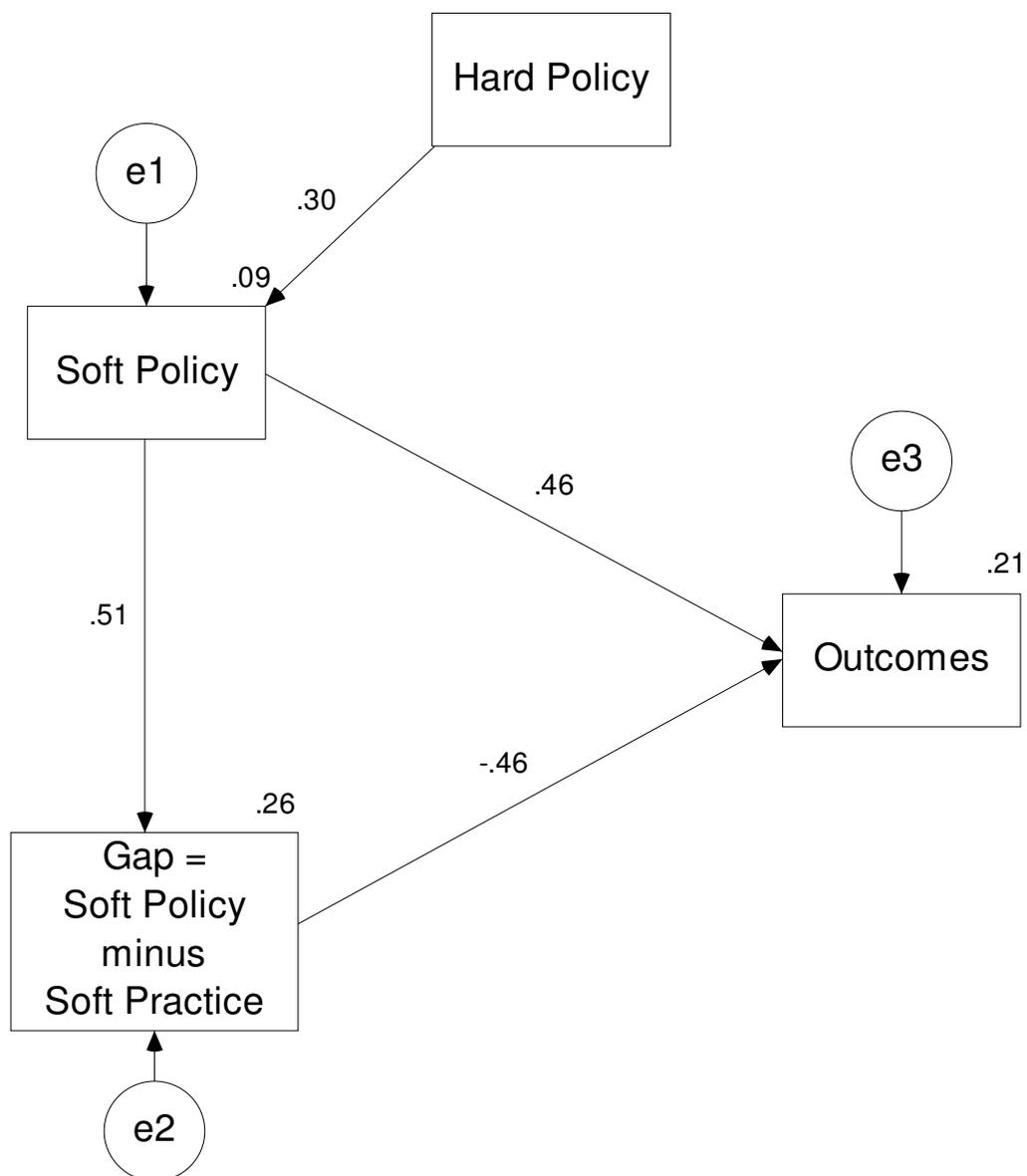**Figure 2: Relationship between HRM function, HMR policy and practice**

and outcomes with significant beta coefficients and R-Square values shown

(Chi-Square = 6.614, df=6, p=.358, GFI=.988, CFI=.997, RMSEA=.024).