

## THE ASSOCIATION BETWEEN HARD AND SOFT HUMAN RESOURCE MANAGEMENT ORIENTATIONS IN THE MALAYSIAN HOTEL ORGANIZATIONS

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### Abstract

*Human Resources Management (HRM) orientation in handling human resources are two prime factors that would affect the human resources' ability and willingness to provide quality service as required by the organization. The objective of the study was to examine the relationship between Hard HRM and Soft HRM orientation. It was proposed that if there was association between the Hard HRM and Soft HRM orientations in the hotel organization, it would be more effective as indicated in the low turnover rate. The variables were examined in 21 hotel organizations. Findings indicated a strong support for the proposition in only 1 hotel and minimal support in 3 hotels. The Hard HRM orientations were mainly organization-centered and reactive, while the Soft HRM orientations were predominantly employee-centered, in support of teamwork and with activities that enhanced the work environment.*

**KEY WORD:** *Hard HRM, Soft HRM, Turnover rate, Work environment, Communication flow, Teamwork*

### INTRODUCTION

Organizations are made up of systems, processes, structures, and people. Organizational effectiveness depends, to a large extent, on the appropriateness of systems, structures and processes, as well as the functional orientations. But, ultimately organizational effectiveness depends on the quality of its human resources, especially for service organizations. For hotel organizations, the importance of human resources cannot be underestimated, and their effectiveness centered on the interaction quality between employees and customers, and among employees. The roles of Human Resource Management (HRM) orientation in the management of human resources are uniquely important in sustaining service quality. Competitive advantage is derived through the employees' willingness, capabilities and ingenuity to provide quality service. The HRM functional orientation and the workplace interaction orientation have to support the employees' roles. The objectives of the research were to examine:

- 1) the relationship between the Hard HRM Orientation and Soft HRM orientation of specifically, the hotel organizations in Malaysia and;
- 2) the relationship of Hard HRM and Soft HRM with the turnover rate.

Thus, it was proposed that when there was similarity in these two orientations, the organizations would be more effective as indicated by low employees' turnover rate. The turnover rate was determined by the average turnover rate of the employees at the restaurant outlets, kitchen, housekeeping and front office divisions of the hotels. Findings from the study would help practitioners in hotel organizations understand and appreciate the important roles and supports required by the employees to deliver quality service.

### LITERATURE REVIEW

Legge (1995) indicated from his studies that the normative definitions of Human Resource Management (HRM) suggested two different models or orientations: "Hard" HRM orientation which represented by the systems, functions and processes; and the "Soft" orientation which focused on culture and behavioral orientations of organizational members. Fombrun (1983) and Tichy et. al. (1982) noted that the Hard HRM Orientation focused on procedural aspects of the HRM functions. The generic functions performed by the HRM divisions are: (1) Human Resource Planning; defined as the process for identifying an organisations' current and future human resource requirements, developing and implementing plans to meet these requirements and monitoring their overall effectiveness; (2) Staffing; defined as the process that ensures the organization would always have had the appropriate number of employees, with relevant skills, in the right jobs, and at the right time, to achieve organizational objectives.

The staffing function included both the activities of recruiting and selecting potential employees, whether through internal or external sources; (3) Training and Development; included activities that ensure employees were equipped with the knowledge, skills, competencies and appropriate behavioral dispositions needed for their present and future jobs; (4) Appraisal function; involved a systematic review and evaluation of job performance to assess accomplishments, plans for development, and the determination of rewards for employees' performance. The process should involve discussions on work expectations and performance reviews between managers and employees. The Appraisal function required a systematic description of job-relevant strengths and weaknesses of individual employee or employee group, a total process of observing an employee's performance in relation to job requirements, and a performance evaluation, and; (5) Compensation; included activities that ensure employees received the appropriate rewards in returned for their services to the organization. It involved the flow of events from the determination of wages, salaries, and incentives to be paid, and the supplementary benefits and non-financial rewards such as awards and recognitions.

### ***Hard Human Resource Management***

The Hard HRM focused on the resource side of human resources, that it emphasized costs in the form of "head counts" and placed control firmly in the hands of management, and that the HRM division's role was to manage numbers effectively while keeping the workforce closely matched with requirements in terms of both bodies and behaviors (Storey (1987). Bach (2005) viewed the nature of Hard HRM as followed: (1) HRM is unitarist, that employers' and employees' interests should coincide, but the emphasis was on organizational effectiveness, (2) interests of other stakeholders including employees were marginalized, (3) a predominant interest within the firm on individual employee motivation and aspiration, and (4) playing down on external and collective (unionization) issues. Legge (1995) and Storey (1987) observed that the Hard HRM orientation had some similarities with the concept of scientific management which viewed people as passive objects and value is based on their skills/attributes that the organization required. The 'Hard' model, according to Tichy et. al. (1982), Fombrun et. al. (1984) and, Hendry and Pettigrew (1986) assumed human resource mainly as a factor of production, or a variable cost of doing business, whereby its supply should co-vary with the product market demand.

### ***Soft Human Resource Management***

Storey (1987) indicated that the Soft HRM orientation placed emphasis on the "human-side" and is associated with human relations school of Herzberg and McGregor. The Soft HRM orientation focused on treating employees as valued assets and as a source of competitive advantage through their commitment, adaptability and high quality skill and performance (Gill, 1999). Legge (1995) noted that employees were viewed as proactive rather than passive inputs into the productive processes, that they were capable of development, and worthy of trust and collaboration which were achieved through participation. The Soft HRM model (Beer et. al. 1985, Walton, 1985, Guest, 1987) focused on building long-term competitive advantage of organizations through having a high quality flexible and committed workforce. The emphasis was on getting positive human response via appropriate communications and motivational techniques and leadership style (Storey, 1987). Thus, the Soft HRM orientation referred to organizational approaches in leadership style, motivational methods, employee participations, and quality of work life which indicated that they stressed on the 'human' aspects of HRM. The overall inclination of the Soft HRM orientation would include (1) extent of team cohesiveness which referred to the relationships among employees and the level of management support on activities that would bring employees closer to management; (2) conditions of the work environment including the workplace climate surrounding the employees. This variable was used to determine the conduciveness of the work environment in support for quality performance; and (3) patterns of communication flow with an aim of examining the nature of communication related directly to employees' tasks.

## ***RESEARCH METHODOLOGY***

### ***Sample***

The four-star and five-star hotels located in Kuala Lumpur and Selangor, which were listed in Malaysia Association of Hotel (MAH) members' directory, were chosen as the unit of analysis for the purpose of this study. A total of 63 4-star and 5-star hotels were identified in these two states of Malaysia. These hotels were chosen for the fact that these two states have the highest number of 4-star and 5-star hotels throughout the region and they had been operating for more than 10 years. The study opted for non-probability sampling in which the sample is not a product of a randomized selection processes and the sample was selected on the basis of their accessibility.

Specifically, convenient sampling was used for the respondents since subjects were chosen to be part of the sample with a specific purpose in mind. With convenient sampling, researchers of this study recruited the Human Resources personnel to answer to the survey as the researchers believed that these respondents are fit for this research compared to other individuals. An introductory letter stating the purpose of the study as well as requesting permission for participation, which was attached to each questionnaire, was sent to 63 individuals from Human Resource Department of the 4-star and 5-star hotels. Human Resource Personnel of 21 hotels responded to the survey. An analysis on the respondents' profiles has shown that 67% of the respondents held positions as either personnel executive or training manager, 19% were human resource managers, while 14% were human resource supervisors. The average number of guestrooms for the each hotel was 395, and the average number of employees was 190.

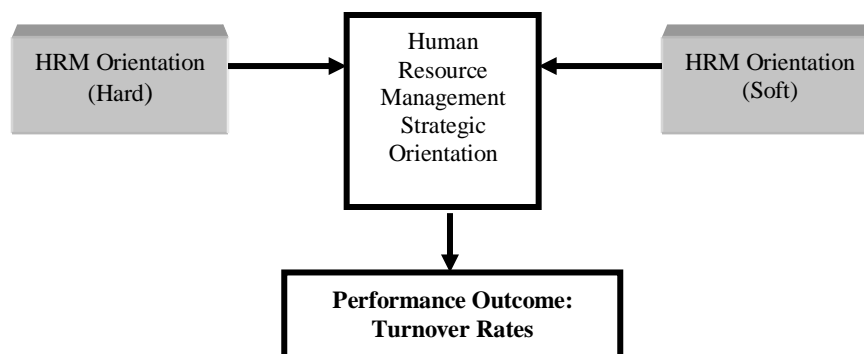
### **Data collection**

Self-administered questionnaires were used in this study for the purpose of data collection. The questionnaires were mailed to the respective Human Resources Department of the hotels. Follow-up calls were made to the respondents as to monitor on the progress of the responses. The completed questionnaires were returned to the researcher using postage paid envelopes which were provided together with the questionnaires. The total data collection period was over three-week time.

### **Research Instruments**

Each of the Human Resources Personnel was requested to complete the structured questionnaire in order to determine either Hard or Soft HRM orientation is practised in the hotel. The questionnaire comprised of forty-seven questions on both Hard and Soft HRM orientations. A self-developed Likert-like four point scale was used to measure the extent to which the Hard HRM orientation is being practised in the hotels. The scale indicated 1 as low/disagree, 2 as moderately low/somewhat disagree, 3 as moderately high/somewhat agree and 4 as high/agree. A ratio scale was used to measure the employee turnover rates where the respondents were required to indicate the number of employees and estimated turnover rate of employees in each area. Questions on the organization profile and respondents' profiles were included to ensure the reliability of responses. Figure 1 demonstrates the relationship between the Hard and Soft HRM orientations and indicates the employee turnover rates.

**FIGURE 1. Study Framework**



### **RESULTS AND FINDINGS**

Table 1 presents the detailed mean scores of the five (5) dimensions under Hard HRM Orientation.

**TABLE 1. Mean Score for Hard HRM Dimensions**

Dimension	Items	Mean
Human Resource Planning	Planning is formalized	1.81
	Planning considers business development	1.76
	Establish career ladders	1.91
	HR Department plans HR requirements	3.05
	Planning over 1 year period	2.67
	Overall	<b>2.24</b>
Staffing	Known promotional criteria	3.24
	Limited promotional opportunities	1.71
	Management discuss Career development	3.24
	Self-nomination for promotion	2.38
	Emphasize external hiring	2.05
	Overall	<b>2.52</b>
Training And Development	Designed on current job requirement	2.05
	Based on responding to current needs	1.57
	Initiated by HR/Top management	1.71
	Emphasizes productivity needs	1.67
	Volunteers participation in programs	2.67
	General and broad-based knowledge	3.29
	Overall	<b>2.16</b>
Appraisals	Wages commensurate with performance	2.57
	Opportunity for self-evaluation	2.95
	Evaluation process is informal	2.38
	Evaluation process is on-going	3.29
	Evaluated as individuals	1.62
	Management insist on perf. Improvement	3.05
	Employees given feedback	1.81
	Evaluation used for reward and remedial	1.81
	Overall	<b>2.44</b>
Compensation	Std and Fixed package	1.91
	Employees feel job is secure	2.37
	Wage adjustment based on seniority	2.19
	Salary determined by market rates	3.14
	Long-term impact is considered	3.10
	Overall	<b>2.54</b>
<b>Overall Mean for Hard HRM Orientation</b>		<b>2.38</b>

\*Scale: 1= low/disagree, 2 = moderately low/somewhat disagree, 3 = moderately high/somewhat agree, 4 = high/agree

Based on Table 1, the mean score for six (6) items on Human Resource Planning (Dimension 1- Hard HRM orientation) ranges from 1.81 to 3.05, which indicated moderately high score for one (1) item and moderately low score for another one (1) item while three (3) items scored low mean. The highest mean score among all the items was 'HR Department plans HR requirements' (M=3.05). The item 'Planning is formalized' had the lowest mean score of M=1.81. The low mean score shows that these respondents agreed that the HR planning in their hotels has not been formalized as they may change in separate occasions.

The second dimension of Hard HRM orientation that is Staffing scored mean score within the range of 1.71 to 3.24. Among the five (5) items, 'Known promotional criteria' and 'Management discuss Career development' (M=3.24) had the highest mean score. In contrast, 'Limited promotional opportunities' (M=1.71) was the lowest score among all. From the score of Staffing dimension, the lowest mean score indicated that promotional activities are common among the employees within these hotels.

Under the dimension of Training and Development, the mean scores are from 1.57 to 3.29. The highest mean scored by one (1) item that is 'General and broad-based knowledge' (M=3.29) while one (1) item scored moderately. Three (3) items scored low scores with the lowest is 'Based on responding to current needs' with M=1.57. The respondents disagreed that trainings were conducted when there is necessity only while at these hotels, trainings for the employees are conducted regardless of any circumstances.

Two (2) items from the eight (8) items of the fourth dimension of Hard HRM that is Appraisal scored moderately high. The highest mean score (M=3.29) is from item 'Evaluation process is on-going'. Three (3) items scored moderately low and another three (3) items scored low mean score. The lowest mean score (M=1.62) indicated that the respondents agreed that employees' performance is not evaluated individually but in team.

Compensation as the last dimension of Hard HRM shows that the respondents somewhat agreed with the item scored the highest mean 'Salary determined by market rates' (M=3.14). On the other hand, the lowest mean score (M=1.91) pointed out that the respondents disagreed that their hotels practise standard and fixed compensation package.

**TABLE 2. Mean score for Soft HRM Dimensions**

Dimension	Items	Mean
Team Cohesiveness	Employees trust each other	3.19
	Employees work as a team	3.33
	Encourage to learn each others' tasks	3.28
	Organization is relationship oriented	3.29
	Supervisors help to build cohesive team	3.02
	Employees assist each other	3.19
	Overall	<b>3.22</b>
Work Environment	Working environment is of trust and warm	3.48
	Employees have influence at workplace	2.95
	Environment is amiable	3.52
	Comfortable rest and recreation areas	3.19
	Supervisor is approachable	3.48
	Overall	<b>3.32</b>
Communication Flow	Employees appreciate management giving accurate information	3.29
	Communication barriers among employees	2.81
	Explanation on importance of tasks	3.00
	Employees briefed on development plans	3.01
	Open communication with supervisors	2.64
	Regular feedback on performance	3.24
	Overall	<b>3.00</b>
<b>Overall Mean for Soft HRM Orientation</b>		<b>3.18</b>

\*Scale: 1= low/disagree, 2 = moderately low/somewhat disagree, 3 = moderately high/somewhat agree, 4 = high/agree

Table 2 represents the detailed mean scores for three (3) dimensions of Soft HRM Orientation. Referring to Table 2, the mean score for six (6) items on the first dimension of Soft HRM Orientation that is Team Cohesiveness ranges from 3.02 to 3.33. All of the items indicated moderately high mean score. The highest mean score among all the items was 'Employees work as a team' (M=3.33). The item 'Supervisors help to build cohesive team' had the lowest mean score of M=3.02. The low mean score shows that the Human Resource Personnel rather agreed that team cohesiveness among the employees in their hotels does exist without having to cling to assistance from the supervisor.

Under the dimension of Work Environment, four (4) items scored high mean while one (1) item scored a moderately low mean. The mean score ranges from 2.95 to 3.52. The item that scored the highest mean was 'Environment is amiable' (M=3.52) while the lowest mean score (M=2.95) was the 'Employees have influence at workplace'. This low mean score indicated that the respondents have moderately agreed that employees do not have influence at the workplace.

The last dimension under Soft HRM Orientation that is Communication Flow has shown mean scores of six (6) ranging from 2.64 to 3.29. Four (4) of the items scored moderately high mean, while, the remaining scored moderately low mean. The item 'Employees appreciate management giving accurate information' scored the highest mean with  $M=3.24$  while the lowest was 'Open communication with supervisors' ( $M=2.64$ ). This low score shows that respondents somewhat disagree that there is open communication among employees and supervisors at their hotels.

Table 3 represent the relationship between Hard-Soft HRM orientations with turnover rates of twenty-one (21) hotel organizations were understudy.

**TABLE 3. Relationships between Hard-Soft HRM Orientations with Turnover Rates**

Number of Hotel	(A) Hard HRM Orientation	(B) Soft HRM Orientation	(A-B) Variance	(C) Extent of Association*	Turnover Rate	(D) Rating for Turnover **	(C AND D) Association
1	2.61	2.92	0.31	Category 2	18	Category 1	NO
2	2.53	3.36	0.83	Category 3	15	Category 1	NO
3	2.49	2.92	0.43	Category 2	23	Category 2	YES
4	2.38	3.22	0.84	Category 3	18	Category 1	NO
5	2.35	3.61	1.26	Category 3	30	Category 3	YES
6	2.31	3.03	0.72	Category 3	19	Category 1	NO
7	2.41	3.58	1.17	Category 3	21	Category 2	NO
8	2.38	2.86	0.48	Category 2	45	Category 3	NO
9	2.57	2.69	0.12	Category 1	7	Category 1	YES
10	2.42	3.22	0.80	Category 3	25	Category 2	NO
11	2.43	3.00	0.57	Category 3	29	Category 3	YES
12	2.34	3.31	0.97	Category 3	22	Category 2	NO
13	1.97	3.28	1.31	Category 3	20	Category 2	NO
14	2.41	3.67	1.26	Category 3	24	Category 2	NO
15	2.33	3.19	0.86	Category 3	27	Category 3	YES
16	2.34	3.06	0.72	Category 3	21	Category 2	NO
17	2.61	3.36	0.75	Category 3	12	Category 1	NO
18	2.57	3.67	1.10	Category 3	16	Category 1	NO
19	2.07	2.83	0.76	Category 3	19	Category 1	NO
20	2.18	2.83	0.65	Category 3	22	Category 2	NO
21	2.34	3.25	0.91	Category 3	16	Category 1	NO
<b>MEAN</b>	<b>2.38</b>	<b>3.18</b>	<b>0.80</b>				<b>NO</b>

The variance between the mean scores for Hard HRM orientation and Soft HRM orientation was calculated, and the variances were grouped into three categories:

**\*TABLE 4. Rating for Relationship of HARD and SOFT HRM orientation**

Category	Variance, $\sigma$	Indication
1	Less than 0.26	Good fit
2	0.27 to 0.50	Average fit
3	More than 0.51	Poor fit

The turnover rate for 21 hotel understudy is also grouped into three categories:

**\*\*TABLE 5. Rating for turnover**

Category	Turnover rate	Indication
1	Below than 0.20%	Good
2	21% to 25%	Average
3	Above 26%	Poor

### Research Proposition

*Proposition 1: There is no relationship between Hard HRM and Soft HRM orientations in the Malaysia's Hotel Organizations.*

As shown in Table 3, a Good Fit between Hard HRM and Soft HRM orientations was found in only 1 hotel or 5%, an Average Fit was found in 3 hotels or 14%, whilst there was a Poor Fit in 17 hotels or 81%. Therefore, the proposition that there was alignment between the Hard HRM and the Soft HRM orientations cannot be accepted since a Good and an Average Fit was found only in 4 hotels or 19% of hotels only.

*Proposition 2: There is relationship between Hard or Soft HRM orientation and turnover rate of employee in the Malaysia's Hotel Organizations.*

The findings revealed in table 3 shown that the Turnover rate was considered Good in 9 hotels or 43%, an Average rate was found in 8 hotels or 38%, and a Poor rate was found in 4 hotels or 19%. In comparing the extent of relationship between the Hard HRM and Soft HRM orientations with the Turnover rates as illustrated in table 3, the study found that there was relationship in 5 of the 21 hotels or 24%. Of the 5 hotels, 1 hotel was considered in the Good category (Good Fit on Hard and Soft HRM and the Turnover rate was also low). Another 1 hotel, an Average category was found where there was an Average Fit between Hard and Soft HRM and the Turnover rate was also average. In another 3 hotels, a Poor Fit was found between Hard and Soft HRM relationship and the Turnover rate was also high. Thus, the proposition of the study which contended that there would be a fit between the Hard HRM and Soft HRM could only be partially accepted since fit was found in only 5 of the 21 hotel examined.

### **CONCLUSIONS**

The findings revealed that the relationship between Hard HRM orientation and Soft HRM orientation could only be found at (four) 4 hotels from the total of twenty-one (21) participating hotels. The remaining numbers of hotel had shown that there was no alignment between the Hard and Soft HRM. In comparing the extent of relationship between the Hard HRM and Soft HRM Orientations with the Turnover Rates, the relationship was found in five (5) of the twenty-one (21) hotels. The hotel organizations seemed adopting both orientations as there was neither Hard nor Soft HRM Orientation been adopted exclusively. These hotels are practising mixed elements from the two orientations where the employees' and organizations' interest are considered in any decision-making. The precise ingredient of this mixture is unique, which implies factors of both internal and external environment of the organization, culture and structure which all have vital role to play in the way of HRM in hotel operates.

This study is expected to be helpful for managers of the hospitality organizations in planning and executing HRM practices. High turnover rate has been viewed as a serious problem in the hospitality industry since increased turnover causes high costs of training and recruiting, lower productivity, and emotional instability among employees. In an effort to mitigate the turnover rate, numbers of innovative ways should have been developed, which include competitive compensation, training, recruiting and etc. This study suggests that pre-employment tests, incentive plans, and labor-participation management are indeed effective in decreasing turnover rate.

It continues to be important to find the right HRM orientation which can blend with the employees preferences at all times as to sustain high productivity level and reduce the turnover rate. Implementing either Hard or Soft HRM orientation can be even more critical for the success of up-scale lodging properties than budget hotels because of guest higher expectations of personalized services. In order to find suitable HRM orientation to be implemented in the hotel, human resource managers should pay close attention to HRM elements, which is often regarded as more of the influential positive affectivity on turnover rate.

Besides, it is also important for the managers of hotel in Malaysia particularly to observe the HRM practises in the work environment and any possible drivers within it that could lead to reduced job satisfaction that would trigger a high turnover. Therefore, managers are to plan for a more organized work environment with appropriate HRM orientation as well as take into considerations any factors that would be deemed by the employees as one of the reasons to leave.

### **LIMITATION**

As with all empirical research, the limitations of the present study should be addressed. One notable limitation of this study was the small number of respondents (21) from one particular industry. The small sample size (low statistical power) and the lack of occupational heterogeneity limited the ability to generalize the findings of the present study. Furthermore, since the present study exclusively examined the relationship of Hard HRM and Soft HRM with the turnover rate in the hospitality industry, a qualitative approach such as in-depth interviews would be useful to examine the extent of adverse elements of HRM orientation would affect the turnover rate.

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