

Status of Hard and Soft HR Approaches: Evidence from Workplaces of Nepal

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Abstract

Two of the most widely adopted approaches to HR are the hard and soft approaches. These concentrate on opposing views of human existence and methods of techniques for managerial power. In this regard, in the context of Nepalese workplaces, this paper aims to analyze hard and soft HR approaches. For the empirical study, a total of 375 questionnaires (15 for each company) were distributed using non-probability sampling to the employees of 25 companies listed on the Nepal Stock Exchange. Among them, 247 employees replied to questionnaires (representing 65.87 percent). A self-developed four-point Likert-like scale has been used. The findings suggest that compensation is the highest priority of all companies as the main component of the Hard HR approach, while human resource planning receives less priority. The findings also suggest that the work environment is a top priority for all companies among the three dimensions (team cohesion, work environment, and communication flow) of the Soft HR approach, whereas employees and managers have a moderate level of communication and interaction in their companies. Team cohesion exists in their companies. Depending on the nature of the individual firm or organization, the approach to managing people can vary. To deal with employee relations issues, there should be a suitable representation of employees.

Keywords: hard approach, soft approach, human resource management, employees, workplace

Introduction

The management of human resources is so distinctive that it looks for a best-practice approach to human resource management (HRM) to meet developmental and organizational goals in the built environment. HRM is gaining more and more significance day by day. It is the soul and heart of modern management. It is about managing people in an organization (Shrestha, 2018). The hard and soft versions are two of the most commonly adopted HR approaches. These are focused on contrasting views of human nature and methods of managerial control strategies (Truss et al., 1997).

Although emphasizing the importance of combining HR policies with business goals, the soft approach proposes the treatment of workers as valued assets and a source of competitive advantage through their loyalty, adaptability, and high-quality expertise and results (Quansah, 2013). Employees are constructive than passive inputs into efficient systems that are capable of development, deserving of trust, and cooperation through participation (Legge, 1995). In comparison to the hard approach, this approach emphasizes "human" and is related to Herberg and McGregor's Human Relations School (Storey, 1987). This approach also focuses on the qualitative, calculative, and business-strategic dimensions of "headcount" management, called human asset accounting (Storey, 1987). The Hard HRM approach has some link with scientific leadership as individuals are reduced to passive artifacts that are not valued as a whole but evaluated on whether they have the skills or characteristics needed by the organization Legge, 1995; Vaughan, 1994; Storey, 1987; Drucker et al., 1996; Keenoy, 1990 cited in Quansah, 2013). Several previous studies (e.g., Gautam, 2010a; Adhikari, 2005; Adhikari & Gautam, 2010, Gautam & Davis, 2007; Gautam, 2007, Gautam, 2008; Gautam, 2010b; Cranet, 2004; Adhikari & Gautam, 2006) have initiated the idea of both HRM's Hard and Soft approaches in Nepal. In this background, this paper aims to examine hard and soft HR practices in the context of Nepalese workplaces.

Literature Review

Hard HR Approach

A closer alignment of HR strategies, processes, and practices with the business plan is emphasized by the challenging approach to HRM (Shrestha, 2020). The quantitative, calculative, and business strategic aspects of headcount resource management are illustrated. To secure an organization's competitive advantage, it assumes power over individual activities. 'Hard' HRM has a strategic and administrative orientation, stressing the productive use of human capital in the direction of broad organizational priorities and objectives. Hard HR activities concentrate on the enforcement section. This approach has a strategic and administrative orientation, stressing the productive use of human capital in the direction of broad organizational priorities and objectives.

Many literature sources mentioned the Hard HR approach. The Hard HR approach focused on the human resources resource side, highlighted costs in the form of "head counts" and placed control squarely in the hands of management, and the HRM division's job was to handle numbers effectively while keeping the workforce closely aligned with organizational and behavioral requirements (Storey, 1987). The nature of Hard HRM was considered by Bach (2005) as follows: (1) HRM is unitarist, that the interests of employers and workers should be aligned, but the emphasis was on

organizational effectiveness, (2) the interests of other stakeholders including employees, were marginalized, (3) the overarching interest of the company in individual employee motivation and aspiration, and (4) the external and mutual interest (Ishak, Abdullah, & Ramli, 2011).

Legge (1995) and Storey (1987) noted that the orientation of Hard HRM had some parallels with the philosophy of scientific management that treated individuals as passive artifacts and focused on their skills/attributes needed by the organization. The hard approach, according to Tichy et al. (1982), Fombrun, Tichy, & Devanna (1984), and Hendry and Pettigrew (1986), primarily assumed human capital as a production factor or a variable cost of doing business, whereby their availability could differ with the demand for the product market. In this study, human resource planning, staffing, training and development, appraisals, and compensation are taken as the key dimensions of the hard HR approach.

Soft HR Approach

This HR approach emphasizes the integration of HR policy with HR strategy, treating employees through commitment, adaptability, and high quality as valued assets, a source of competitive advantage (Shrestha, 2020). It assumes that if they are trusted, trained, and developed, and if they are allowed to work independently and if they have control over their work, employees will be committed to their work (Adhikari, 2009).

Storey (1987) suggested that the orientation of the soft HR approach stressed the "human side" and is aligned with Herzberg and McGregor's human relations school. This approach aims to treat workers as valued assets and as a source of competitive advantage through their dedication, adaptability, and high-quality skills and results (Gill, 1999). Legge (1995) noted that employees were seen as constructive inputs into the production processes rather than passive inputs, which they were capable of growth and deserving of the trust and cooperation gained through participation.

The soft approach (Beer et al. 1985, Walton, 1985, Guest, 1987) concentrated on building organizations' long-term competitive advantage by providing a flexible and dedicated workforce of high quality. Thus, this approach also assumes employee involvement by means such as consultation, empowerment, engagement, and communication. This HR approach emphasizes the alignment of HR policy with HR strategy, treating workers as valued assets, through engagement, adaptability, and high efficiency, a source of competitive advantage. In this study team cohesiveness, work environment, and communication flow are considered as the key dimensions of the soft HR approach.

Research Methods

For the empirical analysis, a total of 375 self-administered questionnaires (15 in each company) were distributed to the employees of 25 companies listed in the Nepal Stock Exchange (NEPSE) by using non-probability sampling. The questionnaires were sent to the companies' respective human resource departments by mail. A total of 247 sample responded to questionnaires (representing 65.87 percent).

All the participants were asked to complete the standardized questionnaire to decide if the company is practicing a hard or soft HR approach. To calculate the degree to which the hard or soft HR approach was being implemented in companies, a self-developed Likert-like four-point scale was used. The scale recorded 1 as low/disagree, 2 as moderately low/somewhat disagree, 3 as moderately high/somewhat agree, and 4 as high/agree. Table 1 and 2 present the key dimensions of soft and hard HR approach, developed by Ishak et al. (2011), used in this study.

Table 1
Dimensions of Soft HR Approach

S.N.	Dimensions	Items
1	Team Cohesiveness	Employees trust each other
		Employees work as a team
		Encourage to learn each others' tasks
		The organization is relationship-oriented
		Supervisors help to build a cohesive team
2	Work Environment	Employees assist each other
		The working environment is of trust and warm
		Employees influence workplace
		Environment is amiable
		Comfortable rest and recreation areas
3	Communication Flow	Supervisor is approachable
		Employees appreciate management giving accurate information
		Communication barriers among employees
		Explanation of the importance of tasks
		Employees briefed on development plans
		Open communication with supervisors
		Regular feedback on performance

Table 2
Dimensions of Hard HR Approach

S.N.	Dimensions	Items
1	Human Resource Planning	Planning is formalized
		Planning considers business development
		Establish career paths
		HR Department plans HR requirements
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2	Staffing	Planning over 1 year period
		Known promotional criteria
		Limited promotional opportunities
		Management discuss career development
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3	Training and Development	Self-nomination for promotion
		Emphasize external hiring
		Designed on the current job requirement
		Based on responding to current needs
		Initiated by HR/Top management
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4	Appraisals	Emphasizes productivity needs
		Volunteers participation in programs
		General and broad-based knowledge
		Wages commensurate with performance
		Opportunity for self-evaluation
		The evaluation process is informal
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5	Compensation	The evaluation process is on-going
		Evaluated as individuals
		Management insists on performance improvement
		Employees are given feedback
		The evaluation used for reward and remedial
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5	Compensation	Standard and Fixed package
		Employees feel their job is secure
		Wage adjustment based on seniority
		Salary determined by market rates
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		The long-term impact is considered

Empirical Results and Findings

This section presents the empirical data and results regarding the status of hard and soft HR approaches at the workplaces in Nepal.

Status of Hard HR Approach

The detailed mean scores of the five dimensions under the Hard HR approaches are presented in Table 3.

Table 3

Mean Score for Hard HR Approach Dimensions

S.N.	Dimensions	Mean (M)
1	Human Resource Planning	3.02
2	Staffing	3.21
3	Training and Development	3.14
4	Appraisals	3.11
5	Compensation	3.87

The mean score for five Hard HR approach dimensions varies from 3.02 to 3.87, as shown in Table 3, suggesting a moderately high score for four dimensions and a high score for one. Of all the dimensions, the highest mean score is compensation (M = 3.87). It means that compensation is the highest priority of all companies. The human resource planning dimension has the least mean score of M = 3.02. The low mean score indicates that these respondents accepted that their companies' HR planning was not formalized so they could adjust on different occasions.

Status of Soft HR Approach

The detailed mean scores of the five dimensions under the Soft HR approaches are presented in Table 4.

Table 4

Mean Score for Soft HR Approach Dimensions

S.N.	Dimensions	Mean (M)
1	Team Cohesiveness	3.79
2	Work Environment	3.82
3	Communication Flow	3.05

Based on Table 4, the mean score for three Soft HR approach dimensions varies from 3.05 to 3.82, suggesting a moderately high one-dimensional score and a high two-dimensional score. Work environment (M= 3.82) is the highest mean score of all the measurements. It demonstrates that the work environment is a top priority for all businesses and the workplace is affected by employees. The communications dimension has the lowest mean score of M = 3.05. The low average score indicates that these respondents agreed that employees and managers in their companies have a moderate level of communication and contact. The mean team cohesiveness score (M = 3.79) indicates that employees accepted that there is a cohesion of the team in their companies.

Discussion and Conclusion

Human resource management (HRM) is a relatively recent concept for Nepalese organizations. After the adoption of the liberalization and privatization program in 1990 A.D., the HRM principle in Nepal grew. Prior to this no specifically specified HR techniques were used by Nepalese organizations. After 1990, the formation of private business organizations and joint ventures gave Nepalese business organizations a new twist. For example, for competent workers, salaries and benefits became competitive, and many companies began to prioritize efficiency. Training and development systems were strongly encouraged as a way of improving the abilities and knowledge of employees (Adhikari, 2010; Adhikari & Gautam, 2011). Many types of studies have found that Nepalese organizations are still in the learning process, and the basis for HRM has not yet been clearly defined in the way it has been developed and practiced in some developed countries (Adhikari, & Muller, 2001; Maharjan, 2013).

Yet, lately, things are shifting. Organizations have different HR departments, administrators are deployed to oversee HR operations, and company and HR strategies are involved. HR decisions are made in the central offices due to centralized organizational frameworks. However, these strategies are now being enforced by HR divisions and line managers (Adhikari, 2009).

Evidence shows that both the Hard and Soft HR approaches are in practice at Nepalese workplaces. This result is in line with Ishak et al. (2011). However, in Nepal, HRM is specifically concerned with human energy use. It is least concerned with the advancement of human skills and employee growth potential. Without much consideration of the personal objectives of workers, its emphasis is on achieving organizational objectives. In Nepal, HRM has not assumed a strategic role (Shrestha, 2020). In Nepalese organizations, both hard and soft HR activities are not applied satisfactorily. But, creative approaches to HRM in Nepal have been encouraged by the emergence of international, multinational, and global organizations and information

technology. Innovative HRM principles in Nepal have also been practiced by foreign NGOs. They are taking global HRM activities to Nepal with them. New HRM approaches are also being practiced by rising financial sector organizations. More recently, some developments have been seen in the use of computerized HR data, professional and skilled workers recruiting, interest in employee training and growth, and so forth. So, it is expected that the practice of the Soft HR approach will be fruitful in the coming days to manage human resources in Nepalese organizations.

Practical Implications

The management of human resources to achieve a competitive advantage is not an easy task in today's environment. Each manager should have proper knowledge of the environmental factors that affect business practices, including the HR manager. Managers need to monitor, discuss, and forecast environmental factors that influence their organizations. There should be a kind of 'good match' between HR strategy and business strategy to succeed in the market. A coherent strategy that links HRM and business objectives is required. Management needs to understand that HRM can lead to organizational change and development. The approach to managing people can vary depending on the nature of the individual firm or organization. Management of culture is an essential way of handling individuals in a company. There should be a suitable representation of workers to deal with employee relations concerns.

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