

# **Differences and similarities in managerial perspectives of strategic HRM**

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# Differences and similarities in managerial perspectives of strategic HRM

## ABSTRACT

The views of three different levels of management on strategic human resource issues in an Australian state health system are investigated. District and Human Resource managers have different perspectives from managers in the Corporate office in regard to vision and long term objectives, policy objectives, the extent to which Corporate office employs a consultative approach and consistency across Districts on HR functions. District Managers differ on a number of issues from those of Corporate managers, whereas differences between Human Resource managers and the Corporate division are even greater, and involve a wider range of issues. District Managers and Human Resource managers generally appear to hold similar opinions. Recommendations include that the Corporate office could adopt a consultative and inclusive management style which included outlying Districts.

## Introduction

Organisations should be realising benefits from strategic human resource management and yet it appears that the large majority do not (Kane & Palmer 1995; Storey 1995). Current literature primarily espouses different concepts of strategic HRM and admonishes that strategic HRM should be fully utilised for efficiency and competitive advantage (Anthony *et al* 1999) and for sustainability (Dunphy & Griffiths 1998). Through its development, strategic human resource management has contributed much to business and organisations (Stone 1995). However little research has been done to extend the theory of strategic HRM and there are few linkages between the practical implications in organisations and the theory (Heaton 2001).

An investigation was commissioned into aspects of strategic human resource management in a state health system in Australia. The question was whether the recent organisational history (approximately ten years) of The Health System has aided the transfer of strategic thinking and operating from Corporate office to the Districts. In previous years there was a regional structural level with senior HRM personnel that carried out strategic activities – the Public Service Management Commission (PSMC) which no longer exists (Heaton 2001). During the same period the detailed and comprehensive PSMC guidelines for policy implementation were also available to line and middle managers contributing to consistent policies throughout the State. The responsibilities have moved to the Districts, and the effect on Districts without the knowledge and skills in HRM was investigated. A perception was that the nature of the PSMC guidelines did not foster strategic thinking or develop skills in managers, as they were prescriptive and rule binding. The PSMC guidelines were replaced with the Office of the Public Service guidelines (OPS), but these are very brief and lacked detail. Therefore each District developed their own policy and implementation strategies, which exacerbates the problems with consistent HRM practices and functions in respect to strategic policy. This causes multiple systems to exist throughout the Districts.

The process of implementing strategic HRM at the managerial level in any organisation is crucial to its success. On a managerial level what needs to be established is how does strategic HRM contribute to the organisational goals; are

the organisational goals driving or influencing the aims of strategic HRM; how does HR strategy contribute to or fit in with the broader picture and how well do the elements of the HR system fit together to support the accomplishment of organisational goals?

According to Beer and Eisenstat (1999) senior managers believe that they are responsible for making decisions based on the strategic HRM agenda. If this belief is not supported by the organisational structure, culture or perceptions, then it is unlikely that there will be effective operationalisation and implementation of strategic HRM. Wessel states that, '... the organisation, the people and their relationships, the systems and the measures all must be aligned. Each must be working toward a common goal.' (Wessel 1993, p.38). The answers to who managers believe is responsible for strategic HRM may help explain why so little operationalisation and implementation is carried out in organisations with respect to strategic HRM.

In this study managers on different levels' perceptions about the effect of the removal of these support structures, the impact on strategic thinking, the factors that influence the transition from policy into practice (implementation) and the process and involvement of managers, are investigated.

## **Methodology**

The sampling frame consists of those responsible for HRM activities within The Health System and all three levels of management are included in the study namely Corporate office, District Managers, and Human Resource managers. The sample size of 46 managers is greater than forty percent of these levels of managers in the population according to the maximum figures calculated. Responses from these three Levels on specific questions in a section of an extensive survey are examined. The differences in responses from each level of management on questions are tested using Kruskal-Wallis and Mann-Whitney U Tests. The Likert scale mean between group differences are also be examined to determine whether any differences appear to be conceptually important. Six managers were interviewed to probe survey responses.

## **Results**

### **Differences between Corporate office, District Managers and HR managers**

A Kruskal-Wallis Test comparing the responses for Corporate office, District Managers and HR managers reveals that generally the responses are similar in respect to how strategic human resource management is implemented in The Health System. However, the responses of all groups are significantly different on question 3.8 (95 percent level), and questions 3.3, 3.17 and 3.21 (at the 90 percent level. See table 1). No significant differences exist between management Levels on any other of the questions tested.

#### ***Corporate office managers compared to District Managers***

The Mann-Whitney U Test reveals that the responses of Corporate office managers and District Managers are significantly different on three questions (3.8, 3.17, and 3.3; see table 2), as they hold opposing views. For example, Corporate office

respondents tend to believe that they use a consultative process more often than a top down approach in administering strategic HRM, whereas, District Managers believe that strategic HRM is administered by the Corporate office using a *top down* approach (question 3.17). Corporate officers generally believe that they make clear, with each policy document, how strategic objectives are to be met, while District Managers tend to think that Corporate officers do not make this clear.

### ***Corporate office managers compared with HR managers***

Differences (at the 90 percent level or higher) between Levels 1 and 3 (Corporate and HR managers of the Districts) are found on five questions (see table 3). Corporate office respondents tend to believe that they are *in tune* with the every day difficulties that District Human Resources personnel encounter, whereas the participating HR managers believe the opposite (see question 3.8). HR managers tend to disagree with the Corporate office view that it employs a consultative approach in regard to strategic HRM (see question 3.17).

### ***District Managers compared to HR managers***

A comparison of the responses of Level 2 and 3 participants (District Managers and HR managers) reveals that there is a significant difference only on one question (90 percent level, see table 4). District Managers tend to believe they can easily identify the links between policy documents and the overall strategic aims of The Health System, whereas the HR managers tend to believe they can not.

### **Areas of agreement between Levels**

In order to look into the dynamics of strategic HRM in The Health System this exploratory study considers the areas where the opinions of all groups of respondents tend to be similar. If all three levels of management agree on factors that inhibit or stimulate the operationalisation of strategic HRM, then it is likely that these factors are important to an understanding of the operationalisation of strategic HRM in The Health System. These areas of similarity of response will be examined by means of the Likert scale group means.

### ***Where all three management Levels Agree or Disagree***

Table 5 lists questions on which all three management level respondents tend to *disagree* with the statements proposed by each question. These statements are:

- The strategic Corporate goals are regularly evaluated, and
- Strategic HRM is not closely integrated with most of the HR practices.

Table 6 indicates that all management level respondents *agree* that:

- Action is readily taken to implement strategic Corporate documents.
- Managers are encouraged to be proactive in strategic HRM.
- Staff are able to question management on the strategic direction.
- Managers often analyse the factors that facilitate and the barriers that inhibit the implementation of strategic HRM.

The responses to questions 3.7 (table 5) and 3.25 (table 6) almost appear as a contradiction. All management levels disagree that strategic corporate goals are regularly evaluated in HR practices, but all management levels agree that they often analyse the factors that facilitate, and the barriers that inhibit the implementation of strategic HRM. If strategic HRM is being effectively being implemented then it follows that the strategic goals are being achieved.

### ***Opinions where one management Level differs from the other two***

It is important to examine the responses to questions when the opinions of one management level differ from those of the other two, as issues of disagreement could indicate potential problem areas for The Health System, and have implications for strategic HRM theory and practice.

Table 7 lists the three questions for which the responses from both management levels in the District differ considerably from those of their Corporate counterparts. In no case do responses from District Managers and HR managers differ by one scale point from each other. Details of response differences are:

- Both groups of District managers tend to believe that, with each policy document, the Corporate office does not make it clear how the strategic objectives are to be met, whereas respondents from the Corporate office tend to believe Corporate office managers do make it clear how objectives are to be met.
- Both levels of District managers tend to believe that Corporate office is not *in tune* with the District HR Personnel's difficulties, whereas the Corporate respondents generally believe that the Corporate office is *in tune* with manager's difficulties.
- Both levels of District managers tend to believe that strategic HRM is a *top down* process rather than a consultative process. On the other hand, Corporate participants tend to believe that strategic HRM is more a consultative process, and not a *top down* process.

## **Qualitative data - survey and interview**

### ***How strategic HRM is operationalised in Districts***

In survey responses *Training* was rated highly by both management levels of the Districts (and by one corporate respondent) as a method of converting strategic HRM policy into HR practice. Training ranked second in overall importance after *Converting it locally* in the number of comments made. All respondents who mentioned a form of local adaptation were HR managers, apart from three District Managers. Another method, mentioned by eight respondents, from all levels of The Health System, was *planning* at the District level.

HR managers and District Managers made comments such as, *adapting it into local policies, manuals and operational procedures*, and incorporating it into *job descriptions* and *work practices*. Some managers noted that a local conversion took place, utilising a consultative - negotiated process.

Another group of comments by District personnel from both management levels, indicates that operationalisation was achieved by responding to emergent issues as they occurred – *Reactively*.

During the interview one manager commented that *s/he operationalised strategic HRM by communicating the intent of the policy and how it should work*, using brief educational sessions and case analysis. Other respondents said they *did not know*. Interviewees from both Districts participating in interviews stated that strategic HRM did not operate in their own Districts. This lack of operation of strategic HRM may explain the small amount of information generated by this question during the interviews.

### ***What is the manager's role in strategic HRM?***

*Leadership* emerged as an important issue in comments from all management levels. It was the subject of ninety percent of all responses from the corporate participants and of fifty-three percent of all comments made. Four groups of comments relating to leadership are listed. Managers should ensure strategic direction is maintained, show leadership, give advice, and offer support and encouragement in strategic matters.

Another issue which generated a number of comments from District personnel related to *Policy* and the role that managers play in strategic HRM. Respondents indicated managers are expected to develop policy and *incorporate the Corporate office plans into District planning and policy*.

The in-depth interviews generated thirteen comments from District personnel and most of these (6 comments) pertained to an overseer role for managers in strategic HRM. Other comments indicated that managers' responsibilities in regard to HR functions included the maintenance of Workplace Health and Safety, and ensuring that security and payroll matters are in order. Only two comments (originating from a District Manager and a HR manager), reflected a clear strategic characteristic – *communicating vision and actively engaging in change management*.

### **Summary of differences in perceptions**

Generally speaking the views of District Managers differ on a number of issues from those of Corporate managers. The differences between HR managers and the Corporate division are even greater, and involve a wider range of issues. On the other hand, District Managers and HR managers generally appear to hold similar opinions. Managers at both levels in the District see things quite differently from managers in the Corporate office in regard to vision and long term objectives, policy objectives, the extent to which Corporate office employs a consultative approach and consistency across Districts on HR functions.

On issues where all management levels hold similar opinions it is likely that their views reflect the situation in The Health System reasonably accurately. These issues include opinions that strategic Corporate goals are not regularly evaluated and that strategic HRM is not closely integrated with most of the HR practices across The Health System, that action is readily taken to implement strategic Corporate

documents, and that managers are encouraged to be proactive in regard to strategic HRM.

Both District levels of management believe that Corporate office does not always make clear how strategic objectives are to be met, that the Corporate office does not understand the District HR Personnel's daily difficulties, and that the Corporate office engages in a *top down* process in regard to strategic HRM.

Interview findings generally support survey results, any discrepancies no doubt being influenced by the small number of managers interviewed and the fact that interviewees from the same Districts, in each case, conflicted with each other's opinion as to whether their District operated strategically.

## Conclusions and discussion

The focus was on the differences and similarities of perspectives that exist between the Corporate Division, District Managers and District HR managers in respect to how strategic human resource management is operationalised in The Health System (Heaton 2001). It can be seen that generally the District Managers and their HR managers are similar in opinion, and are both divergent from the corporate view.

The respondents indicated that strategic HRM does not operate in most Districts, or at most fifteen percent of Districts would operate strategically. The reasons given for the lack of strategic HRM in Districts related to staff knowledge and skills in HR, a lack of resources, the frequency of change that occurs, and not enough effort is applied to operating strategically in HRM.

The majority of managers believe that those at the senior level of management within Districts were seen to be responsible for strategic HRM, confirmed by researchers such as Anthony et al (1999). This would seem to indicate that strategic HRM might be *left* for those few people to transfer strategic HRM throughout the District. The data seems to indicate that District Managers may be unclear on the strategic objectives of The Health System.

District personnel show little consensus regarding the critical components that form strategic HRM. These results may indicate a lack of understanding of strategic HRM by managers, or that individual pressures are experienced by individual Districts which impact strategic HRM. *Communication, availability of resources, education and training, and skill levels*, emerged as important elements in the minds of the District interviewees.

District Managers and District HR managers saw their role in strategic HRM as communicators and co-ordinators of strategic documents. These managers did not mention analysis, assessment of strategic HR needs, planning, goal setting, evaluation or drafting of policies.

There are greater differences of opinion with managers on lower levels of the hierarchy than on the senior levels when compared to the Corporate office opinion. Corporate office managers have fewer differences of opinion with District Managers

than with District HR managers. District Managers agree much more often with HR managers than Corporate office managers.

The areas where a difference of opinion occurs between the Corporate office and Districts managers are of key importance to the organisation and how it operates and the relationship between these levels of management. Issues such as vision, long term objectives, policy objectives, the management style of Corporate office, and the consistency of HR functions across Districts fall into this category.

Because Districts assess and arrive at their own mechanisms for implementation HR functions become inconsistent across the organisation. This individualistic approach by Districts, allows the possibility of divergence from original objectives and different emphases to emerge, due to internal District pressures (Heaton 2001). This can occur at each stage of localisation because of individual biases and understanding of HRM, or lack of it. A lack of clear focus and assistance in setting priorities may contribute to inconsistent administration of HR functions.

On the issue of how strategic HRM is operationalised in the Districts, almost a third of the responses related to some form of local adaptation. No responses from the Corporate office indicated local adaptation, which may support the idea that the Corporate office are unaware of the magnitude of resources going into implementing, adapting and localising policies that they release to the Districts, and that they are unaware of the District situation. If the Corporate office were to become more aware of District issues and thus prepare a far better *package* with policy document releases, this could free resources in the Districts for strategic HRM.

If Corporate office were to adopt an *obvious* consultative and inclusive management style which included outlying Districts, this could work to alleviate the perception that Corporate office do not understand the difficulties faced by District staff, which is noted as a barrier to strategic operationalisation (confirmed in this study and by Beer & Eisenstat 1999). This would help decrease the perception that Corporate office utilise a top down approach to strategic HRM and supply a mechanism to receive valuable feedback on the Districts' situations. This could encourage greater participation by District employees and indeed achieve a greater understanding of the District situations for the Corporate office.

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**Table 1 Statistical differences between Corporate office (L1), District Managers (L2) and HR managers (L3) - Kruskal-Wallis Test**

No.	Question	Asymp. Sig.	Likert scale response means (3=0)		
			L 1	L 2	L 3
3.8	The Corporate Office is very much in tune with the everyday difficulties that District HR Personnel encounter.	0.011*	2.25	3.64	4.17
3.3	The Corporate office makes it clear, with each policy document, how the strategic objectives are to be met.	0.093**	2.25	3.27	3.31
3.17	Strategic HRM is much more a consultative process than a 'top down' approach.	0.053**	1.5	3.18	3.17
3.21	I can easily identify the links between strategic HRM policy documents and the overall strategic aims of THE HEALTH SYSTEM	0.076**	2.25	2.55	3.03

Source: Analysis of data. \* Significant at the 0.05 level; \*\* Significant at the 0.10 level  
Likert scale used: Strongly Agree 1, Agree 2, Neither 3, Disagree 4, Strongly Disagree 5.

**Table 2 Statistical differences between Corporate (L1) and District Managers (L2) – Mann-Whitney U Test**

No.	Question	Asymp. Sig.	Likert scale response means (3=0)	
			L1	L2
3.8	The Corporate Office is very much in tune with the everyday difficulties that District HR personnel encounter.	0.048*	2.25	3.64
3.17	Strategic HRM is much more a consultative process than a 'top down' approach.	0.015*	1.5	3.18
3.3	The Corporate office makes it clear, with each policy document, how the strategic objectives are to be met.	0.058**	2.25	3.27

Source: Analysis of data. \* Significant at the 0.05 level; \*\* Significant at the 0.10 level  
Likert scale used: Strongly Agree 1, Agree 2, Neither 3, Disagree 4, Strongly Disagree 5.

**Table 3 Statistical differences between Corporate (L1) and HR managers (L3) - Mann Whitney U Test**

No.	Question	Asymp. Sig.	Likert scale response means (3=0)	
			L1	L3
3.3	The Corporate office makes it clear, with each policy document, how the corporate strategic objectives are to be met.	0.034*	2.25	3.31
3.8	The Corporate Office is very much in tune with the everyday difficulties that District HR Personnel encounter.	0.007*	2.25	4.17
3.17	Strategic HRM is much more a consultative process than a 'top down' approach.	0.025*	1.5	3.17
3.1	To what extent does the organisation (The Health System) intend to improve employee welfare by initiating SHRM?	0.097**	3.5	2.75
3.21	I easily identify the links between strategic HRM policy documents and the overall strategic aims of The Health System.	0.081**	2.25	3.03

Source: Analysis of data. \* Significant at the 0.05 level; \*\* Significant at the 0.10 level  
Likert scale used: Strongly Agree 1, Agree 2, Neither 3, Disagree 4, Strongly Disagree 5.

**Table 4. Statistical differences between District Managers (L2) and HR managers (L3) – Mann Whitney U Test**

No.	Question	Asymp. Sig.	Likert scale response means (3=0)	
			L 2	L 3
3.21	I easily identify the links between strategic HRM policy documents and the overall strategic aims of The Health System.	0.090**	2.55	3.09

Source: Analysis of data. \*\* Significant at the 0.10 level

Likert scale used: Strongly Agree 1, Agree 2, Neither 3, Disagree 4, Strongly Disagree 5.

**Table 5 All three management Levels disagree**

No.	Questions	Likert scale response means (3=0)		
		L1	L2	L3
3.4	Strategic HRM is closely integrated with the majority of HRM practices across The Health System.	3.5	3.2	3.28
3.7	The strategic Corporate goals of The Health System are regularly evaluated in almost all HR practices.	3.5	4.09	3.55

Source: Analysis of data.

Likert scale used: Strongly Agree 1, Agree 2, Neither 3, Disagree 4, Strongly Disagree 5.

**Table 6 All three management Levels agree**

No.	Questions	Likert scale response means (3=0)		
		L1	L2	L3
3.23	Staff are able to question management about the strategic direction of the organisation.	1.75	2.09	2.37
3.24	I am encouraged to proactively take a strategic role in HRM.	2.5	2.18	2.23
3.25	I often analyse the strengths and barriers to implementation of SHRM.	2.33	2.82	2.47
3.26	Action is readily taken at my level, to implement Strategic Corporate documents.	2	1.91	2.2

Source: Analysis of data.

Likert scale used: Strongly Agree 1, Agree 2, Neither 3, Disagree 4, Strongly Disagree 5.

**Table 7 Corporate respondents differ from District respondents (by greater than one scale point)**

No.	Questions	Likert scale response means (3=0)		
		L1	L2	L3
3.3	The Corporate office makes it clear, with each policy document, how the corporate strategic objectives are to be met.	2.25	3.27	3.13
3.8	The Corporate Office is very much in tune with the everyday difficulties that District HR Personnel encounter.	2.25	3.64	4.17
3.17	Strategic HRM is much more a consultative process than a 'top down' approach.	1.5	3.18	3.17

Source: Analysis of data

Likert scale used: Strongly Agree 1, Agree 2, Neither 3, Disagree 4, Strongly Disagree 5.