Senior managers’ perceptions of the HRM function during times of strategic organizational change

Case study evidence from a public sector banking institution in Malaysia

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Abstract

Purpose – The purpose of this paper is to explore the role played by the human resource management (HRM) function in strategic organizational change initiatives. The objectives of the paper are to assess the extent to which the HRM function is perceived by senior managers to have contributed to the strategic organizational change agenda during a period of rapid change, and identify major challenges HRM professionals face as facilitators of strategic change management initiatives in contexts of this nature.

Design/methodology/approach – The research objectives were addressed using literature-based evidence and primary interview data obtained from qualitative in-depth interviews with the directors and deputy directors of a public sector banking institution in Malaysia.

Findings – In addition to identifying positive perceptions of the HRM function, the findings raise issues about the strategic focus, independence, credibility, and leadership strategies associated with the HR function’s attempts to engage with strategic change initiatives. The findings also reveal the respondents’ views about the extent to which HRM activities have or should have ethical, spiritual, and religious foci.

Practical implications – The implications of the research findings for HRM are discussed with reference to issues such as: the transfer of Western-originating change management approaches to non-Western settings; the need for organizational change outcomes (including wider societal objectives) to be delineated clearly with reference to organizational change initiatives; and the close association between ethics, spirituality, and HRM in certain Asian contexts.

Originality/value – The paper offers a valuable insight into the role of the HRM function in organizational change interventions with specific reference to the context of Malaysia.

Keywords Organizational change, Malaysia, Human resource management, Religion, Ethics, Senior managers

Paper type Research paper

Introduction

In recent years, organizational change and development (OCD) has emerged as a key theme in business and management literature (Burnes, 2004; Cummings and Worley, 2008; Senior, 2005; Whitely and Whitely, 2007). From the outset, we note that OCD as both an academic focus and as an applied behavioral science cannot be separated from people management and human behavior within organizations (Olesen et al., 2007). All change, whether it relates primarily to strategy (Graetz, 2000; Black and Lynch, 2004), technology (Bell et al., 2006), finance (Broadbent et al., 2001), marketing (Farrell, 2000) or logistics (Chapman et al., 2003), is inextricably associated with the people who act as the instigators, agents, consumers, and perhaps even victims of OCD initiatives.
In practice, this relationship between change management and people management is highlighted by the convergence of activities associated with disciplines such as human resource management (HRM), human resource development, and also organization development, which was, traditionally at least, seen to represent a distinctive approach to management of OCD which was founded upon humanistic philosophy and principles (Rees, 2008). Ruona and Gibson (2004) propose that this convergence is required to ensure that (what they term) twenty-first century HR is focused upon, for example, strategic alignment and impact and capacity for change. Similarly, Ellis (2000, p. 32) has argued that the boundaries between HR activities and change management activities within organizations are becoming “[…] increasingly blurred” as a direct result of the “[…] inherent shift by HR professionals to a strategic dimension.” Given this assertion, we wish to highlight the paucity of studies, which examine, from stakeholders’ perspectives, the perceptions of the change management contribution made by the managerial function most closely associated with people management within organizations, that is, the HRM function.

In this study, we specifically examine managerial perceptions of HRM activities during times of strategic organizational change. Earlier, research conducted in the USA (Wright et al., 1998) found that line executives, while recognizing the potential importance of the HR function, tend to rate HR effectiveness less positively than do HR executives themselves. Wright et al. (1998, p. 16) propose that it is for HR professionals to be more effective in demonstrating and communicating their effectiveness to line executives. This is not, however, a straightforward issue. For example, in highlighting the complexity of the relationship between organizational performance and the management of human resources, Delery and Doty (1996) conclude that “some HR practices are more appropriate under certain strategic conditions and less appropriate under others”. We posit that, in order to demonstrate and communicate the contribution and effectiveness of the HR function, greater clarification is needed about how the HR function is perceived by line managers particularly in settings where contextual variables such as radical change, hierarchical management structures, ethics, and spirituality impact upon the practice of management to a relatively influential degree.

We use both literature and primary research data to focus upon the HRM function as an organizationally based people-focused resource that facilitates organizational change initiatives. The research is undertaken with the main aim of:

1. exploring the extent to which the HRM function is perceived by senior managers to have contributed to the strategic organizational change agenda during a period of rapid change; and thus

2. identifying key challenges HRM professionals face as facilitators of strategic change management initiatives in this context and potentially more widely.

We explore managerial concerns about the HRM function, issues that influence senior managers’ perceptions of the credibility of the HRM function’s role in strategic change, and senior managers’ perspectives on ethics and spirituality of HRM-related activities during times of organizational change. The geographical focus of our study is Malaysia. In many, ways Malaysia epitomizes the complexities associated with strategic organizational change initiatives in Asia. The choice of this country and its relevance to the study are discussed further in the methodology section.
The remaining sections of the paper are structured as follows. We commence by reviewing literature that discusses the need for HRM theory and practice to become more focused on strategic change. We then report and discuss the findings of interviews conducted with senior managers of a large and influential publically owned financial institution in Malaysia which address the aim identified above. Finally, we summarize the conclusions drawn from the study in relation to the advancement of current theory and areas for future research.

**HRM and organizational change: the search for a strategic focus**

Within the Western context, many HR experts (Baill, 1999; Hodgetts *et al.*, 1999; Jamrog and Overholt, 2004; Sheppeck and Militello, 2000; Sparrow and Marchington, 1998) have challenged HRM theorists and practitioners to move from transactional to strategic models and activities and to become a strategic change partner. For example, Ulrich (1998, p. 127), a leading champion of HR in his article “A new mandate for human resources” identified four ways in which HR could help deliver organizational excellence and one of them was for “HR to become a partner in strategy execution and be held responsible for designing the organizational architecture”.

In a similar vein, empirical findings from another study (Lawler and Mohrman, 2003) revealed that to be “true” strategic partners, the HR function must spend time beyond delivering services, maintaining records, and auditing. Instead, HR professionals should spend more time performing strategic HR planning; and making contributions to organizational design, strategy development, and strategic change. Nevertheless, the challenge of becoming a strategic business partner, has arguably remained an elusive goal for many HR professionals (Jamrog and Overholt, 2004; Lengnick-Hall and Lengnick-Hall, 2003). Certainly, there is little consensus over whether HRM has been able to execute the strategic contribution role (Morley *et al.*, 2006). Issues have emerged such as to the extent to which HRM’s strategic focus is purely symbolic (Sheehan, 2005), or indeed, at a fundamental level, whether HRM should accept that it is a support rather than a strategic function (Wielemaker and Flint, 2005).

Given this call for strategically focused HRM, questions inevitably arise as to the roles expected of and played by organizational HRM functions. In settings in Asia, these questions become more vexatious given the transitional state of many of the national economies, the cultural diversity of the region and the evolving nature of HRM in this context. This point was raised by Warner (2000, p. 181) who, in his quest for the Asia-Pacific HRM model, found that the sheer variation of geography, population, economies, labor markets, IR, and HRM systems of the region as well as its values, made it difficult to conclude whether there was actually hard evidence of convergence of HRM in the region. Apart from that, Warner stressed the diversity of the region in terms of geographical factors with the People’s Republic of China clearly pre-eminent in terms of land-mass and population; political factors with the British, Dutch, French, and Japanese, Marxist-Leninism colonial legacies; cultural traditions crossing countries and varying within regional areas, not to mention the different religious influences ranging from Confucianism, Christianity, Islam, Hinduism among others. He could only conclude that the “[...] Asia-Pacific model is far from homogeneous.”

Research by Mamman *et al.* (2006) also attested to this heterogeneity. They reported that within Asia, countries such as Australia appear to have adopted Anglo-Saxon approaches to HRM, while countries such as Sri Lanka have adopted more complex
and varied approaches to HRM partly due to the influences of MNC’s. Lasserre and Schütte’s (1999, pp. 282-3) summary of what they termed “enduring characteristics” of the Asian social organization and group behavior present across the region is a useful discourse to highlight why managing human resources in the region is a demanding business. Similarly, Debrah and Budhwar (2004) provided an insight into the HRM challenges facing the Asia-Pacific region as complex and daunting, suggesting that future form of HRM in the region may be a hybrid and context-based system, comprised of a mixture of Western rationalized systems and traditional Asian characteristics. Certainly, when compared to the West, HRM in Asia is a relatively young concept and may even be labeled as in its “infancy” stage (APMF, 1999).

Those seeking to explore HRM issues in Asia are likely to find that a major constraint is the lack of a relevant and topical body of academic literature. For example, Budhwar (2004), highlighted that HRM literature connected to the region lacks a systematic representative analysis which could present a comprehensive picture of the dynamics of existent HRM:

Much of the existing literature of late has been conducted and published issues related to HRM in other advanced countries of the region such as Singapore, Hong Kong Taiwan and Korea [...] and much research is being published on different aspects of management in the Chinese context [...] yet research publications on other important emerging markets such as India, Malaysia, Thailand, Indonesia and the Philippines have been at a very slow and infrequent pace.

Furthermore, as pointed out by Warner (2000, p. 171), HRM issues are often subsumed under economic and social issues of the region or generalized:

The problem of analyzing the characteristics of human resource, broadly defined, as found in the Asia-Pacific region, is not without its pitfalls. The economic, social and HRM problems of the region are from time to time discussed in a single breath, as has been lately the case during the so-called Asian crisis of the late 1990s [...] yet the economies countries in that part of the world, were and are, clearly not homogeneous.

In examining deeper the discourse on HRM in Asia, an area which has been accorded meager attention, is the bearing of religious values on work practices (Bouma et al., 2003). Given the fact that nations in the Asia-Pacific region are religiously heterogeneous, the influence of religion in HRM is a very pertinent discourse for any deliberation on HRM. For example, Koys (2001) attempted to make an effective argument that many ethical problems faced by organizations concerning HRM could be tackled if religious principles were integrated into HRM processes. Similarly, Tayeb (1997) offered an interesting perspective on the HRM discourse by linking HRM to Islamic religious values as an approach to examine the management of workforce in organizations in Muslim countries. This approach has particular significance considering many Muslims are to be found in the Asia-Pacific region, particularly in Indonesia, Malaysia, Singapore, Thailand, and the Philippines. Some research evidence is available to suggest that organizations which run on Islamic principles function successfully and out-perform others, not just under normal conditions, but even in turbulent times such as in the recent Asian crisis (Budhwar and Fadzil, 2000, p. 173). Nonetheless, Tayeb (1997) cautioned that one should not conclude that organizations that embrace Islamic values in the workplace practice effective teamwork, and adopt consultative, participative, egalitarian management styles, thereby minimizing
stereotypical HRM problems. Rather, they were, as Tayeb (1997) argued, vulnerable and exposed to the “ills” of social, economic, and political factors which more often than not, taint the “ideal” Muslim values. In this study, we recognize from the outset that the influence of religious values is likely to be of particular relevance to employees’ perceptions of HRM practices, given the organizational context of the research is an organization situated in a predominantly Muslim society (Malaysia).

In summary, theorists have emphasized the need for HRM to focus upon organizational change interventions from a strategic perspective, that is, a perspective which seeks to align the management of people within organizations with the successful implementation of business strategies (Schuler and Tarique, 2007). Yet, the same body of literature also highlights that managing strategic change in the Asia-Pacific region is particularly problematic given both the transitional and heterogeneous features of the region and the emerging evidence of the lack of business-related competencies among some HR professionals in countries such as Malaysia (Long and Ismail, 2008; Yusoff et al., 2009). To date, HRM literature on strategic change has reflected research in many situations in Western contexts and more developed countries in the Asia-Pacific region such as Japan, Singapore, and Korea. Yet, there appears to be limited coverage on HRM’s role in strategic change in an emerging economy like Malaysia (Budhwar, 2004; Gross, 1997; Norashikin et al., 2009; Rozhan et al., 2001) and in the financial services sector in particular (Storey, 2002). Additionally, Jarvis (1999), Salaman et al. (2005) and Mamman and Rees (2004) have all suggested the need for more practitioner-researcher type of research to enrich the discourse on HRM particularly, in understanding the obstacles that practitioners face in the workplace as they attempt to execute the concept of strategic HRM. Moreover, the clear shortage of discussion on managing HRM in the banking sector warrants addressing, given the relative importance that financial institutions play in economic development at national levels. This study will therefore attempt to address the call for more practitioner-researcher type HRM research in an emergent Asian economy, namely, Malaysia.

The national and organizational context of the study

Malaysia

The focus of the current research is Malaysia, a country that, as noted above, epitomizes the complexities associated with strategic organizational change initiatives in Asia. Malaysia, once a British colony, is located in the Southeast Asia region and boasts of a multicultural heritage as a result of its diversified 27 million people. The major racial components comprise of the Malays and other indigenous groups 61 percent, Chinese 24 percent, Indian 8 percent and others 8 percent. As to religions, Islam is the dominant religion, followed by Buddhism, Daoism, Hinduism, Christianity, and other beliefs (INFOPLEASE, 2007).

In recent years, Malaysia has formulated a range of policies and plans to guide the management of national development and these include the New Economic Policy 1970-2000, and the National Development Policy 1991-2000 (The World Bank, 2004). The latest economic development policies are spelled out in the Ninth Malaysia Plan (2006-2010). Complementary to these policies is the country’s national Vision 2020. In 2007, the International Monetary Fund (IMF) stated that, since the launch of Vision 2020 in 1991, Malaysia has made significant progress toward achieving advanced
country status, underpinned by strong export-led growth, low inflation, and the deepening of its financial markets (IMF, 2007).

Malaysia emerged from the turbulence of the 1997-1998 Asian Financial Crisis much strengthened and on a solid and steady growth and has “cope with the crisis better than her Southeast Asian neighbors” (Smith and Abdullah, 2004, p. 402). Indeed, from a country that declined to be placed under the IMF programmed and stood firm by the conviction that it is a country’s legitimate right to defend itself during extreme condition, Malaysia’s pragmatic macroeconomic management and decisive efforts to deepen structural reform was recognized by the IMF Executive Board (IMF, 2005). The World Bank report that GDP in Malaysia 6.3 percent in 2007, up from 5.9 percent in 2006. As a result of the worldwide financial crisis, however, Malaysia has since seen its economy contract and in 2009, introduced a $19 billion stimulus spending plan (Deloitte, 2009).

By and large, Malaysia’s progressive accomplishments can be attributed to strong leadership and political will, a well-trained and educated civil service, a well-developed physical and institutional infrastructure, a strong private sector, motivated non-governmental organizations and academic communities focused on a balanced approach to economic growth, and social development (UNICEF, 2005). Additionally, among the non-economic factors which have played a contributory role to the economic growth of Malaysia, is its peace and tranquility; here has been a virtual absence of racial strife in Malaysia since 1969 (The World Bank, 2004).

The case study organization: Bank A
As noted above, many factors have helped Malaysia to restore its economic situation. Nevertheless, the important role played by financial institutions in the economic development of the country is well documented (Ang and McKibbin, 2007; Ibrahim, 2007). In fact, the Prime Minister’s Office identified that one of the main functions of development planners in Malaysia was to ensure banking and financial sector stability (Wee, 2002). Traditionally, the banking sector in Malaysia has been highly regulated and stable. However, in recent years, the sector has experienced rapid change which has exerted significant impact on banking operations and specifically on the role of human resource departments (Chew and Choo, 2008).

Since inception, the human resource practices of the case study organization, Bank A, have been transformed from typical public sector personnel management to more “private sector” oriented human resource practices. Bank A is a financial services institution which is wholly owned by the Federal Government of Malaysia. In the early days, like many organizations in the West, people management in Bank A was associated with traditional personnel management and much of the operational day-to-day activities were strongly steered by the Jabatan Perkhidmatan Awam’s (or in English, public services department) service circulars. Synonymous with huge paperwork, slow processing time and fire fighting activities, its personnel department (PD) was not held in high esteem. Nonetheless, the PD, renamed as the HRM department, has progressed in recent years and has been involved in many endeavors to enhance its role as the department responsible for the key role of attracting, retaining, and developing talents in the new century.

The real presence of change in Bank A, after the appointment of the AG, was the introduction of an organization-wide five-year change programme in 2005. It was during
this period that Bank A introduced, with the services of an external consultancy, a number of key HR strategic interventions. These included: broad banding (that is, the compression of hierarchy of grades into small number of wide bands) to enhance career opportunities; the adoption of a competency-based approach to performance management; the launch of a set of HR practices pertaining to recruitment, appraisal, training, scholarship, transfer, promotion, and succession policies to revamp its people management activities.

In 2001, a further portfolio of bold and highly innovative HR-related strategic projects was introduced into Bank A as part of the “institutionalization of the knowledge management concepts and practices”. The outcomes of the strategic projects were to be seen in specific initiatives such as the introduction of a mentoring program aimed at nurturing future leaders, a flexible benefits plan which was designed to provide staff with the choice and flexibility to customize selected benefits to fit diverse individual needs throughout their different career stages, and a performance management system that was designed to measure not only achievements of targets or key results areas, but also to measure the development of competencies that are critical foundations for the long-term development of staff in Bank A. To further strengthen the business of managing performance, Bank A also introduced a complementary Employee Assistance Program to ensure minimum expected targets were being achieved. These initiatives, coupled with the transitional environment in which Bank A was operating, placed great expectations on the HRM function to deliver effective change management implementation strategies.

In the light of this change management context, the following sections of the paper focus upon the perceptions of senior managers towards Bank A’s HRM function and its performance. This study is thus designed to achieve the following three research objectives; first, to explore the key concerns of the senior managers with regard to HRM practice in Bank A; second, to identify issues that may influence senior managers’ perceptions of the relevance of the HRM function to strategic change initiatives; and third, to obtain senior managers’ views about ethics and spirituality in HRM-related activities.

Methodology
In order to address the research objectives stated above, data were gathered using interviews that contained three anchor questions namely:

**RQ1.** To what extent has the HRM function played a contributory role to the strategic change management agenda?

**RQ2.** What can HRM do to enhance their relevance or to remain relevant to line managers?

**RQ3.** What are your views on integrating ethics and spirituality into HRM practices in the workplace?

The interviews generally lasted around one to one-and-a-half hours and were tape-recorded. The interviews were, on the whole, conducted in English, as the English language is widely used in formal and informal interaction in Bank A. The interview transcripts were examined with the aid of ATLAS.ti, a visual qualitative data analysis computer software, recommended for analysts wishing to “[...] construct linkages
between any elements of the qualitative database” (Kelle et al., 1995, p. 199). Analyzes of the interviewees’ transcripts were guided by the 5QDA approach advocated by Anderson (2004), in which the collected data were reduced then explored for themes and patterns.

For this study, a purposive sampling technique was deemed to be appropriate (Anderson, 2004; Goering and Streiner, 1996). The respondents (n = 24) were drawn from a cross-section of the 25+ departments in Bank A and every sector (of which there are five) had at least one representation by a head of department/director. In the event that the director was not available, a deputy director was selected instead. The very high level of seniority of these respondents is highlighted. Owing to the need to retain their anonymity, a more detailed biographical profile of the respondents is not presented; though, without compromising assurances of anonymity, it is appropriate to state that the group contained men and women, and Muslims and Christians. The findings are presented below.

Findings
The emergent themes from the interview data provided by the respondents were classified into four clusters: the strategic role of the HRM function; HRM credibility and independence; the quality of HRM communication; and ethics, spirituality, and HRM. The findings relating to these themes together with selected corresponding verbatim quotes are presented below.

The strategic role of the HRM function
From the outset, the majority of the respondents recognized the advances that had taken place in the organization’s HRM policies and practices over recent years. For example, in a fairly typical response when discussing this issue, one respondent stated:

HR has done a lot in many aspects [. . .] rewards, recruitment, development centers [. . .] we are moving a lot more than before [. . .] there are plans to do more in the future [R7].

Similarly, another respondent used the following phraseology when describing the organization’s progress in the area of HRM over recent years:

We need to acknowledge that for the past few years there has been much focus on people through the HR initiatives. All the previous effort needs to be recognized, most of the discussion is now about improving it [. . .] not that we are so bad [R3].

However, despite the HRM function’s involvement in a range of change management initiatives, as discussed above, there was a clear consensus among the senior manager respondents that the function had yet to achieve a clear strategic focus. For example, one of the respondents spoke of the need for the HRM function to:

Keep in touch with the business; be a business partner; get involved with the line [. . .] understand the performance issues [. . .] we are all learning [R6].

Interestingly, the interview data provided evidence that a minority sub-group of respondents specifically questioned the HRM function’s understanding of business performance and suggested that the function was too focused upon the operational aspects of activities such as recruitment: For example, in the words of one respondent:
I would say the main hindrance is that they [HRM] are more concerned with their day to day operational or business matters [...] which allow them little room to focus or concentrate on the strategic people management [R10].

Similarly, another respondent stated:

HRM would need to identify the relevant issues in the 21st century. They need to go beyond recruitment and be the knowledge brokers in related areas” [R18].

In a similar vein, another respondent questioned the extent to which the HRM function was being driven by operational rather than strategic concerns:

The more you [HRM] understand what are the strategic results you want to achieve [...] the more the operational issues become simpler to manage [R14].

Within the context of this study, that is, a key public sector financial institution in Malaysia, it is highlighted that, when assessing the strategic contribution of the HRM function, some of these senior managers clearly articulated the view that HRM should be making a strategic contribution not just to the organization but also to the wider good of both the sector and the country. Respondents referred to the national economy and the wider community. For example:

[...] can’t the Personnel see their work of recruiting people, if they recruit the right person, they could make a big change to the nation’s economy. These people would contribute [...] with a better way of doing things [...] saving a lot of the Bank’s money and the Governments’ money [R2].

Similarly, in the words of another respondent:

It is important to identify HRM direction upfront. What kind of HRM do we want Bank A to have? Is it a HRM for internal people management need of Bank A, or HRM that can also contribute to the Community and the Banking Industry? [R17].

The fact that senior managers were arguing that the HRM function should be making a positive contribution to activities both inside and outside of the organization is a notable finding of this study, which is discussed further in the conclusion section of this paper.

Strategic HRM: credibility and independence

Further analysis of the interview data indicates that the majority of the respondents saw credibility and independence as key issues that the HRM function had to face if it was adopt a strategic role within the organization. When seeking to explain how such credibility and independence could be fostered by the HRM function, words such as “bravery”, “boldness”, and “leadership” were frequently used: For example:

You need to be brave enough to break away from the structure [...] the question is about how you achieve you result [...] without being constrained by the current structure [R10].

In the words of another respondent:

Because HR need to be very brave, you cannot have HR that just succumbs to the pressures of the line department [...] or top management and I see the most important factor that can drive more changes with regard to how people carry themselves or behave and conduct is very much about leadership by example [R1].
Another respondent using the following phraseology when discussing these issues:

[...] HRM must be bold enough to challenge existing policies and practice and not be hampered by procedures which have been in existence for so long and suitable for time long past [...] HRM must take an objective and independent stance to advise management on all costs related to people management [R21].

The main message emerging was for the need for HRM staff to be brave spokespersons on HRM matters and the initiator of ideas rather than becoming mere followers or implementers of ideas. The underlying contention by the respondents is that only when these two elements would be addressed could the HRM function be seen in a positive light within the organization. Nevertheless, some of respondents recognized this, in reality was a major challenge given the low self-esteem that HRM people may have due to often being “flogged”:

I guess the reason is that they are often lashed at, to the extent that they feel inferior, what a pity it is. How can they confidently present themselves and meet people? [R1].

Quality of HRM communication

The interview data revealed a clear consensus among the respondents around the need for improved communication between the HRM function and senior managers over HRM initiatives. One respondent succinctly summarized this consensus:

There is a need for people in HR to talk to the line; there is a need for more interaction [R3].

Other respondents provided more detailed statements about this communication issue. For example:

On the issue of communication, the feeling is [...] why are you passing the buck to us? HRM needs to get people engaged in the process [...] have a dialogue [...] what needs to be made clear is the need for smart partnership. Establish that kind of partnership [...] once we have those partnership things can go well [R7].

Another respondent recommended that the issue of communication be addressed through the structure already in place or in other words, leverage on existing process:

I think if HRM wants to be effective here, HRM needs to conduct an Audit and actually find out what are the communication problems that we face. It is not that we do not have the infrastructure [...] we must ensure that our people are comfortable to operate in that culture. It is very much about relationship building [R1].

From the views above, it was evident that, as a group, the respondents believed that the orientation of HRM communication must be altered in order for HRM to get people engaged in HRM processes. This, they felt, could be achieved through HRM striking an active partnership with the line and constantly delivering clear messages, so as not to give the delusion of “passing the buck” to the line. Certainly, from some responses, one can gauge the necessity for greater clarity in the HRM function’s approach to communication. For example:

It is okay if you tell me openly [...] the objective of [Bank A] is the priority at the expense of your department [...] this is a conscious decision by management. I take it [...] I am ok. My performances later on will not be measured as though I have not taken these things into account [R2].
Similarly:

Staff should not be second-guessing what higher management would like to see and produce the view or opinion but should be more upfront in deliberating issues that are viable and merits consideration [R24].

Other respondents acknowledged the efforts made by HRM but highlighted that the work pressures from management may be one key reason as to why many line managers tend to neglect practicing what has been communicated by HRMD:

As a LD, I can see why it happened that way […] because higher management is pressuring us for result. There is little room to sit down […] pay attention to motivating […] coaching your staff and do all those things [R10].

**Ethics and spirituality**

The responses of this group of senior managers to issues relating to ethics and spirituality produced surprisingly little variation. For example, the majority of the respondents spoke very positively about the ethical climate of the organization, the interview data provide evidence that respondents also questioned the impact of performance-led initiatives on this climate. This perception is encapsulated in the following quote:

The ethical dimension as you say […] it is a cultural issue […] I think [Bank A] has a very good ethical culture. You see […] in [Bank A] if you show a bit of dishonesty, people pick it up very fast. But things are changing very fast; we find new ways of doing things […] therefore the emphasis on ethics is very timely. I won’t want to have a dishonest person here. If there were any inkling of dishonesty, it would have been weeded out at the interview level. Other than that we do not have the opportunity to gauge the ethical stance of the candidates. So it is the questions that are chosen. If there is a hint of irresponsibility, reckless, dishonesty, the panel will not want to hire them [R14].

Respondents also raised questions relating to specific HRM interventions and their impact upon the ethical climate of the organization. For example:

When people do the performance appraisal, do they do it because of the form or because of the substance? Our management appears to be concerned about graph performance […] so performance is pushed to make sure everything is fair. Where is the real sense of assessment and real value? Staff does not have enough trust about this process [R1].

On the issue of integrating spirituality into the workplace, respondents were open to the concept and in fact, spoke positively about the spiritual climate of the organization. For example:

I am Christian […] no problems associating with other Christians in this bank […] there is a lot of freedom […] and much of [Bank A’s] work is spiritual […] You are supposed to do the right thing […] therefore it really enhances your spirituality and [Bank A’s] work [R14].

Notably, the majority of respondents were in favor of integrating universal values rather than religiously linked values, given the diversity of the workforce. For example, one respondent stated succinctly:

If you want to promote spirituality don’t link it to any religion […] promote it to the level of universal values. All religions are in line with universal values [R10].
Similarly, another respondent stated:

Would be a good move it can be implemented. If it has to be done, then do it “cautiously and openly”; we have different beliefs and religions thus we need to understand each other and views of their religious commitment [...] concentrate on similarities and simple religious principles that are universal [R12].

In the words of another respondent:

Integrating spirituality is good [...] that is what an organization should always be guided by. [Bank A] is made up of multi religious staffing need not be confined to religion of Islam only – basing on all basic values of religion spirituality can be injected – all these universal values are all compatible with Islam and can apply across the board [R24].

Respondents, both Muslims and Christians, commented on the integration of Islamic work ethics in the workplace, particularly in relation to HRM practices which permitted employees to practice beliefs like prayers during working hours. Many of the respondents expressed support for such integration, provided it was well managed. Interestingly, however, the most resounding concerns came from Muslim respondents. For example:

I don’t have to say that I want you to pray during lunch hours [...] but I want Muslims to know that they should pray during lunch break. Because the other times [...] I am supposed to work. But if they say they want to pray regardless of time [...] as though as I have no t fear or guilt if I go and pray during working hours [...] even though I can do it during my rest hours [...] that is different [...] you are hired by the organization to perform and we must remember this is not a 100 per cent Muslim organization [R2].

Similarly, another Muslim respondent stated:

It must be based on real understanding of the spirit behind it. In Islam, worshipping God comes in many ways [...] of course, prayers comes first but you must not choose a time to pray that interferes with your current work. When you are doing your work well, you are actually worshipping God [R10].

Yet, some of the non-Muslim respondents expressed a degree of admiration for those who, through their embracing of Islamic work ethics, prayed during the working day. For example:

Prayers are being done [...] work is not interrupted. Prayer time is a personal matter; it’s more lack of understanding – difficult to understand, as it is very different [R4].

Similarly, in the words of another non-Muslim respondent:

I am doing a lot of Islamic work in [Bank A] [...] and I can stand and admire the Muslims I am working with. Some of them are spiritual in their ways [...] they won’t want to compromise anything because of their fear of God [...] For the Muslims, they are given the “Surau” (prayer room) [...] for us Christians, we gather every Xmas together, we can even train for the Choir in our department [...] we never had [...] I have been here for [XX] years and seen no problems [R14].

Thus, on the subject of integrating spirituality in the workplace, these findings show that it is a delicate matter that must be handled with care. The main message was to elevate spirituality to more universally accepted values, which could appeal to all categories of staff, given the diversity in the workforce. On the experience of dealing
with Islamic work ethics in the workplace, the respondents were generally positive, in so far as they believed that the affected employees have not been exploiting this flexibility accorded to them. As indicated above, Muslim respondents argued that some of their fellow-Muslims could broaden their outlook on worship, beyond performing five obligatory prayers, to include work as a form of practical worship.

Conclusion

Earlier sections of the paper highlighted calls for practitioner-focused research into HRM management issues in Asian countries such as Indonesia, Malaysia, and Thailand. This study has sought to answer this call by exploring the perceptions towards the HRM function of a group of very senior managers in a key public sector financial institution in Malaysia that has undergone major organizational change over recent years. While acknowledging the limitations of this study, for example its focus on a single organization, the interview data provide a rare and fascinating insight into the way in which the HRM function is perceived by a group of senior managers in this transitional setting in Asia.

A clear theme that emerges from the literature review is that the practice of strategic HRM is as vexatious in this non-Western context as in the Western contexts in which HRM originated (Rose et al., 2008). The primary data obtained from the case study organization served to reinforce this conclusion and to provide insights into why this may be so. Thus, despite introducing a raft of HRM-related change management interventions, the strategic focus, independence, and credibility of the HRM function in this Malaysian organization were questioned by its senior managers. For example, the majority of the respondents expressed the view that the HRM function was too concerned with operational matters such as recruitment and selection. As such, the findings reveal more of the potential inconsistency between trying to be strategic and being perceived by senior managers as achieving operational efficiency. This finding lends support to the position that there needs to be clearly articulated vertical integration between relevant HRM strategies and organizational goals (Armstrong, 2000; Fombrun et al., 1984; Wright and Snell, 1998). More crucially, however, respondents in this study highlighted the importance of leadership in establishing the HRM function’s credibility and independence within an organization.

This finding relating to leadership needs to be considered carefully for it raises key questions about the application of Western-originating HRM in countries like Malaysia. The senior managers in this study suggested that, for the HRM function to operate strategically, credibly, and independently, those within the function had to speak with bravery and boldness. While it could be argued that bravery and boldness represent both generic and positive leadership characteristics, any discussion of leadership in a Malaysian organization, Bank A or otherwise, must be deliberated upon with reference to the complex and developing nature of Malaysian culture and values (Selvarajah and Meyer, 2008). Cross-cultural research (Abdullah, 1992; Schermerhorn and Bond, 1997) has shown that Malaysians tend to be, for example, more indirect when communicating their disappointment for fear of hurting the feelings of the other party. Further, Malaysian workers are generally group oriented, respectful of elders and hierarchy, emphasize loyalty and consensus, and are concerned with harmony in relationships. This is further reinforced by studies such as that by Lim (2001), which reveal that Malaysia’s cultural dimension (over ten years after Hofstede’s seminal work
was published) remains high power distance, indicating that Malaysian leaders may find it difficult to be frank about work-related issues (Hamzah-Sendut, 1990 in Abdullah, 1992).

This study presents a stark reminder that the degree and acceptability of openness is culturally determined. The conclusion we draw is that, if, as stated by our Malaysian respondents in this context, bold and brave direct communication is a prerequisite for strategic and credible HRM, further research must be undertaken to review the relevance of Western-emanating HRM to Malaysian organizations. The push for greater openness in managing people is something that has emerged in recent Western HRM literature (Storey, 2005) with writers such as Marques (2006) writing about entwinement or increased interdependency among constituents at all levels. At very least, the findings of this present study lead us to call for the management development implications for HRM practitioners themselves to be revisited in contexts such as Malaysia where prevailing mores and etiquette appear to clash with certain aspects of the modes of open personal communication that have become associated with the drive towards strategic HRM in Western contexts.

Additionally, this study revealed the senior managers’ need to clarify HRM outcomes, that is, what is it that the HRM function is seeking to achieve and how do these outcomes contribute to the performance of the organization? The respondents called for HRM outcomes (including wider societal objectives) to be clearly delineated. This finding reverberates support for Beer et al.’s (1984) seminal work on HRM which highlighted the necessity for HRM to have clear outcomes such as commitment, competence, congruence, and cost effectiveness. The finding also resonates with the emerging body of literature on corporate social responsibility in Asia (Chapple and Moon, 2005). It provides an indication that HRM functions within Malaysian organizations may find that the environment is conducive to corporate social responsibility initiatives and, as such, HRM professionals may wish to explore the possibilities of further expanding the remit of their work in this area.

The findings from the interviews provide an insight into senior managers’ concerns about the quality of communication emanating from an HRM function, which is seeking to introduce strategic organizational change. Respondents expressed unease with issues of timeliness, transparency, inconsistency in messaging, and a perceived limited dialogue on HRM issues. Interestingly, this finding resonates with findings from other studies in Western countries (Christensen, 2006; D’aprix and Tyler, 2006). However, we again draw attention to the fact that this study was conducted in a public sector financial institution in an Asian country. In the past, the banking sector has often been shrouded in secrecy with some “mystique” surrounding it (Jenkins, 2004). The study demonstrates that attempts to improve information and transparency should not relate solely to financial indicators but also, in the view of the respondents, to the practice of HRM in the workplace. The study provides support to those who have argued that HRM will have to work with corporate communications as, communication and people management activities can no longer be treated as separate activities (Turner, 2003).

Finally, the findings of this study demonstrate the close association between ethics, spirituality, and HRM in certain Asian contexts. For example, the selected interview quotes provided above demonstrate that the respondents assessed HRM change interventions, such as the performance management system, partly in relation to their impact on the organization’s ethical climate. This close link between ethical standards
and HRM activities coincides with Gubman’s (2004, p. 23) contention that there is no need for a chief ethics officer as propagated by much of the literature, but rather this role should fall on the shoulders of the HR leader:

If HR is the steward for people in the organization, it should be the steward for ethics. There should be no need for a chief ethics officer […] it should be the HR leader.

This is also the view of many others (Gravett, 2002; Foote and Robinson, 1999; Christensen, 2006; Fitz-Enz and Davison, 2002) who contend that the role of “ethical guardian” should rest with HR as ethics determine human experiences in the workplace.

On this issue of spirituality, this study lends further support to Koys’s (2001) argument that many ethical problems concerning HRM could be tackled if spiritual principles were better integrated into HRM processes. For example, the present study highlighted the overwhelming view of the senior managers that spirituality in the workplace was a key HRM concern but further, that spirituality should be linked to universal rather than religious values. Thus, there was a discernible level of discomfort among the respondents in associating spirituality to religious values in the workplace. While most of the respondents (including non-Muslims) saw Islamic work ethics as complementary to workplace values, they also rejected the imposition of Muslim values in the workplace despite the fact that the majority of Malays practice Islam.

This finding presents a challenge to those who may assume that workplace demographics can necessarily be used to determine formulaic HRM policies in relation to, for example, religious observances. This study observed that people were more open to discussing ethics in the light of their shared organizational values as opposed to values associated with particular religions. Marrewijk (2004, p. 139) has presented a similar view when he states; “[…] evidently, it makes sense to build a workplace culture, based on common values, core competence and a shared mission and vision.”

References


Further reading


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