

HR'S ROLE IN ORGANIZATIONAL CHANGE AND RENEWAL

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ABSTRACT

The environment, within which organizations operate today, is changing very fast. Hence, for survival and growth, the organizations need to adjust as per the change. Resistance to change was quite common in the distant past but now it is a matter of history. Change has become law of nature. The organizations and personnel have become quite used to change. Organizations undergo strategic organizational change and renewal. Change is inevitable in the life of an organization. Organizations that learn and cope with change will thrive and flourish and others which fail to do so will be wiped out. In strategic organizational renewal, HR should be made a “strategic” partner. Today, around the world, firms including GM, Sony, Reliance, Wipro, Procter and Gamble, Toyota, MCI, WorldCom are undergoing organizational change and renewal to become more competitive. HR is more involved in these changes. In this paper we will discuss HR's role in organizational change and renewal, managing organizational change and development, TQM programs and HR and business process Reengineering.

Introduction

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renewal to become more competitive. HR is more involved in these changes. In this paper we will discuss HR's role in organizational change and renewal, managing organizational change and development, TQM programs and HR and business process Reengineering.

According to **Stephen P. Robbins**, *“Change is concerned with making things different. Things must be different because they change constantly due to change in factors such as strategy, culture, structure tasks, technologies and the attitudes and skills of its people.”*

In simple way it can be said that *“Change is defined as the disturbance in the organizational system by some internal or external force and it occurs frequently. Change as a process, is simply modification of the structure or process of a system. It may be good or bad. The concept is descriptive only.”*

Changes can be divided into two categories

- i. Work change that includes changes in machinery, working hours, methods of work, job redesign or re-engineering.
- ii. Organizational change that is change in the working hours like morning shifts, evening shifts, operation of organization on Sundays/holidays.

When changes take place in various aspects of the company as discussed above, the CEO of the company takes the help of HR department in dealing with these changes. HR professionals cannot ignore such changes. They are supposed to design and execute innovative mechanism of developing skills and competencies of human resources to prepare them to accept the emerging challenges. HR's role in organizational change and renewal is discussed as under:

1. Dealing with Strategic Change

Organizational change often starts with strategic change, a change in the firm's strategy, mission, and vision. Strategic change may then require other changes, for instance, in the firm's, production technology, structure, and culture.

Illustration: The strategic change initiated at Fuji-Xerox by President Yotaro Kobayashi provides an example. In response to declining market share, a dearth of new products, and increasing customer complaints, Kobayashi and his team formulated a new vision for the firm. It was called the -New Xerox Movement and was aimed at transforming Fuji-Xerox into a more cost-conscious, competitive, quality-control-based company.

2. Role in bringing Cultural Change

As at Fuji, implementing a strategic change often requires changing the culture, the firm's shared values and aims. Fuji-Xerox took several steps to implement such cultural change. For example, it created a new set of "heroes," individuals and teams who were publicly congratulated whenever their behavior reflected Fuji's new values of quality, teamwork, and customer focus.

HR plays an important role in changing culture. For example, one expert advocates five "primary embedding mechanisms" to change a company's culture, each of which requires HR's support and advice:

- (i) **Make it clear to your employees what you pay attention to, measure, and control:** For example, direct the attention of your employees toward controlling costs or serving customers if those are the values you want to emphasize.
- (ii) **React appropriately to critical incidents and organizational crises:** For example, if you want to emphasize the value that "we're all in this together," don't react to declining profits by laying off operating employees and middle managers, leaving your top managers intact.
- (iii) **Deliberately role models, teach, and coach the values you want to emphasize:** For example, Wal-Mart founder Sam Walton embodied the values of "hard work, honesty, neighborliness, and thrift" that he wanted Wal-Mart employees to follow. Although he was one of the richest men in the world, he drove a pickup truck, a preference he explained by asking, "If I drove a Rolls Royce, what would I do with my dog?"
- (iv) **Communicate your priorities by the way you allocate rewards and status:** Leaders communicate their priorities and values by the way they award pay raises and

promotions. For example, when the top management at General Foods decided several years ago to reorient its strategy from cost to diversification and sales growth, the HR department revised the compensation system so as to link bonuses to sales volume rather than just increased earnings as in the past.

- (v) **Make your HR procedures and criteria consistent with the new values:** When he became Chairperson and CEO of IBM, Louis Gerstner brought in a new top management team-including a new HR head-whose values were consistent with shaking up IBM's traditionally bureaucratic and politicized culture. They then revised IBM's HR policies and procedures; for example, new incentive plans, promotion and appraisal criteria, and dismissal policies were instituted to support IBM's new performance-oriented strategies.

3. Helpful in bringing structural change

Reorganizing-redesigning the organization's departmentalization, coordination, span of control, reporting relationships, or centralization of decision making is a relatively direct and quick method for changing an organization. According to **Stewart Thomas**, *“At GE, for instance, Jack Welch of HR department collapsed the firm's management structure from nine layers to as few as four, reduced 29 pay levels to 5 broad bands, and reorganized 350 different product lines and business units into 13 big businesses.”*

HR plays a role in such structural change. As at GE, downsizings require performance reviews to decide who stays and who goes and an outplacement effort; reorganizing requires personnel planning, selection, and job analysis; and flattening the organization may require consolidating pay levels into fewer, broader bands. The tasks and authority assigned to individuals and teams within the organization are often changed as well. For example, traditional assembly-line jobs were abolished at Saturn. Instead, the work is now organized around work teams.

4. Support to technological change

Technological changes are modifications to the work methods the organization uses to accomplish its tasks. They may include new production technologies, new selection and screening procedures, and new performance appraisal techniques, for instance. The compensation plans and appraisal systems instituted by Fuji Xerox illustrate HR-based technological changes, in this case implemented to support cultural and strategic changes.

5. Helpful in bringing changes in people, attitudes and skills

Sometimes the employees themselves must change. Techniques such as lectures, conferences, and on-the-job training are often used to provide new or present employees with the skills they need to perform their jobs adequately. HR-based organizational development interventions are aimed at changing employees' attitudes, values, and behavior.

The Model of Implementation of Change in an Organization

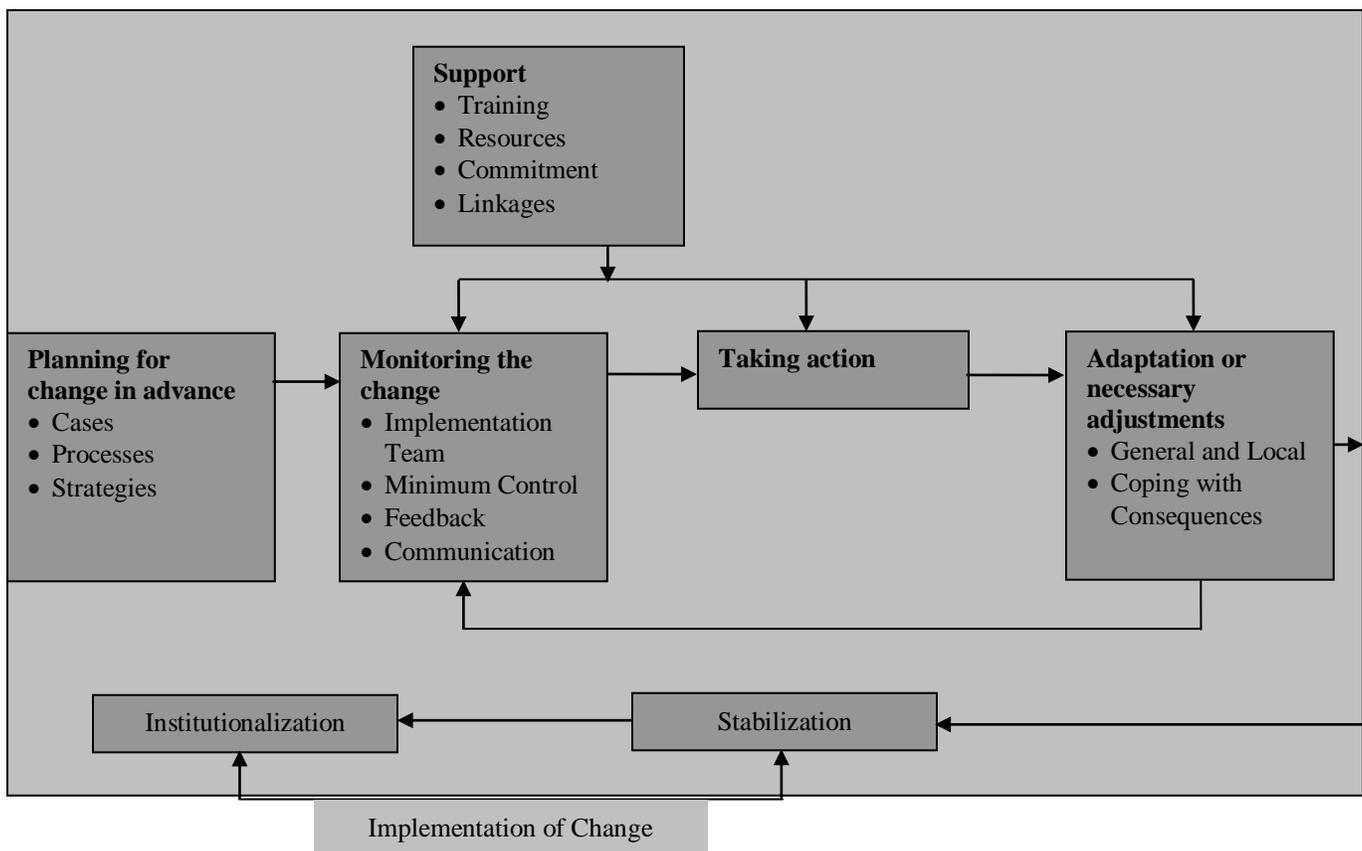


Fig.1 : The Model of Implementation of Change in an Organization

Illustrations of Managing Change Implementation

SBI in 1971

In 1971, in response to its increasing size, and nationalization of the banking sector the State Bank of India embarked on an organization-wide restructuring exercise. Taking the help of external consultants, and through the involvement of a top management steering group, it managed to implement major changes in the organization: a shift from a functional structure to a market segment-based structure; introduction of a budgeting and performance review system; differentiation and strengthening of planning and staff functions; and creation of more unified channels of command of branches from the local head offices.

Steel Authority of India Ltd. In 1980-84

The Steel Authority of India (SAIL) had suffered losses of Rs. 2760 million during 1980-84. When V. Krishnamurthy became the CEO, he met almost 25,000 employees, either individually or in groups and, based on the discussions with them prepared a list of priorities action. Company-wide discussions on these priorities were initiated by calling meetings and mailing the list to all its 2.5 lacs employees. As a result a great amount of decentralization was introduced, cost savings were made on overtime payments and fuel consumption, a flatter organizational structure was introduced at plant levels, more efforts were put in to develop human resources, and so on. In 1988-89, the company registered a profit of Rs. 3600 million.

Approaches to make the Change and Renewal Permanent

- 1) **The Change Agent must change:** The HR managers involved in bringing change and going for renewal must be prepared to accept new method. In this way he/she will be able to reinforce a psychological climate of support for change. Unwillingness of managers to give up traditional managerial practices is a serious barrier to the introduction of change and to make it permanent in the organization.

- 2) **Use of Group forces:** In making the change and renewal permanent, it is essential for change agent to use group force as group exercises considerable influence on the behaviour of members. The behaviour attitude, perceptions, belief and values of individuals are firmly rooted in the groups to which they belong.
- 3) **Unions to be taken into confidence:** The change agent must ensure that the trade unions are taken into confidence. Unions can act as change agent, if fully convinced of the change. Many union leaders do not accept modern technology as it is thought that it will displace the labour force. But if they are taken into confidence the change is easily introduced.
- 4) **Build Support by highlighting shared Rewards:** An important way to build support for change is to ensure that the people affected will be benefited from the change and renewal. Benefits include increased pay, promotion, training, recognition and so on.
- 5) **Concern for Employees:** A change should not be introduced for the sake of it. Change needs to be introduced only when necessary and must ultimately benefit the employees. It must be by evolution and not by revolution.
- 6) **Cautions and slow Introduction:** The management should not introduce any change suddenly and abruptly. It must be an objective for the management to build in the organization an awareness of change and an ability to forecast it, and also to construct an attitude of welcoming change. Change must be introduced in sequential parts, if possible, the results must be reviewed, and required adjustments must be made in it.
- 7) **Positive Motion:** The management should use the policy of positive motivation to counterpart negative resistance. It should be the attempt of the management to make the job easier and less exerting. The management should impart proper training to its employees in new techniques and work knowledge etc. The leadership styles should also be supportive and human oriented. This policy will also bring down the resistance to change.
- 8) **Career Planning and Development:** Organisation on the basis of change plans and redesigned jobs should plan for careers of employees, possibilities to move the employees to the higher levels and develop them. The developed employees for future careers demand the management to implement change.

- 9) **Training and Development:** Management should plan for change. Based on the change plan, the job should be redesigned. Management should train the employee's before-hand and prepare the employees to invite change. Normally trained and developed employees will not resist change as they cannot keep quiet with enriched skill and knowledge.

Conclusion

The organizations and personnel have become quite used to change. Organizations undergo strategic organizational change and renewal. Change is inevitable in the life of an organization. Organizations that learn and cope with change will thrive and flourish and others which fail to do so will be wiped out. In strategic organizational renewal, HR should be made a "strategic" partner. Today, around the world, firms including GM, Sony, Reliance, Wipro, Procter and Gamble, Toyota, MCI, WorldCom are undergoing organizational change and renewal to become more competitive. HR is more involved in these changes.

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