

# Chapter 10

## The Role of HR Strategies in Change

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### ABSTRACT

*This chapter reviews the commonly understood tasks of change and the role an organisation's human resource management (HRM) function plays in designing and implementing effective change management. Highlighting the key HRM practices, this chapter outlines the relationship between various HR strategies for managing change. This chapter develops a framework of key HRM practices that underpin the commonly understood tasks of successful change management. Drawing upon examples of successful case studies and the author's research on the dynamic and changing high-technology information technology (IT) industry in India, this chapter provides examples of linking strategy, HRM practices and change, thus developing a framework and identifying implications for theory and practice. The chapter also identifies several future research propositions linking the HRM and change management literatures.*

### INTRODUCTION

The overarching purpose of this chapter is to demonstrate the importance of HR strategies in successfully leading and managing change. More specifically, this chapter provides a nuanced understanding of how various HRM practices can and do support in the design and implementation of change management. Building on the dominant frameworks for understanding the key tasks of change management (for example, Beer et al., 2003; Kanter, 2003; Kotter, 1995; Nilakant & Ramanarayan, 2006), this chapter links the specific role HR practices play in the effective management of change. An attempt is made to link various HRM practices needed for successfully undertaking the critical tasks of change. Such linkages are based on the extant literature, drawing upon examples from successful case organisations, and the author's research on India's dynamic and high growth IT and business process outsourcing industry. The choice of the Indian IT industry is appropriate as this sector has constantly undergone technological, structural and managerial changes (Malik, 2009; Malik & Nilakant, 2011) to meet the dynamic needs of the industry's growth and change agendas. The chapter concludes with implications for theory and practice.

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## **BACKGROUND**

Organisations often respond to changes in their external and internal strategic environments by considering planned and ad hoc approaches. Most organisational changes are driven by external forces such as, the impact of global financial crisis, technological change, and changes in the product and factor markets, wherein such forces have a profound impact on the nature and extent of work organisation and work practices (e.g. Malik, 2013; Smith et al., 2004). It has been widely acknowledged in the extant literature that in response to external competitive pressures, organisations often resort to implementing new management practices such as total quality management, high performance work practices (HPWPs), lean management, business process reengineering, and organisational development interventions (Smith et al., 2004; Harvey & Brown, 2006). Despite the inevitable need for managing organisational change in today's hyper competitive environment, there exists an extremely abysmal rate of success of most change management initiatives (Huber, 2003; Kotter, 1995; Nilakant & Ramnarayan, 2006). Further, the costs associated with failed change management initiatives has far reaching consequences on the financial sustainability of organisations as well as on the well-being of people who are affected by such changes. One of the most commonly cited reason for failure of change management initiatives is the inability of organisations to deal with organisational inertia (Nilakant & Ramnarayan, 2006). Most change management initiatives that fail often underestimate the strength of organisational inertia. Organisational inertia is developed through sustained levels of social interactions between people, technology and systems. Such interactions gradually lead to the formation of an organisation's routines and mental models. Routines are like formulae that people carry in their minds for executing their day-to-day tasks. Successful organisational change requires changing the mindset of people and managers in organisations. It has thus far been argued that managers must actively identify the key routines that are causing strong organisational inertia and attempt to alter or remove such routines and develop new ones to deliver successful change management (Giddens, 1984; Schien, 1989; Nilakant & Ramnarayan, 2006).

Prahalad (1998 as cited in Stace and Dunphy, 2001) suggested all major change management initiatives require aligning change programs to the strategic management of human resources for achieving successful outcomes. At this stage it is critical to differentiate between strategic HRM, HR strategy and HR practices. Strategic HRM has been defined in numerous ways, but this chapter employs the definition provided by Boxall and Purcell (2011), wherein, the concept of strategy as applied to HRM is built upon the notion of strategic choice (Kochan et al., 1984), an aspect that applies not only to organisational level decisions about the management of its people, but it also applies to individual HRM policy choices that support an organisation's business model and thus its survival. Once such choices are made, it is not easy to reverse the decisions as by then the firm and its managers would have allocated resources to specific tasks and activities. Explaining the second term— HR strategies—is relevant here as it represents the second order decisions about of how an organisation wants to carry out its HRM policy choices in relation to its overall human resource practices. This is similar to what Dyer (1984) described as broad “pattern” of strategic HRM choices – focusing both on the end and the means. In relatively simple organisational contexts, HR strategies may be expressed for the organisation as a whole or as complex and overlapping sets of HR systems that represent distinctive HR policy menus for different employee or business groups in an organisation (Osterman, 1987; Pinfield & Berner, 1994). Further, depending on the competitive strategy of an organisation, its HR strategy must also align and support the strategic positioning. Thus, the HR strategy that underpins an organisation's strategic choices is most likely able to propose bundle(s) of human resource management practices that support one or more of such HR

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