

# Chapter 74

## Strategic Human Resource Management in Facilitating Organizational Change

**Saba Çolakoğlu**

*Berry College, USA & Koç University, Turkey*

**Yun Chung**

*University of Idaho, USA*

**Ayşe Buyçe Tarhan**

*ABT Consulting, Turkey*

### **ABSTRACT**

*This chapter reviews strategic human resource management (SHRM) theory and research and draws actionable implications for facilitating organizational change based on the main theoretical tenets of SHRM. Specifically, based on arguments related to achieving internal fit among mutually supportive HR practices and achieving external fit through aligning HR systems with an organization's context, it is argued that organizations can design strategically-anchored HR systems that emphasize, elicit, reward, and reinforce employee behaviors required by change initiatives. Integrating these SHRM arguments with well-established models of change management, this chapter establishes possible links between these two important areas of research. The chapter concludes with providing organizational examples that illustrate SHRM principles and different ways in which they can be applied to different forms of change management initiatives.*

### **INTRODUCTION**

Companies in the twenty-first century are faced with an increasingly complex environment as a result of global integration of world economies, rapid advances in technology, and evolving socio-cultural values as well as changing demographics and new customer trends (DeNisi, Hitt, & Jackson, 2003). Along with their changing environments and in order to quickly respond to the highly competitive and

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unstable environments in which they operate, organizations also need to continually evolve through reviewing, revising, and refocusing their strategies, policies, and practices – thus, engaging in organizational change initiatives (Biedenback & Soderholm, 2008). However, despite the need for planned, emergent, or contingent change (Dunphy & Stace, 1993; Lewin, 1947a, 1947b; Pettigrew, 1985) and the popularity of change initiatives in organizations, previous research has indicated that the success rate of organizational change efforts is quite low, with approximately 70 percent of those initiatives failing to meet their objectives, facilitate change, or create organizational value (Balogun & Hope Hailey, 2004; Beer & Nohria, 2000; Jansson, 2013).

The high failure rate among change efforts can be partially attributed to the nature of the process of change itself – a socially complex, causally ambiguous and a multi-level process – that may sometimes generate unanticipated consequences (Barney, 1991; March, 1981; Whelan-Berry & Sumerville, 2010). More importantly, major organizational change requires a fundamental shift in the organization's culture, norms, and employees' attitudes and behaviors (Todnem, 2005; Whelan-Berry & Sumerville, 2010) through successful implementation of an intended change management program (e.g., Kotter, 1996; Kanter, Stein, & Jick, 1992; Luecke, 2003). Therefore, in the process of continually renewing an organization's direction, structure, and capabilities to serve the ever-changing needs of external and internal customers, change management requires each individual involved in a change effort to think, feel, and, and behave differently than they are used to (Moran & Brightman, 2001). Hence, strategic management of human resources (HR) can become a critical success factor in the implementation of change efforts (Long, Wan Ismail, & Amin, 2013). Organizations may capitalize on HR knowledge and expertise to reduce resistance to change, modify and align employee attitudes and behaviors during change, and contribute to a successful change process (see Alfes, Truss, & Gill, 2010; Ulrich, 1998). In sum, because organizational change requires manipulating employee behaviors and attitudes and shifting organizational culture - especially if this is a major shift- HR can become a critical driver of organizational change (Whelan-Berry & Somerville, 2010).

Since Ulrich (1998) shed light on HR's role for change management, a number of studies have highlighted the importance of HR in organizational change (e.g. Innocenti, Peluso, & Pilati, 2012). Scholars also emphasize the role of the HR manager and the HR department as effective change agents (e.g., Alfes et al., 2010; Edgley-Pyshorn, & Huisman, 2011; Kim & Ryu, 2011; Truss, 2008). According to Hanson (2013), however, 77% of HR professionals play only a limited and inconsistent role as organizational change agents. Furthermore, while a growing body of literature highlights HR's potential contributions to organizational change processes (e.g., Alfes et al., 2010; Antila, 2006; Ogilvie & Stork, 2003; Whelan-Berry & Sumerville, 2010; Molineux, 2014; Hanson 2013), most previous research has focused on how individual HR practices (e.g., sensitivity training), in isolation, can facilitate organizational change. A systematic approach of HR interventions to the change process has only recently begun (Whelan-Berry & Sumerville, 2010; Molineux, 2014).

In this chapter, our goal is to explore whether and how planned and consistent choices organizations make in the management of their human resources can aid the complex and sometimes unpredictable process of successfully managing organizational change. In exploring this issue for this edited volume on change management, we take a theoretical approach and draw from the main tenets of strategic human resource management (SHRM) field to draw implications for facilitating organizational change efforts. We also curate two examples to illustrate, in practice, the applicability of these SHRM principles in organizations going through change. While we refer to change management literature and research in doing

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