
CHANGE MANAGEMENT

Human Resource Perspective

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What Drives Change?

Competitive Environment
is a major
driver of change
in the
world of work

What Drives Change?

The relentless pressures of an organization to:

- *Add value*
- *Achieve sustained competitive advantage and*
- *Respond and adapt quickly and flexibly to new challenges and opportunities*

"The quality of the human or intellectual capital possessed by organizations is seen generally as the key factor in differentiating them from their rivals and achieving the above"

CHANGE?

What is that which should change and to what extent?

- **STRATEGIC CHANGE**
company's strategy, mission & vision
- **CULTURAL CHANGE**
company's shared values and aims
- **STRUCTURAL CHANGE**
reorganization
- **DEVELOPMENTAL CHANGE**
people's attitudes & skills
- **TECHNOLOGICAL CHANGE**
work methods

Change Management ?

*"The adoption of a **new idea**
or **behaviour**
by
an organization"*

4 Roles of HR

1. **BUSINESS PARTNER:** Partner in strategy execution and ensuring that it is developed and put into effect
2. **ADMINISTRATIVE EXPERT:** Expertise in organization of work and deliver administrative efficiency
3. **EMPLOYEE CHAMPION:** Voice of employee representation and work in improving their contribution
4. **CHANGE AGENT:** agent of continuous transformation, shaping processes and culture to improve the organizational capacity for change.

UNICA, 1992

HR in Strategic Organizational Change

PLANNING

Identifying potential change drivers

- Economic
- International
- Technological
- Social
- Employment
- Demographics
- Political

Accordingly Identifying organizational changes or human resource needs for the future

HR in Strategic Organizational Change IMPLEMENTATION

3-STEP Procedure for Change

(Lewin)

Unfreeze
(present level of behavior)

Movement
(from present to new)

Refreezing
(process)

Change Management - People

4 Phases of Transition

Leading Change, Cipe Publications

DENIAL

- *diagnosis:* common to observe withdrawal; focusing on the past; increased activity with reduced productivity.
- *management:* confront with information; reinforce reality of change; explain what they can do; give them time.

RESISTANCE

- *diagnosis:* anger, blame, depression, resentment, continued lack of productivity.
- *management:* listen, acknowledge feelings, be empathetic; help people to say good by to the old; sometimes ritual is important. Offer rewards for change, be optimistic.

EXPLORATION

- *diagnosis:* confusion, chaos; energy; new ideas; lack of focus.
- *management:* facilitate brainstorming, planning, help people to see opportunity, create focus through short term wins.

COMMITMENT

- *diagnosis:* enthusiasm & cooperation; people identify with organization; look for new challenges.
- *management:* - set long term goals; reward those who have changed.

HR in Change Process ?

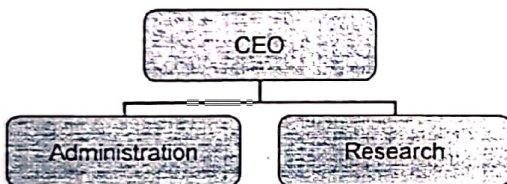
'forecast future changes,
develop systems and policies for **managing** human capital before, during & after the change'

Organizational Design

3 Indicators of Organizational Design

- Definition of Work activities – core functions
- Reporting Relationships – who reports to whom
- Departmental Grouping

1. Functional



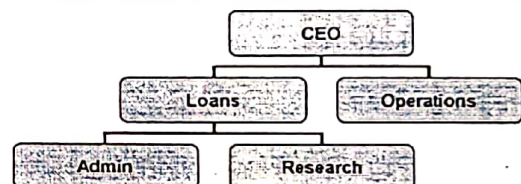
Strengths

- Allows economies of scale within functional departments
- Enables in depth skill development
- Enables organization to accomplish functional goals
- Works best in small to medium sized organizations
- Works best with 1 or a few products.

Weaknesses

- Slow response time to change
- Slow decision making, hierarchy overload
- Poor horizontal coordination among departments
- Less innovation
- Restricted view of organizational goals.

2. Divisional



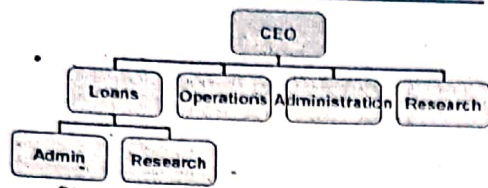
Strengths

- Good for fast change in unstable environment
- High client satisfaction due to product responsibility & contact points are clear
- High coordination across functions
- Units can adapt to differences in products, regions, clients
- Best in large organizations with several products
- Decentralizes decision making

Weaknesses

- Eliminates economies of scale
- Leads to poor coordination across product lines
- Eliminates in-depth competence & technical specialization
- Makes integration & standardization across product lines difficult

3. Hybrid



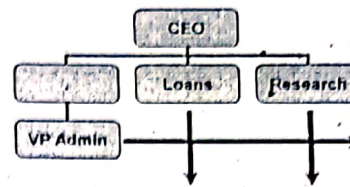
Strengths

- Adaptability & coordination in product divisions & efficiency in centralized functional departments
- Better alignment between corporate and division level goals
- Achieves coordination within & between product lines

Weaknesses

- Potential for excessive administrative overhead
- Leads to conflict between division & corporate departments

4. Matrix



Strengths

- Achieves coordination to meet dual demands from environment
- Flexible sharing of human resources across products
- Works for complex decisions & frequent changes in unstable environment
- Provides opportunity for functional and product skill development
- Best in medium organizations with multiple products.

Weaknesses

- Dual authority, can be frustrating & confusing.
- All need good interpersonal skills & extensive training
- Time consuming, involves frequent meetings & conflict resolution
- Requires collegial rather than vertical type relationships
- Requires dual pressure from environment to maintain power balance.

HR's Role in New Economy

FOCUS ON BUSINESS OBJECTIVES

- Structure activities around key business objectives

FOCUS ON THE ENVIRONMENT

- Scenario planning on workforce issues to anticipate changes in the environment.

FOCUS ON CORE VALUES

- Ensure that core values are embedded in key HR elements, e.g. hiring, job requirements, rewards.

Role of HR (General)

Emerging Roles¹ (Examples of Strategic Partnering)

- Effectively managing & utilizing people
- Tying performance appraisal & compensation to competencies.
- Developing competencies that enhance individual & organizational performance
- Increasing the innovation, creativity & flexibility necessary to enhance competitiveness.

1. In Depth: Human Resources - Changing Role of Human Resources and Vast Implications, Robert A. Bandy

Changing Role of HR Professionals

- *Personal drive & effectiveness*
- *People management & leadership*
- *Business understanding*
- *Professional & ethical behavior*
- *Added-value result achievement*
- *Continuing learning*
- *Analytical, intuitive & creative thinking*
- *Customer focus*
- *Strategic thinking*
- *Communication, persuasion and interpersonal skills*