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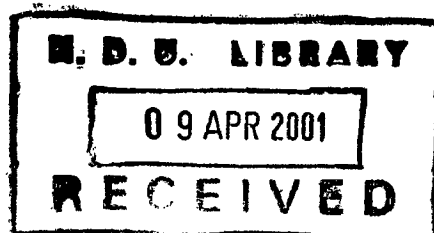
Riachi's Strategic Human Resources Circle

By

Nicholas Amin Riachi

A thesis

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To the Department of Business Administration

Of the Faculty of Business Administration and Economics

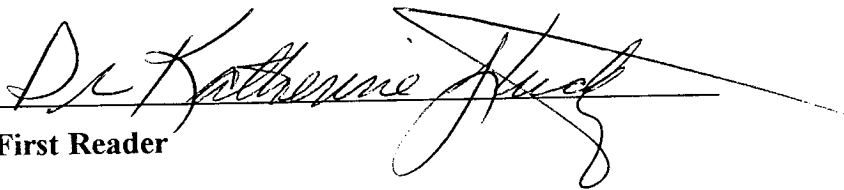At Notre Dame University

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NOTRE DAME UNIVERSITY

Riachi's Strategic Human Resources Circle

By

Nicholas Amin Riachi

Approved by:

_____

First Reader

Dr. Katherine Stucky

Department of Business Administration

Faculty of Business Administration and Economics

_____

Second Reader

Dr. Hratch Hadjetian, Dean

Faculty of Business Administration and Economics

Date of Presentation: March 19, 2001

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ABSTRACT

Internal and external change is happening so rapidly that the operations of organizations are affected significantly. Different organizations use different methods to manage change. It is suggested in this thesis that the human resources department should play a major role in managing change. However, the current structure of the human resources department is not designed to mange change. For this reason, it is hypothesized that the human resources department will have new roles in addition to its traditional roles. These new roles will be known as the Riachi Variables. The Riachi Variables constitute the Riachi Strategic Human Resources Circle. The Riachi Variables include: coping with change, adapting to change, managing uncertainties, and restructuring.

With these new roles, the human resources department will become the strategic human resources department because it will be involved in developing strategies for change. The traditional roles will be maintained but it will have to also focus on the Riachi Variables. The roles of the strategic human resources department will be a combination of the traditional roles of human resources and the new roles of coping with change, adapting to change, managing uncertainties and restructuring.

The main responsibility of the strategic human resources department will be to build an organization that is able adapt to change. It will have to meet the challenges of internal change through the Riachi Variables of coping and adapting. To meet the external change challenges, the strategic human resources department will have to utilize the Riachi Variable of managing uncertainties. Furthermore, the strategic human resources department will have the new role of restructuring in order to be able to align coping and adaptation strategies as well as controlling uncertainties with the overall functions of the organization.

To manage change, organizations will have to create strategic human resources department that focus on Riachi's Strategic Human Resources Circle. The author will introduce the traditional roles of the human resources department and discuss the Riachi Variables of coping with change, adapting to change, managing uncertainties and restructuring.

CHAPTER ONE

INTRODUCTION –TRADITIONAL HUMAN RESOURCES

The traditional roles of the human resources department are divided into four categories: staffing, training and development, motivation and retention. External influences that affect the operation of the human resources department include: labor unions, organization management, government legislations, and globalization. Figure (1.1) illustrates these four categories and the affect of external influences. [1]

Traditional human resources functions lie within these four categories. The following sections will discuss the four categories of staffing, training and development, motivation and retention.

Figure (1.1) Human Resources Roles
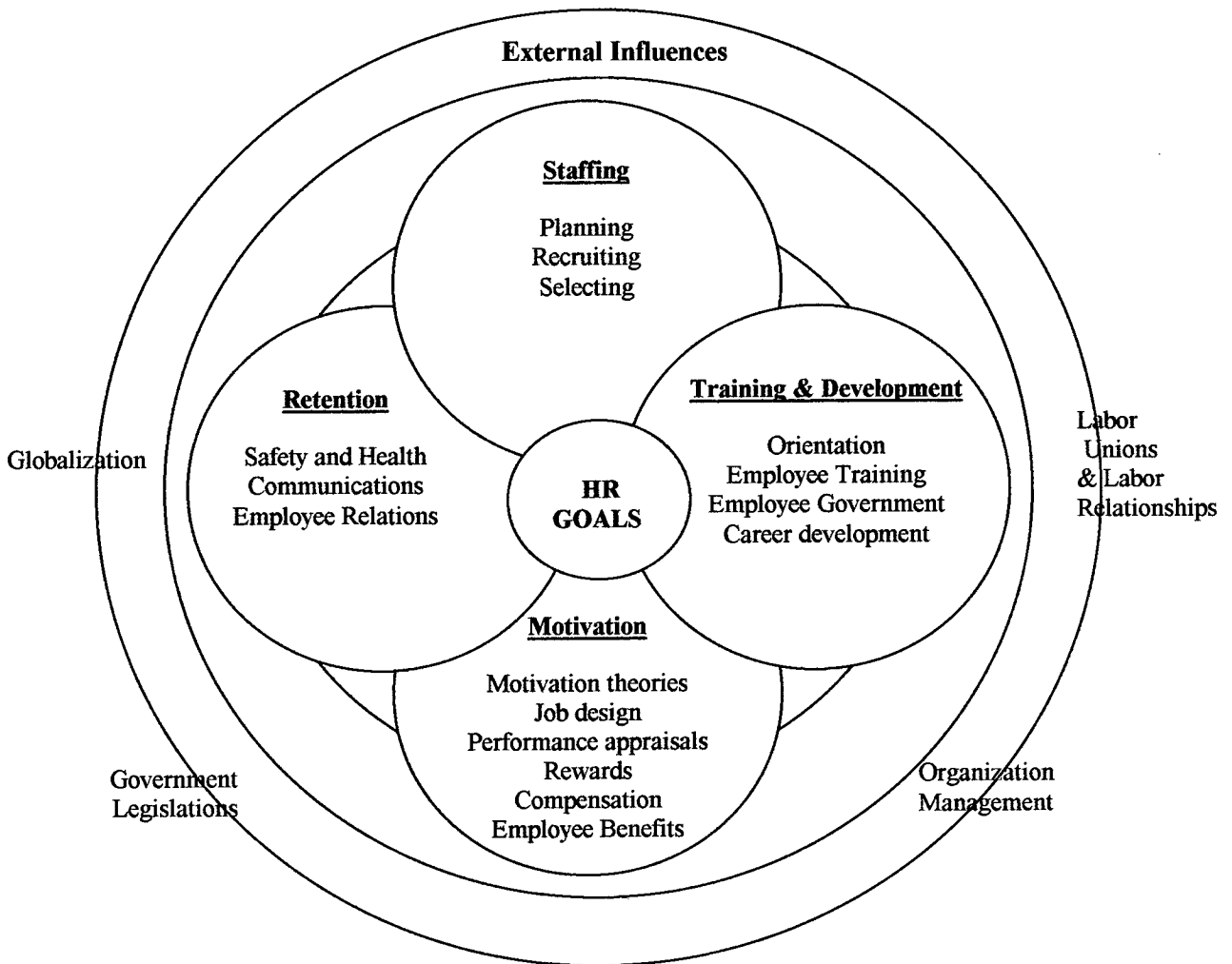
External Influences

Staffing

Planning
Recruiting
Selecting

Retention

Safety and Health
Communications
Employee Relations

Training & Development

Orientation
Employee Training
Employee Government
Career development

HR GOALS

Motivation

Motivation theories
Job design
Performance appraisals
Rewards
Compensation
Employee Benefits

Globalization

Labor Unions & Labor Relationships

Government Legislations

Organization Management

Source: Lectures of Dr. A. Bardwil, "Human Resources and Development." BAD 638, Notre Dame University, Fall 2000.

Staffing

The first category is staffing. The staffing role involves attracting and retaining human resources. The functions of the staffing division include planning, recruiting, and selecting. Additional staffing functions include: salary administration and developing rules that regulate the relationship between the organization, employees, and the various functions that control the growth, movement, and location of staff regardless of what department they belong to, or their technical skills. [2]

The human resources department in the flexible organization should first identify the current staffing needs and second, forecast the needs. Forecasting involves studying the supply and demand of the labor pool. Forecasting staffing needs is closely related to change, adaptation, uncertainty management, and restructuring. The future staffing needs will be affected by the external environment, business objectives, new technologies, and where the organization sees itself in the future. From these factors, the human resources department should identify the opportunities and threats for staff improvement. The human resources department has the responsibility of determining the staffing needs that result from change strategies and restructuring. Human resources management will have to use staffing to meet the changing environment. Staffing is the ability to provide the right talent in the right place at the right time. [3]

When forecasting the future staffing needs, the human resources department must predict two issues. The first is the future staffing requirement- the demand. The second is the future availability of talent- the supply. In predicting the future demand for staff, the human resources department can take the current staffing requirements as a reference, and then predict additions, deletions, and shifts in positions according to the organizational goals and strategies. Furthermore, the human resources department should refer to departmental managers and structures to identify where new positions are needed, where old positions can be deleted, where change in current positions is needed, where promotions and internal staffing is required, and when overtime is necessary. [4]

The human resources department must create effective ways to recruit employees that are needed to fill in the demand shortages. Recruiting is used to attract new employees that have the abilities and skills that will be able to achieve the set objectives and perform the required tasks. The increasing competition for talent

increases the importance of recruitment. It is important for the human resources department to provide realistic job previews. When this is done, the retention rate of employees will increase. Recruitment also depends on many factors such as external influences, governmental and union restrictions, the labor market, and the employer's requirements.

The human resources department should train and develop employees to fill in vacant positions. It should ensure that employees who are fully aware of the culture, strategies, mission, vision, objectives, and goals hold the critical positions. Moreover, it should also ensure that new employees are internally recruited, when possible, for critical vacancies. However, external recruitment will still be necessary to fill positions that cannot be filled by current employees. External recruitment will also be used to fill non-critical positions, as well as new positions for which there is no internal talent.

External recruiting is also important because new talents, new ideas and different experiences will contribute to change. Furthermore, new employees will bring more cultural diversity to the workforce. It is important to ensure that women and minorities are represented at all levels of the organization. External recruitment means that the human resources department will also have to go through a screening and selection process. Criteria for selection should be established, these criterion should be based on skills, knowledge, experience and certain attributes that are required to perform a job rather than on race, color, gender, religion and cultural background. The human resources department will use written tests, interviews and different opinions of people from within and outside the organization to evaluate its selection process. The candidates that prove that they understand the job and fit the criterion established will be selected for the job. [5]

Training and Development

The second category of traditional human resources is training and development. Training and development prepares and qualifies employees for more senior positions, develops employees for career paths, and facilitates cultural transformation. The training and development process should to be aligned with the overall strategies and policies of the organization. The personnel conducting training and development can be from within the human resources department, from other departments or consultants that have specialized recruiting skills. The heads of departments should also assist the human resources department by identifying the areas in which their employees need training. The heads of departments should conduct meetings with the training and development office. [6]

Training and development focuses on the needs of individuals that relate to strategies and objectives. Training has two focuses: the development of the individual and the development of the organization. To improve individual and organizational performance, training and development should be linked to the individual's objectives and included in the appraisal systems. The worth of training is in its application. It is important that the skills and competencies learned in a training course or in other experiential training activities are put into practice. The value of training is in the application of the new skills and competencies. Training and development of teams is similar to that for an individual. If an individual, group, or team is to accomplish a task or meet an objective successfully, training is essential. Training typically focuses on developing skills needed to perform existing jobs. Effective training is accomplished when the human resources department is able to transform information into skills. Development, however, focuses on practices, skills and/or abilities that prepare employees for promotion. Any training that is done should be linked to the overall

strategies and goals of an organization. If training and development is unable to assist in achieving these strategies and goals, it will have less value and incur unnecessary costs. The human resources department should identify the cause of existing problems and then identify the type of training that is needed to correct these problems. [7]

Most human resource departments assume that the main purpose of training is to create capabilities and skills to fill the current shortage of skills. This is only one of the reasons for training. Training is necessary to prepare the organization for change. The human resources department will have to use participative workshops to enhance quality improvement projects, teamwork, team building, and problem solving groups. The human resources department must be able to integrate the business planning process with organizational development. An organization with a reputation for delivering good training and development programs is more likely to attract the best talents when recruiting. Another purpose for training is to create a learning atmosphere throughout the organization. [8]

Determining the training needs while designing training and development sessions and workshops is the short-term point of view of training. However, the long-term perspective of training is to increase the overall performance of the organization over the long run. Thus, the human resources department will have to collect data that allows it to compare current performance levels with the future desired performance levels. This means that the human resources department will have to evaluate the competencies of the employees. If employees are performing below acceptable standard levels, these competencies must be enhanced, modified or changed. The human resources department should be aware of what types of competencies are needed. There are competencies that are emerging and will be needed to achieve the strategies set now and in the future. Other competencies are needed to undergo the

change and adaptation processes. Some competencies will become less important due to change or restructuring. Other competencies are stable and important to the organization's performance. They are not likely to change in the future. [9]

Finally, the human resources department should ensure that training and development is integrated and incorporated with the overall strategies, policies, processes, and functions. Organizational integration is achieved when training and development is incorporated with other organizational strategies. For example, policy integration is achieved when training and development is considered part of the organizational policies. Hence, administrative systems must be developed. Employees should be respected and perceived as professional assets. Furthermore, policies should be created that emphasize high quality and a committed workforce. Functional integration is the ability of employees to perform the required tasks successfully. It can be achieved when the human resources department has representation on the board of directors. [10]

Motivation

Another category of traditional human resources is motivation. Motivation is the act of improving increased performance. Performance is the result of the ability and willingness to perform as well as the environment in which the employee operates. The human resources department can develop abilities through training and education. Willingness, on the other hand, can be developed through motivation. Rewards will also make employees sense that they are contributing to the success of the organization. There are certain steps the human resources department should follow to effectively motivate employees. [11]

The first step in the motivation process is for the human resources department to determine the needs of employees. The second step is to assign specific goals for

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employees to accomplish. That is, to make it clear to employees what exactly has to be done or achieved in order to earn a certain reward. The appropriate performance measures should be set and clarified for employees. Moreover, the human resources department should be aware of the outcomes that employees' value, and thus some rewards may be tailored to suit the employees' needs. An important function that should be accomplished to increase motivation is removing performance barriers. Providing employees with resources, information, knowledge and removing constraints will assist in removing performance barriers. Furthermore, to motivate employees to increase performance the goals set should be difficult, challenging, specific and achievable. The next step will be for the human resources department to provide performance feedback and offer assistance. There are different types of rewards that the human resources department can use to motivate employees. These rewards include financial rewards non-financial rewards such as job enrichment. [12]

Financial Rewards. Financial rewards are important to motivate employees, however, the effect of financial rewards is short termed and employees need other tools by which to be motivated. The human resources department should use a mixture of financial and non-financial rewards. The degree in which each is used depends on the different needs of employees. The main goal of motivation is to create a rewarding and motivating work environment, through making jobs more challenging and interesting. At the same time increase the vertical responsibilities of employees and give them more autonomy. [13]

Job Enrichment. Job enrichment is an example of a non-financial motivational technique that the human resources department can use. It increases skill, variety, task

identity, task significance and self-sufficiency so that employees will have more meaningful jobs, feedback and responsibility. [14]

The human resources department can also create semi-autonomous teams where employees are given greater responsibilities. This is called vertical loading. Employees feel more encouraged when they work on different tasks. They believe that they are able to contribute more and learn more. For this reason, the human resources department may use job rotation and cross-functional training. That is, to continuously assign employees to different tasks or jobs and to train them in multiple skills. [15]

Other Motivational Techniques. The human resources department must continuously search for new motivational techniques that will increase the financial power of the employees and motivate them to increase their skills and performance. The human resources department can use a pay scale based on skills. That is, employees should be compensated on the skills possessed and new skills learned. Other techniques that motivate employees to increase skills and performance are profit and gain sharing. These techniques share the profit and the productivity of the organization with employees. Knowing this, employees are motivated to perform better because they know that the more they are productive the higher their shares will be. Other techniques that can also be used include: delegation, empowerment, more access to information, more autonomy, creating a supportive atmosphere, more involvement and participation, and promotions. [16]

The human resources department will have to acknowledge employees. Employees will believe that their work is important. Employees should also be in charge of their careers and professional lives. They should be given the opportunity to focus on and emphasize results instead of procedures, and decide how to achieve these results themselves. Learning is another motivational tool that will be effective in the

unstable environment. It provides new skills to meet new conditions and situations set by the changing environment. Recognition is another motivational tool. The human resources department should provide public recognition, visible rewards, and open credit to achievers. This will motivate the employees to perform better. Recognition will also lead to other rewards, such as, higher self-esteem and better job offers. [17]

Retention

Retention is another category of the traditional human resources department. The human resources department should ensure that employees are self-disciplined and perform the assigned roles. Regardless of the employees and managers roles, specialty or location, each must be committed and responsible to doing the job assigned on time, respect authority, respect the rules and regulations, cooperate with others, and protect the interests of the organization inside and outside the company. [18]

In predicting the future availability of talent, the human resources department has to study the flow of employees over a period of time. It is essential to forecast the supply and demand of talent. The human resources department will have to find sources for providing talent when it is needed. When predicting future staffing needs, it has to determine what talent is needed and how this talent will be obtained. The first thing that should be done in forecasting the future supply of talent is to identify the present talent. It should also be able to show how much of this talent will be present in the future and thus decide the current and future availability of talent. Large sums of money are invested in training employees, nurturing their talents and making them fit with the organization. Thus, it is to the best interest for the organization to retain its employees. The human resources department should identify and correct the factors that make employees seek other jobs. [19]

The responsibility of the human resources department goes beyond just hiring the best talents. It should ensure that these talents are retained and developed. Human resources management should also realize that it could create rewards, make organizations pleasant, and diagnose retention problems. However, the human resources department should realize that organizations have less influence over the movement of employees and that, the market also influences the movement of employees. The human resources department will have to determine which employees should be retained and for how long they should be retained. [20]

Retention mechanisms should be created to encourage employees to remain in the organization. Compensation is one of these mechanisms, however financial compensation alone is insufficient to retain employees. The problems and threats with financial compensation is that it is easy for competition to imitate. Financial incentives also incur extra costs. However, these incentives can be useful when the human resources department wants to retain employees for a certain period of time. The human resources department will have to find other mechanisms to ensure that employees are retained for longer periods of time. One of these mechanisms is job design. [21]

Job designs help in retaining employees for longer periods of time. Employees can be influenced to stay longer in an organization when the human resources department is able to successfully influence which tasks to include in which jobs. Proper job designs increase employee retention by allowing them to fully utilize their skills. Another retention mechanism is customizing the job. This means that the human resources department will have to tailor jobs to be compatible with the needs and skills of employees. [22]

There are other methods to increase commitment to work. These methods include organizing work around projects and creating semi-autonomous teams. When employees have control over a certain piece of work or project they are more committed to successfully achieve the assigned work or project. Employees are more loyal to their colleagues; that is why they will be more committed to a team. Employees will feel more committed to a team because they will be committed to other individuals rather than being committed to an abstract entity such as an organization. Team members will then work harder and increase their performance because the success of other team members depends on their success as well. The human resources department should consider retention and its problems during the hiring process. It should realize that it is more difficult to retain talent that is highly demanded. [23]

Recruiting new talent is one means by which the organization can adapt to loss of personnel. Job enrichment can be another approach to the situation. The human resources department will have vertically load tasks for its present employees. Moreover, it can apply job rotation as a training method. This involves rotating employees from task to task. The human resources department may cross-train employees where it makes them skillful to work in several positions. Then the employees may rotate their positions from time to time if they wish to do so. The human resources department may also choose to hire employees and talents on a contract basis. This strategy means that different employees are hired for different projects. It is easier to retain employees to accomplish a certain project than to create long-term commitment. From this section it can be concluded that the most highly skilled and well trained employees are the most valuable assets.

The Human Resources
Department's Role in Increasing Performance

The human resources department has also the responsibility, in conjunction with other departments, to increase the performance of the organization. The human resource's activities aim to improve performance levels. In order to be able to increase performance the human resource department has to determine the performance standards, create performance expectations, and work with employees to enable high performance through developing individual and team capabilities.

Determining the Performance Standards

The first step the human resources department has to take towards contributing to the performance of the organization is to undertake a performance assessment. This step will help in determining the current level of performance and consequently assist in developing strategies for performance. As defined in this thesis, performance assessment is an evaluation on the performance of the organization.

The main goal of the evaluation process is to recognize, reward and encourage high performance so that performance is maintained, sustained, and corrected when necessary. The assessment process is a continuous process and involves establishing performance standards for each position as well as criterion for evaluation. This is done through a job analysis. A job analysis is the basic prerequisite for creating job descriptions, which in turn gives a clear statement of the performance dimensions and standards expected from employees. In addition, the job analysis will indicate how standards are going to be measured. Employees can be evaluated on the terms of quality of work, quantity of work, and cost of work. A major problem with many performance evaluation processes is that it requires supervisors to make personal evaluations rather than performance evaluations. The personality of the employee is

evaluated rather than the performance level. This is why managers and human resources management will be responsible for performance evaluations. [24]

The human resources department will have to create the rules and policies for evaluation such as when, how, and who will conduct the evaluation process. Then, it will have to gather information and data on managerial and employee performance. The performance evaluation process must provide accurate, efficient and reliable data. Some methods for collecting data include observations, analysis of data, records and discussions with employees. A combination of methods should be used. After creating evaluation roles and collecting data, the employees' performance will be assessed. These two processes have been previously the responsibility of immediate supervisors. However, to ensure that high performance is achieved and that learning is incorporated on all levels throughout the organization, these two processes will be the direct responsibility of the human resources department, the immediate supervisor, and the employee or the team. When this is accomplished, the three parties will set the objectives, standards, and techniques in which performance would be achieved as well as evaluated. [25]

To ensure successful performance evaluations, the human resources department should ensure that performance measures are related to the actual output of employees. Performance measures must also discriminate between high and low performers. The criterion for evaluation should be measurable and data collection should be un-intrusive. There should also be multiple criterion for evaluation. This will ensure that employees are evaluated on different aspects of performance. Deficiencies must be recognized and employees must be made aware of their performance levels as well as areas for improvement. Feedback on performance

should be done frequently, and as close to the action as possible in order to increase the effectiveness of the evaluation process. [26]

Creating Performance Expectations.

Creating performance expectations is the last step in the performance assessment or evaluation process. Its function is to maintain and increase performance. There should be interaction with employees in order to assist and guide them to working in the right direction. Expectations should be clear and should be set in collaboration with employees. This will provide a good start and assist employees in making better choices and decisions. [27]

Employees need to feel that their work is important and contributes to the success of the organization. Enthusiasm and commitment in doing a job comes from knowing that performance has a positive effect on success. Keeping this in mind, employees are able to relate and connect work to other employees in the organization. This will ensure that employees collaborate and link their efforts to larger goals. For these reasons, the human resources department should demonstrate to employees during the final stage of the assessment process the importance of their roles and the work they carry out in achieving organizational success. During this stage, it is advisable to draw a diagram describing how jobs of employees relate to other important functions. This diagram is specific to each situation, goal and performance level. It is also important to define how the results achieved by employees will affect the business. [28]

It is important for the human resources department to clarify to managers and employees what is important for them to achieve. The ideas of the human resources department, immediate supervisors, and employees should be combined in order to develop measurable criterion upon which all parties agree. Furthermore, all three

parties have ideas on the best way to accomplish a task. The advantage of the skills and knowledge of all parties should be combined in order to construct an effective action plan. This will also ensure that realistic parameters around the job or task are set and prevent misunderstandings. Moreover, employees feel more committed to following plans that they have assisted in developing. It will also help employees visualize what success will be like and will aid them later to evaluate themselves. In this process, the three parties should discuss the jobs, tasks, and assignments in terms of what steps to take and in what order, what reasonable time frames should be developed, what strategies and approaches will help to avoid poor performance, what resources are available and the level of empowerment. [29]

The major tasks and activities must be listed in terms of importance and thus employees will be able to determine their priorities as well as the priorities of others. The importance of the task towards the overall objectives should be clarified and deadlines should be assigned. The difficulty of the task should be compared with the results it achieves and the contribution of the task towards the employees' career, professional development and learning role. Questions should be asked by the human resources department to ensure that all three parties view things from a similar perspective, and that each is committed to the action plans. [30]

Finally, based on the action plans developed, an early meeting should be scheduled between the three parties. Employees may have questions that were uncovered in the original performance assessment. This early meeting will also help reveal problem areas and help correct them before they get out of control. Appendix II, found in the end of the thesis, provides an example of a performance appraisal that is intended to determine organizational performance and effectiveness.

Achieving High Performance Levels Through People

As previously stated, achieving performance is the responsibility of the human resources department. This means that it will have create an impact on the behavior of employees as well as managers. Hence, the human resources department has to know why employees behave in certain ways. If they intend to achieve increased performance, they must be aware of how employees behave in certain situations and what motivates them. Determining the behavior of employees can be achieved by examining the past behaviors. The human resources department will have to also predict the future behaviors. It is more important to know how employees will act now and in future situations as their personality and experience develops. The human resources department will have to direct, change, and somehow control behavior, so that the desired tasks are achieved efficiently and effectively. The word control means having an impact and influencing behavior towards achieving results. Achieving high performance levels through people involves enabling high performance, developing employee capabilities and developing team capabilities. [31]

Enabling High Performance. In order to increase performance, the human resources department should train and encourage employees to work in a manner that is motivating and utilizes the necessary talents. Increasing performance is the joint responsibility of the human resources department and the employees' managers and team leaders. These parties should search for opportunities to improve individual, team and organizational performance. The human resources department can influence performance through work designs. It should train managers to influence performance through leadership styles, organization of work, physical environment of work, working hours, communication, and so forth. Employees must have a positive feeling about the outcomes and rewards received if performance levels are to increase.

Employees should believe that the effort they are exerting in a task would lead to high performance.

The human resources department has to redesign jobs and tasks focusing on the most valuable tasks, and the utilization of employees' talents engaged in the task. This means that the least productive tasks should be eliminated. Thus the human resources department should eliminate duplicated work across the same unit as well as across different units. This means that it should analyze what tasks are contributing to the same work or job, and eliminate them leaving only the most effective and productive task. Furthermore, it should also eliminate unnecessary work, that is the work that is not essential to the completion of the job or the work that is not needed by others to perform their jobs. It should also consider automating tasks were appropriate. Automation must be cost efficient, increase the speed of operation and ease the work of the employees. Similar tasks that are conducted in different parts of the organization should be combined in order to be more time efficient and gain better reallocation of resources. Tasks should be reassigned to employees who are able to perform them better and at a lower cost. Thus, the human resources department should assign jobs according to the employee's talents, effectiveness' and cost efficiency. Finally, the human resources department should also consider outsourcing some tasks where other sources can perform the tasks effectively, cheaper and without harming the organization by gaining access to confidential information. [32]

Developing Employee Capabilities. The human resources department should support and assist employees in developing their careers and capabilities. This makes employees more devoted to their work. The human resources department will thus ensure that it employs and retains the best talents. Since the environment is changing so will the expectations and skills of employees. The human resources department will

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have to identify the future skills required and develop a continuous learning process that is compatible with the changing goals, objectives and strategies of the organization. It will also focus on increasing performance in the short run and in the long run. Employees are more motivated by feeling that they are important and that they are contributing to the overall performance of the organization. The human resources department should give employees the chance in designing their career paths, guiding and consulting them. [33]

Another important factor that contributes to the development of employees' capabilities is training and education. Training serves the purpose of helping the employees learn job related skills and gain skills that are needed in order to improve their performance and. On the other hand, education allows employees expand their horizons and increases their capacity to learn and perform in the future. The purpose of training and education is to develop skills and abilities among employees through sources other than job assignments. Furthermore, training and education facilitates the implementation of organizational strategies. The human resources department should identify the training needs and then tailor the training sessions to the needs of tasks, jobs, employee development and overall goals. The most important determinants of training are the tasks that have to be accomplished as well as employees' abilities and attitudes. Determining the training needs can be done through interviews with managers and employees. The human resources department can also utilize survey feedback techniques to determine employee strengths and deficiencies. It can also conduct a needs, skill and knowledge assessment. A needs assessment involves the analysis of the organization's needs. That is, the knowledge, skills, and abilities needed to perform a job where the employees' needs must also be identified. The needs assessment requires an examination of the long- and short-run objectives. The human

resources department needs to know where the organization wants to be in the future and whether or not it has the capabilities of getting there. It will have to carefully review and analyze objectives, organizational charts, historical records, quality of production, efficiency, and performance appraisals. The employees' needs must also be considered. Asking employees to identify their needs can provide information. Examining the employee's performance against set standards or comparing the performance levels relative to that of co-workers can help identify strengths, and weaknesses. Determining whether or not employees can perform a job is an important step towards improving the firm's ability to match current employees with the best tasks and roles. Training should be meaningful, related to the job, simple, easy to understand and implement, and of value to employees. Moreover, the employee must be motivated to learn. Learning must be reinforced through workshops and practice exercises. Workshops and exercises must be meaningful and applicable to the employee's roles and positions in order for the employee to accept training. [34]

Team Capabilities. The human resources department should develop effective team capabilities such that they are able to make effective decisions that will enhance organizational performance. Team members must unanimously agree on decisions. Team members should be open minded, supportive and committed to the group decision. The human resources department will have to carefully choose team members that create synergy. A good technique will be to allow team members to select their own team members. It is important for team members to believe that their performance as a team is greater than any one individual's performance. [35]

The human resources department should implement team-building techniques. Decision making responsibilities should be clarified. The human resources department must provide relevant information for increasing performance. The team will have to

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set guidelines for decision-making. The human resources department will also have to train the team on generating alternatives, evaluating these alternatives and making the appropriate decision. The role of the human resources department, team leaders, and management is to assist teams in developing alternatives. The commitment of each team member is needed to ensure that the team is able to have a high performance level. [36]

Moreover, the human resources department should ensure that role overload, role conflict and role ambiguity are avoided. Role overload occurs when what is expected from a team member exceeds the member's capabilities. Role conflict is experienced when different members expect different things from employees or team members and thus become confused regarding actual roles. Role conflict can also be experienced when organizational values, ethics, or personal standards disagree with others expectations. Role ambiguity occurs when a team member is uncertain of the tasks to be performed. [37]

The human resources department should keep team members and employees informed by explaining policies and decisions and providing accurate feedback. They should support employees by being available. They should provide help, advice, coaching, and support for team members and their ideas. The human resources department should reward effective teams by giving credit and recognition to those who deserve it. It should ensure that performance appraisals and evaluations are objective and fair. The human resources department should regularly update and clarify the teams' goals, give each member a responsibility, point out the talent of each member and how it contributes to the overall performance of the organization, and frequently remind team members that they need each other to accomplish the set goals and objectives. [38]

Other Human Resources Applications

When the human resources department is developing tasks to enhance employee and organizational performance, it should keep in mind that organizations exist to serve human needs. That is, the needs of employees and the needs of customers. It should also realize that organizations and employees need each other. Organizations need the ideas, skills, efforts, energy and talents of employees, while employees need careers, financial compensation, and career opportunities. There should be a fit between the organizations' systems, strategies, goals and structures and the behavior, goals and needs of employees. Only then will work be satisfying and meaningful. The organization will also be able to get the talents and energy needed to succeed. [39]

For this reason, the human resources department will have to play an important role in planning and designing systems as well as in management. This means that employees as well as results must be the main concern rather than procedures. This calls for the organization to invest in employees. This investment will be through the human resources department. [40]

The human resources department should develop a long-term human resources philosophy. This philosophy should be in the form of a visible mission or goals. The philosophy should be built into the corporate structure and incentive systems. Furthermore, human resources performance measures should be developed. Additionally, the human resources department should hire the most talented employees, who integrate well with the organizational systems, and reward these employees accordingly. In the processes of investing in employees, the human resources department should provide job security, promote employees from within the organization, continuously train and educate employees, and share with the employees

the wealth, profit and success of the organization. Creating talent also means that the human resources department must empower employees and redesign their jobs. It should provide autonomy and participation, focus on job enrichment, emphasize teamwork and ensure equality and democracy. [41]

The human resources department's roles that will contribute to improving performance and facilitating the workflow include achieving organizational excellence, correcting, coaching, becoming information facilitators, and becoming a resource for employees.

Achieving Organizational Excellence

The human resources department is also involved in achieving organizational excellence. Achieving excellence through the human resources department means that the department should be structured in a way that human resource policies are able to generate activities and programs that will develop employee capabilities. The capabilities will be devoted to achieve the human resources and organizational strategies and goals. The human resource department will focus on organizational and individual issues. That is, human resources management should be effective in human resources research and information gathering, building union and labor relationships, developing reward strategies, and employee assistance. Then, it can establish human resources plans, performance systems, and recruiting strategies. These tasks will contribute to the achievement of efficient training and development, career development, and organizational development programs. Thus, capabilities are built within the employees through a culture and structure that will lead to success. Figure (1.2) illustrates the functions that the human resources department should incorporate in its structure. [42]

Figure (1.2): The Structured Roles of the Human Resources Department

HR Capabilities	HR Activities and Programs	HR Policies and Systems	
		Research and Information	Organizational Focus
	Organizational Development	HR Planning	
Culture		Union & Labor Relationships	
Strategy & Goals	Career Development	Performance Systems	
		Reward Strategies	Individual Focus
Structure	Training and Development	Recruitment Strategies	
		Employee Assistance	
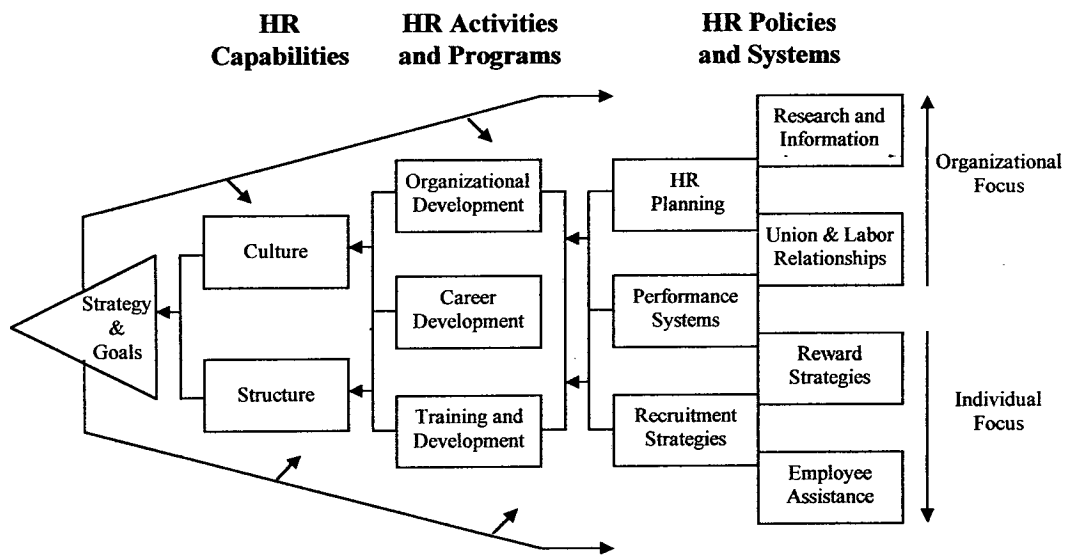
Source: Christopher Mabey and Graeme Salaman. Strategic Human Resource Management. (Oxford: Blackwell, 1991) 88.

Correcting

Correcting is another human resources application. Correction is applied when actual employees performance deviates from planned employee performance. In any organization, even flexible organizations, there are corporate rules, informal and formal work groups and group norms. These may be found in different degrees in different organizations. When employees violate or abuse these functions the human resources department should correct the problem. It will apply corrective actions that will discourage employees from encountering poor performance again. Correction should be immediate and a problem should be directly addressed when it appears. The human resources department should set the rewards for correct actions and consequences for poor performance. Feedback should be used to point discrepancies between planned and actual performance. When employees recognize that there are

positive reinforcements and rewards for correct actions, the probability that correct actions are taken increases. One of the most important factors that will ensure successful correction is to base it on impersonal issues. That is, focusing on the act and not on the employee. This will decrease the guilt, anger and anxiety for poor performance. Furthermore, to achieve the goals of correction it has to be consistent. If employees are unaware of what goals they are supposed to achieve, how to get started, and have no incentive to change or correct certain issues, correction attempts will fail. The best incentive to change is to demonstrate to employees the current position and the future position and the advantages of future positions. Employees need direction, starting point and a destination. [43]

Coaching

Human resources management also involves coaching. Coaching is used when employees know what to do, but are unable to perform well. The human resources department has to be skillful in observing and describing how employees are performing, how they can improve their performance and how they can assist employees in doing so. The coaching responsibility of the human resources department is to create relationships with employees that enable them to perform well and achieve goals. They will have to encourage the employees to be more productive and find ways for them to improve their work processes. In the coaching relationship, the human resources department must ensure that there is clarity. That is, communicating clearly the possibilities of accomplishments and make these accomplishments achievable. Commitment is another quality that should be maintained and it is essential to show that the human resources department is dedicated to employees and high performance. Openness should also be provided. That is, the human resources department should learn to listen and observe, be directed

towards flexibility, be open to experimentation, value freedom, and provide constant and adequate information. [44]

The human resources department should show patience, persuasion, and dedication towards employees. It should have an open door policy which allows spending as much time as possible with employees It should view the coaching process as a partnership between itself and employees and provide a good learning environment for that partnership. Being partners' means that employees and the human resources department should trust each other and work on tasks together with persistence. There must be an informal contract between the two parties that agrees on meeting, studying, preparing, experimenting, learning and working together. Coaching, as mentioned previously, is to let the learner go beyond personal beliefs and limitations. This means that the human resources department will have to encourage employees to try something new. [45]

Coaching is a mixture of four different techniques: telling, showing, doing and correcting. **Telling** involves telling the employees what tasks they are supposed to accomplish. It should show employees how tasks will assist the performance of the team and the organization as well as showing how tasks should be performed. **Showing** involves demonstrating to employees how tasks will be accomplished and what skills are to be performed plus showing the relevance of each component of the task. **Doing** involves performing each task. **Correcting** involves showing employees discrepancies between desired and actual performance results and helping them reach the desired performance results. The human resources department should explain the importance of each step along the way. Coaching is based on feedback, the human resources department should provide the employees with feedback to correct mistakes

and reinforce accomplishments, this will help build self-confidence and enhance competence. [46]

Correcting and coaching are two human resources applications that will help in achieving the desired actions. The human resources department has also the responsibility of ensuring that information is available. Becoming and information facilitator is discussed in the next section.

The Information Facilitator

The human resources department has the responsibility of ensuring the effective flow of information. An internal computer network called Intranet is suggested to improve the flow of information. The Intranet is a computer network, similar to the Internet, but it is a network between the organization's branches and departments. It will increase administrative efficiency and speed because information can be simultaneously transmitted to all departments and branches. If the human resources department wants to send a memo to all the branch managers and\or department managers, it will send it through the Intranet where all the managers will receive it directly. The network will facilitate the communication process. The speed and efficiency will decrease costs in the long run. This network will also be a source of information for managers. They will have access to the data needed to perform a job. To keep employees informed the human resources department should mount electronic screens that can be connected to the Intranet, in every branch and department of the organization. It will then be able to post the information that the employees need to know such as progress reports, target results, important news, even tips to please the employees and help them in their work, important events, or anything that human resources department can think of to inform, motivate and help the employees. [47]

A Resource for Employees

Becoming a resource for employees and clarifying goals is another human resource management function. The strategic human resources department must ensure that employees clearly understand the established goals. It should also ensure that employees are aware of the progress in the organization. To achieve these goals, the human resources department should train departmental managers to meet with the employees once a week and discuss the company goals, and how close they are to achieving them. The purpose of this meeting is to create an opportunity for employees and managers to discuss different issues. Management by objectives (MBO) can be applied where the managers and subordinates jointly set goals, plan how to achieve them and establish the evaluation processes. The human resources department and departmental managers will help the employee in achieving the goals, targets and objectives. The human resources department should also conduct lectures and seminars to remind employees what goals are to be achieved and what responsibilities are to be upheld. It will have to create workshops where departmental managers will learn how to keep the employees motivated and how to administer MBO properly and effectively. [48]

The human resources department should also ensure that the employees understand what the human resources goals are and what are the goals of other departments. This is called collaborative MBO (CMBO). It should ensure that there is integration, cooperation and coordination between different departments in the organization, and that different employees from different departments are able to communicate together. This can be achieved by creating teams to handle special projects. A staff member from the human resources department should lead these teams. The team members will come from the different departments. These teams are

known as cross-functional teams. For each project, a new team will be established with new members. This serves many functions. First it allows employees from different departments to integrate with each other, learn the human resources goals, learn teamwork, and feel more responsible and engaged with the organization's operations. It should ensure that team members are still able to do their work in their departments. In the case where team members have to leave their departments, the empty roles must be filled with replacements or temporarily absorbed by existing employees.

Conclusion

The human resources department has the traditional functions of staffing, training and development, motivation and retention. In this thesis, it is hypothesized that it will also have four new roles. These new roles are the Riachi Variables and include: coping with change, adapting to change, managing uncertainties and restructuring. The human resources department will become the strategic human resources department. Consequently, the members of the human resources department should be trained on a variety of skills that will support them in achieving the strategic management goals. The human resources department will be affected by external and internal influences that affect its operations and goal setting.

Notes

[1] Lectures of Dr. A. Bardwil, "Human Resources and Development." BAD 638, Notre Dame University, Fall 2000.

[2] Lectures of Dr. A. Bardwil, "Human Resources and Development." BAD 638, Notre Dame University, Fall 2000.

[3] James W. Walker, Human Resource Strategy. (New York: McGraw-Hill, 1992), 157-169.

[4] Ibid.

[5] Ibid., 1992. 178-183.

[6] Lectures of Dr. A. Bardwil, "Human Resources and Development." BAD 638, Notre Dame University, Fall 2000.

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[8] James W. Walker, Human Resource Strategy. (New York: McGraw-Hill, 1992), 141-145.

[9] Ibid., 156-160.

[10] Ibid., 166-169.

[11] Lectures of Dr. A. Bardwil, "Human Resources and Development." BAD 638, Notre Dame University, Fall 2000.

[12] Robert A. Barron, Behavior in Organizations- Understanding and Managing the Human Side of Work. (Boston: Alley and Bacon, 1986), 89-92.

[13] Henry L. Tosi, John R. Rizzo, and Stephen J. Carroll Managing Organizational Behavior. (Oxford: Blackwell, 1994), 247-254.

[14] Ibid., 247-254.

[15] Ibid.

[16] Ibid., 247-263.

[17] Frances Hesselbein, Marshall Goldsmith and Richard Beckhard, The Organization of the Future. (San Francisco: Jossey Bass, 1997), 142-148.

[18] James W. Walker, Human Resource Strategy. (New York: McGraw-Hill, 1992), 156-160.

[19] Ibid.

[20] Peter Cappelli, "A Market-Driven Approach to Retaining Talent." <u>Harvard Business Review</u> (January-February 2000): 103-111.

[21] Ibid.

[22] Ibid.

[23] Ibid.

[24] David P Hanna, <u>Designing Organizations for High Performance</u>. (New York: Addison-Wesley Publishing Company, 1988), 69-90.

[25] Ibid.

[26] Ibid.

[27] Richard D. Irwin, "Performance Evaluation and Compensation." Irwin Multimedia Business Reference Library, Richard D. Irwin Inc, 1995, Compact Publishing Inc.

[28] Ibid.

[29] Ibid.

[30] Ibid.

[31] Paul Hersey and Kenneth H. Blanchard, <u>Management of Organizational Behavior</u>. (London: Prentice Hall, 1988), 11-15.

[32] James W. Walker, <u>Human Resource Strategy</u>. (New York: McGraw-Hill, 1992), 257-265.

[33] Ibid., 201-211.

[34] Ibid., 211-221.

[35] Robert A. Barron, <u>Behavior in Organizations- Understanding and Managing the Human Side of Work</u>. (Boston: Alley and Bacon, 1986), 240-244.

[36] Ibid., 245-261.

[37] Richard D. Irwin, "Performance Evaluation and Compensation." Irwin Multimedia Business Reference Library, Richard D. Irwin Inc, 1995, Compact Publishing Inc.

[38] Robert A. Barron, <u>Behavior in Organizations- Understanding and Managing the Human Side of Work</u>. (Boston: Alley and Bacon, 1986), 245-261.

[39] Lee G. Bolman and Deal Terrence E, <u>Reframing Organizations</u>. (San Francisco: Josey-Bass, 1997), 102-134.

[40] Ibid.

[41] Ibid.

[42] Christopher Mabey, and Graeme Salaman, <u>Strategic Human Resource Management</u>. (London: Blackwell, 1995), 87-89.

[43] Norman C. Hill, <u>How to Increase Employee Competence</u>. (New York: McGraw-Hill, 1984), 65-68.

[44] Oscar G. Mink, Keith Q. Owen and Barbara P. Mink, <u>Developing High-Performance People</u>. (New York: Addison-Wesley Publishing Company, 1994), 15-19.

[45] Ibid.

[46] Ibid., 132-151.

[47] Dave Ulrich, "A new Mandate for Human Resources." <u>Harvard Business Review</u> (January-February 1998): 125-134.

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CHAPTER TWO

HYPOTHESIS

External and internal changes have become so turbulent that they affect significantly the operation of organizations. Organizations must find effective ways to manage external and internal change. It is suggested in this thesis that the human resources department will play a major role in managing external and internal change. However, to be able to play that role it will have to be transformed into the strategic human resources department. It should be given more significance and be more involved in strategy formulation.

The strategic human resources department will have the responsibility of performing the traditional roles illustrated in figure (1.1), such as staffing, training and development, motivation, and retention. It will also have the new roles of coping with change, adapting to change, managing uncertainties, and restructuring, see figure (2.1). These new roles will be known as the Riachi Variables. These roles are critical and should be acknowledged for they are all interrelated. Acknowledging the Riachi Variables increases the ability of the strategic human resources department in reaching its main goal of organizational excellence and managing change. The new roles and interrelation of the Riachi Variables are illustrated in Riachi's Strategic Human Resources Circle figure (2.1).

Figure (2.1). Riachi's Strategic Human Resources Circle
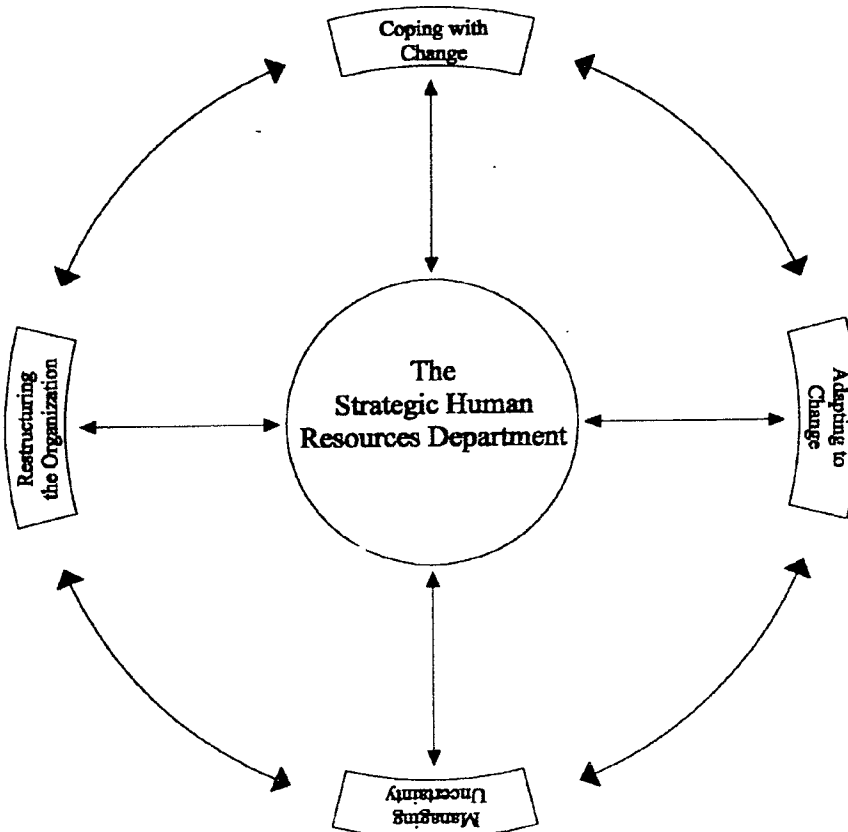
In this chapter the author will state the hypotheses developed in the thesis. Each hypothesis will contribute to the definition of the Riachi Variables that are the new roles of the strategic human resources department.

It should be noted that the correlation between the utilization of strategic human resources and each of the new roles increases at a diminishing rate. Furthermore, the correlations start above the point of origin. The reason behind this is that, before introducing the Riachi Variables organizations were still able to manage change. However, it is suggested that, with the application of the Riachi Variables, the organization will be able to manage change more effectively.

Coping with Change Hypothesis

It is hypothesized that as change increases from stable to turbulent the number of Riachi Variables required increases with the increase in the degree of change. Conversely, it is hypothesized that as change decreases from turbulent to stable the fewer number of Riachi Variables are required.

Figure (2.2). Coping Hypothesis
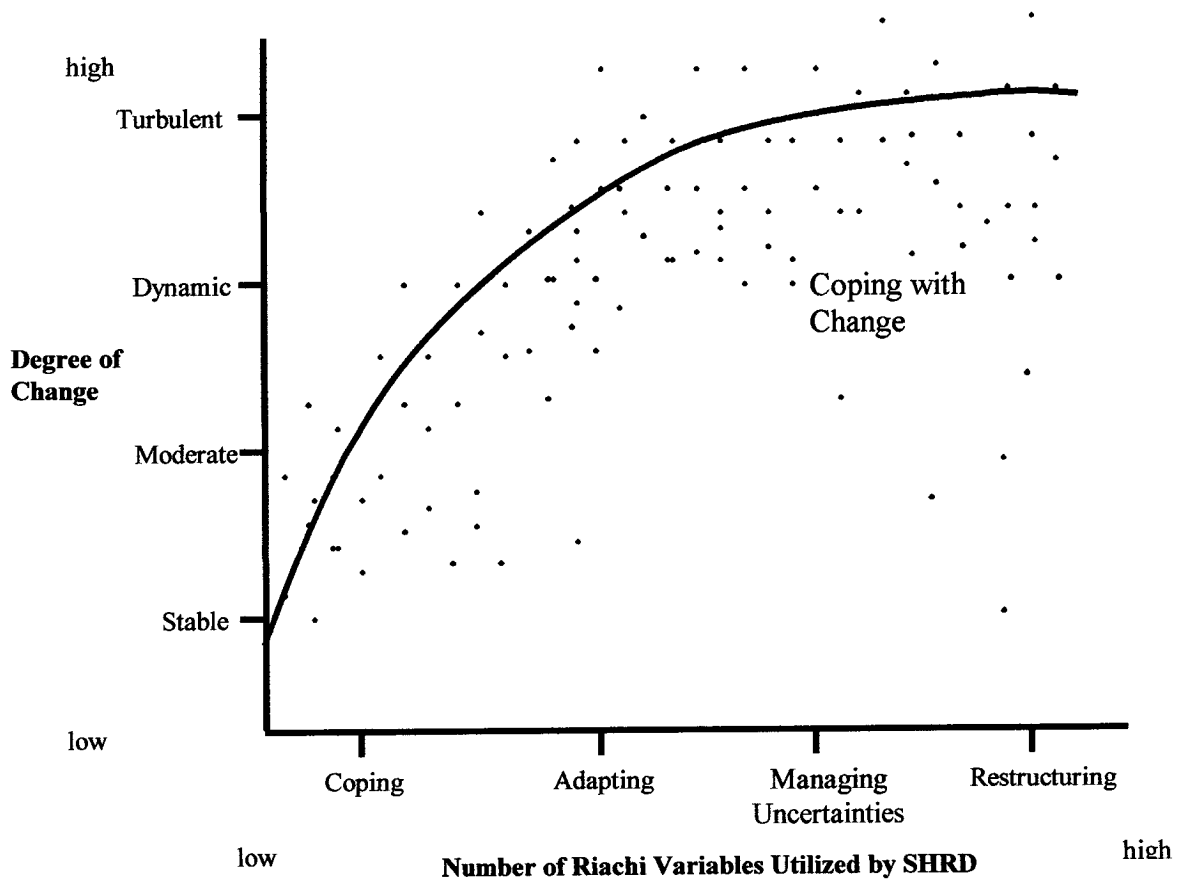
* Note that the chart is a simulation of the correlation analysis.

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Definitions. The following are the definition of terms related to the coping with change hypothesis.

Coping: Coping refers to the way employees handle stress or themselves, due to change. [1]

Stable Change: Stable change refers to stable alterations of some aspect of the organization due to shifts in internal and/or external conditions. [2]

Moderate Change: Moderate change refers to moderate alterations of some aspect of the organization due to shifts in internal and/or external conditions. [3]

Dynamic Change: Dynamic change refers to dynamic alterations of some aspect of the organization due to shifts in internal and/or external conditions. [4].

Turbulent Change: Turbulent change refers to turbulent alterations of some aspect of the organization due to shifts in internal and/or external conditions. [5]

Adaptation Hypothesis

It is hypothesized that as the need for adaptation increases from low to instantaneous, the number of Riachi Variables used must increase with the rate of adaptation. Conversely, it is hypothesized that as the need for adaptation decreases from instantaneous to low, the fewer number of Riachi Variables are required.

Figure (2.3). Adaptation Hypothesis
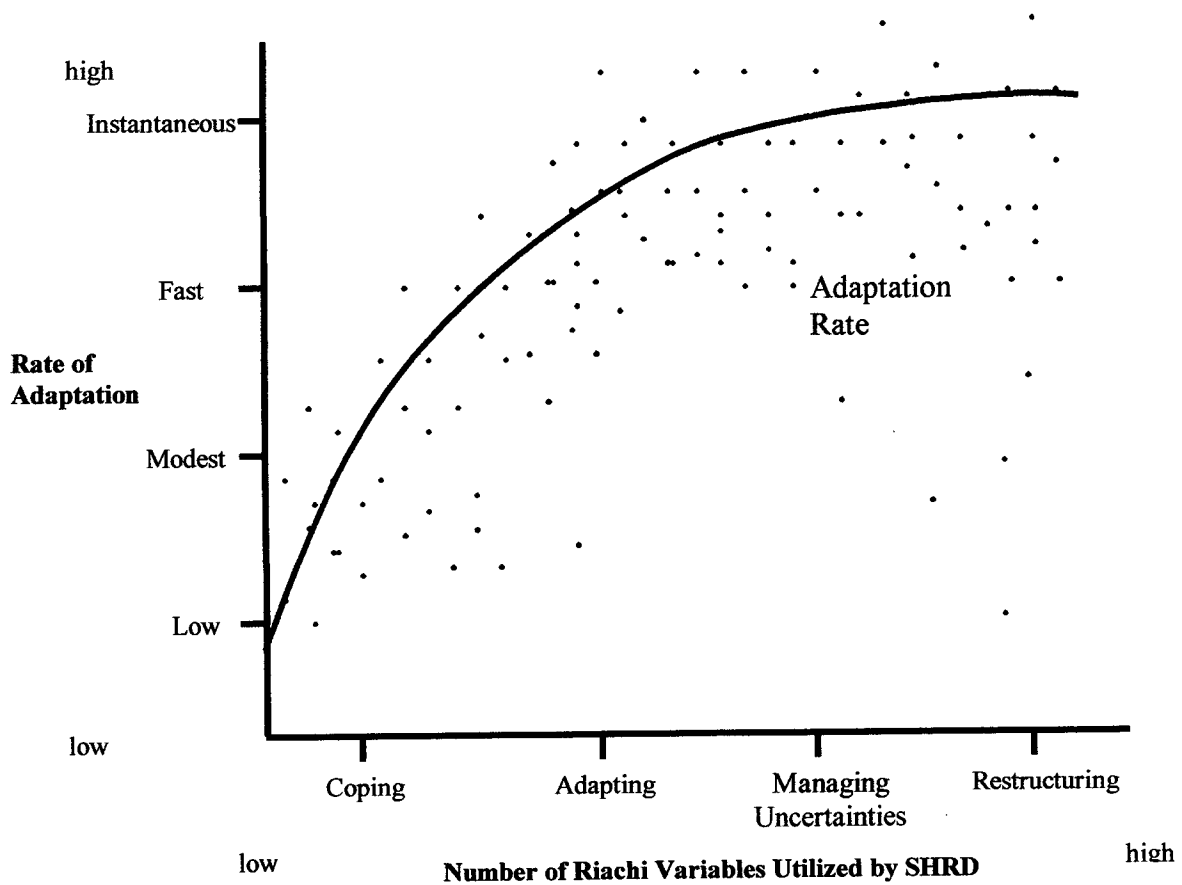
* Note that the chart is a simulation of the correlation analysis.

Definitions. The following are the definition of terms related to the adaptation hypothesis.

Adaptation Rate: The adaptation rate refers to the willingness and capacity to change, adjust, and modify to new situations, structures, systems and processes. [6]

Low Adaptation Rate: A low adaptation rate refers to an organization which is slow to respond to external and internal changes. It has few if any scanning mechanisms to monitor the environment and thus is unaware of the need for change. [7]

Modest Adaptation Rate: A modest adaptation rate refers to an organization which moderately responds to external and internal changes. It has some scanning mechanisms to monitor the environment and thus is aware, to a certain extent of the need for change. [8]

Fast Adaptation Rate: A fast adaptation rate refers to an organization which is quick to respond to external and internal changes. It has scanning mechanisms to monitor the environment and thus is aware of the need for change. [9]

Instantaneous Adaptation Rate: A low adaptation rate refers to an organization which instantaneously responds to external and internal changes. It has many scanning mechanisms to monitor the environment and thus is fully aware of the need for change. [10]

Uncertainties Hypothesis

It is hypothesized that as the level of uncertainty increases from low to continuous, the number of Riachi Variables used should increase with the level of uncertainty. Conversely, as the level of uncertainty decreases from continuous to low, the fewer number of Riachi Variables are required.

Figure (2.4). Uncertainties Hypothesis
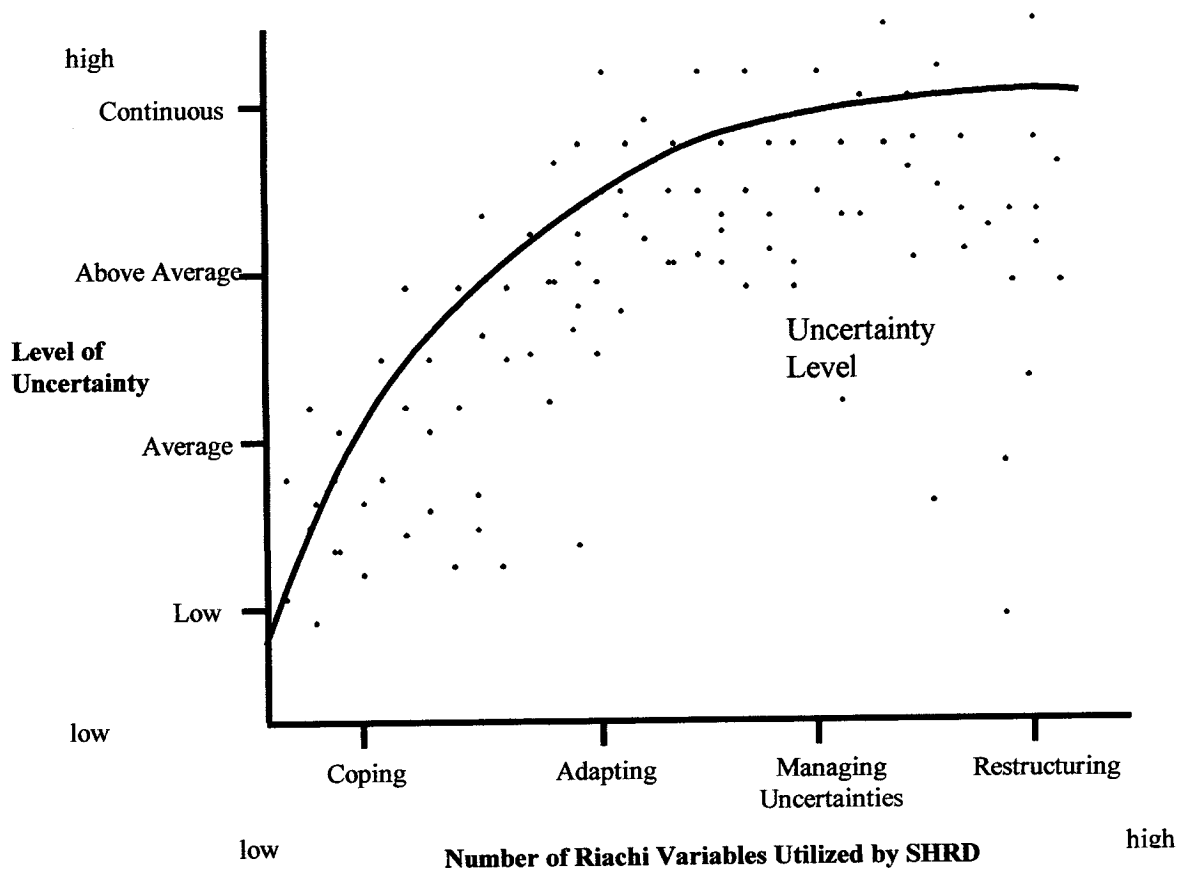
* Note that the chart is a simulation of the correlation analysis.

Definitions. The following are the definition of terms related to the uncertainty hypothesis.

Uncertainty Level: Uncertainty level refers to the level at which there is lack of patterning in the elements of an organization and the level of knowledge regarding the probability that change will occur. Uncertainty involves unpredictability of the change that will occur. [11]

Low Uncertainty Level: Low uncertainty level refers to having a high level of patterning in the elements of an organization and a high level of the knowledge of probability that change will occur. [12]

Average Uncertainty Level: Average uncertainty level refers to having an above average level of patterning in the elements of an organization and an above average level of the knowledge of probability that change will occur. [13]

Above Average Uncertainty Level: Above average uncertainty level refers to having an average level of patterning in the elements of an organization and an average level of the knowledge of probability that change will occur. [14]

Continuous Uncertainty Level: Continuous uncertainty level refers to having a low level of patterning in the elements of an organization and a low level of the knowledge of probability that change will occur. [15]

Restructuring Hypothesis

It is hypothesized that as the need for structural changes increases from mechanistic to virtual, the number of Riachi Variables should increase with the level of restructuring. Conversely, as the need for structural changes decreases from virtual to mechanistic, the fewer the number of Riachi Variables are required.

Figure (2.5). Restructuring Hypothesis
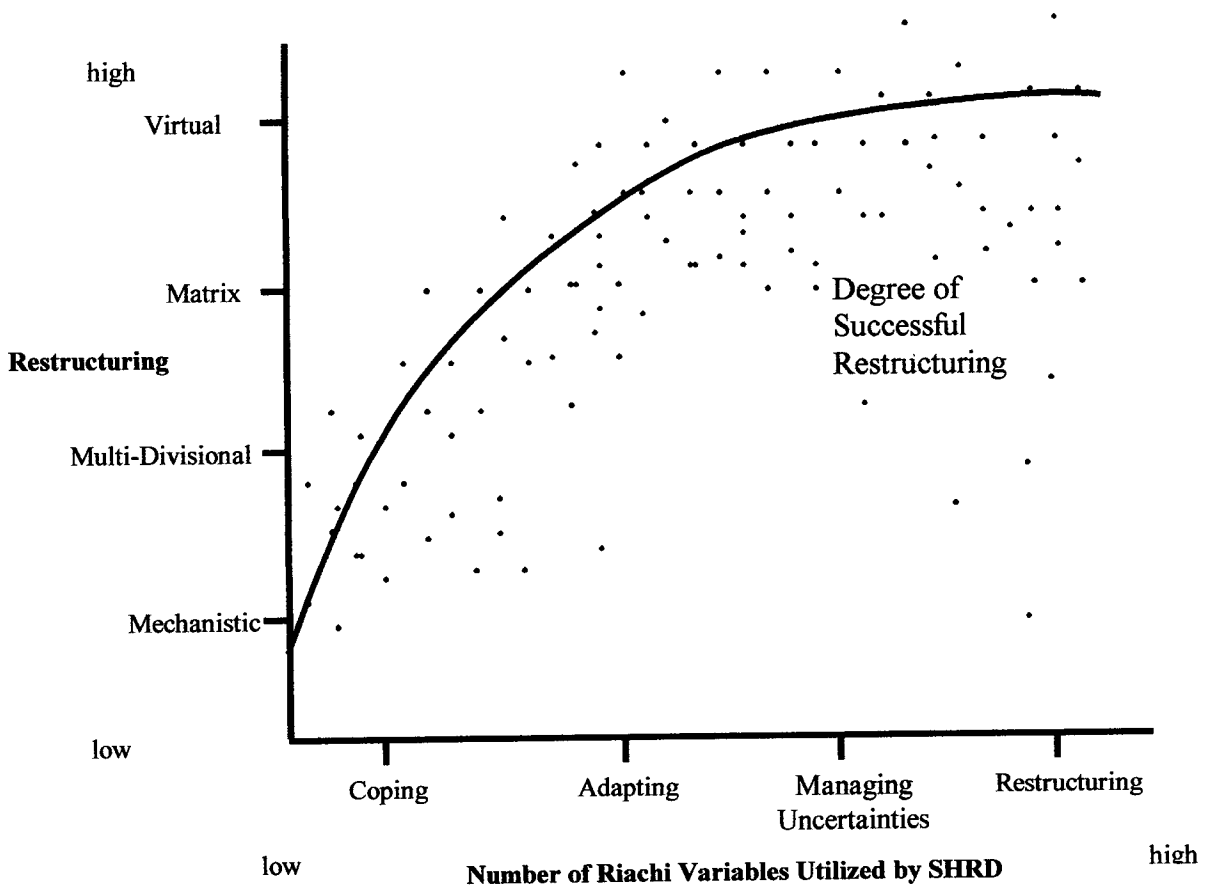
* Note that the chart is a simulation of the correlation analysis.

Definitions. The following are the definition of terms, related to the restructuring hypothesis, according to the author.

Restructuring: Restructuring refers to the ability to modify or change the organizational structure to adjust to change. It also refers to any major change in the way an organization operates. [16]

Mechanistic Structure: Mechanistic structure refers to organizational structures that are rigid, centralized and highly formalized. Mechanistic structures are effective in stable environments. Tasks are preplanned, and the quantity and quality of tasks are regulated. Mechanistic structures have highly specialized system of roles, clear reporting relationships and unambiguous reward systems. [17]

Multi-Divisional Structure: Multi-divisional structures refer to organizations that are structured around different divisions. Divisions can be based on products, markets or geographical areas. [18]

Matrix Structures: Matrix structures refer to structures that have dual lines of authority that combine functional and product departmentalization. [19]

Virtual Structures: Virtual structures refer to flexible structures that minimize in-house activities. Tasks are outsourced. Teams are linked through sophisticated networks. Virtual structures can adapt quickly to change. [20]

The author will discuss in the following chapters each of the new roles of the strategic human resources department. In chapter three, the new roles and obligations of the strategic human resources department will be discussed. Chapter four will discuss the new role of creating strategies that enable employees and managers to cope with change. Chapter five will discuss adaptation to change. Chapter six will discuss managing uncertainties. Chapter seven will describe the strategic human resources role of restructuring in order to be compatible with the new strategies developed. The final chapter will discuss conclusions.

Notes

[1] Henry L. Tosi, John R. Rizzo, and Stephen J. Carroll <u>Managing Organizational Behavior</u>. (Oxford: Blackwell, 1994), 281.

[2] Robert A. Barron, <u>Behavior in Organizations- Understanding and Managing the Human Side of Work</u>. (Boston: Alley and Bacon, 1986), 506.

[3] Ibid.

[4] Ibid.

[5] Ibid.

[6] Henry L. Tosi, John R. Rizzo, and Stephen J. Carroll <u>Managing Organizational Behavior</u>. (Oxford: Blackwell, 1994), 166.

[7]. Dr. K. Stucky. Notre Dame University, Zouk, Lebanon. Spring 2001.

[8] Ibid.

[9] Ibid.

[10] Ibid.

[11] Daniel Robey and Carole A. Sales, <u>Designing Organizations</u>. (Boston: Irwin, 1994), 83.

[12] Ibid.

[13] Ibid.

[14] Ibid.

[15] Ibid.

[16] William P. Anthony, Pamela L. Perrewe and K. Michele Kacmar, <u>Strategic Human Resource Management</u>. (Fort Worth: The Dryden Press, 1993), 772.

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[19] Stephan P. Robbins, <u>Organizational Behavior</u>. (New Jersey: Prentice Hall, 1993), 724.

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CHAPTER THREE

THE STRATEGIC HUMAN RESOURCES DEPARTMENT

In chapter two the author suggested through the four hypotheses that the human resources department will have new roles. The new roles include: coping with change, adapting to change, managing uncertainties, and restructuring. With these new roles the human resources department will become known as the strategic human resources department. This chapter will discuss the roles of the strategic human resources department.

The strategic human resources department will be in charge of assisting the organization to adapt to the challenges of coping with change, adapting to change, managing uncertainties, and restructuring the organization. Employees on all levels will have to adapt to change. Consequently, the human resources department will have to assist employees in the change process. The change process will build the organization to be more competitive, more adapted to the environment, more aware of the uncertainties, better structured and more efficient. The strategic human resources department will develop strategies, in conjunction with planning committees and other departments, to assist in adapting to change. At the same time, these strategies should be parallel with the overall organizational mission. The strategic human resources department will work with other departments to create structures, process and systems that will assist the employees in adapting to change, and thus increase the overall performance.

To meet its new challenges, the strategic human resources department will be involved in nontraditional functions. These nontraditional human resources functions are the Riachi Variables and include: coping with change, adapting to change, managing uncertainties and restructuring. The strategic human resources department will have to cooperate with other departments and upper management to gather data to ensure that the change strategies are parallel with the overall strategies, and to ensure that roles, functions and practices are well understood. The strategic human resources department will still practice its traditional roles. The future roles of the human resources department are new and dedicated to creating more flexible organizations that are more competitive and maintain high performance standards. The author in this chapter will discuss the Riachi Variables: coping with change, adapting to change, managing uncertainties and restructuring.

Strategic human resources management will still be responsible for the traditional human resource roles. These roles include: staffing, training and development, motivation and retention. Furthermore, it will use the traditional roles in achieving its new roles of coping with change, adapting to change, managing uncertainties, and restructuring. Thus, the roles of the strategic human resources department will include traditional human resources functions and the Riachi Variables: coping with change, adapting to change, managing uncertainties, and restructuring. Figure (3.1), illustrates the roles of the traditional human resources department compared to the roles of the strategic human resources department (Riachi Variables).

Figure (3.1) The Traditional Roles of the Human Resources Department and the New Roles of the Strategic Human Resources Department

Roles of the Traditional Human Resources Department	New Roles of the Strategic Human Resources Department

Staffing
    Planning
    Recruiting
    Selection
Training and Development
    Orientation
    Employee Training
    Employee Government
    Career Development
Motivation
    Motivation Theories
    Job Design
    Performance Appraisals
    Rewards
    Compensation
    Employee benefits
Retention
    Safety and Health
    Communication
    Employee Relations
	Traditional Human Resources Roles
	
	Coping with Change
	
	Adapting to Change
	
	Managing Uncertainties
	
	Restructuring

Source: Lectures of Dr. A. Bardwil, "Human Resources and Development." BAD 638, Notre Dame University, Fall 2000. Adapted by the author.

To be able to manage change, the strategic human resources department will have to perform the Riachi Variable: coping with change, adapting to change, managing uncertainties and restructuring. The strategic human resources department will increase the employees' acceptance of internal and external change through the coping role. The adaptation role will ensure that the strategic human resources department is able to create strategies that enable employees to manage change. The managing uncertainties role will ensure that the strategic human resources department is able to predict future change and become proactive to change. The restructuring role

allows the strategic human resources department to adequately design organizations

that facilitates the management of change. Figure (3.2), illustrates the Riachi Variables

or the new roles of the strategic human resources department. Each Riachi Variable

will be discussed in the following sections.

Figure (3.2) Riachi's Strategic Human Resources Department Roles

The SHRD

| Traditional Roles | Coping with Change | Adapting to Change | Managing Uncertainties | Restructuring |

Psychologist Therapist Team

Search Team

Scenario Building Team

Formulation Team

Opportunity Team

Execution Team
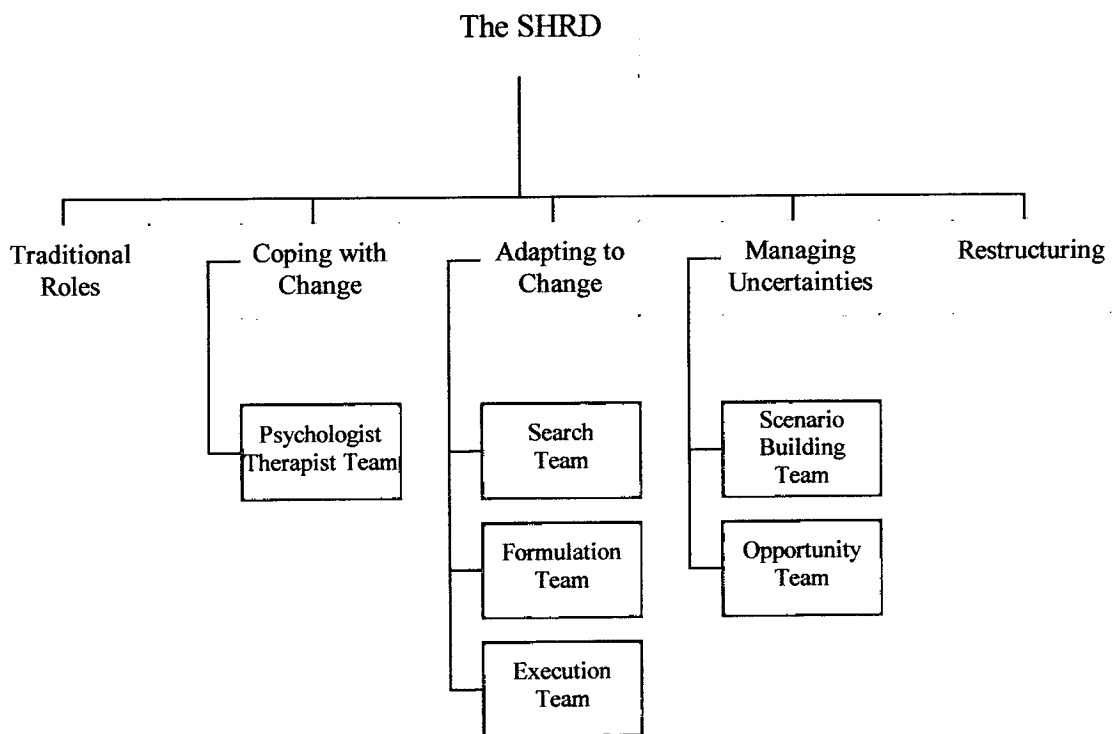
Coping with Change

Coping with change is the ability to make the organization prepared to absorb

change. Coping involves helping employees and managers accept change. Change

takes place internally and/or externally. In both cases, change will cause stress in

employees and managers. The main reaction towards change will be resistance. The

strategic human resources department will have to develop strategies that will decrease

the employee resistance to change and increase the probability of accepting change.

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Persuasion is a strategy that will assist in minimizing resistance. Persuasion involves convincing employees to behave in a certain desired way. Traditional motivational theories could be used to convince employees to behave in a certain way. Creating a sense of security is a strategy that the strategic human resources department can use to minimize resistance. It involves removing the fear that employees have against change. A traditional strategy that the strategic human resources department can also use is participative management. Participative management involves allowing managers and employees who are involved in change to take part in decision-making. Participation will decrease the probability of resistance to change. It is important for the strategic human resources department to communicate the need for change and ensure that managers and employees understand the reasons for change.

Adapting to Change

Adapting to change involves creating strategies that enables the organization to operate in new situations. It involves developing new processes and procedures that will allow the organization to function when internal or external change occurs. The strategic human resources department will have to determine the change that is taking place, create action plans to absorb that change, and create change awareness. To ensure the success of the adaptation role, the strategic human resources department must ensure that decision-making, coalition building, achieving action and maintenance of functions are utilized. The strategic human resources department should create a model for adaptation. The adaptation model is discussed in chapter five. Several adaptation strategies can be applied. Building awareness is a strategy that will increase the employees' readiness to adapt. Involvement, through pilot trials is a strategy that the strategic human resources department can use to ensure the gradual adaptation. The proper use of hierarchical authority to achieve adaptation is another

strategy that the strategic human resources department can use. The strategic human resources department must create internal structures that enable the development of new processes and skills.

Managing Uncertainties

Managing uncertainties is another Riachi Variable and involves forecasting future change. The strategic human resources department must be able to predict future situations and create adaptation strategies accordingly. Future situations and their probabilities are uncertain. Thus, the strategic human resources department must create alternative adaptation strategies for alternative future situations. To enable the strategic human resources department better manage uncertainties it will have to strengthen problem-solving methods in the organization. Improving problem-solving methods will assist the organization to solve unanticipated problems. However, problem solving is insufficient in managing uncertainties. It will only ensure that the organization is able to adapt to changing situations after they arise. The organization should be proactive and create adaptation strategies to predict future situations in order to be able to absorb change. For this purpose, the strategic human resources department must use scenario building. Scenario building refers to "what if" statements that helps anticipate future situations by studying current trends and predicting different possible future situations. It is important for the strategic human resources department to identify the factors that are unpredictable and uncertain. When these factors are changed in the environment the change will affect the organization.

Restructuring the Organization

Restructuring refers to the ability of modifying or changing the organizational design in order to facilitate change strategies. There are many structures that the

organization can adopt. Structural characteristics range from rigid to flexible. Inflexible organizations are called mechanistic and flexible organizations are called organic. Many structures lie between mechanistic and organic. The strategic human resources department, in conjunction with other departments, has to choose the best structure that will facilitate adaptation to change. It is suggested that flexible organizations can best adapt to the turbulent change. The thesis proposes Riachi's Modified Mintzberg Structure as a good design to adjust to internal and external change. Riachi's Modified Mintzberg Structure focuses on cross-functional teams, and the reallocation of the strategic human resources department to the strategic apex to ensure that it will be a participative member throughout the organization. There are certain steps that the strategic human resources department and other departments have to follow to successfully restructure the organization. These steps range from analyzing the environment, to designing tasks and action plans, systems and coordination networks. The steps of restructuring will be discussed in chapter seven. In the restructuring process the strategic human resources department should redesign individual and team positions.

Riachi's Strategic Human Resources Circle (figure (3.3)) illustrates the four new roles of the strategic human resources department that are the Riachi Variables.

Figure (3.3). Riachi's Strategic Human Resources Circle
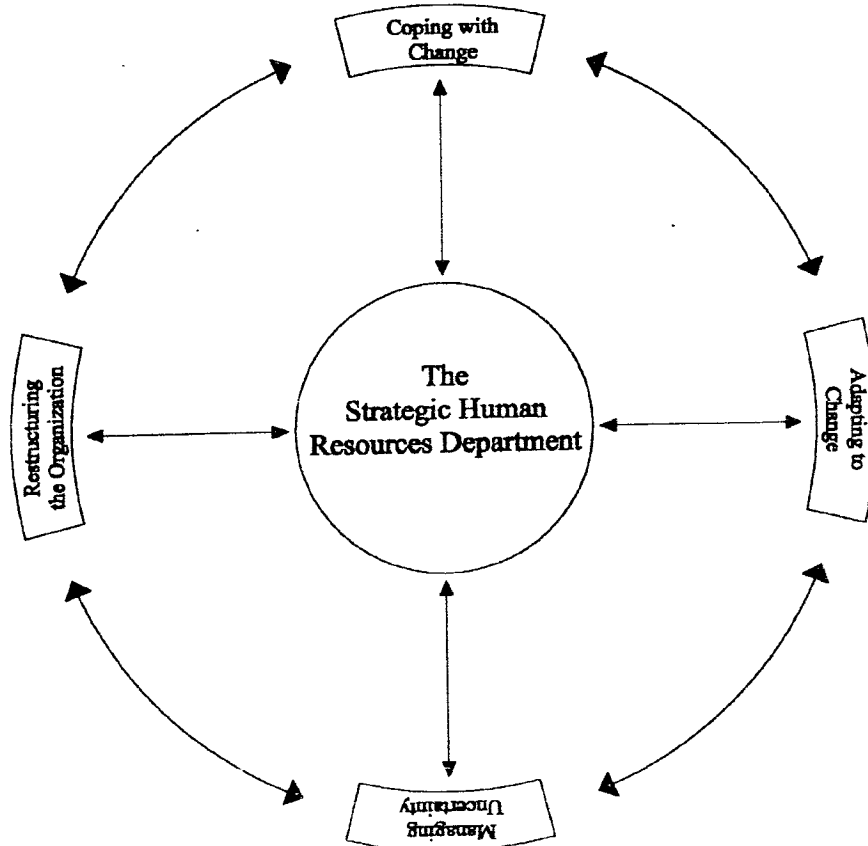
In order for the strategic human resources department to perform its new roles it will have to be repositioned in the organization (see figure (3.4)). The strategic human resources department will have to be positioned with top management. It will have to be involved with strategic planning in order to coordinate coping with change, adapting to change, managing uncertainties and restructuring strategies with corporate strategies. The following section will discuss the re-positioning of the strategic human resources department.

Repositioning of the
Strategic Human Resources Department

The repositioning of the strategic human resources department is important to enable it to share some of the responsibility of the overall performance of the organization. It should have the authority and power to create strategies with top managers and the strategic planning departments. The strategic human resources department should be able to cooperate with all departments and disseminate information throughout the three levels of the hierarchy. Departmental managers should be able to communicate directly with the strategic human resources department. Furthermore, strategic human resources management should be able to directly evaluate departments and departmental managers. It should also have the power to influence strategies for those managers who, in return, will be responsible for reporting to the strategic human resources department. This implies that the position of the strategic human resources department in the organization should be redesigned to show it's increased significance in the overall structure. It should have authority over other departments concerning strategic human resources issues. It will be able to communicate and work in conjunction with other departments. Furthermore, it should have autonomy and act as advisory staff for upper management. Figure (3.4) illustrates the difference between how the human resources department was positioned in the traditional organizational structure and how the strategic human resources department should be repositioned in the new organizational structure.

Figure (3.4): Positions of The Strategic Human Resources Department in the
Organizational Structure

Traditional Position:
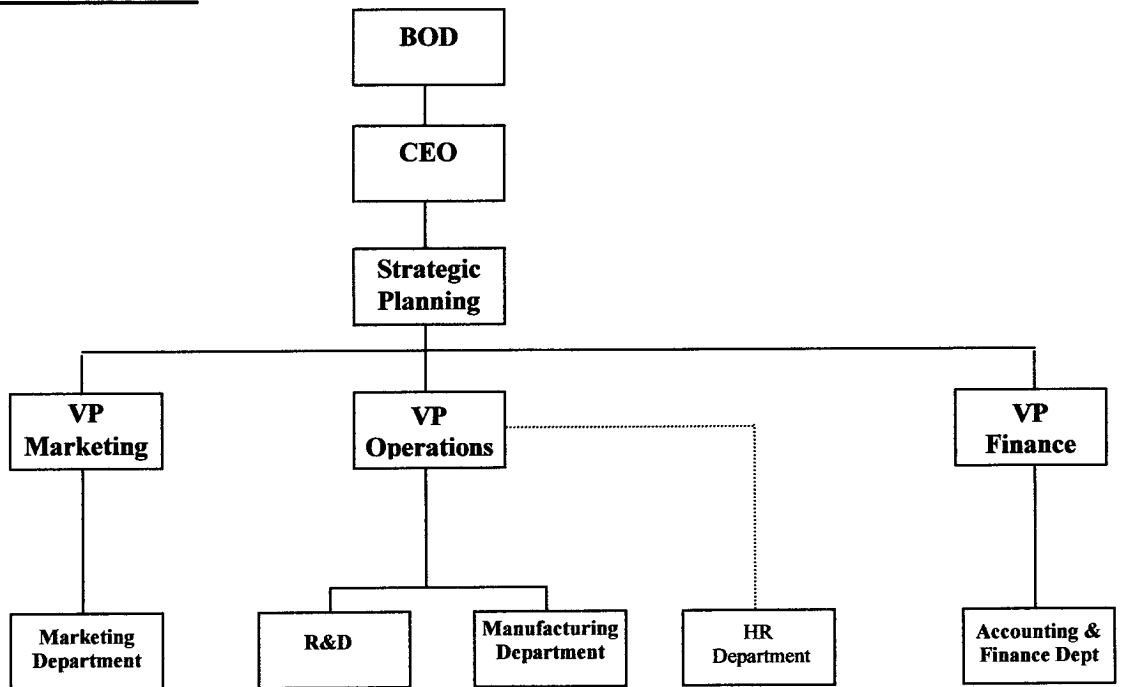
New Strategic Position:
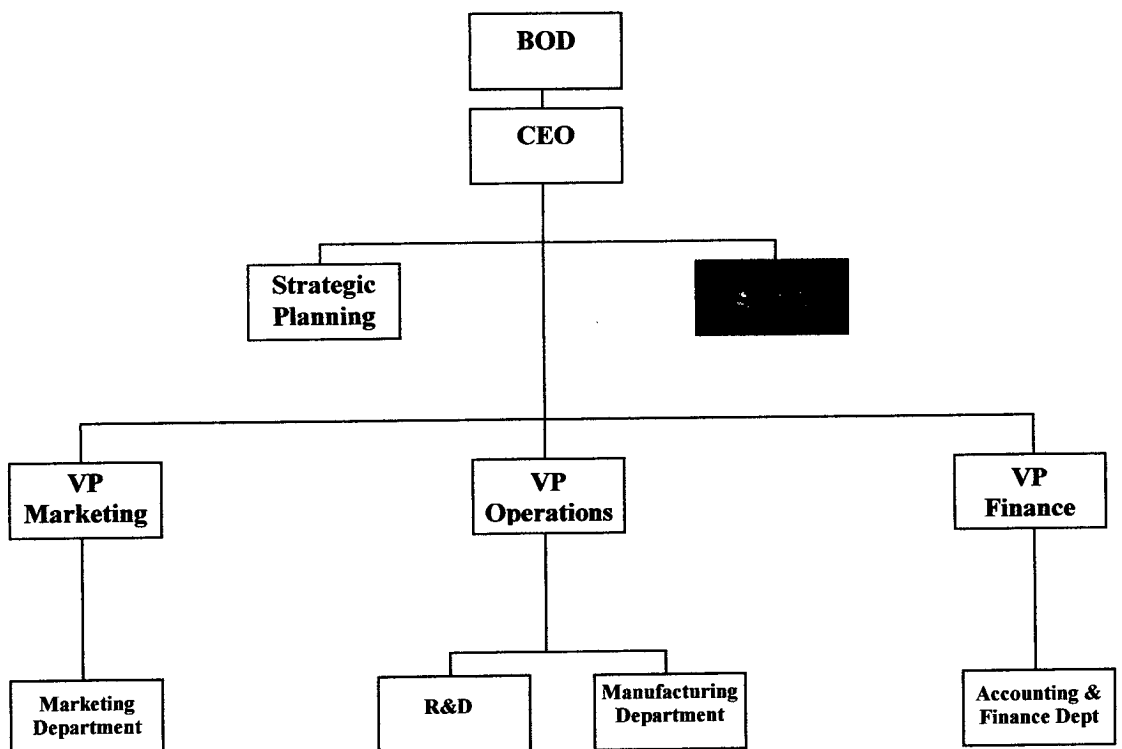
In the following chapters the four new roles of the strategic human resources department will be discussed. Chapter four will discuss the different types of change and the strategies that enable the organization to cope with change. Chapter five will discuss the adaptation role of the strategic human resources department. The adaptation strategies and steps will also be discussed. Chapter six will discuss the strategies that the strategic human resources department could use to minimize and manage uncertainties. Chapter seven will discuss the different types of organizational structures and the suggested steps that the strategic human resources department has to follow for restructuring. Chapter seven will also introduce Riachi's modified Mintzberg structure as a good structure in the changing environment. Chapter eight will be the conclusion.

CHAPTER FOUR

COPING WITH CHANGE HYPOTHESIS

Organizations are surrounded by an external environment filled with challenges that can be viewed as variables over which the organization and the strategic human resource department have little or no control. These variables affect the way organizations operate thus affecting policies and practices. Some external challenges take time to evolve while others evolve directly. For example, changes in the composition of the workforce, laws and regulations.

Figure (4.1): The Traditional Environmental Circle

Source: Thomas L. Wheelen and J. David, <u>Strategic Management –Business Policy</u>. (Prentice Hall, Inc.), 10.

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As illustrated in figure (4.1), external change arises from many areas, such as from economic forces, sociocultural forces, political/legal forces and technological forces. The most current challenges arise from globalization and the need to meet global markets. This leads to a more changes in the sociocultural environment and consequentially result in an organization with many cultures that may or may not complement each other. There are also challenges resulting from political and legal forces that include: labor markets, competition, customers, suppliers and scientific and technical communities. Change that occurs in the external environment affects performance. The ability to cope and adapt to changing variables will influence performance standards and effectiveness. Performance and effectiveness are a function of the ability of a company to cope with change. That is, the more and faster a company is able to cope with and adapt to change, the more productive, effective and competitive it becomes, making it more open to meet the global demand and competition.

There are many techniques on how an organization can cope with and adapt to change that will be discussed in this chapter and the following chapters. It is suggested that the strategic human resources department will work with other strategic planning departments to make the organization more flexible and able to adapt faster to change. The role of strategic human resources department in managing change is to collaborate with other departments to ensure that the organization will be more efficient and effective. It is the responsibility of the strategic human resources department to monitor, regulate, and link the information from the different departments and environment to successfully cope with change. It will have the role of a coordinating mechanism.

The reason the strategic human resources department plays a major role for taking charge of change is that employees will implement the change strategies, and

human resources department is the most qualified department to manage employees It is hypothesized that as change increases from stable to turbulent the number of Riachi Variables used must increase, to cope with change. It is suggested that the as change becomes more turbulent the strategic human resources department has to utilize more Riachi Variables to create better coping strategies. That is, if change is stable the strategic human resources must adopt the coping role to be able to cope with change. However, if the degree of change increases to moderate it is suggested that the strategic human resources department should utilize more of the Riachi Variables. When change becomes dynamic the strategic human resources department must increase the utilization of the Riachi Variables to successfully cope with change. When change is at it highest level and becomes turbulent, the strategic human resources must adopt all of the Riachi Variables to successfully cope with change. Figure (4.2) illustrates the correlation between the Riachi variables and coping with change.

The more an organization utilizes the Riachi Variables the more able it is able to cope with change. The ability to cope with change becomes a function of the strategic human resources department. That is, the more an organization utilizes the Riachi Variables the better able it is to cope with change.

Figure (4.2) Coping With Change Hypothesis
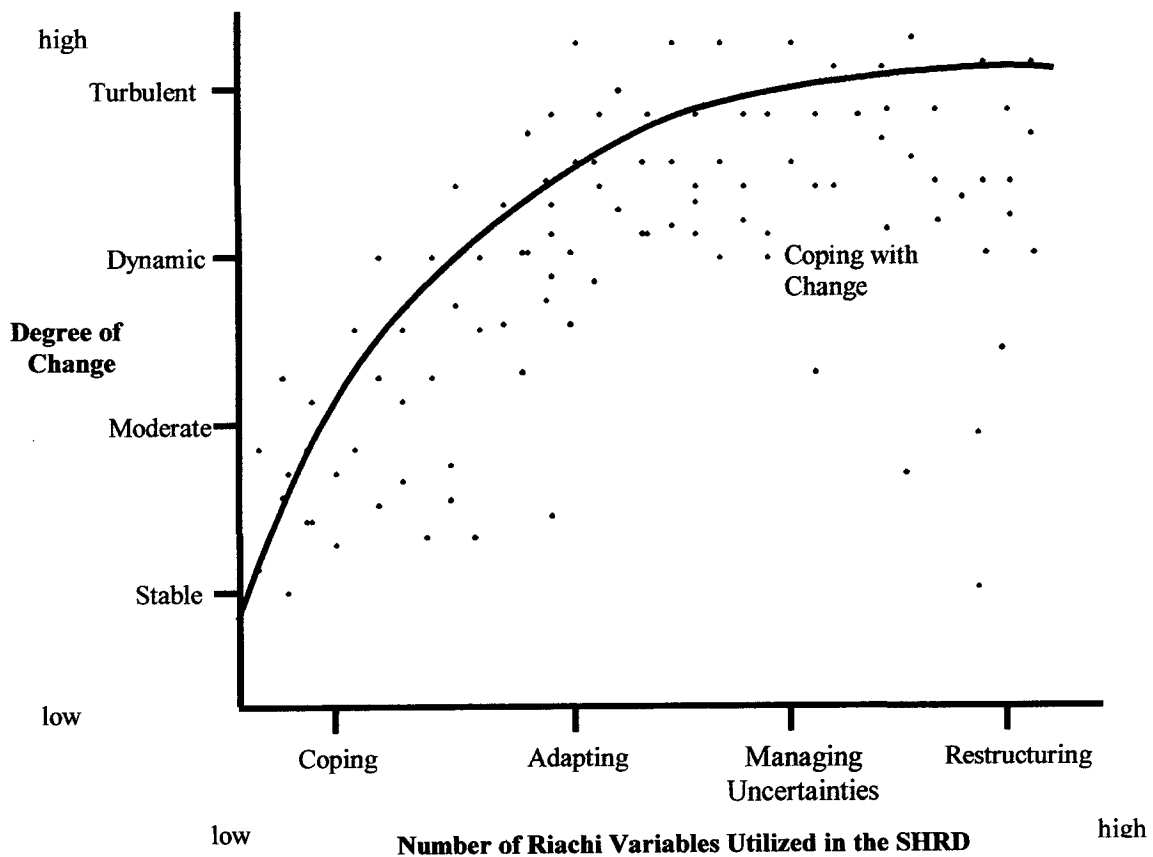
* Note that the chart is a simulation of the correlation analysis.

In this chapter the strategic human resources department's role of creating coping with change strategies will be discussed. Before discussing how an organization can cope with change, it is important to know what exactly is change and what are the reasons behind change. This approach will help identify strategies for coping because the strategies will deal with the core of the problem of change. The strategic human resources department must be aware of the reaction of the employees towards change in order to be able to develop coping strategies that are more coherent with and employees' attitudes. This issue will also be discussed in this chapter. Figure (4.3) illustrates Riachi's Strategic Human Resources Circle focusing on the Riachi Variable

of coping with change. This is the issue that will be discussed later in this chapter. In the following section change will be defined.

Figure (4.3): Riachi's Strategic Human Resources Circle (Coping with Change)
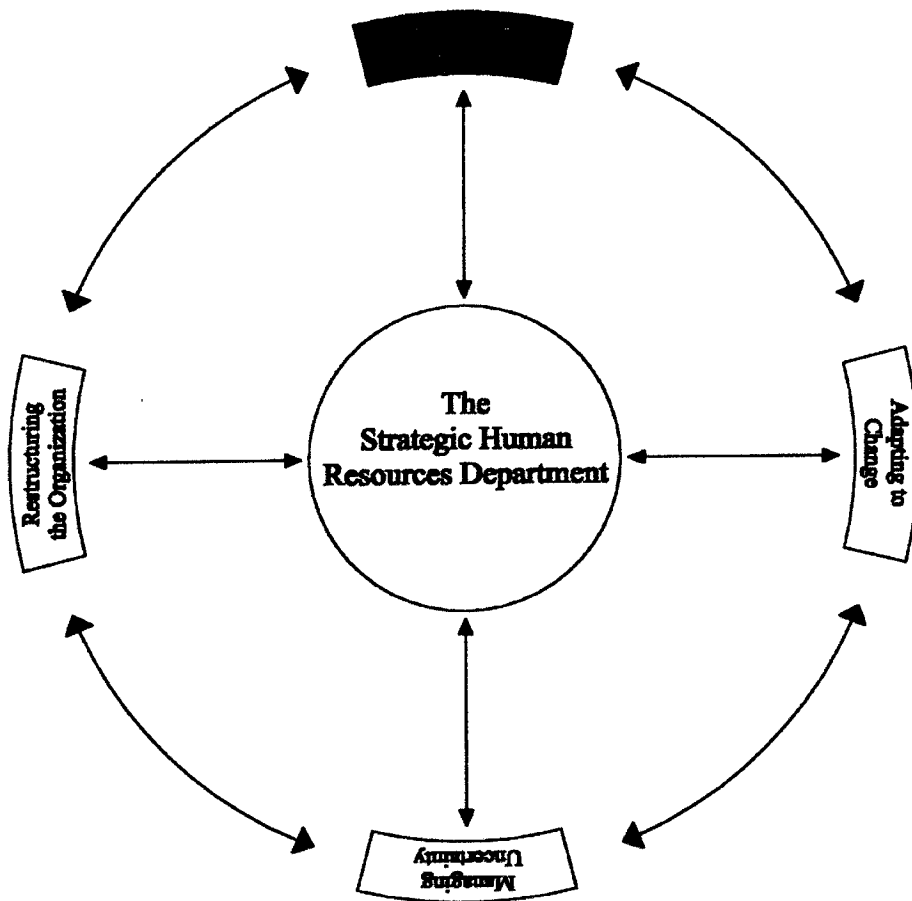
Definition of Change

There are two kinds of change external and internal. External change is the change that occurs due to the external environmental forces, as illustrated in figure (4.1). External change is an uncontrollable variable. It is promoted by the actions of organizations outside their own systems. The organization must develop proactive positions such that it can cope with change. External change includes shifts in

consumer behavior, political instability, economic fluctuations, globalization and any other element in the environment that may have a direct or indirect effect on the organization.

The second type of change the strategic human resources department will face is internal change. Internal change is a controllable variable. Internal change is defined as any modification, adjustment, variation or shift in the status quo, policies, procedures, or techniques that are initiated by management and have an impact on the work environment. The purpose of internal change is to achieve a certain objective or goal that may or may not be resulting from external change. Internal change can be short term or long term. [1]

No matter what type of change is occurring, the strategic human resources department should be able to absorb it and train employees to cope and respond to it. It is how effectively the strategic human resources department is able to predict and absorb change that will determine the performance of an organization and its ability to cope with change. To be able to generate coping strategies, the strategic human resources department should first determine the reasons for change, how the change will affect the performance of the organization, how employees will be affected by this change and the objectives that change is intended to achieve. To fully understand change, the strategic human resources department should ask the following questions: "What is to be accomplished? Why? How is this to be accomplished? What will be changed as a consequence?" [2]

Reasons for Change

New technological developments enable the strategic human resource department to share the responsibility of making the organization more capable of

coping with internal and external change. The strategic human resources department should prepare and utilize the capabilities of managers and employees to be able to be more competitive in the changing external and internal environment. An example of change in the external environment is the change in customer demand. Organizations will also have to update their plans, goals, and structures. Since external and internal change require the coordination of managers and employees, it will become the responsibilty of the strategic human resources department to assist in manging and coping with change. [3]

There are varies reasons for change. However these reasons can be categorized into reasons for external change and reasons for internal change.

Reasons for External Change

. External changes are uncontrollable environmental forces. External change will affect the organization and its operations. The organization will have to meet these new conditions in order to satisfy its customers more effectively since its operations are influenced by conditions in the external environment. Consequently, external change will cause internal change to occur as a result of coping with new external conditions. External change will occur due to economic forces, sociocultural forces, political and legal forces, and technological forces see figure (4.1). The strategic human resources department must be aware of these changes in order to create coping strategies that are compatible with these changes and ensure successful integration with change. [4]

The Economic Forces. The most obvious change in the economic structure is in the manufacturing sector. Industries now are facing serious declines in productivity due to the increase in global competition and the emergence of new production technologies. Another major change in the economic structure is the growth in the

service sector. This means that there will be more employees employed in small businesses and more employees will have part time jobs. This will cause a reduction in direct wage and fringe benefit costs. Governments will have to intervene to provide more benefits for the employee to make up for the lost benefits that were provided by the previous private sector firms. [5]

Nations can no longer determine their interest rates, export and import balances, and freely finance their national debts without considering the policies and practices of other nations. Goods can be distributed more easily and quickly. Labor is also transnational. Therefore, manufacturing, services and the global workforce are no longer linked to a particular place in the world. [6]

The role of unions is also another reason for external change. The role of unions was strong when the economic structure was based on large manufacturing firms. With the dominance of small businesses and capital intense machinery, the role of the unions has decreased. However, the traditional roles of unions will remain the same, they will have to ensure that management is treating employees fairly and wages are paid evenly. [7]

The Sociocultural Forces. The work force is becoming more diversified. The strategic human resources department will have to develop coping strategies in a manner that will enable the diverse workforce to communicate to reach a common goal. The best way to manage workforce diversity is for the strategic human resources department to understand that working with a diverse workforce requires strategic and personal risks. Having a diverse workforce will produce teams that can cope more readily with change. A diverse workforce means that individuals, groups and organizations should focus on both similarities and differences between employees and be sympathetic to issues concerning gender, age, religion, race, sexual orientation and

functional specialization. The organization must, therefore, concentrate on collective issues not personal issues. [8]

Political / Legal Forces. Workforce diversification evolves through three political/legal phases: "affirmative action, valuing differences, and managing diversity." [11] Regardless of the stage of the organizational lifecycle, change and cultural conflicts will occur and employees will often resist change. The affirmative action stage is characterized by legally required plans and statistical procedures for recruiting, training and promoting employees. The goal of this stage is to integrate qualified but under represented employees into the organization. [9]

In the valuing differences phase, ethical and moral tools will promote diversity. The goal is to change perceptions and attitudes in an organization towards minorities, women and other suppressed groups. Management will focus on developing skills and policies to optimize diverse contributions to the overall goals of the organization. In this stage managing diversity will yield employees with higher morale, productivity, and profits rather than managing by legal means. [10]

In the managing diversity phase, the strategic human resources should ensure that diversity is managed through two legal means:

1. Adjusting the availability of jobs and employment opportunities to serve better the needs and expectations of the diversified workforce. [11]
2. Treating all employees fairly and to be sensitive and responsive to their needs, so those employees can also feel that they are treated fairly. Organizations must not favor any employee based gender, race and cultural background or to will face situations of low performance, dissatisfaction, lack of commitment and turnover. [12]

Political forces also include rules, regulations, taxes, entry barriers, antitrust laws, legal restrictions and so forth that are imposed by governments and other public agencies.

Technological Forces. Another reason for external change is technology. Technology must encourage and promote value added for it products and build technical skills in the employees. It is essential to create an atmosphere where employees are able to learn from strategic human resources management's seminars regarding advancements in technology. Technological forces also include any improvement in production, distribution, availability of information and so forth. The next section will discuss the reasons for internal change. [13]

Reasons for Internal Change

Internal change is necessary to accomplish several objectives. The first objective is to improve products or services, in terms of quality. The second objective is to reduce total cost through improving operation efficiency, better use of equipment, conservation of energy, and better utilization of capital. The third objective is to improve delivery of products or services to customers and responsiveness to new market demand. The fourth objective is to change the production capacity to meet growth needs, changes in geographic distribution and changes in sourcing. The fifth objective is to improve the organizational effectiveness through restructuring, better employee motivation and teamwork, reduction of non-productive activities and improving policies, systems, and procedures. The sixth objective is to create a better organization capable of innovating and learning faster from past experiences to be able to respond to market opportunities, demands and changes. The seventh objective is to improve relations with customers, suppliers, shareholders and stakeholders, through being more socially responsible and thus improving the general image of the organization and its reputation. The eighth objective is to change the business itself, by changing markets and customers, changing the market offerings or by changing

strategies that can vary between diversification, acquisitions, joint ventures and mergers. [14]

Internal change can be categorized into the four following categories:

- Change in operations
- Change in market offerings
- Change in organization
- Changes in work environment. [15]

Each type of change will take many forms depending on each situation and the objectives to be achieved. Table (4.1) illustrates the four categories of internal change:

Table (4.1) The Four Categories of Internal Change

Change in Operations	Change in Market Offerings	Change in Organization	Changes in Work Environment
Ways in Which Work is Performed	Design of Products and Services	Organizational Structure	Work Conditions
Location of Work	Standards	Levels of Management	Measurement Systems
Processes	Quality Specifications	Levels of Supervision	Control Systems
Materials	Breadth of Products and Services	Size and Nature of Workgroups	Standards of Performance
Plant and Facilities		Placement in Jobs	Policies and Procedures
Machinery and Equipment		Geographical Distribution	Safety Standards
Sourcing		Employee-Management Relationships	
Subcontracting		Employee Involvement	
Safety Procedures		Union Relations	
Operating Procedures		Cultural Beliefs	

Source: Arnold S. Judson, Changing Behavior in Organizations. (Oxford: Blackwell, 1991), 12-13.

As illustrated in table (4.1), the four categories of internal change are change in operations, change in market offerings, change in organization, and changes in work environment. Change in operations include, change in ways in which work is done, location of work, processes, material, plant and facilities and so forth. Changes in market offerings include change in design of products and services, standards, quality specification and breadth of products and services. Change in organization includes change in structure; level of management, level of supervision, size and nature of work groups, placement of jobs, geographic distribution and so forth. As for change in the work environment it includes change in work conditions, measurement systems, control systems, performance standards and so forth.

It is the responsibility of the strategic human resources department to take part in the change process. The strategic human resources department will help top management identify the category of change needed. The strategic human resources department will have information on the reactions of employees towards change and their ability to adapt to change. However, the main responsibility of the strategic human resources department will be to train managers and employees on how to operate in new situations making it clear to them the benefits of change for the organization and for themselves.

After discussing the reasons for change the reaction towards coping with change will be discussed in the next section.

Reactions Towards Coping with Change

After the need for change has been recognized, defined and acknowledged, the strategic human resources department will have to study the employees' ability to cope with change. Employees will resist change and experience stress. It is the responsibility

of the strategic human resources department to help employees cope with change and decrease the degree of stress that may be a function of change

Stress

External and/or internal change increases employees' stress. Stress affects performance. Consequently, the ability to cope with change will affect performance. There is an inverted U-shaped curve between stress and performance. The strategic human resources department should realize that helping employees cope with the stress associated with change varies from situation to situation and from employee to employee. The strategic human resources department will have to help employees cope with stress and change the stressful situation into a positive learning experience. The strategic human resources department can reduce the effects of stress by preparing the employees for change, and giving them the proper tools to cope with change and fully understand it.

Stress has a double effect. Up to the point of diminishing returns an increase in stress will have a positive effect on performance. On the other hand higher levels of stress will cause a decrease in performance as shown in figure (4.4):

Figure (4.4): The Relationship Between Levels of Stress and Performance
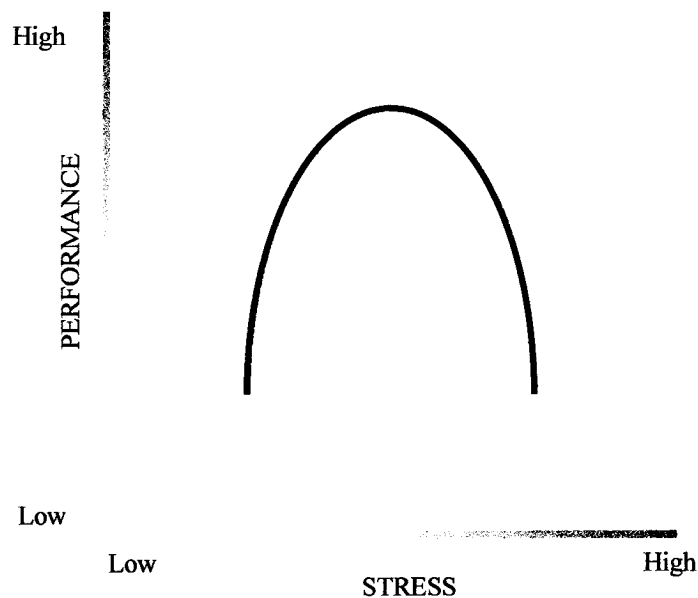
Source: Henry L. Tosi, John R. Rizzo, and Stephen J. Carroll, <u>Managing Organizational Behavior</u>. (Oxford: Blackwell, 1994), 276.

There are several reasons for these different responses to stress. A moderate level of stress will probably cause an increase in performance because under this level of stress, the mental and physical capabilities of employees are challenged, and employees are motivated. At this point, the level of stress is not high enough to cause anxiety and employees maintain a high performance level. Employees can still focus on the assigned tasks. When employees experience levels of stress above the point of diminishing returns, their capabilities are stretched and the situation becomes more than what their mental and physical capabilities can handle causing anxiety and thus decreasing performance. The strategic human resources department should determine the level of stress at which the employees' are stimulated. Employees will have to be trained to manage the different levels of stress so that the level of performance remains within the stress tolerance range. The strategic human resources department will have to ascertain the optimal level of stress that employees encounter, and thus increasing

their abilities to cope with change. A psychological therapist team with the strategic human resources department is helpful. This team of psychological therapists and counselors will help employees cope with the stress caused by change. Seminars and lectures on stress and stress management can also be administered. [16]

There are other strategies the strategic human resources department can develop. Improving communication will help employees cope with change by clarifying the lines of authority and responsibility. This will ensure that employees understand the purpose behind change, and methods of improving productivity will also be clear. [17]

Administrating effective performance appraisals and reward systems will give employees the will to do the job well and will create more self-control over the work environment. Employee control over the work environment will reduce the levels of stress. When employees feel that the change will result in more rewards, the probability that coping will be successful increases. [18]

Increasing participation in decision-making will also give employees more control over the work environment. Employees will feel that they have a part in deciding change and will consequently reduce the amount of stress and increase the effectiveness of coping. When employees decide that change should occur, it is a sign that they are ready to cope with change. [19]

Job enrichment is another technique that helps cope with change. Job enrichment will give employees more meaningful work, more responsibilities, more feedback, and more control. This will increase the employees' self-confidence over the work environment and will make them realize that change is a means of improvement thus, increase the ability to cope with change. [20]

Employees' Reaction Towards Coping with Change

When change is administered, resistance is the reaction employees will initially take towards change. Resistance can take the form of individual, group, or organizational resistance. First, the strategic human resources department will have to know how employees are affected by change, why employees resist change and help them cope with change.

How Employees are Affected by Change

Operational effects of change cause employees to alter and change their behaviors and the ways in which they do their work. These alterations in behavior are the purpose of change. However, it is difficult to administer these alterations, and they require cooperation with all the employees involved. The job of the strategic human resources department will be to coordinate cooperation on all levels of the organization. The strategic human resources department will have to realize that the nature of the cooperation will depend on the individual attitudes of employees. The psychological and social effect of change influences the formation of these attitudes. [21]

Change will also have a social effect on employees. These effects take the form of alterations that take place in relationships with peers, management, and the organization as a whole. Any sort of change will cause a change in established relationships between employees doing the same job and between management levels. These relationships are defined, in part, by the organizational structure, the type of industry, the department within which employees work, physical locations and the level of skills involved in an operation or task. Moreover, these relationships are determined by the individual needs of employees. Most employees change their behavior or character to satisfy a social need and establish a relationship with other employees, but

when change occurs these comfortable and satisfying relationships are disrupted or altered. [22]

Success in coping with change will depend on how it is perceived. Supervisors and managers assume that employees perceive change in the same manner that they do. It is the responsibility of the strategic human resources department to communicate the employees' perception of change to management. Change that will bring improvements will be rejected and resisted if the support and acceptance of employees is neglected. The strategic human resources department will have to use work simplification, effective reengineering, developing more effective means of communication and participative decision-making to ease the coping process.

Why Employees Resist Change

Everytime change is introduced, employees build certain attitudes and feelings that lead to resistance. It is also important to know the reasons, duration and intensity of this resistance. Resistance towards change may lead to the withdrawal of employees from the situation. This will lead to increased absenteeism and loss of retention. It is more costly and time consuming to hire new employees than utilizing the incumbent employees, who are already knowledgeable of the organizational culture. Individual resistance may also lead to group resistance where a frustrated employee may influence other employees who already accepted the change. [23]

The strategic human resources department must realize that resistance is not the issue that will have to be dealt with rather, it is the symptom. It is the cause of resistance that is the real problem. Resistance is only the result of these problems. The strategic human resources department should identify the reasons for resistance. There are many reasons why employees resist change and each should be managed

differently. The most strategically feasible approach is to directly tackle the environmental and strategic issues that will cause resistance. [24]

Helping Employees Cope with Change

The author discusses, in this section, the ways the strategic human resources department can help employees cope with change. The first step that the strategic human resources department will have to take while implementing change is to enhance employees' coping capabilities. Coping with change will decrease employee resistance, increase employee acceptance and support, make employees more capable of managing issues that result from change and make the adaptation process easier. In order for the organization to achieve the maximum benefits from change, it will have to create a climate that minimizes resistance to change and maximizes the acceptance and support of change. The climate should be supportive and address and assist in solving the problems that employees encounter due to change.

Documented reactions and behaviors of employees can be considered as indicators of how employees will react towards change. This means that the strategic human resources department should have a historical database on significant cause and effect relationships. The strategic human resources department can test trial implementation strategies by designing questionnaires that can indirectly identify the reaction of employees towards change. The strategic human resources department can discuss change issues with employees. The strategic human resources department can change characteristics in the work environment and record the reaction of employees. It is important for the strategic human resources department to know who are the opinion leaders and know how they react to change. It should get them to cope with change first because their reactions will affect the actions of other employees and other employees will imitate the opinion leaders. The most important thing is for the strategic human

resources department to view change from the perspective of the employees. By doing this, it will be able to create better strategies that are coherent with the possible reactions of employees. [26]

The author discusses, in the next section, the coping phases that employees go through. These stages create the coping cycle, a model created by Colin Carnall.

Colin Carnall's Coping Model

Colin Carnall proposes a model for coping with change. When employees are undergoing change, five stages are encountered. In each stage, performance and self-esteem are affected. The five stages are denial, defense, discarding, adaptation, and internalization. Each stage has its own characteristics and applications. It should be noted that cycles vary from person to person. This model is known as "The Coping Model" presented in figure (4.5):

Figure (4.5): The Coping Cycle
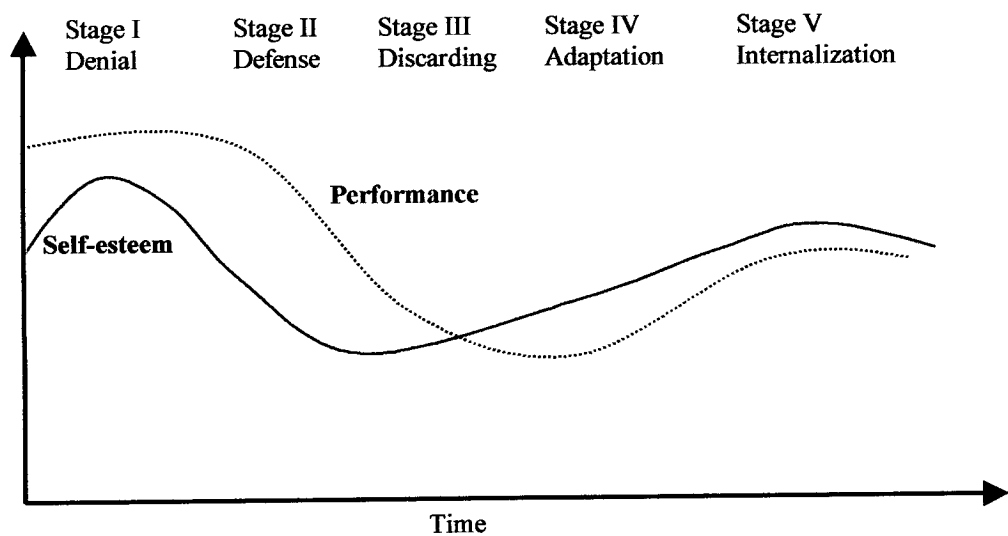
Source: Colin A. Carnall, <u>Managing Change in Organizations</u>. (London: Prentice Hall, 1995), 144.

- **Stage I – Denial:** Employees find comfort in things that they currently do and do not like to change it.
- **Stage II – Defense:** Employees are aware of change, and have to face new tasks, work and employees. This will lead to a state of depression where employees will attempt to defend their own job and territory.
- **Stage III – Discarding:** In this stage employees begin to forget the past work for the future.
- **Stage IV - Adaptation:** Employees begin to adapt to the new situation and test things. Problems are identified and resolved, managers and employees learn most in this stage.
- **Stage V – Internalization:** Employees are now part of the new system, they know their new responsibilities and tasks, and the relationship with others is firm. [27]

The strategic human resources department should be aware of the stages of the coping cycle because, in each stage, it will have to address different issues. In stage one (denial), it has to counsel employees and introduce change gradually. In stage two (defense) employees should properly be trained to handle the new tasks. Counseling takes the form of reassuring employees that the organization is trustworthy. In stage three (discarding), employees must be motivated to discard old practices and develop new ones. In this stage, the strategic human resources department should provide positive feedback on employees' actions. In stage four (adaptation), employees must be rewarded for successfully adapting. Problems and new ideas must also be discussed with employees in this stage. In the last stage of (internalization), responsibilities, tasks and line of authorities will be established. Employees must be trained on how to improve their work and how to scan for change.

The strategic human resources will have to deal with coping strategies differently in each stage of the coping cycle. In the following section the different ways in which coping is facilitated will be discussed.

Facilitating the Coping with Change Process

There are several ways in which the strategic human resources department can facilitate coping with change. The author suggests that the strategic human resources department can use minimizing resistance, creating a sense of security, understanding change, mutual obligations, participative management and timing as means to facilitate coping with change.

Minimizing Resistance. One of the strategies that the strategic human resources department will use to minimize resistance to change is persuasion. This strategy depends on convincing employees to behave in a certain desired way in order to receive a gain that will outweigh the loss that will result from change. For persuasion to be effective, the strategic human resources department will have to perceive the situation from the employees' viewpoint. It will have to know the employees' personal needs and goals and try to stimulate them. When the reason for resisting change is economic, the promised rewards for coping with change will be financial. When the reasons for resisting change are non-economic, rewards will non-financial. Non-financial rewards include opportunities for acquiring new knowledge and skills, improving career opportunities, increasing employee security, enhancing social relationships, and other forms of rewards that may be relevant to the needs of the employee. The success of these strategies depends on the strategic human resources department's ability in identifying the needs and complaints of employees and offering them rewards that are compatible with those needs that will also offset the losses from change. [28]

Creating a Sense of Security. Coping with change is facilitated by creating a sense of security. Employees may be apprehensive about losing their jobs. This is the result of their fear that change will bring new technologies that require less employees.

Fear that employees will be unable to learn the new techniques and keep up with new standards will occur and the probability of coping with change will decrease. The best strategy is to restore confidence in the employees. Employees must be reassured that efforts will be made to train employees or move them to positions where their skills are applicable. In this situation, the strategic human resources department should build a long-term relationship built on trust. The strategic human resources department can execute actions that will be perceived by the employees as security indicators, thus, increasing the probability of coping with change. Such actions include, promotions, giving the work of subcontractors to employees within the organization or retraining employees that loose their main job due to change. It can also include transferring or upgrading employees to other positions or absorbing the extra work that results from business growth with the existing employees. When employees are working at full capacity, new employees should be hired. When employees fear that they will not be able to perform the new skills that change compels, the strategic human resources department will have to reassure them that they will receive the proper training necessary to retain their jobs. This will create a sense of security towards coping with change. Employees will perceive that the organization is supporting and assisting their coping efforts. The strategic human resources department should weigh the cost of resisting change and the cost of providing security before deciding on which strategy to choose. [29]

Understanding Change. Another strategy for coping with change is understanding change. Employees involved in the change process should be aware of the objectives that are to be accomplished. The strategic human resources should clarify the need for change, what is to be changed, how and when change will occur and the duration of the implementation of change. Who is involved in change, what will the

situation be after change, and what are the benefits and drawbacks of change also need to be clarified. The information must be presented in a way that can be understood easily by employees. There are many ways the strategic human resources department can transmit information: through written media such as bulletin boards, notices in company magazines, e-mail, newsletters, posters and signs. Audio-visual media such as films, videos, presentations, slides and overheads can also be used. The strategic human resources department can also use training and orientation meetings, announcements, and group or individual discussions. Any of these media can be used, but to achieve the best results, a combination of all three should be used. The strategic human resources department should build a good communication system with the employees in order to have constant feedback on the problems they face with change and to also be well informed of change. [30]

Mutual Obligations. Coping with change can be facilitated by mutual obligations. When change occurs the relationship between employees and the organization should be revised in order for employees to understand change and realize their new obligations. The strategic human resources department must develop new rules, procedures and commitments. Furthermore, it should establish new guidelines for work and modify the reciprocal obligations and relationships between employees, management and the organization. [31]

Participative Management. Participative management is another method of coping with change. If employees feel they are involved in the decision-making concerning change it is more probable that resistance will decrease. Employees like to participate in decisions that directly affect them. They gain further satisfaction if they feel that they have accomplished good results through their participation in decision-

making. When employees are part of the decision-making process, their interest in work is increased and they feel that they are more in control. They will no longer feel that management imposed change on them and they are more likely to accept it. Furthermore, when employees are taking part in decision-making, a greater sense of responsibility and commitment is generated. As the degree of involvement in decision-making increases, the degree of resistance decreases. [32]

Participative management can be achieved in many ways depending on the degree of participation. Employees can take part in decision-making through group discussions with management where the employee presents the problems and management asks for employee suggestions. Employees will feel important when they know that their suggestions are valued. However, when their suggestions are rejected, it should be made clear why the rejection has occurred. When the rejection is explained to the employee, the employee will reach a better understanding of why change is taking place and will be encouraged to make better suggestions in the future. However, the strategic human resources department should be careful that employees are willing to take part in decision-making. This depends on the cultural norms of the organization for some cultures feel that it is important to take part in decision-making while other cultures feel the contrary. [33]

Timing. Timing is an important issue that the strategic human resources department should consider in coping with change. The strategic human resources department should create a time interval between introducing the idea and the concepts of change and implementing the actual change. This interval will give employees time to think over and become familiar with the idea that there will be new situations in the future. The length of this interval depends on the degree of change, how much change is needed and how change will affect the organization and the stakeholders as a whole.

The strategic human resources department should also ensure that there is a certain level of flexibility. The implementation of change should be flexible and there should be space for modifications to take place. Resistance will diminish when employees feel that they have control over their work environment and that there is some room for modification, if required, and that their suggestions and contributions are considered and valued by management. [34]

Conclusion

Change can be external and/or internal. The reaction of employees towards change will be resistance and stress. Before facilitating coping with change, the strategic human resources will have to know how employees will be affected by change, why employees resist change and help employees cope with change. The strategic human resources department can facilitate coping with change through, minimizing resistance, creating a sense of security, mutual obligations, participative management and timing.

After the strategic human resources department has educated employees on how to cope with change, it has to teach employees to predict, absorb and adapt to change. Through coping with change, the strategic human resources department produces operational employees with a higher probability of accepting and coping with change. Guiding employees to accept and cope with change is an important prerequisite for helping them adapt to change. In the absence of the coping process adaptation to change will be more difficult. In the next chapter strategies to make employees and the organization adapt to change will be discussed thus making the organization more competitive.

Notes

[1]Arnold S. Judson, <u>Changing Behavior in Organizations</u>. (Oxford: Blackwell, 1991), 10–11.

[2] Ibid., 7-11.

[3] Robert B. Lawson, and Zheng Shen, <u>Organizational Psychology</u>. (Oxford: Oxford University Press, 1998), 255-256.

[4] Daniel Robey and Carole A. Sales, <u>Designing Organizations</u>. (Boston: Irwin, 1994), 81-86.

[5] Henry L. Tosi, John R. Rizzo, and Stephen J. Carroll <u>Managing Organizational Behavior</u>. (Oxford: Blackwell, 1994), 1994. 2-3.

[6] Robert B. Lawson, and Zheng Shen, <u>Organizational Psychology</u>. (Oxford: Oxford University Press, 1998), 77-89.

[7] Henry L. Tosi, John R. Rizzo, and Stephen J. Carroll <u>Managing Organizational Behavior</u>. (Oxford: Blackwell, 1994), 3.

[8] Robert B. Lawson, and Zheng Shen, <u>Organizational Psychology</u>. (Oxford: Oxford University Press, 1998), 68-71.

[9] Ibid., 77-89.

[10] Ibid.

[11] Ibid.

[12] Ibid.

[13] Ibid. 80-83.

[14] Arnold S. Judson, <u>Changing, Behavior in Organizations</u>. (Oxford: Blackwell, 1991), 11-12.

[15] Ibid., 11.

[16] Henry L. Tosi, John R. Rizzo, and Stephen J. Carroll <u>Managing Organizational Behavior</u>. (Oxford: Blackwell, 1994), 274-278.

[17] Ibid., 294-295.

[18] Ibid., 294-295.

[19] Ibid., 294-295.

[20] Ibid., 294-295.

[21] Colin A. Carnall, <u>Managing Change in Organizations</u>. (London: Prentice Hall, 1995), 141-150.

[22] Ibid.

[23] Ibid.

[24] Arnold S. Judson, Changing, <u>Behavior in Organizations</u>. (Oxford: Blackwell, 1991), 77-78.

[25] Colin A. Carnall, <u>Managing Change in Organizations</u>. (London: Prentice Hall, 1995), 141-150.

[26] Ibid.

[27] Ibid.

[28] Arnold S. Judson, Changing, <u>Behavior in Organizations</u>. (Oxford: Blackwell, 1991),81-84.

[29] Ibid., 106-108.

[30] Ibid., 108-113.

[31] Paul Strebel, "Why do Employees Resist Change?" <u>Harvard Business Review</u> (May-June 1996): 86-92.

[32] Judson, Arnold S. <u>Changing Behavior in Organizations</u>. (Oxford: Blackwell, 1991), 94-99.

[33] Ibid.

[34] Paul Strebel, "Why do Employees Resist Change?" <u>Harvard Business Review</u> (May-June 1996): 86-92.

CHAPTER FIVE

ADAPTATION HYPOTHESIS

After the strategic human resources department has enhanced the employees' capability of coping with change, it can now focus on improving the employees' adaptation capabilities. This chapter discusses the adaptation strategies that will be used by strategic human resources management.

Figure (5.1): Riachi's Strategic Human Resources Circle (The Adaptation Hypothesis)
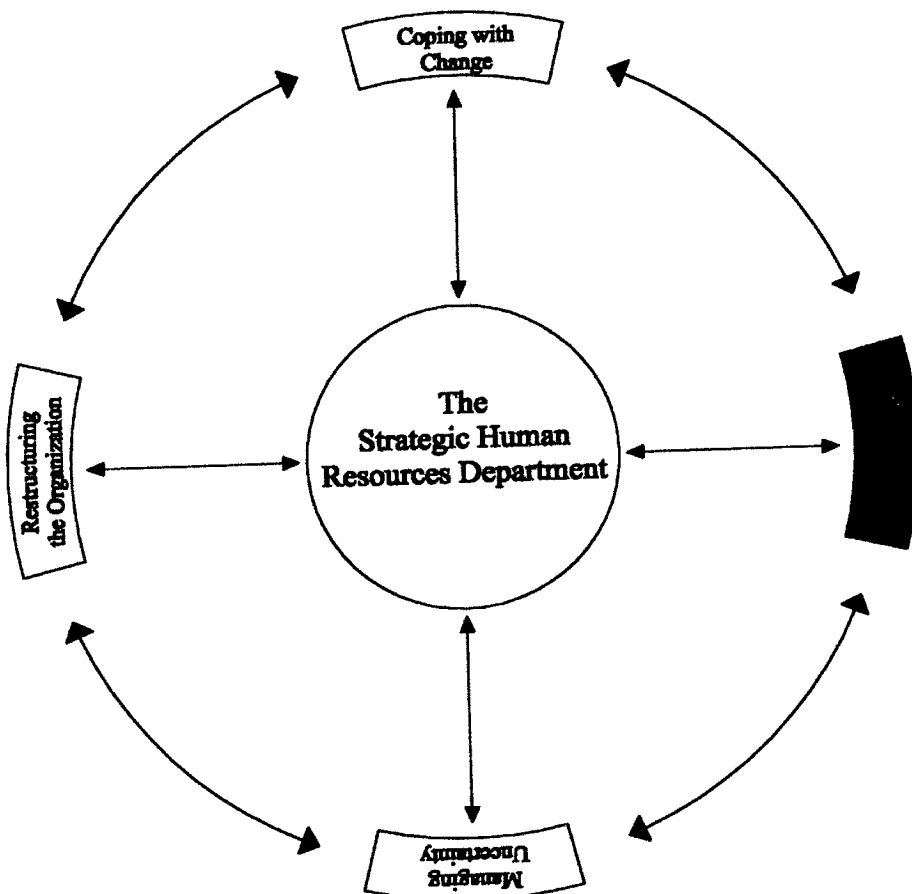
As shown in figure (5.1), this chapter focuses on the strategic human resources department's role in assisting the organization to adapt to change. Adapting to change is the ability of the strategic human resources department to successfully manage the change process through enhancing organizational development. However, there are some principles that the strategic human resources department should abide by to guarantee successful adaptation. The strategic human resources department should realize that people change skills, behaviors, and relationships. Systems, strategies, and structures are the tools that help managers and employees conduct change. This chapter will also address the responsibility of the strategic human resource department in assisting in the development of a good change model. It is essential to assign responsibilities for change to ensure that is occurs. It is also the responsibility of each manager and employee to participate and contribute to change. High performance levels and change have an increased probability of occurring if everybody takes responsibility for change. [1]

In order to survive the period of change the strategic human resources department should perform three tasks: know change, action plans, and create change awareness throughout the organization.

Task One: Know Change. The first task is to assess the external and internal environment for change. The strategic human resources department should determine what the reasons for change are and what are the challenges facing the organization. [2]

Task Two: Action Plans. The second task is to determine what actions should be taken in response to the identified or anticipated change. The strategic human resources department should realize the shifts necessary to conduct change. The shifts that the strategic human resources department should present to management include,

shifts from believing that people are machines to believing that people are the basis for competitive advantage and success. Another shift is from relaying on individuals to relaying well-managed teams. There are shifts from internal focus on managers to external focus on consumers and their needs. Another shift is from structuring the organization vertically based on hierarchies to organizing horizontally based on flexibility. There are shifts from controlling information and communication technology to use it to inform and enhance the skills of employees. Finally, shifts from coming to work with the main goal to make money to coming to work to grow as a personally and professionally to ensure the success of the organization. [3]

Task Three: Creating Change Awareness Throughout the Organization. The third factor that the strategic human resources department should consider is influencing employees to realize the necessity of change and learn how they will be affected by the change. The strategic human resources department will also have to assign change agents. Change agents are subsection of the human resources department with the ability to influence change. Different parties in the organization will react differently towards change. Frontline employees should increase the number of technical and functional skills instead of relying on specialized roles. They should also learn how to continuously improve their work processes and how to communicate with their managers to solve problems. Middle line managers must develop good team leaders as well as decision makers and delegators. Middle line managers must also learn how to become risk takers and how to effectively share information. They should know how to differentiate team and individual challenges. The strategic human resources department can, in conjunction with organizational development and strategic planning departments, conduct change adaptation seminars. Seminars will guide employees on effective problem solving, decision-making and interpersonal skills that

are necessary to augment both team and individual performance. Frontline employees must also be trained to be effective facilitators who guide others. Their expertise must be utilized to provide answers to day-to-day problems. The strategic human resources department must determine the requirements for excellent performance and the processes in which employees can deliver excellent performance. [4]

These tasks should be transformed into opportunities, an issue that will be discussed later in this chapter. The organization should take advantage of these opportunities. The opportunities should be exploited in order to reduce costs and increase quality. These challenges should be understood fully in order for them to become a source of opportunity. This chapter will also explain how these challenges should be accepted in order to achieve economical and emotional rewards. [5]

The ability of the organization to adapt to change variables will influence its performance standard. Performance will become a function of the ability to adapt to change. That is, the faster an organization is able to adapt to change the more productive, efficient and competitive it becomes. This will enable the organization to meet the increasing demand and competition. Performance, efficiency and competitiveness are linked directly to the ability to adapt to change.

There are many views regarding adaptation to change. It is hypothesized in the thesis that as the need for adaptation increases from low to instantaneous, the number of Riachi Variables utilized must increase. That is, when there is a low need for adaptation the strategic human resources department must perform the new role of coping. When the need for adaptation is modest the strategic human resources must add the role of adaptation to its new roles, thus it will have the new roles of coping and adapting. However, when the need for adaptation becomes fast the strategic human resources must perform the new roles of coping, adapting, and managing uncertainties. When the

need for adaptation becomes instantaneous the strategic human resources department must adopt all the Riachi variables. The strategic human resources department will have to perform the four roles of coping, adapting, managing uncertainties and restructuring when there is an instantaneous need for adaptation. Figure (5.2) illustrates the correlation between the Riachi Variables and adaptation.

Figure. (5.2) Adaptation Hypothesis
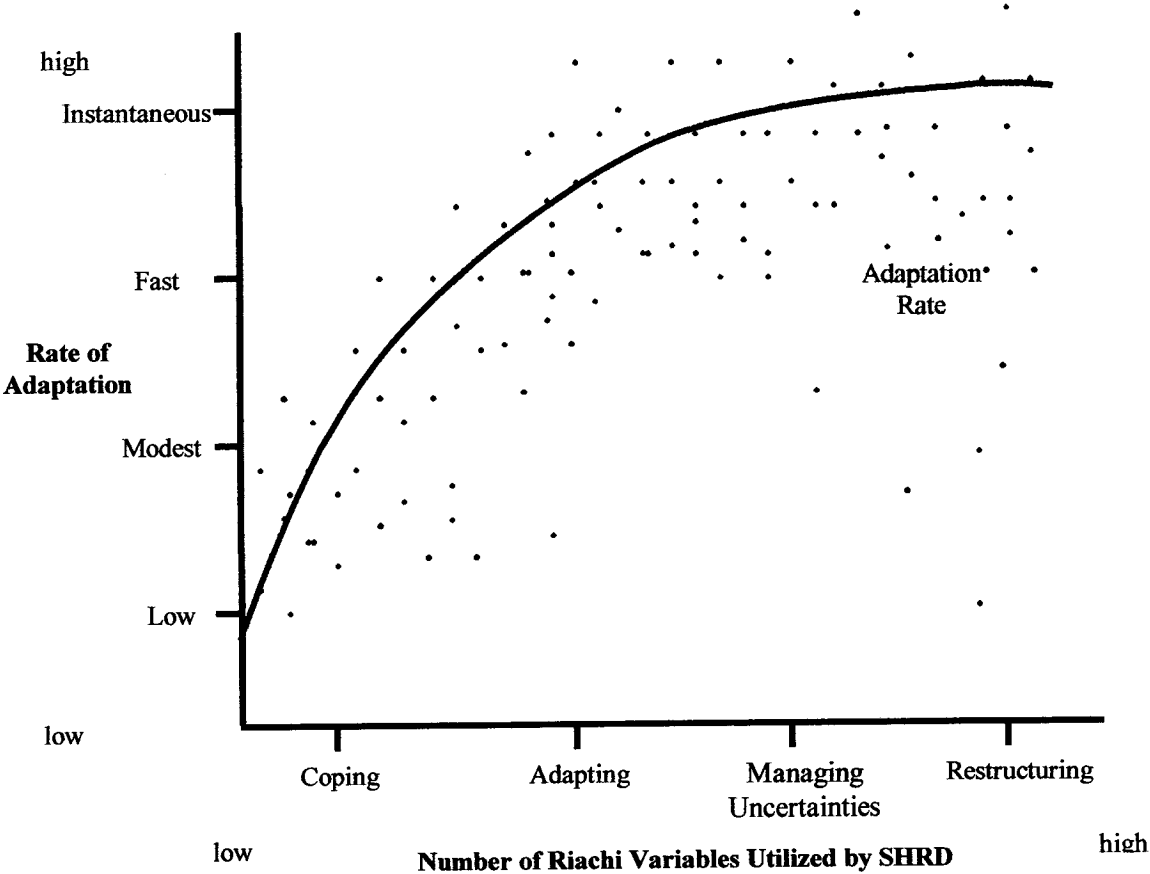
* Note that the chart is a simulation of the correlation analysis.

The human resources department will share in the responsibility of making the organization more flexible and adaptable. The human resources department will be known as the strategic human resource department because it will develop new functions and roles that will make the company better prepared to manage change, as

well as developing strategies to handle change. This means that other departments will have to collaborate and pool resources with the strategic human resources department that will guide them through the adaptation process to ensure that the organization will be more efficient and effective. It is the responsibility of the strategic human resources department to monitor, regulate, and link information from different departments and environments to successfully adapt to change. The question remains, why should the strategic human resources department share the responsibility of change. The answer is that managers and employees will implement the change strategies. The strategic human resources department is the most qualified department to manage managers and employees. Thus the more the Riachi Variables are utilized the more the strategic human resources department is able to adapt to change.

This chapter will discuss the different strategies that the strategic human resources department should use to make the organization capable of adapting to change. This chapter will first address the basic concepts of adaptation. Preparation for the adaptation process, the adaptation model, managing the change process, the change that occurs in the strategic human resources department, strategies for adaptation as well as measuring and learning from adaptation will also be discussed.

Basic Theories on Adaptation

Companies face problems because of change. The problem lies in realizing that individual capabilities are as important as organizational capabilities. Managers and traditional human resources management share a common belief that the solution to adapting to change is assigning the right employee to the right job. This is one simple step of the adaptation process. The strategic human resources department must also evaluate the capabilities of the organization from a synergistic perspective. The

strategic human resources department should be aware of what the organization can accomplish. There are three factors that define the organizations capabilities, "the organization's resources, processes and values". [6]

Resources. Before deciding on the strategies that will be used to adapt to change, the resources of the organization must be evaluated. The most valuable resources are the employees. For this reason, the strategic human resources department will assist in making the company more flexible and adaptable to change. The strategic human resources department will have to have adequate resources available to perform change. It must be aware of the employees' capabilities in the process of adapting to change and then match those capabilities with the adaptation strategies. [7]

Processes. The strategic human resources department will need to understand the organizational processes and determine whether these processes are compatible with the requirements of adaptation. If the current processes are incompatible they should be modified. Resistance to change is stronger when these processes have been present for long periods and the employees are accustomed to certain practices. [8]

Values. According to Christenson and Overdof, when processes have been present for long periods of time they develop into values. Values will become part of the organizational culture and employees will be more psychologically attached to them. The situation becomes more critical and sensitive and different strategies will be used. These strategies are discussed later on in this chapter. [9]

The Core Elements of Change

In order for the strategic human resources department to successfully adapt to change it must identify four core elements. These elements, according to Carnall,

include "decision-making, coalition building, achieving action, and maintaining effort." [10]

Decision-Making. In order to create effective adaptation strategies, the strategic human resources department should have the authority to take decisions throughout the organization. It should be able to make use of available resources to set a focused plan for work. It is essential that the strategic human resources department have freedom in decision-making. This flexibility will facilitate the development of adaptation strategies. In addition, the strategic human resources department should be appropriately trained and experienced in effective decision-making that will result in successful outcomes. New resources and support staff may be needed. In order to achieve these goals the strategic human resources department should verify available resources and evaluate what resources should be kept, changed, and/or recruited. [11]

Coalition Building. Strategies for gaining support such as creating a sense of security and participative management were discussed in the previous chapter. After the strategic human resources department has made the proper decisions for adaptation and assigned the proper resources and gained support for these decisions it should ensure that these decisions are implemented correctly. [12]

Achieving Action. The strategic human resources department should ensure that decisions are transformed into actions. This can be achieved through enhancing compensation programs, motivating employees, building self-esteem, and supporting and rewarding employees who take risk in new ideas. These strategies where discussed in the previous chapter. [13]

Maintaining. When the work of various departments are in harmony with the new decisions and actions, the strategic human resources department should make certain that, if no new change has occurred, the ideal situation will be maintained and enhanced. Maintenance can be accomplished by creating ad hoc teams, participative management, discussing and sharing problems and solutions, acknowledging success, showing trust, and creating a flexible organization where employees are given more freedom. [14]

Preparing for the Adaptation Process

Goals for the adaptation process should be set and work should be planned in order to achieve the required results. There are many ways in which the strategic human resources department can plan for change. Three theories have been suggested to prepare the organization for adaptation. The first theory is proposed by Judson, the second by Tosi, Rizzo and Carroll, and the third by Carnall.

Theory One. Judson suggests that there are five stages that develop a more equipped organization for adaptation. The first stage is analyzing change. The second stage is communicating change throughout the organization. The third stage is planning for adaptation. The fourth stage is implementing the transition and adaptation strategies. Finally, the fifth stage is follow up. [15]

Theory Two. According to Tosi, Rizzo and Carroll, the adaptation process is comprised of three stages: motivation to change, effective adaptation strategies and reinforcing change. These factors are illustrated in figure (5.3). Adapting to change is more likely to be successful if employees are motivated and able to cope with change. The employees' willingness to change will influence adaptation. After the employees

are ready to change, the strategic human resources department should set the change strategies in accordance with the abilities and perceptions of employees. However, to ensure that adaptation is successful, the strategic human resources department should follow up the adaptation process and reinforce it to ensure that the employees are motivated to do the change and that modifications can be accomplished when necessary. [16]

Figure (5.3): Stages for Adaptation
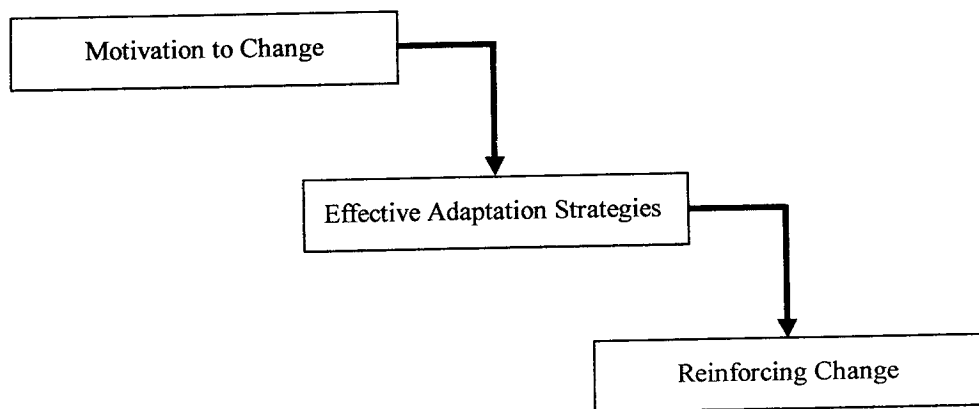
Source: Henry L. Tosi, John R. Rizzo, and Stephen J. Carroll Managing Organizational Behavior. (Oxford: Blackwell, 1994), 547.

Theory Three. Carnall suggests that there are three stages for change, "beginnings, focusing, and inclusion." [17] In the first stage, awareness of the problem should be developed as well as preliminary studies to solve the problem. In this stage the strategic human resources department should analyze the environment and the perception of employees towards change. In the second stage awareness is more developed but, strategies, decisions and actions towards change should be established.

During the last stage of inclusion, there is full awareness of change, and the focus is on implementing the adaptation strategies. [18]

    Conclusion of Adaptation Theories. The strategic human resources department may use any of these methods or steps to plan for the adaptation process. However, this thesis recommends that the strategic human resources department uses a combination of methods. To guarantee success, the strategic human resources department should develop new methods depending on the situation, need, importance and intensity of change, and the period of time in which change should be implemented. The strategic human resources department should be flexible enough to adjust the methods each time it develops new adaptation strategies. It will have to develop new steps according to different situations. However, no matter what method the strategic human resources department uses to plan the adaptation process it has to follow a certain framework and accomplish certain goals to ensure the success of adaptation.

The Framework for the Adaptation Process

    The strategic human resources department must abide by three conditions during the adaptation process. The first condition is creating awareness throughout the organization that change is occurring and how employees should engage with change. The second condition is to create a will to carry out the adaptation process. The third target is to provide means and ways of carrying out the adaptation process. By addressing these issues, the strategic human resources department will be able to increase performance through creating coping capabilities, willingness to change and utilizing the skills required for adaptation. The strategic human resources department should be flexible in planning the steps for the adaptation process [19]

Although the strategic human resources department should be flexible in planning the steps for the adaptation process there are certain issues and goals that it should maintain. The steps for adaptation will follow a certain framework or structure that the strategic human resources department must follow. Flexibility will be expressed in how it designs the adaptation process based on this structure. According to the author, the steps are: environmental analysis, perception and formulation, training, trial, implementation and follow up. Figure (5.4) illustrates the necessary strategic stages of the adaptation process:

Figure (5.4): Riachi's Strategic Stages of the Adaptation Process
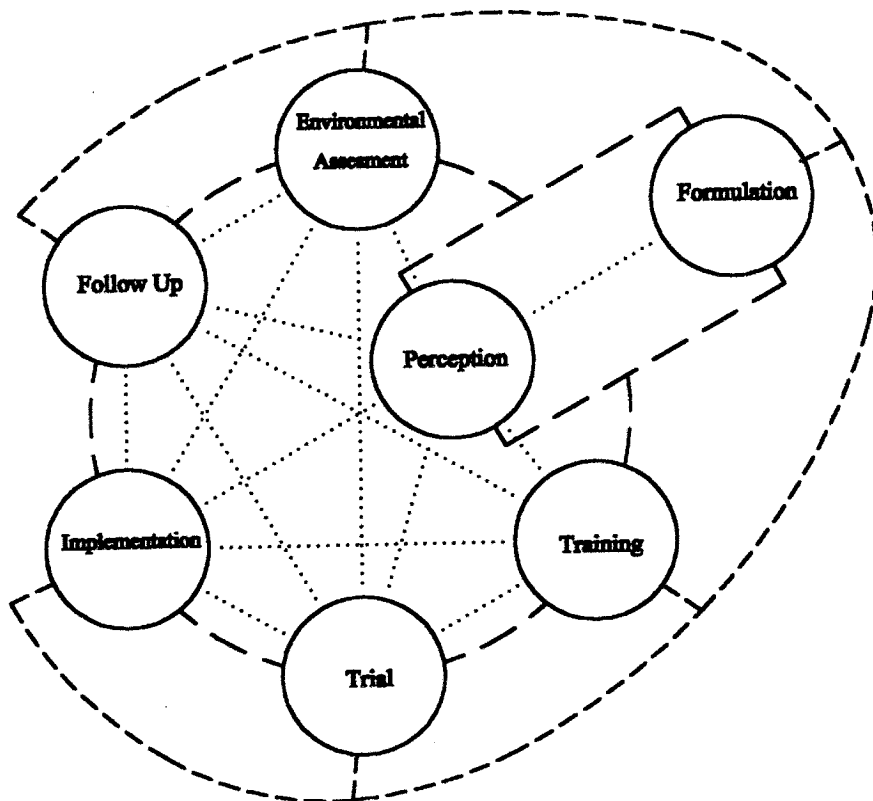
Source: Derived from Different Models (Judson, Tosi, Rizzo, Carroll, and Carnall).

Environmental Assessment

The first step in the planning process is to conduct an internal and external environmental analysis and assessment. This involves continuous searching for information that will affect the organization. This assessment is a crucial part of planning and preparing for the adaptation process. It ensures that the strategic human resources department is proactive to change. The strategic human resources department must develop, in conjunction with other departments, organizations that are able to adapt prior change. For this reason, the strategic human resources department will have to create a team that is continuously searching for change indicators. The team will be responsible for detecting signs of change in the environment, studying and analyzing these signs and reporting to the strategic human resources department. The team will concentrate mainly on the external environment and these changes will be translated into internal change strategies. However, the team will also look for indicators that arise internally from within the organization. During the environmental assessment many sources of information can be used, these sources include the internal environment, the external environment and other organizations. These sources are illustrated in table (5.1): [20]

Table (5.1) Sources for Environmental Assessment

Internal Environment	External Environment	Other Organizations
Effectiveness Processes The Organization Resources Employees Managers	Demographics Legal Political Social Technological Economical	Customers Competitors Suppliers Partners Research Orgs

Source: Derived from David Wilson, A Strategy for Change. (London: Routledge, 1992), 20-27

The search team assigned to identify and detect changes uses a variety of techniques. The team will have to conduct brainstorming sessions. The team will also conduct a strength, weaknesses, opportunities and threats analysis (SWOT) and it will have to be updated continuously in order to detect the slightest change, since change has become so turbulent. The team will also use internal reports.

The team assigned to the environmental assessment will have another major responsibility, to determine the degree of change. This is a critical responsibility since the strategies for adaptation will depend on the degree of change. According to Wilson there are four degrees of change: status quo, expanded reproduction, evolutionary transition, revolutionary transition. See table (5.2):

Table (5.2) Degrees of Change

Degree of Change	Characteristics
Status quo	No change in current practices
Expanded Reproduction	Change involves producing more of the same goods or services
Evolutionary Transition	Change occurs within the existing processes and parameters of the organization but the structures and technologies used are not changed
Revolutionary Transition	Change involves changing the parameters, such as structure, technologies used....

Source: David Wilson, A Strategy for Change. (London: Routledge, 1992), 20.

After the environment has been assessed, the form of change will be identified. The strategic human resources department will have to move to the next step, which is to create acceptance and influence perceptions towards change.

Perception and Formulation

After the change has been identified and analyzed, the strategic human resources department will have to prepare employees to accept change and view it from the same perspective. In the perception stage, the strategic human resources department will also have to influence employees to cope with change as discussed in the previous chapter. This stage is defined as the perception stage.

Simultaneously, while the strategic human resources department is preparing employees for change, another cross functional team assigned by the strategic human resources department, will formulate strategies for adaptation according to the degree of change. It is important that the adaptation process is simple and prompt since change is turbulent and the organization will have to react as quickly as possible. The organization must take advantage of change and become more competent than the competition at adaptation. All these objectives must be achieved before the occurrence of more change. The cycle will then be repeated. This stage will be known as the strategy formulation stage, which will be discussed in detail later in this chapter. The next step is to train employees on how to adapt to change. [21]

Training

The next stage will be to train employees who are involved in change. This is a continuation of the perception and coping cycle, except that this stage will also include physical training on new process and procedures. This stage is important because it will allow the employees involved to have the capabilities, knowledge and experience to deal with change. This stage will be known as the training stage. The next stages are trail and implementation. [22]

Trial and Implementation

The next stage is the trial stage. This stage involves pilot tests of strategies before full integration. It is essential to have trial periods to test the efficiency, effectiveness and compatibility of the strategies. If there is a need for modification, the strategic human resources department will return to the strategy formulation stage. After the strategies have been tested the strategies will be implemented and new processes and procedures will become standardized. This occurs in the implementation stage. The next stage is follow up. Follow up is essential to ensure that the strategies are maintained. [23]

Follow Up

The last stage is the follow up stage. This stage is a continuous process. The strategic human resources department is responsible for ensuring that the strategies are correctly implemented. Strategies should still be legitimate, applicable and valid. If the performance level is not up to standards, the strategic human resources department will have to find ways adjust the organizations strategies. However, if the performance level is not up to standards and all the employees have done their work properly the strategic human resources department will have to go back to the strategy formulation stage and modify the strategies. It may even go back to the beginning stage where a new strategy will be needed due to a change that has occurred. [24]

It should be noted that the stages of the adaptation process are in a loop, as seen in figure (5.4). The process of adaptation is a continuous process, although it may vary in duration, but in all cases after the follow up stage the cycle will start again. There is a link between all stages. That is, at any time there can be a shift from one stage to another due to the volatility of change (this is the reason for the dotted lines in

the inner circle of figure (5.4)). For example, sometimes change is so turbulent that during the training period the strategic human resources department may have to move to the beginning stage of environmental assessment. However, the strategic human resources department will have contingency plans and strategies that will allow it to change its adaptation strategies in case of failure. Furthermore, the contingency plans will buy some time for the strategic human resources department in case it has to loop back to previous stages. In this case the contingency strategy will help in maintaining the organization's performance in case it has to go back to earlier stages to develop new strategies.

During the planning process the strategic human resources department must be responsible for proposing change, collecting relevant information, analyzing the information and projecting past and future conditions, designing a set of alternative plans for making the change, selecting the best plan and strategy, monitoring and reviewing the implementation stage, and making necessary modifications based on the previous stage.

The strategic human resources department can create its own adaptation model, which is customized to the needs of the organization. To ensure the success of the adaptation model, all the departments must contribute in planning and implementation. The model should be clear and simple.

Creating a Proper Atmosphere for Adaptation

During the adaptation process the strategic human resources department should ensure that employees are comfortable and that stress is reduced. In this case, the strategic human resources department will concentrate on the relationship between employees and mangers. This relation should be objective, firm, and built on trust. It is

important to have a healthy relationship throughout all the levels of the organization because it will ensure that employees understand why and how procedures are carried out. [25]

When employees reject others' ideas or the need for change tension and unease will occur. This behavior is the result of the employees' rejection of change. When employees reject ideas or change, they usually lack the courage and the authority to reject it openly. The role of the strategic human resources department, in this case, is to train employees to express their objections openly and discuss it with the parties involved. Managers should be trained to identify the signs of rejection. Such signs include tone of voice, facial expressions, silence, assertiveness, discomfort, hesitation, and so forth. These signs are the early indicators of resisting change. The key to creating a supportive organizational environment is through participation at all levels of the organization. This is a difficult task for the strategic human resources department. In the next the methods in which the strategic human resources department will manage the adaptation process will be discussed. [26]

Managing the Adaptation Process

In managing the change and adaptation processes the strategic human resources department must free the organization from the past. That is, it must disengage itself from previous unproductive programs, projects, working habits, or outsourcing methods. The transition period is one of the most difficult periods to manage. It must ensure, as previously mentioned, the involvement of employees in the change process. The strategic human resources department must concentrate on a combination of strategies as well as contingency plans to successfully integrate the organization with change methods. The success of the change strategies lies in having

a strong feedback system. The strategic human resources department must be fully aware of the progress as well as mishaps of the adaptation process in order to be able to take corrective action. It is also the responsibility of the strategic human resources department to translate the progress and development of the adaptation process into feedback for employees. [27]

In order to keep employees motivated, focused and oriented towards change the strategic human resources department can create symbols or slogans to represent the change goals. Using a slogan or symbol will help in simplifying and clarifying the goals of change and it will contribute in developing interest, enthusiasm and creativity in the organization's members. Furthermore the strategic human resources department will assign people to handle change and lead the adaptation process.

Assigning People to Handle Change

In general, everyone will play a role in the change process. Achieving this goal is a difficult task. That is why the strategic human resources department will have to assign people to be responsible for change. These people will be responsible for executing and implementing adaptation, they will also have the job of translating the responsibility of change to every person in the organization.

The strategic human resources department will have to create a team that will be responsible for executing the adaptation strategies. The members of this team can be internal or external. The most efficient teams are a combination of the two. The internal members will be familiar with the goals, culture, work habits and policies of the organization. They will also represent the different departments or parties that will be affected by change. The external members will be unbiased and indifferent to change. Furthermore, they will view change from a different perspective and they will be recruited for their experience in change and adaptation processes. The strategic

human resources department will select the internal members representing all the departments involved, however the team leaders will be assigned from the strategic human resources department. This selection will ensure that all affected departments are involved. [28]

After the team members have been selected, the strategic human resources department will have to train the team on the specific needs of change. The responsibility of this team will be to implement the change strategies that have been formulated. This involves training all on implementation techniques and keeping track of the development of the adaptation process. The team will have the authority to implement minor changes in strategies when needed and even to change the strategies after consulting the strategic human resources department and the departments involved. [29]

Leading the Adaptation Process

The strategic human resources department will create strategies to make an organization more adaptable to change. It will also lead the adaptation process. The strategic human resources department will become the leader that moves the organization through the period of change. It will become a reference for employees in the organization and the organizations' stakeholders. The strategic human resources department must be proactive. The strategic human resources department has to perform the change first, as well as reinforcing its authority and position as being change leader. In the next section the strategies that the strategic human resources can use for adaptation will be discussed.

Strategies for Adaptation

There are many strategies the strategic human resources department can apply in adaptation. As previously stated, strategies can be based on change in structure, culture, behavior, or processes. However, the best choice is a combination of strategies. No matter what strategy the strategic human resources department decides to apply it will have to acknowledge some factors that must be present in any strategy to ensure its success. In any adaptation strategy, building awareness, altering behaviors, achieving employee involvement, applying hierarchal mechanisms, and internal structures must be acknowledged.

Building Awareness

Building awareness and strategies to cope with change will increase the understanding of and acceptance of change. The strategic human resources department must increase the employee degree of readiness for change. The strategic human resources department must communicate change in the area that concerns employees. However, the strategic human resources department should weigh the importance and the need for change with the time it can invest on each employee. Strategic human resources management must view adaptation and change as a process that is beyond decision-making, creating awareness, and designing a strategy. The strategic human resources department needs to develop more personal and informal strategies to gain employee commitment. [30]

Altering Behavior

The best way to formulate change and adaptation strategies is for the strategic human resources department to be more flexible. Previous approaches to change have been too mechanistic and structured. Organizations failed to realize that change

involves a change in behavior. When there is a change in behavior people should take charge. Their behavior should not be directed by rules, procedures, and structures. The strategic human resources department should realize and make this evident to top management. The focus should be on performance rather than activities and on employees rather than job descriptions and decisions. In order to be able to accomplish such goals the strategic human resources department should keep in mind that no matter what strategy it formulated it is the employees who take responsibility for their own behavioral change. The best thing that can be done is to support the employees and facilitate this process. This is the core reason why the change and adaptation process must be viewed from the humanistic perspective and not from the mechanistic perspective. The main objective of strategic human resources department is to assign employees to take responsibility for change and lead the others through the change process. [31]

Achieving Employee Involvement

The strategic human resources department must seek to get all affected employees involved with change. It achieves this purpose through pilot trials. It will apply progressive involvement. Increasing the involvement of a small group of employees, then another group, until gradually all the employees concerned with change are involved. This strategy is effective, since, the strategic human resources department can start, first, with the employees who are ready to meet the change and adaptation challenges. According K. Smith these employees are "5 to 20%" of the employees in an organization. [32]

Applying Hierarchical Mechanisms

Most leaders and managers mistakenly believe that they can gain commitment for change and adaptation from employees through hierarchical authority. Hierarchical authority can, however, be a powerful tool to achieve adaptation if it is used properly and if used with other informal and non-hierarchical methods. The strategic human resources department should realize that there are three types of hierarchical authorities. The first is the manager's institutional right to tell the employee on what to do. This style is called the telling style. The second is when the manager creates a trade off by offering employees resources and opportunities, in return the employee executes what is asked from him. This is called the selling style. The third is based on teamwork, where the manager and employees decide on the objectives that should be accomplished. This is called the participative style. It is clear that to achieve adaptation the third type of hierarchical authority should be used and managers should be trained to apply the third method in executing hierarchical authority. [33]

Acknowledgment of Internal Structures

There are several methods by which the strategic human resources department can create adaptation strategies with the ability to foster and utilize new capabilities and skills. This strategy involves creating new internal structures which foster new processes and skills. When processes become obsolete, it is time for different groups of people to interact with each other differently. In such a situation, the existing teams should be separated and new teams with different members should be created in order to be able to introduce the new processes. Another structural strategy is the creation of a new strategic business units (SBUs) where the new capabilities can be developed. Mergers and acquisitions may also be applied. Mergers and acquisitions increase the readiness of organizations to meet challenges and change. Such issues deal with the

role of the strategic human resources department in restructuring that will be discussed in later chapters. [34]

Any adaptation strategy or process developed has to pass through three different phases. These phases are: unfreezing, change and freezing. The three phases will be discussed in the next section.

Three Phases for Adaptation

According to Lewin all adaptation processes go through three phases: "unfreezing, change and refreezing". The first phase, unfreezing, is the thawing phase where all employees will purge from their accustomed routines, work habits and processes. It aims to motivate and make the employees ready for change. In this phase there should be pressure from the strategic human resources department to make the employees realize the need for change and be ready for it. [35]

The second phase is the change phase. The adaptation strategies and change strategies become effective. Two things happen to the employees. The first thing is that models and new procedures for change are made available to them, where they learn new behaviors that are necessary for them to succeed. Second, employees are forced to change their behavior because there are new situations available and adaptation is demanded from them if they are to operate successfully and survive. [36]

The third phase is the refreezing phase. This occurs when the employees have adapted and become used to the new behaviors and work skills. This phase aims to keep the employees convinced with the new situations and that they avoid referring to previous situations. The new situations must become the new routines and culture for the employees. This phase is very critical. The strategic human resources department must ensure that the employees maintain the new routines. This is very important

because, as previously mentioned, change occurs very fast and organizations can no longer operate under a fixed set of rules and routines. Change is continuous and employees will have to operate in different situations in short intervals of time. Figure (5.5) shows the cycle of the three phases. [37]

Figure (5.5) Unfreezing, Change, and Refreezing Loop.
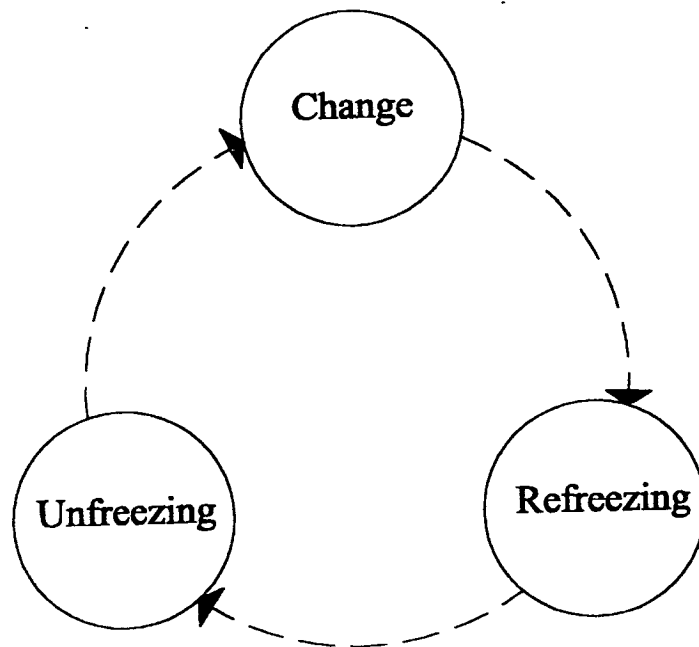
Source: Kurt Lewin, "Frontiers in Group Dynamics: Concept, Method and Reality in Social Science; Social Equilibria and Social Change." Human Relations, I, No. 1 (June 1974): 5-41.

The ultimate goal for the strategic human resources department is to enable employees to adapt quickly to change and decrease their resistance to it. Reaching such a state needs time and it occurs when the employees discover after several adaptation stages, that change is happening fast and that it is unavoidable. For this reason the three mentioned phases become a cycle. Employees become accustomed with the idea that there will always be change. [38]

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As discussed, there are many adaptation strategies to consider. There is a risk of failure in each stage of the adaptation strategy. The strategic human resources department should have a contingency plan for all failures and reduce the risk of failure in future strategies. The following section discusses the problems during the implementation of adaptation strategies.

Implementation Problems

Every strategy faces some problems during the implementation period. These problems include inaccurate definition of implementation tasks, lack of proper monitoring, inadequate training, lack of upper management leadership and lack of support. The following table illustrates the results of a study conducted by Collin Carnal on the ten most frequent implementation problems organizations face.

Table (5.3) The Ten Most Frequent Implementation Problems

Problem	Percentage of firms
1. Implementation took more time then originally allocated	76
2. Major problems surfaced during implementation which had not been identified before hand	74
3. Coordination of implementation activities was not effective enough	66
4. Competing activities and crisis distracted management from implementing the decision.	64
5. Capabilities of employees involved were not sufficient	63
6. Training and instruction given to lower-level employees was inadequate	62
7. Uncontrollable factors in the external environment had an adverse impact on implementation	60
8. Leadership and direction provided by the department management were not effective	59
9. Key implementation activities and tasks and activities were not defined in sufficient detail	56
10. Information systems used to monitor implementation were inadequate	56

Source: Colin A. Carnall, Managing Change. (London: Prentice Hall, 1995),59.

The strategic human resources department should account for these problems beforehand and try to decrease the probability of them occurring. It should however, also create contingency plans to deal with situations where these problems occur.

The strategic human resources department should expect problems to occur. However, the strategic human resources department can anticipate the problems mentioned in table (5.3). It should train employees to operate in teams, clarify objectives, simplify tasks, analyze the environment effectively, and apply effective leadership. Through these procedures the strategic human resources department will be able to reduce the risk of problems occurring. Furthermore, the strategic human

resources department should train employees to expect the problems and correct them. Employees must be trained to detect problems and report the problematic situation to the direct managers. The strategic human resources department must transform the problematic situation into a learning experience.

Other Notions on Adaptation

There are other factors that influence the adaptation process. These factors include the role of management, progress measurement, learning form the adaptation process, and the influence of employees.

The Role of Management in the Adaptation Process

Management plays a critical role in the adaptation process. Although the strategic human resources department will be the change agent and adaptation creator, managers participate in this role. Managers, will have to implement change and transmit change to their subordinates. The most difficult task that managers' face is change, but if managed properly, good results can be achieved. There are certain attributes that characterize change leaders, as previously discussed, and upon these attributes the strategic human resources department should base its managerial recruiting process.

Measuring the Progress of Adaptation and Change Efforts

The strategic human resources department will be responsible for measuring and monitoring change and adaptation efforts. This is a difficult task and results may seem obscure and ambiguous. The quantity of problems will increase, and the nature of the problems will change. This is one sign that progress is taking place. Employees are dealing differently with new and different problems. A second sign of progress is

when issues concerning change become the main subject for managerial and staff meetings. This implies that change is being acknowledged and properly monitored. When employees begin to complain that change has caused no progress, this is a sign of progress, as Warner Burke states, "People complain on the right things." [39]

Learning from the Adaptation Process

The strategic human resources department must apply and learn from adaptation strategies. It is important to learn from the adaptation process for many reasons. According to the author, these reasons include:

- Employees will know how to act and how to adapt to similar situations in the future.

- Employees will be able to determine what change is necessary for different situations and in the future when the situations change employees will realize that additional change is required. They will search for other sources for change.

- When employees learn from the adaptation processes they realize the importance of change and will decrease their resistance to change.

The objective of the strategic human resources department is to have a flexible workforce that can easily adapt to any situation. The strategic human resources department has the obligation of transforming the adaptation process into a learning experience. Managers and employees must be able to learn from change and adaptation. The role of the strategic human resources department is to facilitate the learning process. To ensure that learning is successful the strategic human resources department should provide certain conditions. The first condition is that the learner must have a reason to pay attention. Assigning employees that are viewed as models in the organization to lead the change process solves this issue. The strategic human

resources department can reward employees that embrace the change process helping other employees learn from them to get the same rewards. The second condition is that the learner needs to acquire as much information as possible. The learner must acquire the ability to perform in the same manner as the teacher. The strategic human resources department must deliver adequate data through seminars and training sessions. The third condition is that there should be a reinforcement element. This issue is addressed through giving rewards. Furthermore success of applying new skills will also play a motivational role. [39]

Human Resources and Adaptation

The strategic human resources department should realize that only people change skills, behaviors, and relationships. Systems, strategies, or structures are tools to assist employees administer change. Since employees are conducting change the strategic human resources department will share the responsibility of creating a good change model. [40]

To ensure good change management, the strategic human resources department must stress on performance results: the main objective of change. It must also ensure that the number of employees involved with the change process will increase. The strategic human resources department must keep employees informed of their performance levels and the effects of the change procedures on the organization. Employees should also be positioned to learn from their feedback. The strategic human resources department should also take advantage of teamwork and teams should be created whenever needed to conduct change. Furthermore, the strategic human resources department should stress that designs of organizations are based on the work and roles of employees rather than on the decision authority they posses. Finally, the employees of the strategic human resources department should posses

leadership skills that are based on the meet the challenges of change. These leadership skills should be transferred to the managers and employees of an organization. [41]

Concluding this chapter, the author suggests that the strategic human resources department must remember the following points:

- Manage assets and policies apart from people.

- Position capable employees against new opportunities.

- Find and get new employees to learn what existing employees where good at doing.

- Reduce the workforce with minimum damage to morale and competitiveness.

Notes

[1] Douglas K. Smith <u>Taking Charge of Change</u>. (New York: Addison-Wesley Publishing Company, 1996), 17-46.

[2] Peter F. Drucker, <u>Managing in a Time of Great Change</u>. (New York: Truman Talley Books/Dutton, 1995), 21-39.

[3] Ibid.

[4] Ibid.

[5] Ibid.

[6] Clayton M. Christensen, and Michael Overdof "Meeting the Challenges of Disruptive Change." <u>Harvard Business Review</u> (March-April 2000): 67-76.

[7] Ibid.

[8] Ibid.

[9] Ibid.

[10] Colin A. Carnall, <u>Managing Change in Organizations</u>. (London: Prentice Hall, 1995). 162.

[11] Ibid., 159-170.

[12] Ibid., 159-170.

[13] Ibid., 159-170.

[14] Ibid., 159-170.

[15] Arnold S. Judson, <u>Changing Behavior in Organizations</u>. (Oxford: Blackwell, 1991), 165-182.

[16] Henry L. Tosi, John R. Rizzo, and Stephen J. Carroll <u>Managing Organizational Behavior</u>. (Oxford: Blackwell, 1994), 546-547.

[17] Colin A. Carnall, <u>Managing Change in Organizations</u>. (London: Prentice Hall, 1995), 172.

[18] Ibid., 171-174.

[19] Ibid., 170-175.

[20] David Wilson, <u>A Strategy for Change</u>. (London: Routledge, 1992), 20.

[21] Ibid., 23.

[22] Ibid., 23-27.

[23] Ibid., 23-27.

[24] Ibid., 23-27.

[25] Arnold S. Judson, Changing Behavior in Organizations. (Oxford: Blackwell, 1991), 139-148.

[26] Ibid.

[27] Warner W. Burke, Organization Development. (New York: Addison Wesley Publishing Company, 1992), 142-153.

[28] Richard Mead, International Management. (London: Blackwell, 1998), 283-302.

[29] Ibid.

[30] Douglas K. Smith, Taking Charge of Change. (New York: Addison-Wesley Publishing Company, 1996), 101-103.

[31] Ibid., 153-159.

[32] Ibid., 153-159.

[33] Ibid., 161-173.

[34] Clayton M. Christensen, and Michael Overdof "Meeting the Challenges of Disruptive Change." Harvard Business Review (March-April 2000): 67-76.

[35] Colin A. Carnall, Managing Change (London: Rouledge, 1992), 45-59.

[36] Ibid.

[37] Ibid.

[38] Ibid.

[39] Warner W. Burke, Organization Development. (New York: Addison Wesley Publishing Company, 1992), 159-160.

[40] Henry L. Tosi, John R. Rizzo, and Stephen J. Carroll Managing Organizational Behavior. (Oxford: Blackwell, 1994), 17-46.

[41] Douglas K. Smith, Taking Charge of Change. (New York: Addison-Wesley Publishing Company, 1996), Smith, 107-109.

CHAPTER SIX

UNCERTAINTIES HYPOTHESIS

When dealing with change, the strategic human resources department will consequently have to deal with uncertainties in the environment. Uncertainties are a subset of change. The strategic human resources department will have to face situations were change happens suddenly and without prior indications. Thus, the strategic human resources department has to anticipate future situations even if these situations are uncertain. Dealing with change and adaptation will be viewed through a micro perspective by the strategic human resources department. This means that the strategies concerning change and adaptation will be considered as internal strategies that affect the internal operation of the organization. Furthermore, strategies maybe proactive or reactive. When dealing with uncertainties, the strategic human resources department will also take a macro perspective. This means that the strategies developed must also deal with the external environment. Strategies should be created that allow the organization to anticipate and be ready for any type of change that will occur in the future.

It is hypothesized that as the level of uncertainty increases from low to continuous, the number of Riachi Variables used must increase. That is, when the level of uncertainty is low the strategic human resources department has to adopt the new role of coping with change in order to manage the low level of uncertainty. However, when the level of uncertainty increases to average the strategic human resources will also have to adopt the additional role of adapting to change to manage the average

level of uncertainty. Thus at this level of uncertainty the strategic human resources department will have to perform the roles of coping with change and adapting to change. When the uncertainty level increases to above average the strategic human resources department will have to perform the roles of coping with change, adapting to change, and managing uncertainties to successfully manage uncertainties. When the level of uncertainty becomes continuous the strategic human resources department will have to utilize all four Riachi Variables to successfully manage uncertainty. At this level of uncertainty the strategic human department will perform the roles of coping with change, adapting to change, managing uncertainties and restructuring. Figure (6.1) illustrates the correlation between the Riachi Variables and level of uncertainty.

Figure (6.1) Uncertainties Hypothesis
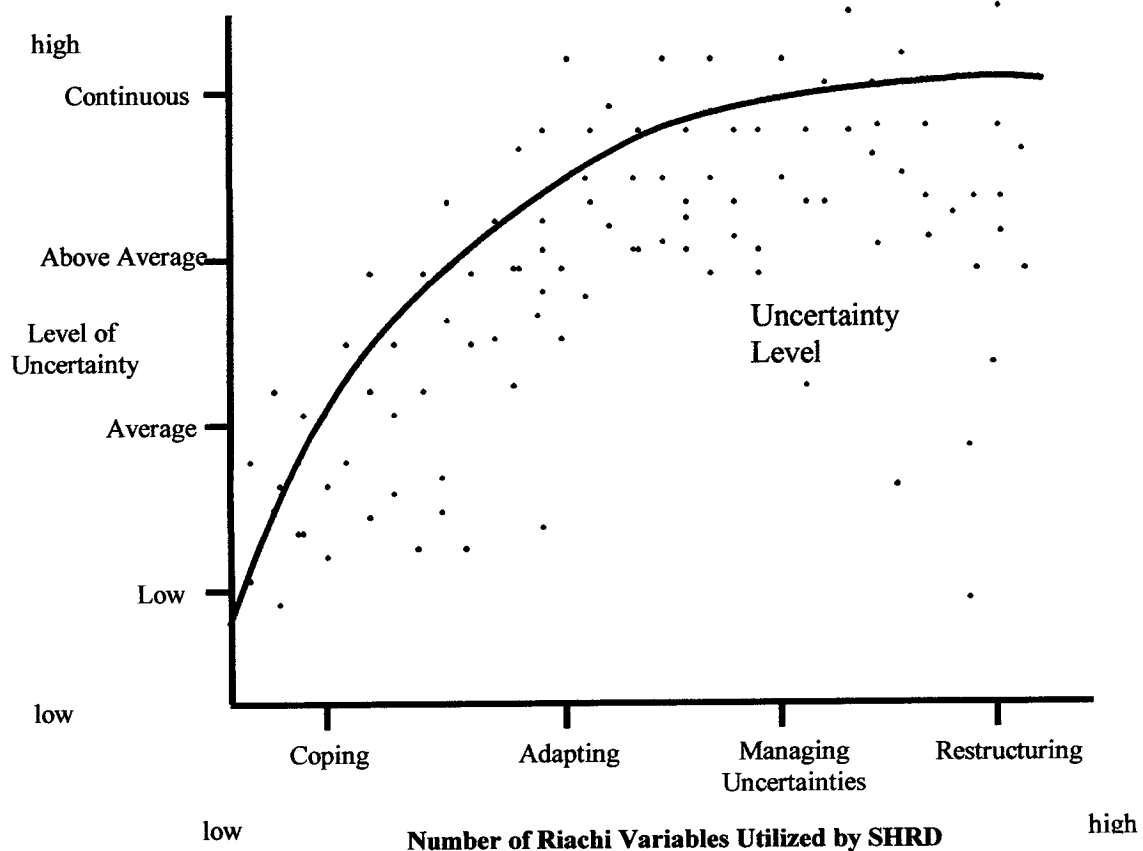
* Note that the chart is a simulation of the correlation analysis.

Consequently, if the strategic human resources department will share the responsibility for change it will have to manage uncertainties. Thus, the strategic human resources department, in conjunction with other departments, must assist in predicting future uncertain situations. Uncertainty avoidance becomes a function of strategic human resources department and other strategic planning departments. That is, the more an organization utilizes the four Riachi Variables the more it is able to decrease the level of uncertainty.

The major challenges that will face the organization and that will cause uncertainty will be discussed as illustrated in figure (6.2). The strategies used to make the future more clear and decrease the degree of uncertainty will also be discussed. Dealing effectively with uncertainty is an important role because employees tend to work more comfortably when they are aware of the situations and the conditions within which they are working. It is also crucial to minimize uncertainty in order to determine what change and adaptation is to be applied. It is a sign of good management when an organization is able to proactively formulate change and adaptation strategies that can be applied in the future. The role of strategic human resources department is to predict future uncertainties and increase the probability of making the future more manageable. The department will also be responsible for decreasing the overall effect of uncertainties on the organization and on the employees.

Figure (6.2): Riachi's Strategic Human Resources Circle (Uncertainty Hypothesis)
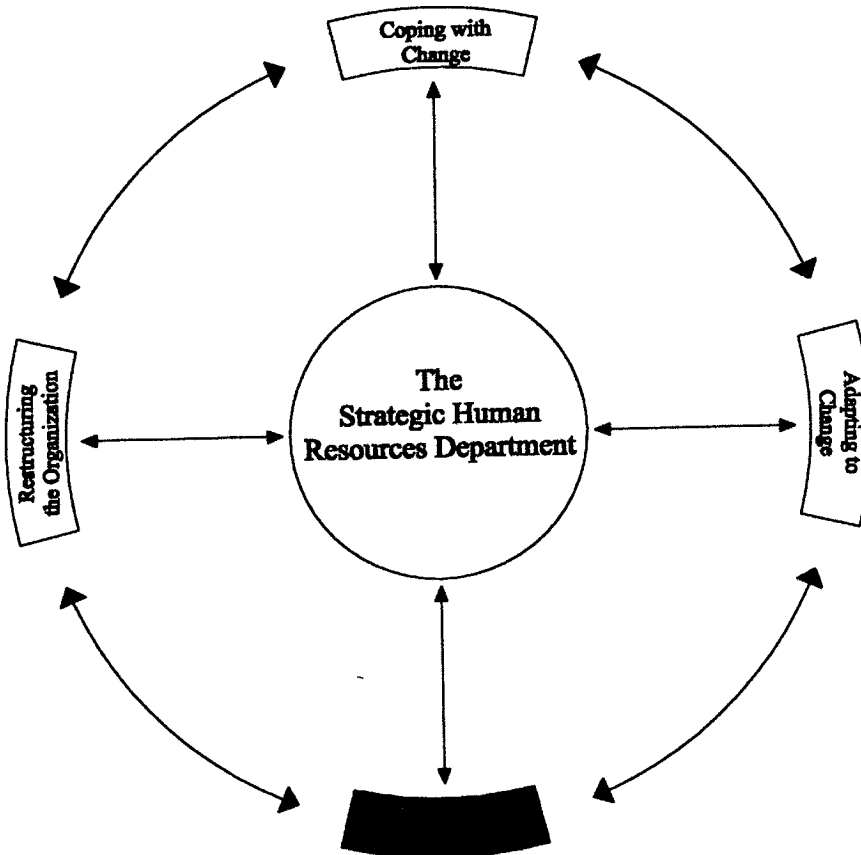
Planning for Uncertainty

This chapter suggests that planning for uncertainties, problem solving, scenario building and building foresights will be the tools to manage uncertainties. The first tool for managing uncertainty is planning. It is a common belief that innovations create change, but very few innovations actually do. Rather innovations make use of changes that have already taken place. Innovation makes use of the time between the occurrence of change and the acceptance of change. During this time lag, mechanistic organizations traditionally operated using policies, procedures, and strategies that have become obsolete. In this period, an organization utilizing the four Riachi Variables can

outperform competition. During the time lag, organizations that are able to acknowledge change and adapt to it, while others still deny change, will become the leaders of the future. [1]

The strategic human resources department must assist in recognizing trends in the external environment (refer to figure (4.1)) that affect the business of the organization. Mechanistic organizations will probably fail while organic organizations that are able to change and adapt to the changing trend will continue to succeed. Important trends often go unnoticed such as, the distribution disposable income. These changes are important in the era of uncertainty, but what is more important is to realize that these trends change quickly. According to Drucker, in the previous years, most of the disposable income was spent on leisure, while currently the disposable income is devoted to health-care. The strategic human resources department needs to assess, evaluate, predict and prepare for such uncertainties. [2]

The strategic human resources department must also assist extrapolating past events that will shape the future. Thus, an organization should determine the opportunities in the industry and convert these opportunities into action plans. Furthermore, the organization should match these opportunities with the strengths of the organization. The first step in managing uncertainty starts with the environmental and core competency analysis. This analysis will clarify what the organization is good at, what it can do well, and what gives it a competitive edge over competition. The analysis also shows where improvement or upgrading of current strengths is required and where new strengths need to be acquired. Matching the company's strengths to the changes that have already taken place produces the first step for an effective action plan. Only then can an organization turn the unexpected into an advantage where uncertainty will stop becoming a threat but rather it will become an opportunity. In the

next section will discuss the second tool of managing uncertainty, which is problem solving. [3]

Problem Solving

The second tool for managing uncertainty is problem solving. The strategic human resources department can use to face the dilemma of uncertainties proper problem solving techniques. Problem solving and decision-making are the same thing, but with one difference. Decision-making is based on facts. Problem solving requires the problem solver to be more accurate, quick, flexible, and trained to be able to directly formulate solutions when sudden and unanticipated situations arise. These situations are called uncertainties. The strategic human resources department will have to train managers and employees regarding the most effective problem solving techniques. The main goal of the strategic human resources department is to coach employees to be effective problem solvers. However, this objective is difficult to achieve and it requires time. The strategic human resources department will have to detect the potential problem solvers in an organization and train them to undertake problem solving and coach other employees through the problem. [4]

Training employees to become good problem solvers will be one of the procedures the strategic human resources department uses to assist in dealing with uncertainties. By developing good problem solvers, the organization will have a workforce that will be able to face uncertain situations thus, decreasing the probability that the organization will be negatively affected by such situations.

Problem solving is a process through which different steps are proposed in order to achieve the desired results. Dave Francis suggests that there are eight steps for effective problem solving. The eight steps are as follows: tuning in, objective setting,

success measures, information collection, decision making, planning, action, and review to improve. This is a structured approach to problem solving. The strategic human resources department should train its employees to face problem solving in this manner. Steps may vary. Employees, with the assistance of the strategic human resources department, may modify the steps to address the needs of the organization. Employees may omit or add new steps according to the situation. Figure (6.3) illustrates the structured steps for effective problem solving.

Figure (6.3) Structured Steps for Effective Problem Solving Under Conditions of Uncertainty

Step 1:	**Tuning In**
Step 2:	**Setting Objectives**
Step 3:	**Success Measures**
Step 4:	**Data Collection**
Step 5:	**Decision Making**
Step 6:	**Planning**
Step 7:	**Action**
Step 8:	**Review to Improve**
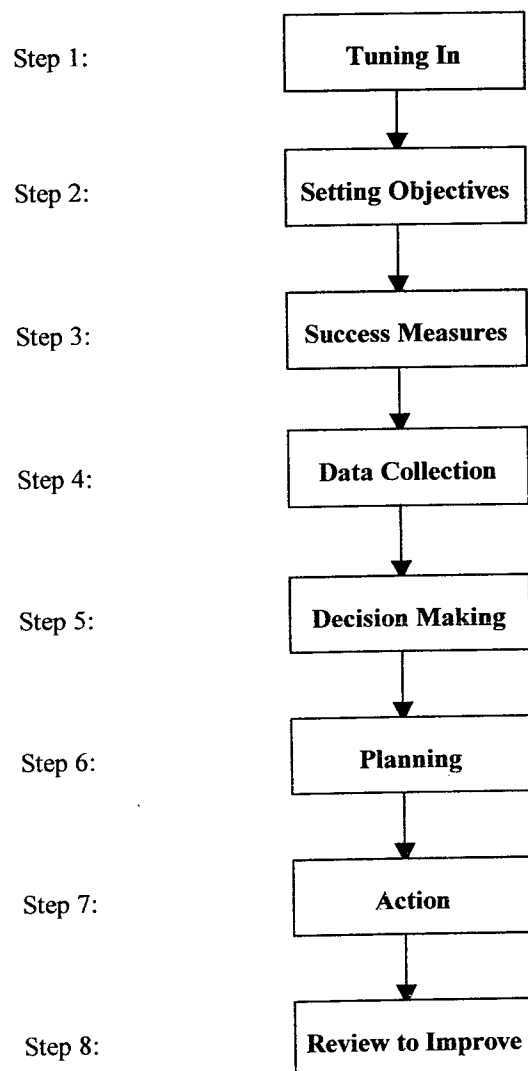
Source: Dave Francis, Effective Problem Solving. (London: Routledge, 1991), 5.

__Tuning In.__ The first step to managing uncertainties is tuning in. Tuning in is developing a clear understanding of the challenges, problems and issues that are to be faced. The strategic human resources department will have to decide if teams or individuals are needed to solve a given problem. The strategic human resources department must ensure that employees are well-trained problem solvers. Roles and responsibilities must be assigned and time constraints and resource limitations must be assessed. Problem solvers must be able to identify, in this stage, what kind of task is required and what challenges are present. [5]

__Setting Objectives.__ The second step to managing uncertainties is setting objectives. The problem solver must be fully aware of the required end results. Goals and objectives must be set with the employees and management under the guidance of the strategic human resources department. Objectives must be specific, understood and measurable. Problem solvers must ensure that objectives are clear and logical. Furthermore, problem solvers must be focused. [6]

__Success Measures.__ The third step to managing uncertainties is success measures. In this step, the strategic human resources department must help the problem solvers define success. The most effective tool is effective performance and progress measurement. Considerable effort must be allocated to determine the appropriate success criterion, and to determine how progress will be monitored. [7]

__Data Collection.__ Information collection is the fourth step to managing uncertainties. It involves the collection of new facts, opinions, feelings, ideas, and attitudes about a given problem. Information can be derived from the experience and knowledge of different employees, as well as through external research and analysis. In this stage, the strategic human resources department must ensure that it develops

certain attributes and skills in employees. These attributes include, creative thinking, identifying relevant data, collecting valid data, structuring data to make sense, and identifying gaps in information. This step will be completed when solution options are clearly laid out. [8]

Decision Making. The fifth step to managing uncertainties is decision-making. Decision-making is assessment of the available options that should be formulated as well as choosing the best solution. In order to assess these options, information should be organized and displayed in a clear and simple manner. The risk for each option should be calculated and carefully analyzed. This step will be completed when a clear and effective option has been adapted. [9]

Planning. Planning is the sixth step to managing uncertainties. Planning provides a detailed program on how to achieve the chosen option. This step involves assigning tasks and roles, determining procedures and actions. In this step, the following issues should be resolved: coordination, control, communication, specifications, priorities, and resource management. Upon resolutions this stage will be completed. [10]

Action. The seventh step to managing uncertainties is implementation. It must be clarified that the plan should be implemented and that the necessary tasks are undertaken creatively under the set time frames. In this step, measurement criterion should also be set. This step depends on the planning step, because if the issues in the previous step have been diagnosed effectively implementation will be a less problematic and complicated procedure. [11]

Review to Improve. The last step to managing uncertainties is reviewing. Reviewing will help the organization learn from past experiences and take corrective actions. The purpose of this step is to test if the plan was properly implemented, if it was successful and to improve methods and future problem solving issues. [12]

It is evident that the success of this process relies on empowering employees. Collaboration between managers, employees, departments and the strategic human resources department is necessary. This approach is structured, simple and comprehensive. Planning for uncertainty is only one of the approaches to managing uncertainties. The next approach that will be discussed is scenario building.

Scenario Building

Another possible technique for managing uncertainty is scenario building. To survive and operate successfully, an organization must be proactive in its identification of uncertainties. The role of the strategic human resources department comes into action when it removes denial and fear regarding uncertainties and directs the attention of employees to ask questions such as: "What are the challenges in the future? How may I be affected? How will other organizations respond to our actions?" [13] Many organizations are myopic and believe that the future is stable. When these organizations are faced with unexpected situations, they fail to react effectively since change was unanticipated. Scenario building is a tool that may be used to create more insight regarding future uncertainties. [14]

Scenario building refers to stories told about the way the world or situations may be in the future. These stories help organizations to adapt, recognize and anticipate change and uncertainties. Scenario building creates many options about what may happen in the future and creates the proper actions for each option, or

scenario. Scenario building is creating alternatives with an understanding of the probable consequences of each scenario. Scenarios involve analyzing the possible situations in the future and creating a plan for each feasible situation. The strategic human resources department will be an important player in building scenarios for several reasons. The first reason is that scenario building is a delicate process and needs special training. The strategic human resources department has to be aware of the type of training needed. Second, when building scenarios, the strategic human resources department will determine if it is possible to implement such plans with the current human resources. It will have to anticipate the reaction of employees to different situations. It will also have to create strategies and training schedules for the new situations. Finally, the strategic human resources department will be proactive in identifying uncertainty and will ensure that employees are aware of uncertainties, change, and how to manage uncertainty. The strategic human resources department will have to create a cross-functional scenario building team. [15]

There are two issues that should be addressed to make the most accurate predictions regarding uncertainties and the most effective scenarios. The two issues are gathering relevant data that will assist in making the most accurate future forecast. The second issue is determining the driving forces that will shape the future.

Accurate Predictions

Scenarios must reflect future situations as accurately as possible. In order to make accurate predictions on the future two issues must be addressed: collecting relevant information and determining the driving forces.

Gathering Information. Scenarios need to be as accurate as possible in order to be able to manage uncertainties. In order to reach this level of accuracy,

information on present situations is required as well as for information that will help determine future situations. The strategic human resources department will have to train employees to properly research and gather the required information. Appropriate information will serve as indicators for future situations. There are certain areas that will provide information on what may happen in the future. One of these areas is science and technology. This area is probably the strongest factor that shapes the future. A scientific breakthrough may change the lives of people and the way business is done. Another area that provides information may be television and media. Television and media will provide information on what people believe is happening and what they believe will happen. Furthermore, television is sometimes so powerful that it will shape what will happen in the future. There are many sources for information gathering. What is important is for organizations to create a list of what information is needed and the sources that provide this information. [16]

Driving Forces. Driving forces are the factors that determine the plot of the scenario and its outcome. Driving forces refer to the factors that will predict uncertainty. The driving forces are the areas in which uncertainty arise. Furthermore, these factors provide the energy and charge to operate or not to operate. The driving forces can be generated internally through organizational goals and workforce, or externally through governmental regulations and other external forces. The strategic human resources department must unveil these driving forces. Without identifying the driving forces the scenario building process would be difficult and scenario plots vague. For example, the price of energy, interest rates, and technology are sources for uncertainty and are important for the success of an organization. The scenarios that are generated must be built around these and other important factors. Furthermore, the driving forces that trigger these factors must also be determined. The importance of

certain driving forces may seem obvious to an employee while not to another. For this reason the scenario building process must be engendered through a cross-functional team. In dealing with uncertainties, it is necessary to determine these driving forces because these are the forces in the environment that are mostly crucial to the organization. Furthermore, as mentioned, these are the factors that will be sources for uncertainty and will change with time. Knowing these forces, the strategic human resources department can help the organization in determining what areas are vague to and attempt to have a clearer perspective concerning these factors. [17]

The driving forces fall into five categories: social, technological, economical, political, and environmental. Social driving forces may include the change in world population, the change in literacy, or the change in cultural diversity. Technological driving forces determine how advances in technology will influence organizational processes. Examples of economic forces include interest rates, debt ratios and other economic values affecting the operation of an organization. For example, change in the price of oil will change the price of transportation and in turn change the distribution expenses. Political driving forces depend on how governmental laws and policies affect an organization. Finally, environmental driving forces include the affects of ecological damage of human kind, wild life, natural resources and how they affect organizations. Another method that can be used to increase the probability of developing accurate predication is building foresight. Building foresight is discussed in the next section. [18]

Building Foresight to Cope with Uncertainty

Another method that can be used to predict the future and decrease the level of uncertainty is building foresight. Building foresight is important because it assists in

developing assumptions about the future. The result is becoming more proactive. The strategic human resources department must play a major role in predicting and reacting to uncertainties as well as shaping the future.

Building foresight assists the organization in getting to the future first and gaining the first mover advantage. It assists the organization in determining its direction and controlling its industry. The strategic human resources department will have to determine the competencies that are needed in the future in order for the organization to operate and be successful. This necessitates identifying the future opportunities and threats. Building foresight is difficult, but implementing it is more difficult. Current failures can be associated with past inaccurate foresight building attempts. Vision may sometimes be considered as a tool for building foresight. However, visions are based on dreams and unstructured assumptions, while foresight is based on structured assumptions in trends in technology, demographics, regulations and lifestyles, which create the future. [19]

In order to build foresight, the strategic human resources department will have to push for advances in information technology. Organizations should be today's information leader in order to be the first to generate assumptions of the future. Situations, solutions, skills and tasks will also be different in the future. In order to get to the future first, the organization must be able to perceive future opportunities and threats. To solve this issue, the strategic human resources department will have to create an opportunity team. The opportunity team will constitute researchers and analyzers who will be responsible for determining opportunities and threats that will shape the future. The team will use information from employees who are closest to the problem and the environment. [20]

The strategic human resources department should recognize that in the future, different and new practices would be required. The strategic human resources department should search in different markets, industries and technologies to be able to build accurate foresights. Building foresight requires the strategic human resources department and the organization to create good scenario building techniques and technological forecasts. However, the future may present many different situations where not enough scenarios can be built. Scenario building starts with what is present and what may happen in the future. Sometimes to be able to build foresight it is essential to work backwards. That is starting with what can happen and then work back to see how the future can be achieved. The organization must build its own future, however, to do so it must be able to imagine it. The strategic human resources department must train its employees to be able to create a visual and verbal representation on what the future may be like. [21]

Another factor that prohibits organizations from predicting the future is the fact that managers and employees tend to view the future through current situations. Organizations fail to realize that processes, products and products in the future may be different. For this reason, the role of the strategic human resources department is to train managers to view the organization as a set of core competencies that can be utilized to meet future opportunities and threats. When an organization defines itself through its core competencies the organization will be able to serve better its market in the future. If the focus of an organization remains on current situations, the organization will be trapped in its current industry and fail to recognize the possibilities of diversification. The organization then, can no longer define itself as "What business we are in?" [22] but, "What business should we diversify into?" change happens so fast that there will be no certain answer to these questions. To compete in

the future the organization will have to ask, "What is our core competencies?" and "What are the opportunities for the future?" [23]

It is the responsibility of strategic human resources department to create organizations that are aware of their environments. It may use researchers in its opportunity team to determine the future requirements. Moreover, it is the most qualified department to make employees sense the need to be flexible. As mentioned previously, the strategic human resources department will work in conjunction with other department to implement the four Riachi Variables. It will be the coordinator, moderator, and the eyes of the organization that will make it aware of new issues as well as creating the required skills and finding the right talents. The strategic human resources department will have to go back to basics and be as simple as possible to be able to develop employees who are able to build foresight and have a vision.

Notes

[1] Peter F. Drucker, <u>Managing in a Time of Great Change</u>. (New York: Truman Talley Books/Dutton, 1995), 39-44.

[2] Ibid.

[3] Ibid.

[4] Dave Francis, <u>Effective Problem Solving</u>. (London: Routledge, 1991), 6-13.

[5] Ibid., 23-36.

[6] Ibid., 37-53.

[7] Ibid., 54-63.

[8] Ibid., 64-82.

[9] Ibid., 83-95.

[10] Ibid., 96-108.

[11] Ibid., 109-114.

[12] Ibid., 115-123.

[13] Peter Schwartz, <u>The Art of the Long View. New York</u>. (John Wiley and Sons, 1996), 4.

[14] Ibid., 4.

[15] Ibid., 3-6.

[16] Ibid., 3-6.

[17] Ibid., 60-99

[18] Ibid., 100-105

[19] Gary Hamal and C. K. Parahald, <u>Competing for the Future</u>.(Boston: Harvard Business School Press, 1994), 76-81.

[20] Ibid., 81-103.

[22] Ibid., 85.

[22] Ibid., 81-103.

CHAPTER SEVEN

RESTRUCTURING HYPOTHESIS

In the past, organizations have been downsizing and reengineering to increase efficiency and decrease costs. Another option is profitability through growth. The need for growth puts more demand on an organization, which in turn creates a need to restructure. Companies are seeking to get new customers, develop new products, or become more creative and innovative. This means that the flow of information and shared learning must be simplified throughout the organization. Facilitating the flow of information and shared learning will be the role of the strategic human resources department. It should alleviate communication problems and develop learning skills. Organizations may also seek growth through restructuring, acquisitions, mergers, and joint ventures. Finding ways to integrate different organizations, work process and cultures will create a need for the strategic human resources department to apply restructuring.

Restructuring involves major changes in the way an organization operates. It demands that people interact and do the same work but in a different manner. There are other reasons than change that calls for restructuring. Other reasons include increases in efficiency or the improvement of technology and the introduction of new innovations such as the Internet. Strategic human resources management will be responsible, in conjunction with other departments, for determining the need for restructuring, designing the best structure that suits the organization and ensuring the best use of the human resources available. Finally, the strategic human resources

department will have to train employees on how to function in the new organizational structure.

It is hypothesized that as the need for structural changes increases from mechanistic to virtual, the greater the number of Riachi Variables must be used. This means that when there is a need to have a mechanistic structure the strategic human resources department must perform the new task of coping with change. However, when the structure needed is multi-divisional, the strategic human resources department must perform the roles of coping with change and adapting to change. When the need for structural change increases to matrix the strategic human resources department must also perform the role of managing uncertainty. The strategic human resources department will thus have the new roles of coping with change, adapting to change and managing uncertainties. When the need for structural change demands a virtual structure the strategic human resources department must utilize each of the four Riachi Variables. The strategic human resources department will have to perform the roles of coping with change, adapting to change, managing uncertainty, and restructuring. Figure (7.1) simulates the correlation between the Riachi Variables and the need for structural changes.

The more an organization is able to increase the use of the four Riachi Variables the more the organization is able to undergo successful and efficient restructuring. Therefore, the success of restructuring becomes a function of the strategic human resources use of the four Riachi Variables.

Figure (7.1) Restructuring Hypothesis

The chart shows "Degree of Successful Restructuring" plotted against the number of Riachi Variables Utilized by SHRD. The vertical axis (Restructuring) ranges from low to high with categories: Mechanistic, Multi-Divisional, Matrix, Virtual. The horizontal axis (Number of Riachi Variables Utilized by SHRD) ranges from low to high with categories: Coping, Adapting, Managing Uncertainties, Restructuring.
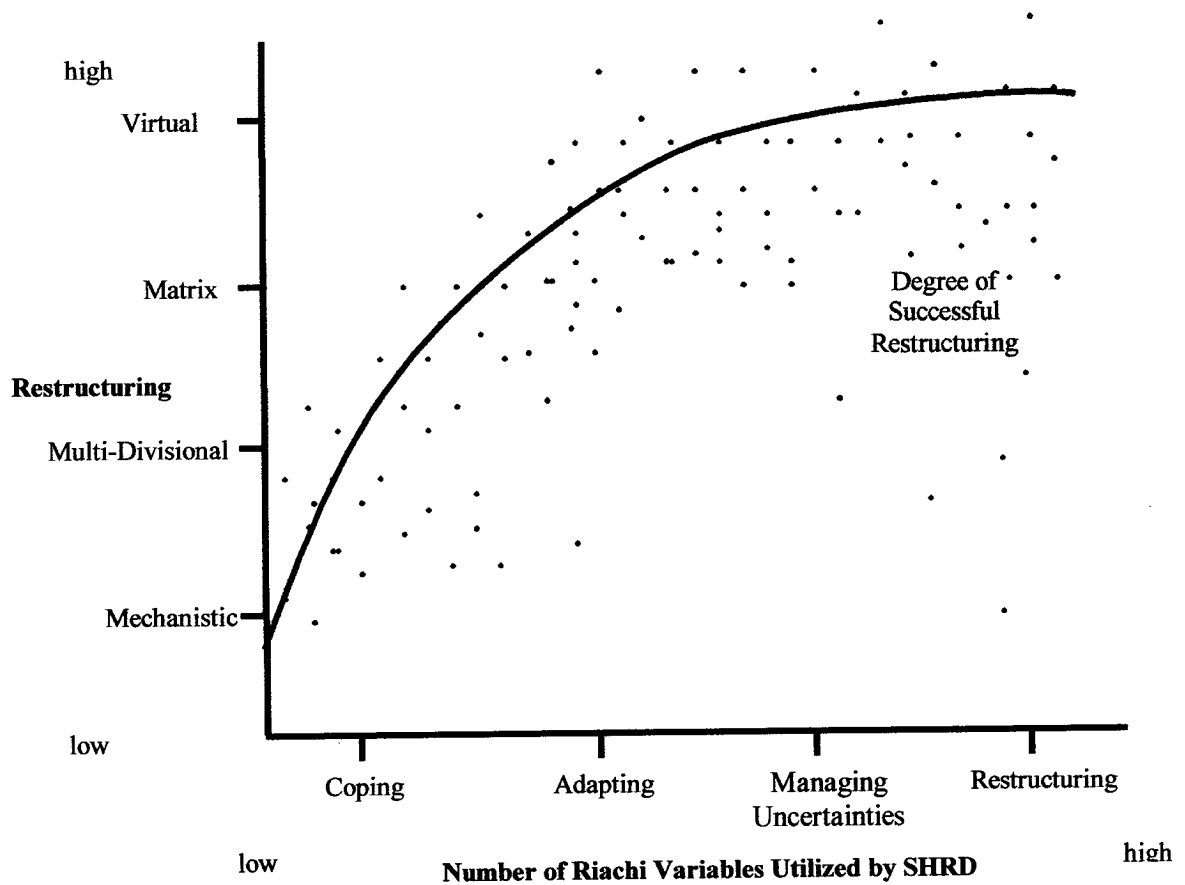
* Note that the chart is a simulation of the correlation analysis.

As shown in figure (7.1) and figure (7.2), the strategic human resources department's new role in the restructuring process will be discussed in this chapter. This chapter will clarify how the strategic human resources department is involved in restructuring. The guidelines for designing organizations, basic organizational designs, new definitions of organizations, organizational designing, and the steps for restructuring will be discussed.

Figure (7.2): Riachi's Strategic Human Resources Circle (The Restructuring Hypothesis)

The
Strategic Human
Resources Department

Coping with
Change

Adapting to
Change

Managing
Uncertainty
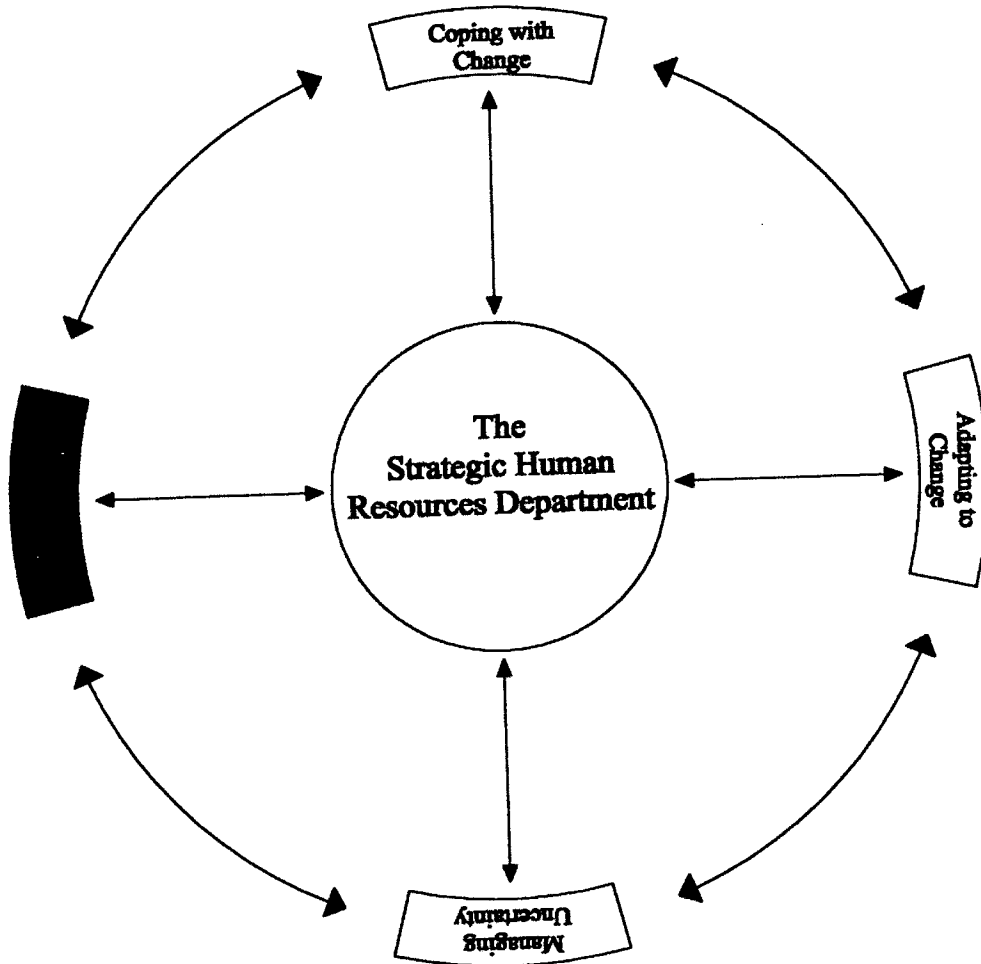
Guidelines for Designing Organizations

The first step of the restructuring process is for the strategic human resources department to know the goals and objectives of restructuring, and what it expects to achieve from the restructuring process.

In the past, some attempts to restructure have failed. The strategic human resources department must be aware of the reasons that lead to this failure. The strategic human resources department will have to redesign the organizational hierarchy focusing on the organization of work, processes, functions, geographical

distribution, customers and markets. In this stage, the strategic human resources department will have to utilize assistance from other departments to help it understand these different factors. [1]

In the restructuring process, the author suggests that the strategic human resources department should focus on designing new process, building new skills, creating new managerial performance measurements, rewards, and information systems. Most specialists agree that structure follows strategy. This objective can be achieved when the organizational structure is coordinated and aligned with new skills, processes, culture and systems. [2]

The strategic human resources department must base its restructuring strategies on creating open systems and designing the organization in an outside-in approach. That is, to design the organization based on the needs of the environment and the needs of the organization. Furthermore, to ensure organizational excellence, the strategic human resources department must create a living organization. That is, an organization that is able to adapt to any situation and is flexible enough to change in order to meet any need. Such organizations will be purposeful and goal directed. Organizations must be self directed and regulated to achieve goals. In order to be self-regulated, the strategic human resources department must train managers to set their goals clearly and gain the commitment of their subordinates for achieving these goals. This process requires continuous feedback to the strategic human resources department to ensure that there is constant progress. [3]

The strategic human resources department will have to create an organizational design that allows the organization to have self-regulated work units that are capable of high performance in any change situation, and are able to adapt to change when there is a shift in the environment. This can be achieved, through the creation of semi-

autonomous teams, where each member contributes a different skill. Furthermore, the strategic human resources department will have to provide multi-skill training. The strategic human resources department will also have to ensure that tasks and outcomes are properly identified. According to Hackman and Oldham the organization should ensure that there is task significance. That is, each task should have a certain impact on the lives of people performing the task. The tasks in the new structures should be designed in a manner to provide managers and employees with direct and clear feedback concerning the effectiveness of their performance. Finally, to create an organization that is able to adapt to change, employees should be granted autonomy in scheduling the work as well as determining the procedures that are to be used to in work. [4]

Basic Organizational Designs

Structure follows strategy and later on it will be discovered that structure also follows environmental change. There are many characteristics of structure ranging from mechanistic to organic. The strategic human resources department will have to be aware of the basic structural types and learn the function and effectiveness of each structure. The strategic human resources department may use a combination of structures that are to be discussed later. However, if it aims to reach organizational excellence and out-perform the competition, it will have to create it's own tailor made structures that are based on environments and strategies. Organizational structures facilitate the organization of resources as well as easing job descriptions, and responsibilities. Structures ease the flow of information and decisions. They give identity to the organization and create norms. The structure of an organization can influence whether or not an organization can be adaptable to change. There are five basic structures: simple, functional, multi-divisional, matrix, and virtual structures.

Simple or Entrepreneurial Structures

Simple or entrepreneurial structures are the least complex forms of structure. The owner or founder of the company makes the decisions while the rest of the employees perform specific tasks. There is no departmental structure. These types of organizations are flexible. Growth and expansion will put pressure on these organizations to change their structures into more complex structures. [5]

Functional Structures

Growth leads to functional structures. Similar activities are grouped into departments. Coordination and control is initiated through the chain of command. Functional structures allow the development of certain specialists and expertise. It provides career paths and utilizes effectively personnel across various departments. The disadvantage of these structures is that they are inflexible and rigid. Decisions take time to be formulated, a thing that is incontinent where change can be faster than the decision making process. When the company grows and expands the structure needs to be changed. [6]

Multi-Divisional Structures

Further growth puts pressure on top management that will become more involved with day-to-day matters. This means that management will tend to ignore corporate planning or they will ignore operational matters leaving a gap in the performance of duties. The solution is dividing the company into divisions or strategic business units (SBUs). Each division will serve a product, market segment, or geographical area and so forth. Each division will have its own chief executive officers and management teams. These divisions will operate as strategic business units inside the parent company, each having its own functional structure. [7]

Interorganizational designs are the result of cooperation of different organizations. Joint ventures, acquisitions, mergers, and coalitions may result in interorganizational designs. Some of these designs are formal and based on ownership of one of the parties over the other. Other designs are based on mutual trust and cooperation where no ownership is present. In the situation of interorganizational designs traditional and hierarchical structures will be minimized and replaced by temporary structures that collaborate the resources of all the organizations involved. [8]

The Matrix Structure

The previous structures try to focus on product or function. The matrix structure focuses simultaneously on the product and function. A matrix structure is based on teams where functional and product or project activities are achieved at the same time. There will be two lines of authority one horizontal, (functional) and the other vertical (product or project). Employees in a matrix structure will report to two managers. The first will be the functional manager who is a specialist in a certain function, and the second manager will be the product or project manager. The advantages of the matrix are the use of teams working towards accomplishing a certain objective and the flexibility and quick problem solving and decision making it provides. [9]

Virtual Structure

In the virtual structure most in-house business activities are eliminated and out-sourcing is common. Activities and tasks are accomplished through the collaboration of different project groups. People contracted to accomplish specific projects replace full time employees. The project-groups are linked through a flexible computer network. To ensure the successful operation of virtual organizations,

innovation should be constant. The advantage of virtual organizations is that they respond quickly to change. Information and computer technology allow the virtual organization to be scattered worldwide. The different project groups of the virtual organization will be linked electronically. [10]

As discussed above it is realized that organizations can be flexible or inflexible. The flexible organizations are known as organic while the inflexible organizations are known as mechanistic. A continuum exists between mechanistic and organic structures. Many structural types lie in between being either very flexible or being very rigid. Figure (7.3) shows the continuum between mechanistic organizations and organic organizations:

Figure (7.3): Continuum of Organizational Structure

Mechanistic   Multi-Divisional   Matrix   **Organic**

Functional   Entrepreneur   Virtual
                                                                     **Can Adapt
                                                                     Effectively
                                                                     to Change**

Source: Daniel Robey and Carole A. Sales, Designing Organizations. (Boston: Irwin, 1994), 86.

Not all organizations have one fixed structure. Many have a mixed structure. For example, large divisional companies may have multiple structural forms. The more organic, an organization is the more it is able to adapt and manage change. Consequently, change and adaptation strategies can be easily applied. Flexible structures allow decisions to be made quickly. Decisions are made at the source as soon as a problem arises. Depending on the industry, its complexity and the environment, structures ranging from mechanistic to organic can still be efficient. The

strategic human resources department must determine what department is affected by change and design this part of the organization the appropriate organizational structure. [11]

New Definitions for Organizations

As mentioned previously, one adaptation strategy is restructuring. Restructuring is the appropriate strategy when the change requires new processes to be developed internally. Restructuring occurs because managers, employees and teams will have to interact differently. The organizational structure facilitates the operation of processes. Thus, with new processes and new teams new structures should be created. [12]

The most effective structures in dealing with change are those that are more flexible. This means that the strategic human resources department will have to restructure the organization and create new leaders that are able to manage the organization in a changing environment. These leaders must be able to manage effectively the mission of the organization. The mission will give a motivational force for the existence of the organization and will clear the issue of restructuring.

Change is continuous, structure follows strategy, and organizations should base their strategies on competitive advantages and core competencies that are also constantly changing. Finally, organizations have to be structured in a way that allows them to adapt to change. But how do these issues relate with each other?

Requirements of Flexible Organizations

In order to structure the flexible organization three obligations must be met. First, cross-functional teams should be created representing relevant departments. Second, internal devices and applications to coordinate different teams must be

developed. Third, the organization must create external partnerships in order to obtain capabilities that it lacks. These obligations will require the strategic human resources department to create internal and external network capabilities. [13]

Previously, organizations were structured around functions, products, or geographical areas. However, in order to create a flexible organization it should also core competencies. The collaboration of cross-functional team will determine the success of the organic structure. This means that the organization will have to align its policies with diverse teams and new structures. This ensures that employees are properly managed in the flexible structures. The alignment of human resources is important in order to be able to allow for coping with change, adapting to change, and managing uncertainties in the new organizational structures. The strategic human resources department must train employees to adapt to new structures, be skillful in operating cross-functional teams and facilitate the flow of information between groups. [14]

Defining the Flexible Organization

Organizational structures should be defined as highly flexible, committed to the individual employee, able to successfully use teams and teamwork, dependent on core competencies and strongly diversified. Organizations must be flexible and able to commit to moving, adapting and changing as required by the changing environment. When organizations are committed to the individual they are able to concentrate on results rather than means, and employees become convinced that what is important is effective work and growth. Employees want an organization were they can grow, acquire new skills, and enhance the value of their work. Teams will have to be self-managed and self-directed in order to fulfill the goal of flexibility. The role of teams is to handle a certain challenge, project or problem. When teams are able to resolve these

issues, some teams will disappear and new ones will appear. Individuals will find themselves moving form one team to another in a short period of time or even be in more than one team at a time. Employees will have a different role in each team. They can be leaders in one team, peers in another, or subordinates in a third. The roles of the team members are assigned by the nature of the work. The definition of employees' job descriptions has now been extended and roles change according to different situations. The strategic human resources department will have to train employees to be efficient in any given role or position. Teams will change as required to create the desired flexibility. The core competencies will be built on knowledge and expertise. [15]

Organizations of the future must define themselves as open systems, and these systems must be able to receive and interpret information quickly. Management will also be information-driven. The organization must be able to receive large amounts of information and process this information quickly. The information must be shared across geographical areas, functions and organizational levels. The strategic human resources department will have to train managers that the employees are to be viewed as internal clients and served as such in order for them to expand their skills and knowledge. Furthermore, the strategic human resources department will encourage and train employees to apply effective decision-making when interfering with customers. Customers are considered a valuable source of information. [16]

Designing the Organization

During the design process, the strategic human resources department should create socio-technical systems that consist of fully integrated employees and systems. Organizations should be goal directed and achieve the goals through coordinated activities. Organizations receive inputs, such as financial resources, raw materials,

employees and information from the external environment. These inputs are transformed internally into outputs. Outputs are transmitted back into the external environment as products, services and information. This system of operation is elaborated in figure (7.4):

Figure (7.4): Operation in an Open System Organization
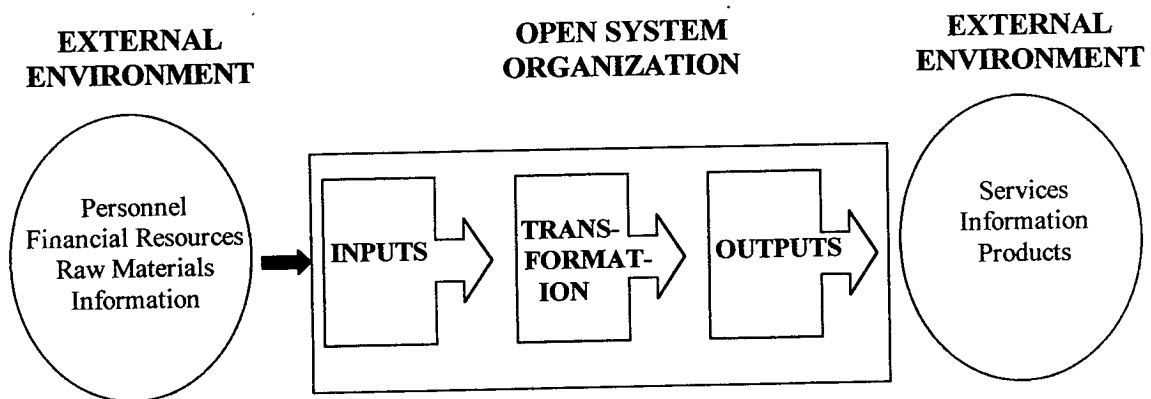
Source: Robert A. Barron, <u>Behavior in Organizations- Understanding and Managing the Human Side of Work</u>. (Boston: Allyn and Bacon, Inc., 1986), 428.

Open System Roles

The operation of the new open system roles will be on five levels: "production, maintenance, boundary spanning, adaptation and management." [17] The role of production involves the transformation of inputs from the external environment into outputs. The production department managers will be trained and monitored by the strategic human resources department. The maintenance role involves keeping the organization operating smoothly. It involves repairing and servicing machinery, buildings and other physical objects. This role is represented by the maintenance team and by the strategic human resources department. The third role is system boundary spanning. Boundary spanning involves dealing and coordinating with suppliers,

customers, government agencies and the general public. Due to constant change, the new role of adaptation will be added to the organizations systems. This role will help the organization meet and keep up with changing conditions. This function will be the responsibility of the strategic human resources department, however it will use the assistance of other departments. The work of adaptation will be done on a cross-functional team basis. The fifth system or role is management and its role is to coordinate the operations of all the other systems together throughout the organization. The coordination and interactions of the five different systems are elaborated in figure (7.5):

Figure (7.5): Organizational Systems and Roles
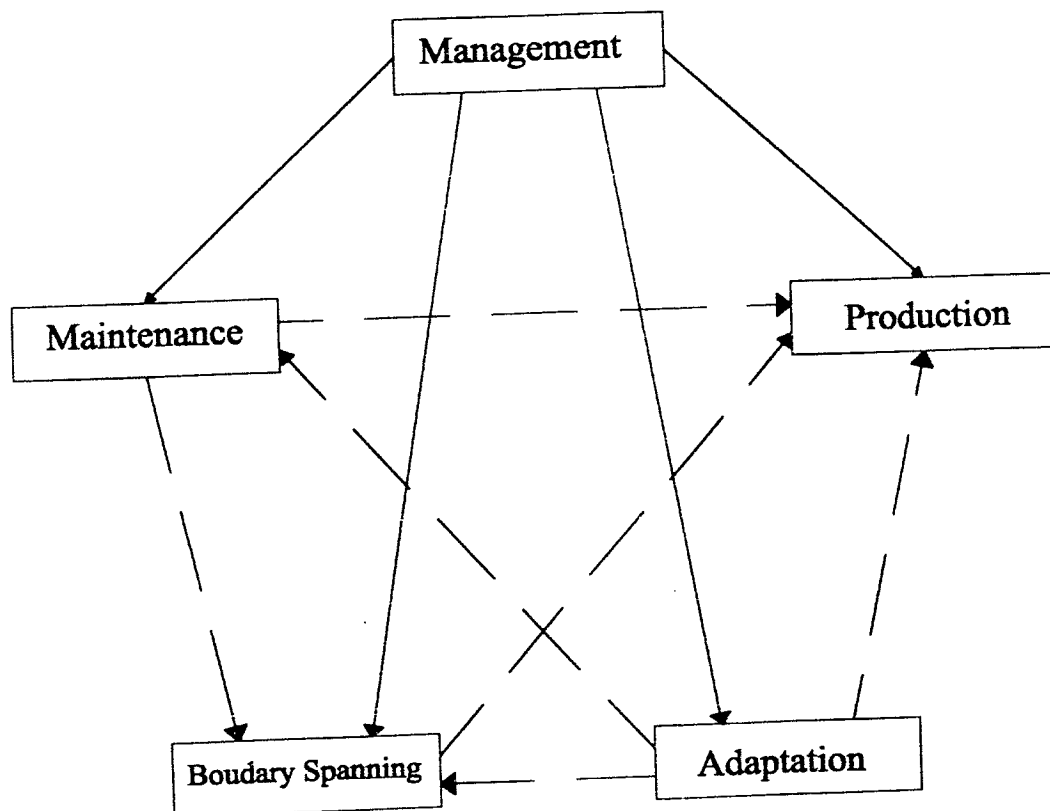

Source: Robert A. Barron, <u>Behavior in Organizations- Understanding and Managing the Human Side of Work</u>. (Boston: Allyn and Bacon, Inc., 1986), 429.

Henry Mintzberg proposed a new organizational structure that is based on five levels. The Mintzberg organizational structure will be discussed in the following section.

Mintzberg's Organizational Design

According to Henry Mintzberg, an organization must be structured based on five levels: the operating core, middle line, strategic apex, support staff, and technostructure. Operators are found on the base of the organizational structure. They form the operating core and they are responsible for creating products and services. The middle line consists of middle managers. The strategic apex consists of senior managers. These three levels lie in the hierarchal line of authority. Outside the line of hierarchal authority lies the technostructure, which is responsible for coordinating the work by standardizing processes. The support staff is responsible for providing indirect services for the organization. The services of these employees may be outsourced. The support staff also lies outside the hierarchal line of authority. The technostructure and the support staff affect the organization indirectly. However, they will have staff positions, which report to the middle line managers. The technostructure and support staff indirectly affects the operating core. Figure (4.5) shows the organizational design according to Mintzberg. [18]

Figure (7.6): The Organizational Design According to Mintzberg
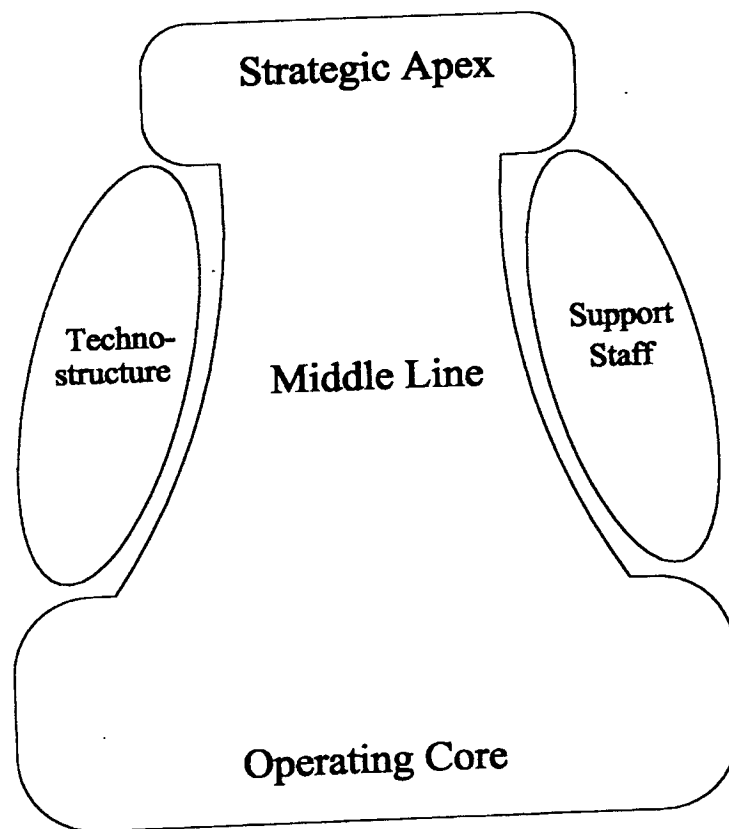
Source: Henry Mintzberg, <u>Structure in Fives- Designing Effective Organizations</u>. (New Jersey: Prentice Hall, 1983), 11.

Riachi's Modified Mintzberg's Structure

The organizational design of Mintzberg is effective in a stable environment. The author suggests that the strategic human resources department should restructure organizations based on Mintzberg's design. Strategic human resources management should modify the structure to adapt to current and future environments. The strategic human resources department will keep the same staff and line of authority, however, there will be more communication and interaction between the levels of authority. The structure will be more team oriented. The technostructure will be replaced by what

will be called an efficiency structure. Its main responsibility will be to identify changes in the environment and create adaptation strategies. Identifying needs and opportunities in the environment and creating the organizations core competencies is another responsibility of the efficiency structure. The support staff will remain the same however, its role should be more active and strategic to help the operation of the organization. The efficiency structure and the support staff will be more integrated in the organization. That is, they will directly affect the operating core, middle line and strategic apex. They will become more aware of the organization's internal and external environments. Organizations will become more team oriented. That is, there will be cross-functional teams from various departments and levels established to accomplish a certain task and will serve to provide coordination throughout the organization.

The strategic human resources department will be placed in the strategic apex, since it will become a part of strategy formulation especially those strategies that deal with change. However, the strategic human resources department will be available in all levels and it will have the main responsibility of creating coordination throughout the organization including the external and the internal environments. This coordination will be achieved in the following manner. The strategic human resources department will have two types of members: core members and participative members. The core members are those who work in the strategic human resources department. The participative members operate in other levels and departments in the organization but also aid in the coordination responsibility of the strategic human resources department. This can be easily viewed if one considers that the participative members work as coordinators for the strategic human resources department. These participative members will help the strategic human resources department solve problems on

different levels, as well as coordinating and familiarizing the different parts of the organization with each others needs, problems, functions and actions. The participative members will also help in detecting change, creating adaptation strategies and identifying problems on different levels concerning the adaptation to change. The strategic human resources department will also be responsible for the efficiency structure. This type of organization will be known as the Riachi's Modified Mintzberg Structure, and it is illustrated in figure (7.7).

Organizations will be decentralized in order to cope, adapt and manage uncertainties flexibly in the changing environment. Being decentralized means that power and decision-making will be spread among many people throughout the organization. Change is continuous and upper management needs more time to analyze data and make decisions. Decisions must become timely and positively affect the organization. Decentralization will also serve as a motivational tool where employees feel like a part of the decision making process. Decentralization must be vertical that is, the decision-making power must be transmitted down the line of authority. However, decentralization should also be horizontal. This means that across the horizontal level of the organization functional managers should also be given the power of decisions making. Employees should also be empowered. The strategic human resources department must make managers aware on the importance of decentralization. They must also train managers on how to make use of employee decision-making. It should set the rules and limitations of decision-making. In the new structure, employees participate with managers. They will be able to make decisions together and quickly. On the lower level, the strategic human resources department must train employees on how to make proper decisions and how to abide by certain limitations and rules. The strategic human resources department must also train the

organization on what decisions should be delegated horizontally and what decisions should be delegated vertically.

Figure (7.7): Riachi's Modified Mintzberg Structure
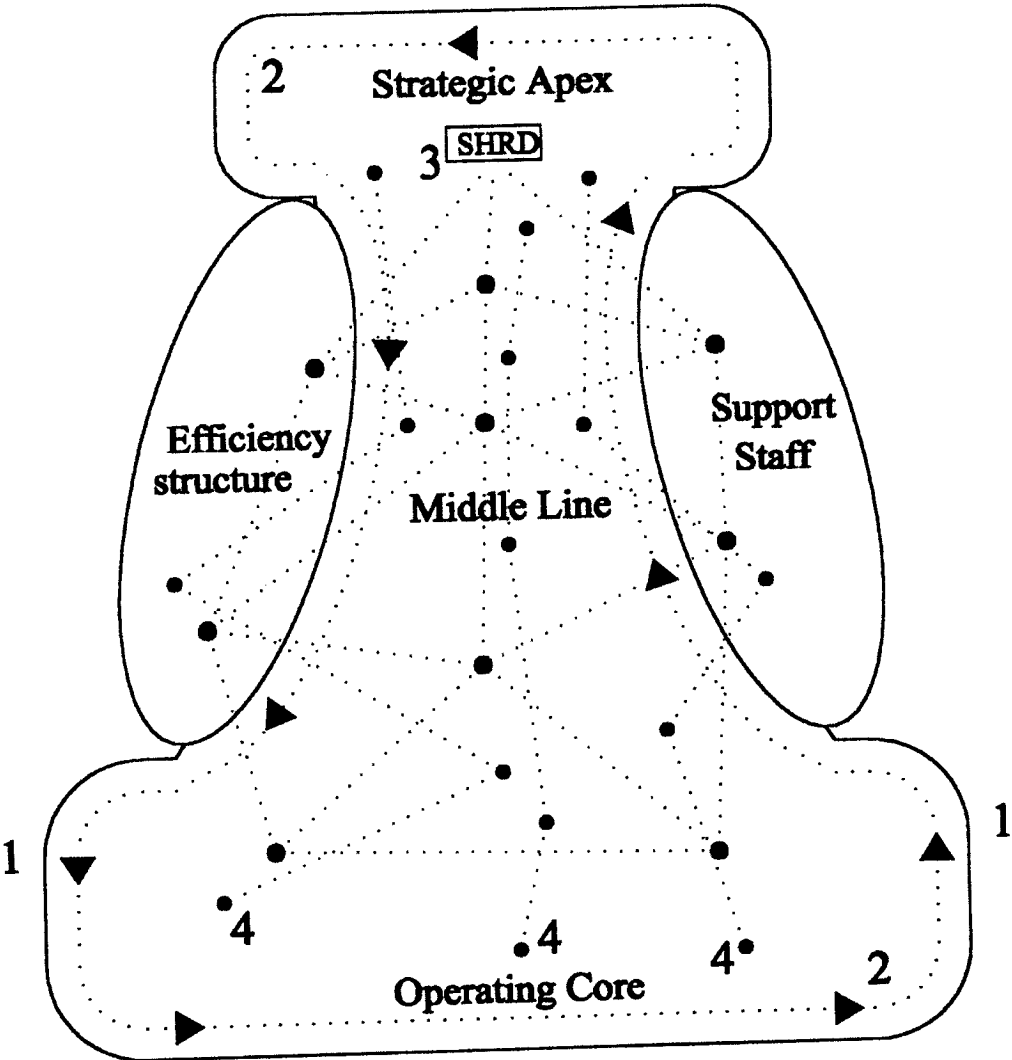
1. The Efficiency structure and support staff will become integrated with the organization that is why they intercept the wall. Between the strategic apex, middle line and operating core.
2. The line represents how the different parts of the organization will communicate with each other.
3. The strategic human resources department will have participative members throughout the organization.
4. The organization will be based on cross-functional teams which means there will be different teams represented by different levels throughout the organization.

The Flexible Organization

There are some characteristics and qualities that should be present to ensure that the strategic human resources department is able to design a flexible organization. In flexible organizations, there are multiple reporting relationships, lateral relationships, increased teamwork, and empowered employees who are able to make decisions. The basis of a flexible organization is to create a network of relationships, where work and progress will be made through cooperation with teams. Flexible structures tend to be more flat, lean and often change forms. When there is change, people's jobs and roles change. Thus, the structure will change and so will the informal networks. In a flexible structure the strategic human resources department should train employees to become partners, with the objective of working together to achieve a certain goal or objective. Information must flow freely and be made available easily to all employees. The strategic human resources department will have to create efficient information systems. Furthermore, information should be transmitted vertically as well as horizontally. The flexibility of the organization will also depend on the flexibility of its managers and employees. [19]

Table (7.1) compares the characteristics of flexible (organic) structures with traditional (mechanistic) structures.

Table (7.1): Mechanistic Versus Organic Structures

	Mechanistic	**Organic**
Structure	Hierarchical	Network
Communication & Interaction	Vertical	Vertical & Horizontal
Formality	Formal plus informal	Informal plus formal
Direction of Work	Immediate manager	Self, teams
Decision Making	Top management	Empowerment throughout the organizations
Staff	Independent, advisory, audit, control, assist	Partnerships
Commitment	Loyal to organization and career	Involved with work, team, and customer
Attitude Towards Change	Stability, authority, control, risk avoidance	Anticipation, adaptation, innovation

Source: James W. Walker, Human Resource Strategy. (New York: McGraw-Hill, 1992), 135.

Restructuring the Organization

There are certain rules the strategic human resources department must follow in order to successfully restructure the organization into an organic and flexible organization. The first objective is to minimize rules, predefined procedures, and policies. There will still be rules and regulations that act as guidelines. It should also develop procedures to help the employees achieve the ideal processes for accomplishing tasks. The strategic human resources department must train managers and supervisors to detect employees who are deviating from the planned results and

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assisting them to guide themselves back to the desired situation. The second objective is to train employees acquire multiple skills rather than specializing in one task. Jobs will change with the changing environment. Each employee must be ready, flexible and adaptive to new situations. Furthermore, functions will be viewed from different perspectives. Tasks can be achieved through different methods and employees. The strategic human resources department should ensure that different points of views are taken to reach the best solution. The third objective is facilitating the flow of information. Information should be provided at the point of action and where it is needed for problem solving. Creating employee value is the fourth objective. Employees must feel that they are important and that they are partners in the organization. One way to achieve this is through giving the employees shares in the organization through employee stock option plans (ESOPs). Employees will feel that they own a part of the organization and that the success of the organization will reflect their own success. [20]

Another way to achieve this was discussed before, and it is through empowerment. Participative management is allowing employees become part of the decision making process. Furthermore, the strategic human resources department must ensure a healthy work environment, a high quality of work life, and fulfill all the individual needs of the employees. [21]

It can be concluded that, for an organization to be structured to adapt to change, the strategic human resources department must hire strong flexible leaders. These leaders must be willing to learn from others. The strategic human resources department must have a clear vision on what and how things must be done. Furthermore, it should create a culture where there is a high concern for results as well as a high concern for employees. The most important factor is to challenge the

impossible, this mission should be clear to all employees. The strategic human resources department must convince and motivate managers to challenge the impossible in order to create high performing and flexible organizations.

There are certain steps that should be followed in order to successfully restructure the organization. These steps include: analyzing the environment, analyzing the future, designing action plans, designing core tasks, designing operating systems, designing managerial systems, designing other systems, designing coordination and finally declaration. These steps will be discussed in the following section.

Steps for Restructuring

The steps that the strategic human resources department has to take in order to design the organization of the future are a combination of previously discussed factors.

Step One. The first step is to conduct an environmental analysis. The present situation of the organization must be defined. The current expectations and interactions between the organization and the environment must be clearly identified. In order to be able to achieve this objective the strategic human resources department must know what is expected from the organization versus what the organization expects from the environment. It must also be aware of how the organization interacts with the environment. Finally, it should identify how the environment affects results and how the organization's results affect the environment. [22]

Step Two. The second step is analyzing the future. This step has three folds. The first, is predicting the future if no significant change is to happen. That is, what the future will be like if no change in the current situation occurs. The second, is predicting the future when change occurs. That is, trying to predict what the future will

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be like if change occurs. This involves scenario building as discussed in the previous chapter. The third is to predict the ideal future, which is the situation the organization wants to be in the future. The strategic human resources department will have to determine the gap between the three future situations. This gap will determine the action plans, transactions, structure, and procedures in the organization. [23]

Step Three. The third step is determining the action plans that will put the organization in the ideal future. The action plans depend on the gaps determined in the previous step. The action plans will determine the structure and the design of the organization. This step will also involve specifying the goals and output targets the organization wants to achieve in the future. Also in this step, knowledge and skills to accomplish the tasks will be studied and specified, as well as determining the cooperation between members and the information that is needed to ensure that the tasks are performed efficiently. [24]

Steps Four, Five and Six. The fourth step, is determining the core task to achieve the targets assigned. Networks, teams, and groups will be defined in this stage. The fifth step is to design the operating networks, teams and departments. Step six is designing the support networks, teams, and departments as discussed in previous sections. [25]

Steps Seven and Eight. Steps seven and eight, they involve designing the managerial systems and any other systems, networks, teams, or departments that may directly or indirectly affect the organization. [26]

Step Nine. The ninth step is creating coordination systems and procedures. This step can not be considered as an independent process. It is a process that takes

place from the fourth step onward. Interactions are determined and defined; they must be effective, clear and simple. In this stage, the flow of information and material from finish to start must be set and determined. Finally, in this step the areas that are most affected by certain changes will be identified. [27]

Step Ten. The tenth and last step is the declaration step. It involves introducing the new structure to the organization, and assigning the duties and responsibilities as well as training employees on how to operate in the restructured organization. The steps of restructuring are illustrated in figure (7.8).[28]

Figure (7.8): Steps for Restructuring
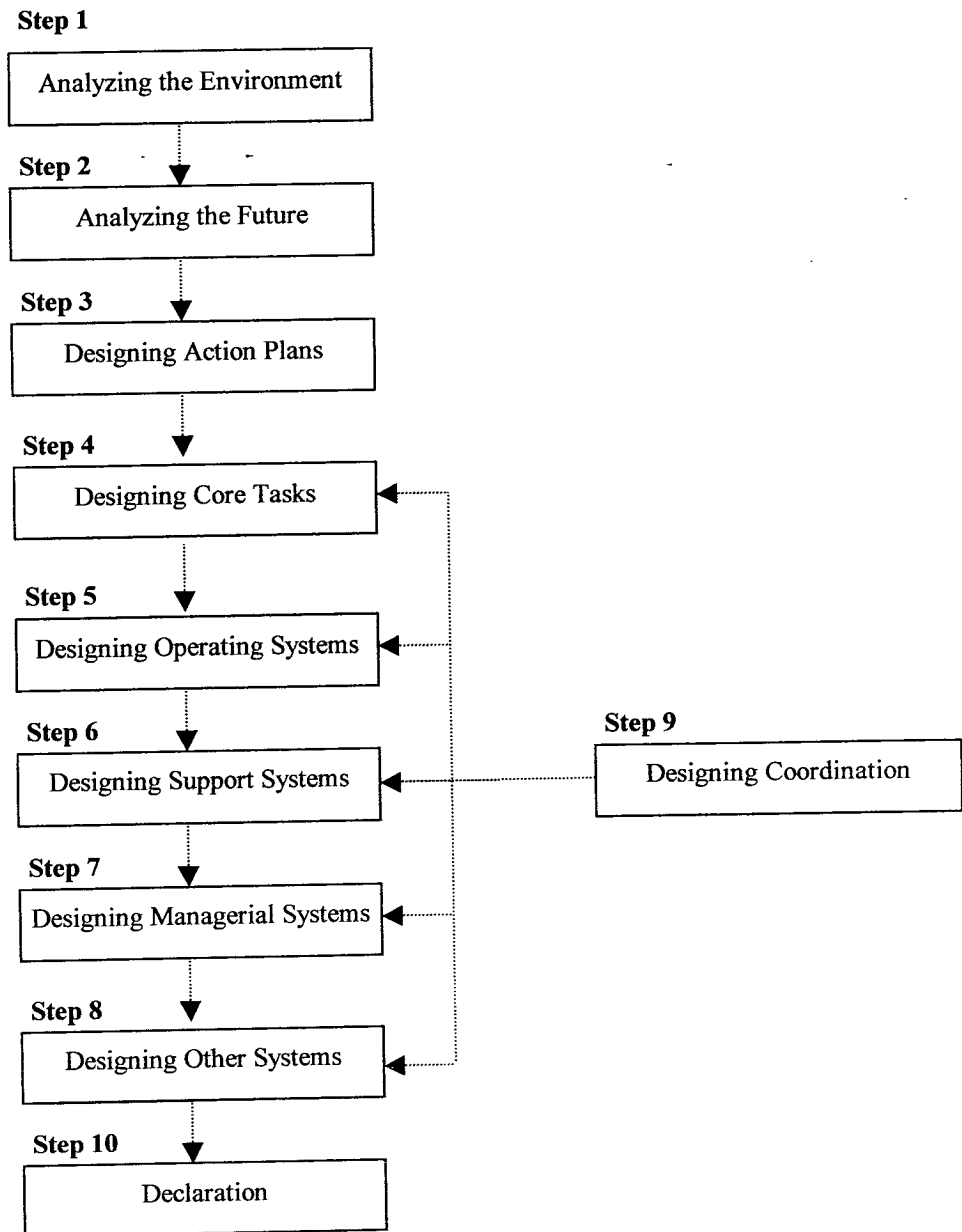
Step 1

Analyzing the Environment

Step 2

Analyzing the Future

Step 3

Designing Action Plans

Step 4

Designing Core Tasks

Step 5

Designing Operating Systems

Step 6

Designing Support Systems

Step 9

Designing Coordination

Step 7

Designing Managerial Systems

Step 8

Designing Other Systems

Step 10

Declaration

Source: David P. Hanna, Designing Organizations for High Performance. (New York: Addison-Wesley Publishing Company, 1988), 98-152.

Designing the Individual Position

Each position or task in an organization operates across four areas, each position thus will hold responsibility of accomplishing the tasks across those areas.

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The four areas are: operations, support, coordination and environment. These areas are expressed in figure (7.9). The operations area deals with the core tasks that are directly related to the output of the organization. The support area is the tasks that enable the core tasks to operate efficiently over time. In this area, employees have the responsibility of maintenance, achieving quality and being administrative. The third area, involves coordination of tasks. These are managerial tasks where the employee will be involved in setting direction, decision making, and coping and adapting to change. The fourth area involves, environmental tasks, the role of the individual employee becomes progressively more strategic through each of these tasks. Employees will have to interact with the environment and find possible ways to adapt to the environment. The strategic human resources department must be aware of these four areas and design the individual positions accordingly. It also holds the responsibility of making employees aware of the four areas in their positions. These four areas should be structured in a manner to fit with the employees' needs, skills, behavior and position. See figure (7.9). [29]

Figure (7.9): The Four Areas of Individual Position

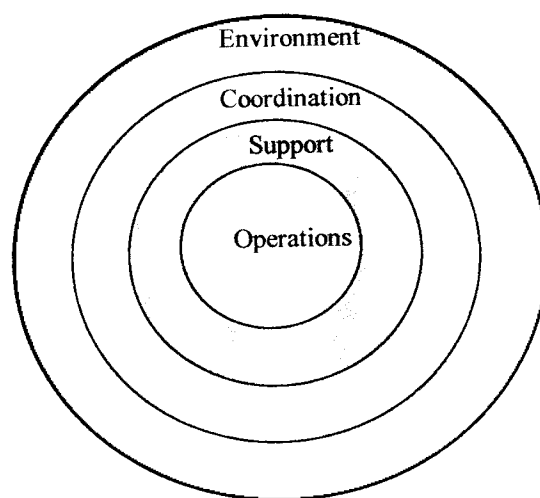Source: David P. Hanna, Designing Organizations for High Performance. (New York: Addison-Wesley Publishing Company, 1988), 147.

The individual position of each employee must reflect the flexibility of the organization. This means that the strategic human resources department must make flexible job descriptions. Roles must be described in order to encourage the employee decision making and flexibility to do what ever is needed in different situations. The strategic human resources department must also ensure that roles are enriched vertically. Employees, as mentioned previously, will have multiple skills and they will be assigned a greater variety of tasks. Each position would also be designed such that employees would rotate through different assignments. This will help in the development of multiple skills, organizational and operational flexibility and will help each employee be aware that the roles in an organization are defined by core competencies and outputs rather than specialized skills or jobs. [30]

Designing Group and Team Positions

When designing teams in the future, the strategic human resources department, in conjunction with other departments, must be aware of the advantages of network teams. As previously discussed, teams will be able to achieve organizational goals, flexibly and autonomy in the changing environment. This is the major reason for creating teams. However, team creation has other reasons as well. Teams will decrease the amount of supervision in the organization. Since teams will be self-directed, supervision will be minimal. Furthermore, when supervision is needed it will be common to individual positions as well as teams. This will ensure harmony between the two roles of employees. Teams will also ensure that members in the organization will be able to share common resources. Members will be able to share a common budget as well as facilities and equipment. Having common resources will allow teams to have common performance measures. This will create harmony and coordination

between the activities of the future organization. Finally, if the teams are sharing resources and have common performance measures, this means that there will be more contact between the teams. This contact will be informal but, nevertheless, will help teams increase their performance and let teams coordinate and cooperate to achieve better results. Table (7.2) illustrates the six bases of team creation with a brief explanation of each one. [31]

Table (7.2): The Bases for Team Creation

Bases for Team Creation	Description
Knowledge and Skill	Teams are created based on the knowledge and skills each member contributes to the job.
Work Process and Function	Teams are created based on the activity or process that is used by each member of the team.
Time	Teams can be created based on when the work is done. For example, different shifts in a factory.
Output	Teams are created based on the products and services that they create.
Client	Teams are created in order to deal with a certain segment of clients. For each group or segment of clients in this case there will be a different team to serve it.
Place	Teams can be created on the bases of the geographical regions in which the organization operates.

Source: Henry Mintzberg, Structure in Fives- Designing Effective Organizations. (New Jersey: Prentice Hall, 1983), 48-50.

The work of the strategic human resources department in designing team positions starts by analyzing the current environment and then the future. This is an important task in order to be able to determine the future tasks and roles of the teams. However, it will have to analyze the short-term future and concentrate on it because teams will be created to perform a certain task, and then when this task is over, another team will be created. This means that whatever change occurs in the future, a new team will be created to handle this issue. The organization as a whole will be designed for flexibility so the teams will be able to directly adapt to change. The strategic human resources department also has to analyze the action plans, objectives, goals, and core tasks that are required. Accordingly it will be able to create cross-functional teams. It will have to divide the action plans among the teams. Each team will have a part to contribute to fulfill the action plans. Furthermore, each team will have a different objective, goal and core tasks to perform. By combining the work of all the teams, the goals and objectives of the organization will be met. [33]

Conclusion

When the strategic human resources department is able, in conjunction with other departments, to restructure the organization to cope and adapt to change and anticipate uncertainties it will be able to increase the performance of the organization in the changing environment. The strategic human resources department will share the responsibility, in conjunction with other departments, of increasing the performance of the organization.

Notes

[1] Frances Hesselbein, Marshall Goldsmith and Richard Beckhard, The Organization of the Future. (San Francisco: Jossey Bass, 1997), 55-64.

[2] , David P Hanna, Designing Organizations for High Performance. (New York: Addison-Wesley Publishing Company, 1988), 133-135.

[3] Ibid., 134-140.

[4] Colin A. Carnall, Managing Change in Organizations. (London: Prentice Hall, 1995), 149.

[5] Ibid., 17.

[6] Ibid., 18.

[7] Ibid., 19.

[8] Daniel Robey and Carole A. Sales, Designing Organizations. (Boston: Irwin, 1994), 239-242.

[9] Colin A. Carnall, Managing Change in Organizations. (London: Prentice Hall, 1995), 20.

[10] Thomas L. Wheelen and J. David, Strategic Management –Business Policy. (Prentice Hall, Inc.), 195.

[11] Clayton M. Christensen and Michael Overdof "Meeting the Challenges of Disruptive Change." Harvard Business Review (March-April 2000): 67-76.

[12] Frances Hesselbein, Marshall Goldsmith and Richard Beckhard. The Organization of the Future. (San Francisco: Jossey Bass, 1997), 87-93.

[13] Ibid., 1997. 119-125.

[14] Ibid., 1997. 119-125.

[15] Ibid., 1997. 325-328.

[16] Henry Mintzberg,. Structure in Fives- Designing Effective Organizations. (New Jersey: Prentice Hall, 1983), 4-23.

[17] Robert A. Barron, Behavior in Organizations- Understanding and Managing the Human Side of Work. (Boston: Allyn and Bacon, Inc., 1986), 425.

[18] Henry Mintzberg,. Structure in Fives- Designing Effective Organizations. (New Jersey: Prentice Hall, 1983), 9-24.

[19] Henry L. Tosi, John R. Rizzo, and Stephen J. Carroll <u>Managing Organizational Behavior</u>. (Oxford: Blackwell, 1994), 92-97.

[20] Ibid.

[21] David P. Hanna, <u>Designing Organizations for High Performance</u>. (New York: Addison-Wesley Publishing Company, 1988), 98-152.

[22] Ibid.

[23] Ibid.

[24] Ibid.

[25] Ibid.

[26] Ibid.

[27] Ibid.

[28] Ibid.

[29] Ibid.

[30] Henry L. Tosi, John R. Rizzo, and Stephen J. Carroll <u>Managing Organizational Behavior</u>. (Oxford: Blackwell, 1994), 45-49.

[31] Ibid.

[32] Ibid.

CHAPTER EIGHT

CONCLUSION

More organizations are realizing that the environment is changing turbulent. New strategies are needed to manage the turbulent change. It is suggested that, employees are the solution to the four Riachi Variables and the strongest asset in the organization. The human resources department should coordinate with other departments to manage change and uncertainties. Organizations in the future will be more concerned about results than means of accomplishment.

However, if the human resources department will be the agent that will make the organization successful, it will need new roles and capabilities. This means that the human resources department will have to become the strategic human resources department. The strategic human resources department will still have the responsibility of performing the traditional human resources functions. In addition to the traditional human resources functions, the strategic human resources department will have new expanded roles. The new roles are: coping with change, adapting to change, managing uncertainty and restructuring. These new roles will be known as Riachi's Four Variables. The Riachi Variables are interrelated in Rachis's Strategic Human Resources circle as illustrated in figure (8.1).

Figure (8.1). Riachi's Strategic Human Resources Circle
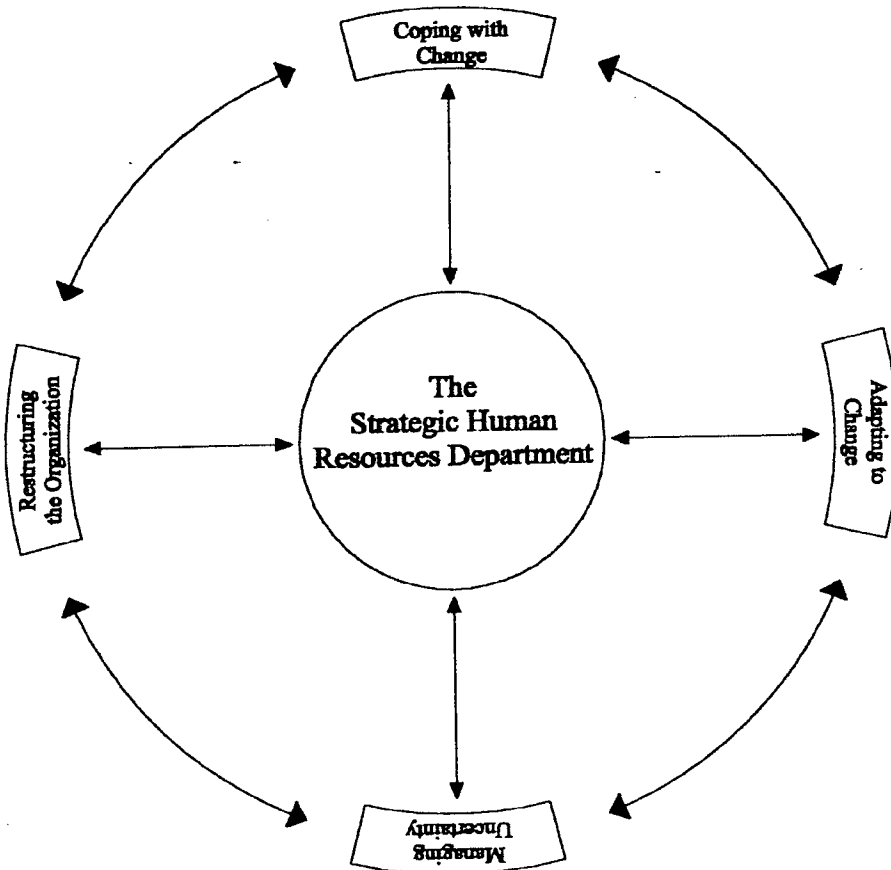
Coping Hypothesis

It is hypothesized that as change increases from stable to turbulent the number of Riachi Variables utilized by the strategic human resources department must increase in order to be able to cope with change. Conversely, it is hypothesized that as change decreases from turbulent to stable the fewer number of Riachi Variables are required. It is suggested in the thesis that the more the strategic human resources department adapts the Riachi Variables the better it can create coping strategies. That is, if change was stable the strategic human resources must adopt the coping role to be able to cope with change. However, if the degree of change increases to moderate the thesis suggests that the strategic human resources department should perform the coping and

adapting roles to be able to successfully cope with change. When change becomes dynamic, the strategic human resources department must perform the new roles of coping, adapting, and managing uncertainties to successfully cope with change. When change is at it highest level and becomes turbulent, the strategic human resources must adopt all four of the Riachi Variables to successfully cope with change. That is, it has to carry out the new roles of coping, adapting, managing uncertainties and restructuring.

Adaptation Hypothesis

It is hypothesized that as the need for adaptation increases from low to instantaneous, the number of Riachi Variables must increase with the rate of adaptation. Conversely, it is hypothesized that as the need for adaptation decreases from instantaneous to low, the fewer number of Riachi Variables are required. When there is a low need for adaptation the strategic human resources department must perform the new role of coping. When the need for adaptation is modest the strategic human resources must add the role of adaptation to its new roles, thus it will have the new roles of coping and adapting. However, when the need for adaptation becomes fast the strategic human resources department must perform the new roles of coping, adapting, and managing uncertainties. When the need for adaptation becomes instantaneous, the strategic human resources department must adopt all four of the Riachi Variables. The strategic human resources department will have to perform the four roles of coping, adapting, managing uncertainties and restructuring when there is an instantaneous need for adaptation.

Uncertainties Hypothesis

It is hypothesized that as the level of uncertainty increases from low to continuous, the number of Riachi variables used must increase. Conversely, as the level of uncertainty decreases from continuous to low, the fewer number of Riachi Variables are required. It is suggested in the thesis that when the level of uncertainty is low the strategic human resources department has to adopt the new role of coping with change to be able to manage this level of uncertainty. However, when the level of uncertainty increases to average the strategic human resources will also have to adopt the role of adapting to change to manage the average level of uncertainty. Thus at this level of uncertainty the strategic human resources department will have to perform the roles of coping with change and adapting to change. When the uncertainty level increases to above average the strategic human resources department will have to perform the roles of coping with change, adapting to change, and managing uncertainties to successfully compete in an uncertain environment. When the level of uncertainty becomes continuous the strategic human resources department will have to utilize all four of the Riachi Variables to successfully manage uncertainty. At this level of uncertainty the strategic human will perform the roles of coping with change, adapting to change, managing uncertainties and restructuring.

Restructuring Hypothesis

It is hypothesized that as the need for structural changes increases from mechanistic to virtual, the greater the number of Riachi Variables must be utilized by the strategic human resources department. Conversely, as the need for structural changes decreases from virtual to mechanistic, the fewer number of Riachi Variables are required. When there is a need to have a mechanistic structure the strategic human resources department must perform the new task of coping with change. However,

when the structure needed must be multi-divisional the strategic human resources department must perform the roles of coping with change and adapting to change. When the need for structural change increases to the matrix, the strategic human resources department must also perform the role of managing uncertainty. The strategic human resources department will thus have the new roles of coping with change, adapting to change and managing uncertainties. When the need for structural change demands a virtual structure the strategic human resources department must utilize all four of the Riachi Variables. The strategic human resources department in this case will have to perform the roles of coping with change, adapting to change, managing uncertainty, and restructuring.

Figure (8.2) illustrates the strategic human resources department chart.

Figure (8.2) Riachi's Strategic Human Resources Department Roles

The SHRD
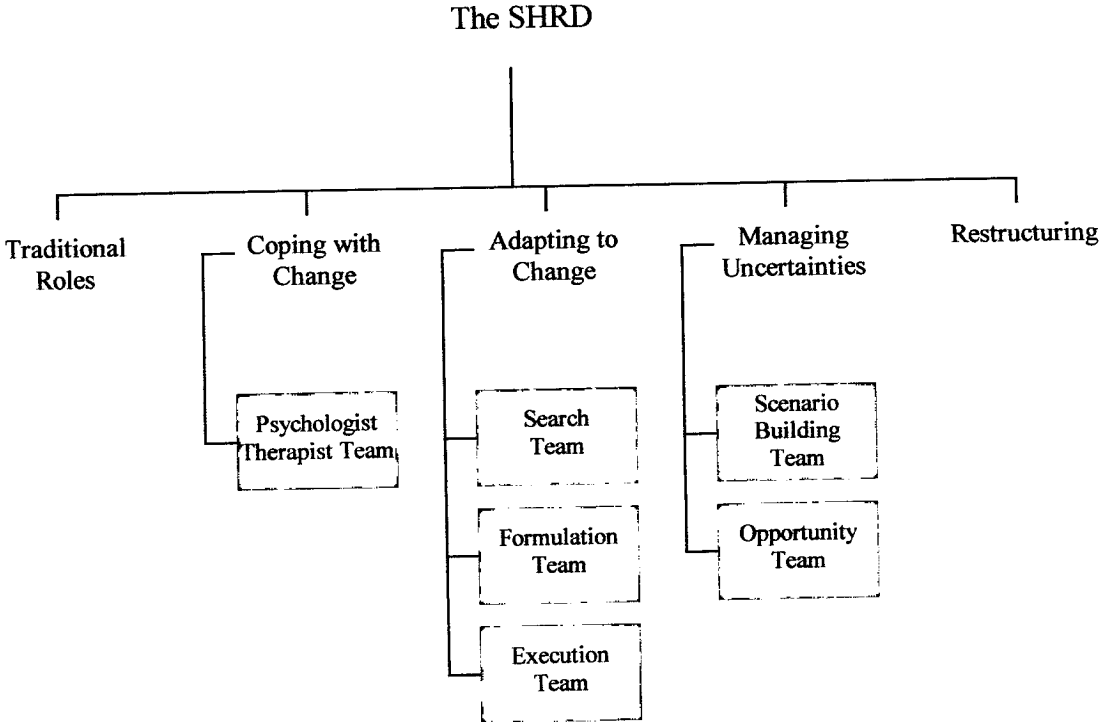
Summary

In order for organizations to be able to function effectively in changing environments they must develop a strategic human resources department that is able of utilizing the four Riachi Variables. All four Riachi Variables are important to maintain effective performance in changing environments. The strategic human resources department must exploit the Riachi Strategic Human Resources Circle to ensure that the four Riachi Variables are properly utilized.

The strategic human resources department may create new cross-functional teams to be able to better utilize Riachi's Strategic Human Resources Circle. For example, it may create a psychologist therapist team to better utilize the coping with change role, a search team, formulation team and execution team to better utilize the adapting to change role, and a scenario building team and opportunity team to better utilize the managing uncertainty role.

APPENDIX I

SAMPLE POTENTIAL PROBLEM SOLVER AUDIT QUESTIONNAIRE

Please tick the appropriate answer for each question:

Attribute	OK	Need to do more	Need to do better
1. Wanting to defeat problems			
2. Seeing problem as opportunity			
3. Being energized not weakened by a problem			
4. Seeing difficulties as temporary			
5. Believing that a better future could be created			
6. Doubling efforts when faced with a problem			
7. Rarely being beaten by a problem			
8. Being able to separate emotions when faced with a problem			
9. Being very interested in finding solutions for problems			
10. Trying to work with others to solve problems			
11. Understanding own limits			
12. Being persistent when things go wrong			
13. Having self-confidence			

Attribute	OK	Need to do more	Need to do better
14. Not being pessimistic			
15. Feeling capable even in uncertain situations			
16. Being able to adopt a systematic approach to problem solving			
17. Being flexible when analyzing problems			
18. Being always aware of the obstacles to effective problem solving			
19. Viewing problems as projects			
20. Not using old solutions for new problems			
21. Be able to identify the type of problem that is being faced			
22. Being able to choose the best team to tackle a problem			
23. Being able to recognize time and resources constraints			
24. Specifying objectives to be achieved			
25. Creating systems to measure success			
26. Collecting information adequately			
27. Making sense out of information			
28. Developing clear options for actions			
29. Developing criteria for evaluation			
30. Breaking tasks down			
31. Scheduling tasks ins sequences			

Attribute	OK	Need to do more	Need to do better
32. Specifying standards to be achieved			
33. Developing effective coordinating mechanisms			
34. Acting with commitment			
35. Taking time to review to improve			
36. Learning from success and failure			
37. Giving feedback to help all improve in the future			

Source: Dave Francis, <u>Effective Problem Solving</u>. (London: Routledge, 1991), 6-13.

APPENDIX II

EXAMPLE OF A PERFORMANCE APPRAISAL TECHNIQUE

The following is an example of a performance evaluation process that will determine the effectiveness of the organization and will propose a diagnoses process.

The first step in the performance evaluation process is to create a functional analysis; the purpose of this analysis is to identify the relationship of employee in different functions in order to be able to determine the effectiveness along different areas and departments of the organization. The following questionnaire assessment, contains questionnaires for all the different departments of the organization. The strategic human resources department as well as the manager of the department concerned and the all the employees in that department or involved with the issue that is evaluated should fill out each questionnaire. However, the first questionnaire in the following page titled "People Issues" should filled out by all the members of the organization. The person who will fill out the questionnaire should be asked to give scores out of one hundred. It should also be clear that the questionnaire is to help the employees, so they should not be afraid and they should be as honest as possible.

Issue: People Issues

| Name: _____ | Position: _____ |
| Department: _____ | Date: _____ |

Factor	Score	Comments
The design and operation of the pay systems		
Promotion and career development opportunities		
Training and development		
The effectiveness of performance appraisals		
The skills and experience of employees		
The policies regarding selection and placement		
The relationship with other unions represented in the organization		
The extend to which employees are motivated to give best performance		
The quality of information available for the doing the jobs		
The extend to which human resources are considered when formulating strategies		
*Peoples Issues Score Average:*_____		

Source: Colin A. Carnall, <u>Managing Change</u> (London: Rouledge, 1992), 8-9.

Issue: Financial Issues

| Name: _____ | Position: _____ |
| Department: _____ | Date: _____ |

Factor	Score	Comments
The effectiveness of budget preparation		
The level of involvement of the staff in preparing he budget		
The consistency between departmental budgets and the overall organizational budget		
The degree of consistency between the budget and the strategic plans		
The effectiveness of management control		
The utilization of information management		
The degree of which managers take corrective actions		
The degree in which information from which the management takes from the information systems is used to increase the overall performance of the organization		
*Financial Issues Score Average:*_____		

Source: Colin A. Carnall, <u>Managing Change </u>(London: Rouledge, 1992), 10-11.

Issue: Marketing Issues

Name: _____	Position: _____
Department: _____	Date: _____

Factor	Score	Comments
The contribution of each product or service groups to sales and profits		
The market position of each product or service groups in terms of market share		
...in terms of growth		
...in terms of maturity		
The extent in which the organization competes effectively in terms of price		
...in terms of quality		
...in terms of services		
...in terms of delivery		
The quality and extent knowledge about competition as well as future competition		
The use of market research and the extent of its effectiveness on product or service development		
*Marketing Issues Score Average:*_____		

Source: Colin A. Carnall, <u>Managing Change </u>(London: Rouledge, 1992), 12-13.

Issue: Operations/Services Issues

Name: _____ Position: _____

Department: _____ Date: _____

Factor	Score	Comments
The level of cooperation between marketing and operations/services department or teams		
The extent of which information from marketing, finance, etc. are made useful		
The understanding of management of long term costs		
...of productivity		
...of resources utilization		
...of technology		
...of change		
The extent in which management is effectively able to control costs		
The level of inventory in relation to output, sales and cash		
The state, flexibility efficiency, and age of plant, equipment and facilities		
The flexibility of staff		
The level of investment compared with that in the industry		
The effectiveness of operations and planning		
Operations/Service Issues Score Average: _____		

Source: Colin A. Carnall, Managing Change (London: Rouledge, 1992), 14-15.

Issue: Corporate/Business Development Issues

Name: _____	Position: _____
Department: _____	Date: _____

Factor	Score	Comments
The organizations investment in business development		
The ability of the organization to respond quickly to market and competition pressures and demands		
The organizations ability to develop, utilize and take advantage of new products and services		
The extent in which the organization is able to make use of opportunities for product or services improvement		
The integration of development with market, operations, finance, design, etc		
The extent in which the organization is able to make use of outside sources for development (example: joint ventures, consultants ....)		
Corporate/Business Development Issues Score Average: _____		

Source: Colin A. Carnall, <u>Managing Change</u> (London: Rouledge, 1992), 16.

After all the questionnaires have been filled out the averages should be calculated. The averages will be calculated separately for employees, managers and the strategic human resources department. There will be two areas of concern. First, is where there are large differences between the averages according to the three parties. The second area of concern is where there are low averages and scores. Another way to tackle the issue, especially when the strategic human resources department wants to identify the performance of each task in detail in the certain function, it will have compare the score averages of the certain function of concern and subtract it from the score of each function (i.e. subtract it from the score of each question in the questionnaire of the certain function). Where the average score is higher than the individual score this means that the performance in this area is low and it is an area of concern for the strategic human resources department. After deriving the scores the strategic human resources department will have to create a list of strengths and weaknesses as well as listing the priorities to work on in each function, department, or team. On the following page is an example of an strengths, weaknesses, and priorities for improvement the strategic human resources department will have to fill out.

Strength – Weaknesses – Priorities Assessment		

Function: _____	Average Score: _____
Department: _____	Date: _____

Factor	Score	Comments
Weaknesses: a. b. c. d. e.		
Strengths: a. b. c. d. e.		
Improvement priorities to work on: a. b. c. d. e.		

Source: Colin A. Carnall, <u>Managing Change</u> (London: Rouledge, 1992), 17-18.

This evaluation technique deals with each function or department. However, if the strategic human resources department wants to evaluate work performance, in a number of related areas, another evaluation technique will be used. This evaluation is

used to determine the performance and effectiveness of the organization, and if the current managerial systems are effective or not. Here the employee will evaluate the organization. The first step is to ask employees to fill out the questionnaire illustrated below. It should be stressed that the employee be as honest as possible, and that questionnaire is not test, as well as there are no right or wrong answers.

Organizational Performance/Effectiveness Evaluation

Name: _____   Position: _____

Department: _____   Date: _____

1	2	3	4	5	6	7
Agree Strongly	Agree	Agree Slightly	Neutral	Disagree Slightly	Disagree	Disagree Strongly

Factor	Rating						
I understand the objectives of the organization	1	2	3	4	5	6	7
The way work is organized in the organization is effective	1	2	3	4	5	6	7
Management will always listen and be open to ideas	1	2	3	4	5	6	7
Encouragement to give the best and to give full potential is always available	1	2	3	4	5	6	7
Direct management always offers, support help and ideas to make the work easier	1	2	3	4	5	6	7
Policies and procedures are always updated to meet the change	1	2	3	4	5	6	7
Objectives are always successfully and efficiently achieved	1	2	3	4	5	6	7
Objectives and goals that are to be achieved are clearly stated	1	2	3	4	5	6	7

Organizational Performance/Effectiveness Evaluation

1	2	3	4	5	6	7
Agree Strongly	Agree	Agree Slightly	Neutral	Disagree Slightly	Disagree	Disagree Strongly

Factor	Rating						
Jobs, tasks, functions and authority are flexible	1	2	3	4	5	6	7
Incase there is a work-related problem there is always someone to help	1	2	3	4	5	6	7
The salary and compensation are compatible with the work being done	1	2	3	4	5	6	7
All the information and resources to do a good job are available	1	2	3	4	5	6	7
The management style and systems in the organization help in performing a good job	1	2	3	4	5	6	7
Methods are constantly reviewed and improvement are always introduced	1	2	3	4	5	6	7
Results are achieved because people are committed to them	1	2	3	4	5	6	7
There is enthusiasm and motivation in the work that is being done	1	2	3	4	5	6	7
There are good relationships with other employees and group or team members	1	2	3	4	5	6	7
There are opportunities for promotion and increasing responsibilities	1	2	3	4	5	6	7
The plans set by the organization are realistic and achievable	1	2	3	4	5	6	7
There are always reviews and consultation of performance	1	2	3	4	5	6	7
There is freedom in doing or changing anything in the job if seen appropriate	1	2	3	4	5	6	7
Employees are cost efficient and seek to make the best of resources	1	2	3	4	5	6	7

Organizational Performance/Effectiveness Evaluation

1	2	3	4	5	6	7
Agree Strongly	Agree	Agree Slightly	Neutral	Disagree Slightly	Disagree	Disagree Strongly

Factor	Rating						
The priorities of the organization are clearly understood	1	2	3	4	5	6	7
There are constant research on how to improve the work	1	2	3	4	5	6	7
There is effective co-operation in order to get the work done successfully	1	2	3	4	5	6	7
There is constant encouragement and recognition	1	2	3	4	5	6	7
Departments and teams work well together in order to achieve good performance	1	2	3	4	5	6	7
Management has good leadership skills that is inspiring for work	1	2	3	4	5	6	7
There is a great capacity to change and meet the demands of the environment	1	2	3	4	5	6	7
The work done is always necessary and effective	1	2	3	4	5	6	7
Objectives are detailed and clearly stated and work roles are clearly identified	1	2	3	4	5	6	7
There is satisfaction from the way work is structured	1	2	3	4	5	6	7
Conflicting different views are resolved by solutions that are understood and accepted	1	2	3	4	5	6	7
All the employees performance are reviewed on predetermined standards	1	2	3	4	5	6	7
Departments and teams help each other when it is necessary	1	2	3	4	5	6	7
The managerial style of the direct manager helps in increasing the performance of subordinates	1	2	3	4	5	6	7

Organizational Performance/Effectiveness Evaluation						
1	2	3	4	5	6	7
Agree Strongly	Agree	Agree Slightly	Neutral	Disagree Slightly	Disagree	Disagree Strongly

Factor				Rating						
Creativity and innovation from the side of the employee are encouraged		1	2	3	4	5	6	7		
Employee are concerned in learning and in doing a very good job		1	2	·3	4	5	6	7		

Source: Colin A. Carnall, Managing Change (London: Rouledge, 1992), 21-24.

When all the questionnaires are filled out, the strategic human resources department will have to calculate the average ratings for each factor or question. It will have to calculate the averages based on percentages. Any factor were more than 50% of the responses were rated three or below will be considered as a strength. Any factor were more than 50% of the responses were rated four or above will be considered as a potential weakness. Any factor were more than 30% of the responses were rated five or below will be considered as an identified weakness. The difference between a potential weakness and an identified weakness is that a potential weakness is a factor that, if not worked on and cautiously tackled, will affect negatively the performance of the organization. An identified weakness is a factor that is already affecting the performance of the organization and is considered as a priority to diagnose. The strategic human resources department will then have to create a list of the strengths, potential weaknesses and identified weaknesses in order to know on what it will have to work, where strengths must be enhance, potential weaknesses prevented, and identified weaknesses diagnosed. The list below is an example of the list the strategic human resources department will have to fill out.

Factors to Work On		

Purpose of Study: _____

Area of Study: _____

Date: _____

Factor	Score	Comments
Strengths: a. b. c. d. e.		
Potential Weaknesses: a. b. c. d. e.		
Identified Weaknesses: a. b. c. d. e.		

Source: Colin A. Carnall, <u>Managing Change</u> (London: Rouledge, 1992), 26.

When the strategic human resources department wants to evaluate the overall personal performance of an employee, a similar questionnaire will be given to the

employee's manager, the employee, and any other employee or person that the is working with the employee or in contact with the employee.

Throughout the thesis, it is stressed that the employee will play the major role in creating a successful organization. One of these roles is to improve performance. One way the strategic human resources department could seek the help and involvement of the employee in improving the performance of the organization is by letting the employee fill out an improvement analysis questionnaire. An example of this questionnaire is presented below.

Improvement Analysis	
Name: _____	Position: _____
Department: _____	Date: _____

What are the main strengths of your department and/or team?
a.
b.
c.
d.
e.
What are the areas in which the department and/or team could be improved?
a.
b.
c.
d.
e.

Improvement Analysis

List practical ways in which the department and/or team could improve performance.

a.

b.

c.

d.

e.

How might your department and/or team improve the quality of its output and the service it provides?

a.

b.

c.

d.

e.

Do you think that you are given, or have access to do your job effectively?

Yes ☐   Most of the time ☐   Some of the time ☐   No ☐

How might the quality of information provided by improved?

a.

b.

c.

d.

e.

Source: Colin A. Carnall, <u>Managing Change </u>(London: Rouledge, 1992), 28-29.

To assess the performance of the organization or the employee the strategic human resources will use all three evaluation techniques to be able to determine, the strengths of the functions of the organization, the overall strength of the organization,

where the employee thinks improvement is needed, blocks to improvement, priorities to work on, weaknesses, and the practical steps for improvement. The following list is an analysis of all of the three performance evaluations mentioned above, and the strategic human resources department should fill it in order to begin the process of diagnosis.

Final Performance Analysis

Purpose: _____

Area of concern: _____

Date: _____

Functional Strengths

a.

b.

c.

d.

e.

Organizational Strengths

a.

b.

c.

d.

e.

Areas for Improvement

a.

b.

c.

d.

e.

Final Performance Analysis

Improvement Blocks

a.

b.

c.

d.

e.

Improvement priorities

a.

b.

c.

d.

e.

Potential weaknesses

a.

b.

c.

d.

e.

Identified weaknesses

a.

b.

c.

d.

e.

Practical steps for improvement and increasing performance

a.

b.

c.

d.

e.

f.

g.

h.

i.

j.

k.

l.

m.

n.

o.

p.

Source: Colin A. Carnall, <u>Managing Change</u> (London: Rouledge, 1992), 30-32.

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