

Towards a conceptual model of the role of HRM in corporate transformation

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Introduction

- Businesses in SIDS are small relative to those within advanced capitalist countries and more **vulnerable** but they compete in the same global environment;
- The markets in SIDS are generally too small to sustain long-term growth and profitability;
- The quest for sustained competitive advantage often relies on extending business across borders by way of inorganic growth – a process that requires substantial and far-reaching internal change (corporate transformation);
- There is considerable empirical evidence suggesting that human resource management can contribute to improved organisational outcomes;
- Though it is generally acknowledged that change is **owned** by the HRM function, there appears to be little research that links HRM to business outcomes in the context of corporate transformation.

The Paper

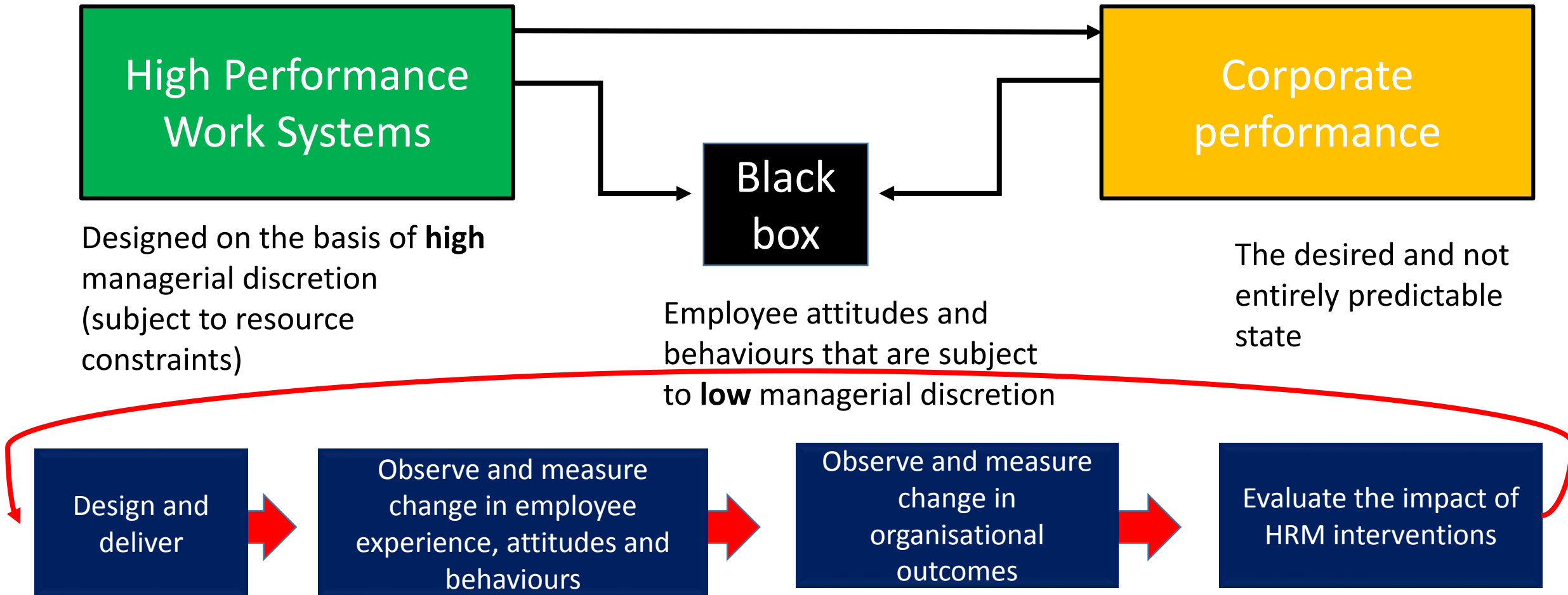
Research Objective: to advance a conceptual model that outlines and explains how human resource management contributes to the process of corporate transformation in small island developing states.

Research Question: “How can businesses that wish to undertake a process of corporate transformation in an effort to achieve and sustain profitable growth, leverage human resource management?”

Why does this matter?

- There is not much research on the relation between HRM and corporate strategy in SIDS;
- The character of the **transmission mechanism** (between HR interventions and organisational outcomes) is varied and highly complex and is described as a “black box”
- If “context matters” then:
 - The mountains of empirical findings drawn from large companies in developed economies may not apply to SIDS;
 - The **transmission mechanism** will vary with the nature of the change that the organisation is undertaking and the dynamics of the broader socio-cultural and economic environment;
- Businesses seeking to achieve sustained profitable growth, need this knowledge to guide their choice of HRM strategy.

The transmission mechanism



Definition: HPWS

Even after more than thirty years of working with this concept (and its variations) there is no consensus on its definition. For this presentation:

... a bundle of **synergistically** aligned human resource management interventions, designed to support (or drive) the organisation's strategic objectives. Also known as "high involvement" or "high commitment" systems, they are typically designed to enable broad-based employee participation in decision-making and in theory, greater employee **engagement**, more strategically focused employee **behaviours**, more discretionary inputs from employees, greater innovation and ultimately better organisational performance.

What is corporate transformation?

- . . . rapid, fundamental, disruptive, and far-reaching change . . .
 - “. . . the institutionalisation of change in the way **most** members of the organisation interact, with a view to securing long term or sustainable competitive advantage (Blumenthal and Haspeslagh 1994, p. 105)
 - “. . . are that it is often unpredictable because the future state is unknown, and secondly it is so radical that successful execution require a change in the culture, behaviour and mindset of the people of an organization.” (Anderson & Anderson, 2010a, p. 60)

Corporate Transformation

- . . .[corporate] transformation is a **deliberate, disruptive, systematic** and **far reaching multilevel** and **multidimensional** initiatives intended to bring about a **fundamental** departure from an existing state to a desired but not **entirely predictable** future. It involves a change in the perspective, values, attitudes, beliefs and behaviours of the majority of people in an organisation, comes to assume a life of its own and ultimately becomes ingrained in the culture of the organisation.

Method

SAMPLING

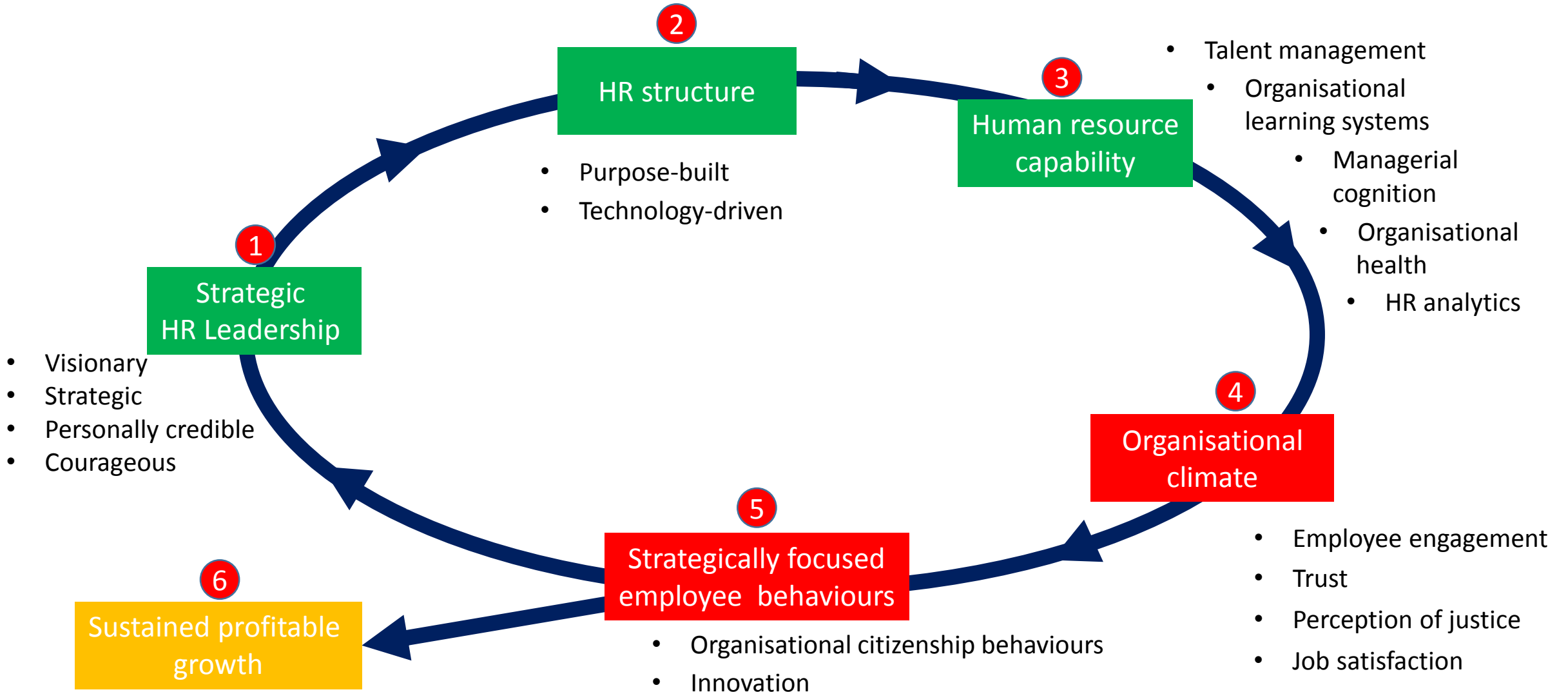
No effort was made to be representative in the sampling process, choosing instead to employ the principle of “maximization” as defined by Boeije (2009, p. 35), focusing on locations where the phenomenon of study was most likely to manifest itself.”

SAMPLE

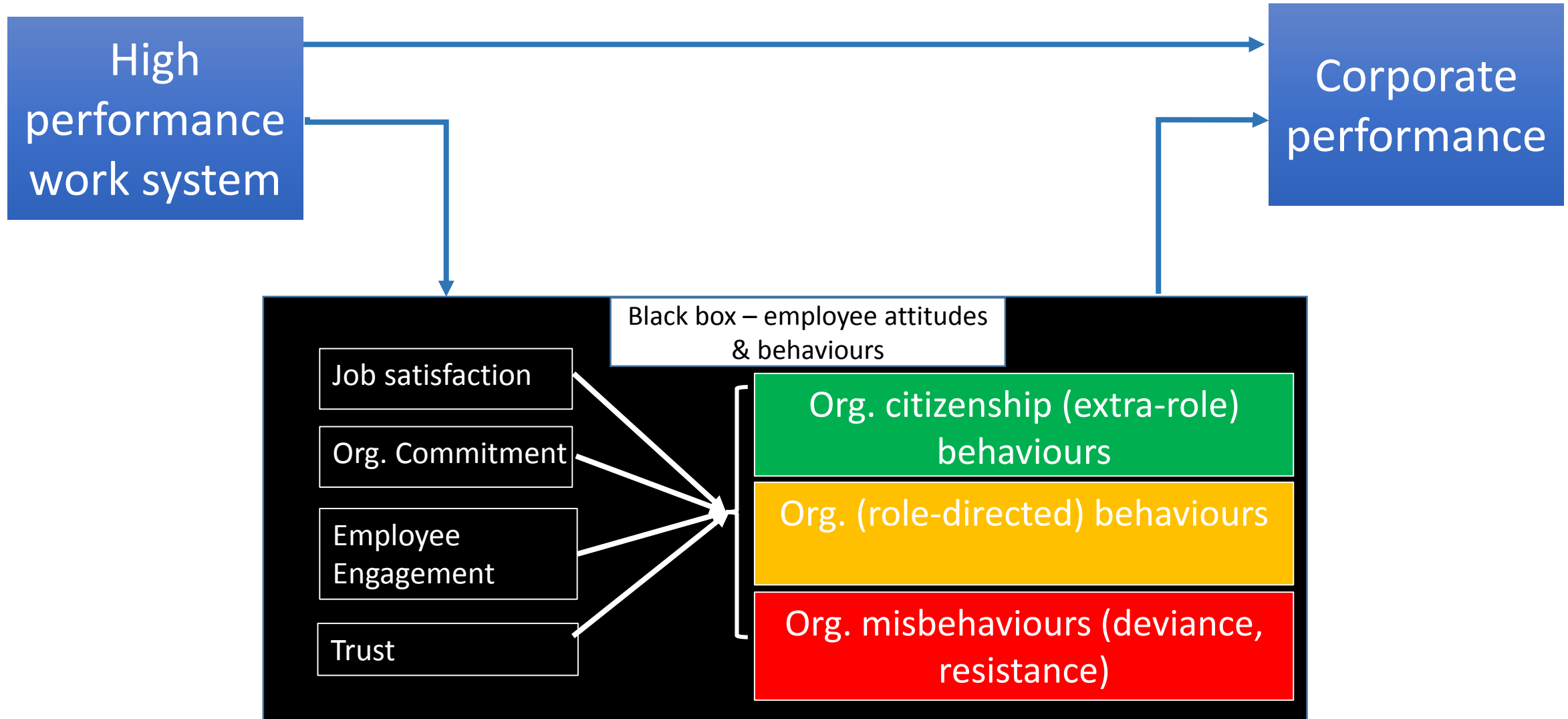
Large successful companies with regional and/or international footprints in which the researcher could be reasonably assured of finding robust and sophisticated human resource management systems that were **aligned to corporate strategy**.



Wise Financial Thinking for Life



Illustrative Black Box



Summary

- There is considerable empirical evidence of the positive impact of HR management on various business outcomes;
- This suggests that corporations aiming for sustained profitable growth should seek to create work systems that recognise and leverage human assets;
- HPWS must be context sensitive – one size does not fit all;

Summary

- Our conceptual model suggests that a HPWS in SIDS should focus heavily on building HR leadership, HR structure and HRM capability (over which management has a **high** level of discretion)
- This will impact organisational climate and culture and ultimately employee behaviours (elements over which management have **less discretionary control**);
- Employee behaviours (positive, “neutral” and negative) will influence organisational outcomes in different ways.