

Role of HR in Change Management – A Comparative Analysis of Indian and Foreign Companies

Dr. Nirmala M.,

Sr.Assistant Professor,
Department of Management Studies,
Canara Bank School of Management Studies,
Central College Campus Bangalore Central
University, Bangalore, India.

Dr. Uma Devi Ananth,

Associate Professor,
Department of Management Studies(MBA),
City College, Jayanagar, Bangalore, India

ABSTRACT

HR has moved away from its traditional role and the need of the business is that HR should become a more Strategic player. Today Change is seen as the new norm in the present business environment, rightly described by the term VUCA, volatile, uncertain, complex and Ambiguous, HR should be proactive in sensing the changes that the business could face and adopting policies and practices to address them. This research aims at finding the Role of HR in managing Change and also critically analyses the HR Readiness to Change management between Indian(domestic) and foreign firms. There is a paradigm shift in HR competences required for handling the present and upcoming challenges. Firm Ownership is viewed as a determinant in the design of HR strategy, policy and practices formation.

This research finds that there are significant differences between Indian and Foreign Companies in the areas of HR Involvement in Change Management, Pre-implementation, Training for Change, Post-implementation and HR Competency Development. However it was found that there are no significant differences only in the Transition Stage. It can be concluded that though there are differences, the variance lies basically in the extent of implementation of these practices. Further research could be carried out extending it to include other sectors, region wise segregation of foreign companies, different structures of firm ownership, like public sector, Joint ventures, family-owned businesses etc.

Keywords: Change Management, HR Practices, Firm Ownership, HR Readiness, HR Competency.

INTRODUCTION:

The world is changing at an increasingly rapid pace and these changes are not just radical they are transformative; changing every aspect of our lives and eliminating boundaries between and within markets. Thomas Friedman in his book, *The World Is Flat*, states that the rate of change at present is exceptionally different than in the past. "Whenever civilization has gone through one of these disruptive, dislocating technical revolutions the whole world has changed in profound ways," he writes. "But there is something different about the flattening of the world that is going to be qualitatively different from other such profound changes: the speed and breadth with which it is taking hold. This flattening process is happening at warp speed and directly or indirectly touching a lot more people on the planet at once. The faster and broader this transition to a new era, the more likely is the potential of disruption." Alternatively, the experiences of high-tech companies who have failed in overcoming the rapid changes in the last few decades is a caution to all the businesses, that are now facing these certain, even predictable, changes but lack the leadership, nimbleness and creativity to adapt—"not because they are not smart or aware, but because the speed of change is simply overwhelming them." This rapid flattening is creating a new environment that strategic business leaders are increasingly

calling a “VUCA” environment. The term VUCA stands for Volatility, Uncertainty, Complexity, and Ambiguity and coming from the U.S. Army War College in Carlisle, Pennsylvania. This term very aptly describes our present world, our work and social environment.

Volatility The velocity of change is such that business and markets demand speedy decisions and immediate responses. The urgency for leaders is to shift from knee jerk responses to proactive, well-conceived, yet fast responses to the changing environment. A Clear vision and Focus on the goal, and strong alignment across the organization will help respond to the turbulence of volatility while heading in the right direction.

Uncertainty: Uncertainty is in every sphere of business and only increasing by the day.

Predicting future outcomes is becoming more challenging and thereby risk mitigation plans of businesses are non-existent. The leaders need to keep up their radars to sense the developments happening in the world, to gain new understanding, spot patterns, opportunities and hazards.

Complexity : complexity is second nature to Change and Uncertainty. Business Decisions are influenced by multiple interconnected factors . To eliminate the noise and make sensible decisions amidst chaos is the new skill necessary in complex times. The concept of a single perfect and permanent solution is obsolete; collaborating to discover opportunity is the new norm in the complex world of business.

Ambiguity: Ambiguity is an integral part of this rapidly changing business environment and information is always going to fall short for our decisions. The ability to manage risk and develop robust action plans that can be navigate is the key strength of our leaders. Divergent thought process, instant communication across organizations and decision making in response to business demands and implementation of solutions with near zero turnaround times are the strengths needed in ambiguous environment.

There is abundance of information but filtering the noise out of this information, arriving quickly at multiple possibilities and developing flexibility to respond to the changing environment is the need of the hour. The industrial revolution 4.0 is moving from problem solving to wrestle with tough dilemmas. Continuously changing values, redefining work and job roles, are the new challenges that businesses have to deal with.

Many new forces are coming to bear on workers, organizations, and ultimately HR. The emergence of bleeding-edge is changing the way people work, how they work, places of work and modes of communication. The war for talent is going to become more intense as the availability of skilled talent is swindling. Companies are devising new strategies and practices to attract and retain talent as also enhancing the resources what they have. The psychological contract of the employee with the employer is diminishing, and the world is becoming increasingly global. Companies like McDonald’s, Unilever , and GE are developing new leadership development models suitable for the VUCA environment. HR also needs to adapt to this new transformation. This new VUCA environment requires HR professionals to change the focus and methods of talent development particularly in knowledge economy wherein the most important asset of any business is its employees.

In the present VUCA (Volatile, Uncertain, Complex and Ambiguous) business environment, the only thing constant is Change. HRM needs to gear up to meet the present business challenges and be prepared to face the future. This research basically revolves around the readiness of HR in facing these challenges.

SCOPE OF THE PAPER:

This study considers companies from Service Industry.

Service Industry consists of private companies from IT/ITES, Insurance, Financial Services, Real Estate, Research and development, Legal advisory and representation, Logistic management, Consulting and Retail Services. This paper focuses on exploring the role of HR in Change management and critically analyses the HR readiness of the companies in handling Change. A comparison is made between Indian and Foreign companies on factors such as HR involvement in Change, Managing Transition, Training for Change, Post Implementation Evaluation and HR Competency for Change Management.

LITERATURE REVIEW AND THEORETICAL BACKGROUND :

The role of human resources has been evolving for some time with the shift from "personnel" to "human resources". Dave Ulrich redefines the next generation role of HR in terms of deliverables, or outcomes, for which HR should be responsible: strategy execution, administrative efficiency, employee contribution, and capacity for change. Ulrich defines four roles for HR to play while delivering the corresponding services within a business: a) As a Strategic Partner working to align HR and business strategy, b) Competency Building – developing new competencies needed to address the global nature of businesses, breaking down cultural barriers, working as administrative expert working to improve organizational processes ,and deliver basic HR

services c) As an Employee Champion, listening and responding to employees' needs d) As a Change Agent managing change processes to increase the effectiveness of the organization.

Since the HR roles are changing so are the competencies for the new roles. The SHRM Competency Model is a detailed, researched-based description of the nine categories of competencies required of today's HR professional. It includes sub-competencies and related behaviors. The SHRM Competency Model related to Change includes the following competencies for HR professionals:

- "Implements change based on proven change-management techniques"
- "Recommends policy changes to support business needs."
- "Generates specific organizational interventions (e.g., culture change, change management, restructuring, training, etc.) to support organizational objectives."
- "Supports critical large-scale organizational changes."
- "Serves as a change agent for the organization,"
- "Oversees critical large-scale organizational changes with the support of business leaders"
- "Identifies the need for and facilitates strategic organizational change,"
- "Ensures appropriate accountability for the implementation of plans and change initiatives",
- "Sets tone for maintaining or changing organizational culture"
- "Gains buy-in for organizational change across senior leadership with agility."
- "Assesses the impact of changes to law on organizational human resource management functions,"
- "Creates and/or dissects organizational issues, changes, or opportunities."
- Agility is defined as the ability to sense and respond quickly to the forces of change. The competencies for HR Professionals under Agility are:
- "Demonstrates agility and expertise when leading organizational initiatives or when supporting the initiatives of others."
- "Gains buy-in for organizational change across senior leadership with agility."
- "Strategic Agility" is listed as a sub-competency within the overall competency of "Business Acumen." "HR agility" is at the root of all of many if not all of the HR competencies related to change and change management.

Clearly, change management appears to be part of what HR professionals need to know and practice, at least at the mid-level of one's HR career. It is evident that dealing with or managing or leading change is an important part of what HR Professionals should be doing.

Research indicates that the top development in the corporate world over the next 10 years are that organizations are going to be Hungry for change and disruptive by nature which means Change Management will be the new norm and developing an adaptable workforce, the urgency of businesses, both of which form important responsibilities of HRM .

The second focus of this research is the impact of firm ownership. Most studies analyze the direct link between the ownership structure and the company's performance Demsetz & Lehn (1985) while others concentrate more on the relationship between ownership structure and corporate strategy, like diversification, R&D or growth (e.g. Baysinger, Kosnik & Turk (1991)). Very little research has been conducted on the link between ownership structure and the Human Resources Management. One of the few studies is Deakin & Rebérioux (2007), who compared the ownership and HRM situation in France and Britain. In particular, they distinguished between listed and non-listed companies and the presence of institutional investors. They found that listed companies in France follow a "high-road"-HRM approach. That is, French companies pay above-industry wages and invest heavily in training. On the other hand, they limit the number of "core" employees and outsource remaining work to subcontractors. British companies, on the other hand, due to weak labour laws and intense financial pressures, are unwilling to enter into long term commitments with employees, and favor a strategy of cost-cutting and labor intensification, or "low-road" approach. While Deakin & Rebérioux (2007) did a comparison on the macro level, Amba Rao (2000) analyzed at the micro level the causes behind the choice of a specific HR strategy. Baysinger et al., (1991) have found that higher insider representation on a board and concentration of equity among institutional investors positively affects R&D spending. Harzing (2007), states that the most important element in an international context is usually the executive nationality policy in foreign subsidiaries. The results show that for German and Japanese subsidiaries the dominance effect is most important, i.e. their practices appear to converge to the dominant US practices. For US subsidiaries localization effects are particularly important. The most localized of functions HRM convergence to a world-wide best practices model is clearly present for Japanese and German multinationals.

The most significant work carried out in this area by Ingmar Björkman and Pawan Budhwar(2007), show that

the introduction of HRM practices from the foreign parent organization is negatively associated with performance, of foreign firms operating in India. Som (2006), identified several leading Indian companies such as Wipro and Infosys that have adopted innovative HRM practices that are particularly adjusted to the local labor market. These companies' practices may constitute benchmarks for foreign owned companies, which are less familiar with the conditions for HRM in India. Ingmar Bjorkman suggests that staffing decisions and the choice of HR manager influences the strategic role played by the HR department in foreign-owned subsidiaries in a study conducted in China. Bowen (2004) suggests that Ownership plays an important role in determining the type of HR strategy that is adopted in the firms. Corporate and foreign block holders increase the probability that firms follow a high commitment HR strategy, with firms, paying higher compensation and spending more on training than their competitors, while family ownership, negatively related to the choice of a high commitment strategy in a study conducted in Spain. Cunha and Cunha (2009), ownership determines factors like risk aversion, which has deep impact on the HR practices that are aligned to business strategies. The control of ownership in the hands of a foreign owner means that managers in domestic subsidiaries no longer have an informational advantage. Problems of hidden actions and adverse selection, or invisibility of managerial actions, are reduced because of increasing information symmetry. As articulated by Shapiro et.al (2007) head office managers in multinational companies face performance pressures that make them take the monitoring of subsidiary company performance seriously. Mohapatra(2010) indicates that the HR practices of performance management, professional development, and normalization are common in India. Employees of domestic firms were more likely to perceive performance management, professional development, and normalized ratings as more effective than in international firms. Employees of service firms have the highest level of perceived effectiveness of HR practices in these areas, followed by manufacturing and IT. In terms of the impact of these practices on career success, performance, and potential, performance management and professional development practices are positively related to career success. The strategic role of HR as in Change Management in the Indian context is hard to find. This study attempts to address this gap.

RESEARCH METHODOLOGY:

This is a Causal Research arrived at by a pattern unfolded by Descriptive Study of HR practices related to Change Management. This is an Empirical study where primary data is collected through conducting a **Survey** on the respondents.

OBJECTIVES OF THE STUDY:

Based on the broad research questions, the following objectives have been identified for the proposed study

1. To determine the role of HR in Change Management
2. To analyze the readiness of HR for Change Management with respect to Indian and Foreign Companies.

Hypotheses:

The present research proposes to test the following hypotheses in the quest to address the objective of the study:

H01: There is no significant difference in HR's role in Change Management between Indian(domestic) and Foreign Companies.

H02: HR Readiness for Change is not significantly dependent on Firm Ownership

Population, Frame and Sample:

Service sector companies were purposively selected, the rationale being that this sector accounts for more than 25% of the companies registered. Moreover the GVA of Services sector is the highest at 59%. Data was taken from the Ministry of Corporate Affairs data base and only private companies registered before 2012 were considered as the objective was to have companies with established HR practices. Only companies which had an authorized capital of 1 million and above were considered. This list yielded a total of **6474** Indian. From this population **systematic** sampling was done with a sample of 316 companies. The questionnaire was addressed to the HR managers of these companies. Complete responses were obtained from 120 respondents.

Sources Of Data:

Primary data: For the purpose of the study various sources were used to compile the sampling frame such as the database of registered companies provided by the Ministry of Corporate Affairs(MCA), Annual reports of Department of Industrial Policy and Promotion. The respondents were HR Managers, selected were with a minimum experience of six years so that they had the expertise to comment on the items in the questionnaire.

Survey Instrument: A structured questionnaire was designed for HR managers in the scope of Change Management, on a five point Likert Scale. It also included a demographic section. The main constructs used in the questionnaire are listed below. Questionnaires were either personally administered or sent through email. Face-to-face interviews or telephonic interviews were also conducted with HR managers.

Factors of HR Practices to build Change Management Capability:

1.	HR Involvement in Change
2.	Managing Transition
3.	Training for Change
4.	Post Implementation Evaluation
5.	HR Competency for Change Management

Validity and Reliability of the Questionnaire:

Validity of the Questionnaire was established by reviews from industry experts and academicians. Internal consistency and reliability of the questionnaire was tested using Cronbach Alpha, the value obtained was 0.762 demonstrating high internal consistency.

Secondary data: The secondary sources of data has been collected from journals, annual reports from Planning Commission of India / Nithi Ayog, Department of Industrial Policy and Promotion, Ministry of Corporate Affairs, CRANET reports of Pennsylvania State University, CEO surveys conducted by IBM Labs for Business Value, SHRM reports, Accenture report of the latest trends in HR, journals from HBR, various company websites, company literature and industry related periodicals and books. They have provided insights into the context in which the frame of reference in which the organizations are functioning.

Sample Companies' Profile:

Business Experience of the sample Companies:

Business experience plays an important role in the growth of a company. An experienced company would have faced many challenges which in due process help in building robust management practices. The HR would be adept to design and put into practice suitable measures to insulate itself from future crises situations, which may be actual or foreseen potential problems. Therefore it is important to review the business experience of the sample units. Among the foreign-owned companies, a whopping 72.7% of the companies have up to 10 years of experience, followed by 25% having 10-20 years of experience, while only 2.3% of the units have over 20 years of experience. This shows that more number of foreign companies have entered in to India in the last decade which can be attributed to India opening its doors to foreign investments and promoting it to a large extent by easing the process of doing business in India.

Table 1: Business Experience of the sample Companies

Business Experience	Indian	Percentage	Foreign	Percentage
Upto10 years	24	31.6	32	72.7
10 to 20 years	45	59.2	11	25.0
Above 20 years	7	9.2	1	2.3
Total	76	100	44	100

Sector Distribution of Sample companies :

Table 2: Sector Distribution of Sample companies

Sector Distribution	Foreign	Indian
1. IT/ITES Services	18(40.9%)	24(31.6%)
2. Insurance Services	0	5(6.6%)
3. Financial Services	5(11.4%)	9(11.8%)
4. Real Estate Services	0	11(14.5%)
5. Research and development services	8(18.2%)	3(3.9%)
6. Legal advisory and representation services	0	4(5.3%)
7. Logistic management services	3(6.8%)	6(7.9%)
8. Consulting Services	10(22.7%)	6(7.9%)
9. Retail Services	0	8(10.5%)
Total	44	76

A view of the distribution of the sample companies from table 2, reveals that the highest number of companies are from the IT/ITES sub sector amounting to 31.6%. Amongst the foreign-owned companies too, the highest number(40.9%) belong to IT/ITES sector. The reason for this is that the sample is drawn from ROC, Bangalore. Bangalore being the IT hub of India, it is but obvious that this sector has the largest representation in the sample. What is noteworthy here, is there is a considerably high percentage of R&D Services companies in the Foreign owned category, which reflects that almost all companies are setting up their R& D centers in India, many in Bangalore. According to a study by Zinnov, MNCs saved \$14 billion in 2016 by offshoring R&D to India. India has also improved its ranking in the Global Innovation Index (GII) consistently in the last seven years(2016 and prior) and is as an emerging innovation center in Asia. The GII report published by Cornell University, INSEAD, and the World Intellectual Property Organization (WIPO, an agency of the United Nations), is a leading reference on Innovation for many to make investments and policy decisions, ranks countries on its innovation capabilities. Knowledge creation, knowledge impact and knowledge diffusion are some of the key outcome parameters considered for these rankings. India has shown improvement in areas like infrastructure, business sophistication, knowledge and technology and creative outputs. India ranks 14th overall in the presence of global R&D companies, This has been one of the main reasons for the presence of a good percentage of R&D companies in the Foreign-owned Service companies category.

Demographic Profile of the Respondents:

The Profile of the respondent is important as significant insights could be obtained based on the demographic profile of the respondent. Characteristics like Age, Gender, experience and level of employment (based on the designation) of the employees play an important role in shaping the views and opinions of the employees. Therefore these attributes have been captured in the questionnaire. The demographic profile did not show major differences between Indian and Foreign companies.

Age: It is seen that majority of the employees (64%) lie in the age group of 30 to 40 years. The HRs contacted for the survey were of Senior or mid-level, as expertise in Corporate HR was desired to respond to the questions and should have spent at least six years in the current organization. Hence we see that majority of such professionals are in the 30-40 Age group while there are also a fairly good percentage in their late twenty's.

Table 4.1: Age of HR Professionals

Age	%of Respondents
Below 30 years	28%
30-40 years	64%
40-50 years	6%
Above 50 years	2%

Gender: Gender differences do exist in workplace and these differences are due to the experience of discriminatory attitude towards women. These experiences shape the attitude and behavior. In the services sector there is a higher percentage of women handling HR roles(66%) and men constitute only 34%.

Table 4.2 : Gender Distribution of HR Respondents

Gender	%of Respondents
Male	34%
Female	66%

Experience Level: This refers to the length of time spent in the organization, which leads to shared understanding and experiences. A long tenure in the organization leads to deeper understanding of the business and also a psychological contract with the organization. These attributes influence the person's view of all the organization's issues. The experience level of HRs is the highest in 6-15 years category (52%).

Table 4.3: Experience of HR Respondents

Experience Level	%of Respondents
6 -10 years	52%
11-15 years	44%
More than 15 years	4%

DATA ANALYSIS:

Extent of Changes Implemented/Planned in the last two years:

From Table 5 it can be seen that 96% of Indian companies and 98% of Foreign companies have Implemented/Planned Changes in the last two years. Only 1% of Indian companies have recorded Less than 3 changes in the last two years while there are none of the Foreign companies in this category. 3% of Indian Companies and 2% of Foreign Companies fall into “More than 5 Changes” category. The extent of Changes only reiterates the fact that “Change is the only constant” in the Industry.

Table 5: Changes Implemented/Planned in the last two years

	Less than 3 changes	3 to 5 changes	More than 5 Changes
Indian (N=112)	1%	96%	3%
Foreign (N=78)	0	98%	2%

HR staff devoted full-time to CM:

60% of foreign companies have devoted staff while Indian companies have only 28% of them. Interviews with experts in the field revealed that the HRs were deployed into Change Management as and when required. Hence there were not many HR dedicated for the purpose in Indian companies.

Table 6: HR staff devoted full-time to CM

	Indian	Foreign
Yes	28%	60%
No	72%	40%

Use of External change management consultants:

Table 7: Use of External CM consultants

	Indian	Foreign
Yes	52%	34%
No	48%	66%

The analysis of this data reveals, although change is frequent in some form or the other in all organizations, external consultants are used to a great extent for the following two reasons: Lack of dedicated staff for Change Management and Lack of competency to handle Change. The success of every change depends greatly on People Management; to educate, to motivate ,train, instill confidence and Trust among the employees towards Change. Here HR has a big role to play.

Extent of Mandatory Training for Major Organizational Changes:

Executive team/Senior Management level receive the maximum extent of training for any Change initiatives(38%) in Foreign Companies followed by 34% for Managers/Supervisors, 22% for non- managerial level employees and 18% for CEO/President/Owner level. Among Indian Companies, 26% of Manager/Supervisor level employees receive the maximum extent of training, followed by Executive/Senior Management Level(24%), Non-Managerial Level(12%) and lastly the CEO/President Owner Level(2%).

Table 8 : Extent of Mandatory Training for Major Organizational Changes

Level of Employees	% of Indian Companies	% of Foreign Companies
Non-Managerial Level Employees	12%	22%
Managers &Supervisors	26%	34%
Executive Team/Senior Management	24%	38%
CEO/President/Owner	2%	18%

TEST OF HYPOTHESES:

H01: There is no significant difference in HR’s role in Change Management between Indian(domestic) and Foreign Companies.

T test was used to test this hypothesis for each of the factor considered under Change Management. The results have been consolidated and tabulated as in Table 9 placed below:

It can be observed that from the table 9, that four out of five factors have found to have significant differences between Indian and Foreign Companies, while only one factor, i.e., HR involvement in Transition Stage, there is no significant difference. Observing the mean values, it can be inferred that foreign companies are better on the other four factors.

Table 9: Consolidated T-Test Results for Hypothesis H01

Sl. No	Factors of Change Management	Firm Ownership	Mean	Variance	N	P(T<=t) two-tail	t Critical two-tail
1	Pre-Implementation Stage	Foreign	3.63	1.12	44.00	0.00342	1.992102
		Indian	3.06	0.72	76.00		
2	Transition Stage	Foreign	3.01	0.63	44.00	0.398795	1.997138
		Indian	3.13	0.27	76.00		
3	Training for Change	Foreign	3.38	0.23	44.00	0.00012	1.995469
		Indian	3.04	0.11	76.00		
4	Post Implementation Evaluation	Foreign	3.60	0.71	44.00	4.83E-06	1.994945
		Indian	2.88	0.37	76.00		
5	HR Competency in Change Management	Foreign	3.52	0.67	44.00	2.9E-10	1.992543
		Indian	2.47	0.41	76.00		

Pre-implementation stage: The activities where HR is involved to a great extent in foreign companies are:

- a. Assessing organizational readiness for change (pre-implementation) initiative
- b. Analyzing potential impact of change on stakeholders (pre-implementation)
- c. Estimating potential return on investment for the change (pre-implementation)
- d. Developing the timeline for the change management
- e. Preparing other informational documents about the change
- f. Providing initial communication to employees about the change

Transition Stage:

There is no significant difference between Indian and Foreign companies during Transition, HR activities across Indian and Foreign companies listed below are alike:

- a. Assisting employees in transition through the process by providing relevant information
- b. Coordinating meetings and communications about the change and related initiatives
- c. Providing continuous communication to employees of changes within the organization
- d. Delivering training related to the change
- e. Contracting consultant services wherever specialized interventions are required
- f. Building a rewards system to maintain and reinforce change

Training for Change : The factor “Training for Change” includes training during

- Pre-Implementation Stage
- During the Transition and
- Training Post Implementation

It also includes

- Designing Training Materials
- Extent of Employees covered for the Training to handle Change effectively.

On all the above parameters, majority of the foreign companies have scored to a great extent while Indian

Companies are lagging.

Post- Implementation Stage: In Post-Implementation Evaluation the parameters that were tested were

- a. Building a rewards system to maintain and reinforce change
- b. Measuring success of change management activities (post-implementation)
- c. Calculating actual return on investment of the change (post-implementation)
- d. Training necessary post implementation

On all the above factors significant difference was found between Indian and Foreign companies. Mean Values show that Foreign Companies are doing above average compared to Indian companies.

HR Competency for Change Management: The availability of competences in HRs related to Change management listed in the SHRM Competency Model (Refer Section 2.2) have been investigated. Significant differences between Indian and Foreign firms have been found. Indian firms are lacking in the required competencies significantly compared to Foreign firms.

H02: HR Readiness for Change is not significantly dependent on Firm Ownership

To test this hypothesis, HR Readiness Index for Change management was calculated as detailed below:

The respondents were asked to rate the importance given to Change management in their respective organization on a scale of 1 to 5 (1 being the least and 5, the highest). These weights were used to compute the Weighted Average scores of responses to the all the parameters considered in the scale. Then this score was converted to a percentage to indicate their HR Readiness to Change. The HR Readiness Index was grouped into Three Categories (<50% is Weak, 50-75% is “ Can Cope up” , 75-100% is “Adequate”).

Chi squared Test was performed to test whether Change readiness was dependent on firm ownership.

Table 10 : Chi Square Test – Observed Values- HR Readiness

	HR Readiness - Observed Values			
	Weak	Can Cope Up	Adequate	Total
Foreign Services	8	17	19	44
Indian Services	26	27	23	76
Total	32	45	43	120

Table 11: Chi Square Test – Expected Values- HR Readiness

	Weak			
	Weak	Can Cope Up	Adequate	Total
Foreign Services	11.73	16.5	15.77	44.0
Indian Services	20.27	28.5	10.63	76.0
Total	32	45	43	120
p-value	0.000126564			

From table 11, the Significance indicator, p-value obtained is less than 0.05. Therefore it can be confirmed that this test is Significant at 95% confidence level. This implies that ‘HR readiness for Change’ is dependent on Firm Ownership. Therefore we Reject the Null Hypothesis, H02 and Accept the Alternative Hypothesis, which implies “There is significant impact of firm Ownership on HR Readiness for Change .

The following table displays the HR readiness levels against the ownership of the sample units.

Table 12: HR Readiness For Change

Ownership	Weak(%)	Can Cope Up(%)	Adequate(%)	Total
Foreign	18	39	43	100
Indian	34	36	30	100
Total	27	38	36	100

It can be observed from table 12, that 43% of the Foreign owned companies are adequately HR ready for facing the challenges of the future Business Environment while Indian companies are not far behind, with up to 30% of them making it to the adequate mark. In the “Can Cope up” Category Indian and Foreign Services companies

are comparable at 39 and 36% respectively. In the “Weak” category, we can see the gap widening between Indian and Foreign companies, Indian companies are lagging behind with 30% against 43% Foreign companies.

FINDINGS AND DISCUSSION:

It was found that there were significant differences in HR practices towards Change Management between Indian and Foreign Companies.

- 60% of foreign companies have devoted staff while in Indian companies only 28% have them. This besides the fact that 96% of Indian companies and 98% of Foreign companies have Implemented/Planned at least 3 to 5 changes in the last 2 years.
- Training for Executive team/Senior Management level is low for all levels of employees, maximum being 38% for Executive/ Senior management in Foreign companies. Among Indian Companies, 26% of Manager/Supervisor level employees receive the maximum extent of training. CEO/President/Owner level receive the least extent of training, 2% in Indian companies and 18% in Foreign companies.
- Only 43% of the Foreign companies are HR ready for facing the challenges of the future Business Environment while Indian companies are not far behind, with up to 30% of them making it to the adequate mark.
- Lack of dedicated staff for Change Management and Lack of competency to handle Change were two main reasons for wide use of External change management consultants (Indian companies at 52% , Foreign companies at 34%).

Impact of Firm Ownership:

Firm Ownership takes control of decisions on Strategic Operations of Business. Strategic Decisions which lead to major systemic Changes like Mergers, Acquisitions, Diversification, Expansion, Investment decisions like spend on R&D, training budget, technology adoption, Leadership Change, Organizational Repositioning/Restructuring or Realignment, Staffing Changes like Lay-offs or downsizing, Product Rebranding, Operational Changes in Response to economic changes and new legislations, are determined by the ownership of the company. All these decisions warrant specific and focused HR Practices to be designed to make the Changes successful.

SUGGESTIONS:

60% of foreign companies have devoted HR staff for CM, while in Indian companies only 28% have them. This besides the fact that 96% of Indian companies and 98% of Foreign companies have Implemented/Planned at least 3 to 5 changes in the last 2 years.

Observing that ‘Change is the only Constant’ in the present business environment, companies should invest in recruitment of HR professionals devoted to Change Management or Train their existing staff for handling Change Management. Training Programs for HR should be focused on Competency Building to handle Changes. This move can also reduce the extent of External Change Management Consultants used. At present on an average 46.5% of Indian Companies and 59% of Foreign companies recorded use of External Change Management Consultant Services, this figure can come down and result in considerable savings for the company.

Both Indian and Foreign companies have rated Employee Resistance as the second major challenge faced during major Changes, Indian companies have rated Insufficient Time devoted to Training as the third biggest hurdle while Foreign owned companies have rated “Cost Exceeding Budget” as the third biggest challenge.

The firm ownership often spend majority of time, money and resources on the actual process or system change. They should also focus on ‘People side of Change’. For this HR should create a structured change plan to prevent or overcome employee resistance. It should include:

- ✓ obtaining useful feedback from those involved and affected by the change
- ✓ Provide new perspectives on role changes, conflicts and codependences.
- ✓ Goals and roles must be well defined
- ✓ Bridge knowledge gaps between different levels concerned.
- ✓ Focus on extensive and continuous communication throughout the process of Change as this will help build an atmosphere of trust and confidence among the employees, Also provide better clarity on those impacted of the need for change and benefits of change.

- ✓ Develop an organization culture of trust as trust influences the sources employees seek information from and how they appraise the information they receive.
- ✓ Acquire or Focus on training to build competences in Change Management and Agile Processes
- ✓ Proper Planning and proven forecasting techniques should be used to overcome budget problems.

Training for Executive team/Senior Management level is low for all levels of employees, maximum being 38% for Executive/ Senior management in Foreign companies Among Indian Companies, 26% of Manager/Supervisor level employees receive the maximum extent of training. CEO/President/Owner level receive the least extent of training, 2% in Indian companies and 18% in foreign companies.

Companies should invest in Training for Change management across all level of Employees at various stages. Since Change Management Initiatives basically follow a Top Down Approach, CEO/President/Owner and the Senior Management should undergo Leadership coaching to handle Change effectively. The targeted audience at other levels of employment should also be provided with effective and timely training.

CONCLUSION:

This research moves away from the traditional mold of HRM by looking ahead into the future of business and the changing role of HR. Foreign Companies are certainly ahead in adopting practices to gear up for the future business challenges in this volatile business environment. However people management at the local level is not an easy task and needs a good understanding of the Indian Ethos. Indian companies are not far behind. The thought process related to Change Management is similar to Foreign Companies, the difference lies in the extent of implementation of these practices. HR Readiness Index can be used to assess the HR's current position.

Robotics, Artificial Intelligence And Cognitive Computing are changing organizations even faster than we think. As automations increase organization redesign will become a necessity. Jobs will get redefined and HR will have to face the task of skilling people for the new job roles ("Trends shaping the future of HR", Deloitte Report, 2015). Data analytics to give insights for forward decision making and accurate projections is new competency which HR have to quickly pick up.

HR is about the intersection of people with business, strategy and technology. The future of Human Resources is backed by the advanced technology and the return of the human approach to management practices. The **agile HR**, HR that is flexible will shape the Organizations of tomorrow. Agile HR should bring in a Plug and Play kind of Flexibility to business. This research is intended to bring about a shift in the mindset of people and view HRM in the new paradigm.

SCOPE FOR FUTURE RESEARCH:

Further research could be carried out extending it to include other sectors across the country, region wise segregation of foreign companies, different structures of firm ownership, like public sector, Joint ventures, family-owned businesses etc. As established in this research businesses are rapidly changing the way they do business and so are HR roles, functions and practices. Hence continuous research effort is required to keep abreast with the changing trend and lead organizations to success.

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