Exploring HR Policies and HR Specialists' Role in the Context of Innovation – The Case of BPR in Two Large Lebanese Banks

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By

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Summary

This research framed some aspects of two huge areas of research, namely the areas of human resources and of innovation management in one framework and built a model in which the role of the HR department could be considered as central and even critical in innovation management. In terms of research question, this thesis is *exploring to what extent HR policies and HR specialists' role is considered as critical for the success of BPR implementation.*

Surprisingly, the literature on BPR didn't touch on the theme of a specific role that would be played by the HR function during introduction of BPR. In particular, although there were interesting researches making good case for the necessity to effectively manage HR, none of the studies mentioned the importance of the role of HR practitioners specifically as catalysts of change or as strategic partners during implementation of BPR. Also, none of the case studies of companies which have implemented BPR revealed any kind of relationships that could have had existed between the HR function and the BPR project team and that could have enhanced the effectiveness of BPR implementation. Therefore, the interest and the originality of this research is to try to fill this gap in the literature and analyze what might be the role of the HR function and what kind of interactions it might have with line managers for a better implementation of BPR.

The literature review brought about some elements of answer and five propositions were formulated highlighting these potential roles and relationships. The main proposition stipulates that for a successful implementation of BPR, the role played by the HR department could be considered as critical. The four other propositions presented the main elements of this role. In particular, the HR department should be implementing innovative HRM practices. It should also act as a "change agent" and be considered as a "strategic partner". The last proposition considered that the HR department should operate in close partnership with other functions and line managers for increased effectiveness in change adoption.

These propositions were explored in two large Lebanese banks that had recently implemented BPR projects. From the findings, it was possible to provide the following answer to the research question: The HR department might play a critical role during implementation of BPR to the extent that it has the capability to play the role of "change agent" and also but to a minor extent, it is an innovative department and is strategically involved in the business with managers at all hierarchical levels.

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Chapter 1 – Introduction

There is a commonly agreed upon idea that organizations are operating in an increasingly dynamic and challenging environment which forces them, in order to survive, to evolve both in terms of complexity and focus (Becker et al., 1996; Laursen and Foss, 2003; Agarwala, 2003; Ruona and Gibson, 2004). Many drivers were put to the account of this changing context, most importantly the rapid deployment of information technology and the increasing amount of knowledge work that organizations do (Lawler and Mohrman, 2003). Not less important are the increased cost pressures, the increased attention to customer satisfaction, the emphasis on well-being, the productivity and commitment of the employee and using people and organizations as a source of competitive advantage (Conner and Ulrich, 1996). Given this new business context, the capacity to innovate is vital for an organization aiming at becoming or remaining competitive (McConville, 2006; Shipton et al, 2005; Leonard-Barton, 1995). Therefore, organizations are moving towards more innovation-oriented strategies and are constantly conducting changes – which can be either radical or incremental – in their processes, products and services or even organizational structure.

Implementing any kind of innovation in a firm is most likely to result in many changes inside the firm. For example, information and communication technologies are a kind of technical change that does not only imply replacing an old technique by a new one, or in other words, it does not only result in automating production process, but it might also result in organizational changes, as well as product and process innovation. It is highly admitted within the researchers' circle that in order to reap the benefits of such a dramatic

change, a company cannot keep using the old organizational structure and culture; as it cannot keep on presenting the same product or service in the same old way (Hammer, 1990). According to Hammer, companies would better "obliterate" their existing process instead of "automating" them so they achieve better performance. This type of radical change was known in the early 1990s as the "business process reengineering" (BPR) and was considered as a necessity for companies aiming at benefiting from the broad use of ICTs. BPR was defined by its guru (Hammer, 1990) as a radical change. And no sooner had he coined this concept than it appeared to be the most important innovation companies are seeking to introduce as it promises considerable improvements in performance and offers great benefits. This could be noticed from the increasing flow of studies that were done analyzing experiments of BPR projects whether these were success stories or failures.

Surprisingly, the literature revealed that failed BPR projects are relatively more important (an indicative ratio would be the one presented by Hammer and Champy (1993) of 70% for failure in implementing BPR projects). This counter performance led to the considerable body of literature trying to analyze the critical success factors for BPR projects that were deduced from successful experiments. There is nothing surprising about the fact that managing human resources was considered by many researchers as an important factor for a successful implementation of BPR (Willmott, 1994; Campbell and Kleiner, 2001; Zucchi and Edwards, 1999; Marjanovic, 2000). As an earlier researcher cautioned, it is important to keep in mind that innovation is promoted from top down during the initialization phase of a BPR project, and from the bottom up during the implementation of a BPR project (Zaltman, 1973). In that regard,

several questions were raised in an attempt to know *who* will manage these human resources and *how* should they be managed in order for a company to reap the benefits of innovation.

The answer to the *"who"* question could be done intuitively – although debated – by saying that, usually, HR related issues are dealt with by the HR department. Basically, the HR function's role is to manage a company's human resources – what is defined as human resource management or HRM. HRM was defined by Beer et al. (1984) as "all management decisions and activities that affect the nature of the relationships between the organization and its employees – "the human resources". Within the broad field of HRM, it is possible to distinguish various policies and practices that constitute the traditional role of the HR function (Beer et al. 1984).

As concerning the *"how"* question – i.e. how should HR be managed for a successful implementation of change – the purpose of this thesis is precisely to look into this question and try to provide an answer. In fact, the objective of this research is *to investigate the influence of HR policies and of HR specialists' role on BPR success.* In terms of a research question, this thesis is *exploring to what extent HR policies and HR specialists' role is considered as critical for the success of BPR implementation.* This research question is graphically represented in the following diagram:

Figure 1.1 – The research question

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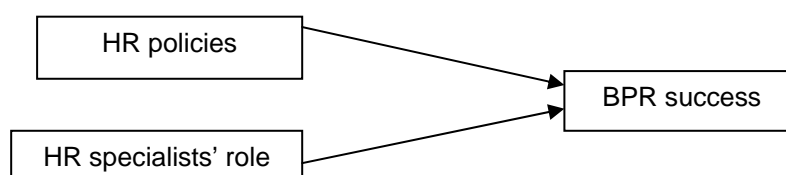
Two elements should be highlighted in order to make this research question clearer. First is a definition of the concept of BPR success. Several authors have identified different factors for measuring BPR success. And their views could be summarized in the idea that BPR could be considered as successful when all its defined objectives are reached (Davenport and Short, 1990, Morris and Brandon, 1993, Stow, 1993).

The second important element is about delimiting the research question and choosing the type of company and the sector in which it operates. This thesis will be focusing on the Lebanese banking sector, and the field work will be done on two large Lebanese banks. The rationale of this choice takes on two aspects. The first is directly in relation with the actual circumstances in which banks in Lebanon are operating. In fact, this industry is experiencing an increasingly fast pace of technological change trying to catch up with the delay they had during the period of civil war – which ended at the beginning of the 1990s. This effort was highly imposed, encouraged and backed by the Central Bank of Lebanon in its attempt to consolidate the banking sector. Therefore, directing the research towards banks is justified by the aim to have an innovating company operating in a highly dynamic environment, which is perfectly the case. The second rationale for choosing a bank is the "intellectual curiosity" that arouses after reviewing the literature on companies which had reengineered their business process on one hand and the paucity – if not the complete absence – of researches found in the banking industry considering HR policies and HR specialists' role as critical success factors on the other hand.

If we gather all these elements of delimitation, it is possible to provide a more contextualized formulation of the research question as following: *To what extent HR policies and HR specialists' role is considered as critical for the success of BPR implementation in Lebanese banks? And what are the factors that predispose the HR function to play such a central role?*

The first step in this study is aimed at reviewing the existing literature related to each of the boxes and to the relationship between them. In other words, the literature review will look at the literature about different configurations of HR policies, at the literature about roles for HR specialists and finally at the BPR literature.

The first box is related to HR policies and practices. There is a considerable body of literature making case for "innovative HR practices" and associating these to both organizational performance and innovativeness. These practices were labeled "high performance HRM practices". Research on innovative HRM practices pioneered with the works of Huselid (1995) and Mc Duffie (1995). They were followed by many other researches that tried to analyze the impact of such practices on company's financial performance (Ichniowski et al. 1996; Guest, 1997; Hutchinson et al. 2003) and also on its ability to innovate (Shipton et al. 2005).

The main idea that could be inferred from these studies shows that for the HR function to have an effective role during innovation it has first to be innovative itself. An innovative HR function is viewed as such from its activities, or in other words from the HRM practices HR practitioners are implementing and which put

the employees in the best conditions to be either innovative or simply able to adopt and adapt easily to the new changing procedures. Therefore, the presumed relation is that when the HR function is innovative, then this would lead to two positive results in a company: first it would increase its performance and secondly – and consequently – it would enhance its capacity to innovate. The literature seems to be abounding in researches that tried to prove the positive correlation that exists between innovative HRM practices and the company's performance and capacity to innovate. When reviewing this literature, the curious fact was that the studies done in the 1990s were all trying to support such a positive relationship by trying to explain the linkage from HRM to performance (what was labeled the "Black box" by Guest, 1997). However, in the mid-2000s, the researches done in the field were less confident of the previous findings and were trying to elaborate different scenarios. These scenarios varied from trying to add new and more compelling elements to justify this relation on one hand, to other more critical views questioning or even denying this relationship on the other.

The second box is related to HR specialists' role. In that regard, there is an interesting body of literature that debates about a changing role by eliminating the potential barriers that used to exist between them and line management. In practical terms, this would mean that the HR function should get more involved in the business – as a strategic partner – and also that line managers should get closer to the HR function through making strategic alliances with the HR department on specific projects. Both ideas do not have unanimous support from researchers. In fact, the idea of the HR function as a strategic partner – the concept being initially coined by Ulrich (1997) – which has been popular and

attractive for many years, is now being severely criticized by those advocating a return for the HR function to its initial and traditional role of caring and listening to employees. According to this critical point of view, the traditional role of the HR function would be more value-adding in terms of long-term performance than the supposed value-adding strategic partner role (Boselie et al., 2005, Hiltrop J.M., 2006).

Finally, the third box is related to BPR success. Surprisingly, the literature on BPR didn't touch on the theme of a specific role that would be played by the HR function during introduction of BPR. In particular, although there were interesting researches making good case for the necessity to effectively manage HR, none of the studies mentioned the importance of the role of HR practitioners specifically as catalysts of change or as strategic partners during implementation of BPR. Also, none of the case studies of companies which have implemented BPR revealed any kind of relationships that could have had existed between the HR function and the BPR project team and that could have enhanced the effectiveness of BPR implementation. Therefore, the interest and the originality of this research is to try to fill this gap in the literature and analyze what might be the role of the HR function and what kind of interactions it might have with line managers for a better implementation of BPR.

After reviewing the literature it is possible to elaborate a model gathering all the factors that would have been considered as critical for the HR to have a positive influence on the implementation of change. This model stipulates that for an effective implementation of change, HR policies and practices should be "innovative" and that the role of the HR specialists as a "strategic partner" seems

to be central. And for the HR function to be considered as a strategic partner, there are a number of factors that could be considered as enablers or positive preconditions. These factors include the aptitude of the HR function to act as a change agent and to form close partnership with line managers.

Once this *theoretical* model elaborated, then comes the phase of exploring its reliability and validity through field work. The methodology adopted for this purpose is the *case study* research design. The rationale for adopting this specific type of qualitative research methods among many others (namely the experiment, the survey, the archival analysis and the history) should be found in the nature of the research question this thesis is about to explore (Yin, 2003). In fact, the research question is about analyzing roles, relationships and interactions between humans, so the best research design would be the case study as it provides the most plausible and flexible structure for such qualitative work. As for the data collection methods, the main technique is the interview with respondents at different managerial levels from both banks. The interviews were based on a questionnaire – or interview guide, which was built in the aim of collecting relevant data that may shed light on the explored proposition. Once collected, these data were gathered in the form of reports describing the findings.

Following is the outline of the thesis. The first part of the thesis (Chapters 2, 3 and 4) is the literature review or the theoretical analysis. It aims at presenting the conceptual framework delimitating the research question. As previously mentioned, the theoretical elements could be gathered in two main topics. The first is related to the HR function being an innovative department (Chapter 2).

The purpose of this chapter would be to review the literature on the impact of an "innovative HR function" – as a function that is innovating in its practices – on the company's performance and on its ability to innovate. The idea that this thesis seeks to explore is to see whether – or not – an innovative HR function is an enabler for the company to introduce a change successfully. The second theoretical argument – which is the object of Chapter 3 – holds that for an effective implementation of change, both the HR and line management should eliminate the potential barriers existing between them and work in close partnership. This gap narrowing between functions entails that the HR function integrates the company as a strategic partner, and that line of business units partner with the HR department for specific projects. These "rapprochements" do not have unanimous support from researchers in the field, which justifies the necessity to explore whether such changing foci may help the company to better adapt, while adopting and implementing change. Finally, a review of BPR literature is presented in Chapter 4 to highlight the existing elements of thought concerning the management of HR during BPR. The interest of this chapter is twofold. First, it would review the existing academic and empirical works done in the field and, secondly and as a consequence, justify the need to explore the issues raised in Chapters 2 and 3 within the BPR context.

The second part of the thesis deals with the fieldwork and is composed of four chapters. The first (Chapter 5) is a detailed description of the methodology followed in the design of the research, the collecting of the data and the analysis procedures. The next two chapters (Chapter 6 and Chapter 7) are reports of the findings of the case studies done in the respective banks, as previously mentioned. The last chapter (Chapter 8) presents an in-depth analysis and

discussion of the findings. The importance of this chapter is paramount as it is aimed at confronting the findings to those derived from the literature review in the objective of either validating the propositions, revising them or even denying and rejecting them.

This introduction laid the foundations for the thesis. It introduced the research problem, the research issues and arguments. Thus, the research was justified, definitions were presented and the methodology was briefly described and justified. On these foundations, the thesis can proceed with a detailed description of the research.

Chapter 2 – HR Policies, Practices and Organizational Performance

There is a growing evidence that, in these days, organizations are operating under an unfavorable and particularly threatening external environment resulting from an increased worldwide competition and ever more pressing environmental turbulence (Shipton *et al.* 2005, 2006; Agarwala 2003) and also an increasingly complex and rapidly changing knowledge-based economy (Laursen and Foss 2003). In such a dynamic, information-rich environment (Ichniowski *et al.,* 1996), an organization's ability to innovate is seen more and more as a key factor to ensure not only its success but also its survival. Therefore, effective HRM can no longer be satisfied by simply executing a standard set of practices; there is a need to develop and implement new and improved HR practices so as to remain competitive.

Available literature suggests that business environment changes have brought profound changes in the management of human resources (Tannenbaum and Dupuree-Bruno, 1994; Stroh and Caliguiri, 1998). These changes have broadened the focus of HR research from the micro analytic research that dominated the field in the past to a more macro or strategic perspective (Delery and Doty, 1996). The strategic perspective of HR, which has been labeled "strategic human resource management", has grown out of the researchers' desire to demonstrate the importance of human resource practices for organizational performance. Research on new practices for HRM pioneered with Huselid (1995) and MacDuffie (1995) who examined what have been termed "high performance, involvement or commitment work practices". Their work was followed by a number of other studies in an attempt to accumulate knowledge

about the advantages of these innovative HR practices and the impact of these practices on the organization's performance in financial terms (Ichniowski *et al.*1996; Guest, 1997, Huselid, 1995, McDuffie, 1995, Dyer and Reeves, 1995; Bae and Lawler, 2000; Hutchinson *et al.*, 2003).

Theoretical evidence on the relationship between HR practices and organizational effectiveness indicates that HR practices influence employee commitment and other HR performance measures, which then lead to organizational effectiveness (Rao, 1990; Yeung and Berman, 1997; Agarwala, 2003). While researchers have accumulated a lot of knowledge about the relationship between innovative HR practices and the organizational performance, it seems that less attention was given in the literature to the relationship between these practices and the ability of a company to innovate (Shipton *et al., 2005, 2006)*. There is a growing evidence suggesting that HR practices effectively designed also have the potential to promote organizational innovation.

This chapter aims at reviewing the literature on innovative HR practices and their impact on organization's performance and its ability to innovate. The purpose of this chapter falls within the scope of the research question that is intended to explore the influence of HR policies and of HR specialists' role on BPR success. As mentioned in the introduction, there is a lack of theoretical researches analyzing this role during implementation of BPR and therefore this justified the need for further research in this field. In reviewing the literature, it appeared that there was a considerable body of researches analyzing HRM in a context of innovation. Two issues were considered as relevant to the research question.

The first stipulates that *innovative HRM practices* are necessary in innovating companies to enhance its ability to adopt change. The idea is that when an organization is implementing such new practices for managing its human resources, then, it will increase its performance, and through this its capacity to adopt and implement change. The second issue focuses more on the specific role an HR department might play in the highly dynamic business environment we live in nowadays and which entails a more strategic involvement in the business.

The objective of this chapter answers to the first issue and is aimed at assessing the extent to which innovative HRM practices may lead to an increase in the company's performance. And among these performance indicators, the focus would be on those related to the increase in its capacity to innovate. The ultimate purpose of this review of the literature linking innovative HRM practices to innovation is to analyze the theoretical arguments justifying such practices in the final aim to formulate hypotheses relating HRM practices to BPR and explore them through empirical testing.

The structure of the chapter follows from the stated objective: the first section provides a review of the literature related to analyze the HRM-performance linkages. The second section aims at pushing further the analyses to the HRM-innovation linkages. A brief presentation of what has been termed as "innovative HRM practices" is however useful to start with.

2.1 – Innovative HRM Practices And Company's Performance

2.1.1 – Defining Innovative HRM Practices

As already mentioned, in a fast changing business environment, there is a constant need to develop and implement new and improved HR practices so as to remain competitive (Agarwala, 2003). While many of these new practices may not, strictly speaking, be entirely novel, some of the broad generalization about new HRM practices refer to the trends that appear to be truly recent (Osterman, 2000, Laursen and Foss, 2003). There has been an increasing awareness of the importance of linking HRM with business management and business performance. Authors like Boxall and Purcell (2003) presented the three HRM approaches that were developed since the beginning of the 1980s: (1) the contingency or "best fit" approach, (2) the best practice approach and (3) the resource-based approach. The importance of these approaches lies in the fact that they all focus on the necessity to fit HR strategy to its surrounding context and that if companies want to improve their performance they have to identify and implement "best practices".

2.1.1.1 – Various Names, Common Characteristics

New HRM practices is the overall label put on a host of contemporary changes in the organization of the employment relation (Laursen, 2002). These management practices are aimed at enhancing people's performance and obtaining profit through them (Pfeffer, 1998). A number of terms have been used to describe these new practices. They are described as 'high commitment', 'high performance', 'high involvement' (Pfeffer, 1998), 'alternate work practices' or 'flexible work practices' (Richard and Johnson, 2004), 'innovative or progressive HR practices' (Agarwala, 2003), or simply "best practices" (Guest, 1997).

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Agarwala (2003) defined new HRM practices as 'ideas, programs, practices or systems related to HR function and new to the adopting organization'. It is therefore considered as an administrative innovation – as opposed to the technical innovation. This latter refers to ideas for a new product or service or changes in production processes whereas administrative innovations are the organizational or people's innovations. Innovative HR practices are considered similar to administrative innovations as they occur within the social system of the organization and are designed to improve organizational effectiveness by influencing the employees' attitudes and behavior.

New HRM practices tend to be adopted in a system-like manner rather than as individual components (Ichniowski *et al.,* 1997; Laursen and Mahnke, 2001, Laursen and Foss, 2003). Boselie et al. (2005) suggested that an organization's HRM can be viewed as a collection of multiple discrete practices with no explicit or discernible link between them. A more strategically minded system approach, views HRM as an integrated and coherent "bundle" of mutually reinforcing practices. Many of the systems found in the literature share elements including rigorous recruitment and selection procedures, team-based organization, incentives based upon performance, extensive training programs focusing on the needs of the business and emphasis on internal knowledge dissemination. In a previous study, Pfeffer (1998) had extracted from the various studies seven dimensions that seem to characterize most of the systems producing profit through people. These include the same practices cited above only with two additional dimensions that may affect employee's performance namely: employment security and reduced status distinctions and barriers including dress, language and office arrangements. Similarly, Osterman (1994) argued

that innovative work practices may include job rotation, quality circles and total quality management.

As it could be noticed, the matter of deciding which HR practices should be bundled together to form an HRM "system" appears unresolved as yet. No accepted theory exists that might classify different practices into "obligatory" and "optional", "hygiene" factors and "motivators" (Boselie et al., 2005). And therefore, the idea that no two systems are identical could be easily accepted. Whatever is the name given to these practices or the composition of the systems that could be formed from them; the common issue is that they seem to be aimed at enhancing employee skills, knowledge, motivation and flexibility with the expectation that the employer is providing employees with the ability and the opportunity to provide input into workplace decisions (Richard and Johnson, 2004).

2.1.1.2- Innovative HRM Practices v/s Traditional HRM Practices

Hunter (1995) analyzed the so-called high performance workplace using the different tools HR practitioners have at their disposal to achieve the organization's strategic goals. These tools or practices consist of: compensation, training, staffing, hiring, workplace governance and job design. Then, he put this high performance system in contrast with another more traditional system such as the High control work practices or those practices focusing on HRM effectiveness. The components of the High performance workplace (HPWP) are most easily understood when viewed in contrast with the high-control workplace (see Table 2.1).

Table 2.1- Comparing Two Different Human Resource Systems

Practice	High-control Workplace	High-performance Workplace
Compensation	Low base pay Individual incentives Few rewards for tenure High differentials across families	High base pay Group incentives Back-loaded pay Lower differentials
Training	Low levels, as necessary	High levels, pro-active
Staffing	Extensive low cost part-time workforce Hire and Fire at will Staff for immediate needs	Full-time workforce; part-timers included in benefits Commitment to employment security ; Looser staffing
Hiring and Selection	Based on the market	High investment in screening
Workplace Governance	Little employee involvement	Extensive employee involvement
Job design	Relatively narrow jobs Emphasis on monitoring Steep hierarchy	Broader jobs - Flat hierarchy Organization may include: -self managing teams -formal job rotation -total quality management

Source: Hunter L. (1995),p.6.

The control model promises immediate cost containment. Its hierarchy and sharp job definition provide accountability. Despite its narrower job definitions, it is flexible in some ways, particularly with respect to labor costs, as the size of the workforce can easily be varied up or down to meet both cost considerations and customer expectations.

However, high control work practices most likely lack the flexibility of HPWPs. If a firm is pursuing an innovation objective, then high control HRM practices may interfere with this goal by focusing on routines and rules that do not provide an environment conducive for stimulating innovation. Furthermore, organizations that are structured to deal with stable routine tasks are less able to adapt to an uncertain and dynamic environment.

2.1.2 – The HRM-Performance Link

The impact of HRM practices on performance has been a dominant research issue in the field since the mid-1990s with the leading works of Guest (1997) and McDuffie (1995). Their valuable contribution was in trying to demonstrate a positive association between HRM practices and performance, and to explain *how* and *why* certain HRM practices could lead to an increased performance, or an improved outcome – as preferred by Guest (1997). This analysis has been popularly referred to as the "black-box" given that little is known about what happens at this stage, and most of the studies done in the field were aiming at trying to shed some light on the possible contents of this box.

From these black box studies, employees' perceptions and experience appeared to be the primary mediating variables. If HRM activities are to have an impact on firm performance, it will only happen if workers' attitudes and behavior are affected (Guest, 1997; Purcell et al., 2003). Other researchers, such as Agarwala (2003) considered that because of the large investment in human capital, the value of these practices may be lost if the investment is not offset by increased efficiency and effectiveness. Companies expect this empowerment to enable employees to adapt quickly and readily to rapidly changing product and labor market conditions while improving operational efficiency and firm performance. Earlier studies on innovative HRM practices reported that the greater the number of innovative practices, the more people-oriented the management philosophy is and the more effective the organization is (Schuster, 1986). Other types of advantages are likely to be realized as a result of adopting these types of innovative HR practices. These include improved worker output, improved worker efficiency, reduced absenteeism, reduced layers of

management, reduced incidence of grievances and in general higher productivity and product quality (Murphy and Southey, 2003).

However, since the turn of the new century, more critical analysis of the HRM-performance link started to appear. These recent works revealed that the empirical evidence on a supposed link between HRM practices and organizational performance is rather inconclusive and most of the explanations of the content of the "black-box" remain speculative as stated by Boselie et al.(2005). The reasons that were put to the account of such limitations are essentially of a methodological nature. In fact, these methodological limitations could be found either in the questionable conceptualization and measurement of performance and HRM, or in the nature of the empirical inquiries that resulted in non-compelling findings. And to push even further, some researchers viewed the HRM-performance issue from a reverse causality standpoint and considered that high performing organizations are usually those who can afford high investment in HRM development (Hiltrop, 1999).

2.2 – Innovative HRM Practices and Organizational Innovation

Having reviewed the literature on the HRM-performance link, it is possible to stretch further the analysis towards an HRM-innovation link. The objective of the current section is to highlight the major findings in the literature of the relationship between new HRM practices and innovation performance. It is however useful to reach a consensus on several conceptualizations of key concepts in order to avoid any confusion in interpretations. First is the notion of "innovation performance". Whereas no study on that subject has given an explicit definition of "innovation performance", it could be inferred from these studies that

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what is meant by "innovation performance" is the *firm's ability to produce new products and other aspects of performance"* (Laursen, 2002). It is possible to broaden this definition by adding that a firm's ability to innovate could be either in terms of new products and services (technical innovation) or in terms of organizational innovation. Secondly, it is of vital necessity to distinguish between innovative HRM practices and innovative HR policies. It is useful to remind that HR policies are the organization's stated intentions regarding its various employee management activities; whereas practices are the actual, functioning, observable activities as experienced by employees (Wright and Boswell, 2002). Therefore, if the HR policy is oriented towards innovation, then the enacted HRM practices should be in harmony with this objective (innovative HRM practices). In this section, the focus will be on HR policies that should prevail in companies seeking to be innovative from which the appropriate HRM practices would be derived.

2.2.1 – The Role of HR in the Organizational Learning Cycle

Innovation will be promoted and sustained where HRM practices are geared to promote organizational learning. Organizational learning represents a capacity to create, transfer and implement knowledge (Shipton et al., 2005). Organizations vary in the way they manage learning. According to Kang (2004), the management of learning can be broken down into three dimensions: learning for exploration, for exploitation or bilateral learning that is when organizations achieve equilibrium between the two alternative dimensions. Exploration requires that employees take risks, experiment and be flexible in their quest to discover new and different phenomena. An environment where "exploitation" is valued is where employees are encouraged to follow prescribed rules to enhance

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efficiency (Shipton et al., 2006). It is argued that learning is only likely to give rise to organizational innovation where the dominant approach is oriented towards exploration rather than exploitation. And the exploratory learning is likely to give rise to innovation where HRM practices are in place to manage the three stages of the organizational learning cycle. In doing so, Shipton et al (2005) highlighted the specific role that HRM may play in promoting learning at each stage of the cycle: the creation, transfer and implementation of knowledge.

2.2.1.1 - The Creation of Knowledge

To promote creativity, it is important that people who are recruited have the skills and knowledge required to meet identified gaps (Mc Duffie, 1995). This will be achieved where organizations use relatively sophisticated practices such as psychometric tests, assessment centers and work sampling activities. Training should be designed to expose individuals to new and different experiences to facilitate the questioning of existing ways of operating (Shipton et al., 2005). Given that innovation can only happen when individuals have a creative idea in the first place, it is important for organizations to implement the mechanisms necessary to support individuals in their quest to acquire knowledge.

In that regard, Gupta and Singhal (1993) had conceptualized HRM strategies that foster 'innovation and creativity'. These were not called 'innovative HRM practices', but given their characteristics, they could be considered as strategies aimed at increasing the innovativeness of people and as a result, increasing profits through them. These strategies were conceptualized in four dimensions. The first is the HR planning where innovative companies create and staff new product venture teams with the right skill-mix of individuals. The second is the

performance appraisal which has to be considered in a way to encourage

employees to take risks, pursue innovations to create profitable ventures and

adopt new ideas from the outside. The third is the reward system that should be

designed by innovative companies so as to boost the creativity of their

employees and honor achievers by bestowing financial rewards, promotions and

other forms of recognition. The last one is the career management where

innovative companies empower their employees; provide them with the

opportunity to tackle new problems, gain varied experiences and prepare for

greater challenges.

However, more critical studies considered that these practices could sometimes

act as a barrier to individual creativity. This was particularly the case for Bloom

(1999) who considered that reward systems can act either as facilitators or

barriers for individual creativity. He hypothesized that individuals who receive

performance pay become focused on the achievement of specific objectives on

the detriment of other outcomes likely to promote longer-term performance, such

as creativity and innovation. A big number of literature reviews, shows that

linking appraisal to remuneration tends to be unhelpful as a means of promoting

better individual performance (Pfeffer 1998, and Wood 1999).

2.2.1.2 - The Transfer of Knowledge

Transferring knowledge involves developing shared understanding between

individuals and work groups using dialogue for an increased effective

coordinated action. Spender (1996) considered that knowledge is the most

secure and strategically significant kind of organizational knowledge as it

embodies a collective and tacit dimension. HRM systems can help to reinforce

the transfer of knowledge between individuals so that it assumes a collective dimension by focusing on team-based activities and attaching greater value for group achievements. Also, extensive induction, socialization and mentoring activities enable employees to build a network across the organization, thereby facilitating knowledge transfer (Laursen and Foss, 2003). Career development meetings present an environment within which employees acquire the skills necessary to work effectively with others. It goes without saying that a strong and consistent vision for employee development should reinforce the value of collective endeavor and help promote trust in the organization and in its commitment to employee growth and employability (Harrison and Kessels, 2004).

Research on innovation suggests that new ideas and knowledge need to be communicated through the organization so that they can be implemented (Damanpour, 1990). The transfer of knowledge is thus a fundamental prerequisite for organizational innovation.

2.2.1.3 - The Implementation of Knowledge

This final stage of the organizational learning cycle represents the point at which innovations are enacted. Implementing knowledge involves affecting change in the way organizational activities are conducted. In that regard, practices designed to promote empowerment – involvement and participation, allowing employees input into performance goal-setting – may prevent "core competencies" become "core rigidities" (Leornard-Barton, 1992). In fact, Leornard-Barton (1992) defined core capability as a set of multi-dimensional knowledge that distinguishes and provides a competitive advantage. The

paradoxical situation encountered in innovating corporations is that, even though these capabilities were considered as enabling development, they were also seen as inhibiting innovation, thus becoming core rigidities. In all projects, even those who succeeded, problems often surfaces as product launch approaches. Some of such problems are idiosyncratic to the particular project, unlikely to occur again in the same form and hence not easily predicted. Others, however, occur repeatedly in multiple projects. According to Leonard-Barton (1992) these recurring shortfalls in the process are often traceable to the gap between current environmental requirements and a corporation's core capabilities. Values, skills, managerial systems and technical systems that served the company well in the past and may still be wholly appropriate for some projects or parts of projects, are experienced by others as core rigidities – inappropriate sets of knowledge. While core rigidities are more problematic for projects that are deliberately designed to create new, non-traditional capabilities, rigidities can affect all projects – even those that are reasonably congruent with current core capabilities.

Empowerment could be considered as a way to avoid core rigidities as empowered employees will create multiple potential futures for the corporation and therefore, the future of the corporation rests in their ability to create new businesses by championing new products and processes. A potential downside to empowerment observed is that individuals construe their empowerment as a psychological contract with the corporation. They expect rewards and recognition for the heroic task undertaken for the corporation and freedom to act. When the contract does not meet their expectation, they experience the contract as abrogated and often leave the company sometimes with a deep sense of

betrayal. Empowerment as a value and practice, greatly aids in projects until it conflicts with the greater corporate good. Because development requires enormous initiative and yet great discipline in fulfilling corporate missions, the management's challenge is to channel empowered individual energy towards corporate aims, without destroying creativity or losing good people.

Leonard-Barton (1992) suggested that, although capabilities are not usually dramatically altered by a single project, projects do pave the way for organizational change by highlighting core rigidities and introducing new capabilities. However, for a capability to become *core* four dimensions must be simultaneously addressed: skills and knowledge base, technical systems, managerial systems, and finally values and norms. Thus, new technical systems provide no inimitable advantage if not accompanied by new skills. New skills flee the corporation if the technical systems are inadequate, and/or if the managerial systems such as training are incompatible. New values will not take root if associated behaviours are not rewarded.

2.2.2 – The HRM Practices Promoting Innovation, in Practice.
The connection between the firm's internal organization and its innovativeness has never been neglected in the innovation and evolutionary economics literature. However, these literatures are characterized by the scant attention being paid to the new HRM practices and how they influence innovation performance (Laursen and Foss, 2003, Laursen, 2002). This could also be said of the HRM literature where there is a lack of theoretical and empirical treatment on how new HRM practices affect innovation performance. Therefore, recent studies tried to establish the link between new HR practices and innovation

performance, enriching both the theoretical and the empirical understandings of how HRM practices assist in explaining innovation performance. Besides, many studies tried to identify what specific HRM practices may contribute to innovation providing empirical support for their inferences. Findings could however be considered as rather inconclusive as to establish a commonly agreed upon frame of reference regarding what constitutes an innovation promoting HRM system. This sub-section aims at reviewing these studies and extracting the major findings in terms of HRM practices promoting innovation.

The contributions of Laursen (2002) and Laursen and Foss (2003) was to establish a link between some HRM practices and the innovation performance of the organization. According to their view, new HRM practices such as decentralization, team work and a combination of both in a system, can be conducive to innovation activity in various ways. First, with respect to process innovations / improvements, many new HRM practices involve increasing decentralization, in the sense that problem-solving activities are delegated to the shop floor. Increased delegation may allow better the discovery and utilization of local knowledge in the organization, much of which may be inherently tacit. That thinking is consistent with the earlier seminal work of Burns and Stalker (1961) who argued that the more organic the organizational form is, the more it stimulates organizational innovation. What has been termed high performance work practices systematically try to create organic organizations by moving decision-making downwards and therefore making the organization better able to respond to environmental changes. The second reason – which is not necessarily un-correlated to the first – is related to the increased use of teams. Since they are often composed of different human resource inputs, this may

imply that teams bring together knowledge that always existed separately, potentially resulting in non-trivial process improvements or 'new combinations' that lead to novel products. Training of the workforce may be expected to be a force pulling in the direction of a higher rate of process improvements and may possibly also lead to product innovations depending on the type, amount and quality of relevant training.

The most interesting contribution of Laursen and Foss (2003) is their notion of complementarity between HR practices that could lead to even more increased innovation performance. This idea stipulates that while adopting a single such practice may provide a contribution to innovative performance, it is expected from the HRM practices to be most conducive to innovation performance when adopted, not in isolation, but as a system of *mutually reinforcing practices*. For example, the benefits from giving shop floor employees more problem-solving rights is likely to depend positively on the level of training of such employees. Also, rotation and job-related training may be complements in terms of their impact on innovative activity. All such practices are likely to be complements to various incentive-based remuneration schemes, profit-sharing arrangements and promotion schemes. This clustering of complementary HRM practices derives from the concept of Edgeworth complementarities between activities that is obtained when 'doing more of one thing increases the returns to doing (more of) the others (Milgrom and Roberts, 1995). Thus, theory should lead to expect that, because of complementarities between these practices, systems of HRM practices will be significantly more conducive to innovation than individual practices.

In a study conducted by Laursen and Foss in order to identify companies that have adopted new HRM practices, they defined these practices according to nine discrete variables. They express the degree to which firms apply (1) interdisciplinary workgroups, (2) quality circles, (3) systems for collection of employee proposals, (4) planned job rotation, (5) delegation of responsibilities, (6) integration of functions, (7) performance-related pay, (8) firm-internal training and finally, (9) firm-external training. Then they identified two HRM systems which are conducive to innovation. The first one in which the first seven of the nine HRM variables matter (almost) equally for the ability to innovate. The second system which was found to be conducive to innovation is dominated by firm-internal training in addition to firm external training. In an attempt to detect whether there are sectoral regularities in the application of the two successful HRM systems, they found that manufacturing sectors correlate with the first system, while firms belonging to the wholesale trade sector and to ICT intensive service sector tend to be associated with the second system.

2.3 – Conclusion and Implications for the Research Question

In summary, companies are facing the urgent need to increase their performance so as to remain competitive in a fast changing environment. Several theories suggest that organizations will outperform their competitors in terms of efficiency and profitability to the extent that they are able to implement a "strategic" management for their human resources. Recent studies suggest that organizations are likely to be more successful when they use a particular set of HR policies and practices. Although the specific number and type of practices varies from one study to another, Hiltrop (2005, 2006) suggested that companies

are especially likely to sustain their success when they adhere to the four following guidelines:

- Maintain a high level of consistency between strategy and HR practices;

- Create a culture of openness, teamwork and delegation;

- Build HR capability into the role and mindset of every manager;

- Create many opportunities for learning and development, supported by individual coaching and mentoring.

This chapter aimed at reviewing the literature to answer two major questions:

- First, is there a link between innovative HRM practices and a company's performance and innovation performance? The theoretical answers were mainly positive, however, evidence showed mixed results.

- Second, if HRM activities are to have an impact on companies' capacity to innovate, are there specific innovative HRM practices that may be considered as "predictors of innovation"? Here again, empirical work still remains undecided as to reach a common agreement on some "critical" HRM practices for innovation.

The implications of these theoretical findings for the research question could be formulated in these words. Having in mind that the research is about assessing the influence of the HR department's policies and practices during innovation, and specifically during BPR, it is possible to state that this chapter highlighted one fundamental aspect about these. In fact, it could be inferred that one *critical* task incumbent to the HR department is to implement appropriate HRM practices that help the company succeed in its journey of implementing change. This argument is in line with the works of several researchers (Laursen, 2002; Laursen and Foss, 2003; Shipton et al, 2005 and 2006; De Leede and Kees

Looise, 2005). Consequently, and based on these researches, it is possible to stretch their findings and see to what extent they could be applied to companies that are innovating through BPR. Therefore, the first proposition (P1) could be formulated as follow:

P1- For effective implementation of BPR, the role of the HR department should be to implement innovative HRM practices – i.e. practices that enhance the capability of the company to adopt change.

Formulated this way, this proposition would provide some new light on two main subjects. The first subject deals with exploring the link between innovative HRM practices and BPR. The second subject identifies HRM practices that could be considered as critical for a successful implementation of change.

Moreover, and in an answer to a critic made by Hope-Hailey et al. (2005), it would be interesting to focus not only on the HRM practices implemented but also to attach some importance on the role played by individual actors (and departments) in putting these practices into practice. In that regard, Murphy and Southey (2003) considered that one vital element not often considered in HRM innovation research is the role of the HR practitioner. Typically, the strategic HR practitioner is depicted as a pro-active agent of change. He is a professional able and willing to develop, plan and implement a wide range of organizational activities linked to organizational performance.

Being innovative is certainly an important asset an HR practitioner should have in an innovating company, but it is not the only one. The "strategic" view of HR also stipulates that the HR department should get involved in the business as a

partner. There is a growing body of evidence suggesting that the role the HR is playing within an innovating organization should go beyond the traditional administrative management of personnel to include a strategic dimension as "change agent" or "strategic partner". These issues of the changing role of the HR and line managements within innovative organization towards an increased partnership are developed in the next chapter.

Chapter 3 – HR Specialists' Changing Roles

As stated in the previous chapter, in a fast changing business environment, the HR function has to 'behave differently' and adopt new practices so as to make it easier for the company to perform better and build the capacity to change. This would imply for the HR function to be significantly confronted to a changing focus and role moving from the traditional focus on the administrative – also called operational or transactional issues – towards a greater strategic focus for HR. Indeed, the literature on HRMs changing focus seems to have attached a significant importance to the fact that HR departments should experience situations where strategic work should be gaining greater emphasis while operational work would be eliminated, automated, outsourced and streamlined (Ulrich, 1993; Conner and Ulrich 1996, Ulrich and Beatty 2001, Walker and Reif 1999). However, the empirical evidence also showed that the HR functions' move towards this new strategic mission is neither automatically achieved nor without many problems. Moreover, some studies also went as far as to criticize this changing focus for the HR function, where in order to be a strategic partner it had to "please" the management and consequently take HR decisions that harmed employees and affected their motivation (Francis and Keegan, 2005; Hope-Hailey et al., 2005).

This change in focus and roles of the HR function towards more integration into the business is also accompanied by a similar changing role for line managers. They are getting more and more involved with the HR function on issues of common interests. The main aspect of this partnership takes the form of "strategic alliances" between the HR and other functions teaming up on specific innovative projects. This kind of partnership has been mainly analyzed in the

literature between the HR and the Organization and Planning functions
highlighting the resulting increased efficiency in the implementation of change
(Ruona and Gibson, 2004; Ellis, 2007).

Putting all these elements in the context of the research question, the objective
of this chapter is to move one step further in the analysis of the role of the HR
function in the context of innovation by assessing to what extent it would be
interesting for the HR function to have a "strategic role" within the company for a
better implementation of change. The second objective of this chapter is to
analyze the kind of relationships that exist between the HR and line
managements – as suggested by the theoretical and empirical works – when
effective implementation of change is put into play.
It is important at this level to keep in mind that the ultimate objective is to assess
the importance of the HR role during implementation of BPR. Given the growing
body of literature putting the HR function in the ranks of a strategic partner and
praising the virtues of such a role during innovation, it would be interesting to see
to what extent such a strategic role might be critical during BPR as well.

The structure of this chapter follows the aforementioned objectives and is
therefore made of two sections. The first section reviews the literature on the HR
changing focus towards increased involvement into the business. After
presenting the major contributions of Ulrich and Brockbanks (2005) on the HR's
changing roles and which constitute our main reference, an increased attention
will be focused on the two critical roles of change agent and strategic partner
and their potential impact on effective implementation of change. The second

section aims at analyzing the relationships between HR and line managements in their day-to-day activities.

3.1 – New Focus for the HR Function: Getting Closer to the Business

Historically, HR role in innovation was first described in the literature in the works of Legge (1978). She identified two roles personnel managers could adopt in developing their power and influence within an organization: "the conformist" and "the deviant" innovator roles. Conformist innovators use their expertise to enable the organization to adapt or implement personnel policies designed to achieve tangible improvements in business performance. In contrast, deviant innovators assume a more independent stance, "bolstered by their management credibility or conviction, which allowed them to encourage organizations to embrace new ideas or values".

Tyson and Fell (1986) had proposed a typology that differentiates the personnel role along a continuum from "low discretion" to "high discretion". This resulted in three types: "clerk of work", "contracts manager" and "architect". However, this model underlined the difficulty of constructing a typology along a single and linear continuum that can capture the emergent role of the HR professional as change agent.

The first important emphasis on the link between HRM and the role of the personnel managers as "change-makers" occurred in Storey's (1992). According to his typology, the "change-makers" push forward processes of culture change and organizational transformation. The role of change-maker appeared to be new, and perhaps most clearly differentiated HRM from traditional personnel

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management. In 1995, Tyson revisited his initial typology by adding two "advanced versions" of the strategic architect role: the change agent and the business manager. The first brings about large-scale organizational change, while the latter is a senior member of the management team focusing on the integration between human resource strategies and business strategies.

The first conceptual model about the HR roles that add value in an increasingly complex environment was presented by Ulrich (1992, 1996 and 1997), and Brockbank (1999). Although these models had been modified and revisited several times even by the authors themselves, and in spite of the critics addressed to their models for being rather prescriptive and not taking account of relationships and negotiation between HR professionals and other parties in the company (Procter and Currie, 1999), they remain the foundation stone for the analysis of the HR changing roles over time.

3.1.1 – Ulrich's and Brockbank's Models for HR Changing Roles

      3.1.1.1 – The Basic Model of Ulrich (1997)

Ulrich discussed four ways HR professionals may add value to a business – executing strategy, building infrastructure, ensuring employee contribution and managing transformation and change. Ulrich's conceptual framework is based on two main dimensions. The first axis reflects the competing demands of future focus (strategic matters) and present focus (operational matters). The second axis reflects the conflicting demands created by the activities HR people engage in. One end of the axis represents a focus on people, while the other represents a focus on process. From the juxtaposition of these two dimensions the four

types of HR roles emerge: strategic partner, change agent, administrative expert and employee champion (Table 3.1)

Table 3.1 – Ulrich's Vision of HR Roles

Focus	Operation	Strategy
People	Employee Champion	Change Agent
Process	Administrative expert	Strategic partner

Source: based on Conner and Ulrich (1996)

The 'employee champion' role, deals with the day-to-day problems, concerns and needs of individual employees. The 'administrative expert' represents the traditional HR role. It is therefore concerned with designing and delivering HR processes efficiently. 'Change agent' refers to helping the organization build a capacity for change. It is concerned with identifying new behaviors that will help sustain a company's competitiveness. The 'strategic partner' role is one that focuses on aligning HR strategies and practices with business strategy.

3.1.1.2 – The Initial Model of Brockbank (1999)

The distinction made between the operational and strategic levels was also found in the HR framework of Brockbanks (1999) who had incorporated the concept of increasing competitive advantage. His framework characterizes professional HR practices along with two sets of dimensions: operational or strategic, reactive and proactive. Reactive activities are in response to a need of the organization, while proactive activities involve the creation of operational improvements or strategic alternatives (see Table 3.2).

Table 3.2- Brockbank's Dimensions of HR Roles

	Reactive	Proactive
Operational	Implement the basics	Improve the basics
Strategic	Support strategy	Create future, strategic alternatives

Adapted from Brockbank, 1999

Operationally reactive HR addresses the question of knowing how HR should react to ensure that the basics are addressed. Such activities include administering benefits, maintaining market-based salary grids, hiring entry level employees and providing basic skill training. Operationally proactive HR addresses the question of knowing how HR can improve the quantity and the quality of the HR basics before problems occur. Such activities include reengineering HR processes, applying TQM principles to HR activities and ensuring positive moral in the workforce. Strategically reactive focuses on how HR can help support successful implementation of business strategy. Such activities include identifying and developing the technical knowledge, the tactical skills and the business culture that are consistent with the demands of the business strategy. They may also include facilitating change management and organizing HR into service centers. Strategically proactive focuses on creating future strategic alternatives. Such activities include creating a culture of innovation and creativity and creating internal capabilities that continually track and align with the marketplace for products, markets and capital.

Brockbank demonstrated that HRM's focus has evolved over time, progressing along a continuum from operationally reactive to operationally proactive. Then it evolved from strategically reactive to strategically proactive. He also reconfigured his matrix shown in table 3.2 to create a linear scale for measuring

HR as a competitive advantage. Competitive advantage entails having the capability to provide better products, services or financial returns than the competition does. HR should help the firm create value in the marketplaces for said capital, products and services before the competitors do. According to Brockbank's analysis, an HR department increases its potential to create competitive advantage as it moves from being operationally reactive to being strategically proactive. Ruona and Gibson (2004) analyzed this progression over time by fixing a time period for each of the four foci (Table 3.3).

Table 3.3 – Continuum of Competitive Advantage

Beginnings – Mid 1980s	*Late 1980s – Early 1990s*	*Early 1990s – Current*	*Late 1990s – Current*
Operationally Reactive	**Operationally Proactive**	**Strategically Reactive**	**Strategically Proactive**
Low ⟶ Competitive Advantage ⟶ **High**			

Adapted from Brockbank, 1999 and Ruona and Gibson, 2004

3.1.1.3 – Ulrich and Brockbank's Unified Vision of HR Roles (2005)

During a whole decade, the model of Ulrich has inspired various authors and has led to an upheaval in the jobs and careers of thousands of HR professionals. However, it has also resulted in the growth of a "cacophony of different HR roles" as named by Ulrich and Brockbank (2005), leading to a very confusing account of what HR professionals should be doing. To help these latter to clarify their roles, Ulrich and Brockbank proposed a new consolidated framework which synthesizes previous work and takes into consideration the changing roles they had observed in the leading organizations with which they worked. In this new updated version (table 3.4), the labels "employee champion", "administrative

expert" and "change agent" were replaced by "employee advocate", "human capital developer", "functional expert" , "strategic partner" and "HR leader".

Table 3.4 – The Evolution of HR Roles

Mid 1990s		Mid 2000s
Employee Champion	⟶	Employee Advocate Human Capital Developer
Administrative Expert	⟶	Functional Expert
Change Agent		
Strategic Partner	⟶	Strategic Partner
		Leader

Adapted from Ulrich and Brockbank, 2005

The original role of employee champion was divided into the two distinct roles of employee advocate and human capital developer. The old administrative expert role seems to have expanded, with the development of technology into a broader functional expert and the work of "change agent" is often absorbed into that of the HR strategic partner. Leadership was seen to be so critical that the authors have sought to emphasize its importance by seeing it as a distinct role.

As employee advocates, HR professionals should make sure that the employer-employee relationship is one of reciprocal value. It means listening and responding to individual employee needs, while having in mind the customers' and managers' needs in order to be successful in creating value. As human capital developers, they build the workforce of the future. In doing so, they focus on one employee at a time. They also develop plans that offer each employee opportunities to develop future abilities. They can also coach leaders by building trust, sharing observations and affirming changes.

As strategic partner, their roles include three dimensions: strategy formulators, strategy implementers and change agents and finally facilitators and integrators. As leaders, HR professionals must show the leadership skills that they expect in others. At the top of their HR organization, HR leaders establish an agenda for the function so as to create powerful capabilities within their own departments. This in turn will have a positive impact on the effectiveness of other departments and create capabilities throughout the company.

In a context of new technology adoption, the strategic role of the HR function seems to be crucial. In particular, HR can have their say in the formulation of the strategy mainly because they have a strong role to play in leading the company to change. Naming one fundamental role in change management is the definition of the skills and competencies necessary to adapt to change. The next two sections focus on the two roles resulting from the strategic dimension of the role of HR as defined in Ulrich's original typology, namely the roles of the 'change agent' and of the 'strategic partner'.

3.1.2 – The Strategic Roles of HR

As defined by Ulrich and Brockbank (2005), the HR's role as a strategic partner is multidimensional. It can be that of a business expert, of a change agent, of a knowledge manager and it can also be that of a consultant. In other words, the HR brings know-how about the business, change, consulting and learning to its relationship with line managers. The HR partners with line managers to help them reach their goals through strategy formulation and execution.

As strategy formulators, HR professionals play three distinct roles. First, they question the accuracy of the strategy and the ability of the firm to make it happen. Then, they play an active role in crafting strategies. Finally, they play a developmental role in helping raise the standards of strategic thinking for the management team.

As strategy implementers and change agents, they align HR systems to help accomplish the organization's mission and vision. They diagnose problems, create plans for making things happen, and serve as coaches by shaping points of view and offering feedback on progress.

As facilitators, they work with knowledge to help individual managers and management teams get things done. As *integrators* they disseminate learning across the organization.

In an earlier study, Ulrich and Beatty (2001) had commented that HR professionals must be more than partners, they must be active players. Players contribute because they are engaged. They add value because they are "in the game, not at the game" and they deliver results. They do things that make a difference. They proposed six (interdependent) ways in which HR players contribute to the organization: coach, architect, builder, facilitator, leader and conscience.

The strategic role of HR also appeared in the works of Walker and Reif (1999) who had also presented the idea of "HR leaders". As part of the restructuring and repositioning of the HR function, many companies are redefining the roles of HR

leaders so they can contribute directly to business performance. Leadership roles are being redefined to increase emphasis on working with management to lead people through rapid, effective business change. HR generalists are increasingly expected to demonstrate leadership capabilities as strategic business partners.

The HR leadership profile model has two components: core capabilities and leadership capabilities. Core capabilities are those normally expected for all HR practitioners regardless of their job or position within HR, and regardless of their functional area of the business. The knowledge and skill base of HR leaders has 5 key components: business knowledge, HR functional capability, managing culture, managing change and personal credibility. HR Leadership capabilities should be demonstrated along a continuum of five activities: 1) Shaping business strategy, 2) Developing HR Strategy, 3) Leading change, 4) Aligning HR process by changing roles, activities and systems to achieve desired outcomes, and finally 5) Achieving results by implementing actions and processes.

The strategic aspect of the HR's role within a company embodies a mission that seems to be critical in the context of innovation adoption: the change agent's role. According to all the studies mentioned previously, the role of the HR's mission to get the change done seemed to be given a fundamental place. Therefore, it would be interesting to slightly develop the specific task of the change agent following the works of Caldwell (2001) and Clark (1993).

Caldwell (2001) proposed a new four-fold typology of HR change agency role defined along two axes related to the scale or strategic scope of HR change interventions (transformative change versus incremental change) and the professional identity of the personnel function (HR vision versus HR expertise). Crossing all the model's dimensions, it is possible to plot four types of HR change agent along the two axes: champions, adapters, consultants and synergists (see table 3.5)

Table 3.5 – HR Change Agent Roles

	Transformative Change	Incremental Change
HR Vision	Champion	Adapter
HR Expertise	Synergist	Consultant

Adapted from Caldwell, 2001

Change champions are those directors or senior executives at the very top of the organization who can envision, lead and implement strategic HR policy changes of a far-reaching, transformative or integrative nature. Change adapters are those middle-level HR generalists and personnel specialists who carry forward and build support for change within business units and key functions. Change consultants are those specialist personnel professionals or external consultants with the expertise or experience to implement a discrete change project or key stages of an HR change initiative. Change synergists are those senior personnel managers or high-level external HR consultants capable of strategically coordinating, integrating and delivering complex, large scale and multiple change projects across the whole organization.

As Caldwell recognized, the HR change agent roles he presented certainly overlap, and there may be more roles lurking inside each type. This complexity not only reflects the inherent ambiguities of the personnel function and its "chameleon" nature but also the fact that "role change and reallocation" is now an intrinsic feature of the personnel function in coping with the realities of relentless organizational change.

The theoretical analysis has abounded in the idea that in order to add value and to increase the company's competitiveness, the HR function should be considered as a strategic partner. However, the evidence seems to show contradictory results of relatively low rates of companies whose HR function could be considered as a strategic partner. The researchers who deeply believe in the virtues of this role tried to deepen the analysis of such contradictions and tried to identify the potential obstacles that may prevent the HR from becoming a strategic partner and enumerated the factors that may help in that regard (Lawler and Mohrman, 2003; LaMarsh, 2004).

3.1.3 – Obstacles Hindering the Strategic Partner Role
Empirical researches of HR roles revealed two kinds of obstacles preventing HR specialists from playing a strategic partner role. The first obstacle is related to HR specialists' skills and HR function's organization that are considered as inadequate for such a role (Lawler and Mohrman, 2003). The second kind of obstacle takes the form of "resistance" faced by HR specialists due to organizational power and politics that contribute to the lack of consideration of their strategic role (LaMarsh, 2004; Zanko et al.,2008).

3.1.3.1 – HR organization and skills

Lawler and Mohrman (2003) tried to clarify the question of a low strategic role and showed that the consensus seems to be that change is required both in the skills of individuals in the HR function and in the way the HR function is organized and carries out its activities. It needs to be structured and staffed to carry out the basic administrative functions as well as being a strategic partner, i.e. it should participate in decisions concerning strategy development, strategy implementation, change management and organizational effectiveness. Lawler and Mohrman (2003) enumerated a number of factors that could help HR function to become a strategic partner and tested these factors through surveys done to medium and large US companies. These factors included the use of HR information systems (HRIS), the use of joint line-HR teams, the decentralization of HR decisions, the rotation of people across the HR tasks and the appointment of a non-HR expert at the head of the HR department.

Results showed that a number of significant relationships were found between how HR is organized and the degree to which it is a strategic partner. The use of teams, particularly the use of joint line-HR teams to develop HR systems and policies, is strongly related to HR being a strategic partner. There is also some evidence that improving transactional operation of HR can in fact support HR being more of a business partner. The one activity that is statistically significant has to do with line managers doing more self-service. This obviously has the potential to free up HR time, but it may have its greatest impact because it involves line management in HR processes. Finally, the rotation of people is strongly related to HR being a strategic partner. However, it appeared from the results that two of these factors were less relevant to the HR becoming a

strategic partner, namely the use of HRIS and the non-HR expert at the head of HR.

3.1.3.2 – Organizational power and politics

Several studies showed that the HR function faces a sort of *resistance* from various sources and for various reasons that could impede its evolution towards a strategic partnership (LaMarsh, 2004). LaMarsh identified the reasons some individuals would resist the transformation of HR and a set of four potential resistors. Those who resist are doing so for the three following reasons: (1) they don't see any problem with how HR operates currently and therefore don't see the need for change;(2) they don't understand what HR is supposed to become, or if they do understand that, they don't like what they perceive as the process to attain the change or the potential outcomes; and ultimately (3) the task of changing is too difficult.

The potential resistors come from several target populations, each with different issues and difficulties: (1) from the senior management of HR; (2) from the professionals in HR; (3) from the clients / customers of HR – the business units and corporate business segments they serve, including management and the workforce; and finally (4) from the vendors, suppliers and consultants who serve HR.

In a similar stream of ideas Zanko et al (2008) make case about issues of power and politics influencing the relationships between organizational players within a company. In fact, these authors conducted a case study on a company which was implementing a process innovation and it showed that HRM was receiving

scant attention in the implementation of this innovation. And it was clear from the case study that a number of levels, organizational powers and politics contributed to this situation. The study showed how, despite rhetoric to the contrary, organizations involved in implementing process innovations can more or less systematically fail to address key HRM issues. It also explores how the play of politics and power create such "absences". The existence of complexity, uncertainty and multiple interests inevitably generates organizational politics (Buchanan and Badham, 1999). Therefore, the implementation of complex process innovations is a prime site of multiple cross-cutting political activities and agendas. Despite their prevalence and importance for organizational outcomes, organizational powers and politics have been given scant treatment in the established HRM literature.

The interpretation of Zanko et al. on how power and politics affect the manner in which HRM issues are considered (or excluded from consideration) in the course of organizational innovation was interesting and compelling. From their case study, they showed that the consideration – or lack of consideration – of HRM factors in the course of the project was largely attributable to the complex intertwining of the actions of these players. Of crucial significance was not only the opposition to considering HRM issues in the innovation project, but also the fragmented and misaligned interests and perceptions of those supporting HRM in the company. The failure of external consultants in effectively influencing the adopting company to undertake such a treatment is in itself an important dimension of the politics of innovation projects.

These analyses and researches were done by authors that could be qualified as advocates of the HR strategic partner role. However, there is an emergent breed of researchers who are at the opposite side, criticizing the strategic partner's role and stipulating that when the HR function changes its focus – forgetting by this fact its traditional mission of personnel care – then this could lead the company to lose the commitment and motivation of the employees and consequently, negatively affect its performance (Francis and Keegan, 2005; Hope-Hailey et al., 2005).

3.1.4 – Critical Assessment of the Strategic Partner's Role

Given that the strategic partner's role for the HR is being widely praised not only by the theory but also within the community of practitioners, this role is proving to be the most attractive for the majority of HR people (Francis and Keegan, 2005). And in order to free up HR people so they can focus on more strategic tasks, new HR initiatives are being designed to shift responsibilities previously in the hands of HR to line management. These shifted responsibilities are mainly those under the "employee champion" or "employee advocate" roles as termed by Ulrich. In fact, employees' issues are being devolved to line managers who are entitled to deal with the employees' day-to-day HR issues. Other initiatives include outsourcing the HR function, taking it off the shop floor and away from employees.

Francis and Keegan (2005) revealed in their survey that this disintegration of the employee champion role in almost all the organizations that were interviewed resulted in potentially grave consequences. Three major problems were identified by the respondents: (1) the loss of employee trust and confidence; (2)

the costs of employee well-being and (3) the disenchanted HR practitioners and truncated careers. Hope-Hailey et al. (2005) went even further and linked this reduced quality of working conditions to the company's performance, questioning the wisdom of focusing on the strategic partnering role. Their study showed how the HR department may become more important strategically, but the human factor of people's everyday work experience may deteriorate. Thus, the strategic role does not necessarily enhance the value of the firm's human capital and on the long term it has a negative effect on the sustainability of high firm performance.

Moreover, the decision to devolve people management responsibilities to line management in order to address an area of ambiguity in the HR department roles was also problematic. Line managers were neither capable nor motivated to take on these issues. The conflict of simultaneously balancing both a process-orientated and a people-orientated role resulted in the HR department siding with management and largely neglecting relations with employees by making this the responsibility of line management. The identification of this fundamental conflict raises serious questions about the role of the HR function. Even Ulrich himself, who had initially coined the term of strategic partner in the 1990s, stressed in a recent article (Ulrich and Brockbank's Role call, 2005) that "caring, listening and responding to employees", remains a "centerpiece of HR work". These are the elements of the "employee advocate or champion role".

This led Hope-Hailey et al. to raise the question whether it is possible for the function to meet both employee and business needs by operating simultaneously in all four segments within Ulrich's model.

3.2 – A specific case: the HR-OD partnership

In the previous section, the main idea was that in order to add value and increase the company's competitiveness and performance, the role of the HR department should evolve in a way to get closer to the company's business needs. The concrete application of this idea considered the HR department as a "strategic partner", perfectly integrated into the company and involved in all decision making processes. In practical terms, this would also imply that the HR and line managers "partner" on the ground during the implementation of the decided strategy.

After reviewing the literature in the aim of finding compelling theoretical or empirical support to the idea of an HR partnership, it was possible to find some relevant studies on this subject. These studies focus on the relationship between the HR and Organization and Development (OD) functions which proved to arouse synergies and therefore a positive influence on implementation of change. Even if these researches are limited in number and based on real experiences, they provide an interesting incentive to deepen the analysis and increase the reliability of such relationship towards developing an ad-hoc theory.

3.2.1 – Strategic Partnership between HR and Organization and Development
The main aspect of the relationships between the HR and line managements takes the form of coordination and partnership on specific innovative projects for better results. Ruona and Gibson (2004) noted that today's requirement demands that usually separate functions such as HRM, HR Development and Organization and Development make them coordinate, partner and innovatively think about ways to impact people in organizations effectively. All three domains

have various similarities among them that provide the necessary synergy for HR to be a truly valued organizational partner. They contextualized the emergence of what they labeled the "twenty-first-century HR", which they view as a meta-profession accommodating multiple fields under its umbrella.

3.2.1.1 – The Partnership between HRM and OD in Theory

In their study, Ruona and Gibson (2004) analyzed the separate evolutions of the functions of HRM, HRD and OD and highlighted the changing nature of work in each domain during the past 50-plus years. The result was that those three functions are converging towards the same set of strategic priorities which can be summarized in the four following topics: (1) increased centrality of people to organizational success; (2) focus on whole systems and integrated solutions; (3) strategic alignment and impacts and (4) capacity for change. It results that the potential impact of HR is maximized by a more formally integrated HRM, HRD and OD. Therefore, the barriers between these functions, which operate in many organizations today as separate functions, should be eliminated. This will avoid the confusion between people who work in the organization and the duplication of efforts as it inhibits the development of genuinely integrated people/system solutions that are needed in the organizations.

This transition will require an enlightened organizational leadership that is capable of bringing together these three functions. These leaders must embody and exhibit the strategically proactive HR. They must be fluent in the core contributions of each field and must foster cross-fertilization of concepts and competencies. In other words, this will require that HR professionals have some knowledge in each of the areas within HR that are not their specialties. They

must integrate culture and change management, because without "partnering", or acting as a "catalyst" with all three professions, their role will remain elusive. Ruona and Gibson (2004) mentioned that the need to unite these three fields under one umbrella will probably require finding a new term for this function that would act as a unifier for professionals in HRM, HRD and OD.

3.2.1.2 – The Partnership between HRM and OD in Practice

The function organizational development or OD has been established for over 50 years and with the fast organizational change, it is now assuming the responsibilities of new business developments, business strategy and HR. From an HR perspective, HR is trying to move from personnel space into HR strategic partnering. It is doing more and more OD-related work like capability strategies, change planning and facilitation, management team coaching and organization design. It results that the relationship between both could become tense as the role of OD as internal consultant may not be fully understood by the HR or the business. OD practitioners could be reluctant to share their expertise with HR business partners even if they are gatekeepers for OD work in the business. As HR is becoming more strategic, there is a potential overlap in roles and skill sets with organizational development.

F. Ellis (2007) argues that if both work in partnership rather than seeing each other as a threat, the organization will benefit and be more equipped to deal with future challenges. In her article, she brought about some real experiences of partnership between HR and OD in major organizations such as British Airways, Nokia and Hewlett Packard. All respondents agreed that when HR and OD activities are integrated, this will create a *"really powerful capability for effecting*

change". Developing a relationship across the HR and OD functions is important, whether the functions are internal or OD expertise is bought in. Establishing and working on a relationship over time enables trust to be developed, increases the longevity of relationship and improves the ability of HR and OD to become more credibly strategic. It seems that shifts in HR and OD practice mean that partnership enhances the strategic positioning of both. As one of the respondents of Ellis (2007) interviews argued, OD, HR, communications, strategy development, marketing, etc. should work together to achieve the business goals and longer-term renewal. So in the best cases, it is joint project work where sometimes one function leads and others support, then roles can change depending on the competence needs.

3.2.2 – Conditions for an Effective Partnership

Currie and Procter (2001) suggested in their case study that an effective relationship between HR and line managers should not be considered as dependent upon exogenous factors but as in most of the cases, on factors that are internal to the organization which the HR function can influence. These internal factors could be presented around two sets of factors. The first one concerns the HR strategy and stipulates that this strategy may best be composed of broad themes which can be contextualized at local level. This encourages middle managers to contribute towards elaborating on those broad themes, taking into account specific operational context and determining how best those themes are realized. The HR function should organize itself so that HR professionals work closely with middle managers and link the vision of the corporation with the operational reality. The second set of internal conditions relates to the line managers where increased opportunities should be granted to

them to span boundaries within the organization itself through membership of project groups. This would allow them to bring their specialist and operational knowledge to bear on HR strategy. Moreover, investment in organization and management development focused on middle managers would encourage them to contribute towards strategic change. In paying attention to these internal factors, the realization of HR strategy is likely to be a process of "negotiated evolution" with middle managers and other stakeholders.

Ellis (2007) used a model of partnership that is used by Bath Consultancy group to illustrate what constitutes successful partnership working between HR and OD. This model shows that the success depends on three key elements of shared commitment, mutual trust and clear roles. Without these elements, there will be blame, duplication and failure to meet business goals (figure 3.1).

Figure 3.1 – A Model of Successful Partnership Working
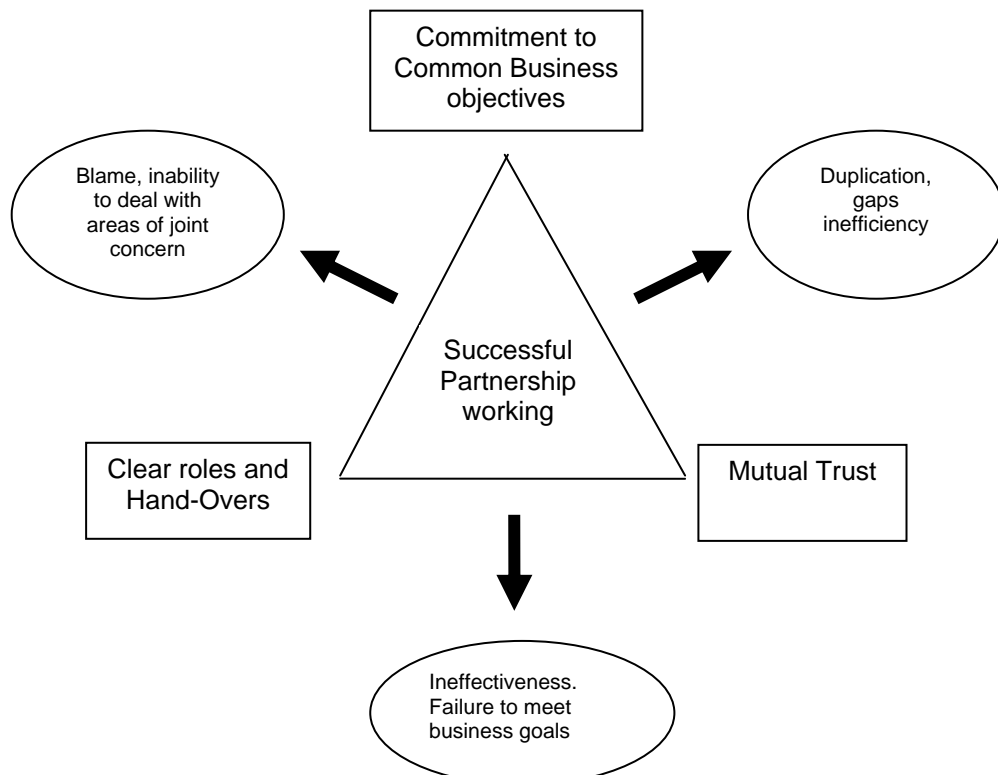
Adapted from Ellis, 2007

Renwick (2000) reported from case findings that conflicting relations are seen to exist, but are also seen to be negated by moves towards more consensual relations by both parties. A study made by Gennard and Kelly (1997) reported the existence of joint arrangements between HR and other directors at director levels and between line and personnel managers at subsidiary company levels. This resulted in their depiction of a "business driven partnership to improve performance" deriving from a number of factors that make an HR director more influential. However, other studies found clear barriers remaining to the adoption of general joint arrangements within organizations due to empowerment initiatives and managerial responses to them.

3.3 – Conclusion and Implications for the Research Question

It is no longer sufficient in many organizations for the role of HR to merely be polite, police or merely desiring to become a member of the management committee of organization. The objective of the HR professionals is to ensure that HR adds value to strategic planning and business results of organizations and therefore become a "strategic partner". But here again, as Ulrich (1997) warned in his analysis, this new role should not be associated too closely with line management strategic decision making. It is more a case of HR professional learning to do "strategic HRM", translating business strategies into organizational capabilities and HR practices.

The previous argumentation is central to the research question as it gives a framework of the roles HR should be playing in an organization that is implementing change. The first implication is that it falls to the HR to play the role of change agent whose mission is "to get the change done" (Ulrich, 1997). And

the second implication is that the HR should be considered as a strategic partner for increased effectiveness in implementing change. As a result, the two following propositions could be formulated as follows, for an increased effectiveness in the implementation of change:

P2 – HR specialist should act as a change agent.
P3 – HR specialists should be considered as strategic partners.

In order to develop a true partnership, the HR function must focus more on planning, organizational design and development. More organizational approaches are also required whereby HR professionals operate in proximity and partnership with the line and develop a broad and deep understanding of HR issues. Nowhere is this dual need for deep HR knowledge and HR proximity to the line more important than in the top HR role. Partnership also requires increasing the trust in line managers and transferring HR accountability to them in many areas where HR has previously exercised control and provided service. This increased partnership between HR and line managers is seen to be as one potential determinant for an effective implementation of change within innovative companies. HR must learn more about the business and the line managers must become more proficient at managing their human resources. Therefore, the "knowledge barriers" existing between both should be eliminated. Most importantly, there must be forums, such as teams, for combining knowledge addressing complex business and HR issues and dealing with the true interdependence of these issues. In brief, in order to break the knowledge barriers, not only HR professionals have to adapt their role to the changing business environment by getting closer to the business, they also have to work

in close partnership with line managers and combine their efforts for an effective implementation of strategy, especially in a context of innovation. From the line management's perspective, it needs to be proficient in managing its human resources as well as stepping towards a more strategic role in partnership with the HR function. This results in the following proposition that seems relevant to our research question:

P4 – When HR and line management operate in joint task teams, this will result in effective implementation of change.

In conclusion to these two chapters it was possible to highlight critical issues related to HR policies and HR specialists' role during implementation of change. The next step is to introduce the setting in which these issues might be explored. Therefore, the objective of next chapter is to review the literature putting in relation HR policies and HR specialists' role during implementation of business process reengineering (BPR).

Chapter 4 – Managing Change During Business Process Reengineering

The concept of BPR was first introduced by Hammer in 1990 in his very popular call to both researchers and practitioners: "don't automate, obliterate". This call was driven by the admission of disappointing results for many companies who have heavily invested in information technology. In fact, these companies used technology to mechanize old ways of doing business; or in other words, they were leaving the existing process intact and using computers to simply speed them up. And therefore, these methods for increasing performance haven't yielded the dramatic improvements companies were seeking. In this context, Hammer suggested to "reengineer" the business process.

In watching the evolution of the literature on BPR, it shows that it took almost two years for this notion to be assimilated as researches following Hammer's started in 1992 giving new definitions and explanations for the BPR and also describing successful experiments and unsuccessful ones. Various authors have described approaches known as "business process reengineering", "business process redesign", "business process management", "business process improvement" and "core process redesign" (Davenport and Short, 1992; Doyle, 1992; Harrington, 1992). Their approaches have different characteristics in terms of the degree of change (radical or incremental), the scope of the exercise and the focus of attention (Maull and Childe, 1994). In that regard, Hammer's view is a rather radical process-focused approach and IT dominated. Whereas tenants of a more incrementalist and quality oriented approach, such as Harrington's (1992) define the concept of business process improvement as a "systematic

methodology developed to help an organization make significant advances in the way its business processes operate". The common point between the process improvement (in the style of Harrington) and business process reengineering (in the style of Hammer) is that both focus on the whole process and have a wide scope. "Business reengineering" (as distinct from business process reengineering) looks at the improvement of the (already process-focused) organization to exploit its capabilities in a way which leads to the growth of business in new and different areas (Maull and Childe, 1994).

The main objective of this chapter is to provide a review of the BPR literature with a special focus on HRM issues related to BPR implementation. This review will help gather all the studies done in the field and highlight the major gaps in the literature that this research aims at filling. It is useful to remind that the purpose of the thesis is to analyze "*the influence of HR policies and of HR specialists' roles on BPR success in a bank".*

This chapter has the following structure: first, it introduces the analysis by presenting, a definition of BPR and an overview of its major principles as mentioned in the literature with a specific focus on the factors that may induce the success or the failure of BPR projects. The second stage is to take stock of current research related to the main issues of management of change during BPR; specifically those related to the management of human resources. This presentation will be both theoretical and supported by the evidence drawn from real experiences witnessed in banks who have implemented BPR, as it directly serves the interest of this thesis.

4.1 – BPR: The Concept and Critical Success Factors

The objective of this section is to provide a brief presentation of the concept of BPR and to focus on the main factors mentioned in the literature that may influence the success of any BPR project.

4.1.1 – The Concept of BPR

 4.1.1.1- Definition

The first definition of BPR was introduced by Hammer (1990) as the use of "the power of modern information technology to radically redesign our business processes in order to achieve dramatic improvements in (…) performance" (p.104). The studies that followed Hammer's provided slightly varying views of many researchers and practitioners. From the researchers' and the practitioners' definitions, Ahadi (2004) noted five elements that stand out to form the critical issues that define BPR: (1) BPR consists of radical or at least significant change; (2) BPR's unit analysis is the business process, not the department or functional areas; (3) BPR tries to achieve major goals or dramatic performance improvements; (4) IT is a critical enabler of BPR; and (5) organizational changes are a critical enabler of BPR and must be managed accordingly.

At the heart of reengineering is the notion of discontinuous thinking – of recognizing and breaking away from the outdated rules and fundamental assumptions that underlie operations: *"A company cannot achieve breakthroughs in performance by cutting fat or automating existing processes. Rather we must challenge old assumptions and shed the old rules that made the business underperform in the first place"* (Hammer, 1990, p.107). In reengineering, managers break loose from outmoded business processes and

the design principles underlying them and create new ones. Reengineering requires looking at the fundamental processes of the business from a cross-functional perspective. One way to ensure that reengineering has a cross-functional perspective is to assemble a team that represents the functional units involved in the process being reengineered and all the units that depend on it. The team must analyze and scrutinize the existing process until it really understands what the process is trying to accomplish. Rather than looking for opportunities to improve the current process, the team should determine which of its steps really add value and search for new ways to achieve the result.

4.1.1.2- Hammer's "principles" for BPR

Since not every innovation process implemented in a company is BPR, it is useful at this level to specify what the components of this change are. Hammer (1990) was first to enumerate what he labeled the "principles" for reengineering: a list of rules that some companies considered critical while they were experimenting BPR. These rules were gathered around seven themes under the label "principles of BPR" and each rule was supported by the evidence from the responding companies. This sub-section aims at presenting briefly these principles, keeping in mind that since these principles were "discovered" by BPR implementing companies, they are "empirically justified". However, what is called in the research field the "external validity" of these principles – or their aptitude to be generalized to any context in order to build a theory for BPR – has not been established as yet. Therefore, these principles could be considered as "personal experiences" witnessed by companies who have successfully implemented BPR and could help start the effort for the companies who wish to undergo it.

These principles are presented in a different order than the original listing made by Hammer (1990). In fact, after analyzing each principle, it appeared that they could be gathered in two categories: the first category focuses on the business process and the second on the process of data collecting and processing. These principles overlap at various levels, but in order to remain faithful to the essence of Hammer's presentation they were kept under their original (seven) titles. The first category contains the four following principles:

1- Organize around outcomes and not tasks.

2- Have those who use the output of the process perform the process.

3- Link parallel activities instead of integrating their results.

4- Put the decision point where the work is performed, and build control into the process.

The second category of principles focuses on data collecting and processing process and gathers the three following principles:

1- Capture the information once and at the source.

2- Treat geographically dispersed resources as though they were centralized.

3- Subsume information-processing work into the real work that produces the information.

Reengineering is a tremendous effort that mandates change in many areas of the organization. Job designs, organizational structures, management systems – such as career paths, recruitment and training programs and many others – must be refashioned in an integrated way to support the new process design. And as Hammer (1990) revealed in his conclusion, the BPR effort usually leads to tensions between those who would like this project to be implemented – top

management mainly – and those who would prefer the *status quo,* referring to all groups that would resist this change whether within the managerial level or the employees. This is the reason that led him to presume that *"no one in an organization wants reengineering; it is confusing and disruptive and affects everything people have grown accustomed to"* (p. 112), and having top management backing up the BPR effort is a key to its success.

It is also not surprising to see how the literature on BPR has abounded of studies that analyzed experiences of BPR, whether they were success stories or failures in an attempt to identify other potential critical success factors. These are presented in the next section.

4.1.2 – BPR Success and Failure Factors

Numerous organizations have reported success in their efforts to employ BPR through containing costs and achieving breakthrough performance in a variety of parameters like delivery times, customer service and quality. However, not all companies undertaking BPR efforts achieve their intended results. Hammer and Champy (1993) revealed that as many as 50 to 70% of organizations that make an effort to employ BPR do not achieve the result they seek. These mixed results make issues of BPR implementation especially important. In order to be successful, BPR must be implemented and managed in the best interest of customers, employees and organizations (Ahadi, 2004).

There have been numerous studies from different perspectives that identify either success factors of BPR or major reasons for failure. Ahadi (2004) analyzed these factors and called them "organizational enablers". From his study

it was possible to synthesize all these factors and group them into success and

failure factors as shown in Table 4.1.

Table 4.1 – BPR Success and Failure Factors

BPR Success Factors	BPR Failure Factors
Top management commitment	Strong resistance within organizations either from managers or from workers
Rewards for reengineered process performance	The scope of BPR
Sound financial conditions	Lack of resources (financial and human)
An appropriate number of BPR projects under way	Too many projects under way
IS and HR specialists involvement	Unrealistic expectations
Clear, honest and frequent communication	Narrowly defined process
BPR team made of people from different interest groups	Incomplete restructuring of an organization
BPR conducted by objectives, and in harmony with the company's strategy and vision	
Selecting the right processes	
Project duration	

The following are some details about the most interesting and relevant success

or failure factors affecting BPR in organizations.

4.1.2.1 – BPR success factors

BPR success factors were divided into two groups: one group that involves

process redesign and the other group of factors is related to change

management.

In process redesign, three categories of success factors exist. They are (1)

success factors of process, (2) success factors of project team management,

and (3) IT-related factors (Ahadi, 2004). According to Davenport and Short

(1990), companies have to build an organizational structure that allows work

around processes and not functions. One possible solution is to create a

process-based organization.

Additionally, BPR typically produces a flatter organization, which means that people are given more responsibility, increased decision making capability, autonomy and flexibility at the very point where it is needed. A flatter organization does not mean that the number of employees should be reduced (even if it appears to be the case), but certainly requires role modifications and a careful consideration of how knowledge is created and transferred across organization.

For change management issues, Ahadi (2004) reported three categories of success factors. They are (1) people oriented factors, (2) managerial or administrative factors and (3) organizational factors. Davenport (1990) suggested that organizational and human factors have to be dealt with concurrently, to smooth the transition to the new systems by ensuring that structure and culture are aligned with each other. Tennant and Wu (2005) analyzed the application of BPR in the UK and came out with a series of recommendations for BPR to be effective. According to their view, before applying BPR to redesign processes, managers should lead a strategy that focuses on employees by : (1) understanding the needs of employees rather than focusing on downsizing; (2) developing appropriate reward systems to encourage the involvement of people and finally (3) improving coordination of people and appropriate technologies.

In their study on BPR success, Bashein and Markus (1994) presented several preconditions reported by BPR consultants for BPR success. These are either positive or negative preconditions. Above all the factors suggested, the one which was considered with a particular attention – due to its direct relation with

our research question – is the "animosity towards and by IS and HR specialists".

This factor was considered by the authors as a negative precondition relating to the organizations. According to consultants, many line managers do not hold their information systems and HRM functions in high esteem. IS specialists in particular are viewed as wanting to focus reengineering projects exclusively on technical concerns. When line managers initiate reengineering projects, they may leave IS and HR specialists out, especially during the early visioning phases. As a result, redesign plans often do not sufficiently take into account the potential of new information technologies, or the constraints imposed on change plans by the state of the IT infrastructure. When IS specialists are involved in later phases, consultants say, they frequently compound the problem by not working wholeheartedly for project success. Additional problems are caused by the poor relationships between many IS and HR departments because most reengineering efforts require carefully coordinated changes on both the technology and the people's sides.

Therefore, the best way to turn around this negative condition is to get the IS and HR involved. The IS and HR functions should be involved in the early stages of visioning as well as subsequent stages of business process redesign and implementation. Early IS and HR involvement can reduce animosity between line managers and staff specialists. In addition, cross-functional design teams can usually benefit from IS and HR insights.

4.1.2.2 – BPR Failure Factors

As for failure factors, the primary reason cited by researchers for BPR failure is resistance from key persons who would be affected by a BPR effort (Janson,

1992). Other failure factors comprise the lack of skills as it was reported in the literature that a company lacking "resources" is unlikely to succeed at BPR effort (Bashein et al., 1994; Johansson et al., 1993). These resources are either financial, or human. In fact, a company that lacks competent technical and managerial skills is unlikely to succeed as a BPR project requires technical as well as managerial skills to redesign and implement the reengineered process.

Also, in organizations with too many improvement projects already under way, BPR can be viewed as just another program. Several projects can be poorly planned, badly integrated and mutually self-defeating. When multiple projects are undertaken at the same time, their effectiveness may be diluted. Too many projects can also compete for scarce organization resources such as human, technical, and financial resources. Management commitment may not be sustained throughout the project duration.

Brandon and Guimaraes (1999), introduced some subtleties on some of the success factors which were considered as *critical* in the literature. In general, the results of their case study indicate that the most commonly encountered problems while implementing BPR seems to be rather basic and quite difficult to address in practice: implementation difficulties due to communication barriers between a company's sub-units, the unexpected size of the required BPR effort, its disruption to business operations, failure to get the expected benefits, making business mistakes under pressure to produce quick results and reluctance of top managers to commit the funds necessary for the project. Given that most BPR projects benefit from innovative uses of information systems technology, another organizational problem likely to condemn BPR projects to failure within a

particular company is the lack of communication between CEO / top managers and CIO / IS managers.

Resistance to change seems to be the most cited potential reason behind the failure of BPR implementation. Researchers such as Davenport (1993), Hammer and Champy (1993) and Stanton et al. (1992) mentioned the negative influence of key persons who would be affected by this project. Those key persons are either the managers in the upstream of the organizational hierarchy or the employees downstream. In fact, by breaking down the long-standing walls that separated departments and functional units, the BPR gives managers the impression of losing their powers as it flattens management layers, shifts responsibilities and disrupts the status quo. A functional unit's "parochial interests" are another barrier to successful BPR project. When a BPR project does not have top management commitment, the BPR effort can be stymied by functional managers defending their parochial interests. Since BPR focuses on processes that are inherently cross-functional, leadership by those who have a comprehensive perspective and the authority to coordinate different interest groups is essential for a successful BPR effort.

Champy and Arnoudse (1992) focused on questions such as what sort of characteristics a manager should have in a reengineered organization, and what sort of training he/she should undergo in order to be effective. In particular, he described the skills necessary in order to overcome the resistance encountered in the attempt to change workforce mentality. An appropriate training program should pursue three main objectives: ability to do the job, communication and reinforcement of organizational values, vision and mission; increasing self-

consciousness in individual abilities and aspiration within the organization. There is also the necessity for the managers to change their leadership to one of support and coaching.

The important role of managers has also been stressed by Hammer (1990 and 1996). Specialists of BPR are willing to acknowledge that the radical changes set by BPR may encounter some resistance. But they also assume that this resistance can be dissolved by effective leadership and commitment from top management. Hammer, for example, acknowledges that the disruption and confusion generated by re-engineering can make it unpopular, though he is equally confident that any opposition can be effectively surmounted by top level managers – i.e. strong leadership from management.

Resistance from employees could result from the fear of losing their job since BPR eliminates unnecessary jobs and tasks. Resistance by workers is also caused by the team-oriented approach, by the lack of ability to get adjusted to new technologies and processes and by the vested interests and territorial disputes. Other sources of resistance are fear and skepticism about BPR results. Feeling discomfort is another important source of resistance that could appear since a reengineered process often requires skills for operating advanced IT. Therefore, managing HR seems to be a critical issue during implementation of BPR, if only to overcome their resistance that could lead to failure.

4.1.3 – A Critical Approach to BPR

 All these contributions were found in early pro-BPR literature trying to link the failure of BPR projects to elements that are exogenous to the project itself and related to failure in implementation. In the main, according to this literature reengineering has been implemented in a rather more piecemeal fashion and, judged on its own terms, any resulting benefits have been correspondingly incremental. The advocates of BPR put these failures down to it having not been implemented "properly", that is, in full and according to the original revolutionary principles (Case, 1999).

Critically, in the mid-1990s, a more critical BPR literature emerged that is mainly questioning its relevance and necessity to the organization. From the critical management studies perspective, for instance, Grey and Mitev (1995), Murray and Wilmott (1993) and Wilmott (1995) offer an interesting theoretical critic on BPR, arguing that its rhetoric is self-contradictory and seeks to ignore inherent conflicts of interests within capitalist organizations. Working from a similar set of theoretical premises, Knights and McCabe (1998) and Wilmott and Wray-Bliss (1995) report on detailed empirical things as hierarchy, functional division and task specialization – features of organizational structure which BPR's "multiskilled process" approach explicitly condemns – are extremely resistant to change. Another critic is offered by Jones (1994) who attacks BPR for adhering to an overly "technical" model of organization. He suggested that BPR would be best conceived as an ideological phenomenon subject to the "vagaries" of the managerial fashion market. The same idea could be found in Case (1999) in his definition of BPR. In fact, he provided a critical definition to BPR stipulating that "BPR entails treating organizations like machines that have gone wrong and

offering a set of principles by which those corporate machines can be overhauled, that is, re-engineered"(p.424). As a consequence, the organizational and mechanical efficiency would be increased, with the difference that BPR is a method that helps the company, through the use of IT, to maximize its capital return on the resources at its disposal, or in simpler words to do "more with less" as suggested by Hammer and Champy (1993, p.48). Finally Grint (1994) challenged the claims of protagonists Hammer and Champy (1993) by taking each of their assertions and pointing to historical antecedents that either contradict their claim to "originality" or point to the factual incoherence of their propositions.

Given the emergence of such attacks on BPR that were mainly inspired by the considerable empirical experience of failure even admitted by the originators of the idea themselves, Case (1999) tried to find plausible explanations to two questions. First, why did BPR attract such widespread interest from the managerial public, and why does it continue to remain part of the standard repertoire of solutions offered by mainstream consultancy firms?

He provided a deep analysis of the language and the various rhetoric strategies found in BPR texts, especially those of the arguably originators of the idea (Hammer, Champy, Davenport). He suggested that these authors had recourse to universally available persuasive devices – in the fields of anthropology, ethnography and psychology – in order to render the idea of BPR more appealing and attractive to the managerial public. According to his analysis of the languages used by BPR advocates, the rhetorical strategies adopted by the advocates of BPR stipulate that organizations should make a "scapegoat" of

their organizational past – considering that the failure of the organization to improve its productivity result is due to wrong past managerial decisions – "forget" all their past, what Case refers to as collective forgetting or "organizational amnesia", and therefore introduce BPR solutions as an inevitable and absolute necessity, a "salvation device". All these persuasive arguments are, according to Case, "psychologically" appealing to any human being facing a crisis: the need for a "scapegoat", the need to erase all the past, and paste over it a solution, that is BPR, even if it is not *the* best suitable solution for the organization.

4.2 – Managing HR during BPR

Many factors were presented in the literature as potentially affecting the success of any BPR project. However, in the majority of cases, authors seem to blame poor management practices that failed to properly address the widespread fear of change (Marjanovic, 2000; Willmott, 1994; Campbell and Kleiner, 2001; Zucchi and Edwards, 1999). The major reason for failure of BPR projects seems to be related to the failure of managers to anticipate and address the human aspects, or "soft" side of BPR (Marjanovic 2000). Practitioners concentrate almost exclusively on ways to improve the existing processes or enable the new ones by applying information technology. The power of IT to support the soft side of BPR, which is its critical success factor, has not been widely recognized.

This idea – of low attention given to human resources as a critical success factor - was also found in many other researches. Willmott (1994) in a previous research had mentioned that the marginalization and trivialization of the human

dimension from expositions of BPR is remarkable. Given the focus on the business process, he considered as incredible how little attention was given during implementation of BPR to the human dimensions of organizing. Making the transition from function-centered to process-oriented organizing practices necessarily depends upon the "human resources" who enact, and are enacted by BPR.

The same idea was found in the works of Campbell and Kleiner (2001) who stated that BPR methods focus too much on the theoretical process of work in an organization and thus, very little attention was given to the human element of the business process. The human factor plays a critical role in the long-term success and productivity of any business organization. Management scientists realized through their research that the true success of an organization depends on the human resource, not on the process for outstanding organizational performance.

BPR may seem to be a new methodology for change in the 1990s where the fast pace of change is a requirement to maintain global competitiveness. But it is the human element of any change that will act as a catalyst to promote successful and sustained performance improvement. Zucchi and Edwards (1999) noted that BPR has been one of the major management phenomena of the 1990s. However, despite the undoubted BPR successes, there have also been many BPR failures – or at least rumors of them. They added that one of the main reasons presented for the difficulty in successfully implementing BPR projects lies in the apparent lack of consideration towards the human issues.

By promising to provide the means of leaping ahead of the global competition, the BPR vision of the future of work presents an answer to the problems of declining competitiveness. However, it also promotes the continuing contraction of employment as organizations continuously re-engineer their processes. Those who remain are obliged to work at an ever quickening intensity and pace. Implicitly, employees are assumed by BPR to be infinitely malleable. HRM specialists may question to what extent the increased pressures that are fuelled by BPR are compatible with ideas of creativity, empowerment and fulfillment that differentiate human beings from other factors of production (Willmott, 1994). How are HRM specialists to respond to the challenges of BPR, including its contribution to unemployment and its intensification of work processes?

The objective of this section is to consider recommendations regarding "best practices" in human resource management and some related issues facing organizations wanting to implement a BPR project, as stated in the BPR literature. The intention is to analyze how the "people issues" were managed in organizations that have implemented a BPR project. This analysis will also be backed by concrete empirical evidence derived from case studies done in the financial banking sector. The interest of presenting lived BPR experiences from the banking sector lies in the fact that, apart from being the fieldwork sector upon which this thesis will focus, banks are information intensive and service oriented where the role of the labor force is critical for the delivery of the required result in terms of the speed and quality of the service. In this, front-line employees are critical in shaping consumers' perceptions of the service encounter – it is the employee who is the embodiment of the service and the company.

Six case studies, published in professional and academic journals were considered as relevant as they contained some interesting facts either confirming the theory or challenging some of its contributions. These are the works of Shin and Jemella (2002), Drew (1996), Khong and Richardson (2003), Newman, Cowling and Leigh (1998), Brandon and Guimaraes (1999), and finally Knights and McCabe (1998). The case study made by Khong and Richardson (2003) on BPR implementation in Malaysian banks, is interesting to cite at this level as it gathered many of the best HR practices developed in the previous sections. Their analysis was quite synthetic as they found positive correlation between what they labeled "change of management system and culture" and a successful implementation of BPR. The concept of change of management system and culture was defined by Al-Mashari and Zairi (1999) as gathering the following HRM practices: Revising rewards and motivation systems, effective communication, empowerment, human involvement, training and education, creating an effective culture for organizational change and finally stimulating the organization's reception to change.

4.2.1 – Reducing Resistance to Change: the Importance of Communication

As mentioned in the previous section, failing to face and to manage the resistance which is most likely to arise when introducing any innovation, could hinder the smooth implementation of change and even cause its failure. Therefore, practices aimed at reducing resistance to change should be given a high and even a critical priority. To fully understand the human side of BPR and to reduce resistance to change, Marjanovic (2000) presented the strategies that should be implemented. These strategies are summarized in two main points:

first, assessing the reasons for resistance to change, and secondly, communicating with employees in order to reduce such resistance.

4.2.1.1 – Analyzing resistances

The concept of resistance to change has been widely studied. Marjanovic (2000) considered that one reason for such resistance could be old habits that are very difficult to change. Also, if people feel they have no control over change or if they do not adequately participate in the reengineering process, they are likely to resist change. Additionally, some people may be tired of constant changes and of learning new skills. Furthermore, changes usually create the feeling of insecurity that may include fear of failure, looking stupid or simply misunderstanding. Strebel (1996) suggested that major change initiatives often fail because executives and employees see change differently. For senior managers, change means opportunity both for the business and for themselves. But for many employees, change is seen as disruptive and intrusive.

Campbell and Kleiner (2001) added another consideration to the analysis of resistances that arise in the workplace. They suggested that in designing a new system to measure all aspects of employee performance, management must be aware of the limitations of human performance. Human reacts to changes in organization structure with high levels of stress: the fear of personal loss, uncertainty and loss of control are the main specific factors that contribute to these stresses. The human reaction towards these changes must be carefully planned and monitored. This is not to say that all stresses should be removed from the workplace during BPR. In fact, research has shown that as stress increases, performance increases only up to a certain point where the

performance will then drop off dramatically. This drop off point is different for every individual. The stress/performance curve reaches the drop off point earlier for complex tasks such as problem solving and decision making where middle management would most likely be affected. Management must be sensitive to the range in stress/performance for each job classification and individual, so that performance of all levels of employees can be maximized without unnecessary levels of job stress during BPR (Campbell and Kleiner, 2001).

Piderit (2000) critiqued research on resistance to change for failure to take the good intentions of resistors seriously and for the varying emphases in conceptualization of resistance. She proposed a new conception of responses to proposed organizational change as multidimensional attitudes. These include three dimensions of attitudes: the cognitive – an individual's beliefs about change, emotional – an individual's feeling in response to change, and intentional – an individual's intention to support change or to oppose to it, which is considered as the most complex and controversial. Thus, an employee's response to an organizational change along the three dimensions could range from strong positive– the employee believes that change is essential for the organization to succeed, shows excitement and good intentions to support it – to strong negative – the employee believes that the change will ruin the company; therefore he shows anger, fear and oppose to it.

The interesting point about this new conception lies in the possibility to identify ambivalent attitudes. These are experienced when for example an individual's cognitive response to proposed change is in conflict with his emotional response or with his intentional response to it.

The most important implication of this alternative view is that it helps understanding the nature of ambivalence in employees' response to change. And in doing so, it might be useful in predicting the mode in which employees will communicate their responses to change agents and in identifying the most appropriate process for addressing their responses.

A similar analysis of resistance to change was done by two organizational psychologists, Kegan and Lahey (2001) who concluded that resistance does not reflect opposition, nor is it merely a result of inertia. Instead, as they hold a sincere commitment to change, many people are applying productive energy toward what they called "a hidden competing commitment" which has a paralyzing effect. Therefore, the resulting dynamic equilibrium lead them to a kind of "personal immunity to change" which looks like resistance.

4.2.1.2 – Reducing resistances through communication

Almost every case study analyzed revealed the importance of effective communication for a better implementation of BPR (Shin and Jemella, 2002; Newman et al., 1998; Khong and Richardson, 2003; Brandon and Guimaraes, 1999). The threatening nature of BPR should be recognized. Employees should understand the need for change and the expected benefits of BPR to more likely support change. Hence, imposing formal changes too soon, without understanding, will be discouraging and will increase resistance. To reduce the level of anxiety and overall feeling of insecurity, managers should encourage employees to openly discuss their fears and problems. Communication should improve at all organizational levels.

Open communication is the critical factor though not easily achievable. Regular communication must be established between executives and those who will be affected by the reengineering process. All sensitive issues must be addressed honestly and openly. Employee participation in the reengineering process is crucial. Employees are the people who best understand the problems of the existing processes and may have some suggestions for their improvement. Their participation and involvement is likely to reduce their resistance to change.

In summary, it is clear that managers should resolve any points of conflict and distrust with employees who are affected by BPR. However, the resolution of conflict and distrust is not so simple. A number of questions have to be answered: how to address sensitive issues honestly and openly when people are reluctant or even scared to talk about the reengineering of their jobs. How to empower people to participate and openly communicate their problems? It seems to be a real challenge to find these answers.

The same idea of communication could be found in the work of Kegan and Lahey (2001) who suggested that in order to help employees overcome their immunity to change and thus their limitations to become more successful at work, the managers should play the role of a psychologist. They developed a three-stage process to help organization identify what is getting in the way of change. First, managers guide employees through a set of questions designed to uncover competing commitments. Next, employees examine these commitments to determine the underlying assumptions at their core. And finally employees start the process of changing their behavior.

Not far from this idea is the suggestion by Strebel (1996) to managers to reconsider their employees "personal compacts" – mutual obligations and commitments that exist between employees and the company. Personal compacts in all companies have three dimensions: formal, psychological and social. Employees determine their responsibilities, their level of commitment to their work, and the company's values by asking questions along these dimensions. How a company answers them is the key to successful change.

Only one highly critical case study shed some doubt on the importance of communication for reducing resistance to change. This case, by Knights and McCabe (1998), showed that neither "leadership" nor "communication" can eradicate the tensions apparent in the transition from one set of working arrangements to another.

4.2.2 – New Work Practices: Team Work, Continuous Learning and Rewards and Compensation system

From the literature on BPR success factors, several "best HRM practices" were highlighted and analyzed by researchers. These include teamworking, training and learning and finally rewards and compensation systems. This section aims at presenting these practices with a special focus on the issues related to each for an increased performance.

4.2.2.1 – Team Work

According to Zucchi and Edwards (1999), the use of multi-disciplinary/cross functional teams for example, is seen as central to ideas of empowerment and the different role played by the workforce in a process-based organization. In the

BPR literature, teams are considered as an important element in order to achieve all the benefits of a process-oriented organization. The teams work better because they combined multiple functions into one unit, allowing adaptation to changing conditions. Additionally, the increased possibility of social interaction leads to an improvement of the quality of the work life. However, people need to be trained how to work in teams and the team composition itself is an important factor for its success. This is even more important considering that the BPR teams are typically cross-functional, with members coming from different areas of the business with different expertise and different backgrounds.

References to the importance of team work could be found in most of the case studies analyzing BPR implementation in banks. The idea of team work could be seen from two different angles. The first one is directly related to the implementation of the BPR project – the individuals implementing the project working in teams (Shin and Jemella, 2002; Newman et al., 1998). The second perspective is related to the purpose of the BPR project – which is to redesign jobs in a way to make employees work in multi-skilled teams. The first perspective seems to be the most closely related to the research question as the main objective was to analyze how people involved in the implementation of the project were interacting.

What could be noted is that although case studies did point out to the importance of constituting BPR project teams, none of these case studies mentioned the interactions that could have prevailed between these groups, nor were they giving any specific central boundary spanning role to the HR team.

4.2.2.2 – Training and Continuous Learning

Another practice that is widely accepted in the management of change is the concept of continuous learning. Many organizations, which have implemented BPR, find that change is constant, and that the people in the organizations must learn to adapt quickly to all change. The key for these organizations is to learn from all aspects of implementing change, even mistakes along the way, and quickly implement action to resolve these problems. Firms that recognize this and implement these techniques of continuous learning are called Learning Organizations (Campbell and Kleiner, 2001). A Learning Organization is more than a training program; it is the establishment of a learning process, which is a collective state-of-mind for all people. It is a dedication of people, time, talent and money for continuous learning and new knowledge transformed into new behavior and action. When creating a Learning Organization program, there are primarily two categories that must be considered. The first is awareness-based training and the second is skills based training. Awareness training attempts to reinforce the vision and goals of the organization, and to uncover issues, prejudices and stereotypes that may influence effective BPR. Skills based training aims at providing workers with a set of skills that will enable them to address the changes and diversity of the workplace. It should reinforce existing skills and attempt to develop methodologies for building long range organizational skills and effectively helping an organization increase its competitive edge.

In their case study targeting US banking firms, Brandon and Guimaraes (1999) introduced some critical elements of thought to the literature on critical success factors. In particular, they considered that implementing the basic philosophy,

tenets, mechanisms, methods and tools for organizational learning seems to be a major requirement for effectively managing the dramatic organization changes called by BPR and the many resulting surprises. In direct contradiction with one of the major tenets of organizational learning and TQM, results from their study showed that reeducating and retraining workers on what BPR actually is, on the average, deemed more important than empowering the workers performing the required tasks as decision makers. A possible explanation for this apparent contradiction is that under time pressure of a BPR project, workers very likely had no time for learning the skills necessary to assume decision making responsibilities.

Based on the findings as a whole, top managers are highly encouraged, before jumping to any BPR project, to lead a crusade to improve organizational learning capability by: reducing bureaucracy, shortening communication channels, empowering dynamic employees with the authority and responsibility for decision making, emphasizing continuous improvement, team building, competitive intelligence and employee commitment to the organization.

4.2.2.3 – New Rewards and Compensation System

In order for BPR to succeed, Campbell and Kleiner (2001) considered motivation as one of the most critical factors. Staff and management must be motivated to achieve the vision and goals of BPR. Some classic management theories – such as the reinforcement theory, the learning theory and the expectancy theory – provide practical and proven techniques for motivating employees and are equally applicable and effective for BPR.

When considering the rewards within the organization, behaviors that are not ignored, or currently being ignored should be investigated. Firms should pay attention to – and even punish - behaviors they do not want, and reward the type of behaviors that are vital for the growth and the future of the organization. All new, desired behaviors should be reinforced constantly and visibly. Rewards should be designed into new processes of BPR so that employees will find that they can be easily carried out. If the reward system is effectively integrated into the new processes of BPR, these new BPR processes will quickly catch on and they will be self-reinforcing.

According to Champy, people should not be paid "the old way" but they should be paid for the value(s) they add to the business. The payment practices can and should be used experimentally, boldly, and subtly as a management tool for change and the reinforcement of change.Davenport and Hammer and Champy stressed the need to compensate both workers and managers on the basis of their performance in creating value, rather than the time they pass on the job. In particular, Hammer (1996) pointed out that companies that are serious about reaping the benefits of reengineering have no choice but to "slaughter that most sacred of corporate cows: the compensation system", since compensation is the most sensitive issue in any organization.

Obviously, there is no one compensation model appropriate for every organization, but some general principles are emerging. The first is that compensation must be keyed to results rather than position. The second is that it is not principally individual performance that counts, but process and business performance. An individual's pay will in general be determined by five elements:

(1) a base, reflecting the marketplace demand for the individual; (2) process results, measured in the terms the customer specifies; (3) personal contribution to process results, in order to discourage free-riders; (4) company results, to avoid sub-optimization and to remind everyone that there are no winners on a losing team; and (5) personal development, to explicitly encourage learning and professional growth. Each of these elements is measured by a different individual: the base by a human resources manager; the process results by the process owner; the personal contribution by the individual's teammates; the company results by the CFO; and the personal development by the individual's manager or coach. Each of these components can be relatively objectively determined; creating a pay system that is both accurate and fair. Additionally, these components should be weighed in ways that reflect the different strategies of different companies. Clearly, lower-paid employees must have less of their compensation at risk. In white-collar segments of the organization, however, the variable components that reflect performance will typically account for 20 to 40 percent of an individual's pay.

This idea of linking the compensation system to performance was widely discussed in the literature on organizational innovation as one of the HRM practices that might motivate employees and promote their creativity (Gupta and Singhal, 1993; Shipton et al., 2006). Critically, many researchers noted that the reward systems can act as facilitators or barriers for individual creativity. In particular, Bloom (1999) hypothesized that individuals who receive performance pay become focused on the achievement of specific objectives, on the expense of other outcomes likely to promote longer-term performance, such as creativity and performance. The same idea was found in the works of Amabile (1988) and

Deci et al. (1999) who argued that the "pay for performance" schemes fail to enhance creativity as they undermine intrinsic motivation. Also in a recent study trying to link some HRM practices to the promotion of either product or technical innovations, Shipton et al (2006) found no significant results as to whether contingent reward will predict organizational innovation. However, this practice coupled with other practices such as training and team work would eventually have a significant impact on organizational innovation.

These ideas of best HRM practices during innovation were developed in the previous chapters; and it is useful to recall the fact that linking the pay to the performance is subject to large debate within the researchers' field to the point that one could infer that this pay for performance scheme could in itself be a reason to resist change.

4.3 – Conclusion and Implications for the Research Question

The purpose of this chapter is to review the existing literature on HRM issues during implementation of BPR. This step is considered as crucial as it aims at doing the "groundwork" related to the research question in order to highlight the existing elements of thought this research is aimed at challenging, illustrating or even rejecting. In fact, the research question seeks to investigate the influence of HR policies and practices and of HR specialists' role on BPR success.

The literature on BPR abounds in the analysis of what have been called the critical success factors, and the importance of adequate HRM practices has been highlighted. Among these factors, the necessity to manage the resistance to change that is likely to arise during introduction of BPR has been considered

as critical for a successful implementation of change. And also, the HRM practices suggested by the various analyzed studies are aimed at enhancing the motivations and the capacity of the employees to easily adapt to the change, and by this means, reducing their resistant attitudes. However, what is striking is that although the importance of adequate HRM practices was admitted as critical for the success of the project, not any study – as far as research was done – focused on the central role that should be played by the HR function as change agent or strategic partner during BPR. Only one study – to the best of my knowledge - mentioned the necessity to involve HR in the project since its conception (Bashein and Markus,1994) along with other functions such as IT, but this was only presented as a way to avoid "negative preconditions" for BPR success that could happen when animosity appears between left alone functions. The HR department was not considered as having a critical role to play in making change happen.

In conclusion, this chapter had two major purposes: first it reviewed the literature related to the context in which the study will be conducted. Secondly, it highlighted a gap in the literature that this study aims at filling and which is to explore whether the role of the HR department is critical for a successful implementation of change in banks conducting BPR. Therefore, from this chapter, and pushing the suggestion of Bashein and Markus (1994) one step further, the following proposition could be formulated in these words:

P5: During introduction of BPR, the policies and practices implemented and the role played by the HR department are critical for a successful implementation of change.

This proposition highlights the fact that there are two issues within HRM that are relevant to developing the research: 1) HR policies and 2) HR specialists' roles. It, therefore, infers that it is the mission of the HR department to implement the aforementioned HRM practices. It also suggests that the HR department should carry out the implementation of the BPR project as well. This latter suggestion could be considered as the "toughest" part of the proposition as it stipulates that the HR department should be involved in the BPR project from its conception and play a critical role as a "change agent" or a "strategic partner" as defined by Ulrich (1997).

4.4 - Conclusion of the Literature Review – A refined Framework

In conclusion, the objective of the first part of the thesis was to review the literature that is in support of the research question. This latter aimed at exploring the influence of HR policies and of HR specialists' role on BPR success. After reviewing the relevant literatures, it was possible to set up a number of factors that were considered as critical for a successful implementation of change. These factors are the key variables of the HR model that the case study is meant to explore and were presented around five hypotheses that could be summarized by the following statement:

For a successful implementation of BPR, the role played and the practices implemented by the HR department could be considered as critical (P5)and this through the implementation of "innovative" HR practices (P1), through the active involvement in the project as change agent(P2), and strategic partner(P3) and ultimately through working in close partnership with line of management (P4).

The fifth proposition seems to be central and was derived from the review of literature related to the management of change during BPR. This literature highlighted the fact that appropriate HRM practices are *critical* for a successful adoption of change. However, this literature did not mention the importance of any of the specific strategic roles HR specialists should play during introduction of change. Only one study alluded to the necessity to involve the HR from the planning stage of the innovation (Bashein and Markus, 1994). Therefore, based on this unique contribution, this proposition was formulated in an attempt to support it with stronger empirical evidence.

The first proposition was derived from the findings of various researchers as to the positive correlation between innovative HRM practices and the capacity of a company to successfully implement change (Laursen, 2002; Laursen and Foss, 2003, Shipton et al., 2005; Gupta and Singhal, 1993; De Leede and Kees Looise, 2005). The contribution of this thesis would be to see to what extent these findings could also apply to the case of companies reengineering their business process. This proposition could also have a powerful justification in the BPR literature given that, as it has already been mentioned, the importance of specific HRM practices (such as compensation and training) was deeply highlighted.

The propositions two and three result from the contributions of Ulrich (1997) and Brockbank (1999) about the importance for the HR function to actively contribute to the process of implementing change as a fundamental partner within the innovating team. This so-called *active* contribution of the HR may be of two kinds: either as a change agent or as a strategic partner. In their later joint

contribution, Ulrich and Brockbank (2005) revised their initial classification of the HR roles and gathered these two roles under one label: the strategic partner. This means that the strategic partner's role, according to the new classification, entails that the HR function be involved in the processes of strategy formulation and strategy implementation (as a change agent). However, in this research, the specific roles of change agents and strategic partner will be explore independently, but keeping in mind that when the HR department is a change agent, it could be considered as having done half the way through a strategic partnership.

Finally, the fourth proposition results from the various contributions of researchers advocating the necessity for the HR function to work in close partnership with line of management, and at various managerial levels. The most interesting aspect of this partnership, which was found in the literature, is the one that puts the HR function in partnership with the Organizational planning function (Ruona and Gibson, 2004; Ellis, 2007). Evidence showed that when these two functions cooperate in close partnership this would result in more effective implementation of change by the virtues of three key elements: shared commitment, mutual trust and clear roles.

From all these propositions, what seems to be central is the *strategic* dimension of the HRM. In fact, implementing innovative HRM practices that devolve practices to line managers and partners with other functions on HRM issues could be gathered under the umbrella of the strategic HRM as defined by several authors. They design HRM practices to fit with the strategic business needs of the company (Huselid, 1995; Delery and Doty, 1996; McDuffie, 1995) and that is

positively correlated to a company's ability to remain competitive. Also, the same strategic dimension is clearly found in the specific roles HR specialists could play during introduction of change as change agents or strategic partners.

Therefore, the HR model that was initially elaborated in the introduction could be refined by specifying the two key issues that were considered as relevant for BPR success, namely: HR policies and HR specialists' roles. The resulting refined framework is illustrated in figure 4.1.

Figure 4.1 - The Refined HR Model
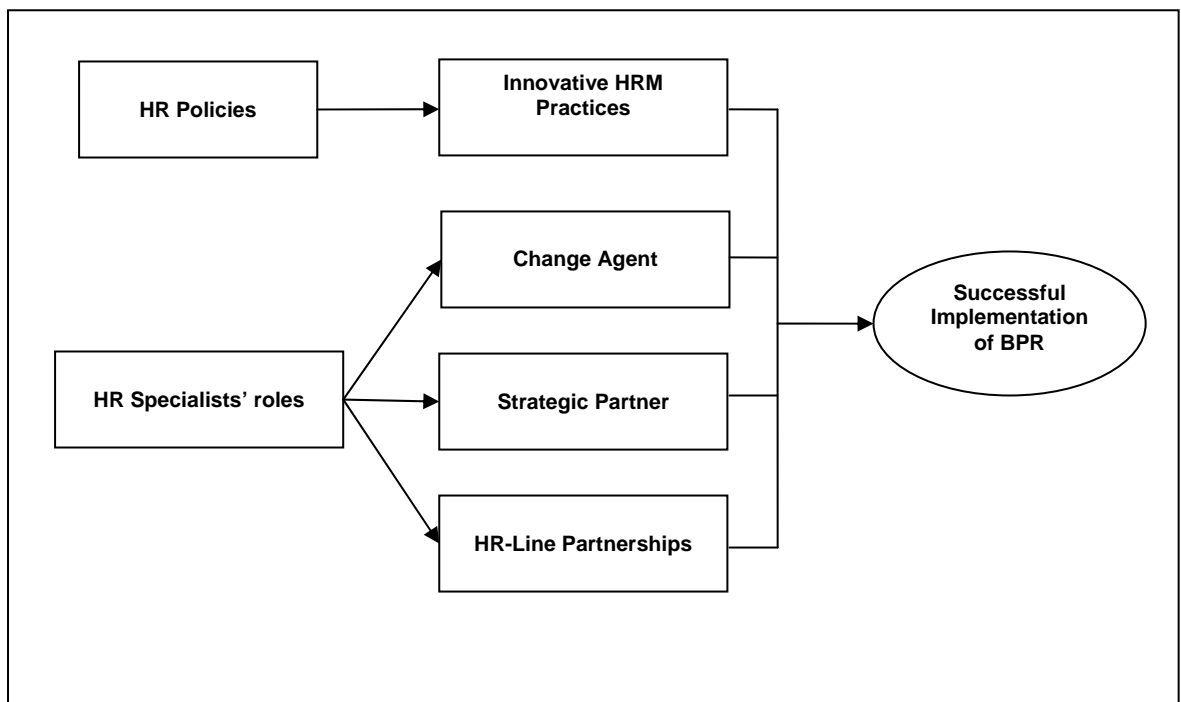
The HR model presented in figure 4.1 highlights the main findings derived from the literature reviews and gives an interesting foundation to elucidate the research question. In fact, it stipulates that the HR department may have a critical role to play for a successful implementation of change. And this is made possible when the HR function is *strategically* oriented, i.e. when it implements

innovative HRM practices, work in partnership with line managers, act as a change agent and finally is considered as a strategic partner.

This theoretical model will be explored in the context of large Lebanese banks that have reengineered their business process recently. Two case studies were conducted for this sake and the next part of the thesis will present the main findings followed by an in-depth analysis and discussion of the results. However, a thorough presentation of the used methodology is necessary beforehand. This is the purpose of the next chapter.

Chapter 5 – Methodology

The purpose of the current chapter is to describe the methodology used to explore the propositions that were derived from the literature and were meant to answer the research question which is to investigate to what extent the influence of HR policies and of HR specialists' role could be critical for BPR success in Lebanese banks. From the literature review, it appeared that the central proposition to this research is that (*P5) "During introduction of BPR, the policies and practices implemented and the role played by the HR department are critical for a successful implementation of change".* Therefore, for the HR department to be considered as a critical part for an effective implementation of change, it has to:

- Implement innovative HR practices (P1);

- Act as a change agent (P2);

- Be considered as a strategic partner (P3);

- Operate with line management in joint task teams (P4).

These propositions were explored in two large Lebanese banks that have implemented a radical innovation by bringing a complete change in the way banking transactions are executed. The considerable scale of this change and the major organizational changes it has produced could lead to qualify it as BPR.

The methodology used to collect the data which will be used to answer the research question is the "case study methodology". Why case study? Why two banks? Section 5.2 of this chapter is intended to answer these questions by giving the theoretical arguments justifying the applied methodology. Other issues related to the trustworthiness of the methodology such as its reliability, validity

and some limitations will also be presented in this section. Section 5.3 will provide more practical details on the procedures adopted for exploring each concept and the different approaches – if ever – that were used in each case.

However, and before presenting these elements of methods, it is useful to go over broad issues of research methodology from a philosophical and epistemological perspective. Section 5.1 presents these issues and shows how this research fits in with these.

5.1 – Issues of Research Methodology

Research is a systematic investigation to find answers to a problem. Research in the professional social science areas, like in other subjects, has generally followed the traditional objective scientific method. Since the 1960s, however, a strong move towards a more qualitative, naturalistic and subjective approach has left social science research divided between two competing methods: the scientific empirical tradition, and the naturalistic phenomenological mode. Moreover, for a given general approach, there are a number of different ways in which subtypes can be classified.

The objective of this section is to present these different types and subtypes, by focusing on the main issues associated to each, in terms of strengths and limitations, in an attempt to draw a general framework for the issues of methodology and show how this research fits in it. This section is inspired by the works of Burns (2000), Gay (1996), and Tuckman (1994). While sections 5.1.1 and 5.1.2 deal with issues of methodology related to social science research in

general, section 5.1.3 looks more specifically to issues related to research methods in the particular field of HRM.

5.1.1- The Scientific Versus the Naturalistic Approach

5.1.1.1 – The Scientific, Quantitative Approach: Strengths and Limitations

In the scientific method, quantitative research methods are employed in an attempt to establish general laws or principles. Scientists have built an assumption which holds that data must yield proof or strong confirmation, in probability terms, of a theory or hypothesis in a research setting. Also, and as a consequence, this construct gives a firm basis for prediction and control. The term "positivism" has been applied to this conventional approach to research which incorporates methods and principles of natural science for the study of human behavior.

The main strengths of the scientific approach lie in precision and control. Control is achieved through the sampling and design; precision through quantitative and reliable measurement. A second strength lies in the fact that experimentation leads to statements about causation, as it can also permit statistical analysis.

However, in terms of limitations, huge problems are faced by the researcher in education and behavioral science since human beings are far more complex than the inert matter that is studied in physical sciences. This arises because humans are not only acted on by a plethora of environmental forces, but can interpret and respond to these forces in an active way.

5.1.1.2 – The naturalistic, qualitative approach: strengths and limitations

While, traditionally, scientific beliefs may have continued unquestioned for a substantial period, the human element has become recognized increasingly as a critical and determining factor in the definition of truth and knowledge. It was the decade of the 1970s that saw an increasing advocacy for the acceptance of the naturalistic methods in social science research. The epistemological underpinnings of the qualitative motif hold that reality cannot be subsumed within numerical classification; a viewpoint that stands in the opposition of the quantitative position. Qualitative research places stress on the validity of multiple meaning structures and holistic analysis, as opposed to the criteria of reliability and statistical compartmentalization of quantitative research.

Qualitative evaluators frequently find themselves having to defend their methods because of resistance posed by researchers who are ideologically committed to quantitative methods. The latter assume that qualitative research lacks rigor, and expect the qualitative researchers to demonstrate the validity and reliability of claims, to demonstrate the generality of findings – in short, to meet the same criteria as quantitative research. The answer to this is that the criteria that one considers as appropriate for quantitative scientific work in education and social science are not those that are necessarily appropriate for work that rests on different assumptions, that uses different methods, and that appeals to different forms of understanding. The task of the qualitative methodologist is to capture what people say and do as a product of how they interpret the complexity of their world, to understand events from the viewpoints of the participants. Thus, conventional attempts to emphasize the imperatives of science place unrealistic constraints on research. In fact, the richness, individuality and subjective nature

of a participant's perspective and understanding are not amenable to the usual scientific criteria. This does not, however, make such understandings any less real or valid for the participant, and their explanatory function for that person's behavior is highly predictive.

Essentially, qualitative methods are concerned with processes rather than consequences, with organic wholeness rather than independent variables, and with meanings rather than behavioral statistics. Interest is directed towards context-bound conclusions that could potentially point the way to new policies and decisions, rather than towards scientific generalization that could be of little use.

Because of the need for the researcher to maintain close association with both participants and activities within the setting, the researcher gains an insider's view of the field. This proximity to the field often allows the evaluator to see (and document) the qualities of social and human interaction too often missed by the scientific, more positivistic inquiries. Such propinquity can reveal subtleties and complexities that could go undetected through the use of more standardized measures. This distinctive insights made possible through this form of research constitute one of the primary advantages of the approach.

Even though a strong contrast has deliberately been made in the preceding pages to emphasize the different approaches and philosophical rationales, the practice of dichotomizing and polarizing social science research into quantitative and qualitative modes is overdone and misleading. The terms "qualitative" and "quantitative" are used not so much because they involve mutually exclusive,

unique research strategy and methodologies, but rather they conveniently differentiate one from the other. Depending on the nature of the question or problem to be investigated, either a qualitative or quantitative approach will generally be more appropriate. In practice, many researchers will use both approaches as appropriate within one investigation. And as Gay (1996) noted, qualitative and quantitative approaches represent complementary components of the scientific method; qualitative approaches involve primarily induction (i.e. generating hypothesis) while quantitative approaches involve primarily deduction (i.e. testing hypothesis).

Before presenting these different methods of qualitative research, it is important to put forth the idea that the research conducted within this thesis fits in the qualitative approach. Arguments for such a choice will be presented in details later in the course of the chapter. However, as a primary attempt to justify the methodology chosen, it is useful to recall the research question which is about *to investigate the influence of HR policies and of HR specialists' role on BPR success.* From here, it is possible to see that the purpose is to analyze a socially constructed reality, with complex variables that are difficult to measure in order to provide interpretations and emphatic understandings. These are the specific characteristics of a qualitative approach.

5.1.2 – Qualitative Research Methods

Qualitative research methods are another way of understandings people and their behavior. They should not be regarded as "the other way" of doing research. Both quantitative and qualitative methods may appear to be opposites

derived from different philosophies, yet both are legitimate tools of research and can supplement each other, providing alternative insights into human behavior.

Once the broad approach has been chosen – in this case the qualitative approach – then comes the necessity to choose the approach to inquiry. Approach to inquiry refers to the overall strategy followed in collecting and analyzing data; this strategy is referred to as the research design. All studies have certain procedures in common, such as data collection and analysis. Beyond these, however, specific procedures are to a high degree determined by the specific type of research involved. Each type is designed to answer a different kind of question. An efficient classification scheme, as it minimizes categories and maximizes differentiation, places all research studies into one of six categories representing the two overall approaches to inquiry: 1) historical, 2) qualitative (for qualitative approach), 3) descriptive, 4) correlational, 5) causal-comparative, or 6) experimental (for quantitative approach).

Since only research studies resulting from the qualitative approach are of interest for this thesis, these are briefly developed in the following paragraph:
- *Historical research*: involves studying, understanding and explaining past events. The purpose is to arrive at conclusions concerning causes, effects or trends of past occurrences that may help to explain present events and anticipate future events.
- *Qualitative research* often referred to as *ethnographic research,* involves the collection of extensive narrative data on many variables over an extended period of time, in a naturalistic setting. Qualitative researchers are not just concerned with describing the way things are, but also with gaining insights into how things

got to be the way they are, how people feel about the way things are, what they believe, what meanings they attach to various activities and so forth.

In order to achieve the objective of holistic, in-depth understanding, qualitative researchers utilize a variety of methods or tools and data collection strategies. Qualitative research is often characterized as being "multimethod". These qualitative methods were classified into five categories, two of which – namely the ethnographic and the historical researches has already been developed. The three other tools are: 1) the unstructured interviewing, 2) the action research and 3) the case study.

- The *Unstructured or semi-structured interviews*, as well as participant observation involves the researcher immersing himself in the setting of interest, observing and taking extensive detailed notes. This illustrative data provides a sense of reality, describing exactly what the informants feels, perceives and how they behave.

- The *Action research* is the application of fact-finding to practical problem-solving in a social situation with a view to improving the quality of action within it, involving the collaboration and cooperation of researchers and practitioners.

- The *Case study* design is chosen when a rich descriptive real-life holistic account is required that offers insights and illuminates meanings which may in turn become tentative hypothesis for further research. The unit of the study must be a bounded system, but can range in size from an individual to a whole program/system.

After reviewing the various tools qualitative researchers have at their disposal in the fields of education and social science, it is interesting to investigate issues of

research methodology in the specific field of HRM. This is the objective of next section.

5.1.3 – Issues of Research Methodology in HRM

As long as HRM could be qualified as a science in its own rights, it is important to review what are the prevailing methodologies used by scholars in their HRM related researches, and assess their reliability. The ultimate aim is to see to what extent our chosen methodology fits, or not, into the academically accepted schemes. If positive, this would certainly increase its reliability.

In a recent study, McKenna, Singh and Richardson (2008) tried to trace the historical development of HRM research both in the United States and Europe. Their study showed that much of the HRM research conducted in the United States is firmly embedded in a positivist paradigm, characterized by a focus on cause-effect relationships, statistical tests and predominantly linear thinking. Moreover, and as a logical consequence, North American scholars show a general lack of acceptance of, or a resistance to alternative paradigmatic approaches to HRM research. In contrast, much of the HRM researches conducted outside the US are characterized by a greater paradigmatic openness which is reflected in their use of alternative research processes and techniques to "discover" knowledge.

According to the authors, relying solely on a positivist research paradigm is problematic as it considers people – the focus of the study – as objects for which it is possible to generate a systematic process of hypotheses development and testing as for physical and natural sciences. As a consequence, results would be

restricted to a narrow understanding of HRM processes and practices. Moreover, they would reflect a one-dimensional voice that emphasizes the development of prescriptive, "evidence-based best practices" that are intellectually and paradigmatically limited and often unhelpful. The authors used the metaphor of a "drunkard search" to characterize these researches. Like the drunkard who lost his keys in a dark road and only decided to start his search under a street lamp away from the place where he lost his keys because it is brighter, positivist researchers are also attracted by their clear and objective methods but run the risk of not finding "the keys". This explains the claim made by the authors in the title of their article of "looking for HRM in all the wrong places".

It is important to note, however, that the authors do not reject or deny the reliability of the findings resulting from positivist researches. Their view is that alternative research processes and techniques – those falling under the interpretivist approach – could have an important value and contribution to a richer body of research and practice in HRM. The interpretive paradigm, as defined by Burrell and Morgan (1979, p.227), "embraces a wide range of philosophical and sociological thought which shares the common characteristics of attempting to understand and explain the social world primarily from the view of the actors directly involved in the process". Therefore, interpretivism includes the idea that there are multiple, constructed realities, not simply one truth. Thus, epistemologically, it is concerned with knowing about those specific realities, which means being part of them or in them. As a corollary, individual action can only be explained by investigating the experiences and thinking of actors in the social world, and methodologies are required that enable access to those experiences and thinking.

According to Gubrium and Holstein (1997), there are three intrepretivist approaches "whose procedural idioms have made their mark on contemporary qualitative research (Gubrium and Holstein, 1997, p.6): the naturalism, the constructionism and finally the post-modernism. The objective of naturalism is to understand social reality "in the raw", as it is experienced by participants. As applied to the study of HRM, this approach would seek, for example, an in-depth understanding of whether HRM initiatives are actually delivering on their promises, and in particular, the extent to which promises to be more strategic and beneficial to employees are being realized. Through a range of qualitative methods such as single and multiple case-studies, interviewing and non-participant observation in a variety of organizations, a more detailed picture emerges of the impact of a number of HRM initiatives. The various researches conducted under this approach suggested that HRM initiatives are received in ways that generate resistance and acceptance, and often create ambiguity and uncertainty (Rees, 1998; Glover et al., 1998; Martin et al., 1998; Heyes, 1998; Mallon, 1998 and Mabey et al. 1998)

The second approach that falls under the interpretivism paradigm, constructionism, is concerned with how reality is actually constructed through human interaction, and in particular through language (Burr, 2003). As concerning HRM practices, this approach holds that what is seen as HRM practices in any given organization is the product of a process of negotiation, resistance and compromise. Instead of working to develop prescriptions for "best" HRM practices, scholars should be analyzing how practice is actually constructed within specific organizational context (Watson, 2004). And this

cannot be done without relating HRM to broader pattern of culture, power and inequality.

The last approach, post-modernism, relies on Foucault's philosophical approach suggesting that the human subject is not "neutral" or "given". It is rather "produced" in a certain way through the exercise of techniques that coerce individuals to conform to certain acceptable ways of being. The Foucauldian approach sees HRM as a discourse derived from attempts or techniques to organize the employment relationship. The purpose of such organizing in the form of salary scales, competencies frameworks, psychometric testings, etc. in HRM is partly to create the appropriate organizational subject, the appropriately constructed individual for employment in the contemporary organization. HRM techniques are, therefore, understood as a non-neutral set of political tools that could be implemented amorally in the aim of making people "governable". Adopting this kind of approach may facilitate the development of more human and ethical systems of managing the employment relationship.

In conclusion, the main purpose of these developments was to highlight the value of alternative research processes and techniques that may me utilized as part of a composite and ultimately richer and more valuable body of HRM scholarship. Although it is acknowledged that the dominant positivist approach has made a valuable contribution to the evolving body of HRM research and practice; it is also admitted that, if these theory and practice are to evolve into a richer, deeper and complex understanding of HRM theory and practice, researchers must be prepared to embrace a diversity of approaches, which may challenge the very premise of what have been constructed so far (Mc Kenna et

al., 2008). Therefore, rather than searching only where there is light or where the light is bright (the drunkard metaphor), HRM researchers are better advised to look in all places. A more composite body of scholarship would recognize and indeed embrace theoretical and practical diversity that is informed by multiple ontologies, epistemologies and methodologies rather than the dominant concern for prescription.

Finally, where does all this fit in the current research? After reviewing the literature on HRM researches with the specific objective of focusing on the methodologies used in these researches, it was possible to identify the value of a non-positivist approach in that it helps reach a deeper understanding of HRM issues and to gain valuable insight into it. The objective of this current research is to understand how HR people should act – if ever they had a role to play – in order to have change (BPR in this case) successfully implemented. Therefore, rather than a prescriptive framework – which could be an interesting starting point in terms of research guidance – the aim is to built a framework that could help all parties involved in the change program be better informed of the implications of their actions. This may support the prevention of problems or at least allow managers to be better prepared for problems when or if they do arise.

These arguments provide further justification for the choice of the methodology used in this research which is a qualitative approach and more specifically based on the naturalistic case-study tool. The section below is intended to develop the rational and the issues related to the case-study method.

5.2 – The Justification of the Case Study Methodology

As mentioned in the previous section, the methodology that best serves our research question fits in the broad qualitative approach. And since it focuses on describing and assessing facts occurring in a bank – which is a bounded system – therefore, the research design which seems to be the most adequate is the case study research design. The objective of this section is to provide detailed arguments in support of this choice.

5.2.1 – The Case Study Research Design: Definition and Related Issues

      5.2.1.1 – Definition of a Case Study

The most widely used and cited reference for analyzing and creating case studies resides in the works of Yin (2003). The case study was defined by Yin (2003) as an "empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident" *(in Yin, 2003, p.13)*. Other definitions were given by several authors who focused either on the importance of having a single case study (Stake, 1995), or on how to build a theory from case studies (Eisenhardt, 1989). According to Stake's definition, case study is "the study of the particularity and complexity of a single case, coming to understand its activity within important circumstances" (p.xi). The definition provided by Eisenhardt (1989) stipulates that the case study is "a research strategy which focuses on understanding the dynamics present within single settings" (p.534).

From these several definitions, which sometimes provide different approaches, it is possible to extract the common and essential facts characterizing case study research design: it is a tool aimed at analyzing "subjects" – that could range from

an individual, to a group, an event or an entire culture – that are particular and complex in order to understand the dynamics explaining their behavior in specific circumstances and within a real-life context. Burns (2000) added that, whatever is the subject being studied, to qualify a case study it must be a bounded system – an entity in itself. A case study should focus on a bounded subject / unit that is either very representative or extremely atypical. Case studies typically combine data collection methods such as archives, interviews, questionnaires and observations. The evidence may be qualitative, quantitative or both. And finally, case studies can be used to accomplish various aims: to provide description, test theory or generate theory.

The case study is but one of several ways of doing social science research. Other ways include experiments, surveys, histories and the analysis of archival information. Each strategy has peculiar advantages and disadvantages depending on the purpose of the research study.

5.2.1.2 – When to Apply for a Case Study Research?

The first question that could be raised is to know when it is better to apply for the case study research method and when to adopt other strategies – such as those cited by Yin – is considered as better strategy. Yin cited three elements that should be taken into consideration when seeking a research methodology: (1) the type of research question, (2) the control an investigator has over actual behavioral events and (3) the focus on contemporary as opposed to historical phenomena. Table 5.1 displays the three conditions cited above. It shows how each is related to the five major research strategies being discussed.

Table 5.1- Relevant Situations for Different Research Strategies

Strategy	Form of Research Question	Requires Control of Behavioral Events?	Focus on Contemporary Events?
Experiment	How, why?	Yes	Yes
Survey	Who, what, where, how many, how much?	No	Yes
Archival Analysis	Who, what, where, how many, how much?	No	Yes/No
History	How, why?	No	No
Case Study	How, why?	No	Yes

Source: COSMOS Corporation, in Yin (2003), p.5

1- The first condition covers the research question. A basic categorization scheme for the types of questions is the familiar series: "who", "what", "where", "how", and "why". Obviously, "how" and "why" questions are more explanatory and likely to lead to the use of case studies, historical analysis and experiments as the preferred research strategies. This is because such questions deal with operational links needing to be traced over time, rather than mere frequencies or incidence. In contrast, "what", "how many" and "how much" questions might either be exploratory (in which case any of the strategies could be used) or about prevalence (in which surveys or the analysis of archival records would be favored).

2- The extent of control over behavioral events and the degree of focus on contemporary as opposed to historical events. Assuming that "how" and "why" questions are to be the focus of study, a further distinction among history, case study and experiment is the extent of the investigator's control over actual behavioral events. It also represents its access to them. Histories are the preferred strategies when there is virtually no access or control. The case study is preferred in examining contemporary events, but when the relevant behaviors

cannot be manipulated. The case studies rely on many of the same techniques as a history, but it adds two sources of evidence not usually included in the historian's repertoire: direct observation of the events being studied and interviews of the persons involved in the events. Finally, experiments are done when an investigator can manipulate behavior directly, precisely and systematically.

In summary, an investigator should be able to identify some situations in which all research strategies might be relevant and other situations in which two strategies might be considered equally attractive. To this extent, the various strategies are not mutually exclusive. The investigator should be able to identify some situations in which a specific strategy has a distinct advantage. For the case study, this is when: "A "how" or "why" question is being asked about a contemporary set of events over which the investigator has little or no control." (Yin, 2003, p. 9). Burns (2000) added that the case study is the preferred strategy when the "subject" being studied is a bounded system and when "how", "why", as well as "who" and "what" questions are being asked.

As an important concluding note, the case study strategy should not be confused with "qualitative research". Some qualitative research follows ethnographic methods and seeks to satisfy two conditions: (a) the use of close-up, detailed observation of the natural world by the investigator and (b) the attempt to avoid prior commitment to any theoretical model. However, case studies are not limited to these two conditions. Instead, case studies can be based on any mix of quantitative and qualitative evidence. In addition, case studies need not always include direct, detailed observations as a source of evidence.

5.2.2 – Justifying the "Case Study" Method for this Research

According to the previous analysis, it is possible to justify the use of the "case study" method for this research, following the three conditions described by Yin (2003).

1- As for the research question, the objective of this research as formulated earlier in this thesis was to "investigate the influence of HR policies and of HR specialists' role on BPR success. Obviously, if we change the turn of phrase of this question from the affirmative to the interrogative while preserving its spirit, it could hold the following questions:

- *What* is the influence of HR policies and of HR specialists' role on BPR success?

- *How and why* do HR policies have a decisive influence on BPR effective implementation?

- *How* should HR specialists' act – in terms of the role they should play – or interact with line managers in a context of innovation?

The positive preconditions for BPR success that are embodied in the formulated propositions are intended to provide the answers to these questions. Obviously, the form of the research question holds the "how", "why" and "what" questions. It is therefore the kind of question that would have advantage in being explored through a case study design as stated by Yin and Burns. And, to be more precise, this is what Yin has labeled an "exploratory case study" as distinguished from the "explanatory" and the "descriptive" case studies. The goal of the first type is to develop pertinent hypotheses and propositions for further inquiry, while for the second type the objective is to trace operational links over time and between various phenomena.

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2- Concerning the control the researcher has over events, the current study does

not even seek to influence the behaviors, the relationships or the events being

studied. Rather, the aim was to describe these behaviors and try to identify their

major drivers. Moreover, the focus is on contemporary events given that the

research was done on two banks that have implemented – or were even still in

the implementation phase of the innovation at the time the research was done.

These arguments give scientifically a great support for justifying the choice of a

case study research method. The next issue to be justified is the choice of a

"two-case" case study. Here again, there is a large debate among the

researchers as for the "ideal" number of cases that should be done for the sake

of trustworthiness. Our point of view is developed in the next section.

5.2.3 – The "Two-Case" Case Study

This research is based on a "two-case" case study where the cases are two

large Lebanese banks which have implemented, in the last few years, a radical

innovation through the reengineering of their business process. The current

section aims at justifying this choice and provides the arguments that make the

case for it either from the researchers' point of view or from a practical point of

view.

5.2.3.1 – The Debate around the "Ideal Number of Cases"

Should multiple or single case studies be used? Each research design has

distinct advantages and disadvantages. The rationale for using either of these

two designs is different. According to Yin (2003), the single-case design is

eminently justified under the following conditions: when the case represents (1) a

critical test of existing theory, (2) a rare or unique circumstance, (3) a representative or typical case, or when the case serves a (4) revelatory or a (5) longitudinal purpose. In the same current of thoughts Stake (1995) made the case for "intrinsic case study" where the researcher may have an intrinsic interest in the particular case he is studying – because he is curious about a particular agency or he is responsible of evaluating a particular program. More recent arguments such as those presented by Siggelkow (2007) pointed to the fact that a single case should be a "very powerful example". He argued that the single case should be preferred, without even having to defend this choice, when the case is rare – he caricaturized the idea by assimilated the case to a "talking pig" – or when the case presents characteristics of "unique situations".

However, limitations to single case studies were also acknowledged by these authors. Yin pointed out to the fact that single-case designs are vulnerable because the researchers have "put all their eggs in one basket". In other words, a case may later turn out *not* to be the case it was thought to be at the outset. Therefore, the first problem that could a researcher face in opting for a single case is "misrepresentation", where the case is neither critical nor rare, representative or revelatory. The other issue raised is the "generalization" of the findings. In general, criticisms about single-case studies usually reflect fears about the uniqueness or the art factual conditions surrounding the case. According to Yin, multiple-case studies typically provide more compelling evidence and therefore a stronger base for theory building. Eisenhardt (1989, 2007) particularly made the case that multiple cases enable comparisons that clarify whether an emergent finding is simply idiosyncratic to a single case or consistently replicated to other cases. And therefore, multiple cases create a

more robust theory because the propositions are more deeply grounded in varied empirical evidence.

Multiple-case studies, yes, but how many? The issue about the ideal number of cases is also interesting and makes no major tensions in approaches among researchers. In particular, Eisenhardt (1989) suggested that 4 to 10 cases "usually works well". And Yin (2003) also suggested that the ability to conduct 6 to 10 cases would have provided compelling support for the initial set of propositions.

The multiple-case design is one that follows a "replication" logic which should not be assimilated to the "sampling" logic mainly followed in experimental research. The logic underlying the use of multiple case studies suggests that each case must be carefully selected so that it either predicts similar results (a literal replication) or predicts contrasting results but for predictable reasons (a theoretical replication). In that regard, Yin suggested that an ideal design would have 2 to 3 cases being literal replications and 4 to 6 designed to pursue two different patterns of theoretical replications.

However, in conducting a multiple-case study, the most important and determining factor of the choice is the issue of "feasibility". As mentioned by Yin, the conduct of a multiple-case study can require expensive resources and time beyond the means of a single student or independent research investigator. And therefore, multiple-case design should only be preferred when the researcher has the choice and the resources. In other words, it is not a matter of how many cases *should* be done, but rather how many *could* be done by a single researcher.

5.2.3.2 – Rationale for the "Two-Case" Case Study

The previous argument of feasibility in terms of time and resources is certainly a major issue in justifying the choice of doing a "two-case" case study. Having acknowledged the vulnerability of the single-case study as compared to the multiple-case and driven by the desire to conduct a reliable study, the choice of the "two-case" was deliberately made.

Among the case study researchers, Yin (2003) mentioned the advantages of doing a "two-case" case study. According to his view, "even if (the researcher) can only do a two-case case study, (his) chances of doing a good case study will be better than using a single-case design" (Yin, 2003, p. 53). He provided two arguments in justifying his view. First, even with two cases, there is a possibility of *literal* replication – i.e. predicting similar results. Analytic conclusions independently arising from two cases, as with two experiments, will be more powerful than those coming from a single case (or single experiment) alone. Second, the contexts of the two cases are likely to differ to some extent. If under these varied circumstances the researcher still can reach common conclusions from both cases, he will have immeasurably expanded the external generalizability of the findings, again compared to those from a single case alone.

Alternatively, Yin presented a situation where the researcher may have deliberately selected two cases because they offered contrasting situations, and he was not seeking a literal replication. In this design, if the subsequent findings support the hypothesized contrast, the results represent a strong start towards *theoretical* replication – i.e. predicting contrasting results for predictable reasons

– again vastly strengthening the external validity of findings compared to those from a single case alone.

This latter situation is precisely the case for the current study. In fact, deliberately, the two cases selected were two banks which represent at the same time a lot of apparent similarities and a major contrasting context. In fact, both are large Lebanese banks, with relatively important market shares and widely expanded across the Lebanese territory (see Appendix 1 for further comparative financial statistics). Also, both have conducted in the previous years a major radical innovation through the reengineering of their business process and the establishment of a "teller system", a kind of "one-stop shop" applied to the banking transactions.

However, and in relation to the research question that seeks to investigate the influence of HR policies and of HR specialists' role on BPR success, the two selected banks showed a contrasting context. In one case, HR played a critical role and had set up an interesting network of relationships all across the bank, whereas in the second case, the role played by HR was rather marginal and the project was outsourced to an outside company that was responsible for all its implementation aspects, even the management of human resources. The findings that would result from the two contrasting situations pave the way for either an increased support for the propositions or for a reassessment of these propositions, for a questioning or even a rejection.

Before turning to the description of the practical steps, it is useful to conclude the "theoretical" justification of the methodology by acknowledging some issues of

validity, reliability and the limitations of this methodology that may affect the quality of the findings.

5.2.4 – Limitations

    5.2.4.1 – Limitations of the Methodology

As many researchers have cautioned, qualitative analyses can be evocative, illuminating, masterful and…wrong! (Miles and Huberman, 1994). The main reason is that there are various sources of analytic bias that can weaken or even invalidate the findings. Miles and Huberman (1994) identified three types of biases that include:

- The holistic fallacy: Interpreting events as more patterned and congruent than they really are.

- The elite bias: overweighing data from articulate, well-informed and usually high-status informants and vice-versa.

- The going native: losing the perspective or the "bracketing" ability, being co-opted into the perceptions and explanations of local informants.

What is true about qualitative analysis in general is also considered as such as regarding case-study analysis. Moreover, many research investigators regard the case study with disdain, viewing it as a less desirable form of inquiry. The greatest concern has been the role of human subjectivity when selecting evidence to support or refute, or when choosing a particular explanation for the evidence found. This subjective bias can also enter into the conduct of experiments, and in the design of questionnaire as well, and to an unknown degree. Other concerns about case studies are related to problems of generalization, time and information overload, reliability and validity.

A last limitation that could be associated to this particular research, which has already been mentioned several times, is the reduced number of cases – two cases – constituting the research. Our arguments focused on the immeasurable advantages of such a choice as compared to the choice of a single case study. It should be acknowledged that the findings would have a stronger scientific basis when more than two cases are included. However, this limitation does not detract from the significance of the findings and would pave the way for a theoretical replication and therefore, provide platforms for future research.

5.2.4.2 – Criteria for Assessing the Quality of the Research Design and Conclusions

The arising question is: How can the researcher know whether the finally emerging findings are *good*? Before answering this question we should start by giving the definition of *good* findings. Miles and Huberman drew up a list of possible meanings that include: possibly or probably true, reliable, valid, dependable, reasonable, confirmable, credible, useful, compelling, significant, empowering…etc.

A researcher can judge the quality of his research design according to certain logical tests. Yin (2003) suggested four tests that seem to be commonly used to establish the quality of any empirical social research. These include: Construct validity, internal validity, external validity and reliability.

1- Construct validity entails establishing correct operational measures for the concepts being studied. The major risk facing a case study investigator is to fail in developing a sufficiently operational set of measures and that "subjective" judgments are used to collect data. Yin (2003) identified three tactics to increase

construct validity when doing case studies. (1) The usage of multiple sources of evidence during data collection. (2) The establishment of a chain of evidence and thirdly, (3) having the draft case study report reviewed by key informants.

2- Internal validity through establishing a causal relationship whereby certain conditions are shown to lead to other conditions as distinguished from spurious relationships. These "threats" to validity are a concern for causal case studies in which an investigator is trying to determine whether event x led to event y – this is especially the case for case studies trying to identify key success factors like bank A case study – and also for case studies that involve making inferences. Basically, a case study involves an inference every time an event cannot be directly observed. A research design that is highly concerned in dealing with the overall problem of making inferences and therefore the specific problem on internal validity should anticipate questions such as: Is the inference correct? Have all the rival explanations and possibilities been considered? Is the evidence convergent? Does it appear to be airtight? This is especially relevant in bank B case study.

3- External validity through establishing the domain to which a study's findings can be generalized. Critics typically state that single cases offer a poor basis for generalizing. This generalization should not be taken as "statistical" generalization – as for survey research – but rather as "analytical" generalization where the investigator is striving to generalize a particular set of results to some broader theory.

4- Reliability through demonstrating that the operations of a study, such as the data collection procedures, can be repeated with the same results. The goal of reliability is to minimize the errors and biases in a study. One prerequisite for allowing another investigator to repeat an earlier case study is to document the procedures followed in the case and to make as many steps as operational as possible in the conduct of the research.

Miles and Huberman (1994) who rather focused on the quality of the conclusions drawn from the studies discussed five main issues to consider for judging the quality of findings. Four out of these five issues are similar to the concerns raised by Yin – although differently labeled. The only novelty lies in the fifth test that focuses on the "utilization / application / action orientation of findings". This issue deals with the fact that even if a study's findings are valid and transferable, we still need to know what the study does for its participants, both researchers and researched. This is the question of "pragmatic validity", a test of the credibility of the report by watching out for the responses of decision-makers and information users to that report.

Having developed these tactics for judging the quality of the research design, it is possible to state that this research has been conducted in a way to stay as close as possible to these standards for quality. For instance, as concerning the construct and internal validities, the data has been indeed collected from several sources and the same evidence was described by several respondents to check either convergence or contrasts in points of view (what is called "*triangulation*" in the qualitative research techniques, Stake, 2000). The research design and some draft preliminary findings were presented in a "*pilot case study*" presented

to key informants and discussed in front of a jury of specialized professionals. As concerning the external validity, the deliberate decision to undertake two cases presenting different contexts was taken in the aim of satisfying this criterion.

Even though the number of cases is reduced, and this issue has been acknowledged and discussed in the section on limitations, it could however be a good start towards theoretical replication and expansion through this the external generalizability of the findings. Finally, as for the reliability of the study, the practical steps of the research design will be described in the section to come (after the limitations) with in mind the idea of the need to document an investigator who would undertake the same research.

5.3 – The Inquiry

5.3.1 – The Selection of the Two Banks

The selection of cases was not done randomly. The focus was on banks that have reengineered their business process and thus considerably reduced the range of possibilities given that, in Lebanon at the time field work was launched, only very few banks had undergone such a major change.

The choice of the first bank, Bank A, resulted from several criteria. First, the access to this bank was made easier thanks to a personal contact with a highly influent manager in the Board of Top Managers. This key contact could be considered as "strategic" as it facilitated all contacts at lower managerial levels; line managers being highly cooperative and willing to reveal in detail the experience they had from the innovation subject of the study. This also allowed multiple visits to the bank and sometimes more than one meeting with some of

the key respondents to the inquiries in order to cross and perfect the findings. Secondly and equally as important, it appeared that the case was relevant to a great extent, in the sense that it provided an interesting "ground" for exploring the propositions. Not only had HR had an interesting and critical role during innovation that is worth exploring, but also this case provides the opportunity to introduce a dynamic dimension to the study. In fact, this bank had undergone two waves of reengineering that are distant in time – the first one in 1996 and the second in 2003 – and therefore, it is possible to enrich the study by adding a dynamic perspective and analyzing the evolution of this role through time.

The choice of the second case was driven by the aim of finding a different context, a situation where the formulated propositions could be questioned and the findings of the first case challenged. This led to the choice of Bank B. In fact, as already mentioned, this bank had undergone the reengineering of its business process in 2003 with the help of an outside company to which it had outsourced the whole project (from the design to the implementation phases) and consequently, had marginalized the role of its HR. The interest in such a case holds in two aspects. First, it gives the opportunity to try to explain the particular context and reasons why HR was not able to play a more central role in Bank B – and also the reasons for top management's choice to outsource the entire process. Secondly, it helps in assessing the consequences of the marginal role of HR for the BPR success. And in doing so, it would be possible to test the "success factors" that would have been considered from the first case as "critical". The rule is simple: whenever a proposition is rejected, if the "success factor" is missing, then it could be considered as critical. This is what the

researchers call "contrasting results for predictable reasons" in theoretical replications (Yin, 2003).

Given that the purpose of each case study is different, the first one being a longitudinal case aimed at identifying critical success factors and the second aimed at testing these factors, it is obvious that the practical approach to each case was different and consequently, so were the procedures taken to collect the data. Given that this research design – of one main and one contrasting case – is rather different from the standard approach of multiple case study research looking for replication, specific research designs were elaborated for each bank. These are presented in the next section.

5.3.2 – The Interviews Method: Strengths and Weaknesses

In case studies, the most commonly used methods for collecting the evidence are: documentation, archival records, interviews, direct observation, participant-observation and physical artifacts (Yin, 2003). Each method has its strengths and weaknesses. Most researchers advise the use of multiple sources of evidence for the sake of reliability. However, it is also acknowledged that interviews are one of the most important sources of information as case studies are about people and their activities (Burns, 2000). And these need to be reported and interpreted through the eyes of interviewees who provide important insights and identify other sources of evidence. Therefore, for the purpose of this thesis, the focus was mainly on the interviews method, as well as, but to lower extent documentation and archival records for all information related to the banks. Although the researchers in this domain have recommended the use of "as many sources as possible" for an increased quality of the data (Yin, 2003; Stake, 2000), a considerable number of good case studies were also found as

relying on a single source of evidence. In this latter case, the researcher should acknowledge the limitations of such a methodology and explain how they were dealt with.

The procedure of collecting data through interviews is known to have two major qualities: it is a targeted and insightful method. Targeted, as it focuses directly on the case study topic and insightful as it provides perceived causal inferences. However, the interviews should always be considered verbal reports only. As such, they are subject to the common problems of bias, poor recall, poor or inaccurate articulation and finally the problem of reflexivity as the interviewee may give what the interviewer wants to hear.

The problem of poor recall was particularly considered in the case of BPR in the first bank as it was implemented in the 1996-1999 period. Inspired by the proposition provided by Yin (2003) to deal with such a problem, and for which he stipulated to "corroborate interview data with information from other sources" *(p.92),* the procedure adopted was to try to get to the same data but from different respondents. It could be called a *triangulation among different respondents*. And when the evidence converged towards the same facts, then the validity of the evidence could be established.

Most commonly, case study interviewers use the unstructured or open-ended form of interview, so that the respondent is more an informant than a respondent. Case study workers also use the "focused interview" in which a respondent is interviewed for about one hour on a specific topic, often to corroborate facts already gleaned from other sources. The questions are usually

open-ended with a conversational tone. However, at times a more structured interview may be held as part of a case study, in the form of a formal survey for instance. But it would form only one source of evidence rather than the only source of evidence as in a survey.

Given this framework, it is possible to locate the interviews done within this specific research into the three cited categories. First, there is a "structured" part in the interviews, in the form of closed questions, aimed at providing a broad description of HRM practices and HR specialists' role in each bank (Appendix 3). Secondly, some other issues were "discussed" with interviewees in the form of unstructured, open-ended interviews. This was the case for describing and assessing the specific role HR specialists played during innovation and the nature of their relationship with other line managers. Finally, for some respondents, the focus was mainly on specific topics in the aim of corroborating information gathered from other respondents. For these, it could be said that the interview was a focused interview (Appendices 4, 5 and 6).

The data was collected in both banks through interviews done with several officers at different managerial levels. This was particularly the case for the Bank A case – for which a greater time was spent in collecting data – and where the persons interviewed ranged from top management to middle managers (like the HR manager, the Information system managers, the Organization and planning manager), and their respective "Heads of department". At a more first-line managerial level, several branch managers were interviewed – not all interviews were value adding but only the most interesting and relevant ones were reported. Finally, in the "front line managers' " row, in each branch visited, the

"Assistant branch manager" was interviewed. All respondents were highly cooperative in providing the most relevant data and many of them – those considered as key informants – were visited more than once for the aim of fine tuning the data.

In the case of the Bank B, the interviews were done in one full day and the persons interviewed ranged from top to middle and first line management. Most of the information was collected from the HR department, the branch management department, the main branch manager and the assistant branch manager.

This makes a total of about 50 interviews done in both banks, which is a reasonable number of interviews for the sake of reliability of the data. Appendix 2 gives more details concerning what was called the most relevant interviews and respondents. This listing does not reflect the fact that some respondents were interviewed more than one time and on repetitive occasions. Interviews varied in duration, ranging from 30 minutes, the shortest, to about one and a half hour for key respondents.

The interviews were recorded following two procedures. For a first category of interviews, the notes were hand-written. But later, the method of recording the data was considered as more effective as it warrants a more accurate rendition of the interview content and helps the investigator concentrate on the interview itself. However, this method was not used for the respondents who expressed their feeling of discomfort in the presence of such a device. This was particularly

the case for the first bank, for one of the senior managers and most importantly at lower managerial levels (middle to front-line managers).

The interviews were then transcribed and stored in the case study database that was created in the aim of organizing the data collected for case studies – whether in the form of case study notes or documents relative to both banks and narratives. Then, after completing the interviews, the case study reports were written separately for each bank.

5.3.3 – The Bank A Case: A Two-Step Approach

The approach to Bank A in the process of data collect was twofold. The first focus was on issues related to the initial wave of BPR undertaken from 1996 to 1999. This stage was in-depth analyzed as a whole and the aim was to see to what extent the formulated propositions were verified. The second interesting issue in the Bank A case study lies in the fact that it was in the middle of a new wave of BPR implementation which was launched in 2004, and provided the opportunity to add a dynamic dimension to the study. Therefore, the second objective upon which the case study was elaborated was to analyze the evolution of the HR roles and relationships across time and projects and whether it influenced BPR successful implementation or not. This section presents both the static (section 5.3.3.1) and the dynamic aspects (section 5.3.3.2) of the research.

5.3.3.1 – The Static Approach and the Pilot Research

The first contact with Bank A was at a top managerial level. This top management described the "innovative activities" that were ongoing in the bank at the time the field work was launched (in 2005). Among these activities, the

innovation that most aroused interest was the business process reengineering that was conducted from 1996 until 1999 – "the establishment of a teller system" – and which was still "the talk of everybody in the bank" because of the impressive impact it had on the bank at that time. This innovation was also interesting for the research due to another reason. In fact, it was the kind of "process change" that perfectly fits the research question in the sense that it brings the HR department into play and involves several interactions and relationships at all managerial levels. Finally, the other potentially interesting fact was that, at the time the empirical work was launched, the bank had just launched a second wave of business process reengineering in 2004 – increasing the role of the Customer service officer – and this may enrich the data by introducing a dynamic perspective.

The Interview Guide

Setting up the interview guide was the most critical part of the data collecting task. In fact, this guide had to be elaborated with the propositions to be explored in mind, along with a great deal of effort to address the most relevant questions to get the proper answers that may lead to assess each proposition. In order to build the results on a scientific basis, most of the questions and the related explanatory variables were derived from the findings drawn in the literature review. Another difficulty associated to this phase, was that a single interview guide does not fit all interviewees given the divergence in the role they played during innovation and also in their relationships with the HR department.

Therefore, and in the aim of maximizing the opportunity to collect relevant data, the main interview guide was modified according to each respondent position

and responsibilities and also according to the nature of the data that is required from him. It is also important to remind that, frequently, during the course of an interview, the discussion was rooted to issues that were not initially planned for in the interview guide and that were of great value.

Rather than presenting each interview guide addressed to each respondent – which may be found in the appendices, the following presentation states the explanatory elements used to assess each proposition in the same order than the one presented in the literature review.

1- The first set of propositions is related to HR being an innovative function and the impact it could have on the company's performance and on its capacity to adopt change. The first set of questions – which are closed questions, aims at assessing the extent to which the HR function is innovative. In that regard, it was useful to know which of the "innovative HR practices" are adopted and for that purpose, a list of 14 innovative practices was drawn up, inspired from Agarwala (2003). Then, it was interesting to know the opinion of the respondents concerning the determinants of such an adoption. This was also made easy to respondents who had to assess the importance of 19 potential determinants in that decision. These determinants derived from Murphy and Southey (2003). Finally, the last step was to link all this to the main purpose of the study which is to highlight a positive correlation between the HR's innovativeness and an effective implementation of BPR.

2- The second set of questions aims at analyzing the role the HR department is *usually* playing in the company according to the Conner and Ulrich (1996) four-

role classification: administrative expert, change agent, employee champion and strategic partner. The respondents were asked to give details on each role by specifying the HR activities they practice within each role and this by choosing from a list of activities also adapted from Conner and Ulrich (1996). In order to avoid restricting the choices and consequently running the risk of annoying the respondents when they don't find the item that suits them, an open-ended choice was made possible within the answers.

It is important to provide, in few words, a justification of the use of Conner and Ulrich's 1996 classification; although a more recent and revised classification was elaborated by Ulrich and Brockbank in 2005, as stated in the literature review. In short, and as mentioned earlier, the interviews were launched in Bank A in 2005, before the new classification was published. By the time this new classification was published and accessed to, it was obviously difficult to integrate it to the questionnaire as more than half of the interviews were already done. However, this limitation would be overcome as it would be possible to seize the opportunity to compare both classifications in terms of relevance in the Discussion chapter.

The next issue was to identify the specific role played by the HR department during innovation and specifically at each innovation stage (planning, implementation and later stages). It was important to know whether the HR function had a low key role, an advisory, regulator, interventionist or strategic role. The discussion should also focus on the nature of the relationships that were prevailing with line managers at each innovation stage.

3- The third set of questions is related to the analysis of the HR-line managers' relationship during introduction and implementation of change. As it has been mentioned in the literature review, this relationship may take the form of either devolved HR responsibilities to the line or in the partnership between HR and line departments on specific projects. The focus was mainly on the second aspect and resulted in the formulation of a proposition stipulating that for a successful implementation of BPR HR specialists should work in close partnership with line management. During the interviews and as long as relevant data was collected, it appeared that the most interesting relationship that was prevailing was between the HR and the Organization and Planning departments. Therefore, a greater effort was put in the analysis of this relationship and data was collected from both concerned parts in a way to draw the full story and confront their points of view. The final aim should not be forgotten. It is to link such a strategic relationship to the better implementation of change.

The Pilot Project

The relevance of the questionnaire was assessed on a sample of 10 persons from the Bank A. These respondents were mainly from the HR department and few branch managers. The collected data was summarized in a report, the pilot project, which only focused on the most recent BPR initiative, leaving the dynamic perspective and the comparative analysis to the final report. This pilot project was presented in front of the doctoral jury that validated the methodology.

5.3.3.2 – Introducing the Dynamic Perspective

The second aspect of the data collect is about introducing a dynamic dimension to the initial set up. In fact, the second wave of BPR initiated by the bank in the

early 2004, came to an end at the time the field work was being completed (in 2007) and therefore, it was highly interesting to try to redraw the evolution of the HR-line managers relationships between these two innovative BPR projects and specifically the HR-OP relationship.

In that regard, a second round of interviews was launched during which the key interviewees were asked to help in describing the whole innovation process – from design until implementation, with a particular attention to the roles played by each partner and the relationships that prevailed between them at each innovation stage. A systematic – when possible – comparison was done between the roles and interactions the partners have had in both BPR projects. The questions asked focused on two main subjects. First to try to identify the drivers of the changes in the roles played by each partner or in the nature of the relationships existing between them. The second issue was to assess these new roles and relationships in terms of increased effectiveness for the implementation of change.

The second aspect that was interesting to analyze *dynamically* was the evolution of the relationship existing between the HR and branch managers during implementation of change. Here again, the central issue was to identify and try to explain the changes and finally assess them.

At the end of these interviews, two interesting objectives would have been fulfilled. First, it would have been possible to verify whether the propositions derived from the literature review were verified or rejected. In other words, given that the research question tries to identify the factors that may lead to a critical

role for HR in an innovative organization, it would be possible to assess the extent to which some of the admitted "success factors" are critical and the extent to which others are of less importance. The second objective would be to bring more insight into the evolution of the HR role across time during innovation. This research would describe this evolution by stressing upon its drivers and assessing the effectiveness of the HR function in its new strategic tasks.

Once this "scale" of success factors elaborated, the next step was to test its reliability in the second case for which the approach was different. This is developed in the next section.

5.3.4 – A Different Approach to the Bank B Case

    5.3.4.1 – A different context

As mentioned above, the approach to the second case – or the Bank B – was different for various reasons. First, the bank presented a context that is perceptibly different to the one existing at Bank A. In fact, Bank B had implemented its BPR project in one go (starting in 2003) and had called for the expertise of an outside company to implement the whole aspects of the project. Moreover, the HR department had a different role and influence within the company during the implementation of innovation. Therefore, and in the aim of making the most of these distinct characteristics, the research was designed in the purpose of assessing the reliability of the critical success factors identified from the first case study and see whether the overall construct could still apply in a bank where the conditions under which change was driven were basically different.

As the data was collected, it appeared that, even though the implication of the HR department was marginal, implementation of BPR was considered as successful at Bank B, according to respondents. Therefore the discussion turned to trying to identify the reasons that lead to such a paradoxical situation – in the sense that this finding contradicts the first and main hypothesis formulated in this research. Therefore, the objective of the interviews turned to searching for the "why" and "how" these results were found and whether they compromise the initial findings derived either from the literature of from the first case study. In other words, the interviews were focusing on one major issue which could be summarized in the following questions: *What was the impact of the different setup of the BPR (HR less involved) on BPR success? And if Bank B was successful as well, how was this possible? And to understand the whole story, it is interesting to see why BPR was outsourced? Was it due to a lack of competencies in the HR department?*

These questions give rise to two remarks. First, in an attempt to exploit this "contextual difference", these questions suggest that the HR function could have had a more central role to play even if there was an outside company implementing on the ground. This role could have taken many forms such as: forming a close strategic partnership between HR and the company responsible for implementing the change, sharing responsibilities on some specific aspects of the project, assisting them in the implementation of the project so as to takeover after implementation is finished for further assistance to employees…etc. The second implication of these questions is that it makes it possible to state all the factors considered as critical in the first case and assess them.

5.3.4.2 – A different approach for assessing the same propositions

As mentioned earlier, the questions were asked in the aim of assessing whether the marginal role of the HR department was due to the fact that:

- The HR is not an innovating department (1st critical success factor or CSF).

- The HR function is not playing the role of change agent (2nd CSF).

- The HR function is not considered as a strategic partner (3rd CSF).

- The HR function is not partnering with line managers on specific projects for increased efficiency (4th CSF).

All these negated propositions have an interesting implication in terms of methodology. In fact, it should be kept in mind during the interviews that the purpose is to try to see how BPR success was possible with much less HR involvement.. And therefore, it is not enough to be satisfied with yes or no answers. The most important and yet interesting issue is to find the reasons behind these answers. For example, the first critical factor tested was the extent to which the HR department is innovative. The evidence showed that the department was innovative at bank B as it was at Bank A. Therefore, it was useful to try to deepen the analysis and try to identify differences in the specific types of innovative practices adopted, or in the character and /or experience and qualifications of the HR manager and heads of department that may enrich the initial findings. The rationale would be that it is not enough to state that the HR department should be innovative in order to play a critical role during innovation. Instead, there are some specific innovative HR practices – or the HR

professionals should have specific skills that may lead HR to such a critical and central role during innovation.

Another example for this methodology could be given concerning the role of strategic partner. In fact, evidence showed – or the interviewees claimed that HR in their bank could be considered as a "strategic partner", contrary to what one might think given the current fact of a marginalized HR during innovation. Therefore, it was useful to go into the analysis of this role in depth so as to highlight what are the main functions or tasks that this role entails. Which functions are fundamental and which are less relevant in the role of strategic partnership. This in-depth analysis was important to do as the correlation between innovation and strategic partnership was not as evident as in the Bank A case and therefore it could cast doubt on the validity of the related proposition, which may in turn lead to its reassessment.

The second question seeks to explore how were HR issues dealt with and who carried out the responsibilities to get the change done. This question helps assess the validity of the pre-defined success factors while doing an abstraction of the fact that *it is the mission of the HR function* to carry them out. In the second case, it appeared that the outsourcing company took the lead in HR issues as well. Therefore, if this company imposed "innovative HRM practices", acted as a "change agent" and as a "strategic partner" and finally partnered with specific departments on specific tasks, we could have established the validity of what was termed critical success factors, whichever is the entity responsible for them.

5.3.5 – Describing and Justifying Methods Used to Present and Analyze
Findings

       5.3.5.1 – Methods Used to Present Findings

The methodology used to present the findings was inspired by the works of Miles and Huberman (1994) who stressed on the necessity to present the data in the form of charts and displays for the sake of summarizing and synthesizing the considerable quantity of remarks that could have resulted in the form of narratives. In that regard, findings were displayed using "within-case displays" and "cross-case displays" methods, as presented by Miles and Huberman. Within case displays used for presenting the findings consists of matrices (such as event listing matrices), networks (such as event-state networks) and context charts. An event listing is a matrix that arranges a series of concrete events by chronological time period, sorting them into several categories. Event-state network can be generated after event listing is done and is a helpful step towards assessing causal dynamics in a particular case. Finally, a context chart is a network mapping in a graphic form the interrelations among the roles and groups that go to make up the context of individual behavior.

As for cross-case displays, the methods used to present and compare data from both cases come within the techniques of "case ordered displays" – which array data case by case and order the cases according to some variable on interest so that it is easily possible to see the differences among case studies. Another method is related to "causal modelling" were causal chains and causal network were elaborated.

5.3.5.2 – Methods Used to Analyze Findings

After having presented the major findings, then comes the task of analyzing findings, and providing explanations that have to be plausible, scientific and meaningful. In that regard, "good" explanations will need to link the explanations given by the people object of the study with explanations developed by the researcher. And, according to Miles and Huberman (1994), this link presents two major problems. First, is a problem of fallibility which results from the fact that qualitative researchers must rely, in part, on the explanations that people give to them and also on their own explanations. And both are equally vulnerable as they are formulated by "humans" as they may be subject to subjectivity, bias and therefore multiple interpretations. The second problem is about the relation between theory and data. A "good" theory is one whose categories fit the data, in other words which can be used to explain, predict and interpret what is going on. However, it should be acknowledged, as Van Maanen (1979) did, that there aren't really two compartments – "theory" and "data". Rather there are "first-order concepts", the facts resulting for the qualitative research, and the "second-order concepts" those used by the researchers to explain the patterning of the first order concept. Therefore, the facts discovered are already the product of many levels of interpretation. In that regard, there is thus a profound influence of theories on what researchers notice and how they explain it.

Rather than methods, Miles and Huberman (1994) listed 13 tactics for drawing meaning from a particular configuration of data. These tactics were arranged from the descriptive to the explanatory and from the concrete to the more

conceptual and abstract. In this research, seven of these tactics are mainly used

and are listed below in their original labels:

- *Noting patterns and themes*: these are essentially patterns of processes

involving connections in time and space within a context. This tactic was

particularly used when describing the process of implementation of BPR in both

banks from the inception of the idea until the last stages of implementation and

follow-up after implementation.

- *Seeing plausibility*: given that the primary conclusions resulting from the

patterns are generally rather intuitive, it should be acknowledged that these

conclusions should be subject to others tactics of conclusion drawing and

verification. Especially, once the previously mentioned patterns were elaborated,

a verification of these processes was done by gathering information from various

sources, through different interviews to make sure that all elements have been

highlighted.

- *Making contrasts and Comparisons*: this is a classic way to test a conclusion.

Comparisons are made between two set of things - persons, roles activities,

cases as a whole – that are known to differ in some other important aspect. This

tactic has been mainly used to compare the differences between both BPR

implementation stages at Bank A (comparison between BPR 1 and BPR 2). As

well, this tactic was used when comparing these processes between both banks.

- *Noting relations between variables*: using sets of boxes and arrows; boxes are

variables, and the arrows show relationships between them. This methods was

used when formulating the research question and elaborating the HR Model that

was meant to be tested.

- *Finding intervening variables*: it happened during analysis that two variables

that ought to go together according to the initial conceptual framework have only

a tepid or inconclusive relation. Various variables were considered as filling out a reasonable chain, mediating or linking between "HR role" and "BPR success". Especially, after having completed the research and the analysis of the findings, some of the variables were considered as having a lower key role than others, which resulted in the new and considerably improved HR Model.

- *Building a logical chain of evidence*. This tactic for analyzing findings differs from the "causal network" mentioned in the previous section. It is more tactically, specifically oriented. Building a chain of evidence requires verifications at each step – using "if-then" tactics – as it has to be complete and meaningful. This tactics has been used to validate the previously mentioned HR Model. This model has been elaborated mainly from the conclusions driven from Bank A. Findings from Bank B were used to assess this model to make sure that the finally weighted variables are valid.

- *Making conceptual/Theoretical Coherence*: this is the last step in the analysis of findings, which involves moving from the empirical to a more conceptual overview of the landscape, to constructs and from there to theories. At the end of the analysis of the findings a set of implications for both practice and theory were elaborated, building on the findings and paving the way through theoretical improvements.

5.4 – Summary of main points

In conclusion, it is important to state few words about the way this collected data was reported and analyzed. The findings were presented for each case separately – what constitutes chapters 6 and 7. Each case was written in a way to cover in detail the entire story. For the Bank A case study, the chapter covers

both waves of BPR, starting with the first stage and describing the role of HR and the relationship it has had at this stage. For the second wave of BPR, the emphasis was put on the evolution of these roles and relationships and the drivers of this change. At the end of the first case, the identified variables, or what was called critical success factors were highlighted and the propositions derived from the literature review were assessed in terms of whether approved or revised.

Findings from the second case study were presented with a systematic reference to the first case. In other words, chapter 7 constitutes a comparative case study where findings from both cases were put in contrast. This chapter ends with a cross-case analysis with the purpose of assessing the validity of the hypotheses in both cases and highlighting the differences in terms of results. This cross-case analysis and the resulting findings in terms of confirmed or rejected propositions constitute the main subject to be analyzed in the discussion chapter (Chapter 8). In fact, the purpose of Chapter 8 is to confront those findings to the literature review and to explain and analyze the differences in an attempt to give final conclusions related to the propositions.

Chapter 6 – BPR at Bank A

The purpose of the current chapter is to report the main findings of the case study undergone for Bank A in the aim of answering the question this research is focusing upon and which is about exploring to what extent HR policies and HR specialists' role was considered as critical for the success of BPR implementation in the bank. Findings from the literature review suggest that the HR department may have a critical role to play for a successful implementation of change as long as it is a *strategy-oriented* function. This was considered as being the case when HR is innovative – i.e. implement innovative practices, work in close partnership with line managers, act as a change agent and as a strategic partner. These ideas present a brief summary of the propositions the case study is intended to explore.

The objective of the case study is to explore how people from the HR department (HR hereafter) are interacting with their environment in a context of innovation. The notion of "people from HR" may include senior HR managers, Head of HR sections, and HR officers or agents. The *innovation* this study deals with is precisely the reengineering of the business process (BPR hereafter). In formulating the research question in other words, it is about to explore what role has the HR function played in these banks during change. Was it a critical role? And what kind of relationships has it had with line managers during each of the innovation stages.

The related literature suggests that in order to better manage change, the HR role would evolve from the traditional "employee and administrative expert" to an active player, change agent and even strategic partner. Besides, the HR

department has a boundary spanning role as it interacts with both management at all levels (from front-line to top management) and with employees. Therefore, it would be interesting to explore what was the HR's role during implementation of change with a particular attention given to the interactions HR is having all around its business circle.

As previously mentioned, this case is a longitudinal case study, in the sense given by Yin (2003) for a study analyzing the role and interactions of the HR departments at two different points in time. In fact, this bank had witnessed two waves of BPR during the last decade. The first one was launched in 1996 and came to an end in 1999. The second wave started in 2003 and was supposed to end in July 2007.

The structure of this chapter is the following: after briefly presenting in a first section the Bank and the objectives of both BPR projects implemented in 1996 and 2003 (labeled BPR1 and BPR2 hereafter), the chapter will cover the detailed description of each BPR process – BPR 1 in section 2 and BPR 2 in section 3 – with a particular focus on the role the HR department played during each and at each stage of the innovation. The report also highlights the main interactions and relationships the HR department has had during innovation and in particular with the Organization and Planning department, as this latter was originator of the innovation and was responsible for implementing change.

6.1 – Bank A and the BPR projects

6.1.1 – Bank A: an Innovative Organization

Bank A, which was founded in 1951, is considered as the largest Lebanese bank in Lebanon, a position it has held for more than 25 consecutive years. It has around 17% of total market shares (in terms of customer deposits), a network of 55 branches all across the territory without counting the 46 branches abroad. It also employs around 1200 persons. It was ranked first in 2007 in terms of total assets, customer deposits, net profits and capital funds. International specialized institutions such as The Banker, Euromoney and Global Finance have exclusively selected Bank A as the Best Bank in Lebanon for the year 2006 as per international banking standards.

Given that this study is about the role and practices of HR specialists, it is useful to provide a brief description of the HR department in this bank. This department employs around 35 persons, divided in two major sections: the "Personnel", dealing with all employees' administrative issues, and the "Training and Development" section. Employees are selected to this department either through internal transfer from another department or from outside the Bank. Outsiders go through a two-stage process: first they have to pass an IQ test and secondly an interview. This process is similar to all departments. Once hired in – or transferred to – the HR department, employees are trained and coached to the tasks they have been incumbent into doing.

Bank A falls within the scope of the research framework of "innovative organizations" as it has undertaken several innovative projects that could be classified in either category of products, process innovations or organizational

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changes. In terms of product innovations, the bank has considerably developed its retail activity as it has created around 17 new products divided into three broad categories: consumer loans, saving plans and payment cards. In terms of process and organizational change, the bank has launched in the past few years a large scale radical change program aimed at restructuring the branches and introducing a new way of doing banking transactions.

Concretely, this change resulted in the implementation of a new system, called the "teller system", backed by a new IT infrastructure designed to fit to the new working procedures. This system is innovative as it helps eliminate all the different stages through which customers usually go before having their transactions executed, knowing that the simplest transaction used to involve the counter, the back office and the cashier.

This overall innovative program has all the necessary elements that could qualify it as a BPR, in the sense given by its leading author , Hammer (1990), who says that BPR is "the use of the power of modern IT to radically re-design business process in order to achieve dramatic improvements in performance" (p.104). In fact, according to Ahadi's list of common elements of BPR project (2004), the change undergone by the bank is (1) a radical or at least a significant change. (2) Its unit analysis is the business process – in this case, the banking transaction process – and not a department or a function. (3) Its objective is to achieve major performance improvements. (4) IT is a critical enabler. (5) Finally, organizational changes are critical enablers and must be managed accordingly.

6.1.2 – BPR1 and BPR2: a Two-step Process

The Branch reengineering process was implemented in Bank A at two different intervals. The first phase was initiated in 1996 (BPR1) and lasted until 1999. The objective was, at that time, to implement the "teller system" and switch all banking operations to the "new way of doing banking transactions". The second phase (BPR2) was launched in 2003 until 2007 and aimed at reducing the number of tellers and increasing the number of CSOs so as to become more customer oriented.

6.1.2.1 – Objectives and drivers of BPR 1

The first BPR project launched in 1996 was about installing a new "teller system" and Bank A was the leader in launching this innovation at that time as no other banks in Lebanon had this idea before, as mentioned by the Organization and Planning (OP) manager.

This system entails that the employees at the counter, the "tellers", have increased responsibilities and are entitled to fulfill the whole transaction, to affix their signature and to pay/receive cash money. This is what we call the "one-stop shop" principle. Apart from the tellers who are handling both front and back office tasks, the bank has (re)created the position of "Customer service officer" (CSO). This job is not new as such in the bank but the tasks that the employee holding this job has to do have changed. This job is more oriented towards knowing customer needs and marketing the banks' products. Therefore, employees at the bank are divided in two categories: they are either tellers or CSOs. The competencies required for these two positions are different. CSOs need to master more specific skills than the pure expert in banking transaction, such as

communication skills, and a great capability to impact customers' decisions for buying the bank's products. Therefore, this job appears to be considered as more prestigious than the teller position from an employee's point of view, and more value-adding from the bank's perspective.

Therefore, the objectives were of two kinds: improve the customer service because a customer usually prefers to go to one place and do everything, than go to different places. The second objective was to decrease the number of employees and consequently reduce the costs to the bank.

The question of the drivers of this change was asked to both the HR manager and the OP managers and the data collected could be put in two categories: first changing clients' needs and secondly "obsolete" banking system.

Changing clients' needs - In the early 90s, the whole banking system was recovering from a 15-year civil war, during which the only concern the bankers had at that time was to provide minimum services in order to maintain clients' confidence and above all to survive. After that period, the bank faced new needs expressed by their clients and this was "*definitely the main driver for change*" according to the HR manager. He added that from a client who is just *"hoping to find his money there"*, the bank was faced with a more demanding client in terms of services and especially concerning the quality of these services.

Banking operations done "the traditional way" – Before 1996, the structure of the bank imposed on all customers to go through a two-step process to have their operation done. First the counter clerk – who fills in a receipt – and second the cashier – who pays or receives money, without forgetting the "journey" of this

receipt in the back office and the many hands through which it had to pass before arriving to the cashier. Moreover, the bank was characterized by a lot of "specializations": there was only one person responsible for renewing time deposits, another specialized in opening new accounts and a third for the credits. In brief, each person had a specific task to do, which meant that a lot of people were needed to perform all banking tasks. In addition, all transactions were done manually, based on paper work. Computers were not much in use at that time. The first business reengineering process (BPR1) came to change this reality in three major steps: first, computers were introduced and all transactions were switched from paper work to computers. Secondly, a process of "de-specializing" people was launched so as to create "multi-skills" employees. And finally, a "teller system" was created, which is a kind of "one-stop shop". This meant that customers went to only one employee, he already had the cash money and was able to do the transaction needed (he received or paid cash) so the customer stayed with one employee the whole time.

6.1.2.2 – BPR 2 v/s BPR1

The second phase of the BPR (or BPR2) was initiated in 2003 and lasted until 2007. According to the OP manager, this change was not intended from the outset and came out of the experience of phase 1 and the increasing awareness of the need to better focus on customers. This was the main driver for the BPR 2 project.

Compared to phase 1, where the objective was more on efficiency through better service, phase 2 intended on creating within the branch a more "sales oriented structure". So the positions of Customer Service Officers (CSO) – those who

receive customers, sitting behind a desk – were increased and those of tellers – people at the counters – were reduced. In this phase, the types of skills or competences needed in order to be a CSO were more palpable. In fact, people switched to fast operations, simply responding to what the customer asks. It was possible to find out what are the customers needs in terms of banking transactions, what is their profile, what are the products that might suit them. So the role of CSOs is more active. Instead of simply receiving and executing, now they take the initiative by understanding the customers' needs and wants. They have the chance to propose, to discuss and to market the bank's products. This definitely requires different types of skills than simply being behind the counter.

In summary, the objective of this section was to present a quick overview of the bank, its financial performance and how it fits to the overall construct, as well as a brief presentation of both BPR projects in terms of objectives and drivers. The next sections will provide a deeper analysis of the implementation process of these projects and the role and influence of the HR department during each one.

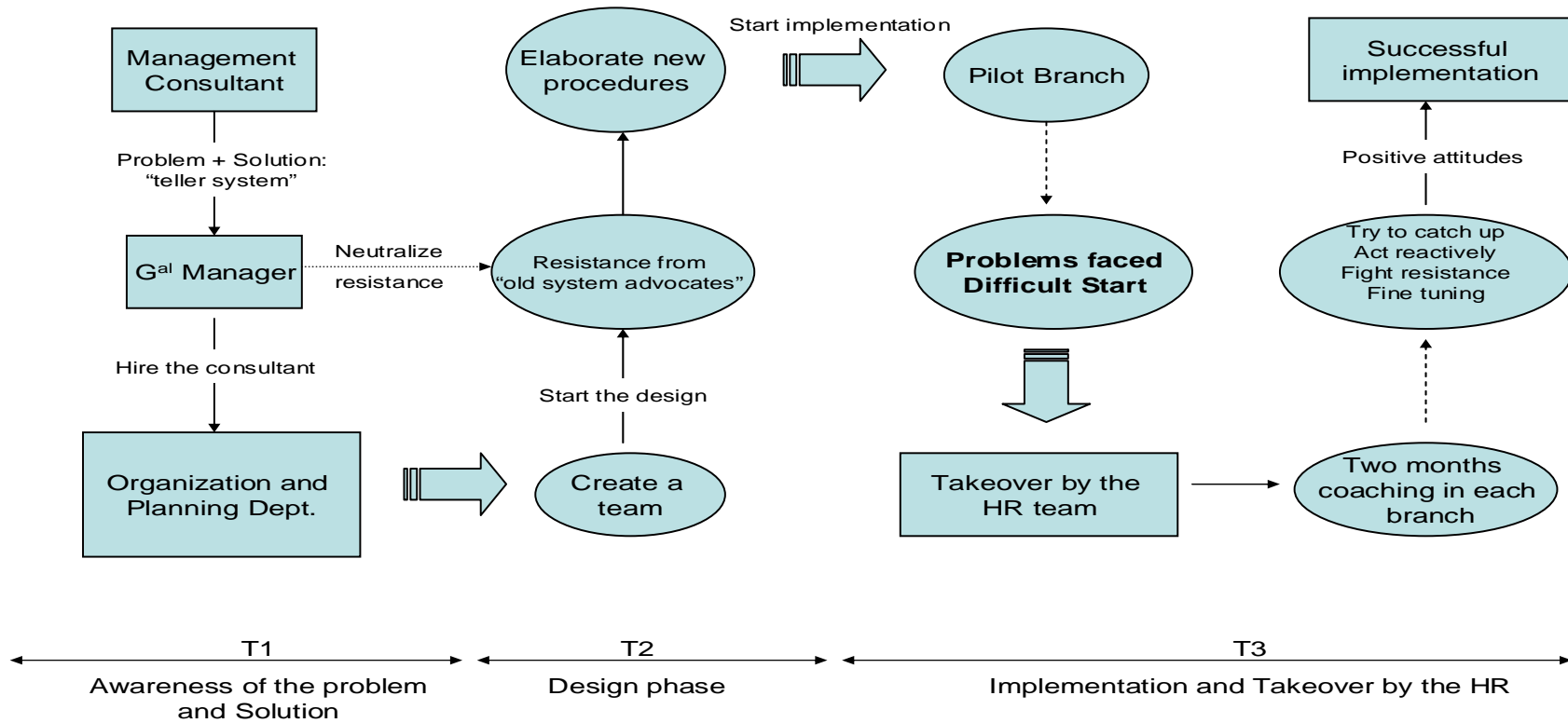## 6.2 – BPR 1 Process Steps: From Planning to Implementation

Figure 6.1 shows the different stages through which the BPR1 has passed starting from the awareness of the problem until the successful implementation of change. In short, it shows that the process could be divided into three stages:

- T1: Awareness of the problem and solution. This phase was characterized by a bilateral discussion between an external consultant, who is suggesting a change and the general manager who was convinced after several meetings.

- T2: The design phase during which the consultant – who became head of the OP department – was elaborating the new procedures.
- T3: Implementation and takeover by the HR department. This phase is about the implementation process and the many problems faced by the OP team, which led them to call for the help of the HR department.

All three stages of the implementation process are detailed in the following sections, where the first two stages are presented in the next sub-section, and the implementation stage in the following.

Figure 6.1 – BPR 1 Process Steps: From Awareness to Implementation

Management Consultant

Problem + Solution: "teller system"

G^al Manager — Neutralize resistance →

Hire the consultant

Organization and Planning Dept.

Create a team

Start the design

Resistance from "old system advocates"

Elaborate new procedures

Start implementation

Pilot Branch

Problems faced Difficult Start

Takeover by the HR team →

Two months coaching in each branch

Try to catch up Act reactively Fight resistance Fine tuning

Positive attitudes

Successful implementation

T1
Awareness of the problem and Solution

T2
Design phase

T3
Implementation and Takeover by the HR

6.2.1 – The Planning and Design Phase

The idea of a branch reengineering was initiated in 1996 when the General Manager of the Bank received a Management Consultant who has had his experience in Thailand where he was working for Booz-Allen and Hamilton (a Management consulting company). The consultant highlighted the fact that the customer service was very archaic in the Bank, similar to any selling process in a Grand Store where the customers have to go through many stages before having their transactions fulfilled. He therefore suggested to change the whole system and to create a "teller system" – a kind of one-stop shop, in order to make customers more satisfied and decrease the number of employees. After a few meetings with the general manager, he was convinced and hired the consultant for this specific project. This consultant joined the Organization and Planning Department at that time where he became its manager; he is holding now the position of Deputy General Manager. It is important to note that this person was one of the most important and key respondent as he provided the case study with the most critical and precise data. Given that he was the originator of the change and the responsible for its implementation, he will be called the "OP change agent" hereafter.

The next step was to elaborate and design the project. For that purpose, a small team of 5 people was created to work on the design of the project (called the OP innovating team hereafter). The OP change agent, who was leading the team, specified the characteristics of the people he wanted to have on his team. These people had to be young, with not more than 1 year experience in the bank and they had to be extremely analytical. The analytical rigor of the procedures should always be tested and the persons should not be *"contaminated"* by the old way of thinking and as the OP change agent argued:

> Those who worked with the old system believe that it has very good reasons to be. So when you come and say that this system is "bad", and you should stop doing this and you have to do that instead, you will have against you all those who defend the old way.

The first thing done was to analyze the actual business process. And for this purpose, the OP innovating team worked with the business users whose mission was to provide a thorough description of the actual business process, with a clear attention given to the outcome. Then, the new working procedures were established, eliminating the various stages required to get to the outcome and having only one person perform all the steps in the process, as advised for any BPR project. The new procedures were worked out in the same way each time a new process was designed. Before its implementation, it had to be presented to the General Manager (GM). He then submitted the new process to the judgment of a team made of two persons who work on procedures. The relationship between these two teams – the OP innovating team and the "control" team – was very tense given that the latter was kind of always defending the old procedures. The OP change agent mentioned the frictions that were happening with the control team and admitted that the way it was dealt with by top management was always to the advantage of the OP innovating team. As he said in his own words:

> Each time we present something, they start to defend the existing procedure and point out to the likely risks of fraud or cheating that would occur with the new procedures (…) but when the GM saw how well the project is prepared and how we have convincing counter arguments to any criticism, he mostly agreed with us.

These procedures, once "validated" were then conveyed in a well developed document, easy to understand especially for the IT developers – working in two separate departments in the bank. The mission of the IT department and the

Information System Development department was to create the appropriate

programs. It is useful to note that while reengineering, the whole information system

in the bank was moving from an old legacy application towards new applications.

6.2.2 – The Implementation Phase and the "Critical" Role of HR

6.2.2.1 - The Involvement of HR as a Necessity

When the implementation started, the main branch was chosen as the pilot branch.

This branch was chosen because it was the biggest and therefore considered as "the

most difficult". But it also had the advantage of being in the same building where the

Headquarter is or to put it in the OP change agent words: *"with the GM on the upper*

floor". The idea behind this choice was that if the process is carried out successfully

in the most difficult branch, then this would be easier in the other branches as they

will comply with the new process without much resistance.

The "OP innovating team" started to implement the new process in the pilot branch.

The first things they did were removing some persons from their jobs and transfer

them to other branches, assigning most to training and giving others new job

positions. What was striking was that the OP innovating team was implementing

change in the branch all by themselves – or to be more precise without the help of

the HR department although they were acting "on the HR ground". According to the

respondents in the HR department:

> During BPR 1, the Organization and Planning thought it was an issue they
> want to take of on their own. They didn't need the help of anybody. They knew
> what they wanted to do. (HR manager)

> At the beginning, the HR and Planning didn't sit together to elaborate a common plan. The "Planning" did the whole project without talking to the HR (HR Head of Training and Development)

The decision of the OP innovating team to carry out the whole project without the help of "anybody else" was justified by the OP change agent in these words:

> Here there are two points of view. One says that anybody who is concerned by the project should be involved even at the design phase. The other says that when you are going to make big changes you cannot "dilute" these changes by involving too many people. I would rather agree with the latter point of view.

As the OP change agent commented, in the BPR literature, it is admitted that the change must come from the top. Top management should be convinced and it has to impose change. The OP innovating team didn't see that the HR would bring any value added if they were involved at the beginning, said in the OP change agent's words: "they are not specialists in the banking operations and therefore they know nothing about the new procedures being elaborated". More than this, during the design phase, the OP innovating team thought that the pressure and resistance coming from the team controlling new procedures was sufficiently high. So obviously, they didn't want to have "more of these persons in their way – i.e. people from HR – to say add this and change that".

According to the OP change agent:

> The whole process should be looked at from the "change agent" side, whose nightmare is that the process fails, and who is convinced that this failure is most likely to happen when it is diluted by involving too many people and therefore increasing the sources of resistance.

But according to the HR's standpoint, when implementation started, the OP innovating team realized the problems they were facing in terms of the changes that were taking place and the reactions of the employees. Sometimes they noticed that the reactions were much more because it was not planned. Moreover, in the planning for BPR1, it was decided that the teller system would be implemented very rapidly within 2 to 3 days. Inevitably, changing the organization chart or the structure of a company at such a fast pace will generate a lot of consequences and therefore a lot of work to do afterwards. Besides, and as mentioned by the HR change agent, this change would have been easily accepted if there was leadership in branches. The problem was at the management level in the branches where branch managers were not up to the level of managing change. So there was a need for someone to act as a catalyst to make it happen.

These were the arguments of the HR team justifying the necessity to involve them in the implementation process. From the OP innovating team's point of view, the involvement of the HR team was justified by two different arguments. The first argument, coming from the OP change agent was that the HR team should come after change has been implemented simply to see if it worked well.

> We felt the need of having someone to step it down to him so he can make
> sure that the process works smoothly.

The second argument came from another member of the OP innovating team who admitted that they devolved to the HR team the tasks that were not of their responsibility:

> We saw that we were doing something that was not of our responsibility, an
> additional work which is time consuming and has to be done by HR. (…)We

were sitting together with the branch manager to decide the redeployment of employees. In my opinion, this was not our responsibility but the HR's.

When looking at the role played by HR in this specific context, two important facts should be highlighted as they could provide quite significant arguments in justifying this role. The first fact is that, at the time BPR was implemented, the HR department didn't exist as such. The HR function was divided between two independent units dealing with HR related issues: the "Personnel" and the "Training and development" units. Actually, these two units constitute sub-units of the HR department which was institutionalized at later stage in the bank .The second important fact is that, also at that time, the Training and Development unit was in the middle of an innovating project aimed at improving customer service and creating a sales culture. Therefore, the "OP innovating team" had to coordinate with the "HR innovating team" for two reasons. First, because they were both implementing programs that involve change, so it was important to make sure that both programs do not conflict with each other. And from another side, when they discussed their projects, they were able to settle common ground. The person responsible for the HR innovating project (the HR change agent) had the mission of visiting each branch and staying up to 2 months in each one to train employees on new techniques for customer servicing. So it was decided that she would schedule her presence in each branch after the OP innovating team had implemented their part of change. Therefore, she would not only introduce her part of change (behavioral change) but also she will have to make sure that the teller system is working effectively. So according to the HR change agent:

> Our presence was helpful especially in big branches, where after implementing change, the "Planning" were not sure that things were working well and required a follow-up from us. So after implementation in few branches, the role of HR appeared as critical for the success of the project

(…) It would have been impossible to act at the speed they wanted things to be done at without our help.

The second interface with HR was with the "Personnel" section. They were asked to take the responsibility of removing employees from branches and transferring them to other branches. The cooperation with the "personnel" was important at that level and both the HR and the OP teams had to give an account of the evolution of the number of employees to the GM who cared about the cost reduction. So the HR manager (or the Personnel manager at that time) did help in being a supporter and cooperated a lot in removing and changing employees' positions.

This cooperation and interaction was also strengthened when the OP change agent decided to become a member of the "Personnel Committee" who hold weekly meetings. This steering committee gathers people from top management – the GM, the vice GM – and people from the HR department – the manager…etc – and deals with all kinds of issues related to employees. In particular, every staff transfer from one branch to another, every resignation is being decided within this committee. So the decision of the OP to join this committee is justified by the need to have more control over these decisions.

6.2.2.2 – Assisting "Change Agents": Coaching and Training

The OP innovating team did the training on the new procedures by themselves without involving – once again – the HR department. The HR department's role was limited to "providing the place" (training session were done in the HR department premises) and "setting up the training program".

The arguments were that the training was on tasks that are very operational and the OP officers are the only ones who master it because they wrote it and therefore are

able to transmit it to others. All respondents from the OP innovating team gave the same arguments each in his words:

> I don't find it's a good idea to ask the "Training and Development" to do a training / or bring someone from the outside to train people on something they don't know.

> Our officers did the training sessions because they knew everything concerning the new system.

> I don't see it as devolution of HR responsibilities. If I am an "expert" in the new system I am trying to implement, why should I waste my time to convey my experience to them and then they pass it on to the employees.

However, the HR innovating team had a major role to play as a "coach" on the ground. In fact, the HR change agent used to stay up to two months in each branch, and be in charge of two branches at the same time. Her mission was to help employees evolve from "specialized" to "polyvalent" workers (needed for the one-stop shop teller system), and become customer service and sales oriented. And this in turn requires heavy training. Two kinds of training were done. The first directly on the ground ("coaching"), and the other was done in the head office in the afternoon (more specialized training for which the "know-how" cannot be given during the day).Training sessions organized in the branches were done in two time slots: before opening hours, to evaluate what was done the day before and to set the pinpoints of the day and after working hours (from 3pm to 7pm).

During the day, the customer service and the sales approach had to be created in employees minds, although there were not too many products to sell at that time. Also the HR innovating team had to create an environment in which the employee is capable of performing all tasks because, "with any change introduced afterwards, you will build it upon a platform of competent employees, who have more facilities in

learning new processes" as HR change agent claimed. Learning involved leadership and not only in theory. Demos were done directly, and sometimes HR change agent was going so far as to take the employees' places to show them how things could be done as a teller and as a sales person. So the learning was not only in theory, application was done directly on the ground and this resulted in a high success rate and as HR change agent said:

> I think that this way of doing things gave me a great deal of credibility. Things are not easy to be set the first day. But day after day, when you create the habit, then the objective is reached and you can leave.

Before leaving the branch and ensuring a kind of continuity, the HR innovating team focused on the Assistant Branch Manager and changed his job description by adding some HR responsibilities. The assistant branch manager is in direct relationship with the employees, unlike the branch manager who has to concentrate on financial targets. Therefore, he was assigned to be the "HR officer" at the branch with specific missions of providing training on specific topics (decided by the HR department), organizing exams and sending the results to the HR division, doing the rotation of employees following a schedule set up by the HR department, etc.

6.2.2.3 – Fighting "Pockets of Resistance"

According to the HR change agent, in any innovative process, the most difficult issue to face is resistance, *"people tend to resist regardless of the fact that their tasks will be simplified"*. They are used to a certain way of doing things and any change is threatening. But it went on smoothly and this is mainly due to the constant support of Top Management who first gave a compulsory character to the decision and also granted a great deal of authority and credibility to the working teams (the OP and the

HR). This issue was made obvious by the HR change agent who had these confessions:

> I was sometimes acting like a GM: I took some crazy decisions that were not of my responsibility and when any clash happened with the branch manager, we were going to the GM and he completely agreed with me.

When the implementation started, resistance appeared at two levels. At the employees' level and at the branch managers' level as well. Resistance from the staff appeared only at the beginning with the pilot branch. Other branches had to comply with the new procedures as they noticed that several branches were on the "teller system".

This resistance took many aspects varying from a "soft" to a really "aggressive" resistance. In the soft resistance, two scenarios were noticed during implementation. The first one is the situation where employees decide to execute all transactions twice: the first time following the new procedures and the second time following the old way of doing transactions. To be more precise on this example, in the "old way" of doing things, operations were highly dependent on paper work and every transaction was recorded in directories. In the BPR 1, computers were installed so as to replace paper work and as the manager of the pilot branch noted:

> (…) for example, when opening an account, the employees were making records of all the information required on the computers and then writing it down again on the directory.

The arguments the employees had at that time lies in the lack of confidence they had in the new technologies being introduced which is reflected in their *"fear of losing the data if the system breaks down"*. This kind of resistance came mostly from older

employees who have a lower level of education especially concerning information technologies. Younger employees had not obviously had such kind of problems as they easily mastered these techniques and were used to working on computers. This scenario of resistance was handled smoothly, letting the employees learn by themselves how to use the computers, making them more aware of its advantages especially concerning their security, until they become totally convinced of it. And the pilot branch's manager confessed that she allowed employees at the beginning to make double records for data but only for a certain period of time:

> I want them to be convinced of the new procedures (…) but after a certain period of time if they are still not convinced, then things should be imposed to them whether they like it or not (…) and record keeping in directories was forbidden! (Branch manager)

The second "soft scenario" was reflected in situations in which employees adopt an attitude of calling the new taught practices into question and deciding that *"things are impossible to be done this way"*. Put in its context, this situation mostly appeared during the implementation of the HR innovating project intended to provide the employees with new behavioral techniques of customer servicing by creating a sales approach. So for some of the employees, it was *impossible* to be at the same time a teller – concentrating on executing a transaction – and a salesman trying to market the bank's products. Here the presence of the HR coach on the ground was of major importance. The immediate demos that they were doing on the ground for real customers – the idea of "*watch me doing it!*" – had the advantage of appeasing the concerns of employees and reducing their resistance resulting from a lack of confidence.

As concerning the aggressive resistance, the HR team revealed that this kind of resistance was rather limited. The only story respondents recalled was a case of strong resistance faced in the pilot branch, where one of the employees openly announced his intention to make the teller system project fail. According to the story tellers, this person was putting pressure on his colleagues not to cooperate with the change agents using several methods to intimidate them that could even go to the point of threatening them. After several clashes with the innovating teams and because of his refusal to accept the idea of change, this individual was the only one laid off the bank for professional reasons.

Besides the third scenario, the HR team was able to influence employees' attitudes in a way to reduce their resistance. The two-months coaching in each branch helped a lot in creating a habit that led people to accept the change and work according to the new methods effectively.

6.2.2.4 – Dealing with Branch Managers

Another thing that is worth taking into account was the role of the branch managers in managing their own employees. In the branches where the manager was able to impose the change on his employees, things went on smoothly and the resistance was controlled easily. However, sometimes it happened that resistance was coming from the branch managers themselves. Both the OP and HR innovating teams pointed it out as a major problem they had to face. From the OP's point of view, these managers were used to doing things following the old system and changing is annoying and threatening for them. From the HR team's point of view, it was a matter of "game power" especially with those managers who have considerable seniority in the bank.

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After interviewing several branch managers at Bank A, it appeared that these managers had different attitudes towards change. There are those who cooperate enthusiastically with the wave of change – mainly younger managers with higher levels of education. And there are those who resist change. In this latter category, one may find those who resist change "silently" or "without raising their voice" described by the HR change agent as follows:

> When a manager refuses to attend afternoon training sessions although he lives in the same building where the branch is: this is resistance.

Also in the "non-cooperating branch managers" category, there are those who did nothing to stop resistance coming from their employees either because they were unable to manage the situation properly or because they did not want to manage it:

> *Mr. X was a manager in one of the toughest branches. The reason is that there was a strong resistance in the bank and the manager was not really helping in imposing change.*

Finally, a last type of resisting managers was described as a "positively resisting branch manager". It was the case of a senior branch manager – she was the manager of the pilot branch – who discussed every single decision or action taken by the change agents and wanted constantly to be convinced before any implementation. This manager explained that she refused that any decision regarding her employees be taken without her consent. But, from another side, according to the HR change agent, she fought off the resistance from employees that were in her branch. This was what the HR change agent said:

> Mrs. Y (the branch manager) made our lives very difficult (…)From a technical point of view, she accepted change easily but when it came to the "behavioral" part of the project (HR specific project) then appeared the major difficulties… She – from an emotional point of view – tended to reject what we presented as "non-favorable evaluation" of employees and asked us to "leave it to her". So it turned into a "power game". But as a "very smart" manager, things worked perfectly well but only after we had left the branch.

Problems with branch managers appear to be resulting from two facts. The first one is that both change agents (the OP and HR) were young, recently hired in the bank and at lower hierarchical levels in the organization chart than those managers, as stated by the HR change agent: *It was not easy to ask the branch manager to "follow my instructions".* The second issue is that those managers have a high seniority level in the bank and grow in the bank for business related reasons: the evaluation of managers is done exclusively on the business side of managing the customer and not on the criteria newly set up such as polyvalence and competence of the staff, creation of a training environment and care for a good customer service. And the HR change agent admitted that:

> You can still find some leaks in some of the branches where the standard of the service is not up to the level I wanted to reach. The reasons are, first, management was not supporting my actions and secondly, the monitoring was not sufficient.

6.2.3 – Conclusion: BPR Success and HR Late Involvement

According to all respondents BPR 1 was a real success for the bank as it revolutionized the bank at that time and the outcome was viewed as considerable. The HR manager claimed without any doubt that the first re-engineering phase was a real success for the bank although this organizational change resulted in important labor cuts. Many success criteria could be put forward such as increased labor productivity, increased customer satisfaction, reduced time spent by customers queuing, etc. BPR1 has also generated a lot more financial benefits.

The OP change agent claimed that all objectives set-up during BPR1 were reached. BPR1 was a big change for the bank that was at that time far from the business trends that were prevailing in the market. The bank had also never done any innovation of such an extent before. So when the first wave of structural innovation on such a large scale was launched, the results were certainly magnified. The HR change agent described BPR1 as a "crazy project" because they were starting from scratch, in the sense that they were introducing a change that was never been seen or experimented before in the Lebanese market, bearing all the risks that could result from such an unpredictable situation.

An interesting question to explore here is to see whether the late involvement of HR in the implementation had affected the effectiveness of the project. The answer coming from the HR team shed light on two major facts. The first is that their late involvement made it difficult for them to kick off. However, this didn't cause any damage and the project was successfully implemented. And as the HR change agent stated:

> Our involvement after implementation didn't cause any damage, neither should I say we did it the hard way, but what is sure is that if our intervention was planned ahead things would have certainly been better. We were working "reactively" and not "proactively".

Being reactive and not proactive caused some "minor problems". If both teams had coordinated between each other beforehand, things would have gone much easier. Especially that the HR team in charge of the implementation had some comments on some aspects of the project. They had to do some fine-tuning for some job descriptions, especially because they stayed longer at the branches and therefore were able to notice the problems and solve them in real time.

This late involvement of the HR department clearly brings out the importance of power and politics among departments that may arise when a process innovation is being introduced. The OP team leader tried to use his influence to keep the HR department out of the game, although he was aware of the importance of HR related issues and the necessity to manage them properly. According to the HR team leader, continuing to ignore the importance of the HR department would have caused the failure of the project. However, this change between the two operating teams revealed that the role of the HR team was critical for the success of BPR implementation.

Many factors could be put to the account of the success of the HR innovating team in taking over the project although they were not even aware of it from the beginning. First, the HR team had no problem in cooperating with the OP team; or to say it in the HR team's words "*they did not adopt a selfish behavior*". The reason is that both teams were made of young and newly hired people with the same mindset and open to change. According to the HR change agent:

> I think that if we had one of those persons with considerable seniority in the company as a member of our (innovating) teams, it would have inevitably generated in situations of conflict.

Both teams are new and have the culture of change with one common concern: "make it happen". Both saw the need to do something about the bank and had the same vision and attitudes. Therefore, the success of the project is due to "positive attitudes". Two persons (the OP change agent and the HR change agent) with the same mindset: *"we want to change and none of us cares who will take the credit for it"*. Both consider the project as their "own baby" and it is this dual ownership of the project that made it strong and infallible.

6.3 – BPR 2 and the Shift in the Role of the HR Department

6.3.1 – From "Assisting Change Agents" to Almost "Strategic Partner"

In the second phase of the Branch reengineering process (BPR2), the interaction with the HR department started at the planning stage and stood until the implementation. Figure 6.2 redraws these interactions and shows the role the HR department had to play at each of the four innovation stage. First, during the planning stage, the role of the HR was to assess it in terms of feasibility; secondly at the design phase, their role was to provide the necessary information. In the third phase, implementation, they had an major contribution in the training programs, and finally, after implementation they assured a kind of monitoring of the implemented processes.

Figure 6.2 – The Interaction between HR and the OP during BPR2
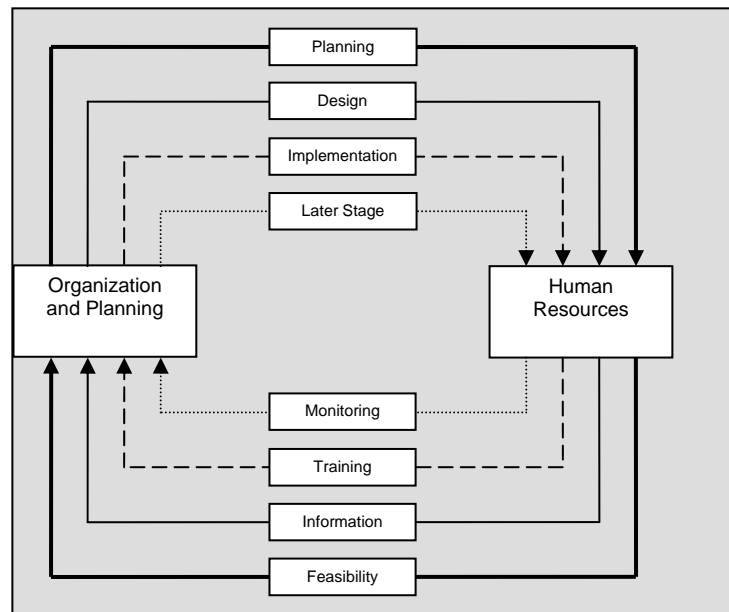
The idea of BPR 2 was initiated from the Organization and Planning department and was discussed with the HR department and, as a business decision it was discussed with the General Management as it requires a shift in the physical structure of the

branches. Therefore, since the conception of the "idea", the HR people were involved in the thinking and were asked to give an opinion in terms of the feasibility of the project, especially as they knew up-front that they were going to implement the project. As the HR manager stated:

> The HR department contributed, "in a way", to the strategic decision. The HR role was to see it as feasible or not, and how long would it take in order to be implemented. The HR department has set the pace at which the process should go.

When GM agreed on the project, the OP department did the design of the reengineering. At the planning stage, the OP was trying to know what kind of operations were taking place at the branches. The HR's role was here to give all the necessary data in terms of the number of "tellers" and of "Customer Service Officers" (CSOs) in each branch and the tasks each type of employees had to fulfill and how easily they were fulfilled. The HR's job was also to see how fast tellers can be switched to CSOs. So in the current composition of the labor force in branches, the HR's mission was to identify the individuals who were capable of becoming CSOs as it requires a certain level of education and certain types of personality. Their mission was also to report any problems in the switching process.

Then came the implementation phase were the HR and the OP departments worked together as well. According to people from the OP, once again the HR department were "extremely involved" in implementation.

> (…) when we wanted to appoint employees as CSOs and move others to tellers, the HR department knew the employees more than we (OP) did, so they were more capable of taking in charge this mission.

> At that time, when we implemented BPR1 we did the training without interacting much with HR, but now they are supervising more the training sessions more systematically.

During BPR2, the HR department had two roles. The first was to convey the information to the employees. In that regard, the HR department organized seminars to inform of organizational change, to explain it thoroughly and to fix a date for implementing the change in each branch. The people from the strategic planning were there at the seminar, too. During these meetings, employees were asked to forward suggestions whether they agreed upon the position they were appointed to or if they believed they could be more productive in other positions. So employees were aware of the change before implementation and were even entitled to have their say.

The second mission of HR was to work on the redeployment of employees and provide them with the necessary skills needed for their new tasks through training. This mission was easy as it was their responsibility to assess the human resources and to see how they wanted to redeploy them. According to HR people, the shifting from the counter to the CSO is the easiest change that can be made because employees want that change to happen: *They would like to shift because they view it as a promotion, so there is no resistance to change.*

Training employees is a major issue in this phase as well. Employees need to acquire new skills in terms of selling skills, dealing with people, presentation skills and any skills that would make their job easier and more effective. When they are dealing with persons they have to understand what kind of person the customer is. They have to learn sales techniques, marketing understanding, psychology, etc.

More supervisory skills were also needed. People who used to have 2 or 3 persons in the customer service section have now 7 persons in there.

The training was done in the HR department Head office where afternoon sessions were organized for 2 to 4 months (as required). At the branches, the assistant branch manager had the mission to follow up the "taught practices" and this, in turn, made it less urgent for people form HR to assist employees on the ground. According to the HR:

> In BPR 2, it is precisely the involvement of the HR team from the beginning that made it less urgent for us to send people to assist the employees.

6.3.2 – Justifications of the "Early Involvement of the HR team" in the Project

Obviously, the immediate question that would be interesting to explore is: why having involved the HR team in the early stage of innovation as compared to BPR1? The answers coming from both innovating partners (the OP and the HR) are perceptibly different.

From the HR's standpoint, the OP realized how important the role of the HR team was in phase 1, so they involved them even at the planning phase. The OP "learned" about these issues and it became more evident to involve them.

> Usually each department tends to be possessive of his particular project and consider it as "his baby", but sooner or later they realized that the HR department made their life much simpler. (…) The interaction with the HR was from the beginning because we learned from phase 1.

When listening to people from the OP department, one can feel that they didn't

involve HR from the planning stage "out of conviction" of the importance of the role

they played in BPR1, but rather "as a matter of form":

> HR involvement in the design phase was to a limited extent. (…) In BPR2, we
> had the idea and we sent the idea as a vision to the HRM and to top
> management and they subscribed to it (…) so we worked out the details on
> how the transactions should take place, we did the new job descriptions and
> sent them to the HR department. They didn't change anything.

The arguments the OP put forward for involving HR were related to the facts that:

- The BPR 2 change is not of a large scale as compared to BPR 1.

- The HR department has now a structure that enables it to deal with change.

- The employees are now closer to the HR people and therefore, they are the most

qualified to take the decisions that concern them.

- The team working on phase 2 is nearly the same as the one that worked on BPR1.

So it has an experience of more than 10 years and has a great deal of credibility

whether it is within the managers' environment or the employees'. Consequently, the

problem of resistance does not exist anymore and as the OP change agent stated:

> What has changed now is that the team who were involved in the
> implementation of phase 1 is now at the head of Training and Development.
> Those people experienced the change at that time (BPR1) and built a
> knowledge base in the HR department that was inexistent before.

> Managers have already witnessed that the first change process worked and
> from another side, people are used to us as "change agents". They believe in
> us and that including the HR.

Finally, according to the OP change agent, the organization itself has evolved from a

static organization, where it's difficult to involve everybody in the change, to a

dynamic and constantly evolving company where everyone is the change agent for the part he is responsible for.

6.3.3 – Effectiveness of BPR2 as Compared to BPR1

BPR2 was effective although it was not reflected in the financial results of the bank (unlike BPR1 which generated a lot more financial results). It's an organizational change that made life easier for the employees. It decreased time spent on specific transactions. It also decreased the number of employees. All that led to more efficiency and effectiveness. So, the effectiveness was felt in terms of time and also results (picking the right people to do the right job) and therefore cost efficiency and productivity increased.

But, according to all respondents, BPR2 was easier than BPR1. So the immediate question would be: Is it because HR team was involved from the planning phase? Was there a "learning effect" in the organization concerning the management of change, and the collaboration between HR and OP?

Here again we have two sets of answers coming from the two innovating partners. The answers coming from HR is definitely "yes" for many reasons. First, HR people are closest to employees (and *vive-versa*) so they are the most qualified to take into consideration what the capacities of each employee are. Secondly, having informed branch managers and employees about the change process beforehand, they eliminated the "surprise effect" and led to a smoothly accepted project, unlike BPR1 which was not sufficiently explained and was implemented "all of a sudden" according to employees.

The OP team put forward other sets of arguments in justifying the easiness of BPR2 and the early involvement of HR doesn't seem to be put in the first place. According to them, in BPR2 there weren't any pockets of resistance and employees accepted the new procedures without arguing, because:

> They are used to the change culture to such an extent that they are those who ask for change now! (…)They are used to us as change agents.

6.3.4 – Branch Managers' Experience from BPR1 and BPR2

Branch managers represent the category of "first-line managers" in the line of business. And from their experience during both BPR projects, it is possible to reveal how their interaction with the HR department has evolved through time.

During BPR1, Branch managers claimed that they were taken by surprise. They were not informed of the change being planned and they were only asked to cooperate with the change agents. This, in turn, led to different reactions from branch managers varying from "wisely coming to terms" with the decision to "afraid of it" to "resisting fiercely" to it. These were the reactions of some of the interviewed branch managers:

> We didn't have any role to play concerning the decision. It came from the administration and therefore had to be implemented. "We were like soldiers, we were under their command.

> When they told me that they were going to change the job description and reduce the number of tellers I was afraid… that the decision of reducing their number was not a good decision especially that these employees have a lot of work to do and any wrong decision would affect it negatively.

> They stayed at the bank for more than 2 months and I was surprised by their decisions.

All these reactions – especially the negative ones - were justified by the relatively poor amount of information that accompanied BPR1 and also by the lack of credibility the innovating teams inspired (they were young and recently hired). Another argument put forward by the branch managers was that it was their first contact with an entity called "HR" which was inexistent before or invisible to them, hidden in its "*ivory tower*".

> There wasn't any HR department. The HR department, called Personnel at that time, was only one person (and his secretary) who decided of employee related issues (leaves, etc.).

When implementing change, the branch manager had to give to HR feedback of what was happening. Their role was to monitor or control the operations, identify potential gaps and convey it to the administration so they can follow up the procedures.

The interaction between HR change agents and some of the "resisting" branch managers was very strong in a sense that they we were always discussing various issues. The HR team was open to these discussions and was trying to work out a solution with the branch manager for any issue that could arise as it can be noticed in some branch managers' confession:

> I was surprised by some decisions and even protested against them. But they were easily convincing me because I like to change and I am very cooperative.

> Things always work well when both parties are open to discussion and when experimented people are working around. If they were the kind of persons who impose their ideas by force, we would have most certainly clashed.

According to HR change agent, what has changed in BPR2 is that Branch Managers have now adhered to the culture of change. Many of these managers are "young people" who have a higher education level and are more open to change. Some of them were tellers at the counter at the time when BPR1 was implemented. The older managers do believe in what the change agents are doing, thanks to the credibility the HR gained from BPR1.

The BPR2 was not fully implemented in all the branches when this case was written. So the branch manager of one of those branches was asked about "how he would react when his branch's turn would come". The answer confirmed the previous arguments:

> I will react exactly the same way than with the previous wave of change. I will be cooperative and help them as much as I can and rush them so as to finish quickly. I won't discuss that much because they had done all the work, they know exactly what they are doing.

Finally, the HR department is now, according to branch managers, a big department evolving at a high speed and organizing a lot of seminars and training for employees and also for managers. They are assessing employees on a scientific basis.

But what has not changed is that the branch managers have absolutely no role to play in the process of decision making. They are just informed of the decision via meetings organized to present the *"decision already taken".* They could be asked to give their opinion, but many of them believe that *"it's not taken into consideration".*

6.4 – Conclusion: A Review of Main Findings

The most important finding that came out of this in-depth case study lies in the changing HR role which evolved from a traditional role focusing on "personnel" issues to a more active and involved team in the business. Not only are they "active players" in the management of change, to borrow the term used by Ulrich (1997), but they participate in the decision making as well. The question of the extent to which this "participation" could lead to consider them as "strategic partners" should be discussed in putting in contrast the definition of a "strategic partner" as given by scholars in the literature to what is really happening. This would be the purpose of the discussion chapter.

HR imposed themselves as "active players" in change management since the first phase of the BPR in 1996. Their involvement appeared as a must after being "left aside" at the early stages of the innovation and this is due to various reasons. First, they are more effective in managing people – being closer to them – and therefore helped them accept change and become proficient in using the new procedures in a short period of time. The second reason is that the HR department by itself had launched in parallel to the BPR project an innovating training program. There was, therefore, a need to coordinate between all the projects that involve change in order to avoid overlapping or negative influence.

The role of HR as active players lies mostly in the coaching they did on the ground for more than two months in some branches and which has had a positive impact on employees not only in terms of their quick increased productivity but in terms of reducing their resistance to change as well. This resistance was coming from the fear of not being capable of using the new tools which in turn could result in them

losing their jobs, or simply from the desire to "hang on" for lack of credibility because neither the system being implemented was known to them nor the people who were making the change happen.

On the other hand, their role during the second phase of BPR in 2003 was still active although different from the one played during phase 1. First, they didn't have to fight against any kind of resistance. In fact, the increased credibility that HR change agents gained from the first phase, to which the "culture of change" that employees acquired should be added, are factors that contributed to the reduced resistance to change. These reasons were also put to the account of the fact that coaching was not seen as a necessity. Change resulting from BPR 2 was not of such an extent (as compared to BPR 1) that makes people need to be closely assisted. On the contrary, they rather felt it as a promotion than a threat.

The role of HR was active since the conception of the idea. They were informed and asked to give their opinion in terms of feasibility. They were also involved in the implementation of the project they led since the beginning, That's to say that they were interacting and coordinating with other departments as a fundamental change agent and business partner at all innovation stages.

The question of the changing role of HR during innovation to become an *almost* strategic partner is worth being tested in a different context. This is the objective of the next chapter, that is to explore the role and the interactions the HR department has had with other departments during the implementation of BPR at Bank B. The interest of introducing this second case lies in the fact that Bank B has done the

same innovation than Bank A but with a difference that they outsourced the whole

project to an outside company.

Chapter 7 – BPR at BANK B

Bank B is the second Lebanese bank analysed during fieldwork so as to give empirical support to the elaborated propositions which constitute the HR Model to be validated. This bank also falls within the scope of the research as it is a large bank, with 33 branches in Lebanon and around 600 employees. The bank also enjoys a strong financial position and is highly committed towards innovation.

7.1 – BPR at Bank B: From Design to Implementation

7.1.1 – An Innovation-Oriented Bank

The bank has various financial products that fall within two categories: personal products (accounts, banking cards and 11 retail products) and business products (commercial loans). Since the beginning of 2001, the bank has considerably strengthened its position in the banking sector by adopting an aggressive five year business plan to increase its market share, grow the volume of its banking activities and improve its net results. This aggressive strategy intended to position the bank in the top-ten list of banks operating in Lebanon and this objective was successfully attained according to respondents from the bank. Appendix 1 outlines some relevant financial statistics related to bank A and B.

The HR department in Bank B, which is central in this research, employs 14 persons divided into six sections namely: the Training and Development, recruitment, payroll, benefits, insurance and attendance. The process of selecting and recruiting the employees in this department is similar to all departments and follow a two step process: the first is an IQ, general knowledge test and the second is an interview to assess the personality of the person and if and where it could fit within the different positions, in the department or the branches. Once hired in the HR department, the

employee undertakes a one-week to one-month period of "turnover" in all the different sections of the department to get in touch with all issues related to the department.

In 2003, the Bank B launched a project of radical change aimed at reengineering its business process by creating in its branches a teller / CSO structure of work – similar to the one installed at Bank A – for better and more customized banking service. At first sight, this fact is interesting as it gives the opportunity to compare similar projects undergone in different banks and therefore to spot the differences in the roles played by each department involved – the HR department most importantly . It is also interesting to analyze the relationships that were prevailing between them. However, the major difference between the two cases lies in the way each bank decided to have it implemented. The first case – Bank A case – decided to rely exclusively on its internal (human) resources, from the design up to the implementation of the project. On the contrary, Bank B decided to ask for the expertise of an outside company to outsource the whole project from the design up to the implementation.

Therefore, the interesting aim of this case study is to collect relevant data to support the analysis of the role and relationships of the HR department during introduction of change and to see if the findings derived from the previous chapter could still apply in a situation where the innovation has been outsourced to an outside company. This chapter is mainly descriptive at two levels. First, it describes the process of BPR as it was introduced at Bank B highlighting the roles played by each involved partner and the underlying relationships or interactions that prevailed during this phase. This is mainly the objective of section 1 which analyzes the role of the HR function at Bank

B. Section 2 analyzes this role during introduction of the BPR. Secondly, this chapter provides a comparative cross-case presentation of the results in section 3. In this section, findings from both cases are put in contrast so as to have a unified picture of the findings. The analysis and discussion of these results would be the subject of the next chapter.

7.1.2– Implementing BPR at Bank B

    7.1.2.1 – Characteristics of the BPR project at Bank B

The BPR at Bank B was initiated in 2003 following a decision taken by top management. This decision was driven by the awareness they had at that management level of the changing ways of doing banking transactions at international level and by the necessity to put themselves on the same level in order to remain competitive.

The main feature of the project implemented in bank B is that the whole project was designed and implemented by an outside consulting company. The reasons behind the decision to call for the expertise of an outside company were described by the HR managers in these words:

> (…) we did like the majority of the banks in Lebanon is used to doing and we called for the expertise of a specialized company"

According to the HR manager, the bank was used to implement all projects by itself using its *"internal kitchen"* i.e. its internal resources either financial or human resources. But now, the bank has grown to such an extent it is becoming harder for this kitchen to meet either the growing needs of the bank in terms of innovation, or to meet the requirements of the Central Bank. Therefore, it could be inferred from the

HR manager statement that the bank was lacking the appropriate skills to implement this project and that justifies their call for an outside expertise.

The international consulting firm– called Banks – did the design of the project according to the directives fixed by top management. A team from the company stood during a whole year at the bank learning their processes and doing gap analysis. The mission of all departments – including HR – was to facilitate their mission by providing them with all kind of information they needed.

Another important feature of the teller system at Bank B is that the project was done *"in one go"*. In 2003, the decision was at the same time changing the whole IT system and the job descriptions. Employees were divided into two categories: tellers and CSOs. CSOs oriented towards selling bank's products according to customer needs.

Finally, a last characteristic of this change is that CSOs at Bank B are still specialized – some are "credit officers" others are "retail officers". The relevance of this information could be seen in comparing BPR projects at both banks. This is developed later in the chapter; however, it is useful to remind at this level that the "de-specialization" of the CSOs was a main objective at Bank A.

According to the HR manager, the results were positive and this could be admitted from two facts. First, the innovation was considered as "successfully implemented" given that its objective was reached, no matter the price paid and the difficulties encountered during implementation. The manager made case for difficulties for both the employees and also for customers to get used to the new procedures. But this

period did not last for more than two months. Another aspect of this success lies in the assessment done by the respondents at Bank B (branch managers and line managers). According to their views, after reengineering their business process, the bank has done a qualitative move, increased its market shares and reached a respectful position within the banking sector in Lebanon.

7.1.2.2 – The BPR Process Steps at Bank B and the Role of the HR Department

The decision to reengineer the banking operations was taken by top management, "*as it should be the case for all projects of such a considerable scale*" as stated by the main branch manager. According to his view, this decision was driven by the raising awareness within the banking industry of the changing ways of doing transactions at an international level towards simpler and more customer focused transactions. This idea deserves to be opposed to the Bank A case who initiated the same project in 1996 but as a leader in Lebanon and not as a follower. However, to be a leader or a follower in change is a variation that is certainly important to seize even if it is of minor effect for the rest of the study.

Once the decision of reengineering had been taken, top management launched a process of informing managers of all departments (Credit, Risk, HR, IT, Marketing, etc.) of the decision. These managers were invited to a meeting to discuss the project so that each gives his opinion concerning its feasibility given that this change is meant to affect the whole system. According to the HR manager, all decisions at Bank B are taken in coordination with all departments:

This has always been the way we work in the bank. Ever since it was a small family all decisions were discussed between managers. Now that the bank has grown to its current scale, the same way of doing things is still in force.

The decision to call for an outside expertise also came from top management with the entire approval of senior managers. Once the design was done and approved, the implementation phase started. Here again, the consulting firm was leading all operations, but this time in coordination with the IT department. Both were acting as a team of "change agents": Banks for implementing the new procedures and the IT for the technical part (installing new programs, software and hardware). They were doing a kind of coaching for a limited period of time, working in the field with employees helping them learn how to operate according to the new procedures. And as the HR manager claimed: "*They were visiting each branch to install the new system and make sure that it is working properly*".

The IT department was not the only one to have a contribution in the implementation of the project. The HR department as well had a role to play, even if it was not directly with the consulting firm. First, during the design phase, the HR department provided the company with all information concerning employees (their number, job description, and skills). Apart from this, the HR department had a mission to *"prepare the employees for this change"* and to see *"who is capable and who is not",* as mentioned by the HR head of training. Before assigning employees to their new functions, they had to go through intensive training sessions intended to provide them with the qualifications and skills needed for the new tasks. These training sessions were done by department and by branch in the training center of the bank. Trainers were officers from the bank who were trained initially to the new procedures by the outside company. Thus, the mission of the HR department was to organize

training sessions in its premises for all employees even for its own employees who were learning the new processes as well.

7.2 – Comparing Findings from Both Cases: A Cross-Case Analysis

The objective of this section is limited to putting the two cases in contrast in an attempt to reveal the most relevant cross-case findings. So its aim is mainly descriptive and the cross-case findings will, in turn, be used as the base upon which the discussion will have its foundations.

7.2.1 – HR roles during innovation

7.2.1.1 - Same practices but not same roles

A first impression that could come out of this presentation is that although the same practices were implemented in both banks during introduction of change, the role played by the HR department was basically different. Whereas the importance of this role was felt at bank A from phase 1, where it reached the level of a critical change agent, this role was still confined to its traditional tasks at bank B even after implementation of change. In other words, the bank A has witnessed an evolution in the role of the HR function after implementation of change; whereas in bank B it was a *status quo.*

In Bank B, the external company did the whole project, from design to implementation, with a close back up from the IT department. During the design phase, both banks went through the same stages in elaborating the new procedures. The OP team at Bank A and the external company's team at Bank B sat with business users to learn the business process and convey it into a well developed document to help create the appropriate IT programs and both did the necessary training for trainers. However, when it came to implementation the HR department

had an active role to play at Bank A while at Bank B it stood passive at the back of the stage. At Bank A, HR took over the implementation as change agents. They had to make sure that new procedures are being properly implemented, they coached employees and foiled resistances at all levels (employees and managers). It is useful to recall that the HR department had the opportunity to play such a role given that when BPR was implemented they were on the ground implementing an innovation of their own. So a critical question which could be addressed would be to know whether they did play an active role or were HR people just "around" at the right moment. This question would be raised in the discussion chapter.

In contrast, at Bank B, this role was played by the outsourcing company and for the technical part by the IT department who were physically present when installing the new processes but only for a limited period of time just long enough to make sure that the system is working well. Employees were, admittedly, intensively trained to the new procedures, but when starting to implement the taught practices, "mistakes" appeared and continued for *"at least two months"* – as the HR manager noted.–At Bank A, the same idea of workers under-performing in the initial phase of implementation also existed. But, in this case, it seemed that mistakes were "covered" by the change agent who helped employees overcome them.

7.2.1.2 – HR roles during introduction of change

During innovation, the roles the HR departments played at both banks were similar for some tasks and diverging for others. The first similarity was in the training programs that were organized by the HR departments to prepare the employees for the new tasks that were assigned to them. Both banks launched intensive training sessions in their premises that were done by experts in the reengineered business

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process. These experts were employees from the bank who were trained initially by the teams implementing the new procedures. The second similarity was in the task of "facilitating the mission of the innovating team", in the sense of providing them with the necessary data concerning the employees (their number, skills, job description, etc.) and useful for the design of the new job descriptions. It is important to note that the new job descriptions were not done by the HR department in both banks, although this task is usually renowned to be of their core responsibilities. In fact, at Bank A, the new job descriptions for BPR1 and BPR2 were done by the "OP department" and at BANK B they were done by the "outsourcing company".

Divergences could also be noted at several levels. The most relevant one lies in the more active role played by the HR department at Bank A, where this function had to take over the implementation of change after it started. In fact, after being left aside during the designing phase of the innovation, the role of the HR appeared as critical during implementation to face all the issues that aroused after the implementation started and that were not planned effectively by the innovating team. The difficulties came mostly from the resistance that appeared at both middle managerial level and employees' level. Therefore, HR were asked to provide an intensive "coaching" and a full presence at the branches for a period of time that went sometimes up to two months. During their presence at the branches, the HR teams had a double mission. First, they had to make sure that the new procedures are being properly implemented and secondly they had to train employees on new behaviors so as to become more sales oriented. With this role, the HR department at Bank A was effective in making change happen smoothly and in that they could share, with the OP innovating team the title of "change agents". During the second phase of business process reengineering (BPR2), the role of the HR department was active

since the conception of the idea of innovation. The HR team was involved since the beginning of the thinking about it as they were essentially advisers, putting their remarks on the project, fine tuning, thinking in terms of feasibility, resources, time required, etc. At the design phase they also had their word to say – even if the design of the new job descriptions was not done by them but by the OP team. Finally during implementation, the organization and planning team gave way to the HR team who were charged with the mission of making it happen.

At Bank B, employees were trained and even coached in their new working procedures. However, in that case, the HR department was not the entity responsible for this task, but the "outsourcing company". This company played the role of change agent along with the IT department. Both were present at the branches during the implementation of change but for a limited period of time. After making sure that the system is working well they left the branch. However, in listening to respondents from the bank, it appeared that the employees had the feeling of being "left alone" and this evidence was tangible in the considerable time they spent "doing mistakes" – a two-months period – and with the fact that the "smartest" helped the "weakest" in their work. Table 7.1 summarizes the findings relative to the importance of the role the HR department played at both banks before, during and after implementation of change

It shows from this table that the role HR has had during innovation varies from absolutely no role, such as at Bank A during the initial phases of BPR1 and at Bank B during the implementation stage, to a highly critical and active role such as during implementation of BPR 1 and BPR 2 at Bank A.

Table 7.1 - HR Roles during Innovation

Innovation Stage	Bank A BPR 1	Bank A BPR 2	Bank B
Planning	No Role	Advisory	Low Key Role – Advisory
Design	No Role	Active - Advisory	Passive – Moderate
Implementation:			
- Early Stage	No Role	Active	No Role
- Advanced Stage	**Critical**	Active	No Role
- After Implementation	Moderate but active	Moderate	No Role

This table clearly highlights the existing contrast between the roles played by the HR departments at both banks. At Bank A, the HR department is highly involved in the innovative project either as adviser or as change agent. Even when implementation of change was considered as completed, the HR department still had an active role to play through the assistant branch manager. This person was trained by the HR team to take over their missions and responsibilities after they had left the branch and periodically send reports to the HR entity.

At Bank B, the HR department's role during innovation is rather limited in scope relatively to its role at Bank A. Even though they were informed at the planning phase about the change that came from Top Management, they could provide some advice in terms of feasibility (skills needed). Their role during the design phase was rather moderate – and passive – as they only had to provide the outsourcing company with the complete and necessary information concerning the employees (job descriptions, skills…). They also had to organize intensive training sessions in their premises before the implementation started. Finally, during implementation they had basically no role to play, as it was already mentioned above, the change agent role was played by the outsourcing company.

7.2.2 – Innovative HR Functions

    7.2.2.1 – Traditional HR functions

After analyzing the role HR had played during the BPR project at Bank B, it seems fundamental to analyze the organization of the HR function there and compare it to the case in Bank A. The introduction of this idea at this stage is justified by the need to gather all information concerning the HR department. This data could be helpful when comparing findings from both cases, as every detail is considered as a potential factor explaining the differences noticed in the role played by the HR department during introduction of change.

The HR department at Bank A was created in the late 1990s. Before that period, all administrative issues related to employees were dealt with by "a director of personnel" who had no other role to play especially in the strategic decision making. After that time, the function evolved from "Personnel" to HR where the created department had other missions than the purely administrative tasks. The same kind of evolution was also noticed at Bank B, but the change seems to have started effectively in 2005, when the department was *"re-structured so as to become less Personnel and more HR oriented"* as the Head of HR stated.

According to HR managers at both banks, the HR function is perceived as focusing mainly on employees' and administrative issues. The HR department develops processes and programs to take care of employee personal needs. It is an active participant in listening and responding to employees in order to maintain their morale and generate employee commitment. And finally, the HR manager claimed that the bank is developing programs to efficiently process documents and transactions.

There is an interestingly similar aim, at both banks, in the HR managers' mind to become a "strategic partner". At bank A, although the "Change Agent's" role is seen as being important, the HR managers admitted that this role comes in third position in terms of time spent by the HR group for that purpose. However, concerning the strategic partner's role, both HR managers claimed that the department is beginning to get closer to the business but not so as to consider it as "strategic partnership".

7.2.2.2 – Innovative HR Practices

According to the HR managers in both banks, the department is constantly innovating in terms of the so-called "HRM innovative practices". Employee acquisition and retention strategies, compensation and incentives, performance related rewards and recognition, as well as ongoing technical training are some of the HR activities where the bank is used to innovate.

When asked to talk about one of these innovative practices for which the bank seems to be best renowned, the HR manager at Bank A stated that the bank is famous for its innovative career planning and development practices. Within this strategy, the bank has launched in 1996 a "Management Training Program", a four to five years program aiming at developing managerial capacities. Employees going through this program are trained to perform all kinds of commercial banking operations either in the central unit or in the branches. The so created "pool of knowledgeable and polyvalent people" would then supply the bank with the needed lacking asset of skilled individuals ready to assume managerial responsibilities. The bank's strategy of "growing managers at home" instead of hiring them from outside is justified by the critical importance attached to the need for people to "fit-in" and act in accordance with the organization's philosophy and culture.

The decision of adopting this innovative training program was made by the HR manager in consensus with, and complete support of, the general management. He didn't face any difficulty in convincing top management because the need for highly skilled managers was not only felt at the bank level but in the banking sector as a whole.

The Head of HR at the Bank B presented the new "performance appraisal" system that the bank had launched lately. According to this new system, the whole process – from job evaluation to appraisal decision – is done electronically, no paper work is required and even the employee is involved in the process. As a fact, the employee is the starting point of the process where he does an evaluation of his own work (putting grades on specific tasks). Then he submits his evaluation to his direct superior: the assistant branch manager. In turn, this latter does his own evaluation of the performance of the employee and submits it to the branch manager. The last evaluation is done by the branch manager and submitted to the employee for final approval and then to the HR department. In this system, the employee has the right to reject the evaluation if he feels that it is unfair and can ask for a revision. All these steps are done electronically and in the meanwhile, the HR department can be monitoring the process internally as the system they created gives them instant feedback and reports on what is happening between the employees, the assistant branch manager and the branch manager.

When the HR department receives the final – and agreed upon – evaluation, the system calculates automatically the appraisal (it could be a bonus, a promotion, etc.). This new system has the advantage of being easy, flexible and transparent.

Top management is highly supportive of this initiative and it makes sure that the employee is treated fairly avoiding any conflict. In the future, it is planned that most applications be done electronically via the website.

HR managers in both banks considered that adopting new HR practices is a major determinant of a successful technology adoption. The new appraisal performance system at Bank B aroused the enthusiasm of employees for their work and this affected their attitudes towards more devotion, better acceptance of any change and reduced attempts of resistance. The management training program at Bank A resulted in the creation of a "pool of skilled people" that are of critical importance for the success of technology adoption. Line managers with the polyvalent background provided during the training program have the adequate skills, aptitudes and behavior that make the adoption of change easier. People are not afraid of change, and therefore don't show any kind of attitudes that could impede the successful adoption of change (e.g. resistance). All parts in the bank, and at all hierarchical levels - ranging from top management down to employee levels – are ready to cooperate, thus reducing the tensions that may arise during periods of change implementation and increasing the chances for a successful adoption. And as the OP change agent added: *"One should keep in mind that line managers are in the best position to make the change process…fail".*

When any change process is launched in the company, the relationship between line managers is tense and skeptical especially from the line managers' side. On one hand, they are afraid of losing their own advantages, and on the other, they question their ability to cope with the new working methods imposed. This is especially the case of older managers who perceive innovation as a threat. However, after the

change is implemented, HR managers stated that line managers are again "on our side".

7.2.2.3 – Conclusion

HR departments in both banks could be considered as innovative. This can visibly be noticed from two facts. First, both HR managers stated that their department has evolved from an entity called "Personnel" only seeking to handle administrative issues towards an entity named "Human Resources" where more special attention is given to the employees as "resources that may yield more revenues to the company" if managed properly and therefore becoming a value-adding function. It is also useful to note that this evolution was witnessed around the mid-90s (in 1996) at Bank A and around 10 years later (in 2005) at Bank B.

At both banks, innovative practices are being implemented. However, among all the previously cited innovative HRM practices there are some that deserve focusing upon. Particularly, Bank A's most important innovation - relatively to the other bank – Management Training Program (MTP program) aiming at creating a pool of skilled managers capable of assuming managerial responsibilities. Whereas at Bank B, the innovative practice they considered as most important was their electronic performance assessment system for employees, designed to guarantee their active involvement in the process.

Thus, Bank A's innovative practice is meant to enhance managerial capabilities whereas at Bank B, they are meant to promote the motivation of employees and their well being. The interesting issue would be whether these respective innovations and

their different impact on employees would make a difference to the nature of the role played by the HR department during introduction of change.

7.2.3 – Interactions Between the HR and Other Managers

The interactions the HR department has with managers could be visible at two levels. The first, and most interesting form of interaction, is the one existing between HR and Organization and Planning departments at Bank A during innovation. This interaction between these two staff departments was felt as critical for the success of the project after implementation of BPR1 started and was maintained afterwards for other projects (BPR2 among others). This relationship was initialized by the head of the OP department who was team leader for BPR1 at that time. He expressed the need to involve the HR department so they can carry on the implementation of change. At the same time, there was a reciprocal necessity for the OP to monitor how things are handled by the HR department. Therefore, the head of OP was asked to participate in the meetings held periodically by the HR steering committee, to keep a close eye on the decisions that are being taken there, before becoming a permanent member of this committee later on.

After having completed the implementation of BPR1, BPR2 was the second occasion for putting this interaction into operation. This time, this interaction was noticed from the planning phase until the implementation where both teams cooperated and were working together on the ground. While this cooperation was felt like kind of forced by both teams during BPR1, it came naturally in the second phase. The OP leader admitted that each team is responsible for a part in the whole project and that this cooperation would help each member focus on the part he is responsible for without wasting time to venture in unfamiliar territory. An interesting idea to explore at that

level would be that both actors "learned" how to interact with each other, which helped HR be strategically involved at the early stages of BPR2.

According to the HR team, this cooperation made things a lot easier for them than in BPR1. In fact, joining the team halfway through BPR1 caused the HR team considerable trouble and surprises that they had to face "reactively". Putting HR in such a difficult situation during BPR1, could have resulted in tense and conflicting relationships between both teams. However, the "positive attitudes" the HR team showed during implementation of change were put to the account of the success of this cooperation. That in turn resulted in a successful implementation of change. Unlike BPR 1, in BPR2 the HR team could act proactively and plan ahead for all potential problems.

The second kind of interaction between the HR and other managers is related to the day-to-day activity of the banks and takes the form of devolved HR responsibilities to line management. Both banks shared the same view of the necessity to keep a centralized HR function especially for the tasks that require consistency all across the organization. Both HR and line managers in both banks mentioned the risks associated with the devolution of HR responsibilities to them. However, for some specific tasks, they mentioned the need for coordination between the HR and line managers. This coordination takes the form of decisions taken by common consensus, for selecting and hiring new employees or for deciding on training needs and setting up appropriate training programs. The direct connection between the HR department and the branches was through the Assistant Branch Manager. He was considered as the "HR officer at the branches" and had some HR responsibilities to fulfill under the strict rules and orientations of the HR department. One of his key

tasks was the performance evaluation of employees which is quite interesting at Bank B given that it is done electronically and involves all concerned parties from the employees, to the assistant branch manager, to the branch manager and finally to the HR department.

In conclusion, crossing both case study findings, helped in highlighting the similarities and the differences between both cases. These findings are going to be confronted to the theoretic findings with the aim of identifying whether the propositions elaborated in the conceptual framework are borne out by the facts or not. And if not, the major contribution would be in trying to explain the variations and to revisit the HR model previously elaborated. The objective of the next section is to analyze the results and discuss the aforementioned propositions.

7.3 – Conclusion: A Review of Main Case-Study Findings

To summarize, the HR department is playing a more active change agent role at Bank A than at Bank B and many factors could be put to the account of this variation. The first is the fact that the innovation at Bank A, which was brought into the organization by an external consultant who was hired for this purpose, could be considered as being implemented "internally" using the bank's own resources. This difference imposed a clear repartition of tasks between all departments and because all persons involved in the project had the feeling of "owning it". The resulting sense of responsibility made that everyone shared the same worries of being unsuccessful and did all the possible to make it succeed. At Bank B, the outsourcing company was responsible for all the aspects of the project. The only department with which they had to cooperate was the IT department for the installation of the new programs. The role of the HR department was rather passive and limited to "cooperating with the

company by providing the necessary data" and "providing the place where the training sessions should take place". Obviously, these tasks are not of a kind to put pressure on the HR department neither to give it a feeling of guilt or a sense of responsibility if the project fails.

The second reason for HR having a more active role at Bank A is that they were as well in the middle of a project involving change (aiming at making employees adopt sales oriented attitudes) which required their direct presence on the ground. Being there made it obvious that they should handle the responsibility of coaching employees on the new working procedures resulting from the BPR.

In conclusion, it showed from the two cases that, in terms of BPR success, both models worked. However, the role played by the HR department was different in each case. In fact, while in the first case, the HR has reached the status of a dynamic and active change agent, this role was still marginal and limited to its traditional aspect in the second case. An interesting idea in a dynamic perspective would be that the HR people in Bank A have used the BPR 1 project to redefine their role. At the same time the project has given them the opportunity to create a new role. For Bank B, even though the BPR itself might have been successful, they have maybe missed an opportunity to develop skills and legitimacy for playing a more active role in a future change project.

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Some elements of reflection were presented in this chapter as concerning the reasons behind this result. A closer exploration of the results – and a confrontation with the literature would shed more light on the findings and help assess the previously elaborated model analyzing to what extent the role and interactions of the

HR department could be critical for increased effectiveness. This is particularly the

purpose of the Discussion Chapter.

Chapter 8 – Discussion

### 8.1 – Synthesis of the Theoretical and Empirical Findings

At this stage of the research, it seems useful to set about gathering all the bits and pieces of the study and link all chapters in a unified framework. The starting point is obviously the research question which has been presented and dissected several times all through this work. But, nevertheless, it seems fundamental to start by mentioning it given that this chapter aims at giving an answer to all the questions that were derived from it. The main objective was to investigate the influence of HR policies and of HR specialists' role on BPR success. The proposed key argument stipulates that HR should play an active role during change and be involved as a strategic partner in the innovating team. Therefore, the objective of the study was twofold: First, seeing *whether or not* this high involvement of the HR department could be considered as critical for the successful implementation of change and second, *how* the HR department might be of importance, or in other words what are the key preconditions for HR to become strategically involved during innovation.

After reviewing the related literature, five propositions were formulated in the aim of providing an answer to both questions derived from the main research question. The main proposition stipulates that for effective implementation of BPR, the role of the HR department is of critical importance. The other propositions give further details about this role by stating that if HR department implements innovative HRM practices this might enhance the capacity of the organization to adopt change. They also prescribe that the HR department might be of importance when it is actively involved in the change process as change agent or strategic partner. The last proposition suggests that if HR practitioners form close partnerships with line

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managers on specific change programs, this could result in effective implementation of change.

These propositions constitute the main variables of the HR Model that was elaborated after reviewing the literature and were synthesized in the following diagram, which is reproduced from Chapter 4 (figure 4.1)

Figure 8.1 - The Refined HR Model (Reproduced)
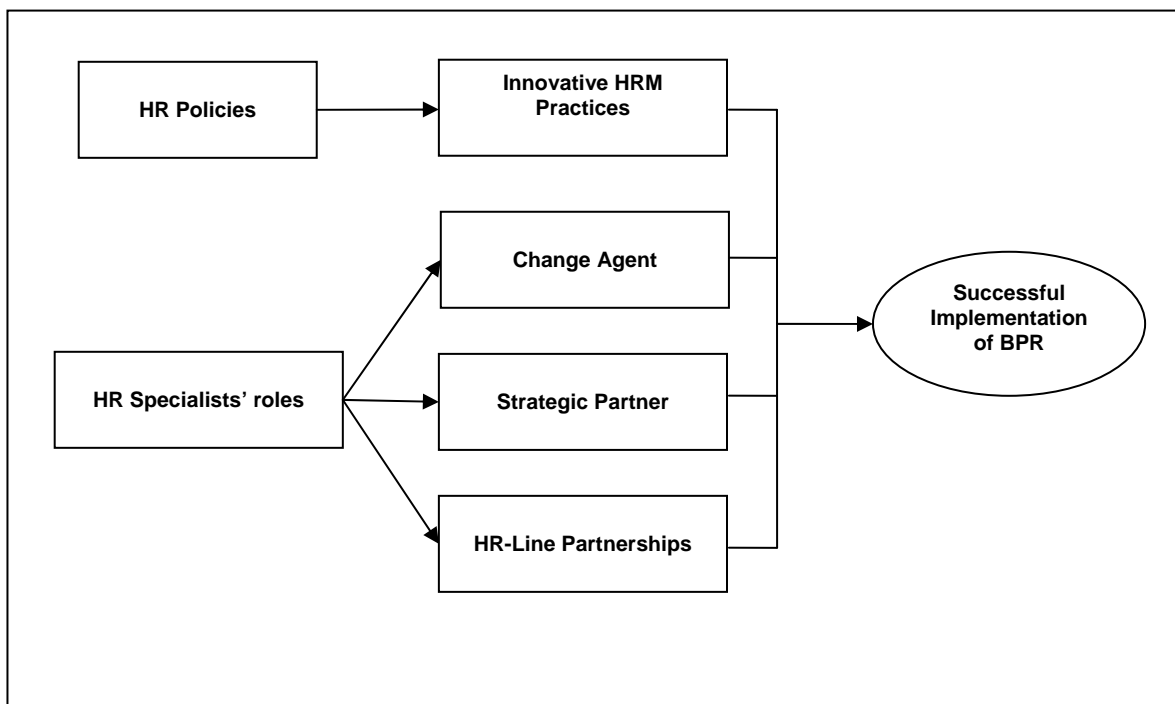
This model showed that the "criticality" of the HR department's role during implementation of BPR is deemed equivalent to giving HR a "strategic dimension". And this dimension takes either the aspect of strategic HRM or the form of HR considered as a strategic partner.

Once this model elaborated on the basis of the formulated propositions, the next step was explore their pertinence through the field work. This task was undertaken in two large Lebanese innovating banks, which had successfully reengineered their

business process recently. The objective of the research was therefore to analyze the role and the practices the HR function has had in these banks during implementation of BPR and whether these role and practices were critical for the successful implementation of change.

The objective of Chapters 6 and 7 was to present the findings related to both case studies in accordance with the structure and the design of the research as developed in the Chapter 5 on methodology. Findings for each case were presented separately for bank A (Chapter 6) and bank B (Chapter 7, section 1), and then a cross-case presentation of the findings was done (Chapter 7, section 2). Following is table 8.1 which synthesizes these findings. The letters Y and N, holding for Yes and No, reflect the extent to which proposed relationships between the HR function and BPR success were present in the case. "Moderate" would express a rather intermediary position where the evidence didn't show conclusive results for either accepting or denying the propositions.

Table 8.1- Synthesis of Main Cross-Case Findings

Propositions	Bank A	Bank B
P1:Critical HR Role during BPR	Y	N
P2:Innovative HR Functions	Y	N
P3:Active HR Role during Innovation	Y	N
P4:Active HR Strategic Partner Role	Moderate	N
P5:Interactions with Line Managers	Y	Moderate

As shown in table 8.1, findings from both case studies show significantly contrasting situations. In fact, while the role played by the HR department at bank A was considered as critical for the successful implementation of BPR, it appears that this role was low key at Bank B in the same context. These cross-case findings were highlighted in Chapter 7 (section 2 and 3).

The objective of the current chapter is to confront these findings to the theoretic findings in order to identify whether or not the formulated propositions in the conceptual framework are borne out by the facts. And if not, the major contribution would be in trying to explain the variations and to revisit the HR model previously elaborated. Therefore, the objective of the current chapter is to analyze the results and discuss each of the aforementioned propositions. Then, it would be possible to suggest some implications either for the theory or for the practice as a conclusion. The chapter is structured according to the discussed propositions; each sub-section is related to one of these propositions.

8.2 – Critical HR Role During Implementation of BPR

The main proposition derived from the conceptual analysis stipulated that:

> *During introduction of BPR, the role played by the HR department could be considered as critical for a successful implementation of change.*

This proposition had its justification from two theoretical findings. The first one is related to the various claims made by researchers about the "criticality" of adequate HRM practices for an effective BPR implementation (Marjanovic, 2000; Zucchi and Edwards, 1999; Campbell and Kleiner 2001; Hammer 1996, Hammer and Champy, 1993; Davenport, 1993). The second justification is however less widely discussed within the BPR researchers. It stipulates that the HR department should be involved in the project since the planning phase (Bashein and Markus, 1994) in order to avoid any kind of "animosity" that may arise between working partners thus predisposing the project to failure.

In order to analyze whether this proposition is verified or not, it is useful to recall the literature review, especially the part covering BPR success factors and the role of HRM in the implementation of change.

8.2.1 – BPR Critical Success Factors and the Importance of HRM

In the literature review on BPR, presented in chapter 4, the factors that were considered by BPR analysts as critical for a successful implementation were mainly related to top management commitment, selecting the right process, conducting BPR by objectives, clear and frequent communication, BPR team work and finally to IS and HR specialists involvement (Ahadi, 2004; Davenport and Short, 1990; Tennant and Wu, 2005, Bashein and Markus, 1994). All these factors seem to have contributed to the success of BPR implementation in both banks as they were, to various extents, present in each case.

In fact, the decision to reengineer was in both cases taken by top management who was strongly committed to it. The objectives were clearly established around the right processes – a long and thorough analysis of the business process was done at both banks. The necessity to communicate frequently with line managers and employees was felt as a necessity. The information system department was involved in the project since the planning stage. The involvement of the HR department was done to various extents in each bank and for each BPR project at bank A.

As concerning the specific management of HR during BPR, the contribution of this thesis to the BPR literature lies not only in the key role addressed to the management of human resources during implementation of BPR, but also it considers that the HR department might have an active role in making change happen.

As mentioned in the literature, BPR projects usually concentrate on the theoretical process of work and give little attention to the human dimension of the business process. And it happened that several BPR projects encountered major difficulties during implementation which led to their failure. One of the main reasons presented for this unsuccessful implementation is the failure of managers to anticipate and address the human aspects of BPR. The suggestions forwarded by the authors who advocated HRM during implementation of BPR entailed: reducing resistance to change (Marjanovic, 2000), team working (Zucchi and Edwards, 1999), continuous learning (Campbell and Kleiner 2001), and new rewards and compensation system (Hammer 1996, Hammer and Champy, 1993, Davenport, 1993).

As evidence showed, it came close to these theoretical contributions at various levels. If we recall findings from bank A, the contribution of the HR department was presented according to a hierarchy of the importance of its tasks. The first task, which was considered as most important by the respondents, was coaching and managing the resistance that arises either at the employees' levels or at branch managers' levels (Chapter 6, section6.2.2). The second important critical success factor was in the intensive training of employees that was systematically conducted at both banks to help the employees adapt to the new working processes.

8.2.2 – Critical HR Role During BPR

According to empirical findings, it is possible to conclude that the case studies showed mixed results as to whether this proposition is verified or not. The case of Bank A seemed to provide a positive answer and a validation of this hypothesis. However, the situation was different in Bank B, where although BPR was considered as a success, the HR department had a rather marginal role during implementation of change.

These contrasting situations offer a considerable opportunity for discussion. Given that both banks had implemented their BPR project in contrasting contexts (outsourced v/s not), it is interesting to see whether the subsequent findings support the hypothesized contrast.

The purpose of the next sections is to discuss the other propositions to see if the elaborated model could still apply and whether it could provide an interpretation of these contrasting situations.

8.3 – Innovative HR functions

From the theoretic arguments presented in the conceptual framework, an innovative HR function may have two impacts. First, it may promote the ability of a company to innovate and secondly it may give HR a "boundary spanning" role across the organization as it increases the effectiveness of the interactions it is having either with managers at all levels or with employees. This, in turn, results in a better implementation of innovation as the HR function will be the vehicle of change. The resulting proposition to be explored was the following:

> *An innovative HR function increases the capacity of the organization to adopt change.*

8.3.1 – Innovative HR and the Innovating Capability of the Organization

When looking more closely at the findings from both cases studies it shows that the first proposition was confirmed for Bank A to a large extent, whereas this should be moderately considered in Bank B case.

In fact, the findings revealed in the Bank A case study (Chapter 6), showed that the role played by the HR department during change could be considered as "critical" for the success in the implementation of BPR. The responsibility to carry on implementation was delegated to them out of conviction in their ability to make it happen successfully (Chap 6, section 6.2.2). Besides, the HR department was at the same time implementing an innovation of his own, promoting a new sales oriented approach in the employees' behavior. So they were assigned to take over the implementation of the BPR and carry on both innovations simultaneously. Therefore, the positive correlation for the first proposition seems to make no doubt: it is quite clear that because the HR department was innovating that they were asked to implement the BPR change and did it successfully. To say it in the proposition's words; the innovative HR department had a positive influence on increasing the capability of the Bank A to adopt change, whereas this was not the case for Bank B.

As concerning the Bank B case, findings showed that, although this bank was able to adopt change despite and regardless of the extent of the difficulties faced while implementing it, the HR department earned only limited credits for this success given the marginal role they had to play during change. If we recall the Bank B case findings, the role of the HR department during implementation of BPR at BANK B was to coordinate their efforts with the "outsourcing company "and provide it with all the needed information to fulfill its mission. The department was also responsible for organizing intensive training sessions on its premises. The trainers being officers from the bank who were initially trained by the outsourcing company and the trainees being the employees from all branches and departments, HR included (Chapter 7, section 7.1.2)

These findings are very important as they especially raise the issue of trying to identify the reasons that led to these contradictory results. In doing so, many questions cross the researcher's mind. The most obvious one being:

- *What factor may explain these variations?* One is tempted to give a quick and obvious answer: The HR had a marginal role to play at Bank B because this bank decided to outsource the whole project to an outside company asking it to take responsibility for all its aspects including the management of its human resources. That is a true fact. But, in pushing further, one might try to go upstream to identify the reasons that led the bank to outsource by asking the following question:

- *Why had the bank decided to rely on the outside company for every aspect of the project* – except for the IT department who worked together with the company on the new programs – *without involving the HR department in a more active mission?* The answer of the HR manager was "the bank did like the majority of banks are used to doing and asked for help from an outside company". This argument of a bank "following fashion" seems little convincing given that we have the example of a bank who did not follow it and gave full credibility for its HR department. Therefore, the question to ask should be:

- *What are the critical differences between the HR functions at both banks that gave it a major role in the first, while they were practically kept out of the game in the second?*

In reviewing more attentively the findings, it is possible to notice that the HR department at Bank B started to think innovatively only in 2005, when a new HR professional was appointed as Head of HR in this department, with the mission to promote it from a "personnel management" unit to a "human resource management" unit, as specified by this professional itself (Chap.7, section 7.2.2.1). Given that the

BPR had been implemented at Bank B in 2003, then at the time the bank was introducing its radical innovation, the HR function was still confined to its traditional role and, therefore could not be considered as innovative. And this fact is sufficient to consider that the difference between findings in both banks (of high v/s low involvement of the HR department during innovation) is for a predictable and critical reason, i.e. their extent of innovativeness.

At the time the data from the respective banks was collected, both banks could be considered as having an innovative HR department. And yet, the HR manager at Bank B considered that the choice of calling for outside expertise for any possible new project could still be highly envisaged. Therefore, the issue raised seems to reflect that it is not enough for the HR function to be innovative in order to take in hands the bank's innovative projects. Therefore, in an attempt to highlight this issue, it would be useful to analyze the "current" role of the HR function in both banks in order to identify the HRM practices implemented in each and their influence on the bank's aptitude to adopt change. Solving this issue requires confronting findings from both banks to the literature on innovative HR practices as presented in chapter 2 and their impact on the company's ability to innovate.

8.3.2 – Crossing Findings to the Literature Review
The first issue is to see to what extent HR functions at both banks are using tools and practices that resemble high performance work practices (HPWP), in opposition to the more traditional high control work place (HCWP) as differentiated by Hunter (1995). Table 8.2 compares HR systems at both banks in the aim of identifying whether practices come close to either high control or high performance work practices. Elements of this table had previously been presented in chapter 2 (section

2.1.1.2) as a conceptual framework. Its interest at this level lies in the superimposing

of the primary data coming from the case studies with the secondary data presented

in the literature review, which will help highlighting differences in the HR systems of

both banks.

Table 8.2 – HR Systems at Both Banks

HR Practices	Bank A		Bank B	
Compensation	Low Base Pay	HCWP	Low Base Pay	HCWP
Training	Proactive	HPWP	As Necessary	HCWP
Staffing	Full-Time Workforce and Commitment to Employment Security	HPWP	Full-Time Workforce and Commitment to Employment Security	HPWP
Hiring and Selection	High Investment in Screening – Priority for Internal Turnover	HPWP	Based on the Market	HCWP
Workplace Governance	Extensive Employee Involvement	HPWP	Extensive Employee Involvement	HPWP
Job Design	Broader Jobs	HPWP	Broader Jobs	HPWP
	Steep Hierarchy and Emphasis on Monitoring	HCWP	Steep Hierarchy and Emphasis on Monitoring	HCWP

In table 8.2, it shows that both banks share the same kind of practices for

compensation, staffing, workplace governance and job design. The case of

compensation is striking as both banks pointing out to a law base pay – which is a

characteristic of a HCWP. One of the key HR respondents at Bank A revealed that

this problem is noticeable across the whole banking industry at the country level.

This low base pay was seen as an obstacle for keeping talent (because they prefer

to leave the country and find a job abroad) or even for asking those who stay to

provide quality work. It is useful to recall the opinion of this HR respondent: *"we are*

asking them to provide an international standard service in terms of quality and pay

them the modest sum of USD 300 as a salary…. This is inconceivable". Therefore,

this may affect the innovative ability of the companies as mentioned by several

researchers as Gupta and Singhal (1993) and Shipton et al. (2006). Their idea is that

if companies want their employees to be creative, flexible and risk taking, they have to adapt compensation systems, performance appraisal and rewards consequently.

HR systems in both banks showed contrasting results concerning Training and Hiring and selection. As we recall findings in chapter 6, Bank A had a proactive training program for its employees. In fact, Bank A has set up a special training program intended to form managers during a period of four to five years. In doing so, the bank is promoting what has been called by Shipton et al. (2006) an "exploratory learning focus" to give them the flexibility required in a fast changing and dynamic environment. On the contrary, training at BANK B is only done for employees when an innovative program or process is introduced in the bank or upon the needs expressed by the different managers. This practice is considered by Hunter (1995) as coming close to HCWP whereas for Bank A it is more of a HPWP.

As for Hiring and Selection, Bank A seems to be investing a lot in screening. When the need to hire is expressed from any part of the bank, whether it is a branch or a department, the bank starts to market for it internally by promoting a current employee to this position, especially if the position is at an advanced managerial level. These practices encouraging the involvement of the employees affect positively their motivation and commitment and this in turn, will result in increased performance as shown in the works of Guest (1997), McDuffie (1995) and Agarwala (2003).

When assessing these findings, it shows that Bank A is making relatively more extensive use of the innovative HR practices than in the case of Bank B. Bank A seems to have adopted these practices in a system-like manner. This system is made of practices that include (1) intensive and proactive training for employees and

managers to be, (2) employment security, (3) high investment in screening, (4) planned job rotation, (5) systems for collection of employees' proposals and (6) broader jobs and delegation of responsibilities. This system may benefit from what Laursen and Foss (2003) have called "complementarities" which leads to increased innovation performance. In fact, these authors stipulate that while adopting a single such practice could result in increasing innovation performance it is expected that when these practices are adopted in a system of "mutually reinforcing practices", this would be most conducive to innovation.

In the case of Bank B, their HR practices that are innovative are related to (1) ensuring employment security, (2) greater employee involvement in performance appraisal assessment and (3) broader jobs and delegation of responsibilities. Each practice seems to be adopted in isolation and notably absent from this system is the proactive training for employees and managers to be.

Going deeper in the analysis of the HR functions of both banks and in relation with the previous elements of thought, another difference that could be highlighted is related to the "profile" of the HR leading practitioner in both banks. In the literature review, this calls back to the works of Murphy and Southey (2003) about the role of the HR practitioner. According to these authors, the "strategic" HR practitioner is a "pro-active agent of change" who should demonstrate, besides his knowledge, experience and professionalism, an important political influence and a great ability to develop coalitions via networking activities.

These characteristics are quite close to the HR practitioner at Bank A who was in charge during implementation of BPR1. This person who was named in our results

chapter – the HR innovating team leader – was an innovating champion in the sense given by Amabile (1998) of a creative person, risk-taking and with a leadership talent. She has her experience from Canada and most importantly, she was able to earn great credibility from top management and create coalitions at various managerial levels.

Meanwhile, the situation was completely different at Bank B. The HR practitioner who was in charge during BPR1 – the HR manager – has a 35 year experience and is the kind of person who would be qualified as the "old style time served manager" as labeled by Clack (1993). This person has the knowledge and experience but is not very much oriented towards innovative HR projects and consequently may not handle innovative projects as required. Bank B was obviously aware of this situation as they decided to hire in 2005 (two years after implementation of BPR) a new HR officer – the head of HR department actually. But here again, this individual had a high level of academic knowledge but little or no experience – what Clark (1993) refers to as "young virgins". However, if we put these characteristics together we will have the advanced knowledge and experience there. The missing and apparently critical characteristic is the "innovation champion" with great political influence throughout the organization.

8.4 – HR as a change agent

In addition to being innovative as a function, and as it was derived from the literature review, the HR department should change its focus and its role in order to become a value-adding unit (Chapter 3). This changing of focus entails that HR becomes less focused on operational, day-to-day tasks and give greater importance to strategic business tasks. In other words, the HR should devote less time in administrative,

employee related activities and more time in activities related to strategic HRM such as being an active change agent or a strategic partner. From the literature review, it appeared that this evolution of HR focus and role is critical for a successful implementation of innovation.

This section is intended to analyze the second proposition which stipulates that for a successful implementation of change, the HR should act as a change agent. However, it is useful to start by presenting broadly the roles of the HR functions in both banks before analyzing the aforementioned critical role

8.4.1 – Roles and Focus of the HR Functions

The roles and focus of each of the HR functions at both banks could be analyzed according to Ulrich's classification of these roles. According to his framework HR roles could be analyzed following two main axis, or foci. The first focus is on operational v/s strategic matters and the second is on people v/s process. The four roles that emerged from this analysis were the following: employee champion, administrative expert, change agent and strategic partner. When asked about the time they allocate to each of these roles – note that the Ulrich's classification was imposed to respondents – the answers from both banks came out as synthesized in table 8.3.

Table 8.3 - HR Roles according to Ulrich's Classification

HR roles	Employee Champion	Administrative Expert	Change Agent	Strategic Partner
Bank A	Strong	Strong	Moderate	Weak
Bank B	Strong	Strong	Absent	Absent

As shown in this table, both banks spend much of their time in the traditional employee champion and administrative expert roles. It is important to note that both banks have started relatively recently to think innovatively. Therefore they are still highly attached to their traditional tasks given the reluctance they are showing in devolving these tasks to line managers. As concerning the other roles, at Bank A, the HR manager admitted that their role as change agent is important even though it comes in the third place in terms of time spent for related tasks. Their role as strategic partner is still burgeoning and therefore comes in fourth place. At Bank B, the situation is similar for traditional employees' issues. However, HR has practically no role to play either as a change agent or as strategic partner. According to the HR manager, such a role for HR is still at an early stage and is seriously being considered by the bank.

Before going deeper into the analysis of the "change agent" and the "strategic partner" roles, it is important to note that the relative importance of what was labeled "traditional HR roles" of the HR function is not to be criticized. In fact, this finding seems to comply with the recent points of view of researchers advocating the importance of these traditional roles in influencing the company's long term performance and minimizing by the same fact the influence of the highly popular role of "strategic partner" for adding value (Francis and Keegan, 2005; Hope-Hailey et al., 2005).

The analysis could be improved by adding the classification of Brockbank (1999). In his framework presented in Chapter 3 (section 3.1.1), he had characterized HR practices in two sets of dimensions: operational or strategic and reactive or proactive. Having this framework in mind, it is interesting to see in which of the

categories HR functions at both banks best fit. It shows from the findings that the HR role at Bank A comes close to a "strategically proactive" role as it entails creating a culture of innovation and creativity and also creating internal capabilities (the MTP program). HR role at BANK B rather fits in the "operationally proactive" role category. In fact, in this bank the HR innovation is rather designed in order to "improve the basics" in terms of quantity and quality without having to be connected to business strategy.

Brockbank went further in his analysis to see to what extent an HR department could increase the potential of the company to create competitive advantage. He showed that creating a competitive advantage is associated with the move of the HR role from being operationally reactive to strategically proactive. In that regard, the HR department at Bank A "highly" contributes to the competitive advantage of the bank as compared to Bank B whose HR department's contribution to its competitive advantage is rather classified as "medium-low" level.

8.4.2 – HR as a Change Agent: "Coaching" as a Critical Success Factor
Findings at Bank A revealed that during BPR1, the role of the HR team was critical for the successful implementation of change. If we recall the results, the organization and planning team (OP team) started implementation without turning to HR people for any kind of help. When they reached an impasse of "poorly planned" resistance from employees, they decided to call for the help of the HR who took over the implementation process. The role the HR team played during implementation was twofold: first, coaching and training employees on the new procedures being implemented and secondly fighting pockets of resistance.

Coaching was justified by two arguments: first it was decided that BPR1 be implemented at an incredible speed given that within two to three days, employees were required to switch to the new procedures. Such a pace for adopting change is sufficient to cause resistance even when the best intentions are declared. Therefore, coaching was decided to appease employees' worries and make it easier for them to accept change and implement it. The second argument was that coaching was necessary to create a habit, a type of behavior (the sales approach) in the employees' mind that is difficult to give in formal training sessions. This "know-how" is a tacit knowledge that could only be transmitted through coaching and live demos where employees can see and learn the new way of doing things.

This coaching of employees was a critical success factor at Bank A as it smoothed the transition towards the new process. Many factors could be put to the account of this successful and effective coaching. The first one is that this coaching could be qualified as "friendly", where the major concern was to calm the worries of the employees and put their minds at rest about the security of their jobs. The other concern of the HR coaching team was to be "open to discussion" in a way to raise awareness concerning the change being implemented and appease the doubts of the unbelievers in an attempt to convince them. The key tactics were never to impose a solution but rather to work it out with the other party (whether it is the employee or the branch manager) and this gave the HR coaching team a great deal of credibility within their business environment.

The idea of coaching as a central part of the change agent's role is consistent with the analysis done by various authors in the literature review who used different nominations for this role such as: facilitator, integrator and also leader (Wiley,1992).

Ulrich and Brockbank (2005) in their updated version of HR role mentioned the role of "Human capital developer" through which HR build the workforce of the future. In doing so, they should focus on one employee at a time and create for him the opportunity to develop future ability. Ulrich and Beatty (2001) mentioned the necessity for HR to be an "active player", someone who is "in the game and not at the game" and to deliver results. Finally, Caldwell (2001) had elaborated a framework where he proposed a four-fold typology of HR change agency that were: champions, adapters, consultants and synergists. From the description of each of these types of HR change agents; it appears that HR change agents at Bank A could be considered as "change champions". In fact, they are senior executives who can envision, lead and implement strategic HR policy changes of a transformative and integrative nature.

8.5 – HR as a Strategic Partner

In their updated version of HR roles, Ulrich and Brockbank (2005) had redefined the "strategic partner" role around three dimensions: strategy formulators, strategy implementers (or change agent) and facilitators and integrators (Chapter 3, section 3.1.1.3). Given that the last two dimensions of strategy implementers, facilitators and integrators were discussed in the previous section under the title of "change agency", this section focuses solely on the first form of strategic partnership. This dimension – of strategy formulators – is developed at this level to see to what extent HR functions at both banks may have a role to play in aligning HR strategies and practices with business strategy. It appears from case study findings that HR functions at both banks have a rather limited influence on business strategic decision making. In fact, as strategy formulators, HR professionals play three distinct roles (according to Ulrich and Brockbank 2005) : (1) They question the accuracy of the strategy and the

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company's ability to make it happen. (2) They play an active role in crafting strategies based on knowledge of customers and corporate resources.(3) Finally, they help raise the standards of strategic thinking for the management team.

The "limited" influence of both HR departments in that regard could be seen at various levels. First, at Bank A, even though it is possible to note a change in the role of the HR function towards more strategic partnership during BPR 2, this role however, remains more a matter of "form" as implicitly mentioned by the OP team who was in charge of the project. If we recall the findings in Chapter 6, the HR role, according to the story related by the HR manager, was to give advice in terms of feasibility at the planning stage. During the design phase, the HR's role was to provide the OP team with all necessary data concerning the employees (number of tellers, CSO, their skills, personality, etc.) and to identify the elements that are capable of becoming CSOs. During implementation, the HR's role was to make change happen and train employees on that. Therefore, the HR department played a role which is close to what was named a "strategic partnership" from their point of view. However, the description of the same process by the OP team revealed a different opinion especially concerning the contribution of the HR as strategic partner. According to their story, the involvement of HR during BPR 2 was to a limited extent. The whole project, from the conception of the idea to the design of the project was done by the OP team and each stage was – kind of – approved by the HR department and top management without bringing any change. Therefore, it is possible to say that HR was not "active" in strategy formulation or crafting during BPR2, but they were rather active in receiving the strategy and translating it into accurate HR practices and strategies. And in that regard, we should say that this does not contradict the definition of a strategic partner as presented by Ulrich (1997)

in an earlier study. In fact, he had cautioned against associating the "strategic partner's" role too closely with line management strategic decision making. HR professionals should learn to do strategic HRM – translating business strategy into organizational capabilities – in order to "get the change done" and not "carry out change". So, whether it is the HR's point of view or the OP's, it is possible to state that during BPR2, HR played a role which is close to a strategic partnership even if it was a limited role.

At Bank B, the case is similar, even though it has not come to the same end given that the project was outsourced. In fact, the HR manager mentioned that the BPR project was discussed in a management team which gathered managers from all concerned units including HR. Each manager gave his opinion in terms of feasibility and the contribution of the HR department was specifically to highlight the resources required (either financial or human resources) to have the change done. The role of the HR was also to say whether these resources were available or whether they should be brought from the outside. It is within this meeting that the decision to outsource was made following the need to bring the lacking expertise from outside the company. Therefore, the consensual decision to outsource could be considered as one element in favor of the HR as a strategic partner at Bank B. In fact, the HR's role was important in the strategic decision making. But, is this element enough to give such a role for the HR in the absence of the other components of this role, namely the strategy implementers, facilitators and adapters as indicated by Ulrich and Brockbank (2005)?

Table 8.4 provides a synthesis of this discussion, highlighting the relative importance in both banks of each of the three dimensions of the strategic partnership role as defined by Ulrich and Brockbank.

Table 8.4 – Dimensions of strategic partnership in both banks

Strategic dimensions	Bank A	Bank B
Strategy formulators	Arguable	Strong
Strategy implementers	Strong	Weak
Strategy facilitators and integrators	Strong	Weak

In comparing both cases, it is obvious that the relatively weak – and arguable – element at Bank A is the strategy formulator role, whereas the others are strong and influent. At Bank B, the strategy formulator's role is the only visible aspect whereas the others are absent. The HR didn't have any role to play either in terms of change agents or facilitators and integrators. Theory suggests that the strategic partner should play an active role in the company whether in decision making or in implementing major changes. When a company opts for outside experts for implementing major changes or when the HR department has limited or no direct control on steering the implementation process forward, then this reduces the influence of the HR function as a strategic partner to that of a simple business partner or just a "part" of the company as differentiated by Pickard (2005).

8.6 – HR-Line Management Relationships

This section aims at discussing the last proposition stating that:

When HR and line managers operate in joint task teams this will result in more effective implementation of change.

According to the previous analysis, the increased partnership between HR and line management was considered as a potential determinant for an effective

implementation of change. This partnership takes concretely the form of teamworking for combining knowledge especially in the context of innovation. The major advantage would be eliminating the "knowledge barriers" existing between them, and increasing their effectiveness in addressing complex business and HR related issues.

8.6.1 – Increasing Interactions with Branch Management

The first aspect of the interaction between the HR department and managers could be analyzed at the "the first line" managerial level, i.e. branch managers. This section is divided in two parts: first is a look at the role, or the influence, branch managers had had during introduction of change in the banks, and secondly, the interaction with the HR department that resulted from it and its effect on change effectiveness.

8.6.1.1 – Branch Managers' Role During Innovation

Branch managers have an "integrative downward" influence – as defined by Floyd and Wooldridge (1992) in the literature review – in the sense that their role is confined to merely "implementing deliberate strategy" upon which they have absolutely no influence. This was the case during implementation of BPR at both banks, according to many respondents. Having "bypassed" branch managers during the first phase of BPR at Bank A could be considered as a reason for the troubles that the BPR implementing teams had to face and which could be seen in the lack of cooperation of some of them. In fact, from the Bank A case study findings, and particularly from Branch managers' point of view, it shows that their experience during BPR1 was rather taken as a tough experience as they were taken by surprise when the implementation of the innovation began – they were not even informed

about the change being under way – and they were also asked to work and cooperate with a team made of "young and newly hired" people who rather inspired distrust. In such a context, it is believed that resistance is justified. During BPR2, the experience branch managers had known was different – and their resistance to change was nonexistent. Many reasons were put to the account of this lack of resistance to change, but here, the focus is on the role or the influence of branch managers. The question is: have branch managers had a more active role to play during this phase that led to a more effective – or less problematic – implementation of change? Findings show that during BPR2, branch managers were not ignored in the planning and design phase of the project. They were informed – through meetings – of the change about to take place. Each branch manager knew upfront when the change was to be implemented in his branch. Also, branch managers were entitled to provide suggestions and speak about their concerns. This could be considered as a step forward in involving branch managers in the process of decision making, even if, for some branch managers these meetings are just a matter of form as one of them stated "our opinion is not really influential".

The case at Bank B was close to that of Bank A during BPR2. This means that branch managers didn't show any signs of resistance and the reason is that they were informed and prepared to receive change. During the phase of decision making, the branch managers were present at the meetings through the department which represents them. In fact, at Bank B, there is a department called "branch management" which is entitled to handle all the issues concerning the branches, innovation included. After the decision to innovate was taken, it was transmitted to the branch managers along with the "order" to cooperate with the "outside team" that was going to implement change. Being informed of change, in that case, should not

be considered as the only critical condition that led to reduce resistance. At Bank B, top management had a considerable power in imposing change in the first place. Secondly, bringing in experts from outside the company to implement change has the effect of appeasing the concerns of branch managers in terms of "professionalism" of these individuals and above all rule out the risk of "game power" between them, similar to the one that took place at Bank A, and that may cause "blockings" during implementation.

8.6.1.2 – HR-Branch Management Interaction

The strong interaction between the HR department and branch managers was mainly noticed at bank A during implementation of BRP1. This relationship was rather tense and even conflicting in some times. However, once the change implemented, and as part of the change, a permanent relationship was established officially by giving the Assistant Branch Manager the mission of HR representative in the branch.

The benefits of such interaction between the HR department and branch management were felt positively during implementation of BPR2. As described in chapter 6 (section 6.3.4), branch managers accepted more easily this change because they knew they were working with professional (HR) individuals, and that the HR department has turned to a more "visible" entity. All these elements give credits to the aforementioned proposition of an increased effectiveness of change implementation when the HR is interacting with line managers.

The partnership between HR and line managers could also be analyzed at a different managerial level, between departments. In other words, the interaction between the

HR function and the organization and planning department (OP) at Bank A, is an interesting feature to discuss and to put in contrast with the literature review.

8.6.2 – Strategic Alliance Between HR and OP at Bank A

At Bank A the coordination between the HR and the OP emerged during implementation of BPR1 and could be considered as "critical" for the successful implementation of change. This partnership remained for all the projects that the bank implemented after BPR1 – BPR2 included – and the interesting question to discuss would be to identify the impact and the characteristics of a successful partnership between HR and OP.

If we recall the literature (Chapter 3, section 3.2.1), the partnership between HR and OP was covered by Ruona and Gibson (2004) in their analysis of three functions which in most companies work separately on issues of common interest: HRM, HRD (HR development) and OD. According to the authors, these functions work according to the same set of strategic priorities and should therefore coordinate, partner, and innovatively think about ways to impact people in organizations effectively. Otherwise, if they remain as separate functions, this would run three kinds of risks. First, there will be confusion between people who work in the organization. Second, this will lead to a duplication of efforts. Third and most importantly, it will inhibit the development of the genuinely integrated people / system solutions that are needed in the organizations.

At Bank A, it seems that the integration between what Ruona and Gibson refer to as HRM, HRD and OD is being implemented without going as far as eliminating the three functions and merging them into one "meta-function". In fact, HRM and HRD

are integrated "de facto" in the HR department. This department is made of two units working under its umbrella: the personnel unit and the training and development unit. The "change agents" that were mentioned earlier were precisely from the "training and development unit". As concerning the integration of OP to this team, it happened in a specific and isolated context of implementing change during BPR1. At that time, and given that the HR had joined the team half way through, the risks associated with an "artificially integrated solution" were high and problems of confusion of employees and duplication of efforts were most likely to occur.

How was this risk overcome? The effort was done jointly by both teams (HR and OP) in order to eliminate the barriers between their fields of actions. The OP "change agent" joined the HR steering committee which meets periodically to discuss HR issues. During BPR1, the OP change agent felt the need to know what was happening during these meetings and whether the decisions being taken comply with the broad outline of the project. Therefore, in that regard, it is possible to say that HR and OP acted in an integrated way so as to develop "genuinely integrated solutions" with considerable chances for success.

The role of the HR team to overcome the potential problems associated with their late involvement could be summarized in the idea of "positive attitudes". That's to say that the barriers existing between two functions are not necessarily materialized by dividing walls. They could be "knowledge barriers" or even "psychological barriers". And note that these latter could have a critical impact that could even lead to the failure of projects. This idea was insinuated by the HR change agent who said that the project worked well because both HR and OP team leaders have the same mind set of people "who want to change regardless of who will take the credits".

These findings are in line with the conditions for an effective partnership that were presented in the works of Currie and Procter (2001), Renwick (2000) and Ellis (2007). According to Currie and Procter, the realization of HR strategy is likely to be a process of "negotiated evolution". This process entails HR strategy to be composed of broad themes which can be contextualized at local level. It also stipulates that HR professionals work closely with middle managers who have the opportunity to span boundaries within the organization itself through membership of project group.

The same idea was found in the works of Renwick who mentioned the idea of "general joint arrangement" where more consensual relations are established between both parties. These arrangements could overcome the risks of tense and conflicting relations and result in improved performance. Finally, Ellis' contribution in her model of partnership was to identify the three factors of shared commitment, mutual trust and clear role. Without these elements, the author mentioned the risk of blame, duplication and failure to meet business goal.

8.7 – Implications

8.7.1 – Synthesis

The purpose of this chapter was to discuss each hypothesis in the light of both the evidence derived from the case studies and the relevant literature. This exercise led to the assessment of these hypotheses as to whether they were verified or not. These findings are synthesized in the following table (table 8.5)

Table 8.5 – Synthesis of Findings

Propositions	Bank A	Bank B
P1 – Innovative HR Department	Confirmed	Not Confirmed
P2 – HR as a Change Agent	Confirmed	Not Confirmed
P3 – HR as a Strategic Partner:		
- *Strategy Formulator*	Not confirmed	Confirmed
- *Strategy Implementer and facilitator*	Confirmed	Not confirmed
P4 – HR-Managers Relationships		
- *HR-Branch manager*	Confirmed	-
- *Strategic Alliances*	confirmed	Not confirmed
P5 – Critical Role for the HR during BPR	Confirmed	Not Confirmed

Presenting the findings in a table could somewhat restrict the information. In summary, this research showed that the two chosen banks for the case study provided quite contrasting results at several points. First, the main finding is that, while both banks have successfully implemented their BPR, the HR department played a critical role in Bank A, whereas in Bank B it played a rather marginal and low key role. Secondly, at the time innovation was introduced (in 1996 for Bank A and 2003 for Bank B), the HR department could be considered as innovative for Bank A, whereas in Bank B it was still a traditional personnel function. Third, the change agent role – or *strategy implementer* – was actively played by the HR department in Bank A; Bank B having called for the expertise of an outside company that was entitled to play this role. Fourth, as concerning the strategic partner – in terms of *strategy formulation* – it seems that Bank B is closer to this reality than Bank A. Finally, the HR-management partnerships were analyzed according to the strategic alliances for specific projects. These were only noticed in Bank A.

The findings do not disagree with the content the researchers discussed in the literature review. However, what could be added relies more on the active role the HR department could play in making change happen. In other words, HR could be the change agent that could implement the new business process and at the same

time handle the issues related to employees. This double mission is possible when the HR change agent "coaches" employees. In fact, coaching had the advantage of ensuring a smooth implementation of change. The new working procedures would be easily adopted and the problems faced would be solved in real time. This also had the advantage of reducing resistance to change whether it was due to their fear of failure or to their lack of trust when it came to change. The communication with the coach was a way to overtly discuss all issues and to settle down all employees' concerns.

Therefore, and as a conclusion, if an innovating company decides to rely on its HR department for an implementation of change, it is important to consider that the "change agent" role of the HR seems to be the most critical for the effective implementation of BPR. And, for this to be the case, these are some "positive preconditions" that need to be verified. The HR department should be a "proactive innovative champion". It should be close to the business as a "strategic partner" and also in "partnering with line managers". These issues have strong implications for the theory, especially for the HR model that were initially elaborated in the literature review. The next section provides a discussion of the related issues.

8.7.2 – Implications for the Theory

8.7.2.1 - The HR Model Revisited

In summary, the main proposition seeking for an answer to whether or not the HR department plays a critical role for effective implementation of change holds a "Yes and No" answer. Therefore, being inconclusive for this proposition justifies the second question which is "How the HR department might be of importance?" The answer to this latter lies in the four remaining propositions.

In the light of the previous discussion, it is possible to revisit the HR model that was initially elaborated in Chapter 4 (figure 4.1, section 4.4) and for which the suggested "variables" were given the same relative weight and importance for effective implementation of BPR. After discussing the case study findings, it showed that different degrees of importance should be assigned for these variables, and they should be divided into groups of "sufficient conditions" and "necessary conditions". Figure 8.2 redraws the five propositions grouped according to their order of importance as previously mentioned.

Figure 8.2 – The HR Model Revisited
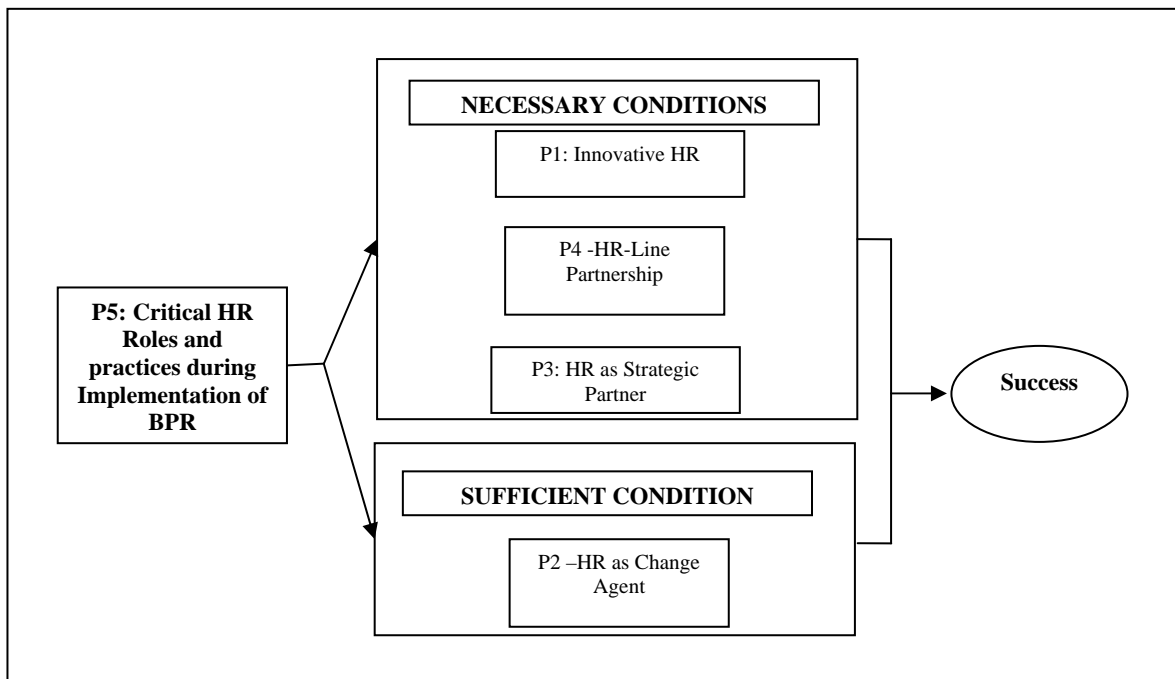
First, the degree to which an innovative HR department has an influence on the successful implementation of BPR has not been fully supported by the evidence. However, to the question of whether an innovative HR department is a condition for the HR to play such a critical role, the answer seems to be interesting. On one hand, this research has shown that in order for the HR to play a more important role during

implementation of change, being innovative seems to be a "necessary condition". The evidence from Bank A is compelling in that regard. The relative innovativeness of the HR department in Bank A – as compared to Bank B – resulted in the more active involvement of its HR department in the implementation process. However, this condition does not seem to be "sufficient". In fact, and as the evidence from Bank B showed, even if the HR department starts innovating, this would not position it as a strategic actor during implementation of change. From the discussion of the findings, other elements appeared to be critical for positioning the HR department as a strategic actor. Among these elements is the trust and credibility of the HR department among actors in an organization. It is acquired over time and it grants legitimacy to the HR department as a strategic partner.

Secondly, the critical factor that appeared to have a considerable impact in leading to the successful implementation of change is the "change agent's role". This research has enriched the body of knowledge related to the BPR literature by considering this role as of critical influence on the successful implementation of change. This factor entails that the HR plays an active role during the implementation of BPR or in other words, is the change agent whose mission is to carry out change and get it done. This is a step forward in the thinking about management of change since it gives high priority and responsibility to the HR function for the implementation of changes that affect employees' behaviors and attitudes. In the literature on BPR, it was striking how little attention was given to the human aspect of the project and as a consequence there's nothing surprising about the considerable quantity of unsuccessful implementation of BPR projects.

In this research, we conclude that not only employees' issues should be given a priority in the management of change, but also that it should be the mission of the HR department to implement it. The evidence showed that in Bank A, when *another* actor in the organization tried to play this role – namely the OP team – he encountered several obstacles and reached a situation where the need for the *HR experts'* help was felt as a necessity. If we want to avoid being radical in our interpretation when we suggest that it is *necessarily* the HR that should play this role, it should be admitted that the *actor* who takes this responsibility should master all kinds of employee-related issues that inevitably arise when change is introduced (i.e. training, coaching, communicating and reducing resistance). This was probably the case at Bank B where the outside company played the role of change agent and had to manage all HR issues by itself and reached an acceptable result.

Within the HR change agent's role, it is particularly the role of "Coaching" that was responsible for the success and this is for various reasons. First, the coach appeased the concerns of the employees and dealt with their resistance to change. This was made possible through training, demos, open discussions and effort to be convincing. Another reason is that, given that the BPR project was launched at Bank A at a time where the HR department had another innovative project under way, the role of the HR coach was to integrate both projects so as employees would feel them as one united project. This task should not be underestimated since many BPR projects failures were associated to "many projects under way", which resulted in confusion among the employees.

Third, it appears that the "strategic partnership" role in its narrow definition – the one presented by Ulrich (1997) – doesn't have such an important weight in the

implementation of change. In fact, both case studies showed situations where HR is not a fully strategic partner. Strategic decisions were still being taken by Top Management and by the Organization and Planning. The HR are – at best – informed about the decision and asked for advice in terms of feasibility. This situation did not seem to be a flaw in the business relationships and the necessity for the HR to be involved in the process of "formulating strategy" as proposed by Ulrich and Brockbank (2005), seemed to be moderated. Their value added would be after strategy is formulated to give advice in terms of feasibility, to fine tune some of its practical aspects and to raise some concerns or issues that were not foreseen by the strategy formulators. This could lead us to revisit the definition of a "strategic partner" or to go back to the earlier definitions of this role, where HR doesn't influence the process of strategic decision making but rather thinks strategically in the best ways, or the best practices to adopt and that best suit the "taken decision".

Finally, concerning the interactions between the HR and other managers, results could also be put into perspective. In fact, forming strategic alliances on specific change programs, even though limited and specific to the bank A, could be considered as an important and necessary condition for granting the HR a strategic and critical role.

8.7.2.2   – Implications for the "Ulrich Models" of HR roles

From the findings it is also possible to have a critical view on the Ulrich's classifications of HR roles in terms of their relevance. Two classifications were put in contrast, the first is the Conner and Ulrich's 1996 four roles and the second is the Ulrich and Brockbanks' 2005 five roles. These two classifications differ mainly on

three aspects: the first is the splitting of the Employee champion role in two distinct roles of "employee advocate" and "the human capital developer"; the second is the merging of the two roles of "change agent" and "strategic partner" into the broad category of "strategic partner" and finally, the emphasis o the role of leader.

From the discussion of findings it is possible to assess the relevance of the new classification (Ulrich and Brockbanks' 2005) as compared to the initial one. The first conclusion is that emphasizing the role of "human capital developer" has shown to be highly relevant. This could be documented from Bank A's success story as a great importance is given to building the workforce of the future through their MTP program.

The second conclusion, and in the same steam of ideas, highlighting the role of HR leader is also and to a great extent relevant. Findings confirmed the idea that a major quality that should have a change agent is to show a great deal of leadership in making change happen and overcoming all major obstacles.

However, and as a third conclusion, diluting the change agent role into the broad "strategic partner" role could be criticized to several extents. First, the findings did confirm the fact that the change agent role was the most important and critical role for BPR success. Secondly, the importance of the other strategic roles of strategy formulator and implementer, facilitator and integrator was either moderately confirmed or even rejected, especially for strategy formulator. Therefore, it seems more relevant to revert to the earlier classification in that regard and give the "HR change agent role" its place as a distinct and critical role.

8.7.2.3 – Validating the New HR Model Through the Bank B Case

The Bank B case provides an interesting application of this HR model, given that the case provided a contrasting situation of marginal HR role during implementation of change. According to the methodology of theoretical replication, if this contrasting situation is explained by "predictable" reasons, then the validity of the model would have been considerably enhanced. If we summarize the case results, it appears that the role played by the HR department was marginal because, at the time BPR was implemented, the HR function's extent of innovativeness was rather limited, and the HR function's strategic partner role was absent. The case clearly showed that the HR didn't play the role of change agent – because it was not predisposed to it –and the bank had to call for the expertise of an outside company adopting an arguable "do it all for me" attitude. In an attempt to introduce a dynamic perspective to the case of Bank B, it appeared that the bank would still call for the expertise of an outside company for radical changes although the department had evolved since the last implementation of BPR, adopting several innovative HRM practices, and had also a certain influence on the process of decision-making. This ascertains that these elements are indeed necessary but definitely not sufficient conditions for the HR department to be positioned as a change agent in the process of change implementation.

8.7.3 – Implications for the Practice

The main focus of this research is to know the kinds of interactions the HR department should have during introduction of innovative so as to add value and contribute to the company's competitive position. The main conclusion was that the HR should play the role of "change agent" mastering both HR and business related techniques. In that regard, some necessary conditions were considered such as

being an innovative function, keeping close alliances with line managers and being a strategic partner. Having revised the HR model and in the light of the findings previously elaborated, it is possible to make suggestions for managers who wish to empower their HR function.

It is important to keep in mind that these suggestions, as their name implies, do not provide prescriptive paths that managers should follow in order to have a value-adding HR function. Nevertheless, they are built upon a belief that for a company to be competitive in a highly dynamic environment, it should focus on innovation and prompt all its functions or departments to think and focus on the company's business strategy. Therefore, our suggestions concern both the HR function and the executive managers.

8.7.3.1 – Implications for the HR Function

Regarding the HR function, there is a pressing need to focus on innovation and adopt HR practices that are close to what was called the innovative HR practices. These practices are aimed at turning employees into flexible, polyvalent and creative individuals. A particular attention should be given to empowering employees to think innovatively and stimulate changes at local levels through effective HR practices.

The role of the HR department should be twofold:

- First, provide employees with the basic skills necessary to perform effectively. This is what Shipton et al. (2006) refers to as "an exploitation learning focus".
- Second, HR professionals should instigate the mechanism necessary to promote an "exploratory" learning focus where employees take risks, experiment and are flexible in their quest to discover new and different phenomena. This is made

possible through project working, job rotation and visits to parties external to the organization. In brief, the HR department should be proactive in elaborating training sessions for employees for the purpose of building the workforce of the future. As concerning managers, the HR department may find it useful to launch advanced training programs to form managers as it is the case at Bank A. The rationale is that these managers would constitute a highly valuable and specific asset to the company with a mindset oriented towards innovation and who would show the appropriate positive attitudes required in a fast changing environment.

Another set of practical implications related to the HR function, concerns the HR people themselves starting from the HR manager down to the last employee in the working hierarchy. The HR manager should be an "innovative champion". This means that besides his experience on the field, he has to be oriented towards innovation and be aware about the state-of-the-art technologies and practices. As a leader, he also has to demonstrate an important political influence and a great ability to develop coalitions via networking activities.

At a lower managerial level, the heads of sections in the HR department should also demonstrate specific attitudes and skills to effectively manage their sections. First, it is a major interest for a company to integrate into its HR department the two fields of human capital management and human capital development (HRM and HRD). This would help the company provide integrated HR solutions that would avoid confusion among the employees and benefit from the synergies resulting from their proximity. The HRM field would constitute a section dealing with employees' issues and administrative affairs. This section could be named "Personnel" and the HRD would constitute the main task of a section called "Training" or "Training and Development".

The head of "Personnel" – as employee advocate – is entitled with the mission of listening and responding to employees while keeping in mind the customers' and the managers' needs. He has to make sure that the employer / employee relationship is of reciprocal value. In that regard, he should be in direct contact with line managers who are also in direct relationship with the customer.

The head of training – or human capital developer – has a more complex mission. Besides his mission to develop plans that offer each employee opportunities to develop future abilities, he also has to play the role of "change agent" whenever the company launches an innovative project. This role requires that the HR agents be polyvalent in terms of skills. This is made possible when HR officers are frequently sent outside the HR department for training on business related issues. They also have to show leadership capabilities as they have to get the change done. These include the aptitude to manage resistance to change that may arise from employees in a way to promote a positive answer from their part. For that sake, they should be credible, open to discussions, set up debates, encourage employees to talk about their fears and concerns and also provide suggestions that would be presented to managers.

These HR agents should be able to work alongside employees – in the form of intensive coaching – as long as the employees feel the need to have someone to rely on. And they should also be empowered and strongly backed by top management, as they would encounter problems or have to manage some frictions the hard way while in mission of implementing change

8.7.3.2 – Implications for Managers

The second set of practical suggestions concerns managers, at all hierarchical levels. And within managers, a distinction should be done between those who formulate strategies – middle managers – and those who implement it – first-line managers (branch managers in this case). As concerning staff managers, they should learn to work in cooperation with the HR professionals and remove all kinds of barriers existing between HR professionals and staff managers. The literature review showed that the HR are prevented from being strategic partners due to resistance coming from some internal entities in the company refusing to consider them as such and keeping them voluntarily aside. This is known to be the influence of power and politics among actors in fast evolving companies. This resistance usually comes from managers who are not aware of the value HR can add to their project. This was the case at Bank A during the first phase of BPR and the argument of the OP leader was at that time that not only "HR would not have added any value but moreover it would have diluted the essence of change". No sooner had the implementation started than this manager noticed the vital necessity to involve HR and that his arguments did not hold.

Involving the HR in the early stages of change would take the form of having an HR officer – from the training and development section preferably – attending all the working sessions and the meetings aimed at discussing all the aspects of the innovation (from the design to the implementation phases). Given that the HR officer is, in principle, going to implement the change (as "change agent"), it is necessary that his contribution be active in terms of advice on feasibility and that he is well equipped to succeed in his mission.

As for middle managers, companies must find appropriate ways to avoid negative attitudes from their part which usually takes the form of resistance in implementing change. This could be done by involving them in the process of decision making through meetings aimed at informing them about the decision and collecting their impressions, concerns and suggestions concerning it. They could also have a greater role in facilitating the mission of the change agent by showing positive attitudes and cooperating. This, in turn, influences the behavior of the employees who are less tempted to resist change.

Also concerning middle managers, their interaction with the HR should be enhanced in the form of devolution of HR responsibility to them. This shared responsibility on HR issues would promote interactions between middle managers and HR officers as they will have to set up HR policies and work out HR solutions based on joint arrangements. Granting middle managers discretion on some agreed upon HR practices would also give them the feeling of having an influence over events. It would as well free the HR from some of their tasks and help them devote much greater time for change management issues.

Chapter 9- Conclusion of the Thesis

The following final part of the thesis is aimed at putting together all the pieces of the "puzzle" in order to present the final picture we wanted to show initially after having done the in-depth research of its missing parts. The initial picture this research was aimed at depicting was related to investigating the influence of HR policies and of HR specialists' role on BPR success. The literature review brought about some elements of this puzzle and five propositions were formulated as providing potential elements highlighting these roles and relationships. The main proposition stipulates that for a successful implementation of BPR, the role played by the HR department could be considered as critical. The four other propositions presented the main elements of this role. In particular, the HR department should be implementing innovative HRM practices. It should also act as a "change agent" and be considered as a "strategic partner", that is to be highly integrated and involved in the business process from the phase of decision making until the implementation of the project. The last proposition considered that the HR department should operate in close partnership with other functions and line managers for increase effectiveness in change adoption.

These propositions represent the five issues that constitute the model of the HR role during innovation that was elaborated at the end of the conceptual part of the thesis and which could be summarized as follows (in the same order as they appear in the literature review): an innovative HR function, a change agent, a strategic partner and finally form alliances with line managers. The main focus of this thesis was to apply this model for banks that have reengineered their business process.

The specific contributions of this thesis to the literature review could be found at two levels: at a theoretical and at an empirical level. First, the literature on BPR abounds with researches aiming at identifying the factors that might lead to a successful implementation of change and also those who could cause its failure. However, the critical role of the HR department during this change process seems to have been neglected in this literature although it is admitted that effective management of human resources is necessary. Therefore, the main contribution of this thesis is theoretical and aims at trying to fill this gap in the literature by trying to find support to the idea that the HR department could have a critical role to play during implementation of BPR. This role could be in the form of implementing innovative HRM practices that help the employees adopt and adapt to the changing working procedures or it could carry the form of a change agent and a strategic partner highly involved in the project. In brief, this study aimed at trying to give a strategically critical dimension to the HR role during implementation of BPR.

The second contribution of this thesis was at the empirical level, where the exploration of the formulated propositions was done in two large Lebanese banks. This could be considered as a contribution for two reasons. First, in all case studies conducted on BPR implementation in banks, none evoked such a specific role and relationships for the HR function as a critical success factor. And secondly, the study of BPR implementation in the Lebanese banking sector is an innovation in itself. The only and most recent study done for the Lebanese banking sector was found in the works of Afiouni (2007), who analyzed the nature of the HRM practices applied in the Lebanese banking sector and assessed the extent to which these practices are aligned with the bank's strategy. Her major finding was that out of the 10 banks studied; only three banks had HRM practices that are aligned to the bank's strategy.

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According to her analysis, the main reasons that prevent the HR function from playing a strategic role lie in the absence of top management support, the lack of cooperation of line management and the low credibility of the HR function.

The growing interest of the researchers in the Lebanese banking sector and the strategic role that could be played by the HR function was also obvious from the various workshops that were organized in the Association of Lebanese Banks with the main topic for discussion being the role of HR as a strategic partner. However, the idea of a strategic role for the HR function during innovation as critical for the successful implementation of change has not yet been explored in the Lebanese banking sector.

Once the data was collected through case studies undertaken in two large Lebanese banks which have reengineered their business process, it was possible to conclude whether the formulated propositions were confirmed or not.

As concerning the main proposition which makes case for the HR critical role during BPR, the evidence showed contrasting situations. In the first case it was verified, whereas in the second, this was not the case. This situation paved the way to an in-depth analysis of the factors that could have led to such a contrasting result in order to find an answer to the question of *what factors may contribute in making the HR department play such a critical role.* The answers were found within the first four propositions.

As concerning the first proposition stipulating that when the HR function is innovative, this could increase the effectiveness of change implementation, the

findings were rather inconclusive; supported in the first case and not in the second. However, the evidence helped in considering this factor as a necessary condition for the HR and could play a critical role during innovation.

As for the second proposition of the HR being a change agent, the results from the first case study showed that this role was *the* most critical success factor. In fact, the involvement of the HR department in the implementation of the project was not planned beforehand, and it was decided after the team implementing on the ground faced an impasse of strongly resisting employees. The role of the HR department was to kind of "rescue" this team by providing intensive assistance to employees and helping them through *coaching,* to adapt to the changing working process. What is almost certain is that if the HR department had not intervened, the implementation of change would have been at best difficult to achieve and at worst would have failed.

As for the third proposition, related to the "strategic partner's" role which was considered as central in the model elaborated in the conceptual part of this thesis, the findings showed that, contrary to the expectations, it was verified to a very small extent. In fact, at both banks the role of the HR function as a strategic partner was rather not dominant. Both banks spent much of their time in managing employees' issues, and considering the strategic partner's role as secondary in their mission. It is important to note, at that level, that this finding is in harmony with the recent critical studies that are re-assessing the strategic partner's role of the HR function. In fact, these studies consider that the traditional HR role of caring and listening to employees is more value-adding to the company as it could have a positive influence on the long term competitive performance of the company.

Finally, the proposition stipulating that for an effective implementation of change there should be increased interactions between the HR and line managements, it also presented mixed results. It should be noted that this proposition had two main aspects: the first one is related to the principle of devolution of HR responsibilities to line management. The current case studies showed that in the Lebanese banking sector, both the HR and line managers advocate the idea that a centralized HR department with limited and carefully monitored line managers responsibilities in HR issues is a better situation for all. In fact, neither the HR are ready to devolve a tool that gives them their reason to be at the company, nor line managers have the desire and time to spend on issues they consider as of low key importance in their activities. The second aspect of this gap narrowing between HR and line management, lies in the possibility to form specific and contextual strategic alliances on specific projects where this partnership might result in synergies that have a positive effect on the implementation. This was particularly verified in the first case study, where the partnership resulted in increasing the effectiveness of implementation.

As a conclusion to the research question, it is possible to give a complete answer to the question as to know: "*To what extent HR policies and HR specialists' role is considered as critical for the success of BPR implementation in two large Lebanese banks"* This thesis provides the following answer:

The HR department might play a critical role during implementation of BPR to the extent that it has the capability to play the role of "change agent" and also but to a minor extent, it is an innovative department and is strategically involved in the business with managers at all hierarchical levels.

For an effective implementation of BPR in a bank, the critical mission the HR department should be ready to be entrusted with is to play the role of *change agent* by *coaching* the employees in their new tasks, in the sense that it should stay close to the employees while implementing change (training, helping them on the field learn the new procedures…etc) . And for this to be the case, there are a number of necessary conditions that, if found, the HR department would be ready to assume his change agent mission. These preconditions entail that the HR function be innovative itself, in the sense that it should manage its human resources in a way to boost their creativity. In being innovative, the HR function would be prepared to have effective relationships with line managers in the form of either being integrated as a strategic partner (at top managerial level) or form strategic alliances with line managers on specific innovative projects. These effective relationships, in turn, have a positive influence on the success of innovation implementation.

The major strength of this research was in integrating some aspects of two huge areas of research, namely the areas of HRM and innovation management in one framework and building a model in which the role of the HR department was considered as central and even critical in innovation management. However, this research also has some limitations. One of these limitations has already been mentioned as resulting from the methodology used to collect data. First, the choice of a case study could come up against all those who criticize this methodology for lack of scientific rigor and reduced possibility of generalization. The answer would be like many advocates stipulated that the case study methodology could expand the research in a field without having to rely on frequencies. Another criticism could be related to the reduced number of case studies, the two-case case study. This issue was considered by many researchers as hindering the possibility to generalize the

findings in the aim of building a theory. It is important to note that, even if the research only has two cases to support the findings, these two cases were deliberately selected because they presented contrasting situations – of high v/s low key roles for their respective HR functions – which provide the opportunity to challenge the findings and pave the way for what Yin referred to as *theoretical replication.* A final limitation in the methodology lies in the fact that the data was collected through interviews and sometimes the data interpretation could be inferred.

Other limitations of this research could be attributed to the voluntary desire to delimitate the scope of the research. In other words, our deliberate choice of a process innovation introduced in a bank restrict the possibility to generalize our findings to other kinds of innovations introduced in a bank or to the same process innovation introduced in non-banking organizations, or even, at a broader level, to other kinds of innovations introduced in other sectors. This research was also confined to analyze the interactions between HR and line managers notwithstanding the role that could be played by employees or even customers and their reciprocal influence on successful innovation implementation.

After having acknowledged these limitations, it should be made clear that they do not detract from the significance of the findings. On the contrary, they provide interesting platforms for future research. A first suggestion would be, in order to generalize the findings, to launch a survey research intended to back up our qualitative findings with quantitative elements, thus increasing its reliability and providing a better basis for building a theory on the role of HR during innovation. A second set of suggestions could follow from removing some of the aforementioned limitations. In that, it is possible to undertake a research intended to see whether the role of the HR function

is that critical for all kinds of innovations introduced in a bank. It is important to note that the innovation could be of several kinds ranging from product to process or organizational innovation. If it is possible to prove the critical HR role for all kinds of innovations, then the result would pave the way for generalizing the critical role of HR during innovation in a bank. Another possibility would be to assess whether the role of the HR function is critical during BPR implementation in non-banking sectors as well. The interest of such a research is justified by the fact that banks – as financial service providers – rely heavily on their employees, given that the quality of the service is embodied in the person who is delivering it. Therefore, the effective management of human resources and consequently the critical role of the HR function are justified through an increased performance. The question would be of interest in sectors that are in the services sectors – but not in the banking sector – or in sectors which are not service providers. If this is the case in the non-banking service companies, then this would provide the basis to generalize these findings for the HR's critical role during BPR in the services sector. If it is also the case in non-services sectors (in the manufacturing sector for instance), then this would have provided support to generalize the findings on the critical role of HR during BPR in all sectors.

As a conclusion, the purpose of this thesis was to explore the role and relationships of the HR department when BPR is implemented in a bank. This research has gone some way to help fill the gaps in the understanding of this question for researchers and practitioners. In particular, it has highlighted the critical role that could be played by the HR and the effective strategic relationships with line managers; all of which having a positive influence on the effectiveness of change implementation. This

research has also raised other interesting issues and prepared the path for other

challenging future researches on the role of the HR function during innovation.

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Appendices

Appendix 1 – Comparative financial statistics for Bank A and Bank B

Some statistics concerning the two banks are summarized in the following table

Table - 2006 Ranking of Bank A and Bank B

	BLOM Bank		LCB Bank	
General Information	**Rank**	**Figure**	**Rank**	**Figure**
Market Shares (% of deposits)	1		10	
Number of Branches		55		33
Number of Employees		1200		600
Financial Figure				
Customer' Deposits	2		9	
Growth in Customer Deposits	3	(15.49%)	7	(10.43%)
Net Profit of the Year	1		8	
Growth in Total Assets	3	(19.31%)	5	(10.28%)
Total L/C Openings of the Year	5		6	
Cost to Income	1	(38.13%)	2	(50.60%)
Return on Average Assets	1	(1.38%)	6	(0.93%)
Return on Average Equity	1	(16.15%)	2	(15.43%)

The following table presents the ranking of Bank B and Bank A – both members of the "ALPHA Group" of Banks in Lebanon, i.e. banks with customers' deposits exceeding USD 2 billion). This ranking is done according to several performance indicators for the year 2006 and is aimed at giving an idea about the positioning of the respective banks in the Lebanese banking market.

From this table, it shows that Bank A has a better ranking than Bank B for all financial performance indicators. However, being ranked in the top-ten list of banks for all these indicators does not reduce the financial performance of Bank B in the Lebanese market. Moreover, this bank was the first bank to be granted the ISO 9001 certification, a globally recognized standard for service excellence.

Appendix 2 – List of respondents

Bank A

	Positions of respondents	Date
General Management		
1-	Deputy General Manager (1)	Feb. 27, 2007
2-	Assistant General Manager (HRM) *	Feb.23, 2007
3-	Assistant General Manager *	Feb.28,2007
Central Departments and Units		
4-	Administration Manager *	Feb. 20, 2007
5-	Information System Manager	Feb.28,2007
6-	IT Manager *	Feb. 28, 2007
7-	Retail marketing Manager (2)	Feb.27, 2007
8-	Strategic planning and organization	Feb.27, 2007
Head of Departments		
9-	Head of training and Development (HR) *	Feb.23, 2007
10-	Head of Strategic planning and Org.	Feb.27, 2007
Branch Managers		
11-	Branch Manager (Dora) (3)	March 1st, 2007
12-	Main Branch Manager- Verdun *	Feb. 23, 2007
13-	Branch Manager- Verdun	March 7, 2007
14-	Branch Manager- Mar Elias	March 7, 2007
15-	Branch Manager- Hamra	March 10, 2007
16-	Branch Manager- Hamra	March 10, 2007
17-	Branch Manager- Ashrafieh	March 12, 2007
18-	Branch Manager-Ashrafieh	March 12, 2007
19-	Branch Manager- Bliss *	March 10, 2007
20-	Branch Manager- Sanayeh	March 17, 2007
21-	Branch Manager- Mazraa	March 17, 2007
22-	Branch Manager-Tabaris	March 12, 2007
Assistant Branch Managers		
23-	Assistant Branch Manager- Dora	March 1st, 2007
24-	Assistant Branch Manager- Verdun	Feb. 23, 2007
25-	Assistant Branch Manager- Verdun	March 7, 2007
26-	Assistant Branch Manager- Mar Elias	March 7, 2007
27-	Assistant Branch Manager-Hamra	March 10, 2007
28-	Assistant Branch Manager- Hamra	March 10, 2007
29-	Assistant Branch Manager- Ashrafieh	March 12, 2007
30-	Assistant Branch Manager- Tabaris	March 12, 2007

Bank B

	Positions of respondents	Date
General Management		
31-	Senior Manager - Operations	Jul.20, 2007
32-	Senior Manager - HRM	Jul. 23, 2007
33-	Manager - Branches Management	Jul. 23, 2007
Head of department		
34-	Head of Training	Jul. 23, 2007
Branch Managers and Assistants		
35-	Main branch manager	Jul. 23, 2007
36-	Assistant Branch manager	Jul. 23, 2007

External respondents

Saint-Joseph University (Beirut)

37-	Director of Center for Banking Studies	Sept. 10, 2007
Association of Banks in Lebanon		
38-	Chairman of HR and Social committee	Sept. 17, 2007
39-	Reporter of the HR and Soc Committee	Sept. 17, 2007

Comments

All respondents followed by an * were interviewed twice. They constitute the sample of seven respondents that were interviewed for the pilot project in the period ranging from September to November, 2005. In the second round of interviews, question addressed to them were fine tuned and focused on more specific topics. Especially, given that the final form of the research was set up with the aim of introducing a dynamic perspective to the study, these respondents were asked about their experiences during the second wave of BPR, and to highlight the differences between implementation of both BPR projects.

(1): This respondent was a key informant. He was the OP team leader during BPR 1 and BPR 2, who introduced the idea of change to the CEO in 1996.

(2): She was also a key informant. Actually retail manager, but during introduction of BPR 1, she was the HR team leader, the "change agent" who stood almost 2 months in each bank to follow up the implementation.

(3): She was a key informant, as she was the branch manager of the pilot branch during introduction of BPR 1 for the first time. She described her interesting experience and gave precise details about the kind of interactions that were prevailing with the change agents.

Appendix 3: Main Interview Guide to the HR Department

1- Name of the Company

2- Activity Sector

3- Number of Employees

4- Performance Indicators

5- Name and Position of the Respondent:

I – Innovation in the Company

6- Is the company an "innovating" company?
Yes   ☐
No   ☐

6.1- If yes, describe some of your most recent innovations introduced in the company.
New products:
New processes:
Organizational change:

7- Do you consider that the adoption of these innovations is a success?
Yes   ☐
No   ☐

7.1- If yes, what are your criteria of a successful adoption?

Indication: The questionnaire should be structured around one – or more – of the innovations cited in the question (6.1) as a support for the rest of the interview. The aim of the survey is to analyze how people were reacting and/or interacting during the process of innovation.

II – The HR function : Practices and Role

1- Innovative HRM Practices

8- Is the HR function adopting one – or more – of the following innovative HR practices?

	Yes	No
1- Employee Acquisition Strategies	☐	☐
2- Employee Retention Strategies	☐	☐
3- Compensation and Incentives	☐	☐
4- Benefits and Services	☐	☐
5- Rewards and Recognition	☐	☐
6- Technical Training	☐	☐
7- Management Development	☐	☐
8- Career Planning and Development Practices	☐	☐
9- Performance Appraisals	☐	☐

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10- Potential Development ☐ ☐
11- Succession Planning ☐ ☐
12- Employee Relations with Human Face ☐ ☐
13- Employee Exit and Separation Management ☐ ☐
14- Adopting Responsibility for Other socially relevant ☐ ☐
Issues
Other ☐ ☐

8- Who took the decision of adopting innovative HRM practices?
Yourself – Your department ☐
Top management ☐

8.1- If the decision was yours, what were your main drivers in adopting innovative
HRM practices?

                                    Yes   No
Following the trend of innovation ☐ ☐
Meeting the needs of line management ☐ ☐
Getting closer to the business ☐ ☐

8.2- Was the decision of adopting innovative HRM practices taken in consensus with
other managers?
Yes ☐
No ☐

8.3- Did you face any difficulty in imposing your decision of innovating to the
management team?
Yes ☐
No ☐

If Yes,
8.3.1- What kind of difficulty?

8.3.2- How did you face them?

9- How important do you consider each of the following determinants of innovative
practices is in determining the adoption of new HR practice?
The scale is as follow:
1 = Moderate Importance   4 = Critical Importance
2 = Quite Important   0 = Don't Know
3 = Important

	1	2	3	4	0
1- The Hierarchical and Seniority Level of the HR Practitioner	☐	☐	☐	☐	☐
2- The Ability of an HR Practitioner to Sell New Ideas and Influence People	☐	☐	☐	☐	☐
3- Ability of the HR Practitioner to Gain Consensus on Ideas	☐	☐	☐	☐	☐
4- Networking Skills of an HR Practitioner	☐	☐	☐	☐	☐
5- An HR Practitioner's Education Level and Amount of HR Training	☐	☐	☐	☐	☐
6- An HR Practitioner's Previous Experience with Innovative Practices	☐	☐	☐	☐	☐
7- The Extent to Which an HR Practitioner Regularly Updates His Knowledge of Current HRM Theory and Research	☐	☐	☐	☐	☐

8- Membership to a Professional Organization   ☐ ☐ ☐ ☐ ☐

9- The Individual Creativity of an HR Practitioner   ☐ ☐ ☐ ☐ ☐

10- The Self Motivation of an HR Practitioner   ☐ ☐ ☐ ☐ ☐

11- The Power and Status Afforded to the HR Group   ☐ ☐ ☐ ☐ ☐

12- The Ability and Opportunity of the HR Group to Adopt New Practice   ☐ ☐ ☐ ☐ ☐

13- The Degree of Diversity Within the HR Group   ☐ ☐ ☐ ☐ ☐

14- The Culture / Climate of the HR Group   ☐ ☐ ☐ ☐ ☐

15- The Belief of an HR Group in their Ability to Successfully Pursue the Adoption of the New Practice   ☐ ☐ ☐ ☐ ☐

16- Senior Management's Visibility and Exhibited Commitment to Innovative Behavior or Practice   ☐ ☐ ☐ ☐ ☐

17- The Willingness of the Organization to Tolerate Risk and Failure   ☐ ☐ ☐ ☐ ☐

18- The Emergence of Newly Developed, Widely Popular Management Techniques or Methods   ☐ ☐ ☐ ☐ ☐

19- Pressure as a Result of Industrial Action   ☐ ☐ ☐ ☐ ☐

10- Do you Think that Adopting Innovative HRM Practices Affected the Capacity of an Organization to Successfully Implement a Technical Change?

Yes   ☐

No   ☐

10.1- If yes, then how (or why) do innovative practices affect the organization's capacity to successfully adopt a technical change?

11- Did adopting innovative HRM practices affect your relationship with line management

Yes   ☐

No   ☐

11.1 – If yes, how did it affect your relationship with line managers?

2- HR Specialists' Roles Within the Organization

12-How important is each of these four roles for you in the organization?

	Main	Important	Small	Minor
Administrative Expert	☐	☐	☐	☐
Change Agent	☐	☐	☐	☐
Employee Champion	☐	☐	☐	☐
Strategic Partner	☐	☐	☐	☐

The next step is to ask for more details concerning each one of the four roles cited above.

The respondent is asked to rate the current quality of each activity using a five-point (*Likert-type*) scale. On the scale:

1 = Strongly Disagree   4 = Agree

2 = Disagree   5 = Strongly Agree

3 = Undecided

12-1 HR as a Strategic Partner and Change Agent

	1	2	3	4	5
1- HR is Seen as a Business Partner	☐	☐	☐	☐	☐
2- HR Develops Processes and Programs to Link HR Strategies to Accomplish Business Strategy	☐	☐	☐	☐	☐
3- HR is an Active Participant in Business Planning	☐	☐	☐	☐	☐
4- HR Helps the Organization Achieve Business Goals	☐	☐	☐	☐	☐
5- HR's Credibility Comes from Making Change Happen	☐	☐	☐	☐	☐
6- HR is Seen as a Change Agent	☐	☐	☐	☐	☐
7- HR is an Active Participant in Organizational Renewal, Change or Transformation Activities	☐	☐	☐	☐	☐
8- HR is Measured by its Ability to Help an Organization Anticipate and Adapt to Future Issues	☐	☐	☐	☐	☐
9- HR Works to Reshape Behavior or Helps Anticipate Future People Needs	☐	☐	☐	☐	☐
10- HR Makes Sure that HR Processes and Programs Increase the Organization's Ability to Change	☐	☐	☐	☐	☐

12.2- HR as Employee Champion

	1	2	3	4	5
1- HR Develops Processes and Programs to Take Care of Employee Personal Needs	☐	☐	☐	☐	☐
2- HR Works to Offer Assistance to Help Employees Meet Family and Personal needs	☐	☐	☐	☐	☐
3- HR is an Active Participant in Listening and Responding to Employees	☐	☐	☐	☐	☐
4- HR's Credibility Comes from Maintaining Employee Morale	☐	☐	☐	☐	☐
5- HR Helps the Organization Generate Employee Commitment	☐	☐	☐	☐	☐

12.3 - HR as an Administrative Expert

	1	2	3	4	5
1- HR Develops, Processes and Programs to Efficiently Process Documents and Transactions	☐	☐	☐	☐	☐
2- HR Works to Monitor Administrative Processes	☐	☐	☐	☐	☐
3- HR is Seen as an Administrative Expert	☐	☐	☐	☐	☐
4- HR Helps Organizations Improve Operating Efficiency	☐	☐	☐	☐	☐
5- HR's Credibility Comes from Increasing Productivity	☐	☐	☐	☐	☐

The next step is to analyze the specific roles HR experts had during the stage of introduction and implementation of the technology (new product / process / organizational change)

13- What role did HR specialists play during the different stages of technical change?

	Planning stage	Implementation stage	Later stage
Low Key Role	☐	☐	☐
Advisory	☐	☐	☐
Regulator	☐	☐	☐

Interventionist	☐	☐	☐
Strategic	☐	☐	☐

14-Were there any relationship between HR and line managers during the innovation process?

Yes ☐

No ☐

14.1- If yes, at what stage of the innovation?

Planning Stage ☐

Implementation Stage ☐

Later Stage ☐

III – HR-Line Managers Relationship

This section aims at analyzing the relationship between HR and line managers during the introduction and implementation of change.

The fist part is to see whether there has been any devolution of HR responsibilities to the line before, during and after the change process. If yes, it would be interesting to analyze the nature of the relationship between HR and the line within the context of devolution.

Another point of interest would be to have the opinions of both the HR manager and the line manager concerning the quality of this relationship. A possibility would be to interview the two of them separately on this specific part and confront the results.

15- Has there been any devolution of HR responsibilities to line managers?

Yes ☐

No ☐

15.1- If Yes, for which activities?

	Yes	No
Determination of HR Policy	☐	☐
Employee Relations	☐	☐
Recruitment and Selection	☐	☐
Training	☐	☐
Rewards and Appraisals	☐	☐
Health and Safety Framework	☐	☐
Job Evaluation	☐	☐
Job Development and Carrier Planning	☐	☐
Team Work	☐	☐

16- What were the main drivers for devolving responsibilities to the line?

	Yes	No
HR Problems Solved at Source	☐	☐
Better Change Management	☐	☐
Increase Speed of Decision-Making	☐	☐
Free up HR Time	☐	☐
HR Focus more on Strategies	☐	☐
Reduce Costs	☐	☐
Shortening Line of Communication	☐	☐

17- What are the benefits of the devolution of HR responsibilities for you?

	Yes	No
HR Problems Solved at Source	☐	☐
Line Managers Own HR Issues	☐	☐
Line Managers Committed to HR Decisions	☐	☐
Promotes Local Management Accountability for HR Issues	☐	☐
Better Change Management	☐	☐
Better Organization Performance	☐	☐
Increase Speed of Decision-Making	☐	☐
Free up HR Time	☐	☐
HR Focus more on Strategies	☐	☐
Reduce Costs	☐	☐
Shortening Line of Communication	☐	☐
Tailor Employee Relations' Decisions to Suit Local Circumstances	☐	☐
Other	☐	☐

The next series of question is to analyze the relationship between HR and the line in a specific context of innovation.

18- Was the decision to innovate a major determinant factor for the devolution of HR responsibilities?

Yes ☐
No ☐

18.1- If Yes, when was the decision to devolve taken?

	Yes	No
Prior to Innovation	☐	☐
During the Introduction Phase	☐	☐
After Implementing Change	☐	☐

The next part highlights the potential problems and issues surrounding line managers' involvement in HRM and its impact on the successful adoption of innovation.

19- What were the problems of involving line managers in HRM activities?

	Yes	No
The Feeling of the Line being forced to take on HR Responsibilities	☐	☐
Increased Pressure to train Line Managers in HRM	☐	☐
A Need for Strict Auditing	☐	☐
Problems of Maintaining Consistency in Decision-Making	☐	☐
Risk of Falling Standards	☐	☐
Risk of Abuse of Position	☐	☐
Problems of Maintaining Balance between Line and Specialists	☐	☐
Potential for HR to be marginalized	☐	☐
Low Line Capability / Commitment to HR Work	☐	☐
Little Time for Line to Perform HR Duties	☐	☐
Risk of Job Overload / Stress for the Line	☐	☐

20- Are these problems a barrier for the successful innovation adoption?
Yes ☐

No ☐

20.1- If yes, how could these problems affect the successful adoption of the innovation?

21- Are there any conflicts between line managers and HR specialists?
Yes ☐
No ☐

21.1- If yes, on which topics?

	Yes	No
Defining HR Strategy	☐	☐
Decision-Making	☐	☐
Implementing HR Policy	☐	☐
HR Support	☐	☐
Training	☐	☐
Information Sharing	☐	☐

21.2- How these conflicts are dealt with?

21.3- Are these conflicts a barrier for the successful innovation adoption?
Yes ☐
No ☐

21.4- How these conflicts affect the successful innovation adoption?

22- Is there any initiative to adopt "joint arrangements" between HR specialists and line managers?
Yes ☐
No ☐

22.1- If Yes: do these arrangements enhance the relationship between HR and the other management team?
Yes ☐
No ☐

22.2- What are the benefits of such arrangements in respect to technological change successful adoption?

22.3- If 22 = No, does it affect the successful innovation adoption?
Yes ☐
No ☐

22.4- If 22= No, what are the barriers preventing from such arrangements?

_____

Appendix 4: The Bank B Case Study - Interview Guide

<u>The objective</u>

The research question is to **explore the interaction between HR and line managers in a context of innovation**. The main hypothesis stipulates that HR should get closer to the business (HR becoming a "change agent" and a "strategic partner") and line managers should make a step towards HR (taking in charge some HR responsibilities).

The company chosen for the case study should be highly **innovative** (in terms of products and processes).The innovation chosen for the study is a "process innovation" done in the branches (what is called hereafter "Branch reengineering process" or BRP). To be more precise, employees at the branches are "tellers" or "CSOs". It is this particular new organizational change inside the branches that interests the study.

What are **"line managers"**:
- Senior managers in headquarters departments (Organization, planning, IT, etc)
- Branch managers

<u>Questions</u>

1- Characteristics of the bank (Size - Market share - Number of employees - etc.)

2- Description of the HR department

- History: when was the department created?

- Tasks: administrative - Change agent - Strategic partner

- Evolution of its role

- Innovative HR practices

- HR tasks devolved to line of management

3- The Branch Reengineering Process or Processes?

- Has the current system (teller/CSO) been implemented in one step? Or first a "teller system" was implemented and few years later the "teller/CSO system"?

The objective hereafter is to describe the different stages of the BRP from planning to implementation so as to highlight the role the HR department has had during each innovation stage.

-When was it implemented?

- Why? Who took the initiative?

- Describe the process steps of the innovation (from the rise of the idea, to the planning, to the design and the implementation of change and even after implementation)

- What was the role of the HR during each of the innovation stages? (Planning – design – implementation - After the implementation)

As the interview showed that the implementation of BPR was fully outsourced to an outside company, the purpose of the interview turned to identify the relationship and the interactions that took place with the implementing company.

- If the Branch reengineering was done in the bank in one full step, then I would like to know if the role the HR is playing **nowadays** during innovation is different from the one played during that change (dynamic perspective).

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Appendix 5: Specific Interview Guides with the OP and HR "Change Agents"

<u>1- Interview Guide with the OP Manager</u>

The actual OP manager was leading the implementation of both BPR at Bank A. He commanded these changes and took the lead during implementation (He was labelled the *OP change agent* in the thesis). Therefore, the interview was structured in a way to collect relevant data on the full process of innovation (from the conception of the idea, until its full implementation). This was also the opportunity to redraw the interactions between people involved in the process with a particular focus on the HR – OP relationship.

Following is the outline of the questions that were asked during the interview:

1- What were the objectives of BPR 1?

2- Who took the initiative?

3- During the design phase, what was your specific mission?

4- Why wasn't the HR involved during the design phase?

5- When did you decide to involve the HR department and why?

6- Did you face any kind of resistance?

7- BPR 2 v / s BPR1, what differences?

8- In BPR 2, the HR was involved since the design phase? For what reasons?

9- Any conflicts between the HR and OP departments?

10- What is your role in the HR steering committee?

2 - Interview Guide for the "Retail Banking" Manager

The retail banking manager at Bank A was interviewed not for her actual functions but rather for the central role she played during BPR 1, as she was the *HR change agent*. The interview with her was aimed at listening to the same story than the one recounted by the OP change agent but from a different point of view.

Following are the questions that were asked during the course of the interview:

1- Could you describe your experience from BPR1?

2- At that time, were you implementing a specific innovative project? Could you please describe it?

3- How did you feel about your late involvement in the implementation of the BPR project? What was your reaction?

4- Do you think that you should have been involved from the design phase?

5- What was your specific day-to-day mission during implementation of BPR in each branch?

6- How did you face resistance?

7- During BPR 2, the HR department was involved since the beginning, why? Was BPR 2 easier?

8- What are the most critical success factors of your mission?

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Appendix 6: Specific Interview Guides with the IT and Branch Managers

1 – Interview Guide for the IT Department

In any business process reengineering (Branch restructuring in that case), the IT has a major role to play. The aim of the interview would be to describe the role the IT department played during these two waves of innovation so as to identify any "evolution of practices" between these two periods of time.

1- BPR Phase 1 (1996-1999)

- What was the precise role of the IT department?

- When were you involved in the project? Planning phase? Implementation, after?

- Did you interact with any other departments? Strategic planning? HR?

2- BPR Phase 2 (2003 until Now)

- Same role?

- Same involvement?

- Same kinds of interaction with other departments?

- What was different in phase 2?

3- The IT Steering Committee

- What's its role?

- Who are the members of this committee? (I am particularly interested in those who are not from the IT department)

4- Interaction with the HR Department

- Any interaction with the HR department? (Especially when innovating)

- Any devolution of HR responsibilities to the IT department?

2- Interview Guide for Branch Managers and their Assistant

The first interview was done with the main branch for both banks as it was the "pilot branch", the one for which the innovation would be tested. So the first question asked was:

1- Why the main branch as the "pilot branch"?

Then the interview was handled in a way to identify the role played by the branch manager and the relationships and interaction with the agents implementing change. Here is an outline of the questions that were asked:

2- Could you describe your experience with BPR1?

3- Were you informed about this change, or taken by surprise? In other words, did you have a role in the process of decision making?

4- What was your role with the "change agents"? Were there any kind of interactions between you and them?

5- What was your role vis-à-vis the employees? How did you face resistance from them?

6- What about BPR2? What was different?

7- And for branches for which BPR 2 was not yet implemented at the time the interview was done, how do you plan to behave when implementation will start at your branch?

8- How are HR issues dealt with actually at the branch?

9- What is your assessment of the evolution of the HR department?

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