

Human Resource Management Role in Business Transformation: The Case of General Motors

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Abstract

The role of Human resource management (HRM) in downsizing and rightsizing during the turnaround process in ensuring business success cannot be overemphasized. This paper discusses the role human resource management in business transformation, focusing on the case of General Motors. It argues that the HRM is one of the core elements as well as models of a business, and has been instrumental in transforming General Motors' business. Drawing from observations and oral responses of the thirty selected oral informants interviewed about General Motors' business operations and successes, the study reports that shifting focus from operations and strategy to employees and engaging them in redefining the company mission, identifying their role in achieving the mission, and measuring their performance against the organization's vision is essential in redesigning and reengineering the business to success, which amount to business transformation. The paper concludes that involving the employees in defining the company's purpose increases employee engagement and makes employees identify with the organization. It recommends that General Motors as well as other business organizations should focus reasonable attention and resources on HRM, organizational training and establish a culture of ethics and accountability so as to attain maximal success and compete more favorably with their competitors.

Keywords: HRM, Role, Business Transformation, Success, General Motors.

Introduction

The role of human resource management (HRM) in every organization cannot be overemphasized. Ajibola et al. (2019) captured the importance of HRM to organizations viz: "Human resource maintenance is essential to any organization to achieve its set goals" (p. 46). That is, since the HRM is of great value to every organization, there is the need to for its maintenance. Studies confirm that effective HRM allows for efficiency, employee commitment and performance, higher employee retention, positive attitude, improved skills, greater productivity, increased profitability, group cohesion, etc. in organizations (Ita, 2021; Wambe, 2021; Ajibola et al., 2019; Anayo et al., 2016; Etim-Robert, 2016). The opposites obtain in organizations where HRM is given little or no attention and its functionality is insignificant.

It is in view of the benefits of HRM through its undertaken role that this study seeks to show the crucial place of HRM in the success of General Motors, as an example among other organizations. In describing as well as showing the place of HRM in the organizational

success of General Motors, the study shall look at downsizing and rightsizing as ways through which an organization's HRM reengineers and restructures the organization for significant success, as in the case of General Motors. In the end, a logical conclusion shall be drawn from the descriptive analysis substantiated with evidence from extant literatures.

Statement of Problem

Poor human resource management leads to an organization's failure. This reality is undermined by some organizations. This study is informed by the need to prove to such organizations that it is of huge benefits to pay deserving attention to HRM and ensure efficient HRM, as in the case of General Motors.

Research Objectives

The aim of this study is to discuss the role of HRM in restructuring and reengineering an organization such that desired changes, growth, increased profitability, and overall organizational success are attained significantly. Its objectives are to show that:

- i. HRM plays a crucial role in organizations, as in General Motors.
- ii. Downsizing and rightsizing are ways through which an organization's HRM reengineers and restructures the organization for significant success.
- iii. Using both restructuring and reengineering holistically leads to achieving significant success.

Downsizing and Rightsizing

Given the intent of making its own contribution, the paper shall not engage in many citations. To that end, the paper defines downsizing as HRM vis-à-vis managerial actions taken to adjust the organization to environmental changes and overcome management difficulties, while improving efficiency, productivity, and competitiveness. Downsizing also includes cost reduction, restructuring, and workforce reduction. Organizations use workforce reduction as a significant method of achieving efficiency and competitiveness. It is intended to deliberately reduce the organizations' workforce. Most mass layoffs have used downsizing as a tool to reduce their workforce.

Companies lay off workforce when they become too large and the functions of most of their employees have become redundant. This brings the need for rightsizing, where the job should be reviewed and restructured instead of laying off employees. Having defined downsizing, the paper goes on to define rightsizing as what involves organizational restructuring to increase efficiency and competitiveness. Rightsizing consists of reorganizing the workforce, sometimes reducing the workforce, and changing job roles to optimize efficiency instead of laying-off employees. It is all about restructuring the job or changing job roles to increase competitiveness.

There is a significant difference between downsizing and rightsizing. Rightsizing is often used to meet new business objectives and ensure the organization performs effectively and

efficiently. It is a continuous effort by the organization to ensure that its size fits its structure. On the other hand, downsizing is often used when the organization is experiencing hardship. Organizations reduce their workforce to increase profitability and reduce costs in response to economic hardship. Again, while rightsizing is a continuous effort, downsizing is a one-time thing used as a cost-cutting strategy.

Methodology

This case study on General Motors was embarked on for field-based Master's degree program assignment. Based on the nature of the study and its preoccupation, the descriptive survey method and the qualitative approach are employed. The study relies on observations, randomized verbal responses of thirty (30) informants and secondary data sourced from the internet. The data are subjected to content analysis and descriptive interpretation. Therefore, the data presentation and analysis do not involve statistical, but descriptive, tools.

HRM Role in Rightsizing and Downsizing

The role of human resource (HR) managers and directors play a significant role in downsizing versus rightsizing. Human resource managers and directors are responsible for ensuring that actions to increase profitability and reduce cost are taken. They also ensure that the actions align the organization's strategic objectives, and comply with state and Federal laws. Over the years, most organizations have used downsizing to cut costs. Numerous laws have been passed to protect employees, especially in protected classes, such as the Americans with Disability Act and laws against discrimination.

HR managers and directors are also involved in designing downsizing initiatives together with corporate leaders and external consultants when needed. Sometimes, HR directors initiate the downsizing process. They could also become victims of downsizing like any other corporate employee. And, they can deal with downsizing the victim and ensuring survival. HR managers and directors also build employee morale after downsizing. After a mass layoff, employees often lose confidence, which affect their productivity and company's profitability. Thus, this is contrary to the objectives of downsizing. After designing and executing the downsizing initiative, HR managers and Directors focus on building the morale of employees still working for the organization, who might be operating under fear of losing their jobs.

Downsizing is an organization's managerial action to adjust the organization to environmental changes and overcome management difficulties, while improving efficiency, productivity, and competitiveness. An organization would determine if downsizing or rightsizing is suitable when there is a need for cost reduction, restructuring, and workforce reduction (Baluch, 2023). Organizations use workforce reduction as a significant method of achieving efficiency and competitiveness, as downsizing is intended to deliberately reduce the organizations' workforce. When there is a need for mass layoff,

downsizing is the right strategy. Most mass layoffs have used downsizing as a tool to reduce their workforce (Baluch, 2023).

In addition to the other arguments made so far, this paper argues that whistle-blowing is a HRM strategy for attaining organizational success through the practice of moral discipline in the businesses of an organization, meant to curb the corporate culture of greed and financial benefits and promote an organizational culture that does not support cheating and corruption. The paper avers that instituting a moral as well as an ethical system in a business encourages company executives and board members to make ethical decisions. It considers a whistle-blowing culture as one viable way of achieving such a goal, as leaders are held accountable for their acts, upon getting reports any employee, who blows whistle for any witnessed form of malpractice carried out in the organization.

General Motors Case Study

In employing righting, the company would review instead of restructuring or laying off employees. To determine the need for either rightsizing or downsizing, General Motors would consider the objectives that need to be accomplished and current issues that prevent it from reaching those objectives. These are given a brief hereunder.

Cutting Cost: When an organization needs to cut costs by reducing the workforce and saving money on payroll and other Human resource expenses, the organization uses downsizing instead of rightsizing, as a cost-cutting measure (Chorna, 2023). General Motors may also consider cutting the number of employees, while using rightsizing. However, this is followed by hiring specialists to fill the skills gap by bringing in unique expertise.

External Factors: During the pandemic, there were a lot of restrictions on movements and several government-imposed quarantine measures. These resulted in several businesses in the hospitality industry, like airline companies and restaurants, laying off thousands of workers to cut costs and stay in business (Chorna, 2023). The pandemic made the company use downsizing as a strategy instead of rightsizing. Also, due to the pandemic, some businesses had to switch employees working onsite to their virtual delivery services, thus using rightsizing instead of downsizing to keep the business running during the pandemic. Similarly, a company like GM would employ both strategies to ensure success. The turnaround strategies that would be used would be based on the cause of the decline. In the case of General Motors, cutting costs would be the focus. To achieve these, GM would employ both rightsizing and downsizing of employees. Downsizing would be used as a cutting measure by laying off some employees, while rightsizing would be used to build a team ready to carry out cost-cutting measures like rebranding.

HRM's role in a turnaround would be to ensure that actions taken to increase profitability and reduce cost align with the organization's strategic objectives, while conforming with state and Federal laws (Fazio, 2011). HRM would also be involved in designing the

downsizing and rightsizing initiative. After creating these initiatives, HRM also develops measures to boost employee morale during the turnaround process (Fazio, 2011).

HRM in Aligning Purpose, Principles and Performance

Plans are made to change the direction of the Company by aligning purpose, principles, and performance. An effective change outline for General Motors would facilitate growth and increase profitability for the company. These are aspects that would result in a successful turnaround. As observed by Ready and Mullally (2017), a board presentation needs to be carried out with the proposal made by the CEOs of Ford, Royal Bank of Canada, and Four Seasons Hotel in carrying out an effective turnaround. Effective turnaround revolves around or has the following in place:

1. **Importance of defining the company's mission and core values:** Board presentations would involve ensuring that employees understand these core values of General Motors, as an organization. Involving employees in defining these core values would drive purpose and gain support (Ready & Mullally, 2017). Also, involving GM employees in defining the company's purpose increases employee engagement and makes employees identify with the organization.
2. **Achieving high-performance culture:** A board presentation would involve strategies for building a high-performance culture and promoting a compelling vision encompassing a comprehensive system of crucial staff changes, reducing cost and cutting back on the workforce, and establishing a robust implementation plan to achieve high culture (Ready & Mullally, 2017).
3. **Using storytelling:** Presentation to the board would also include convincing them of the importance of using stories to not rely on the past but use the past as a bridge to build the future. It would also include emphasizing to the board that storytelling would facilitate transitioning to the new direction of GM.
4. **Aligning promises with reward:** This entails convincing the board so that employees, who adopt and implement the changes, get rewarded in order to be encouraged. It also entails following through with all the promises, while moving in a new direction (Ready & Mullally, 2017).

Smits and Bowden's (2015) to-do list is a guideline to help General Motors implement changes from an old into a new direction. The guidelines are as follow:

- Building a robust talent community of change leadership team and providing the team with all the resources needed to carry out and successfully implement change. A strong talent community of competent employees with the required skills and experience to implement change would help a lot to that end.
- Leaders connect, trust each other, and work together. Working together means there is a need for all leaders to be on the same page for reorganization and change. The executive leaders who make decisions must inform the leaders at the level of

management and operations, who are in-charge of executing the decisions. And, they must be a handoff at each leadership level to ensure consistency.

- Start with the most beneficial change to the organization and that which would cost the least to implement. Starting with the most helpful and least costly change sets the stage for successful implementation, as it reduces the cost of failure.
- Develop a change blueprint for the organization at the start of the change process. This helps to synergize all aspects of the organization and align them to the strategies to implement the change.

HRM, Reengineering, Restructuring and Organizational Outcomes

To effectively change a company, such as General Motors, that facilitates growth, increases profitability, and results in a successful turnaround, restructuring and reengineering are needed. It follows that organizations using either reengineering or restructuring are programming themselves for success. Organizations that use restructuring carry out changes at the Micro and Macro levels. Tetřevová (2007) has defined restructuring as introducing innovative changes that harmonize all the pieces of the organization through innovative practices, and establishing a pragmatic financial structure to achieve an effective and efficient production process.

Restructuring usually entails turning the organization's design, operations, and overall strategy into a new reality. The organization's management structure and financial and property system are changing through either downsizing or rightsizing, diversifying, and acquiring new facilities. It involves an entire change of culture and business model, and redirecting resources from areas that are less required into more required areas. Restructuring basically aims at gaining market share and competitive advantage using technology.

Another goal is to build an employee reward structure that fosters learning and acquiring new skills required for a new business model, after the company's transformation. The last part of restructuring is making the organization resilient so that it can thrive within any changing business environment or circumstances. On the other hand, this paper simply describes reengineering as what obtains when an organization rethinks and redesigns the processes of the organization to obtain efficiency in improving quality, cost, and services by replacing inefficient practices with efficient ones, and changing the company from functional management to managing the processes to bring efficiency through rethinking and redesigning.

Reengineering is part of an organization's restructuring process, and it can be carried out through transformation, integration, or rationalization. The change would focus on rethinking the company's mission and strategy and how company property can be used to achieve this mission and method. Integration is redesigning and reviewing the company's vision, focusing on improving the processes to achieve that. Rationalization is focused on

preserving the organization through enhancing the quality and rethinking and redesigning processes by simplifying them.

Conclusion

Given the above concise exposition, it is quite clear that restructuring and reengineering aptly serve as change strategies in organizations, as in General Motors. They are holistic and target every aspect of the organization and its life cycle, because both processes focus on the organization and the human resources or human capital, which is essential to the success of the methods and the overall organizational success. Essentially, the study has shown that the HRM of General Motors, like that of any other business organization, plays a critical role in running the affairs and businesses of the organization, and in managing the people and the other resources, for which desired changes, improved performance, job satisfaction, employee commitment, profit maximization and overall organizational success are attained.

Recommendations

The following recommendations are made:

- Business organizations should focus reasonable attention and resources on their HRM, as doing so paves ways for the attainment of significant organizational success and transformation in various regards.
- Experiential learning and inter-organizational collaboration can foster betterment, improved HRM and the attainment of overall organizational success.
- HRM should deploy organizational training as a means of attaining desired successes in different phases of the undertakings of (business) organizations.
- Business organizations should establish a culture of ethics and accountability, as doing so has a lot of prospects for an organization, including profit maximization, maximal performance, productivity, and fostering the realization of organizational goals and successes.
- General Motors as well as other business organizations should deploy rightsizing rather than downsizing for adjustment and balancing.

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