



Human Resource Management in Organizational Restructuring

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How to Cite this Article:

Kumari, D. (2026). Human Resource Management in Organizational Restructuring. International Journal of Creative and Open Research in Engineering and Management, 2(4).

<https://doi.org/10.55041/ijcope.v2i4.680>

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<https://doi.org/10.55041/ijcope.v2i4.680>

ABSTRACT

In today's competitive business environment, organizations frequently undergo restructuring to improve efficiency and adaptability. This process significantly impacts employees, especially Human Resource (HR) leaders who are responsible for managing and implementing these changes. This study examines the role of Human Resource Management (HRM) in organizational restructuring, focusing on the challenges, experiences, and coping mechanisms of HR leaders. Based on a descriptive survey of 100 respondents — including HR managers, employees, supervisors, and HR support professionals — the findings reveal that HR leaders face significant emotional and professional pressure as they manage layoffs, communicate difficult decisions, and support employees while dealing with their own stress. Key issues identified include lack of advance notice, poor communication, and reduced organizational support, all of which negatively affect employee morale and trust. The study highlights the importance of effective communication, early HR involvement, and strong support systems to improve restructuring outcomes. It also emphasizes the role of coping mechanisms such as collegial support, family support, and Employee Assistance Programs (EAPs). In conclusion, a human-centred approach to restructuring, supported by effective HRM practices, can enhance organizational performance while ensuring employee well-being.

Keywords: Organizational Restructuring, Human Resource Management (HRM), HR Leaders, Employee Assistance Programs (EAPs), Grief and Stress Management, Organizational Support, Communication Effectiveness



1. Introduction

In today's competitive business environment, organizations are realizing that people are their most valuable asset. Human Resource Management (HRM) has evolved from a traditional administrative function to a strategic partner in achieving organizational success. With globalization and economic changes, organizations have been forced to redesign their structures and strategies, increasing the importance of aligning HRM strategies with business goals. Organizational restructuring — a comprehensive process involving substantial modifications in an organization's structure, hierarchy, and overall design — has become a critical management tool. It includes redefining job roles, reallocating responsibilities, improving operational processes, and altering reporting relationships to enhance efficiency and adaptability.

Restructuring may take different forms, including downsizing, mergers and acquisitions, departmental reorganization, or the introduction of new management systems. Each form aims to align the organization's structure with its strategic objectives and improve overall performance. Central to all these forms is the role of HR — the function most directly responsible for managing the human dimensions of change, from workforce planning and communication to emotional support and talent transition.

1.1 Theoretical Framework

The theoretical framework of organizational restructuring integrates principles from several management traditions. Lewin's Change Management Model explains change as a three-stage process — unfreezing, transition, and refreezing — emphasizing motivation and readiness. Kotter's 8-Step Model provides a practical roadmap combining strategic direction with employee engagement. Mintzberg's Organizational Configurations guide structural design decisions, while Porter's Five Forces and SWOT Analysis support strategic repositioning. The Resource-Based View highlights human capital as a source of competitive advantage, and Psychological Contract Theory underscores the importance of managing unwritten employee expectations during change. Together, these frameworks provide a multidimensional foundation for understanding restructuring as a strategic, structural, cultural, and human process.

1.2 Reasons and Methods of Restructuring

Organizations undertake restructuring for several strategic and operational reasons: cost reduction, improved efficiency, market adaptation, organizational growth, mergers and acquisitions, and strategic refocusing. Methods include hierarchy changes, departmental reorganization, job redesign, process improvement, and geographical expansion or consolidation. While restructuring offers key benefits — improved performance, adaptability, and competitiveness — it also carries significant risks, including disruption to normal operations, employee resistance, damaged morale, and strained workplace relationships if not managed carefully and empathetically.

1.3 Problem Statement and Research Objectives

Despite recognizing the importance of HRM, many organizations fail to successfully implement organizational redesign due to weak or inappropriate HR practices. There is a lack of proper integration between HR strategies and restructuring processes, resulting in employee resistance, poor performance, skill gaps, and ineffective resource utilization. This study therefore aims to: (1) understand the role of HRM strategies in organizational redesign; (2) examine how key HR functions contribute to change management; (3) analyze the interaction between HRM practices and restructuring outcomes; and (4) identify HR practices required for successful restructuring, particularly in the Indian organizational context.



2. Review of Literature

A rich body of contemporary literature establishes the centrality of HRM in organizational restructuring. Key themes and findings are synthesized below.

2.1 Strategic and Structural Perspectives

MIT Sloan Management Review (2023) argues that restructuring is no longer optional in the digital age — traditional hierarchies are being replaced by agile structures that support innovation and faster decision-making. McKinsey Quarterly (2023) emphasizes resilience through decentralized decision-making and operational flexibility. Fortune (2023) frames restructuring as a growth-oriented strategy enabling firms to focus on core competencies and exit non-performing segments. The Wall Street Journal (2023) cautions against short-termism, recommending alignment with long-term innovation and capability-building goals. Forbes (2023) identifies a systematic approach — clear objectives, comprehensive planning, and effective communication — as essential for successful restructuring.

2.2 Human-Centric and Employee Perspectives

Fast Company (2023) argues that a human-centric approach — transparent communication, training opportunities, and transition support — is essential for preventing uncertainty-driven resistance. Harvard Business Review (2023) highlights the critical role of leadership in creating clear vision, managing resistance through trust-building, and sustaining communication. Business News Daily (2023) stresses employee adaptability through skill development and organizational support. The World Economic Forum (2023) identifies restructuring as reshaping the future of work through new job roles, digital platforms, and flexible structures. Entrepreneur (2023) warns that ignoring employee perspectives leads to productivity loss and unsuccessful outcomes.

2.3 HR Leaders' Role and Experiences

The literature specifically addressing HR leaders reveals a complex, multidimensional role. HR professionals act simultaneously as strategic business partners — aligning HR strategy with organizational goals — and as coaches, facilitators, educators, and change agents. They are responsible for communicating difficult decisions, managing employee reactions, ensuring operational continuity, and supporting individuals through transitions. However, HR leaders also bear the emotional burden of implementing layoffs, often experiencing what the literature describes as grief reactions, survivor guilt, and professional ethical tensions. Collegial support, peer debriefing, and family networks emerge as critical coping mechanisms. Employee Assistance Programs (EAPs) are recognized as valuable but require better promotion and accessibility to reach their potential.



Source	Focus Area	Key Contribution
MIT Sloan Management Review (2023)	Digital Transformation	Agile structures replace hierarchies
McKinsey Quarterly (2023)	Organizational Resilience	Decentralization improves adaptability
Fortune (2023)	Growth Strategy	Restructuring enables strategic refocus
Fast Company (2023)	Employee Well-being	Human-centric approach reduces resistance
Harvard Business Review (2023)	Leadership	Vision & trust-building drive success
World Economic Forum (2023)	Future of Work	Restructuring reshapes job roles & work models
Forbes (2023)	Structured Planning	Systematic approach reduces failure risk
Deloitte (2023)	Human Capital Trends	Workforce transformation & HR innovation
KPMG (2023)	Change Management	People-focused strategies are essential
Int. Journal of HRM (2021)	HRM Practices	HR policies determine change effectiveness

3. Research Methodology

3.1 Research Design and Approach

The study adopts a descriptive and analytical research design. The descriptive aspect systematically identifies and explains major issues experienced during restructuring — including ineffective communication, lack of advance notice, emotional stress, and reduced organizational support. The analytical aspect examines relationships between HRM practices and employee outcomes such as well-being, stress management, and adaptability. A mixed-methods approach combines quantitative data (structured questionnaires measuring perceptions of stress, communication, and support) with qualitative insights (open-ended responses exploring emotional and psychological experiences of HR leaders and employees).

3.2 Sample and Data Collection

The study used purposive sampling to select 100 respondents with direct experience of organizational restructuring: 30 HR Managers, 40 affected employees, 15 Supervisors/Team Leaders, and 15 HR Support Professionals. Primary data was collected through a structured Likert-scale questionnaire. Secondary data was drawn from academic journals, HRM textbooks, Shodhganga dissertations, and professional reports (Deloitte, McKinsey, PwC, KPMG, Accenture). Reliability was assessed using Cronbach's Alpha; validity was ensured through expert review (content validity) and literature-aligned construct design.

3.3 Hypotheses

The following hypotheses guided the empirical investigation:

- **H1:** Communication during restructuring positively affects employee well-being.
- **H2:** Lack of advance notice increases employee stress.
- **H3:** Organizational support improves employee satisfaction.
- **H4:** HR practices positively influence employee adaptability.
- **H5:** Employee Assistance Programs (EAPs) help in reducing employee stress.



4. Data Analysis and Interpretation

Data from 100 respondents was analyzed using percentage analysis, tabulation, and graphical representation. The following sections present the key findings across each dimension of the study.

4.1 Demographic Profile of Respondents

Respondent Category	Number	Percentage (%)
HR Managers	30	30%
Employees (Affected)	40	40%
Supervisors / Team Leaders	15	15%
HR Support Professionals	15	15%
Total	100	100%

The majority of respondents (40%) are employees directly affected by restructuring, followed by HR managers (30%). This ensures the study captures both managerial and employee perspectives for a balanced analysis.

4.2 Communication During Restructuring

Response	Frequency	Percentage (%)
Strongly Disagree	20	20%
Disagree	30	30%
Neutral	15	15%
Agree	25	25%
Strongly Agree	10	10%

50% of respondents disagreed that communication during restructuring was clear and transparent, revealing a major gap in information sharing. Poor communication leads to confusion, uncertainty, and mistrust — supporting H1 and confirming the need for proactive communication strategies.

4.3 Lack of Advance Notice and Employee Stress

Response	Frequency	Percentage (%)
Strongly Disagree	5	5%
Disagree	10	10%
Neutral	10	10%
Agree	40	40%
Strongly Agree	35	35%

A large majority (75%) agreed that lack of advance notice increased stress levels. Sudden decisions without proper planning create emotional pressure and anxiety, strongly supporting H2. Proactive planning and early communication can significantly reduce uncertainty and improve employee readiness.

4.4 Organizational Support, Emotional Impact and Coping Mechanisms

55% of respondents felt that organizational support was inadequate during restructuring, reflecting a deficiency in formal HR support systems that negatively impacts morale, trust, and productivity (H3). Simultaneously, 75% of respondents reported experiencing stress and emotional strain — including feelings akin to grief — underscoring the deep psychological impact of restructuring beyond operational changes. Despite this, 70% acknowledged that support from colleagues, family, and social networks helped them cope (H4), highlighting the compensatory role of informal support systems when formal ones fall short.



Regarding Employee Assistance Programs (EAPs), 55% found them helpful in managing stress, while a notable portion remained neutral or dissatisfied — indicating that EAP awareness and accessibility remain insufficient (H5). Finally, perceptions of overall HR effectiveness were mixed: 40% positive and 40% negative, reflecting inconsistency in HR execution across restructuring contexts and confirming significant room for improvement.

Research Area	Key Finding	Hypothesis
Communication Transparency	50% report poor communication	H1 Supported
Lack of Advance Notice	75% report increased stress	H2 Supported
Organizational Support	55% found support inadequate	H3 Supported
Collegial & Social Support	70% found informal support helpful	H4 Supported
EAP Effectiveness	55% found EAPs helpful	H5 Partially Supported
Overall HR Effectiveness	Mixed: 40% positive, 40% negative	Scope for improvement

5. Findings and Discussion

5.1 Key Findings

The empirical analysis yields seven principal findings:

- **Ineffective Communication:** Half of all respondents expressed dissatisfaction with the clarity and transparency of communication during restructuring, constituting the single most pervasive failure in the process.
- **Stress Amplified by Lack of Notice:** Sudden restructuring decisions without advance communication are the primary driver of anxiety and insecurity, affecting both employees and HR leaders themselves.
- **Inadequate Organizational Support:** Over half of respondents perceived formal HR support as insufficient, leaving employees without adequate guidance, reassurance, or emotional backing during critical transitions.
- **High Emotional and Psychological Impact:** 75% of respondents experienced stress and emotional strain, confirming that restructuring affects psychological well-being as profoundly as it affects job roles.
- **Critical Role of Informal Support:** Collegial networks, friends, and family emerged as the most consistently effective coping resource — often compensating for the absence of formal organizational support.
- **Underutilized EAPs:** Despite their therapeutic value, EAPs are insufficiently promoted and accessed, limiting their potential to support employee mental health during restructuring.
- **Mixed HR Effectiveness:** Divided perceptions reflect inconsistency in HR practices and execution, pointing to the need for better training, strategic positioning, and empathetic leadership within HR.

5.2 Discussion

The findings collectively paint a picture of restructuring processes that are organizationally necessary yet frequently under-managed in their human dimensions. The most critical observation — communication failure — is consistent with the literature (Harvard Business Review, 2023; Forbes, 2023), confirming that transparent and timely information sharing is the cornerstone of successful change management. When employees understand the reasons, objectives, and expected outcomes of restructuring, resistance diminishes and trust is maintained.

The absence of advance planning is equally damaging. HR leaders who are informed at the last moment cannot prepare communication strategies, coordinate with management, or ensure accuracy in execution — creating the very confusion and errors that undermine restructuring credibility. This aligns with the theoretical principle that HR must be a strategic partner involved from the earliest stages of organizational decision-making, not merely an executor of decisions already made.



The strong emotional impact documented — 75% reporting stress and grief-like reactions — underscores that restructuring is not merely a structural adjustment but a profound human experience. This finding reinforces Fast Company's (2023) argument for human-centric restructuring and validates Psychological Contract Theory: when organizations break unwritten expectations of stability and support, trust erodes rapidly. The compensatory role of informal support systems — colleagues, friends, family — indicates that organizations are failing to meet emotional needs that employees then seek elsewhere. Formalizing and strengthening EAPs, while ensuring their active promotion, would help redirect this need toward professional and structured support.

6. Recommendations

Based on findings, the following evidence-based recommendations are proposed for organizations undertaking restructuring:

- 1. Improve Communication Strategies:** Implement a unified, transparent communication strategy with regular updates at all organizational levels. Employees must understand the reasons, objectives, and expected outcomes of restructuring to reduce uncertainty and maintain trust.
- 2. Provide Advance Notice and Involve HR Early:** Restructuring decisions should be communicated in advance, and HR must be engaged from the earliest strategic planning stages. Early HR involvement enables better preparation, accurate execution, and a smoother implementation process.
- 3. Strengthen Organizational Support Systems:** HR departments should develop robust support mechanisms including counseling services, career transition guidance, and training programs. Emotional and professional support enhances employee confidence, engagement, and organizational commitment.
- 4. Adopt a People-Centric Approach to Well-being:** Integrate stress management programs, wellness initiatives, and open communication channels into restructuring plans. Addressing the emotional and psychological needs of employees is as important as addressing structural and operational changes.
- 5. Enhance EAP Effectiveness and Accessibility:** EAPs should be actively promoted, easily accessible, and ideally extended to cover family members where possible. HR should ensure employees are aware of and comfortable using these services.
- 6. Encourage Collegial Support and Teamwork:** Foster a culture of collaboration and peer support through structured team interactions, group debriefs, and open forums. Strong collegial relationships buffer against stress and improve collective resilience.
- 7. Train HR Professionals in Change and Emotional Intelligence:** HR professionals must be equipped with change management expertise, advanced communication skills, and emotional intelligence to handle restructuring processes effectively, empathetically, and consistently.
- 8. Involve Employees in the Change Process:** Participatory approaches — employee feedback mechanisms, involvement in problem-solving, and representation in decision-making — reduce resistance and improve acceptance of organizational change.
- 9. Adopt a Strategic HR Approach:** HR should act as a strategic partner — not merely a compliance function — aligning HR policies with organizational goals through workforce planning, talent management, and performance evaluation.



7. Conclusion

This study clearly establishes that Human Resource Management plays a critical and strategic role in the success of organizational restructuring. Restructuring is not limited to structural or operational changes — it significantly affects the emotional, psychological, and professional well-being of every individual involved, including the HR leaders who manage the process itself.

The most persistent challenge identified is communication failure: when information is unclear, late, or inconsistent, trust erodes, anxiety rises, and restructuring efforts lose effectiveness. Equally damaging is the absence of advance planning, which prevents HR from fulfilling its strategic potential and forces it into reactive, error-prone execution. The high emotional burden documented — stress, grief reactions, and psychological strain affecting 75% of respondents — confirms that restructuring must always be approached as a human-centered process, not merely an administrative one.

Effective HRM during restructuring requires transparent communication, proactive planning, early HR involvement, robust support systems, and empathetic leadership. When these elements are present, restructuring can achieve both its organizational objectives and its responsibility to employee well-being. HR professionals must be positioned as strategic change leaders — not axe-men — equipped with the skills, authority, and organizational support to guide their organizations through change with both efficiency and humanity. Future research should explore industry-specific restructuring dynamics, the long-term psychological impact on HR leaders, and the growing role of technology and AI in supporting HRM during organizational transformation.

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