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STRATEGIC CHANGE AND HRM AT HOUSING FINANCE LIMITED (A)

In the summer of 2015, Vani Kohla, Chairman and Managing Director of Housing Finance Ltd (referred as HFL hereinafter) was discussing with external consultants about the need to review various HR policies strategically at HFL in view of the strategic shift the organization was trying to make. It was looking to diversify its portfolio beyond household retail business and grow in higher margin and lower risk businesses. HFL had been doing well overall, and counted among the top three lenders in the housing credit space. Ever since its inception in early 90's, over the years, it evolved as a successful lender. In 2004/05 the HFL management made a radical change by breaking its core operations into business development process at the front-end, along with case appraisal and decision-making at the back end, respectively managed by area office and back operation office. Notably, this was done at the behest of external auditors. In fact, this restructuring helped the company to grow business and improve quality of assets. However, there were challenges with such a structure, specifically with diluted accountabilities at individual levels, unbalanced load of work, duplication, misalignment in responsibility, performance appraisals and incentives, as well as lack of customer centricity. The last one emerged as a serious issue that the CMD was especially worried about in light of major strategic changes that the organization had initiated in the last few months. The CMD laid out the terms of reference for the consultants to address both structural and HRM policy issues.

Prof. Amit Dhiman of the Indian Institute of Management Calcutta developed this case study as the basis for class discussion rather than to illustrate the effective or ineffective running of an organization. It is fictionalized case but is based on real events and real data. Any resemblance to events is coincidental.

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