ORGANIZATIONAL CHANGE READINESS: EMPLOYEES' ATTITUDE DURING TIMES OF PROPOSED TAKE OVER – A CASE STUDY OF BHPV VISAKHAPATNAM

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Introduction

Bharath Heavy Plates and Vessels Limited (BHPV), a Central public sector undertaking which was under Board for Industrial and Financial Reconstruction (BIFR), taken over by BHEL., The Department of Heavy Industry, had inter alia, proposed that Government may waive/write off loans and interests to BHPV amounting to Rs. 414.95 crore and to settle all outstanding liabilities of BHPV amounting to Rs. 263.97 crore., The Government approved "in principle" the take over of BHPV by BHEL. Change management is a planned move toward shifting/transitioning individuals, teams, and organizations from existing state to a preferred future state. It is an organizational course aimed at helping employees to accept and embrace changes in their current business environment. Change management is the utilization of basic structures and tools to control any organizational change effort. Change management's goal is to minimize the change impacts on workers and avoid distractions.

Statement of the problem :

The Union Cabinet on 26th November, 2007 accepted the financial restructuring and strengthening package of BHPV with the direction that the valuation of BHPV is carried out prudently on the basis of established principles. The present study aims at studying the pros and cons' of change in the management and its impact on the job aspects of the employees working in BHPV.

Corporate takeovers are the ultimate transaction in the market for corporate control and are among the most complicated and costly transactions most firms will ever execute. In many cases, resistance to takeover activity will be fierce as will the competition to acquire. Legal, cultural and regulatory hurdles will probably be substantial and acquiring firms frequently encounter resistance and court challenges from their own shareholders, employees, governments and other stakeholders. A new vision, set of driving values, mission or goals constitute significant change. So do new performance standards, new policies or procedures, a new computer equipment installation, or a relocation of business.

Changes currently affecting the workplace include: Changes currently affecting the workplace include: The nature of jobs: more employees are on part-time and

temporary contracts; more jobs are being outsourced; tight job definitions are out, functional flexibility is in organizations have downsized and delayered; 'leanness' means doing more with less, so individual employees have to carry more weight.

Markets, technology and products are constantly changing; customers are becoming ever more demanding; quality and service standards are constantly going up.

Technology and finance are less important as sources of competitive advantage: 'human capital' is becoming more critical to business performance in the knowledge-based economy. Traditional rganizational structures are becoming more fluid; teams are often the basic building block: new methods of managing are required. Challenges in change management may manifest themselves under different names or other guises but are essentially the challenges of:

Leadership – changing the running of an organization from a command and control nature of management to the nurturing and motivational nature of leadership.

Focus – making business choices to bring alignment and focus to the organization.

Commitment – creating commitment to the future of the enterprise throughout the organization.

Resistance- Resistance is a complex entity that directly affects the outcomes of change, both positively and negatively. Resistance to change is a human condition. Every human being and consequently every organization exists in a current reality; an understanding of themselves and a level of comfort with their current situation. Bringing new skills or knowledge into a company is not always easy. People fear change. Management should oversee this integration, and smooth the way by keeping everyone aware of the company's objectives and how new competencies have a valuable part to play.

Each of these challenges is unique, yet they are simultaneously independent and interrelated. Overcoming any one independently is insufficient for realizing sustainable change. For change to be successful in the knowledge economy, an organization has to overcome all the challenges.

Manpower Particulars of BHPV :

The company employed 1109 regular employees as on 31.3.2011. The retirement age in the company is 58 years. It is following IDA 1992 pattern of remuneration. Details of employment in last 3 years are given below:

Particulars	2010-11	2009-10	2008-09
Executives including Non-Unionised Supervisors	257	322	381
Non-Executives #	852	928	989
Total Employees	1109	1250	1370

Detail break-up of Non-Executive employees is at Statement no. 25 of volume-I of PE Survey.

Source: Public Enterprises Survey 2010-2011: Vol-II.

· Tools or components of change management include:

· Change management process

· Readiness assessments

· Communication and communication planning

· Coaching and manager training for change management

· Training and employee training development

· Sponsor activities and sponsor roadmaps

· Resistance management

· Data collection, feedback analysis and corrective action

· Celebrating and recognizing success

Change management process :

The change management process is the sequence of steps or activities that a change management team or project leader would follow to apply change management to a project or change. Based on Prosci's research of the most effective and commonly applied change, most change management processes contain the following three phases:

Phase 1 - Preparing for change (Preparation, assessment and strategy development)

Phase 2 - Managing change (Detailed planning and change management implementation)

Phase 3 - Reinforcing change (Data gathering, corrective action and recognition)

Readiness assessments :

Assessments are tools used by a change management team or project leader to assess the organization's readiness to change. Readiness assessments can include organizational assessments, culture and history assessments, employee assessments, sponsor assessments and change assessments. Each tool provides the project team with insights into the challenges and opportunities they may face during the change process.

Assess the scope of the change, including: How big is this change? How many people are affected? Is it a gradual or radical change?

Assess the readiness of the organization impacted by the change, including: What is the value- system and background of the impacted groups? How much change is already going on? What type of resistance can be expected?

Assess the strengths of change management team.

Assess the change sponsors and take the first steps to enable them to

effectively lead the change process.

Communication and communication planning :

Many managers assume that if they communicate clearly with their employees, their job is done. However, there are many reasons why employees may not hear or understand what their managers are saying the first time around. In fact, you may have heard that messages need to be repeated 6 to 7 times before they are cemented into the minds of employees. That is because each employee's readiness to hear depends on many factors. Effective communicators carefully consider three components: the audience, what is said and when it is said.

For example, the first step in managing change is building awareness around the need for change and creating a desire among employees. Therefore, initial communications are typically designed to create awareness around the business reasons for change and the risk of not changing. Likewise, at each step in the process, communications should be designed to share the right messages at the right time.

Communication planning, therefore, begins with a careful analysis of the audiences, key messages and the timing for those messages. The change management team or project leaders must design a communication plan that addresses the needs of front-line employees, supervisors and executives. Each audience has particular needs for information based on their role in the implementation of the change.

Coaching and manager training for change management :

Supervisors will play a key role in managing change. Ultimately, the direct supervisor has more influence over an employee's motivation to change than any other person at work. Unfortunately, supervisors as a group can be the most difficult to convince of the need for change and can be a source of resistance. It is vital for the change management team and executive sponsors to gain the support of supervisors and to build change leadership. Individual change management activities should be used to help these supervisors through the change process.

Once managers and supervisors are on board, the change management team must prepare a coaching strategy. They will need to provide training for supervisors including how to use individual change management tools with their employees.

Training and training development :

Training is the cornerstone for building knowledge about the change and the required skills. Project team members will develop training requirements based on the skills, knowledge and behaviors necessary to implement the change. These training requirements will be the starting point for the training group or the project team to develop training programs.

Sponsor activities and sponsor roadmaps

Business leaders and executives play a critical sponsor role in change

management. The change management team must develop a plan for sponsor activities and help key business leaders carry out these plans. Sponsorship should be viewed as the most important success factor. Avoid confusing the notion of sponsorship with support. The CEO of the company may support your project, but that is not the same as sponsoring your initiative.

Sponsorship involves active and visible participation by senior business leaders throughout the process. Unfortunately many executives do not know what this sponsorship looks like. A change agent's or project leader's role includes helping senior executives do the right things to sponsor the project.

Resistance management

Resistance from employees and managers is normal. Persistent resistance, however, can threaten a project. The change management team needs to identify, understand and manage resistance throughout the organization. Resistance management is the processes and tools used by managers and executives with the support of the project team to manage employee resistance.

Data collection, feedback analysis and corrective action :

Employee involvement is a necessary and integral part of managing change. Managing change is not a one way street. Feedback from employees is a key element of the change management process. Analysis and corrective action based on this feedback provides a robust cycle for implementing change.

Celebrating and recognizing Success :

Early successes and long-term wins must be recognized and celebrated. Individual and group recognition is also a necessary component of change management in order to cement and reinforce the change in the organization.

The final step in the change management process is the after-action review. It is at this point that you can stand back from the entire program, evaluate successes and failures, and identify process changes for the next project. This is part of the ongoing, continuous improvement of change management for your organization and ultimately leads to change competency.

Review of literature :

The present review presents a practical value to managers and human resource professionals, in particular to top managers. It extracts from the disparate literature the major findings, along with a discussion and research agenda. To date, very few literature reviews have appeared in the area of change management. Organizations are sensitive to their environment and look for different ways to conduct operations. When need for change is acknowledged organizations consequently become subject to increased uncertainty. Change management literature has identified different levels of change and varying steps involved in change processes.

According to Prosci (2002), "change management represents the processes, tools and techniques to manage the people-side of business change to achieve the required business outcomes and also to realize that business changes can be met effectively within the social infrastructure of the workplace". This definition has been commonly used among practitioners and end-users.

Van (1986) has considered 'technology change' for making organizational change. He has treated 'people' for the development and implementation of technological change in an organization. Duck (1993) has felt the need to take people into confidence while making change in an organization. The author has emphasized the change paradoxes and mentioned that "trust is hardest to develop and achieve when you need it most" in a change programme. Managing change has comprised of various interconnected and interdependent areas (Garg and Singh, 2002). Change is made by empowered employees who act as leaders at all levels of the organization (Beatty and Ulrich, 1996).

Miller et al., (2006) examined management/leader relationships, job knowledge and skills, and job demands. Rafferty and Simons (2006) focused on self-efficacy, trust in peers, and logistic and system support. Research study conducted by Holt et al., (2007), examined employees' beliefs of self efficacy, appropriateness, management support, and personal valence.

In developing countries employees attitudes and behaviors can be developed by satisfying basic (financial and psychological) needs (Alvi and Ahmed, 1987). In literature, these factors have been found in employees' commitment with the organization and career (Goulet and Singh, 2002; Penley and Gould, 1988). However, Madsen et al., (2005), first time examined employee's commitment with readiness to change and found positive impacts. Researcher could not find any study related with employees' commitment with the career for readiness to change.

Most of the commitment research work has been conducted in developed countries (Gautam et al., 2001) where priorities of employees are different due to economical, political, cultural, religious and environmental difference. This research study would be conducted in the developing countries where workers develop their satisfaction on the basis of basic needs from the organization.

Organizations are sensitive to their environment and look for different ways to conduct operations. When need for change is acknowledged organizations consequently become subject to increased uncertainty. This is particularly evident when organizational merger is part of the needed change (Tidd, 2001). This thesis is motivated by an interest to investigate the complexities at work in organizations when faced with the need to change.

Organizational change viewed in the light of it being a simple case of internal structural implementation, grounded on employee consensus and operational architecture, gives a very simplified picture. This picture can be understood in light of

the importance of organizational structural design in deploying resources, and the overall emphasizes on organizations as output driven enterprises (Carnall, 2003).

Katz and Kahn (1978) explored individual approaches to organizational change and explained that it is difficult to account for the difference between roles and norms that exist within organizations and the behavior employees exert because of personal values alone. Short-term change in behavior, they say, is often easily achievable, resulting in some minimum temporary benefit while change in the long term is much more difficult.

Researching the effects of restructuring on employees within organizations Probst (2003) reveals that restructuring has negative effects on levels of job security, organizational commitment and increases employee turnover. However job satisfaction was less consistently noted as being affected by plans of restructuring. This indicates that optimal organizational transition procedures can include ways to deter decreasing levels of job satisfaction. Probst (2003) does however report that employees who are affected by restructuring do report considerably lower levels of job satisfaction following organizational change than employees who are not affected by the changes. In an attempt to measure job satisfaction of employees in organizations facing a proposed merger the following questionnaire items were used.

Jyotsna Bhatnagar, Pawan Budhwar, Pallavi Srivastava, Debi S. Saini, (2010), The purpose of this paper is to examine developments in the field of organizational change (OC) with reference to the context of India. It highlights the need to analyze this topic in the present Indian economic environment. The findings focus on trust building and belongingness for the employees, establishing a high-performance orientation, quality improvements, and the resultant transformations at NDPL. The analysis indicates a number of ways by which NDPL sought to improve its efficiency in order to better adapt to the rapidly changing Indian business environment.

Ayse Saka, (2003) in his research article highlights a systemic-multivariate view of change by investigating internal change agents' that is managers', accounts of the barriers to change management. It addresses the limitations of change management by attending to the perceptions of managers that is those actors who generally determine organisational priorities and make crucial resource allocation decisions. This article illustrates the systemic line of thinking adopted by managers undergoing major restructuring efforts in their organisations. This line of thinking is shown to differ from the espoused values of managers that constitute the rational-linear view of change management.

Thomas Diefenbach (2007), The purpose of this paper is to shed some light on the reasons and circumstances why strategic change initiatives based on new public management and managerialism go wrong. In particular, how such change initiatives are being justified, communicated, perceived, and implemented within organisational discourses and politics. It reveals personal and group interests behind

ideologies, and what change management of this type is really about. This case study reveals a whole set of typical characteristics of managerialistic change management approach and how it is communicated. The paper provides insights into the narratives, organisational politics and ideology of change management processes. It draws the attention to the downsides of top-down change management approaches, to ideologies and interests behind such initiatives as well as intended and unintended consequences.

Adrian N. Carr, Philip Hancock, (2006), The paper finds that conceptions of space and time are fundamental to the manner in which organizations are managed and organized and are a symbolic order inter-related to themes of power and control. The manner in which we experience space and time is open to manipulation and specifically a form compression that displaces critical reflection and may make individuals prone to external locus of control. The manner in which time and space are linked to the suppression of human agency and the imperatives of capitalism cannot be overestimated and require reflexive consideration.

Judith Ann Chapman, (2002), this article presents a framework for planned change processes that are transformational in nature. The framework provides a clear alternative to traditional approaches in organisation development (OD) which are generally suited to situations where smaller scale or incremental adjustments are required. It is structured around three core issues in organisational change management: the nature of organisations and what constitutes an improvement to them, appropriate strategies for levering change, and change agent roles. In the framework, special emphasis is placed on attitudes, beliefs and values as the key change levers in an organisational transformation.

John Edmonds, (2011), The purpose of this article is to help organisations understand the importance of managing organisational change in today's uncertain economic climate. How training in change management can help to provide a deeper knowledge of its principles and an understanding of how to implement and manage change in an organisation. The findings suggest there is resistance to change in organisations, brought about largely by the fear of the unknown by people. Handled correctly, using known and tested change management techniques, change can be brought about successfully, achieving set goals and objectives and to budget.

Data Analysis and Interpretation :

The Major finding of the study reveled that employees' attitude regarding change in management is largely positive as the job and career is near guaranteed due to merger resulting from the process of takeover.

It is found from the analysis that 81.3 of the respondents have perfect understand the process of takeover and its' impact on their job. 70.43 of the respondents opined that the change management strategy and Human Resources Strategy is effective to attain organizational effectiveness.

Findings of the study also reveled that the overall opinion of the respondents

on the dimension "Role of HR: Strategic vs. Operational/Administrative". Out of the total respondents, an average of 38.92% of the respondents have agreed with the said dimension 15.27% of the respondents have strongly agreed, while 34.47% of the respondents could not express their view with regard to the said dimension and the remaining 11.35 % of the respondents have negatively responded to said dimension.

The opinion of the study also reveled that the dimension "Change management and job satisfaction", 55.73 % of the respondents are positively responded with the said dimension, while 25.57% of the respondents does not shared their view in the said dimension and the remaining 18.7 % of the respondents have unenthusiastically responded.

It is observed from the analysis that people on an average 69.73 % of the respondents have positively responded with the said dimension of job security, while 17.98% of the respondents have not shared their opinion in the said dimension and the remaining 12.26 % of the respondents have apathetically responded regarding People Process Alignment.

It is evident from the study that out of the total sample 77.3% of the respondents opined that employees have positively responded to the change and 74.4% of respondents stated that they are aware that their work contributes to the organization as business objectives.

The calculated chi-square value typify that there is no significant association among the three different cadres of the respondents with respect to the statement in the questionnaire. After a detailed and in depth interpretation and analysis of the data, the percentages and chi-square tests were administered to interpret the opinions of the respondents on relevant statements. It is found from the present study that 60% of the respondents were ready for the change; the remaining 40% were unclear about the change.

Conclusion :

From the study, it is clear that BHPV has made efforts to manage the takeover change. Changes have been made in various areas of change management like technology, systems, structure, people and culture. After linearization and globalization the entire world has become global village and every organization has to struggle for existence in the competitive environment. Struggling for existence is nothing but do or dies and prose and close. As long as the employees job security they tend to show commitment towards job.

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