# Chapter – 6

# EPILOGUE

## 6.1 Introduction

Though change is the law of nature, yet embracing change for corporate advantage is a leadership function. Therefore, this study was initiated to understand the leadership behaviors during the course of change. Today organizations are faced with unprecedented competition and they need to continuously transform themselves to remain competitive and to satisfy the customers who have also become highly conscious and demanding. The advancement in technology is another factor contributing to the need for change. When organizations implement change initiatives, the people are forced to change and they tend to react emotionally. The result is resistance to change. Strong resistance to change is often rooted in historically reinforced values and beliefs, i.e., culture. The role of leadership in managing change and resistance to change cannot be undermined. There is a need to understand the relationship of leadership behaviors with the context of change also.

This chapter of the study begins with a recap of the findings and their backdrop which are scattered in the previous chapters and case studies. The chapter is divided into three parts. Part one presents the summary of findings and part two proposes recommendation for better implementation of change. The last part identifies areas for future research engagement.

## 6.2 Summary of findings

### 6.2.1 Analysis of quantitative study:

Some of the important findings of the empirical research while managing change in organizations are as follows:

1. 60.6 % of the respondents stated that the change was driven by internal forces of change (Table 4.5). 81.0 % of the respondents stated that the Technological forces were the reason for change (Table 4.6). This clearly implies that most of the organizational changes in present times are driven by internal forces of change and due to technological reasons.

2. 75.6 % of the respondents stated that the nature of change was Process/System Oriented (Table 4.8). This shows that most of the change initiatives in various organizations focused on changing the processes or systems in the organizations. 76.8 % of the respondents stated that the change initiatives in their organizations had an impact at the department level (Table 4.9). Thus, most of the change initiatives targeted organizations at the department level.

3. 77.1 % of the respondents stated that the change initiatives in their organization were implemented by a team of people (Table 4.12). Thus, more number of organizations resort to a team of people for implementing their change initiatives.

4. Only 30.73% of the respondents agreed on the change program meeting its objective (Table 4.13). Others either were neutral or disagreed on the change program meetings its objectives. Change being the only constant and even after organizations recognizing the need to change, there are still very few change initiatives which are highly successful.

5. The difference in employee stress due to organizational change with respect to gender was also analyzed. It was found that there is some difference in the means of the 'fear of uncertainty and 'fear of failure' in between males and females. The 'fear of uncertainty' is more in females compared to males and 'fear of failure' is slightly more in males compared to females. Thus, both the groups of respondents experience stress while undergoing change (Table 4.32).

6. The difference in employee stress due to organizational change with respect to managerial experience (in years) was analyzed. It was found that there is a difference in the means of the 'fear of uncertainty' and 'fear of failure' in between the three categories of managers. Category III managers having managerial experience above 15 years have less 'fear of uncertainty' and 'fear of failure' compared to Cat I and Cat II managers having experience less than 15 years (Table 4.33).

7. The difference in 'resistance to change' and 'employee satisfaction' with respect to gender was also analyzed. It was found that females consider 'change as a threat' slightly more compared to males (Table 4.34). And 'Employee Satisfaction' for the change implementation of females is found to be less than males (Table 4.36).

8. The difference in 'resistance to change' and 'employee satisfaction' with respect to managerial experience (in years) was also analyzed. Category II managers having managerial experience from 6-15 years have the highest mean value for 'change as a threat' compared to Category I (below 5 years experience) and Category III (above 15 years experience) (Table 4.35). And 'employee satisfaction' of Category II managers is lowest compared to the other categories with respect to the change initiatives (Table 4.37).

The findings of testing of hypothesis using Pearson's correlation and Multiple Regression are as given:

**1. Importance of Incremental and Continuous Change** – As per this study, as the value of 'r' is - 0.217 there is a negative correlation between 'Incremental change' and 'fear of uncertainty'. Also, there is a negative correlation between 'Incremental change' and 'fear of failure' as the value of 'r' is - 0.191 (Table 4.38). It implies that incremental changes result in reducing the 'fear of uncertainty' and 'fear of failure' in employees. The findings of the quantitative study reinforced the findings of Quinn (2002) who opined that effective manager is the one who moves the organization forward in small, logical steps. He believed that incremental changes increased confidence amongst the employees and reduces organizational dependence on outsiders to provide momentum for strategic changes. In addition to this, it was also found that there is a positive correlation between Incremental change and people oriented leadership behaviors (r = 0.346) and incremental change and task oriented behaviors (r = 0.375) (Table 4.45). *It implies that a balance of both task oriented and people oriented behaviors are required for managing incremental changes.*

The findings of the qualitative case studies also bring out the fact that changes which are highly complex and have significant impact on the people and processes are found to amplify the employee stress. The implementation of transformational changes at ICRISAT caused a lot of anxiety due to uncertainty and fear of failure amongst the employees. The case study at Indigm Consulting Ltd describes management of incremental changes. Abhishek, the CEO of the company, displayed both people oriented (paternalistic) and task oriented behavior while implementing the change initiatives. He looked after the welfare of the staff and went against the option of laying them off. He communicated with the employees the issues at hand at the initial stages of managing change and involved them at all stages of coping up with the change. Task oriented behaviors included setting change objectives,

developing effective change strategy, encouraging new products and continuous process improvements.

**2. Overcoming resistance to change:** The effective management of change is based on a clear understanding of people in terms of their aspirations and consequential behavior in the organization. Due to the challenges of change, and uncertainty associated with implementing change people often feel threatened and disoriented. Then they exhibit a defensive and negative attitude and resist change initiatives. People oriented leadership behavior results in reducing the resistance to change through communication with the people regarding the need for change thus, eliciting the support. The employees also then do not view the change initiative as a threat to their position and status. As per this study there is a strong negative correlation (r = - 0.684) between people oriented leadership behaviors and 'change as a threat'. In addition to this, it was also found that there is a positive correlation between people oriented leadership behaviors and 'communicating the benefits of change' (r = 0.240) (Table 4.52). *It implies that people oriented leadership behaviors result in reducing the threat to change in employees and also facilitate the communication of benefits of change.* Thus, this study reinforced that people oriented leadership behaviors would help in reducing resistance to change by communicating the need and benefits of change to the people and reducing the perception of change as a threat.

Also, as per this study there is a strong negative correlation (r = - 0.755) between task oriented leadership behaviors and 'change as a threat' (Table 4.52). *It implies that task oriented leadership behaviors result in reducing the threat to change in employees. Thus, a balance of both task oriented and people oriented behaviors are required for managing incremental changes.*

The findings of the qualitative case studies also support this fact. The success of transformation of ICRISAT could be attributed to both people oriented and task oriented behaviors of Dr. William Dar. On taking over, Dr. Dar's first endeavor was to build the confidence and trust of the people in the management. He displayed ethical and exemplary behavior and became the role model of the people. He formulated the institute's vision and communicated it to employees at all levels through meetings and interactions. He also resorted to the use of Information and Communication technology to ensure critical information reached all stakeholders. In addition to this, he enabled the employees to engage

in structured bottom up Institute-wide strategic planning process to inculcate Team spirit at ICRISAT.

Similarly, when Subir Raha took over ONGC, he thoroughly reviewed the policies and procedures to reduce delays in project completion. He acquired state-of-the-art technology and equipment and took stringent steps to control costs. He took several measures to minimize the number of dry-up wells and to reduce gas flaring to the level of minimum technical requirement. He was a strong disciplinarian and took strict measures to set high standards. His people oriented behavior included, empowerment of executives at the frontline, launching mid-career training and education programmes for employees, working towards developing relationships with people at all levels. His relentless efforts during the search and rescue operations at the Mumbai High collision incident and fire, minimized the loss of live and helped in winning all round admiration. Subir Raha was instrumental in granting a compensation of Rs 25 lakhs to all those who perished in the accident Therefore, both task oriented and people oriented leadership behaviors help in reducing employee resistance to change.

3. **Leadership behavior:** There is a high positive correlation ($r = 0.616$) between people oriented leadership behaviors and overall change success. Also, there is a high positive correlation ($r = 0.711$) between task oriented leadership behaviors and overall change success (Table 4.59). *It implies that a balance of both task oriented and people oriented leadership behaviors are required for successful change initiatives.*

The qualitative studies at ICRISAT, ONGC and Indigm have reinforced the fact that both task oriented and people oriented leadership behaviors are required for successful change initiatives. As per the review of literature, Goleman (1998) suggested that change leadership requires leaders to ensure the correct organizational design, speedy response to an environmental change is necessary to manage the change process and also a visionary role in envisaging the future path, and in motivating and energizing followers.

4. **Organization culture**: As per the findings of the study there is a reasonably high positive correlation ($r = 0.428$) between organization culture and overall change success (Table 4.63). *Thus, it implies that aligning the organization's culture with the new vision is crucial for the success of any transformational change.* Changes made in the system or subsystem may not be effective until they are compatible with the organization culture.

In the case study at ICRISAT, it has been brought out that Dr. William Dar ensured that a culture of scientific excellence was institutionalized and nurtured. The concept of 'Team ICRISAT' was brought in to have more co-ordination, co-operation and integration of efforts. However, to promote the concept and to make it a part of the culture, it was embedded into the minds of the employees by conducting various workshops and also by putting up posters in the campus. These efforts eliminated institutional uncertainty thereby converting the institute into a strong and stable organization. The ONGC case study also brought out that Subir Raha set up a performance management system to help build a strong culture for performance improvement and accountability. The focus of the top management was also on performance improvement and not just operational decisions. The PMS distinguished between performers and non-performers. The incentive schemes were redesigned to match asset based structure and were delinked partially from designation. The company also carried out a Voluntary Retirement Scheme, wherein 700 employees were separated to emphasize on the culture of performance orientation.

5. **Employee satisfaction**: The data revealed that there is a highly positive correlation (r = 0.745) between people oriented leadership behaviors and employee satisfaction and also a highly positive correlation (r = 0.777) between task oriented leadership behaviors and employee satisfaction with respect to the change initiative (Table 4.64). Normally, it could be assumed that only people oriented behavior would have a positive correlation with employee's satisfaction. However, employee's satisfaction also depends on how the change is implemented and led. The creation of a change vision and developing clear strategies to advance the vision has a strong bearing on employee satisfaction. This has also been highlighted in the qualitative case study of ICRISAT, ONGC and Indigm.

**6.2.2 Lessons from Case Studies**

**6.2.2.1 Case Study on the Role of Leadership in Managing Change at ICRISAT**

ICRISAT was facing a major crisis which could have even led to the closure. However, the institute went through a successful transformational change. The findings and lessons from the case study of ICRISAT are as given below:

Dr. William Dar recognized the impending crisis and knew that radical actions were needed to be undertaken to transform ICRISAT. However, a substantial change initiative required the involvement and commitment of the people at all levels. The first thing he did was, to reassure the staff with respect to job security and then made them understand the need for change. He also communicated the benefits of change to the people affected by the change. He formulated the concept of Team-ICRISAT to involve the people affected by the change, right from the planning phase to the implementation phase. He personally interacted with the employees at all levels to encourage team work and also helped them to internalize the concept of teams. Formulation of groups and teams consisting of members who are innovators or early adopters of change played a key role in the implementation of planned organization change. Empowering the teams resulted in effective change management. Allowing people to express opinion and emotions, helped in reducing employee stress, which in turn reduced resistance to change.

Dr. William Dar formulated the institute's new vision to provide direction to the institute for the future path. He also created the new insignia of the institute to emphasize on the human element in the research outputs and this was shared with the employees to make them understand the new vision of ICRISAT. Setting specific, measurable and time bound objectives by managers at all levels facilitated effective change management and these objectives were aligned to the changed vision of the organization.

Dr William Dar always displayed ethical and exemplary behavior. There were many instances which displayed his genuine concern for people. Such behaviors displayed by Dr William Dar, held him in high esteem in the eyes of the employees and he became their role model. The employees trusted him and strove to achieve institutional objectives and kept their self interests secondary to organizational interests. The leadership of Dr. William Dar was instrumental in transforming the institute and building a culture of scientific excellence and innovation.

**6.2.2.2 Case Study of Managing Organizational Change at Indigm Consulting Ltd.**

The major challenge faced by Indigm Consulting Ltd was from the offshoring legislation enacted by the US Federal Government. This was enacted to arrest the loss of jobs in the United States. The major threat and challenge for the company was building a

development center at the US office which would increase the cost of operations and also result in declaring staff surplus at the India center, who were involved in the federal projects. Apart from this there were other issues like intense competition by other service providers and the ever changing technology.

The leadership behaviors displayed by Abhishek, CEO of Indigm Consulting Ltd are noteworthy as he displayed most of the behaviors of effective change leaders. This study also emphasized the significance of innovation for change leadership in an IT company which has a very dynamic environment. Abhishek involved people right from the planning phase to the implementation phase. A lot of emphasis was given to transparency in communication to get the trust of the people especially those who were working on the federal projects. He identified the people who were not only competent but also enthusiastic about the change program as these key people would steer the change program to fruition. The top management built an effective guiding coalition by establishing a diverse team to formulate the program vision and strategy. This vision described how the federal government legislation on outsourcing could be adhered to and emphasis on innovation and improvement of the processes to make them more effective.

The employees who were identified to join the US office were provided with training to take on additional responsibility to form a project team. Also, teams were formed at the India office to re-engineer the various processes to make them more effective. Employees were empowered to make decisions about their jobs. This required executives and managers to not only be involved in leading and directing the organization through strategies and plans, but also look into the needs and aspirations of the staff. In order to emphasize the importance of innovation, adaptability and continuous improvement, performance evaluations favored those who demonstrated the required skills and incentives were given to the employees to all those who generated ideas which were realistic and resulted in significant improvement of the processes. All these management practices, processes and leadership behaviors resulted in a smooth transition and transfer of the federal projects to the US center and also encouraged a culture of innovation and continuous improvement.

**6.2.2.3 Case Study of Organizational Transformation at ONGC**

ONGC was facing serious performance problems in the 1990's due to financial extravagance, depleting oil reserves, and the deteriorating health of producing fields. ONGC was exposed to major reforms by the GOI targeting at improving corporate governance and increasing the competitive environment for ONGC. However, the impact of the reforms on ONGC's performance and strategy was mixed. The case study brings out the leadership initiatives of Subir Raha in turning around ONGC and challenges faced by him in the process which are specific to a public sector company. The findings and lessons from the case study of ONGC are as given below:

Subir Raha recognized the importance of technology for enhancing operational efficiency and he encouraged adoption of latest technological equipment. He launched a massive Corporate Rejuvenation Campaign to restructure the organization and also benchmark systems and procedures to reduce delays and defaults. These efforts were reflected in enhanced productivity and profitability. Subir Raha also introduced a CMD forum to encourage workers to share new ideas or issues affecting their work environment. The leaders need to encourage employee participation which is essential to implement initiatives especially in large organizations. Apart from looking at task related issues, Subir Raha also ensured that the employees were given their due and their needs, problems and aspirations were looked after.

Subir Raha brought about a series of changes like delegation of financial and managerial powers, empowerment of frontline executives, mid-career training and education programmes for employees and incentives for idea champions. These measures had a significant impact on employee morale and motivation. This also helped in developing skills of the future managers.

Subir Raha was known as a man with a grandiose vision and big-bang ideas. Under the leadership of Subir Raha, ONGC diversified into downstream activities such as LNG marketing, diesel, naphtha and kerosene. ONGC also became a partner in a number of joint ventures such as Petronet LNG ltd, Petronet MHB Ltd, ONGC Tripura Power company and Pawan Hans helicopter. ONGC also entered the global field through its subsidiary, ONGC Videsh Ltd. (OVL). ONGC made major investments in Vietnam, Sakhalin, Columbia, Venezuela, Sudan, Algeria, Indonesia and the United Arab Emirates (UAE). Acquistion of

MRPL was another strategic decision. Due to the infusion of funds and operational and managerial support of ONGC, the operational performance and credit profile of MRPL improved considerably. The growing demand for petroleum products in the retail business provided stability to ONGC's financial position. Though, there was enough criticism from the government for these collaborations, however, Subir Raha strongly believed that confining to one sector, whether upstream or downstream or petrochemicals would make any organization vulnerable to the ups and downs of a particular cycle. Thus, it is important for change leaders to be visionary to bring about transformational changes.

Leaders in public sector undertakings need to understand the nuances of managing the political process. Subir Raha was considered to be highly influential and aggressive in bringing about transformational changes at ONGC. He managed his political relations under the regime of the NDA government who had appointed him, however, when UPA government came to power his performance was questioned by the Petroleum minister as well as the secretary. The then Petroleum Minister, Mani Shankar Aiyar, found his big bang ideas difficult to fathom and disagreed to most of the diversification plans put forward by Subir Raha. This was perceived as the main reason for Subir Raha for getting an extension for just 3 months though he had 2 years before retirement. Thus, in PSU's there is considerable influence of the political environment, therefore, it is important for leaders to garner the support of the ministers by building relationships with them otherwise it becomes difficult to have and implement successful change management programmes.

## 6.3 Recommendations for Change Management

Organization change is now regarded as a natural response to the external and internal environmental conditions. Managing change has become critical for the survival and growth of organizations. Leading successful change should not only depend on leader's style or personality; it should become a leader's philosophy to generate and mobilize the people of an organization to participate in implementing the change. Successful change management requires a combination of both people oriented as well as task oriented leadership behaviors.

The need for change should be emphasized and people should be informed of the change initiative at early stages of the change management process. Participative approach should be followed by involving people to find out the most appropriate solution. Organizational readiness should be ensured in the initial stages of the change process. Realistic information regarding the issues and benefits should be provided to the people who are impacted by the change initiative. An effective change management team should be built. Top management support, involvement and commitment are also very important for the success of the change programme. A change management process should include both technical and non technical (e.g. communication, motivation, commitment, information sharing, trust, psychological issue, building an effective change management team, leadership) considerations.

Effective leaders also need to understand the organizational culture which is frequently the most potent obstacle to change. They should be able to challenge the beliefs and values which are not aligned to the change vision and in the process unleash the potential of the employees to embrace the change and achieve meaningful transformations. Choosing the right people to drive the change initiatives is another factor to achieve success. The prospect of successful organizational transformation would be enhanced by selecting the people who can both manage and lead, and then empowering these individuals to bring their unique skills in striking the right balance required to ensure the success of the initiative.

Thus, it is important to not only concentrate on the technical aspect of the change programs but also on the people/softer side.

## 6.4 Implications for future research

Future research could consist of applying various models of managing change to different types of organizations in diverse sectors, different types of employees (e.g., professionals, teams, gender, different levels of manager, etc.), different types of organizational changes (i.e., incremental versus radical), different technologies (e.g., ERP systems versus smaller information systems, communication systems, manufacturing systems, etc.), and to other cultures (Western versus Eastern).

Longitudinal studies, though very time consuming and likely to suffer from sample attrition and other time-related problems, would shed light on the psychological aspects of change management issues, which cross-sectional studies cannot capture. Therefore, another area of study could be carrying out a longitudinal study in an organization over a period of time.