Chapter III
MANAGING CHANGE.

“It must be considered that there is nothing more difficult to carryout, nor more doubtful of success, nor more dangerous to handle, than to initiate a new order of things”.

Niccolo Machiavelli (in Prince)

3.1 Change and its Nature

Change means dissatisfaction with the old and belief in the new. Dissatisfaction mainly arises from the inability of a system to respond to the environmental pressures. Today, new strategies for capturing customers are being concocted and a new ecology of competition is developing. We are constantly being called to analyze new situations, new relationships and new pressures. In the circumstances, Companies need to realign some aspects of their strategy, organization or culture, while retaining the others. That is change. It is a systematic, planned and simultaneous attempt across many fronts to fundamentally alter the basic rhythm of a company.

Protective barriers have disappeared and norms have become global. Today’s customer is exposed to the strong winds of competition and he orders what he wants, when he wants and becomes impatient. What counts is not the product, but the customer who has a wide range of similar products available to him from all over the world. With a view to capture and keep it’s customers, the companies are required to re-examine their organization, style and the processes. A growing number of companies, are, therefore,
seeking to restructure away from a functional form of bureaucratic organization to a more flexible and responsive one, based upon the process that deliver value to customers. The organizational change could thus be described as the implementation of new procedures or technologies intended to realign an organization with the changing demands of it’s business environment and to capture and retain it’s customers.

“Change is inherently messy. It is always complicated. It invariably involves a massive array of sharply conflicting demands. Despite the best-laid plans, things never happen in exactly the right order – in fact, few things rarely turnout exactly right the first time around. Most important, the reality of change in the organizational trenches defies rigid academic models as well as superficial management fads.”

“Why ? Because real change in real organizations is intensely personal and enormously political. It involves altering not only an organization’s strategy, structure, and operations, but also the perceptions, expectations, and performance of thousands of people.” (Nadler and Nadler, 1998)

Something somewhere is affecting everybody in one way or the other. The status of work has changed. The old skill sets are getting obsolete at an ever-increasing pace and so is the concept of job security. Lifestyle, ambitions, attitudes, values, behaviours, family life, work environment, societal norms etc, — everything is getting impacted. Thus at the individual level, change can engender emotions and reactions that might range from fear, resistance, anxiety, energy, enthusiasm, ambiguity, helplessness,
challenge, motivation and pessimism. Change management is, thus, the process of recognizing, guiding and managing these human emotions and reactions in a way that minimizes the inevitable drop in productivity that accompanies change. Managing these elements and emotions in ways that keep them focused and consistent is the true challenge of change.

External change is usually obvious and has immediate impact and, therefore, there is no choice but to deal with it in order to survive in business. The need for internal change is often less obvious and usually seems less immediate. It is usually given less emphasis and priority because results are not immediate. The fact remains that we can not meet the challenges of external change without first carefully managing internal change. The whole concept of work has changed; work has become intellectual, and is rather a question of preoccupation than occupation. The time in which we are actually physically present at work is less important than the results achieved. The real revolution is inside ourselves. It is tearing us up and filling us with enthusiasm at the same time. Motivation, belief, courage and conviction are essential before there can be positive action. All change management cases resemble each other, but in reality each one is unique to the prevalent culture, beliefs and the mindsets. Change, therefore, is a huge mindset issue so as to perceive, think and behave differently, to improve over the past and the present.

Change is as much a part of today’s corporate reality as mindless adherence to rules and routines was a few decades ago. The speed of change and uncertainty continues to
dominate the scene. It is our Customers, our competitors and the market that decide whether it is to continue or not. In the new regime, managers are not the deciders of the fate of employees, Customers are. The company does not close plants or lay off workers; Customers do by their action or inaction. Our needs are subordinated to those of the people for whom we are creating value. Moris Tabaksblat, former President of Unilever, has mentioned: “Manufacturers are no longer able to impose their will on their customers. The era of push selling is definitely closed. Now, we are fairly and squarely installed in the era of pull marketing. It is no longer a question of knowing what we can sell the customer, but of what we can learn from customers about their needs and how we can help to satisfy them”. (Quoted from Lamont Douglas, 2002) Powerful macroeconomic forces are at work and the business context continues to be dynamic. Change today happens suddenly, unexpectedly, unpredictably. It’s amplitude and direction can’t be forecast. Markets emerge, flourish and disappear seemingly overnight. The basic goal of change, therefore, is to make fundamental changes in how business is conducted in order to help cope with a new, more challenging market environment.

Transforming a company’s performance is a daunting challenge, though the nature of the challenge differs from case to case.

3.2 Forces / Drivers of Change

Why change has to happen in organizations, how change happens, and above all, who makes change happen? In the majority of cases, the primary drivers of change are the demands of an evolving market, the emergence of new technologies, the rapid movement
to a global economy, emergence of new competitors, swing in the economic cycle and a dramatic shift in the behaviour of consumers. Power has shifted from inside to outside, from corporate planners to aggressive buyers, who have a huge array of choices and can conveniently switch to something better instantly.

Peter Drucker and Flaherty (1999) declared that the external forces producing unprecedented opportunities in the new society were in the global arena. Because of the scope and diversity of the recent globalization, space does not permit a detailed commentary, but many trends are clearly visible and are having a profound effect in reshaping the environment. Drucker and Flaherty (1999) observed that these external are rapidly changing the environment in which business operate:

* The same forces that destroyed Marxism as an ideology and Communism as a Social system are also rapidly making Capitalism as a social order increasingly irrelevant.

* Harmonious and distinct markets operating within the confined national boundaries of Conventional Capitalism are being replaced by complex and diverse global markets.

* Distribution channels and customer needs are changing globally far faster than technological innovations.

* There is no evidence that government, trade and industrial policies based on economic engineering will produce the results they promise for the global economy.
* Major regional blocks such as Europe, North America, and the Pacific Rim are becoming the Key structured units of the global economy.
* Productivity is the new 'wealth of nations.'
* Increasingly faceless rather than face to face exchanges will dominate global communications.
* Western societies are no longer the centres of economic, political, and cultural gravity.
* Money and information know no fatherland; they transcend geographical units.
* The rise of transnational corporations, international regionalism, and supranational agencies, have substantively and qualitatively diminished the concept of national sovereignty.
* Competent management, investment, and education are the main keys to economic development.
* The increasing number of new national states is a reaction to the rise of ethnic tribalism throughout the globe. This trend further reflects the superficial geographical demarcations of a world without accepted borders.
* Cross border alliances, both formal and informal, are the strongest integrating forces of the world economy.
* The distinction between the domestic and international economy has ceased to be a reality; however, political, cultural and psychological elements tenaciously cling to the idea.
* Money flows are economic destabilizers, unlike information flows, which have benign economic impacts.
* A business that wants to do well will have to be competitive internationally. Even if it is not in foreign operations, it must have a global mindset.

* Money has slipped its leash; it has gone transnational. It cannot be controlled any longer by nations, states, not even when they act in concert.

* In every developed country, traditional workers making and moving things will account for only one sixth to one eighth of the workforce in the coming generation.

Usually, more than one motivator drives wholesale change in the organization. Some are technical, some strategic, some human and some economic. When there are massive changes in the environment, the organization is required either to respond or lose position. A significant environmental change in recent years has been the de-regulation of industries, which were hitherto controlled and regulated by the state. As the organizations exist within a society and an economy, the environment also includes social habits, norms, values, customs and general economic conditions like inflation, rate of interest etc. In view of such environmental changes, organizations feel the need for finding efficiencies in operations and processes which triggers massive change.

According to Nadler and Shaw (1994) large-scale change is usually triggered by some kind of destabilizing event, an event of sufficient scope and magnitude to create significant disequilibrium in the organization. These destabilizing events vary quite a bit among industries, but in general they fall within six categories:

I. **Shifts in industry structure or product class life cycle:** Throughout the life cycle of a class of product, there are changes in patterns of demand and users, in the
nature of required innovation, and in the competition. When an industry moves from one stage to another, it almost always involves a period of disequilibrium for companies in that industry.

II. Technological innovation: technological innovation can change the basis of competition within an industry. When the basis of competition changes, great uncertainty is introduced. Firms that had sustainable competitive advantage suddenly find that their advantage is gone, or worse, that they are at a disadvantage. The core competencies of the organization are into question.

III. Macroeconomic trends and crises: Significant shifts in national and world economics can change the basis of competition or present challenges to current ways of organizing. Oil crises, trade barriers, foreign currency valuation, inflation, changes in exchange rates, trade balances, consumption patterns, capital formation – any of these factor can suddenly alter the situation in which an enterprise finds itself, thus necessitating significant change.

IV. Regulatory and legal changes: changes in the legal environment or regulatory changes, such as the deregulation of telecommunications, trucking, airlines, and banking, can create major modifications in the competitive environment.

V. Market and competitive forces: The entrance of new competitors into a market may present new strategic threats if they choose to compete in ways different from historical industry practices, such as the Japanese did in the 1980’s with automobiles, consumer electronics, and copiers. The result is competition that is more intensive, more aggressive, and simply better than in the past.
VI. Growth: A final force contributing to strategic change is a result of success in the competitive environment – growth. As organizations get larger, their competitive strategies and their organization principles may bump into the limitations of size. Successful niche players may find themselves under attack as they get bigger.

Mainly it is the pace and unpredictability of events in the operating environment, which triggers the need for change in the organization. However, many a times it is observed that the environment is friendly but the organization may start to decline due to incompetent management or overconfidence due to past success. This leads to insensitivity to customer needs, reduction in product development and quality and failure to monitor trends in environment. This situation also offers unique challenge for organizational change.

3.3 Types of Changes
In this age of worldwide transformation companies are learning that to remain viable they must exchange their secure traditions for untried paths into the future. They must move from a known state to a relatively unknown state. The nature and type of a systematically planned change depends upon the need of an organization based on the environmental impact it faces and it’s prevailing culture. Organizations may change their strategy or purpose, introduce new products or services, change the way they produce and sell, change their technology, close down departments or plants, enter new markets, hire new employees, acquire other organizations or become acquired by other organizations.
Sometimes a few transitional changes might be sufficient to yield desired results but sometimes the organization might need fundamental and radical changes.

Pettigrew and Whipp (1991) have mentioned that change could either be strategic or operational. Strategic change is concerned with broad, long term and organization-wide issues. It is about moving to a future state which has been defined generally in terms of strategic vision and scope. It will cover the purpose and mission of organization, its corporate philosophy on matters like growth, quality, innovation and values concerning people, the customer needs served and the technologies employed. Operational change relates to new systems, procedures, structures or technology which will have an immediate effect on working arrangements within a part of the organization.

Change has also been described as developmental and transitional type. The concept of developmental change is based on natural growth viz the business organizations change through a predictable growth process like the child to adulthood. Transitional change is reactive and defensive in nature, adopted by the companies that have been successful but find difficult to compete and thrive in the new environment. In this type of change, the company adopts proven formulas and technologies to stay competitive. The idea is to change just as much as is necessary to meet the environmental needs.

In case the environmental pressures so permit, we can develop and evolve the process of change over a period of time as an ongoing process which would be incremental or continuous change. However, if the need is of radical transformation of the whole
organization, we need a radical or discontinuous change. The change could, therefore, be of mainly two types viz incremental or continuous and radical or discontinuous.

In any change process the organization preserves certain crucial aspects, discards dysfunctional and irrelevant aspects and acquires certain new features. The continuous change, which is incremental and slow and the discontinuous change, which is rapid and radical, both consist of different features and require different capabilities and skills for their management.

In continuous change, changing is relatively consistent with what has happened before, we build on the past without rejecting it viz a development or an extension rather than a radical redefinition of things. Here it is an ongoing process and we adapt to it constantly, without great efforts. The continuous change model is based on the concept of a current state, a future state, and a transition state and the change is expected to occur over a finite period of time, usually ranging from weeks to months. This type of change can be delegated without intimate involvement of top level of management, who need to only encourage, monitor and support. Here the expectation is that the move to the future state shall be completed.

Recent years have been marked by many significant changes in the technological, socio-cultural, competitive, legal and political conditions. To sustain growth and profitability in such fast changing environment incremental and continuous change isn’t enough for most companies today. They don’t need to change what is; they need to create what isn’t.
Discontinuous change occurs when the environment undergoes some radical form of change. This is not an extension of what has happened before and involves radical transformation of the whole organization, discarding most of the past. It requires destruction of some elements in the current system that are in fit with each other so that the change is possible in all of the parts of the organization viz it’s strategy, formal and informal organization, and people. Here the cultural issues are felt much more strongly and there is a great deal of concern with what would happen to existing relationships, power structure, people, systems, positions, information sharing and so on. Discontinuous change, because of its multiple initiatives, investments, programmes, depth and scope, usually takes more time, anywhere between three to five years, depending upon the nature of change and the complexity of the organization. It entails multiple transition states which may even be traumatic, painful and demanding on the organization and it’s people. Sometimes it may not get completed as events occur and new issues gain priority, necessitating change managers to re-adjust their initiatives and redefine their objectives during the process of change. It can not be delegated, must be led by the CEO and because of it's scope and depth, leadership becomes a necessary and critical element for success.

What does it take to achieve radical performance improvement? History and context matter, so there is no one universal formula applicable to all companies. The secret is linked to the capacity and courage to be able to start afresh from a new point of departure, moving on another growth curve.
3.4 Need and Contents of Change

To remain competitive today, organizations must respond to continuously increasing changes in how they conduct business, use technology, involve employees, deal with customers and more. Traditional management tools and techniques were developed for a static, not a dynamic world but the fast changing environment calls for a different set of tools and techniques to manage and administer in a changing world. Organizations cannot be just endlessly managed based on yesterday’s practices as yesterday’s assumptions and practices are no more relevant in today’s environment. We need to innovate and innovation means change. Companies which aspire to survive and grow, need to understand and manage organizational change.

There is a need for more rapid adaptation to emerging situations. The organizational environment is becoming more complex and demanding. Corporate leaders now admit that old excuses can no longer be used to disguise the complacency. Organizations that survive will have global resources, world class products and efficiencies.

The emerging world is a world of competition and the basic philosophy is the survival of the most adoptive to changes. The organizations, therefore, trying to sustain competitiveness in today’s aggressive markets have to adopt a positive attitude to change, for gaining Competitive edge. Although change may be disruptive and expensive, organizations feeling that heat of competition understand that they have no choice.
Why have some organizations succeeded while others have failed? Organizations that have learnt how to manage are continually looking forward, not backward. They are taking control of the future by regularly evolving new ways of doing business, building new core competencies, creating new markets, bringing out new product concepts and thus continually changing the rules of the competition, rather than adopting the traditional path. This cannot be done unless we are willing to change and move from where we are today.

"Technological changes and increased global competition caused by liberalization and de-regulation have placed greater demands on organizations to be flexible, responsive and efficient. Some find the prospect and experience of change exciting, challenging and fulfilling. Others find it daunting, stressful and unpleasant. It can cause both hope and despair. Managing change involves simultaneously managing resources, processes and emotions." (Nilakant and Ramnarayan, 1998)

In today's de-regulated market economy, organizations can be transformed much more quickly and much more effectively than was possible in the past. The old organization was built on control but now the world is moving at such a pace that control has become a limitation. We have to, therefore, create a shift in mindset from traditional control oriented management to relationship oriented management, from selling a product to selling a solution. The organization has to re-invent itself, it has to alter the underlying assumptions and invisible premises on which it's decisions and actions are based.
Nadler and Shaw (1994) feel that in this kind of destabilized environment, where organizations feel several key challenges, they must respond effectively and bring change in the areas of:

- **Increase quality and customer value**: They must continually improve the features, performance, reliability and functionality of their offerings (products & services) to meet increasing customer expectations.

- **Decrease the costs of internal coordination**: To compete in the price arena, but still make returns that satisfy owners, organizations must radically decrease the costs associated with producing their offerings and managing themselves.

- **Enhance competitive innovation**: A key source of value is innovation, the effective development of new products and services that will meet customer's expectations, either current or latent. Organizations will have to become much more effective at innovation, increasing the 'hit rate' of new initiatives and investments.

- **Reduce market response time**: Increasing evidence indicates that time can be competitive advantage. In a fast changing environment, enterprise that can both anticipate and respond more quickly to market shifts that will be privileged.

- **Motivate effective member contributions**: As the work force becomes more diverse and the fundamental conditions of work change because of competition, a key challenge will be to figure out how to leverage the talents and abilities of the work force by engaging the employees and motivating them to contribute in the most productive manner.

- **Create scale without mass**: Global markets and competitors require broad scale and scope of operations, but at the same time, cost pressures argue against adding size.
Effective enterprises will be those that figure out how to create scale without adding to mass.

♦ Find true competitive advantage: All this leads to the conclusion that organizations will have to work intensively to identify and then develop those capabilities that yield true competitive advantage. Specifically, they will need to identify factors that are not easily replicable by others and that enable success in the marketplace.

♦

Given the reality of change and the apparent fact that periods of disequilibrium seem to come more quickly and last longer, organizations will have to develop the capacity to manage more effectively, and manage it at an ever increasing rate.

Unless we know what is to be changed, it is not very helpful to know how to set about making the change. The size of the gap between the desired state and the current state argues for the need to change. It is necessary to know where we are before where we want to go. An organization has, therefore, to look into its past in the context of the present and the present in the context of the future and evaluate whether it can continue doing the business the way it has been doing. We also need to look back and identify the reasons as to why we have come to act the way we do.

3.5 Need for Change at Escorts

Each case is a unique response to a specific set of problems and opportunities. In case of Escorts, there were competent and path breaking joint Ventures, formed with global leaders, wherever necessary to accelerate the process of inducting current and future
generations of technology in order to keep the Escorts group at the cutting edge. There was awareness about the changing business environment and the desire to move with times. In the words of group chairman (1996) “In the last 50 years Escorts has been more than merely one of India’s largest engineering companies. It has been a prime mover on the industrial front; at every stage introducing products and technologies that helped take the country forward in key areas. Today, as the nation engages in it’s most momentous economic transformation ever, we are once again adapting ourselves towards being catalysts for qualitative growth by engineering change with a global perspective.”

Again in 1997, the group chairman in his message mentioned “we are constantly engaged in taking a fresh look at all the systems to keep pace with, if not pull ahead of others, in the fast changing technology and market scenario. This is being achieved through re-engineering plants, production facilities and supporting infrastructure; designing and rewriting systems relevant to the emerging manufacturing, marketing and management requirements; computerization and networking of all offices and marketing establishments in the country with corporate headquarter; redefining the role of the marketing by shifting emphasis for the future on customer satisfaction, thus, making Escorts a market responsive institution; synergic efforts for development of human resources to make it more dynamic, by inducting the best talent available, progressively downsizing the organization, making it more responsive to the market requirements of the future.”
Liberalization measures exposed Indian business organizations to increased local as well as global competition. For more than 40 yrs, Indian business had been sheltered from competition through government regulatory policies. The Indian organizations, by and large, responded positively to the changes in the economic environment and saw these changes as opportunities rather than as threats. However, not many organizations have taken an integrated approach to change. Many change efforts have been cosmetic and piece meal and, therefore, such organizations have failed to bring about real and enduring change.

As the environment changes, so must the strategy to ensure that the organization is in tune with it's environment. Inspite of the best intention, as evident from the statements of the group chairman, the ground realities were quite different. A major shift in the strategy require an integrated approach and parallel changes in the structure, people and the organizational process. This was not happening as was clear from the data. The group was gradually losing markets and because of it's typical culture, developed over a long period of time, it was finding it difficult to meet the challenges of the new business environment. The fact is substantiated by it's continuously losing market share in it's core business of tractors. Business India (June – 30 – July 13, 1997) mentioned “Escorts has lost market share over time – For much of the 1970’s and 1980’s it’s market share exceeded 25 percent.” The downtrend has been continuing as is evident from the table 3.1
Table 3.1

Loss of Market Share

<table>
<thead>
<tr>
<th>Year</th>
<th>Tractor's market share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991-92</td>
<td>25 percent</td>
</tr>
<tr>
<td>1993-94</td>
<td>20 percent</td>
</tr>
<tr>
<td>1994-95</td>
<td>21.1 percent</td>
</tr>
<tr>
<td>1995-96</td>
<td>20.1 percent</td>
</tr>
<tr>
<td>1996-97</td>
<td>19.7 percent</td>
</tr>
<tr>
<td>1997-98</td>
<td>19.3 percent</td>
</tr>
<tr>
<td>1998-99</td>
<td>17.7 percent</td>
</tr>
</tbody>
</table>

There was loss of market share in other products as well. Rajdoot motor cycle which had a market share of 40 percent during 89-90 came down to 22% in 1990-91, to 16.8% in 1992-93 and continuing this downward trend in the loss of market share, it had only 13.81 percent share during 1998-99. If we take the combined market of bi-wheeler, which includes Yamaha as well, being manufactured in a separate plant at Noida, Escorts market share in Bi-wheeler market was also coming down. During 1996-97 it had a market share of 28.3 per cent, which came down to 21 percent during 1997-98 and 17.1 percent during 1998-99. Shock absorbers lost 9 percent market during 1997-98 as compared to previous year.

The percentage of labour cost to turnover was also very high, as compared to competitors, as shown in the table 3.2
Table 3.2

Labour Cost to Turnover - Comparison

<table>
<thead>
<tr>
<th>Product</th>
<th>Escorts</th>
<th>Competitors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tractor</td>
<td>12.4%</td>
<td>Tafe - 3.32%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>PTL - 5.73%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>M &amp; M - 11.6%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Eicher - 8.84%</td>
</tr>
<tr>
<td>Shockers</td>
<td>35%</td>
<td>Munjal Showa 4%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Gabriel 8%</td>
</tr>
<tr>
<td>Railway Air Brakes</td>
<td>24%</td>
<td>Sirmour Sudberg 7.32%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Industry Average 6 – 8</td>
</tr>
<tr>
<td>Construction Equipments</td>
<td>5.8%</td>
<td>EJCB - 2.6%</td>
</tr>
<tr>
<td>Motor Cycle</td>
<td>14%</td>
<td>Hero Honda 4%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>TVS Suzuki 3.5%</td>
</tr>
</tbody>
</table>

The productivity comparison gives no different picture. It was the lowest in all products, as compared to competitors, as given in table 3.3

Table 3.3

Productivity Comparison

<table>
<thead>
<tr>
<th>Product</th>
<th>Parameter</th>
<th>Escorts</th>
<th>Competitors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tractor</td>
<td>Per man per year</td>
<td>7</td>
<td>M &amp; M - 12.8</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>PTL - 16.8</td>
</tr>
<tr>
<td>Railway Air Brakes</td>
<td>Per man per month</td>
<td>5</td>
<td>Greysham - 12</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Knorr - 10</td>
</tr>
<tr>
<td>Excavator Loader</td>
<td>Machine per employee per year</td>
<td>2.2</td>
<td>JCB - UK 6.67</td>
</tr>
<tr>
<td>Construction Equipments</td>
<td>Machine per employee per year</td>
<td>1.22</td>
<td>EJCB - 2.2</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>JCBUK - 6.67</td>
</tr>
<tr>
<td>Motor Cycle</td>
<td>Value addition over manpower cost</td>
<td>4.95</td>
<td>Bajaj 9.95</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>TVS - 7.94</td>
</tr>
</tbody>
</table>
The labour cost being abnormally high and the productivity very low, as compared to competitors, the writings on the wall were very clear for the group. It was the time for Escorts to face reality, especially in view of the fact that many new multinational as well as domestic competitors were preparing to enter the market soon. Table 3.4 gives the details of existing number of competitors and the likely number of new entrants, both multinational as well as local.

Table 3.4

<table>
<thead>
<tr>
<th>Product</th>
<th>Existing No.</th>
<th>New entrants likely</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Multinational</td>
</tr>
<tr>
<td>Tractor</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>Railway Couplers</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Railway Brakes</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>Railway Shockers</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Excavator Loader</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Construction</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Equipment</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Motor Cycles</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td>Shock absorbers</td>
<td>6</td>
<td>-</td>
</tr>
<tr>
<td>harvesters</td>
<td>6</td>
<td>1</td>
</tr>
</tbody>
</table>

Sweeping wave of economic reforms, liberalization and increasing competition had profoundly affected the business scenario but the group was finding it difficult to come out of the situation because of the culture, including deep-rooted malpractices, developed during last five decades. These included over-manning, overtime, extra payments in the name of incentive, poor state of discipline etc.
'Over-manning invariably causes diffusion of responsibility and hence social loafing’ (Latane, 1979). Majority of workmen spent over 50 percent time in talking, reading novels, playing cards inside the shop floor, drinking and sleeping at designated place earmarked for the purpose with provision of coolers. Their argument has been that they have completed their targeted production and thus can spend their extra time in the manner they like. All previous wage settlements, which were perceived to be instruments of bringing change, used to be based on the concept of certain production increase against negotiated wage hike. These production figures were not based on industrial engineering or any other norms. It inevitably led to sub-optimization of resource capacities and continuation of traditional work practices, resulting in un-competitive labour cost and lower productivity. Negotiation used to be simple and by and large, both management and workmen were comfortable with this process. Workers were getting wage like while management was getting source increase in production. On an average, these production figures, as agreed to in the settlement were 40 to 60 percent below the industrial engineering norms. These idle and surplus workers, during their idle hours, explored ways for taking further advantages of the situation. Table 3.5 shows the manpower employed in the main manufacturing units of the group at Faridabad & Noida and does not include the figures of employees in Corporate and other offices and the manufacturing units outside. The table includes a high number of casual employees as well. These casuals had to be engaged against such workmen, numbering hundreds, who have not been working at all, being either leaders of the union, ex-leaders and undesirable characters, on whom management had no control. Casu
complete certain jobs left incomplete by the regular workmen or refused by them, being heavy in nature, or required to assist the regular workmen either for material movement or for machine operation. In normal course all these jobs were to be performed by regular workmen, but the management was feeling helpless and was compelled to get the job completed through casuals.

Table 3.5

<table>
<thead>
<tr>
<th>Product /division</th>
<th>Manager</th>
<th>Supervisory</th>
<th>Staff</th>
<th>Workers</th>
<th>Casuals</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tractor</td>
<td>785</td>
<td>849</td>
<td>1422</td>
<td>2927</td>
<td>1290</td>
<td>7273</td>
</tr>
<tr>
<td>Motor Cycle</td>
<td>386</td>
<td>506</td>
<td>707</td>
<td>2350</td>
<td>1119</td>
<td>5068</td>
</tr>
<tr>
<td>Shock Absorber</td>
<td>74</td>
<td>119</td>
<td>182</td>
<td>546</td>
<td>316</td>
<td>1237</td>
</tr>
<tr>
<td>Rly. Equipment</td>
<td>65</td>
<td>84</td>
<td>169</td>
<td>313</td>
<td>77</td>
<td>708</td>
</tr>
<tr>
<td>Const. equipment</td>
<td>339</td>
<td>233</td>
<td>157</td>
<td>316</td>
<td>243</td>
<td>1288</td>
</tr>
<tr>
<td>Harvester</td>
<td>29</td>
<td>25</td>
<td>58</td>
<td>65</td>
<td>198</td>
<td></td>
</tr>
<tr>
<td>Other plants</td>
<td>104</td>
<td>129</td>
<td>132</td>
<td>264</td>
<td>210</td>
<td>839</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1782</td>
<td>1941</td>
<td>2794</td>
<td>6774</td>
<td>3320</td>
<td>16611</td>
</tr>
</tbody>
</table>

If we go by industrial engineering or industry norms, the number of regular workmen was already on higher side and, therefore, 49 percent of regular workmen in casual category had no justification at all, which works out to 20 percent of total manpower. An important feature of the manpower composition has been that only 53 percent of the workmen, in unionized category, were direct production workers while the remaining 47 percent were indirect workers. In addition, there were 846 employees in the category of staff & supervisions who were highly skilled workers in the past and were promoted, based on seniority, to these categories as inspector, chargehand, setter, group leader, assistant foreman etc, without any defined and assigned responsibility. They had no supervisory potential and having been promoted to such position, they were no more
prepared to work on machines. In the process, company lost a highly skilled worker and did not get the supervisor. All these persons were almost idle.

Overtime was another factor that destroyed the work discipline. Overtime had actually emerged as a system of bribery and corruption to motivate employees towards performing the normal quantum of work, they should ordinarily have done during the regular working time. In order to obtain certain desired results, managers also tried to purchase such results through overtime payment, without realizing that they were letting themselves in for in these attempts. Inspite of overmanning and engagement of casuals to the extent of 49 percent of workmen's strength, grant of overtime was a common practice. In fact, it had been the main bone of contention and many a time long work stoppages and strikes had to be faced on the issue of grant of overtime. Interesting devices were evolved to create situations whereby grant of overtime became a necessity like slow work, leaving job incomplete, coming late, going early, taking leave by rotation etc so as to force the management to grant overtime. The overtime payment accounted for 7 percent to 32 percent of the wage in various product divisions. There was nothing that the management could do to stop or curtail unwarranted overtime payments. In case only a few workmen were needed to stay on overtime to complete a certain job, they would refuse to stay unless the whole department was put on overtime, which was invariably done. Indeed, the charity overtime or industrial peace allowance was necessary for running the various manufacturing plants.
Another charity was in the form of incentive payments, under various incentive schemes. All these incentive schemes were linked to certain adhoc and negotiated figures of production and not on industrial engineering or industry norms. These incentive schemes were introduced from time to time, separately in different product divisions to achieve higher levels of production, against negotiated amount, through a table giving figures of production over and above the existing figures and the amount admissible. This was mostly done irrespective of inputs and also without any concern for the process. Table 3.6 illustrates the type of payment made in the form of incentives. Even after meeting these higher targets of production, no matter through additional inputs like extra casuals and overtime, workmen had lot of idle time for social loafing, sleeping and playing cards during working hours.

Table 3.6

<table>
<thead>
<tr>
<th>Product / division</th>
<th>Average incentive payment</th>
<th>Percentage of wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tractor</td>
<td>3018</td>
<td>56</td>
</tr>
<tr>
<td>Excavator loader</td>
<td>5533</td>
<td>102</td>
</tr>
<tr>
<td>Motor cycle – yamah</td>
<td>3106</td>
<td>57</td>
</tr>
<tr>
<td>-Rajdoot</td>
<td>1496</td>
<td>28</td>
</tr>
<tr>
<td>Railway Equipments</td>
<td>1921</td>
<td>35</td>
</tr>
<tr>
<td>Construction Equipment</td>
<td>2243</td>
<td>41</td>
</tr>
<tr>
<td>Harvester</td>
<td>1489</td>
<td>27</td>
</tr>
<tr>
<td>Hydrolics</td>
<td>2850</td>
<td>53</td>
</tr>
<tr>
<td>Shock absorbers</td>
<td>2367</td>
<td>44</td>
</tr>
</tbody>
</table>
It has been the culture of the company to get higher levels of production through such pay-outs and whenever there was need for higher level of production, a new table/scheme was negotiated. Even as late as in November, 1997, when the company wanted additional number of tractors, to meet the market demand, a new incentive scheme was introduced to get 46 tractors per shift against the existing production of 39 tractors per shift, with an additional payment of Rs. 1200/- p.m. The production of 46 tractors per shift was still much below the production, which could be achieved as per industrial engineering norms.

Besides these charity payments the workmen were also in receipt of various items of use in the name of welfare items. All these items were being given under pressure and through interesting devices evolved by the workmen. To illustrate, welding workers were given goggles (as they refused to accept the safety goggles) and there were few workmen of another section, working very close to welding section, who also demanded goggles on the grounds that welding light and spark also affects their eyes. On management’s refusal, they threatened to stop work, which could have affected the whole process of manufacturing. The management, therefore, agreed to grant goggles to these 8-10 workers, as a special case. Once this was done, the whole plant started agitation for grant of goggles to all the workmen on the grounds that as few workmen, not connected with welding, have been given goggles, everyone must get it. In view of threats like slow down and stoppage of work, management ultimately had to agree and everyone became entitled to goggles. This was not the end of the story. Since goggles were given to
workmen of one plant, similar demand cropped up in all other plants and divisions of the
group and under similar threats all the workmen of all the companies and plants in
Faridabad and Noida started getting goggles. Almost similar has been the story with
other items to which the workers were entitled to, which included shoes, socks, jackets,
glass tumblers, towel, soap, raincoat etc.

Any concession given in any plant, legitimate or otherwise, had it's immediate
repercussions in all the plants of the group. Although all the product divisions were
independent companies, with separate Board of Directors and the management, and a few
with the joint Venture partners on the Board, the demands and facilities asked and
agitated for and ultimately obtained were similar. Though the management, products,
market, competition, productivity, manufacturing process, labour cost, market share,
business plans, profits and the issues faced by these different companies were different in
nature, there was a tradition to have a common settlement, with similar wage and benefits
across-the group common platform. Every company/business had different problems,
different requirements, different profit and loss figures and thus different paying capacity.
This was being objected to by the foreign partners in many companies and because of
such unrealistic wage structure and costs, few companies were gradually being driven to
closure. The union, which was one for all the group companies never agreed for business
specific separate settlements and benefits. Collective bargaining in the group has so far
been oriented toward a common package across all group companies against an agreed
adhoc rise in production.
As far as discipline is concerned, it may not be incorrect to say that it was full of rowdyism and far below industrial norms. There were workers in hundred, the leaders, ex-leaders, undesirable characters, sick and non-performers who were not working but were being paid full wages, incentive and overtime, as admissible to other workers of their respective department. In such cases, they even managed their attendance, sometimes, without being present, for days together. Workers did not display their identity cards and movement at gates was free for all. There was no check on late coming and any one could enter any time and leave anytime. There were many who did not return after lunch but it always went un-noticed. In few plants, even the working hours were reduced, on flimsy grounds, to allow the workers to come late and go early. All manufacturing units were fast asleep at 2 a.m., during night shift, with lights off, after completing the targeted production. No change in the manufacturing process or shifting of any machine was allowed unless additional money was given. In the Yamaha plant at Noida a state-of-the-art new assembly line was created with most modern facilities where a new model was to be manufactured and launched in the market. The workmen refused to shift to new assembly line unless they were given additional wage of Rs. 1500/- p.m. as shifting allowance and thus the launch of the new model was delayed for months. Workmen's/union's perception of the management was that it can not afford the loss of production and that the management could be pressurized to give unimaginably high increase if it wants any change to be introduced. Even no worker could be transferred from one place /machine/department/job to another. It was impossible to take any disciplinary action, even for major misconducts, as it would immediately result into work stoppage and the management would backtrack, under compulsion. Even if a chargesheet
was issued for a major offence, which should not go unnoticed and the charges proved conclusively, an apology was accepted under pressure from the union and the workmen were let off practically unpunished. Dismissal was something which was unheard of. The approach has always been to focus on immediate results and production numbers at all cost, without any consideration of long term health, processes, quality, discipline and the final cost. There was no fear of punishment and the management was so helpless that sometimes workmen even did not pay for tea, snacks etc on one pretext or the other for months together and we could neither stop service nor take action nor collect the dues. No off-loading of any component could be done to outside Vendor as it would immediately result into work stoppage. One senior government official once remarked that the management and control of the company has been contracted to the union and Escorts management has lost the right to manage.

Managers had lost hopes that they would ever get an opportunity to manage. The whole cadre had either withdrawn or was frustrated. They had lost faith in the management as it had always backtracked and had never stayed firm. They felt that they were duty bound to maintain peace at any cost and meet the targets of production. To achieve the objective, they maintained good relations with the union leaders by way of appeasing them and used them to solve their problems at the shop floor. Everyone went out of the way to keep leaders happy so that the show could go on. Some of the managers started business with the company, directly or indirectly, resulting into various malpractices and supply of poor quality of components/material.
There was realization at the top level of management that the present situation can not be allowed to continue if the group has to exist in the present day fast changing business environment. In one of the letters dated 29th July, 1996, addressed to all the heads of various strategic business units, the group Chairman mentioned as follows:

"As we reflect on our operations, we find that in the following areas we have some shoring up to do:

I. We have tended to focus on immediate results, sometimes at the cost of long term health.

II. Quantifiable hard targets tend to attract more attention from us than softer issues of nurturing talents, leadership building and overall improvement in our work culture or focused efforts towards increasing our competitive advantage."

This was, therefore, time for the group to reflect on the mistakes made in the past and use them to plan for the future. Only when an organization is threatened, losing momentum, or eager to break new grounds will it confront its past and begin to understand why it must break with its outmoded present.

Everyone felt that a change was required but this could not be achieved by waving a magic wand. It called for a change in present habits, methods of work and conceptualization, and self imposed discipline on all parties to the change. There was a need to reset the organization on a different set of basic assumptions, examine its current strengths and weaknesses in the context of opportunities, threats, and the dynamism of
the business environment, while identifying what should be changed and how, and
determining the pace of change.

3.6 Preparing for Change

Change, as Kanter (1989) puts it, is the process of analyzing the past to elicit the present
actions required for the future. It involves moving from a present state, to a future state,
through a transition state. There has to be a clarity as to what the organization needs to
change and how it should go about it. This calls for an awakening, which requires a
frontal assault on the status quo so as to arouse the emotional energy of an entire
organization. This energy could manifest itself as fear but has to be converted into
personal commitment to a plan of action, which would be the only fuel that could sustain
a revolution.

Welch (1994) believes that “facing reality is crucial in life, not just in business, you have
to see the world in the purest, clearest way possible, or you can’t make decisions on a
rational basis. Facing reality means dealing with what all of us would prefer to avoid:
danger, failure and our own shortcomings.” Such an audit should include the assessment
of performance, policies, practices, core values, attitudes, management style and strategy.
The current state of the organization should also be evaluated against the status of other
similar organizations. It helps the organization to identify gaps that need to be filled and
issues that need to be addressed. Such benchmarking enables the promotion of a
compelling need to change and the performance gap and also the consequences of failure
to improve can be clearly understood. Only the key performance indicators need to be
benchmarked against the best practices in the industry. Possible courses of action can then be identified and evaluated, and a choice made of the preferred actions for the journey to the desired state.

Both, content and process are important in managing change. No doubt, 'what' we want to do is important, but 'how' we do it is even more important. Process is as important as the product of change. The contents of organizational change are technology, marketing, quality and cost while the process includes strategy, structure, systems, policies, methods, attitudes and other H.R. practices. For most of us the goal is so much more enchanting, so much alluring and bigger in our mental horizon, that we sometimes lose sight of the details altogether. Swami Vivekananda, emphasizing the importance of means, has said:

"But whenever failure comes, if we analyze it critically, in ninety nine percent of cases we shall find that it was because we did not pay attention to the means. Proper attention to the finishing, strengthening, of the means, is what we need. With the means all right, the end must come. We forget that it is the cause that produces the effect; the effect can not come by itself; and unless the causes are exact, proper, and powerful, the effect will not be produced. Once the ideal is chosen and the means determined, we might almost let go the ideal; because we are sure it will be there, when the means are perfected. When the cause is there, there is no more difficulty about the effect, the effect is bound to come. If we take care of causes, the effect will take care of itself. The realization of
the ideal is the effect. The means are the cause; attention to the means, therefore, is the
great secret of life.”

While preparing for change, therefore, the process details are as important as the
contents of change. Pettigrew & Whipp (1991) identified five conditions required for
any planned change and adaptation to take place:

♦ Exercise of leadership to put the ‘change project’ on the agenda, and keep it there.
♦ Active recognition that people are the asset through which change is created.
♦ Awareness in the organization of the business imperative for change.
♦ Expression of the strategy in operational and actionable terms.
♦ Coherence of action among all members of management.

This model shows that the scenario planning can be a major factor for change.

One of the essential prerequisites for creating change is that the top managers have to
develop the belief that radical change was possible and they all must make an assessment
of the organization’s strengths and weaknesses to decide what needs to be preserved and
what needs to be discarded. It is also important for them to identify the limits to change,
based on market evaluation, it’s growth rate and organization’s capacity to change.

Establishing a timetable and specifying priorities has to be the next steps. At this stage it
is critical to understand that how pieces balance off one another; How changing one
element, may be procedure, practice, policy or reward, changes the rest; how sequencing
and pace affect the whole structure. It would be necessary to mobilize the relevant know-how related to kind of activities planned for change, which should be incorporated into the structure of the organization itself so that this ‘know how’ is collectively available to all concerned rather than just the prerogative of a few.

The most important prerequisite for change is that it must have top management’s support. The role of the top management is in shaping the vision, purpose and strategy. There will be leaders at all levels in the organization and the top management has the task of mobilizing, directing and coordinating their efforts to achieve enduring change. Employees would also be willing to commit themselves to action, if the top management has a clear sense of direction and is able to present the vision effectively. Because the process of changing the culture of an organization is a slow one, the top management must also make a commitment to the long and hard work involved.

The group Chairman of Escorts, in his interview to the researcher, gave following reasons for the situation as it existed before change:

♦ Management has not been assertive and demanding.

♦ No one had ownership of anything.

♦ We had undefined and confused organization with multiplicity and duplication everywhere. This is what I had inherited. One unit being looked after by two bosses. Marketing was controlled by someone else while the manufacturing is controlled by another individual. It was totally confused organization and what I had to do was the total re-structuring.”
When asked as to what was his vision for change, the Chairman mentioned:

“I wanted to create a flexible and dynamic organization which could respond to the market place. In today’s time, if you have to respond to the market place, you have to exercise control on cost, which is possible only by improving the efficiency and bringing the right work culture. I wanted that nobody should resist change, rather everyone should accept the change. I wanted that everyone should be aware of market realities and it’s sensitiveness. When the market becomes sensitive, the only answer is quality. In such a situation quality becomes the culture, quality becomes the commitment, quality becomes the environment and quality becomes the attitude. I wanted to be world-class. It should become something which inspires confidence of customers.”

With this vision in mind the Chairman decided to replace the head of human resource and brought in a new group and corporate head for human resource and industrial relations function in 1996, mainly to act as change facilitator for the group. When the researcher, during the interview, asked the chairman for reasons for making the change and bringing in a new person on the scene, the Chairman mentioned:

“There was very high individualism in the previous incumbent and he was not fit for bringing any change. He was more political personality and had no organizational capacity or organizational understanding. When you have to do business, you have to do it with vision. You can not bring change without in- depth analysis of ground realities including human and cultural factors. I do not find that he had the capabilities to do so. I
wanted some body who can manage the heads of various businesses and keep them together by developing a common code and I thought that the new incumbent possessed that holistic character, going beyond individual and people”.

The Chairman has been sharing his adhoc thoughts about change and the new change facilitator was also in position and, thus, it was time to act. The tradition has been that any change could be introduced only at the time of wage settlement, considered to be the only and the most important instrument of change. Earlier wage settlement was expiring on 31st March, 1997 and, therefore, it was the right opportunity to use this important instrument for change. It was time to roll up the sleeves and get involved in the real work, without getting distracted and without giving up. Success requires commitment, discipline, honesty of purpose, persistence and patience. The key is getting started.

3.7 Vision for Change

“The best way to predict the future — is to create it.”

Peter Drucker

The group chairman’s vision for change was shared by him during the interview with the researcher at a much later stage, but he has been sharing his expectations about the desired state during his various meetings with the change facilitator from time to time, as follows:
♦ Business heads must take charge of the situation under each one of them, with the belief that change was possible.
♦ We must have the right to manage in the best interest of business and commerce.
♦ Workers must understand that the management is the provider.
♦ Each business is independent, with separate and independent management and, therefore, the new settlement should be business unit specific, incorporating the needs of the business. Concept of one Corporate settlement must go.
♦ Settlement, incorporating new systems, must be signed at the earliest and this should become the Vehicle for change.
♦ Production norms, as per industrial engineering, must be laid down and achieved.
♦ Manpower must be rationalized.
♦ New work practices must be introduced, with improved productivity.
♦ People must be productive and disciplined and we must be in better control of the situation.
♦ We do not want to promote compromises.
♦ We seek no Confrontation but do not fear it. This message must go to all.
♦ We shall be fair, benevolent and caring but shall take principled stands for developing the right work culture.

John Kotter (1996) says that “Without an appropriate vision, you end up with nothing more than a list of confusing, incompatible, and time consuming projects that go in the wrong direction or nowhere at all.”
Vision is a futuristic, concise and clear description of the end goal to be achieved and the reality we wish to come into existence.

Lucas (1998) says that “the purpose of a vision is to guide (lead people in the direction of goals), to remind (what the organization want to be), to inspire (people and their behaviour), to control (organizational activities and processes in the direction of the vision), and to free employees (from tradition and a past that is irrelevant).”

Clarifying the direction of change is important because many a times people are either confused about the need for a significant change or disagree on direction of change. A clear statement of vision lays down the compelling purpose of an organization, creates meaning for people and inspires them to do better. This also reflects the culture and values of an organization and it’s core competencies. An inspiring vision can help overcome the reluctance to embrace change that comes from anxiety over uncertainty.

Collins & Porras (1995) have said “Vision provides guidance about what core to preserve and what future to stimulate progress toward. A well conceived vision consists of two major components: Core ideology and envisioned future. Core ideology defines what we stand for and why we exist. Core ideology defines the enduring character of an organization – a consistent identity that transcends product or market life cycles, technological breakthroughs, management fads, and individual leaders. Any effective vision must embody the core ideology of the organization, which in turn consists of two distinct parts: Core values, a system of guiding principles and tenets; and core purpose, the organization’s most fundamental reason for existence.”
Vision implies a change from the status quo, provides a clear strategic direction and has an appeal to the emotions and aspirations of the people in the organization, which in turn mobilizes their energies for achievement of key goals.

In the words of John P. Kotter (1995) “Creating a vision helps direct the change effort and developing strategies for achieving that vision. The guiding coalition develops a picture of the future that is relatively easy to communicate and appeals to customers, stockholders, and employees. A vision always goes beyond the numbers and helps clarify the direction in which an organization needs to move. Eventually, a strategy for achieving that vision is also developed.”

“If you can’t communicate the vision to someone in five minutes or less and get a reaction that signifies both, understanding and interest, you are not yet done with this phase of transformation.”

Though the group chairman of Escorts has been talking about his expectations, including a few vision related statements but it still needed focus and clarity, to be termed as vision. Further, a vision is invariably modeled over a period of time by the guiding coalition or an even larger group of people, which was yet to be done.

The chairman preferred the change facilitator to handle the process and did not think it proper to discuss with the top management viz the heads of various businesses about his expectations and vision for change. At a later date when the researcher, during his
interview, asked the Chairman as to why he did not share his vision of change with the business heads, who were the CEO's of their respective business, the chairman's response was:

"The business heads were not the believers in change. There was no point in taking them in confidence. I wanted it to be demonstrated to them. I believed that they will get converted when you put them in a situation where they feel convinced about the change. I expected them to change with the change. There was no point in sharing my vision of change with the business heads, under the circumstances and getting their acceptance."

"When asked about his defining the role of business heads in the change process, chairman further mentioned:

"I did not define the roles of business heads, as I did not expect them to play any role in change. I was only sharing the businesses vision and the objectives with respective business heads."

In the circumstances, it was the change facilitator who had to start the process of change without any focused and clear vision of change from the chairman. What was available to him was the broad framework of objectives, based on adhoc statements from chairman. Large, discontinuous change in the organization is brought about not just by a single leader, but by a larger set of key persons who make crucial contributions to the planning and implementation of change. Major change reforms have to be top down and vision
driven, and they require broader participation in the design and implementation phases. Someone needs to get people together, help them develop a shared assessment of the company's problems and opportunities, and create a minimum level of trust and communication.

3.7.1 Building A Dominant Coalition

The change facilitator, therefore, thought of forming a change management team, the core group, consisting of five top executives, the heads of various businesses, to create a new vision for the group, a compelling picture of what the organization want to be and where it wants to go. It was the foremost task to carefully craft the vision after taking stock of the organization's culture and it's environment.

These business heads were independently looking after their businesses, without any coordination, among themselves, though part of one group. All of them were busy in ‘somehow’ achieving production targets and trying to fit in as per the boss’s requirement. They all have been taking individual point of view, in the anxiety to demonstrate better results. In the process, workmen/union were being appeased by extending benefits, creating chain reaction in all the other divisions of the group. These businesses, were being run by the respective business heads as their own empires, without any formal or informal consultation or coordination and without any joint responsibility for all the businesses of the group, taking Escort’s point of view. However, individually all were concerned about the state of affairs and fast changing business environment. This clearly came out during the discussions, the change facilitator had with them.
The change facilitator, with a view to start the process, sent them a letter in Aug, 96, the extract from which is reproduced below:

"The task may be difficult but not beyond reach provided:

I. We are able to identify specific set of problems and opportunities.

II. We have a common understanding of why and how performance/environment needs to improve.

III. We are able to identify, develop, mobilize, align and orchestrate the various in house sources of energy.

IV. We have a plan of action, to neutralize the sources of resistance.

No individual can bring this change single-handed and what we need is the collective efforts of leaders of various SBU’s. It is only with our management and leadership skills pooled and used collectively, we can work out an appropriate strategy for transformation and it’s effective execution."

These five top executives, along-with the change facilitator, forming the core group of six had a two days off-site meet to have an honest review of the situation for proper diagnosis and giving a shape to the vision for change and the proposed plan of action. Everyone was fully involved and it was decided to first lay down the ground rules for the functioning of the core group, which included absolute confidentiality, open mind, mutual trust, transparency, information sharing, regular interaction and group vision/interest (Escorts group).
3.7.2 Situation Analysis

The first step in any change process, therefore, is an assessment of the environment to identify what organizational conditions need change. The core group took up situation analysis, as follows:

♦ We have not been able to get production as per norms, inspite of additional inputs.
♦ Productivity has not improved. We have ‘somehow’ been producing required numbers only, through charity overtime and other malpractices.
♦ The operation heads, under pressure, certified attainment of agreement norms, for release of benefits under previous agreement, but these norms are yet to be achieved at most of the places.
♦ Appeasement on any issue in one division has chain reaction and benefit extended is ultimately given in all the divisions, under pressure.
♦ The union, being weak and divided, is not in a position to get the decisions implemented.
♦ There are serious disparities in policies and practices like grant of welfare items, overtime, incentive schemes etc.
♦ We have backtracked everywhere under compulsion/pressure.
♦ We are afraid of taking any action.
♦ This has become an organization driven by union and the workmen.
♦ There is a general feeling that the management has lost it’s right to manage
♦ Our production will come to halt without casuals and overtime.
Even in case of appointment of casuals and many other such issues, we are dictated by the union/workers.

There are 50 to 100 sick and non-performers in each plant and we are unable to take any action against them. We even pay them incentive for not working.

There is excess manpower in all the divisions, especially in managerial, clerical and supervisory cadres.

Human Resource and Industrial Relations functions have never been strategized. We have only been reacting to various situations to ensure that the show goes on.

No action has ever been taken in cases of long LWP and unauthorized absence.

Many employees are doing business with the company, directly or indirectly, resulting into malpractices and poor quality.

No one carries the identity card with him and virtually there is no checking at the gate. Even an unauthorized person can easily enter the plants.

Working hours have been reduced in a few plants by allowing the workers to come late/go early and there are serious disparities in shift timings/working hours.

Waiting for components and high machine down time also results into considerable loss of production.

Production planning department is weak and ineffective. Production programmes are sometimes not known till last moment.

No where workers work for more than 3 to 5 hours.

There is no fear of punishment.

Many workers go out during lunch and do not return.
♦ Workers play cards even during working hours and do not fear the shop floor managers.
♦ Workers take about one hour for lunch break and half an hour for tea breaks.
♦ Workers feel that management is weak and it’s credibility is low.
♦ Workers get encouragement and develop bad habits as management protects bad elements and non-performers.
♦ 25 percent of managers are dead woods
♦ Middle management level is frustrated due to low salaries and our appeasement policies.
♦ Managers do not interact with workers at shop floor. Each and every issue is referred to IR.
♦ Middle management does not understand it’s role in terms of labour, production and productivity.
♦ The line managers are demoralized and have almost withdrawn, as we have never stayed firm.
♦ There is no fear even in the minds of managers and our culture has become that of a public sector.
♦ 80 percent of supervisors are from workers who are not even high school pass. This is almost a redundant category.
♦ In absence of proper attendance system, the workers can even manage their attendance without being present.
♦ There has been no planned effort to develop right attitudes and skills at various levels.
♦ There are no clear-cut policies on any subject. We keep on changing every time depending upon our conveniences.

♦ All incentive schemes are adhoc and without any consideration for inputs.

♦ There is no system of identification of potential and investing in them.

♦ There is complete lack of coordination in the decision-making process at the top level.

♦ There is no mechanism for information sharing.

♦ The business units are highly possessive and try to protect their territory.

♦ There is no transparency. Everyone operates in his individual style and does not share information.

♦ There is lack of coordination between managers, Supervisors, and workers at the shop floor.

♦ Managers do not interact with workers and supervisors being ineffective, there are no available channels of communication with workers.

♦ Everyone wants to go for soft options and there is always reluctance for taking right stands.

♦ There is no role clarity with regard to corporate and plant personnel/HR/IR.

♦ There have been no group activities, no get-togethers, etc.

♦ In the second shift, at many places, lights of the shop floor are switched off at 9 p.m. and everyone goes for a sleep.

♦ We have even provided resting-place inside the shop floor, with coolers, where workmen could sleep and play cards, after completing production, as per norms, within 3 to 4 hours.
After the situation analysis and review of existing environment, the core group also made a few general observations, in the form of diagnosis and identifying reasons for the present state:

- During last two years, efforts have been made to improve the situation but it has made very minor change.
- All the business heads were either new to the company or new to the role and, therefore, wanted to show results. In the process, they have taken individual point of view, in the anxiety to demonstrate improvement and better results.
- Total emphasis was on numbers alone due to weekly/monthly phone calls (from the Chairman).
- We have not been managing as if it was our own business; rather we have been trying to fit in as per boss’s requirements.
- The message (from chairman) about being firm is being given for the last many years but it has never come as a conviction and was never demonstrated.
- Even the union has been saying that the management has to be convinced to be firm.
- The general perception about the management has been that it is benevolent, weak, compromising, buckles under pressure and is not united.
- Everyone fears workers’ representatives.
- We have no channels of communication and right messages do not go down.
- We do not visit the shop floor, as we feel helpless observing the workers indulging into various acts of in-discipline like playing cards during working hours. Our
observing such acts and not taking any action would amount to condoning these acts of in-discipline.

- Management’s credibility is low. Workers have no respect for supervisors, supervisors have no respect for managers and even managers have no respect for top management.

- Confusion suits everybody so that they could take their own decisions.

- There has been undue emphasis on the numbers and no emphasis has been given on managerial process.

- Lack of processes and competencies at various levels with reference to management, leadership, communication, counseling etc.

It was time, now, for the core group to give a greater definition to the purpose, scope and desired outcomes for the change effort. Understanding where we are, why there must be a change, how far reaching it will be, and what the ultimate goal is, are critical components of change process. Having analyzed the present situation and completing its diagnosis, the next logical step was to draw a detailed picture of the future, a wide angle photograph, on a different set of basic assumptions, describing the scope and scale of change and as to how the organization would look like after change. The core group, after due deliberations, took a view on desired state, as follows:

3.7.3 Desired State

An environment where energies could be diverted, channelized and utilized for growth
I. Workers must feel that the management is a real provider and that the management is benevolent, fair and caring.

II. Employees must put sincere 8 hours work input, with due flexibility.

III. Improvement in discipline and productivity, through our managerial skills, rather than through incentives and unjustified benefits.

IV. Business unit specific agreements.

V. Competitive productivity and quality.

VI. Goal congruence and productive partnership between management, union and workers.

VII. Continuous improvement at all levels.

VIII. Maximum output as per machine/process capacity.

IX. Effective information sharing.

X. Clear-cut comprehensive policies on various employee benefits.

Having defined the scope and desired outcomes of the change effort, it was now easier for the core group to crystallize the vision for change comprising elements of a notion of the way the company needs to be organized to make the most of the market opportunity.

"Transform all the business divisions of the group through world class manufacturing, which could respond to the needs of the market place. Create right work culture and an environment where energies could be diverted, channelized and utilized for growth. This should be achieved through teamwork, improved productivity, creativity and by achieving benchmark measures of performance."
3.8 Designing Change Strategy

"The fastest way to change is to laugh at your own folly-then you can let go and quickly move on".

Dr. Spencer Johnson (1999) who moved my Cheese- Vermilion.

Once the impelling force for change is identified, one can look for the specific mechanism for change. Designing an appropriate change strategy involves setting out clearly defined objectives, making choices about the overall nature of change, scheduling the steps that must take place throughout the change cycle and the way in which it would be brought about, with focus on details.

Nilakant and Ramnarayan (1998) have mentioned “An organization’s strategy spells out the direction of change. It is like a map that shows the path and goal of change. Complex, large-scale organizational changes are unlikely to succeed without a clearly articulated strategy. A strategy is different from a vision statement. A vision statement is an expression of how the organization sees itself. It is an inspirational message to create unity, cohesion, focus and energy. If the vision statement tells the organization where to go, the strategies show it how to reach there”.

Well planned change management programmes are the only guarantee of successful implementation of change and these programmes must include structure, procedures, skills and competencies needed, Co-ordination mechanism, empowerment, decision
making process, systems, and people and other resources inside the organization to move the organization in that direction.

Dickhout, Denham and Blackwell (1995), based on the study of 25 Companies on transformation have said that the main lesson emerging from the experiences of the companies studied was that the senior managers need to develop a strategy to create and sustain momentum-one that recognizes what change is needed and where the energy to drive change will come from-before launching any initiative. To design a successful strategy for change, leaders must start from an understanding of why and how performance needs to improve-in other words, the performance imperative.

Prahlad (1997) views the aspects of emotional and intellectual energy as important components of strategy and says “A strategic architecture provides the company with a direction, but it needs to have the emotional and the intellectual energy to make the journey. It needs a shared aspiration which allows the company to stretch itself beyond its current resources-one that provides a sense of direction, a sense of common purpose, a sense of destiny, a single-minded and inspiring challenge which commands the respect and the allegiance of every person in the organization. Strategic intent is not an articulation of means, but of goals. Means have to be discovered as we go along”

Jacques Chaize (1998) views the strategy formulation as the process of constructing an image and says, “Changing a company means finding an image, a metaphor for the new reality. This new reality is the cloud that surrounds us, the obstacle that rises up before
us; we have to construct an image which turns this formless and menacing shadow into 
a mountain with a precise shape and contours. It is a large mountain, but it can be 
climbed. It is a matter of describing the mountain in such a way as to ensure that those 
who are going to make the climb with you can actually see it. The change that is called 
for is not something vague and far away; it is a concrete image, becomes a familiar fact 
of daily life.”

Michael Colenso (2000) refers to the strategy as the art of guiding the organization 
towards change and says “The strategy of the organization is it’s key to survival. Dealing 
essentially with the product, and services it will provide and the markets to which it will 
provide them, the strategic plan lays out the broad canvas of how it intends to go forward. 
A key ingredient is the means by which it will differentiate itself from it’s competitors; 
what will it do (or have) which makes customers choose it over other providers.”

“Everything that the organization does must contribute to that strategy. This means that 
the way in which it organizes itself, the systems and processes it uses, how it trains and 
develops it’s people, and how it takes decisions must all contribute and support the 
strategy it is pursuing.”

“Strategy is not necessarily about the winning of battles (though that helps), in the end it 
is about winning wars, victory in the long haul. In it’s Business Context, strategy is the 
art of guiding the organization so that it continues to exist and triumphs over it’s 
competitors. The process of building a strategy usually follows a number of steps:
❖ Defining purpose-deciding what it is the organization is there to do. That means defining the benefits it provides for its customers and stakeholders.

❖ Creating a vision-getting clear about where we want the organization to be in the future. Visions define quantitative as well as qualitative aspirations.

❖ Defining the values-agreeing the rules by which the organization chooses to play. That means being clear about the code of conduct it will follow with all the stakeholders of the organization.

❖ Defining the customers or markets-agreeing the categories of people it is serving.

❖ Defining the products or services-we will provide-that means if we are to achieve our purpose, above, how will we do it, what sorts of products and services should we develop, and how will we bring them to our customers.

❖ Defining our differentiation-how will we be different from our competitors? What will make our customers favour us over others.”

In the change process we have to implement the plans to bring about new ways of working. This in turn seeks to disengage from the past and would need to coach and build new skills and competencies to enable people to remain competitive. The strategy should, therefore, take care of the training plans, for the employees to be trained in new skills, competencies, ideas, approaches and behaviour.

In the process of designing a change programme due attention must also be paid to human issues and concerns. Sometimes the entire process is production and function driven and it places negligible attention on the cultural change, which we intend to bring.
The top management team, which give a shape to the change programme and determines new organizational structure may lack sensitivity to human issues and concerns. The need, therefore, is to involve as many people as possible in the process and taking care of such concerns.

There would be need to appraise progress on a continuous basis and, thus, a proper mechanism should be devised to exercise control and taking action if unexpected deviations occur. It should, however, be kept in mind that change takes time and should not be forced to occur too quickly. People need to be provided with the time and opportunity to disengage from the present state, to which they are used to and feel a natural attachment.

One of the pre requisites of an effective change programme is establishment of credibility of the management’s intentions about the proposed change. Chances of success of change programme increase considerably once the employees perceive that management has good intentions. Changes which go towards providing hygiene factors can help the management in establishing credibility of the change programme. Simultaneously, minor changes could also be gradually introduced in the work methods, procedures and systems, in the direction of final change, as desired.

3.8.1 Designing Strategy at Escorts

The core group of Escorts, moving forward from the stage of crystallizing the vision for change, got engaged in designing the change programme and the strategy. The vision statement laid down the purpose of the organization, highlighted the need for right work
culture and also gave guiding principles and values. It was now time for the core group to draw a road map to show how to reach the goal.

The approach focused on the development of work culture based on trust and collaboration amongst all employees through change in attitudes, beliefs and values, empowerment at all levels, especially first level managers and supervisors, and pursuit of a long term, consistent and fair policy devoid of adhoc solutions and appeasement for short term gains.

The objective of new work culture would be to unleash and synergize the energies of all the employees of the company towards achievement of common goal and vision.

Unlike the previous settlements, it was planned to use the proposed settlement as an instrument for change in work culture, adoption of IE norms and new work practices. The basic theme of the previous settlements used to be a certain increase in wages against a negotiated increase in production, which inevitably led to sub-optimization of resource capacities and continuation of traditional work practices, resulting in higher labour cost and low productivity.

Traditionally, wage settlements were perceived to be the only instrument of bringing change and as the existing settlement was due to expire on 31st March, 1997, it was considered prudent to lay maximum emphasis on the next wage settlement. The core group, therefore, laid down the objective of the next settlement, as below:
OBJECTIVES OF SETTLEMENT

I. Business unit specific separate settlements.

II. 8 hours sincere work as per industrial engineering norms.

III. Merger of current incentive schemes and introduction of new scheme linked with input/output.

IV. Reduction of competitive disadvantage on overall productivity.

V. Quantum increase in productivity.

VI. Introduction of new work practices like multi-skilling, multi-machining, self-inspection, self-setting, self-material movement, TPM, re-deployment, conversion of indirect to direct for greater operational flexibility.

VII. Review and rationalization of grades, designations and wage components.

VIII. Stop various malpractices, which have cropped up during last few decades.

IX. Clarity on important policy issues like promotion, increment etc and linkage of disciplinary record and attendance with incentive schemes/promotion/rewards etc.

X. Severe penalties for non-compliance of settlement terms, including stopping of casuals, acts of indiscipline etc.

XI. Cultivate relationship between labour and management around businesses where specific business related issues, benefits and service conditions are settled with the business specific group of leader for each business/company itself, strictly as per business needs, productivity and profitability, with no linkage with past practices.
It was considered necessary to develop a common approach to behavioural issues, developing positive attitude, developing managerial and supervisory skills, sharing common vision and values and there should be proper integration of inputs with the transformation strategy. It was, therefore, considered necessary to strengthen training and development activity for need based inputs to various categories of target groups viz- top management, middle management, supervisors, Personnel heads, Security heads, union and workers.

Certain preparations were considered necessary to be made before launching the process of change and start of negotiations with the union for the settlement. These included compilation of data on competitor’s productivity and best practices, laying down manning and production norms through various studies and benchmarking, developing proper inventory of manpower in terms of skill, age, qualifications etc, finalizing system of identity cards and guide-lines for disciplinary actions.

The core group considered promoting acceptance and developing support for change programme to be the most critical aspect of the strategy as it involved moving people out of their comfort zones. Re-assuring those who may be afraid of change by using consoling words may often in itself prevent the process of change, and, therefore, it was considered necessary to create a shared vision amongst people.
3.9 People and Change

"Change is always a threat when done to people, but an opportunity when it is done by people" (Kanter, 1992)

We must not forget the most critical principle of change management; organizations don’t change; people do. Change is intensely personal. For change to succeed in any organization, each individual must think, feel, contribute, or do something different.

T.V. Rao (1990), mentioning about the importance of people says, “People is the most important and valuable resource every organization or institution has in the form of it’s employees. Dynamic people can build dynamic organizations. Effective people can contribute to the effectiveness of the organization. Competent and motivated people can make things happen and enable an organization/institution to achieve it’s goals.”

The cutting edge of an organization is it’s people. No organization changes of it’s own accord. It can not change unless people change it.

Jeffrey Pfeffer (1994) argues “People are the principal source of competitive advantage for organizations in the current environment. This is because the traditional sources through which business firms achieved a competitive advantage are less important in the current dynamic environment. In the past, firms achieved superiority over their rivals through product and process technology, protected or regulated markets, access to
financial resources and economies of scale. These are less important now compared to how an organization manages its people.”

In a liberalized economy, the fundamental basis of competition changes. Instead of capital or licenses, people become the scarce and the primary source of competitive advantage.

Business Today conducted a Survey of 155 blue chip Indian Companies that compete globally, jointly with Noble & Hewitt, and identified the best run / managed companies. The study discovered certain common characteristics that stood out among the winners:

♦ A happy workforce creates happy customers and happy customers invariably create happy shareholders. On an average, their performance is significantly better than that of other companies in the same industry.
♦ They accept that the employees have a life. They also value long-term relationships with their people. Hence, they provide for considerable benefits over and above pay. They also include the family while celebrating organizational events.
♦ They believe that benefits are not level based – every employee has housing needs or medical needs, for instance. These companies provide equal access or access as per need-and not based on a position in the organizational hierarchy. They also ensure equal opportunities for all.
♦ They offer fundamental things such as advancement opportunities, development programmes, financial security and other benefit programmes.
♦ They believe in providing significant responsibility early on. They also give employees the freedom to take decisions. Mistakes are seen as opportunities. Information on advancement opportunities is always available and employees are free to plan their careers. Employees are encouraged to do it themselves if they believe 'something is missing' or 'there is something more to be done'. And the organization supports them in every way. They use unique ways of encouraging and rewarding their people. Immediate recognition is widely practiced; large-scale celebrations of achievements are frequent; and performance-based pay is more often than not, the norm.

♦ They encourage employees to be good citizens and be involved in community activities. Conserving the environment is something that all are concerned about.

♦ Here employees are drivers of H.R. Top management and H.R. are facilitators. Employee needs dictate policies and practices.

♦ They boast great work environment. Facilities-training centres, conference rooms, green areas, ATM's, travel desk-are readily provided to all. The offices of these companies are aesthetically pleasing and employee-friendly.

These few characteristics of successful Indian companies establish the importance of 'people process.' Laying emphasis on people process, Bankwala says "Although, it is now accepted that around 70 to 80 percent of TQM and re-engineering efforts have failed in the last 10 years, the approach has mostly focused on 'system process' and undervalued the 'People process'. Whilst the Newtonian thinking (A will lead to B) works well for our system process, we are now discovering they do not apply equally to
people process. The most exciting break-through of the 21st century will not occur because of technology but because of an expanding concept of what it means to be human” (Internet)

Jacques Chaize (1998) argues that we can not change people by simply changing the organization. He says “We generally tend to believe that we can change people by simply changing organizations, and, correspondingly, that changing people’s behaviour will quickly transform organizations. Yet reality is contrary: by slowing down the rate of change in organizations, we render change more difficult, and by speeding up the rate of change in people we jump over those essential steps which by constructing a future they are not involved in will prevent them from identifying themselves with it. Learning how to become is something that both, people and organizations have to work at, since perpetual change is not possible unless people and companies change simultaneously and together. Change must not be viewed exclusively from the point of view of organizations, or of people, but has to be conceived of within the dialectical relationship that binds them together in practice.”

We must recognize that change happens only through people. The emotional effects of change need to be understood and considered by all involved in the change process. Jack Welch (1994) views people and their involvement as key to success. He says, “The three most important things you need to measure in a business are customer satisfaction, employee satisfaction, and cash flow. Employee satisfaction gets you productivity, quality, pride and creativity. The only way I see to get more productivity is by getting
people involved and excited about their jobs. I think any company that’s trying to play in the 1990’s has got to find a way to engage the mind of every single employee. Whether we make our way successfully down this road is something only time will tell—but I am sure, as I have ever been about anything that this is the right road. If you are not thinking all the time about making every person more valuable, you don’t have a chance. What’s the alternative? Wasted minds? Uninvolved people? A labour force that is angry or bored? That doesn’t make sense.”

Why such a great focus on ‘people’? Why are they so important for change? Man has an infinite capacity to think, to feel, to love, to hate and to create and what not. He is all the time guided by his emotions, feelings, aspirations, desires, ambitions, fears, likes and dislikes and prejudices and biases. This non-business character of the human element greatly influences his behaviour in the business environment where he works and where there is a constant interplay of various human factors. Organizational change is about Switching off the old mental models and procedures, with which the man is familiar and about switching on the new mental models and procedures about which there might be fears in his mind. Companies that want this switching to be smoother have to remember that this switching has to take place in the minds of the people. Change is fundamentally about feelings and, therefore, companies that want their workers to contribute with their heads and hearts have to accept that the non-business character of man, his feelings and emotions are essential to the new management style, mental models and procedures.
Jeanie Daniel Duck (1995) argues “the new management paradigm says that managing people is managing feelings. The issue isn’t whether or not people have negative emotions; it’s how they deal with them. In fact, the most successful change programmes reveal that large organizations connect with their people most directly through values—and that values, ultimately, are about beliefs and feelings”

Highlighting the importance of people and their emotions, Sun Tzu, in his book ‘The art of war’ written about 2500 years ago, says “In order to kill enemy, our men must be roused to anger. For them to perceive the advantage of defeating the enemy, they must also have their rewards, so that all your men may have a keen desire to fight, each on his own account. – Regard your soldiers as your children, and they will follow you into the deepest valleys; look on them as your own beloved sons, and they will stand by you even unto death.” (Ed. Clavell James, 1998)

Change gives rise to emotions and, therefore, managing change requires managing employee feelings to generate positive response and emotions for the intended change and the change process. Ultimately organizational change depends on the human beings working in the organization, changing the way they behave and, therefore, in essence, change management should be holistic and people and relationship focused.

**Once bitten, twice shy**

In Escorts, strategies were worked out to create awareness about present day business environment, promoting acceptance and developing support for change plan and process
amongst managers. With regard to workmen, the core group’s approach was bit cautious. Indiscipline, malpractices and various unauthorized benefits had become a part of the system, and the management, totally helpless, had virtually lost the right to manage. In the circumstances, it was felt that adopting people process in case of workmen as well, might lead to further appeasement and be construed as management’s weakness. The approach should, therefore, be basically focused on the system process, using the next settlement as main instrument of change. The core group, however, could not overlook the fact that it is people who bring change and their involvement is the key to success. It was, therefore, decided to engage the mind of every single employee, including workmen, through various channels of communication. It was also decided that enlisting people support and in day-to-day dealings, management shall be fair, benevolent and caring, but shall take principled stand for developing right work culture.

3.10 Enlisting People Support

"Those who have changed the universe have never done it by changing officials, but always by inspiring the people.”

Napoleon Bonaparte

Change, if it is to work, must involve and alter the perception and behaviour of people. People will get involved and take responsibility only if we can show them how to look at it in new ways and how it is going to improve their world. If people do not commit themselves to change process, any change programme, howsoever good it may be, shall remain a theoretical ideal. By weaving together the vision of many people, scores of
perspectives, sensitivities, and insights are integrated. A broad base of support is created for the change.

A vision for change can not be acted upon until it is shared. Peter Senge (1999) views shared vision as collective discipline and says, “Shared vision is a collective discipline which establishes a focus on mutual purpose. People learn to nourish a sense of commitment in a group or organization by developing shared images of the future they seek to create, and the principles and guiding practices by which they hope to get there.”

Peter Senge (1999) has further observed, “Deep changes—in how people think, what they believe, how they see the world are difficult, if not impossible, to achieve through compliance. Reflecting on twenty years of leading change towards more value-based work environments, retired Hanover Insurance CEO Bill O’Brien says, ‘what people pressurizing for management to drive cultural change don’t understand is: A value is a value only when it is voluntarily chosen’. “Change can also mean top-down programmes like reorganizing, reengineering, and many other re’s. Because these change programmes are typically imposed from the top, many in the organization feel threatened or manipulated by them— even if they support in principle the intent or rationale behind the management change agenda. As organizational change pioneer Richard Beckhard once put it, ‘people do not resist change; people resist being changed.’

In his another book ‘The fifth discipline’ Peter Senge (1994) has viewed shared vision as a source of creating a common identity, when he says “In a corporation, a shared vision
changes people’s relationship with the company. It is no longer ‘their company;’ it becomes ‘our company’. A shared vision is the first step in allowing people who mistrusted each other to begin to work together. It creates a common identity. In fact, an organization’s shared sense of purpose, vision, and operating values establish the most basic level of commonality.”

If individuals or groups become involved in the change, they tend to see it as their change, rather than one imposed upon them.

John P. Kotter (1996) suggests that most of those involved in the process, especially the key people, must have a common understanding of it’s goals and directions. He says, “A great vision can serve a useful purpose even if it is understood by just a few key people. But the real power of a vision is unleashed only when most of those involved in an enterprise or activity have a common understanding of it’s goals and directions. That shared sense of desirable future can help motivate and coordinate the kinds of actions that create transformations”

3.10.1 Enrolling Senior Executives

In Escorts, the first step towards a shared vision was by way of involving the operation heads of various business units, the key people, next in command to business heads. The approach of the workshop for operation heads was participative, making them partners in planning and strategy making for change. Gary Hamel (1996) in his award winning article ‘Strategy as Revolution’ argues that top management in an organization must
engage other people within the organization in a dialogue and strategy making ought to be a democratic process, implying that participation and involvement are imperatives, not choices. People who participate in deciding the 'what' and 'how' of change, are actually changed themselves by the mere act of participation.

For giving ownership of decisions taken, these operation heads were asked to analyze the situation and recommend an action plan. By and large the situation analysis was on the same lines as done by the core group. However, it came out very strongly that workmen have picked up bad habits due to weak shop floor management and our obsession with production numbers at all costs, without any consideration of quality, discipline and the financial cost. It was also highlighted that Escorts was run on personal styles and whims of various business heads and that there was complete lack of basic professional competence and right attitudes at different levels. There has also never been strategic focus on developing managerial effectiveness and development of skills and positive attitudes.

Few key recommendations about the action plan included:

❖ Creation of positive mind-set at various levels through discussions, training, workshops, communication meetings etc.

❖ Demonstrate new mind-set through actions taken, without any compromise-Top management’s support to be guaranteed.

❖ Building effective channels of communication and a mechanism for authentic feedback.
❖ Training to managers in communication and leadership skills so that they could effectively communicate with workmen.

❖ Effective steps for production planning, availability of components on time, machine down time reduction, preventive maintenance etc at the shop floor.

❖ Short term and long term goals of business units, on various parameters, to be spelled out and communicated. Individual and departmental appraisals to be done strictly against achievement of these goals.

❖ Regular MIS on productivity, quality and other indices and best practices of other business divisions and industry.

❖ Resolve to improve productivity, quality and discipline to be clearly communicated and demonstrated through strong action.

❖ Those having vested interests and business relationship with Escorts to be phased out through time bound action.

❖ Reduction of manpower and re-deployment of indirect to direct.

❖ Managers to be punctual, wear identity cards.

❖ A proper strategy and action plan to create trust in management.

Commitment to vision or developing a shared vision becomes, easier if people participate in planning and implementing the change programme, on the principle that people support what they help to create. Participation also leads to better ideas for change.

Basic to managing change is the need to develop change-consciousness among people, especially those who are the main targets of change, the workmen in case of Escorts.
situation. These workmen were totally behind the union, which was perceived by them as the provider and their level of trust in management was low. Change can not succeed unless there is a critical mass of support, and building that support was a key problem, especially amongst workmen.

Hultman (1999) feels that in any given situation, there are eight reasons why people will support change, which include:

1. They believe their needs are not being met currently. In other words, they are dissatisfied with the status quo. They either don’t believe they are getting ahead or they believe they are going backward.

2. They believe the change will make it easier for them to meet their ends. They believe it will eliminate unnecessary, tedious, or unpleasant work.

3. They believe the benefits outweigh the risk. They expect that it will result in some personal gain. They expect a new challenge or opportunity as a result. They believe the risks are worth taking.

4. They believe the change is necessary to avoid or escape a harmful situation. Some examples would be bankruptcy, a hostile take over, or a decline in market share, profit, revenue, productivity, quality, morale, competitive position and so on.

5. They believe the change process is being handled properly. They believe they are being treated fairly. They trust those responsible for the change.

6. They believe the change will work. They believe it is the right time for the change. They believe adequate resources have been allocated to the change effort.

7. The change is consistent with their values. People will support change if it is consistent with their standards or represents something they believe is important.
They believe those responsible for the change can be trusted. Even if people don't completely agree with a change, they are more likely to go along with it if they trust those responsible for it. People tend to have confidence in those they trust, and they tend to be suspicious of those they don’t trust.

In case of Escorts workmen, there was no reason for them to support change as they were satisfied with the status quo and any change would have made their lives uncomfortable and difficult compared to existing environment. In case of any likely harmful situation, they had the confidence that union, which they considered to be their provider, was there to protect them by pressurizing the management. Their level of trust in the management was so low that any initiative was bound to be viewed with suspicion.

3.10.2 Enrolling Managers

Successful organizational change depends heavily upon managers who need to effectively communicate to employees what the change is, how it will occur, and why the change was necessary. Middle and line managers are the ones who come in direct contact with the employees and based on their working relationships, are capable of developing awareness of the changing scenario and support for change. Managers must, therefore, be prepared and equipped for a much more demanding role. Middle management are the people who will be most involved in managing change and, thus, they have to be convinced that it was necessary, may not always be easy. We need to develop personal commitment amongst them through ample training, help and encouragement.
In the change process, the toughest thing for middle managers is that they have it coming at them from senior management pushing change from above as well as they have to face the pent-up emotions from the employees of the organization. Sometimes they feel pulled in different directions due to lack of information, skills or direction to focus on multiple priorities. They may not have answers to questions like, “How would we act if we were to manage the way we say”? “What kind of meetings and conversations would we have”? “Who would be involved”? “How would we communicate”? “How would be define and recognize the positive and negative attitudes and behaviour”? They are caught in the middle, and often fragmented because they don’t have clarity.

For managers to buy into change, they have to fully accept its value to them on a personal basis. That means that the change has to support the things that really drive them - the core needs and values that determine who they are. In Escorts, the managers were feeling helpless, the union was all-powerful and the managers had almost lost their right to manage. It was felt that if these managers, through the change process, could see light at the end of the tunnel, which meets their needs and values, most of them would deal quite well with the change. It, therefore, looked sensible that the top management viz the business heads (core group members) along with the change facilitator, communicate with the managers of all the business divisions, separately for each division. The approach was to provide clarity with regard to the direction, initiate a debate and encourage managers to develop their own responses according to their roles and responsibilities. They should be encouraged to challenge, question and learn, and to
refine and continuously improve in the light of the discussions and finally commit themselves to the vision and the process of change.

Thirteen such communication meetings took place with the managers of various business divisions where the concerned business head and the change facilitator were invariably present. A declaration from the leaders generate an essential element of re-invention and creates the possibility of a new future that evokes interest and commitment. The need for change, vision of change were explained in detail and it was communicated that there was a resolve and determination on the part of top management to bring change, in the process of which they have a major role to play. They have to take charge of the situation and assume the leadership in their respective areas to create awareness about the need for change amongst the workmen. It was also emphasized that change is to be brought in through change of attitudes and mindset and also that there was a need to start giving right signals and messages simultaneously by way of implementing discipline. Each group was thereafter motivated to come out with suggestions, disagreements, apprehensions and the support they expect from the management. By and large, there was active participation and openness in all the groups, and some of the key issues, as highlighted by managers are as follows:

ψ Managers can not get even a casual worker appointed and if they wish to do so, they have to approach a union leader.
All decisions of the plant personnel department are dictated by the union leaders and even action on the report of the departmental manager is not taken unless the same is cleared by the union leaders.

Plant personnel department does not play any role in counseling and communication and actions are either not taken or unduly delayed.

Existing incentive schemes, which are adhoc and amount to taking production on contract, should be scrapped and we should have proper norms for each operation, ensuring that everyone works for eight hours as per the norms.

Today the greatest need was to impart training to all categories of employees, which should include attitudinal, behavioural and skill development. This should be given top priority.

Increments and promotions are not performance and contribution linked and are purely subjective.

In the circumstances that the union leader can approach the Business/Operation/personnel heads and can get their work done, the departmental and sectional managers have become absolutely ineffective.

Other points were similar to those already covered in the situation analysis of business and operation heads. Many expressed doubts about top management’s willingness to take a firm stand if the union does not agree for the proposed change. They were explained that the present business scenario does not provide any alternative but to bring change, necessary for survival. All managers were assured that the management shall take principled stand for developing the right work culture and shall try to bring change
without confrontation, but shall face it, if it comes to us. These meetings which continued for 5 to 6 hours each, evoked interest and commitment and the managers assured that they shall take charge of the situation under each one of them, with the belief that it can be done and that they shall do it.

After these meetings, there was enough vibration in the environment and the feedback was positive. Extract from one of the letters by one senior manager to the change facilitator reads as follows:

“It was a real pleasure listening to your down to earth views which came like whiff of fresh breeze—change can never be thrust down on people but has to be faded—in gradually so that enough adjustment time is provided—we have started with uncorking the bottle to release pressure and providing ample opportunities to people to unwind themselves and express their views and concerns. This process has helped them to de-steam themselves of years of pent up feelings. As a result, many issues have got thrown up which have helped us to do introspection and take timely corrective action, wherever feasible. People have been encouraged to express themselves without inhibition and fear—This is, however, just the beginning and a lot needs to be done. We are confident that with your active support and encouragement, we shall be able to give practical shape to our dream of instilling pride in people to be a part of the Escort’s family.”
3.10.3 Enrolling Union

As per management’s strategy, the forthcoming settlement was the main instrument of change, which had to be negotiated with the union. With the day-to-day increasing pressures, with liberalization, trade unions are required to find solutions for complex problems hand in hand with the management. The union must work as a collaborator and not as an alternative power centre, especially the unions which have internal leadership, as was the case with Escorts. The collaborative union is best where union leaders collaborate with the management, retaining their credibility with the workers, which is possible in the circumstances that the workers are convinced that the management was fair. Escorts case was altogether different where the union, taking advantage of management’s weaknesses has been exploiting and pressurizing the management and gaining undue benefits. The management on it's part, with the objective of keeping the show on and getting the production numbers, has been appeasing the union and the situation has been continuing for decades.

This was, however, time to raise the heat and wake the union up first. It was necessary for the union to feel the extreme level of emotional tension before they were prepared to change. This was possible only through a clear understanding of realities the organization was facing and the likely scenario if we fail to face the reality and wake up.

To start with, an informal meeting was called with 12 top leaders of the union for a joint evaluation of the business environment vis-à-vis our preparedness to compete. Diagnosis and suggestions, as emerged from this participative and frank interaction, are as follows:
There was a wide gap between the workers and the managers. The managers do not interact with the workers and all worker-related problems were also passed on to the leaders. The line managers should take care of workers’ problems as well, so that workers could develop respect for management.

If any suggestion was made by any union leader or a worker pointing out certain flaws related to business or manager’s conduct, the pet reply from the senior management has been that they should remain within their boundaries.

All our competitors have been coming out with new models but in our case the R & D has not been able to do much. We only change the looks or location of light etc. We should concentrate our energies on developing new models.

There has been no effort to create awareness in the mind of workers about the changing business scenario. Training programmes should be organized for all the workers to tell them about the competition and the new business environment where information like productivity, quality and cost could be shared.

The union leaders and workers have become used to a particular style of functioning and if we really want to change the attitudes, behaviour and mindset of people, heavy dose of training to leaders as well as workers was necessary.

Different decisions by various divisions have led to disparity and the union leaders, under the pressure of workers, were compelled to demand similar benefits everywhere. The management should, therefore, take a well-coordinated decision and should not create disparities.
No line manager or senior management staff joins the workers and their families during crisis or emergency. There is complete lack of personal touch and the relationship is purely official. Things will not improve unless there was emotional bondage.

There has been considerable increase in the number of managers during last 5-6 years and there was no proper work for them. This adds to the cost. There were 12 managers in the Personnel department in Farmtrac tractor division.

Like Yamaha plant, some of the good workers should be sent to JV partners abroad for training. This would widen their horizon.

50 percent of the employees in all the categories, including managers and workers, come to the plants just for taking the salary and they were not interested in the future of the company. The management should give strong signals to these persons.

In today's environment, all leaders were concerned about their vote bank and this attitude can not change unless we are able to change the environment.

There were no occasions or functions where the management and workmen could come together. Earlier the chairman used to come to greet the workers on 1st January. This has also been stopped. We should re-start such practice where the workers and management could come closer.

The managers at the shop floor were not capable of communicating with the people and take work. They were either lacking self-confidence or involved in politics or business.

Managers have become so ineffective that they use the leaders as their shield. They want leader's approval before taking action against workers and also use them for getting their personal jobs done from higher management.
There are no joint forums where the shop floor problems related to quality, production, productivity and discipline could be discussed and sorted out mutually. This should start immediately.

The management at the plant level adopts double standard for different people, under the similar situation, keeping in mind the person involved and his affiliation to a particular group.

There were no sports and cultural activities to divert energies in the right direction.

The diagnosis has been quite revealing and nowhere reflects any opposition to change. This, however, called for a re-look at our proposed strategy for change, especially towards the style and attitude of managers. The union’s approach was people focused while our proposed strategy was basically system focused. Since these discussions and the union’s diagnosis contained important feedback, the copies of the record note of discussions were sent to all the members of the core group. This was also the subject matter of discussion in the core group meeting but as the said diagnosis of the union cast adverse reflections on the style and attitude of the management, the feedback and suggestions were almost brushed aside, treating it to be the game of the union to divert attention from the main issue of change. Sometimes, those at the top feel that they know everything and work out and impose a solution, when it may be more important that they are receptive to feedback and suggestions from others and willing to reflect and learn.

The general feeling has been that union will not agree for change so easily as it would amount to loss of power to union leaders, which enormous power they have been
enjoying for decades. If the people who are the main targets of change are allowed to participate in the change process, they are less likely to oppose the change. Participative approach argues that people should be involved and given opportunities to participate in the implementation of change. No organizational change, especially the radical change, can be completely participative or completely directive or coercive. Participation, therefore, is something which can not be overlooked. Effective organizational change is a blend of participation and pressure. In the Escorts situation, where the main instrument of change was the forthcoming settlement, the union had a key role to play and it was to be convinced about the need for change through hard evidence and data. For the union to share the vision of change and support the change, it was necessary to put all our cards on the table. Putting all cards on table means sharing information, hard evidence and data.

Accordingly, it was considered desirable to acquaint the union leadership (executive consisting of 35 members/office bearers) about the business scenario vis-à-vis competition, present position of the company, future business plans and correction and cooperation of the work force imperative for survival and growth, both of employees and the company, so that there was complete appreciation of the situation amongst the union leadership.

The scenario and the hard data were made available to the union leadership by way of presentation to them by the concerned business heads themselves. In these presentations (total 12) along with business scenario and the comparative data of the company and competitors, it was also emphasized that problems were business specific different in
nature and that we needed different and business specific approaches to solve these problems. The focus was on threats as well as opportunities and a compelling picture was created of the risks of not changing. Magazine covers and news items of great companies, including Indian business houses, that were going through turmoil because they had failed to change, were also shared with them. These leaders were also encouraged to seek clarifications and additional information, if any. An observation of group's behaviour clearly revealed the two types of characters, one which was attentive and asked for genuine clarifications or additional information and the second one which was either unconcerned or asked such questions which amounted to blaming the management for present day situation and that the workers and union could not help the situation. The divide was almost 50 percent each between these positives and the negatives. After all the 12 presentations were over, there was consensus about the need for change, the positives willing to cooperate while the negatives maintaining that it was for the management to initiate corrective measures. Such negative approach of some of the leaders was natural, as the change was going to affect them individually by way of their loss of power and also sacrificing their vested interests. When we talk of change which is going to affect people individually, the focus must shift to resistance. Resistance is inevitable. People will express resistance differently based on how they perceive the change.

3.11 Why We Resist Change

It is human nature to resist change. We want things to stay the same and think that the change will be bad for us. As creatures of habit, we prefer the security of familiar
surroundings and don’t react positively to changes in our environment, even when the changes are for our good. We fear and resist change at almost every turn. We ask someone to do something differently and the person would normally respond with excuses, arguments, dirty looks or mute silence. This holds equally good for our workplace as a familiar job provides a sense of security and identity and any change to people’s usual ways of operating trigger fears and apprehensions that are deeply rooted in the human psyche.

There are many different ways in which individuals and groups can react to change. To predict what form their resistance might take place, Kotter and Schlesinger (1979) have given four most common reasons for employee’s resistance to change:

- **Parochial self-interest** - People often resist change because they think they might lose something of value as a result of that change.
- **Misunderstanding and lack of trust** - People are often not very clear about the implications of change. Misunderstanding is highly likely if there is lack of trust between employees and management.
- **Different assessments** - Frequently employees assess the situation differently from their managers. They might see more costs rather than benefits resulting from change.
- **Low tolerance for change** - Sometimes people resist change because they are unsure if they acquire the new skills and abilities that the change requires.
Prof. Matti Ötala views resistance to change as fully natural and human and says, “Resistance comes from the fact that change is a threat to people’s usual ways of operating. Therefore, ambiguity and change usually cause fears, frustrations, friction, immunity, reactions and feeling of loss. Resistance is used to protect individual’s and group’s usual ways of dealing with reality. Resistance to change is fully natural and human, and it does not have anything to do with bad will. There are several sources of resistance:

- The comfort of old habits
- Selectivity of attention and retention
- Dependence on role model’s example
- Fear of the unknown
- Economics
- Lack of trust
- Misunderstanding
- Parochial self-interest
- Different assessments of what change is needed
- Low tolerance for change (attitude)"

Harigopal (2001) while analyzing the reasons for resistance to change, feels that one’s disposition also influences how one responds to change and says, “Individuals resist change as it often requires them to think, feel, and act differently from their accustomed or regular ways. It could contradict the ‘mental maps’ they have already construed or built regarding their work based on their experience and habits. Changing the mental
map causes discomfort or pain. The discomfort is less if the discrepancy/dissonance between this mental map and the change activity is minimal. The greater the dissonance, the greater the discomfort. Consequently, the resistance is higher allowing for fewer changes in one’s behaviour. If the discrepancy is very high, individuals tend to reduce the dissonance by either disregarding the external reality or modifying their own ‘mental map’.

“One’s disposition also influences how one responds to change. Individuals are characterized by different degrees of rigidity-flexibility, emotionality, suspicion, fear of failure, and avoidance behaviours. Those predisposed to negate or resist change:

♦ Feel secure in being rule-dependent and following the precedent or established procedures. They are often found to express statements such as ‘it has always been done this way’; ‘when it has been found to work this way, why change?’, ‘don’t mend it if it does not break.’

♦ Tend to be highly emotional and, hence, either get overexcited about change or become panicky and fearful - in either case leaving them unable to think rationally.

♦ Are overly suspicious and see all kinds of motives in other’s behaviour.

♦ Are conscious of their failures rather than their successes and avoid anything different from the familiar and habitual. Rather than accepting their inability to deal with the new, they conceal it by being critical, argumentative, and cynical.”
"Individual responses to change are also influenced by their orientation to ‘time’. Some perceive change through their earlier/past experience and, accordingly, either accept or resist change. In contrast to such a ‘rear-view mirror’ perception, others focus on the future, being only marginally influenced by the past."

In Escorts, before the start of the negotiations on the settlement, the management, with a view to create a holistic approach amongst all concerned, decided to invite all the union executive numbers, along with company’s senior executives to a puja to offer prayers to almighty for the success of negotiations. A letter was accordingly sent to the union, as follows:

"The memorandum of settlement between the management and the union dated 30th April, 94 is going to expire on 31st March, 97.

Keeping in mind today’s competitive environment, the next settlement is going to be very significant from the point of view of the future of various group companies and the employees engaged therein.

Since we are going to start negotiations for this important settlement, it is necessary that we all possess honesty of purpose, moral courage, confidence and patience and may almighty grant us the strength to discharge this responsibility successfully. It is, therefore, considered appropriate to start the negotiations by invoking the blessings of the
Almighty and accordingly all executives members are requested to attend Puja/Havan function on 18th March, 97, at ----.

The ceremony was presided over by a highly qualified priest who spoke about the importance of working together in perfect collaboration towards achieving organizational goals. Quoting extensively from Indian scriptures, he laid emphasis on mutual trust and understanding and described the trust relationship as one in which the parties care for, show responsibility towards, have respect for, and understood each other. They feel safe with one another.

The ceremony was attended by the senior executives of the company and 23 executives members of the union out of 35. Those 12 who did not attend were the same who had earlier demonstrated negative approach towards change at the time of presentations by the business heads. It later came to light that these executive members who did not attend were instigated by a senior executive of the Corporate HR & IR department. It is easy to assume that resistance is something that occurs among the rank and file and that the managers are completely in agreement with the change. Yet resistance to change is part of the human condition, and senior mangers are not immune. The said senior executive was probably feeling disturbed over the appointment of new corporate head for HR & IR (the change facilitator) and wanted to give a set back to the efforts of change at the initial stage itself. Change means that such persons may have to find new, perhaps less successful, ways of managing their own environment. Many perceive that change will cause them personal loss by way of reduced status or authority, either directly or because of some eventful consequence not yet apparent.
The culture at Escorts did not permit transfer of any worker from one section or machine to another section or machine. It was in October 1997, that few workers in a business division were transferred to another section within the same division. This resulted in stoppage of work which continued for 20 days. In the past, full wages had to be paid for such stoppages of work but this time it was made clear, through various communications, that neither the transfers will be cancelled nor wages paid for the period of strike. Leadership was divided over the issue and as no such transfers were made in the past, no one was prepared to come forward and convince the workers to restore normalcy. People like status quo. They like the way it was. In situations like these, facts tend to be less significant than the beliefs based on assumptions, past practices etc and people find it convenient to take shelter under and put up protective barriers of past practices.

Hultman (1999) argues that people resist change when an established belief, value or behaviour is threatened and says: “Life is the proving ground for beliefs, values, and behaviours. Those beliefs, values and behaviours that are successful at meeting our needs will be retained, while those that are unsuccessful will be modified or discarded. Those that initially serve as effective guides to need fulfillment tend to influence the establishment of subsequent beliefs, values, and behaviours, which function much like a fraternity. New beliefs, values, and behaviours are admitted only if they are perceived as being compatible with existing members. In this way the personality of an individual evolves.”
“Any belief, value, or behaviour that has been successful in meeting needs will resist change. Those that have been consistently reinforced through experience and that serve as the core around which other beliefs, values, and behaviours are added will be the most resistant to change, whereas those that are less reliable in meeting needs will be more amenable to change.”

“When people perceive that an established belief, value, or behaviour is threatened, they experience fear, which then motivates them to protect and defend themselves. The intensity of the fear can vary from mild to extreme, depending on the importance attached to a particular belief, value, or behaviour. The more fear there is, the more resistance there will be.”

People need time to work through the change process. Some people resist change more than others, may be for individual reasons or vested interests. None of us move through change at the same pace or in the same way, nor are we motivated by the same thing. There are times when we can nurse the change resisters along and there are also times when we can convince them that change was inevitable. All this is, however, possible only if management’s attention or commitment does not waver due to day-to-day issues and priorities.

**Roller Coaster Rides**

The year 1997-98 was the period when the market was good for the products of the company and there was, thus, pressure not only to meet the targets but for still higher
production. The management of the tractor division, therefore, in spite of serious reservations by some of the members of the core group, entered into a mini agreement with the union leadership of the division for production of 46 tractors per shift as against 39 and agreed to grant an increase of Rs.1200/- p.m. in wage to all the workmen of the division, against the said increase in production. This was also a negotiated adhoc increase, without any norm or basis, as had been the practice in the past. This substantial increase in wage of the workmen of one division created a turmoil in all other business divisions where there were work stoppages and disturbances in normal work for similar increase in all the divisions. The negotiations for the main settlement and the change programme took a back seat and there were neither any negotiations nor any talk of the change programme for full four months. Since the union leadership of the tractor division was party to the mini agreement and while the remaining leadership was opposed to it, there was serious in fight within the union and ultimately the executive body had to be dissolved, necessitating fresh elections.

Many change initiatives may start with great enthusiasm, visibility and top management support but sometimes the effort gets bogged down in implementation; sometimes management attention or commitment wavers; perhaps day-to-day issues and priorities interfere, as was the case with Escorts mini settlement of tractor division. With the short term objective of feeding few more tractors in the market and earning little more profit, another effort got launched, right in the middle of the change effort. Sometimes, an organization holds on to it’s way of doing things, regardless of the risk in doing so, even
to the point of neglecting the value of the change and losing credibility with those deeply involved in the process.

Unlike the previous executive body of the union, where the number of those who had a positive approach to change and those who resisted the change was balanced, the new executive body consisted of more numbers of resistors to change, though some of the senior leaders were still positive. Like the previous executive, the new executive body was also given a clear picture of realities the organization was facing and the likely scenario if do not wake up. The hard data was made available to the new executive body of the union by the concerned business heads. While also sharing comparative data of the competitors, a compelling picture was created of the risks of not changing. Though many leaders sought clarifications and additional information but overall response was not very encouraging.

About 30 meetings took place between the management and the union on the new memorandum of settlement during March and April, 1998 but there was serious resistance on key issues like 8 hours work based on I.E. norms; new work practices like multi skilling, multi machining, self setting; re-deployment; conversion of indirect to direct; and elimination of certain malpractices. The resistance reached to a stage where the union refused to negotiate any further and gave a call of stopping casual workers and overtime work. Since the whole production in all the business divisions was solely dependent on casual workers and overtime, the stoppage of casualties and overtime work,
virtually amounted to zero production. The situation continued for full one month when there was no production.

There could always be organized resistance to change by a group or groups of individuals like the union in this case resisting the change initiatives of management, since the intended change could undermine the union's power, which it has been enjoying for decades and also loss of freedom and autonomy hitherto enjoyed. The resistance is bound to be greater if the intended change is likely to adversely effect the target group's interests, howsoever unjustified they may be.

Toole (1996) feels that there could be hundreds of speculations about the root causes of resistance to change and has given a sample of some of the most popular hypotheses, as follows:

I. Homeostasis - Continual change is not a natural condition of life; hence resistance to change is a healthy human instinct. According to Montaigne, the stability of society is so important that it is 'very iniquitous---to subject people and immutable institutions and observances to the instability of a private fancy.'

II. Stare decisis - In common law, the presumption must always be given to the status quo. The burden of proof must always be on the change agent.

III. Inertia - When a large body is in motion, it takes considerable force to alter its course.
IV. Satisfaction - Most people are perfectly content with the status quo. Prince Bolkonski, in ‘war and Peace’, ‘could not comprehend how anyone could wish to alter his life or introduce anything new into it’. In fact, most people can’t imagine any alternative to the status quo. Said Voltaire’s Pangloss in ‘candide’: ‘This is the best of all possible worlds.’

V. Lack of ripeness - Change occurs only when certain preconditions have been met. Such conditions are rare and cannot be forced.

VI. Fear - Humans have an innate fear of the unknown. We prefer to take our chances with the devil we know.

VII. Self-interest - Change may be good for others or even for the system as a whole, but unless it is specifically good for us, we will resist it.

VIII. Lack of self-confidence - Change threatens our self-esteem. New conditions require of us fresh skills, abilities, and attitudes, but we lack the confidence that we are up to the new challenges.

IX. Future shock - When people are overwhelmed by major changes - as they are in modern society - they hunker down and resist because the species is capable of only so much adaptation.

X. Futility - Since all change is largely superficial, cosmetic, and hence illusory, why would people take part in the charade when they know that the power structure of society will remain unchanged?

XI. Lack of knowledge - We don’t know how to change (or what to change to). Ignorance and faulty analysis get in the way of effective change.
XII. Human nature - We are innately competitive, aggressive, greedy, and selfish. Because planned change assumes a degree of altruism, it is doomed to fail.

XIII. Cynicism - He light of assumption 12, we must suspect the motives of the change agent.

XIV. Perversity - Change sounds like a good idea; unfortunately, the unintended consequences will be the exact opposite of the stated objective.

XV. Individual genius versus group mediocrity - Einstein wrote that 'great souls have always met with violent opposition from mediocre minds.'

XVI. Ego - Change requires that the powerful admit that they have been wrong.

XVII. Short-term thinking - People can't defer gratification. Said Hume, 'People are always much inclined to prefer present interest to the distant and remote.'

XVIII. Myopia - Because we can't see beyond the tips of our nose, we can't see that change is in our broader self-interest. 'Worse', writes historian John Lukacs, 'when people do not see something, this often means that they do not wish to see it - a condition that may be comfortable and profitable to them.'

XIX. Sleepwalking - Because most of us lead unexamined lives, we have, according to Karl Mannheim, 'Somnambulistic certainty' about the rectitude of the status quo.

XX. Snow blindness - Group-think, or social conformity, is the problem. As early as the sixteenth century, Francis Bacon concluded that consensus-seeking causes us to share common myths and misconceptions.

XXI. Collective fantasy - According to Barbara Tuchman's 'March of Folly', people in groups 'often act contrary to the way reason points and enlightened self-interest
suggests’. This ‘wooden-headedness’ derives from the inability to learn from experience and from viewing situations in light of preconceived notions.

XXII. Chauvinistic conditioning - The way we do it is right; they are wrong. And if you are one of us and you advocate what they do, you are disloyal.

XXIII. Fallacy of the exception - Change might work elsewhere, but we are different. In fact, we can’t learn anything from others unless their situation is exactly the same as ours.

XXIV. Ideology - Because we each have different worldviews - inherently conflicting values - any plan for change will divide the community into hopelessly adversarial camps.

XXV. Institutionalism - Individuals may change, but groups do not. Indeed, the prime task of the organization is self-preservation and self-perpetuation.

XXVI. Nature non facit saltum - ‘Nature does not proceed by leaps’ was the gradualist philosophy of Leibniz and Linnaeus. In the words of Darwin, change occurs only in ‘Very short and slow steps’. Applying this observation about nature to the affairs of humankind, Macaulay argued that things are constantly improving at their own unalterable rate, which constitutes the natural and sensible pace of change.

XXVII. The rectitude of the powerful - The best and the brightest have set us on the current course, who are we to question the wisdom of our leaders?

XXVIII. ‘Change has no constituency’. Machiavelli suggested that the stake that a minority of individuals have in preserving their certain place in the status quo is far stronger than the stake that the majority have in bringing about an uncertain alternative.
XXIX. Determinism - As we have seen, Hegel posited that there was nothing anyone could do to bring about purposeful change. Though change might occur, it is not as the result of conscious human action.

XXX. Scientism - The contemporary academic corollary to Hegel’s hypothesis is that society shouldn’t learn from the lessons of history because they aren’t scientific.

XXXI. Habit - William James remarked that habits are ‘the flywheel of society’. And habit, according to John Dewey, ‘covers the formation of attitudes—,our basic sensitivities and ways of meeting and responding to all the conditions which we meet in living’. This is more than positive; it is ‘the principle of continuity of experience.’

XXXII. The despotism of custom - In sharp contrast to Dewey, habit is a negative factor according to John Stuart Mill. He hypothesized that individuality is viewed as an affront to custom. Because the ideas of change agents are seen as a reproach to society, progress is thwarted by “despotic” habit.

XXXIII. Human mindlessness - ‘It is hard to free fools from the chains they revere’, wrote Voltaire. This is the most pessimistic hypothesis of all.

The difficulty with these hypotheses is that they all seem to be correct. All these sources of resistance may be seen at play in society and in organizations from time to time. Moreover, several of these factors may act in concert, and, I admit, the lines of distinction between the various hypotheses are blurry. So even though it may be difficult to distinguish which one or other of these factors is the specific cause of resistance, it would be easy to draw the conclusion that everything in society seems to conspire against the receptivity to change.
After the Escorts union's agitation, by way of stopping casuals and overtime, was called off, there were about 60 more meetings between the management and the union over the new memorandum of settlement, between June and November, 1998. Through mass dissemination of information on environment, competition and challenges, the management had been able to enroll a majority of union office bearers about the key issues in the settlement but the resistance still continued from many executives members, especially those who were more concerned about the loss of power and a set back to their vested interests in the new order of things. The union was, thus, a totally divided house, dominated by group dynamics. There were major differences and divergence of opinion amongst them based on their personal agenda. Majority of workforce, though fully aware of the issues involved and willing for change, felt duty bound to carry out the directives of the union, which was, for them the provider. The top leadership, which had a positive approach towards the proposed change, was feeling helpless, unable to control the negative elements. On one hand the union was plagued by it's own dissensions and on other hand management had made it clear that there could be no bargaining on basic issues as they were linked to the survival of the group.

The negative elements opposed to change even man-handled the positive leadership, called them the agent of management and could ultimately prevail upon for giving a strike call which started in the last week of November, 1998 and continued for 40 days.
History shows that employees invariably resist even the best-laid plans of change. A few will openly fight it, others will either ignore or try to sabotage the plan. If we don’t have a strategy for handling resistance, we can forget about our change programme.

3.12 Handling Resistance

Overcoming resistance is a process of affecting what people think and feel and can be dealt with only through verification of facts and clarification about beliefs. If we could affect the thinking of people, feelings would automatically get affected as feelings are primarily consequences of thinking.

Kotter and Schlesinger (1979) feel that many managers underestimate the ways they can positively influence specific individuals and groups during a change and suggest six approaches for dealing with resistance to change:

1. Education and communication – One of the most Common ways to overcome resistance to change is to educate people about it beforehand. Communication of ideas helps people to see the need for and the logic of a change. The education process can involve one-on-one discussions, presentation to groups, or memos and reports. An education and communication programme can be ideal when resistance is based on inadequate or inaccurate information and analysis, especially if the initiators need the resistor’s help in implementing the change. But some managers overlook the fact that a programme of this sort requires a good relationship between initiators and resistors or
that the latter may not believe what they hear. It also requires time and effort, particularly if a lot of people are involved.

2. Participation and involvement – If the initiators involve the potential resistors in some aspect of the design and implementation of the change, they can often forestall resistance. Considerable research has demonstrated that, in general, participation leads to commitment, not merely compliance.

3. Facilitation and support – Another way that managers can deal with potential resistance to change is by being supportive. This process might include providing training in new skills, or giving employees time off after a demanding period, or simply listening and providing emotional support. Facilitation and support are most helpful when fear and anxiety lie at the heart of resistance. The basic drawback of this approach is that it can be time consuming and expensive and still fail.

4. Negotiation and Agreement – Another way to deal with resistance is to offer incentives to active or potential resistors. For instance, management could give a union a higher wage rate in return for a work rule change; it could increase an individual’s pension benefits in return for an early retirement. Negotiation is particularly appropriate when it is clear that someone is going to lose out as a result of a change and yet his power to resist is significant. Negotiated agreements can be a relatively easy way to avoid major resistance, though like some other processes, they may become expensive. And once a manager makes it clear that he will negotiate to avoid major resistance, he opens himself up to the possibility of blackmail.

5. Manipulation and Co-optation – In some situations, managers also resort to covert attempts to influence others. Manipulation, in this context, normally involves the very
selective use of information and the conscious structuring of events. One common form of manipulation is co-optation. Co-opting an individual usually involves giving him a desirable role in the design or implementation of change. If a manager develops a reputation as a manipulator, it can undermine his ability to use needed approaches such as education/communication and participation/involvement. Nevertheless, people do manipulate others successfully - particularly when all other tactics are not feasible or have failed.

6. Explicit and Implicit Coercion - Finally, managers often deal with resistance coercively. Here they essentially force people to accept a change by explicitly and implicitly threatening them (with the loss of jobs, promotion possibilities, and so forth) or by actually firing or transferring them. As with manipulation, using coercion is a risky process because inevitably people strongly resent forced change. But in situations where speed is essential and where the changes will not be popular, regardless of how they are introduced, coercion may be the manager’s only option."

"The most common mistake managers make is to use only one approach or a limited set of them regardless of the situation."

One of the essential conditions for effectively handling resistance is to create a climate for change in the organization, which requires willingness and ability of the top management to change their behaviour and act as a role model. If they persist with old, dysfunctional behaviour, the rest of the organization would follow suit and pay only lip service to the change process. In Escorts, during the change process itself, one of the
business heads (member of the core group) continued to pursue the appeasement policy keeping the short-term business interests in mind. Under pressure from the union, he agreed to issue goggle to certain category of workmen and also grant of two increment to the workmen of assembly department for shifting to new assembly line, erected very close to the old assembly line, though it did not involve and additional work load. Not only these unjustified concessions were granted to the union in a closed door meeting with the divisional representatives of the union, a commitment was also taken from them that this should be kept top secret and no one else outside the division, especially the change facilitator, should know about it. When the change facilitator, during one-to-one discussions with the said business head, wanted to verify the factual position, he denied having taken any such decision. Since it was not only a question of serious repercussions of the decisions on other business divisions but of basic integrity, attitude and commitment of a member of the core group to the vision of change, and also involved the underlying ethics and principles of running business, the change facilitator sought the intervention of group chairman. In his note to chairman, with the details of two incidents, he wrote:

"With profound anguish and regret, I wish to bring to your kind attention a few incidents related to X division, which involve deeper dilemma and malaise relating to:

I. Independence of a company in functional matters even when it has deeper repercussions on the functioning of the other companies in the entire Escorts group.

II. Common vision and commitment to cultural transformation."
III. Short sighted appeasement policies, undermining basic ethics and imperatives of shared goals.

These incidents highlight appeasement, abject surrender before negative elements, deliberate concealment of information, and willful disregard of corporate concerns. Needless to say, they are turning the clock back on our common task of bringing about change in work culture and have led to cascading problems everywhere else. I am forced to seek your intervention to settle the issue once and for all.”

When the said business head was suitably dealt with by the chairman, the change facilitator felt that there was a need for developing greater conviction and commitment for change in the concerned business head. Sometimes, managers intellectually understand the need for change but are unable to change their attitudes and behaviour. When we change what we believe, we change what we do. Realizing that the concerned business head was unable to make the emotional transition, the change facilitator held one-to-one discussions with him, challenging his un-viable beliefs and suggesting more viable beliefs. Later on, the said business head proved to be most active partner in the whole change process.

It is necessary that resistance and obstacles to change must be dealt with quickly and sometimes they might need very firm handling. Failure to set an example by doing so would cause others involved in the process to lose commitment and interest in the change. The senior executive of the corporate HR & IR who had instigated some of the
union executive members to boycott the puja/Havan ceremony organized before the start of the negotiations, so as to give a set back to the efforts of change at the initial stage itself, was asked to resign and this firm action sent the desired right signals.

In one of the business divisions, when there was work stoppage for 20 days on the issue of transfer of few workers to other section, in October, 1997, the management had spoken to all concerned union leaders and the workmen of the division, who did not find any malafide intentions on the part of the management in the transfer and even accepted the logic behind the transfer but did not agree to management’s right to transfer. They resisted changing because they were afraid of change, which could have given necessary flexibility to management to manage as per business and environmental needs. People are capable of logically and rationally considering and screening relevant facts and beliefs but their values perform a gate keeping function. Values represent what we consider to be important in life and act as criteria for making decisions. These people wanted to remain the same without anybody disturbing their comfort levels, which was important for them. Re-assuring those who are afraid of change by using consoling words may often in itself prevent the process of change and the management, therefore, taking a firm stand, started taking disciplinary action against those involved in instigating the unjustified work stoppage. The workmen finally came up with the offer of restoring normalcy provided they were paid wages for the period of work stoppage, as has been the practice in the past, in all business division. Besides the fact that the demand was wholly unjustified, management did not want to give any wrong signal by way of extending any concession and thus, did not accept, any condition for restoring normalcy. The normal
working was finally resumed after 20 days. Managers had a belief that things were
difficult to change as management can not take firm stand. The stand taken by
management in the said case not only activated managers but also encouraged the fence-
sitters to join actively in the change process.

Similarly, during May, 1998, when the workmen had agitated over the settlement related
issues of IE norms and new work practices and when the casual workmen and overtime
were stopped by the union, management took a firm stand to demonstrate it’s resolve that
it was committed to change. Though only casual workmen and overtime were stopped
but there was no production at all and hence the regular workmen were also not paid any
wage, on the principle of no work no wage. The union, in view of past experiences, had
not expected such a tough stand by the management. Finally, the union started
approaching the management, requesting for some face saving device, so that the
agitation could be called off, but the management firmly refused to extend any
concession and the agitation was finally called off unconditionally. The earlier stand of
the management during agitation of 20 days in one of the business divisions over the
issue of transfer, had created confidence amongst managers and again the firm stand
taken by the management during the one month long current agitation, established the
fact that the management was serious about the change. The total managerial population
was highly motivated and got involved in the change process, with confidence. They all
developed the belief that change was possible and took charge of the situation in their
respective areas. When the driving forces outweigh the restraining forces, it becomes
easier to affect the change. Managers, with higher level of confidence, started exercising control, resulting into improved discipline and weakening of restraining forces.

Morris and Raben (1995) suggest, “To counter the forces of resistance, strategies for motivating constructive behaviour are needed. When a broad and significant change occurs in the organization, the first question many people ask is ‘What is in it for me’ or ‘What is going to happen to me’? These are an indication of the anxiety that occurs when people are faced with the uncertainty associated with organizational change. The task of management will be to somehow relieve that anxiety and motivate constructive behaviour.”

With the change in the environment, after May, 1998 agitation was called off and management was, to a greater extent, in control of the situation, anxiety levels went up and people started fearing as to what was going to happen to them, as also pointed out by Morris and Raben. This was time to give emotional first aid to people by way of information, support and counseling about the change. Readiness to change will tend to be greater if we can convince people that there could always be a new and better situation. An effort was, therefore, made by all the managers to define new terms and persuade employees to accept them. Another goal of such one-to-one discussion was to help people feel engaged and committed to the organization’s future and satisfy their need to feel respected, understood, listened to, and valued along the way. It was observed that during one-to-one discussions all these workman and the union leaders will agree verbally but shall not follow through. Lack of trust emerged as a serious barrier. If
people have trouble trusting each other during routine times, they will trust each other even less during times of change. One of the paradoxes of change is that trust is hardest to establish when we need it the most. Mistrust causes people to focus on protecting themselves instead of cooperating with change efforts.

The 40 days strike during November-December, 1998, engineered by the negative leadership was the final test for the management to demonstrate it’s commitment for change and that there could be no compromise on basic issues, linked to the survival of the group. The time to nurse the change resistors or to convince them about the inevitability of change was over. It was the time to lay down the law and tell everyone clearly that the game had changed and that they could either play within the new rules or play somewhere else. The government declared the strike to be illegal and all those involved in instigating and inciting workmen and other acts of indiscipline, including few leaders of the union, were dismissed. The message was loud and clear and had the desired impact. The strike was called off unconditionally and negotiations resumed to finalize the settlement.

About the various options available for handling resistance, Hultman (1999) feels, “There is no magic formula for dealing with resistance. Even if your strategy is extremely well thought out, something can always go wrong. Every situation is unique, and human behaviour is simply too complex to predict the outcome of any strategy with certainty. In developing strategies, we are limited to thinking of them in terms of the probability that they will be successful. For any instance of resistance, these will always be a number of
options. Your job is to thoroughly evaluate the pros and cons of each alternative and select the one with the highest probability of success given all available evidence”

### 3.13 Teamwork and Change

Later in his career, the psychologist Abraham Maslow (1965) studied high performing teams and observed that in exceptional teams, “the task was no longer separate from the self ---but rather he identified with this task so strongly that you couldn’t define his real self without including the task”

The commitment in such teams is so high that the team members are committed to group goals above and beyond their personal goals. They see themselves as belonging to a team rather than as individuals who operate autonomously.

Work can never happen in isolation. Although individual beliefs, capabilities and expertise may be sources of energy but present day complex problems, especially of managing change, cannot be solved by pockets of individual excellence. Organizations are nothing but people working together. Teams occur when a number of people learn and solve problems to achieve a common objective. These people have a common goal and recognize that their personal success is dependent on the success of others.

Successful change requires a sponsoring team, a guiding coalition of senior executives to discuss, debate and construct their collective view. Jeanie Daniel Duck (1998) has emphasized the need for such a team for managing the change process “Managing change
isn't like operating a machine or treating the human body one ailment at a time. Both of these activities involve working with a fixed set of relationships. The proper metaphor for managing change is balancing a mobile. Most organizations today find themselves undertaking a number of projects as part of their change effort. An organization may simultaneously be working on TQM, process engineering, employee empowerment, and several other programmes designed to improve performance. But the key to the change effort is not attending to each piece in isolation; it's connecting and balancing all the pieces. In managing change, the critical task is understanding how pieces balance off one another, how changing one element changes the rest, how sequencing and pace affect the whole structure."

“One tool that companies can use to provide that critical balance is the Transition Management Team, a group of Company leaders, reporting to the CEO, who commit all their time and energy to managing the change process. When that process has stabilized, the TMT disbands; until then, it oversees the corporate change effort. Managing change means managing the conversation between the people leading the change effort and those who are expected to implement the new strategies, managing the organizational context in which change can occur, and managing the emotional connections that are essential for any transformation”

The Escorts group chairman had preferred the change facilitator to handle the change process. Large, discontinuous change in an organization can not be brought about just by a single leader and it is always collective effort that transforms an organization. The first
step for the change facilitator, therefore, was to put together the kind of team, a guiding coalition between potential sources of energy, that could direct the change effort. Kotter (1996) has identified four key characteristics to be essential to effective guiding coalitions. They are:

1. Position power: Are enough key players on board, especially the main line managers, so that those left out cannot easily block progress?

2. Expertise: Are the various points of view - in terms of discipline, work experience, nationality etc - relevant to the task at hand adequately represented so that informed, intelligent decisions will be made?

3. Credibility: Does the group have enough people with good reputations in the firm so that it’s pronouncements will be taken seriously by other employees?

4. Leadership: Does the group include enough proven leaders to be able to drive the change process.

Similarly, Boyett and Boyett (1998) have also mentioned about the qualities the coalition members must possess and have said that they must be prepared to:

♦ “Share a keen sense of discomfort with the way things are (They desperately want to see things change. They have to be as nervous about the shaky black platform as anyone).

♦ Agree on a vision for the future (They must all be going in the same direction)

♦ Have a good reputation (They must be widely respected and their opinions must be taken seriously by the people who must change)
Control key resources (time, money, people) that will be necessary for the change effort.

Control the rewards and punishments and are willing to use them achieve the vision.

Demonstrate public support for the change and convey in their words and deeds a strong commitment to realizing the vision (They must walk the talk); and

Be in for the long haul (Coalition members must recognize that the change will take time and it will require sacrifice. They must agree to reject short-term actions that are inconsistent with the long-term goals of the change)."

Kotter (1996), while giving certain characteristics of the members of an effective guiding coalition, has also suggested certain types of individuals to be avoided, “Two types of individuals should be avoided at all costs when putting together a guiding coalition. The first have egos that fill up the room, leaving no space for anybody else. The second are what I call snakes, people who create enough mistrust to kill teamwork. At senior levels in most organizations, people have large egos. But unless they also have a realistic sense of their weaknesses and limitations, unless they can appreciate complementary strengths in others, and unless they can subjugate their immediate interests to some greater goal, they will probably contribute about as much to a guiding coalition as does nuclear waste.”

While forming the top transformation team at Escorts, it had to be kept in mind that all power groups; the key people are assembled and mobilized in support of change. There was no opportunity to pick and choose as all the business heads had to be involved.
Every organization has competing groups, interest and divergent views on any particular change but the change cannot succeed unless there is critical mass of support.

The five business heads, along with the group corporate head of HR & IR (Change facilitator/Reseacher) thus, formed the top transformation team (core group). Change facilitator was the facilitator of the core group as the internal facilitator brings with him an understanding of the organizational culture and politics, and his own biases serve as a useful counterpoint to the biases of the line leaders on the team. Fortunately all the members of the core group had, by and large, the characteristics as considered essential by Kotter and Boyett & Boyett. They also had the non-traditional mind-set and were willing to venture into unchartered territory, conditions necessary for success. After the formation of an effective team, visible, and dynamic core group, which was a major step in getting around the problems, the core group in its off-site two days meeting analyzed and diagnosed the situation and decided upon the desired state and vision for change (refer chapter-3.7). However, this was also important to ensure that there was excellent team working in the core group and there were no blocks in the free flow of energy. For the new roles and relationships, it was necessary that there was frequent communication, with integrity and the message was consistent. It needed a process or means to get there.

Kotter (1996) has laid stress on trust for effective team work when he says, “Teamwork on a guiding change coalition can be created in many different ways. But regardless of the process used, one component is necessary; trust. When trust is present, you will usually be able to create teamwork. When it is missing, you won’t”
It is necessary, for effective functioning of any team that the team members have faith in each other, support each other, and generally behave in a consistent and predictably acceptable fashion. The key note of team building and its functioning lies in basic values, supplemented by obligation orientation and not in surface level skills.

Arun Wakhlu (1999) feels that good teamwork is rare because all aspects of good team working are not paid attention together and this happens because team working is not wholesome. While explaining the concept, he says:

“All of us are familiar with the concept of a balanced diet. We know that it is wholesome food that has all the ingredients required for nurturing and protecting our body and keeping it healthy.”

“Wholesomeness is simply being whole or complete. It is living life in a total, balanced and harmonious way. This happens when all aspects, all things, all types of people, all views and talents are held together in a beautiful oneness. It is like a garden full of different flowers, all adding to the beauty and fragrance of the whole.”

“Wholesomeness is about boundarylessness. It is holding apparent contradictions together and harmonizing polarities. It is being comfortable with both night and day, with breathing in and breathing out, and peacefully integrating apparently opposite forces such as stability and progress.”
Besides the concept of wholesomeness, Wakhlu (1999) also suggests few characteristics of good teams as follows:

1. The team is clear about what it wants to achieve. There is a clear vision. The values associated with the vision are clearly shaped by the members of the team. The strength of a common purpose and enabling vision creates a focused energy. The team members share a common struggle and journey and this gives them a sense of meaning and purpose.

2. There is strong partnership in the team and members show support for each other – There is high level of openness and trust. The mutual understanding, love and respect that is shared in a good team creates an emotional support group, which helps the team to persevere in the face of challenges

3. Roles are clearly defined and all members know how their work fits in with the big picture. The experience, talents, knowledge, skills, contacts, spiritual and emotional strengths of all members combine and synergize into something far beyond the individual parts.

4. Both collaboration and harmonizing differences are used to get the best results. Differences are seen as opportunities for creative thinking and growth. Issues are always confronted and dealt with openly.

5. There are sound and understood procedures in the team as also a set of agreed norms that people have mutually worked out and follow. A common working approach is defined.
6. Relationships with other groups and teams are sound. The team is well integrated with its environment.

7. The prevailing spirit in the team is strongly ‘can do’ and the commitment to team goals is high. It has a powerful bias for inspired action.

8. Individual and team development needs are regularly looked at and planned for.

9. The team has a high standard of leadership and it is in the most appropriate hands.

10. The team regularly reviews its progress on the task against agreed performance standards and how it is functioning as a team. Regular reflection on experiences and conscious learning is a way of life.

11. In high performing teams, people hold themselves mutually accountable for results. There is an atmosphere of joy and fun along with focus on the work at hand.

12. Finally, a good team is held together by spirit. It is the central dominion of the heart, in the individual and collective life of the team, which gives it the magical quality of a high performing team.

The closer the members of a team are to their own real self, the closer they come to each other. A wholesome team, because of its common spirit, is more like an organism rather than a hierarchical structure. Everyone’s thoughts, words and actions resonate with the same core. Boundaries melt away, and one’s identity merges with that of the team. Each one’s problem becomes everyone’s problem. Everyone’s strengths and resources are shared by all.
The core group members of Escorts change management team also felt the need for a sense of partnership with each other where contributions should be respected and a real consensus should be established before committing the team to action. The core group, therefore, laid down certain ground rules for it’s functioning, as follows:

1. Absolute confidentiality
2. Open mind
3. Mutual trust
4. Transparency
5. Information sharing
6. Regular interaction
7. Group vision/Interest

Besides these ground rules, the core group arrived at a understanding with regard to its functioning and facing the challenge of change. They included:

1. Each one of us will try to exercise better discipline on ourselves.
2. We shall work as a team, with joint responsibility for all businesses/operations of the group, taking ‘Escorts’ point of view.
3. If we work as a team, disagreements would be a lesser possibility.
4. All major issues pertaining to any division shall be decided jointly so that each one is aware of the background of the decision/action taken.
5. We shall meet on a regular basis to share information, review the situation and take decisions.
6. We shall start giving the right signals that we mean business and our attitude shall no more be compromising.

7. Onus of improvement and bringing change is on us but the chairman has to be behind us.

8. In the corporate and professional world we command great respect but have an image that we cannot manage our industrial relations. We shall improve upon our image.

9. Our approach to IR shall be

   - We shall be fair, benevolent and caring but shall take principled stand for developing the right work culture.

   - We shall try our best to bring change without confrontation but shall face it, if it comes to us.

10. We shall take charge of the situation under each one of us, with the belief that it can be done and we shall do it.

11. We shall immediately start enforcing discipline and take action for various acts of misconduct.

12. We shall take full responsibility for the implementation of the terms of the next memorandum of settlement, when finalized.

The core group expressed its total identification to and commitment with the following verse from Rig Veda:

"Common be our prayers, common be our end,
common be our purpose, common be our deliberations,
common be our desires, unified be our hearts,"
united be our intentions, perfect be the union amongst us.”

The core group had in all 122 meetings during the change process and no agenda was ever drawn either by the facilitator or by any other individual. During the initial stage one of the core group members asked for the agenda for the next meeting to which the change facilitator replied as follows:

“When I spoke to you about the next meeting, you wanted to have a copy of the agenda. This pressed me into the pending debate with myself; of whether or not to draw up the agenda. This indecision of mine finds root in the belief that since we are working together towards a common objective, with a common approach and a common strategy, our agenda too, should be a shared one. An agenda of both subjective and wholistic roles. An agenda of continuous betterment.”

The agenda for meetings was, thus, drawn up jointly by the core group. There was total clarity on task and process dimensions of team working, high sense of ownership, and commitment to and belief in working together amongst all members of the core group. It was due to unified and well coordinated actions planned by the core group that two major agitations (work stoppage/strike in May & December – 1998) could be handled firmly and successfully, demonstrating the commitment of management to change, thereby sending the right signals. In the past, all business heads have been managing independently with individual motivations, taking individual point of view, in the anxiety to demonstrate better results and there was total absence of coordinated efforts. This used to result in serious disparities in policies and practices and the union was taking full
advantage of the situation. The unified actions of the management during handling of agitations gave an altogether different message that the management was united and committed to change. The union President and the General Secretary also mentioned in their interviews that the greatest strength of the management was its unity and team work, which never existed earlier (Feedback data – Annexure A)

During the first off-site meeting of the core group, the business heads had themselves diagnosed that they have not been managing as if it was their own business and were, rather, trying to fit in as per the Boss’s requirements. There was over emphasis on ‘somehow’ achieving production targets without giving any importance to process or discipline. While handling various difficult situations during the change process, doubts still persisted in the minds of core group members that chairman might waiver but the consensus amongst core group members about the firm stand prevented him from doing so. There were occasions when the chairman showed signs of wavering but the one voice of the core group could prevail upon and all those who had the perception, based on past experience, that chairman can not take a firm stand, were proved wrong. Few business heads also mentioned in their interviews that the Chairman, who has been wavering in the past and could not take a firm stand, did not waiver and took a firm stand because of the collective voice of the core group. (Feedback data – Annexure A)

Removal of uncertainty about management’s position with regard to taking stands also motivated and inculcated tremendous confidence amongst line managers who were earlier highly demoralized and had almost withdrawn as the management had never
stayed firm in the past. One business head has clearly mentioned in his interview that when the managers saw that the management was taking firm stands on issues and was sending clear signals to one and all that the management now means business, it made a great difference in the attitude of line managers and they also felt involved. (Feedback data – Annexure A)

It is the conduct and behaviour of the superiors that people emulate and draw inspiration from. We can not hope to create an environment for change when the top team is perceived to be a non-cohesive group of individuals pursuing individual goals at the cost of organizational goals. The success of teamwork depends to a very large extent on the capacity of the individuals to look beyond their narrow horizons of egoism, self-gain and individual identity by following the path of self-restraint, self-control and renunciation.

The core group had its share of conflict situations and the team was not characterized by an absence of conflict. Teams normally converse through dialogue and discussion. Dialogue is the process of presenting different views to discover a new idea for a richer grasp of issues and does not seek agreement. Discussions take place with a view to take decision so as to converge on a course of action. Here the views are presented and defended. Sometimes the process of defending the views strongly and taking stand about it creates a situation of conflict.

Peter Senge (1994) considers conflicting ideas to be a healthy sign for team working when he says, “One of the most reliable indicators of a team that is continually learning is
the visible conflict of ideas. In great teams conflict becomes productive. Even when people share a common vision, they may have different ideas about how to achieve that vision. The free flow of conflicting ideas is critical for creative thinking, for discovering new solutions no one individual would have come to on his own.”

Despite differences, core group members felt a sense of partnership, exercised self-restraint and a real consensus was established before committing the team to action. Almost all the business heads have mentioned in their interviews that the best thing that happened during the change process was that core group members held together as a team, worked with trust and transparency, everybody was party to the decisions and felt bound by it. (Feedback data – Annexure A)

Turning back to sagacity of the ancient times, given below is a portion from Rig Veda:

“Meet together, talk together, may your minds comprehend alike; common be your action and achievements; common be your thoughts and intentions; common be the wishes of your hearts – so there may be thorough union among you.”

3.14 Communication and Change

Communication is the process by which we share facts, opinions, ideas, thoughts, information, feelings and attitudes to link people together in an organization to achieve a common objective or purpose. Through this process we unfold understanding and meaning by way of sending and receiving information to achieve a particular goal. The basic purpose of communication is achieving a communion of understanding - a coming
together in mind and if understanding has not occurred, it can safely be concluded that the communication has been ineffective.

Communication is the lifeline of any business interaction and is the flux, which binds the people of an organization together. It provides creative energy for creating a culture of excellence in the organization through higher sense of involvement and belongingness and free flow of ideas and suggestions. It makes the organization a dynamic or a moving structure and pours life into it. When we receive information by way of communication, we expand our knowledge and boundary of awareness and, thus, it helps in altering our view of things.

Arun Wakhlu (1999), while elaborating on the point of boundaries of awareness says, “After good communication, the boundaries of awareness would have expanded on both sides. We would both be seeing things differently. Our view of life changes. Remember, our view of life affects our way of life. Good communication is a powerful force, which brings us closer to seeing the truth and understanding the whole picture. It is a practical tool for unfolding insight and creating inspiration. As two people begin to understand each other’s view points, they actually begin to ‘stand under’ their respective minds. They connect with a space of pure awareness, which is intrinsically boundaryless and one. This state of ‘inner communion’ or profound oneness is not only the source but also the goal of good communication.”
Jack Welch (1994) considers communication to be an interactive process aimed at creating consensus and says, “Real communication is an attitude, an environment. It’s the most interactive of all processes. It requires countless hours of eyeball-to-eyeball back and forth. It involves more listening than talking. It is a constant, interactive process aimed at (creating) consensus.”

Communication is the most essential ingredient in managing change. Studies have shown that the most common cause of failure of major change projects has been the lack of communication with those affected by the project. It is the most important tool in obtaining buy-in from employees at all levels for the changes that will be necessary to implement change project. Any organization that contemplates change but does not communicate well those intentions to it’s employees is either creating much more difficulties than necessary, for itself or is heading for the outright failure of the change project. Maintaining secrecy about the change programme could create mistrust, anger and resentment, all of which can destroy the programme.

Kotter (1996) feels that without lot of credible communication, change is usually impossible, “Major change is usually impossible unless most employees are willing to help, often to the point of making short-term sacrifices. But people will not make sacrifices, even if they are unhappy with the status quo, unless they think the potential benefits of change are attractive and unless they really believe that a transformation is possible. Without credible communication, and a lot of it, employees hearts and minds are never captured.”
Employees need information and guidance on why the change was necessary and the
effect it will have on them. Communication can help in overcoming the sense of loss that
they naturally feel when the old way of doing things, the familiar and the comfortable
one, is taken away from them. We must acknowledge the loss and present the new way as
attractive. Organizations, therefore, need to communicate to employees what the change
is, how it will occur, and why the change was necessary. If we operate in secrecy or
under communicate, the rumour mill would run rampant, people would fill
communication voids with rumours; rumours end up attributing the worst possible
motives to those in control. Withholding information from employees could give the
management an edge over others in the company, but sharing it shall give everyone in the
company an edge over competitors.

Jack Welch (1994) suggests “To create change; direct, personal, two-way communication
is what seems to make the difference. Exposing people-without the protection of title or
position-to ideas from everywhere. Judging ideas on their merits. You’ve got to be out
in front of crowds, repeating yourself over and over again, never changing your message
no matter how much it bores you. The only way to change people’s mind is with
consistency. Once you get the ideas, you keep refining and improving them; the more
simply your idea is defined, the better it is. You communicate, you communicate, and
then you communicate some more. Consistency, simplicity, and repetition is what it’s all
about.”
Alignment of managerial group being a critical success factor, communicating a clear image of the future to them is the first step for managing change. This managerial group, consisting of middle and line managers is the one which comes in direct contact with the employees and can play a significant role in developing awareness of changing business environment and also support for change. Accordingly, in Escorts, managers of all the business divisions were communicated the vision for change, a clear image of the future state and it's process. This was done by all the business heads and the change facilitator (members of core group) jointly. This was two way-face to face communication, where they were encouraged to challenge, question, seek clarifications, and come out with disagreements and apprehensions. We should remember that employee's views, concerns, and questions are important and constructive and, thus, resist the attitude that employee concerns are only threatening. Thirteen such communication meetings took place in various business divisions, which were marked by active participation and openness and evoked interest and commitment. Few business heads have mentioned in their interviews that various communication meetings for sharing the vision of change with managers, held in all the divisions of the company, were of great help in motivating the managers and giving them the confidence that the management was fully behind them. (Feedback data – Annexure A)

Similarly, the 12 presentations made twice, before the two executive bodies (old and new) of the union, by the business heads, was also a part of the communication strategy. This was also two way-face to face communication where the union was communicated the picture of existing business scenario vis-à-vis competition, present position of the
company, and future business plans. Hard comparative data of the company and competitors was also made available and a compelling picture was created of the opportunities available and also of the risks of not changing. The union President mentioned in his interview that the best part of the management's strategy was the presentation made by business heads to the union. It was a great attempt to create awareness about present scenario. (Feedback data – Annexure A)

The focus of communication strategy in Escorts was to communicate continuously and tirelessly in all directions, to every member of the organization, regardless of position or seniority. Situation in the company was analyzed; purpose of communication was established for different target groups, keeping in mind their interests and approach to change; and clear objectives were laid down before creating messages and selecting channels. Since inadequate communication is one of the chief reasons cited for failed change efforts, all out efforts were made to create relevant and meaningful messages for different target groups so as to make the communication effective.

Kotter (1996) lists seven keys to communicating effectively:

I. Simplicity: Effective communication is directly related to the clarity and simplicity of the message. Focused, jargon free information can be disseminated to large groups of people at a fraction of the cost of clumsy, complicated communication. Techno-babble and MBA-speak just get in the way, creating confusion, suspicion and alienation. Communication seems to work best when it is so direct and so simple that it has a sort of elegance.
II. Use metaphors, analogies, examples: Metaphor, analogy, examples, or just plain colourful language have great power to communicate complicated ideas quickly and effectively. Well-chosen words can make a message memorable, even if it has to compete with hundreds of other communications for people’s attention.

III. Multiple Forums: Communication is most effective when many different Vehicles are used: Large group meetings, memos, newspapers, posters, informal one-on-one talks. When the same message comes from six different directions, it stands a better chance of being heard and remembered.

IV. Repetition: The most carefully crafted messages rarely sink deep into the recipient’s consciousness after only one pronouncement. Our minds are too cluttered, and any communication has to fight hundreds of other ideas for attention. All successful cases of major change seem to include tens of thousands of communications that help employees to grapple with difficult intellectual and emotional issues.

V. Leadership by example: Often the most powerful way to communicate a new direction is through behaviour. When the top five or fifty people all live the change vision, employees will usually grasp it better than if there had been a hundred stories in the in-house newsletter. When they see top management acting out the vision, a whole set troublesome questions about credibility and game playing tends to evaporate.

VI. Explanation of seeming inconsistencies: In successful transformations, important inconsistencies in the messages employees are getting are almost addressed
explicitly. If mixed signals can't be eliminated, they are usually explained, simply and honestly.

VII. Give and take: Communication is often such a difficult activity that it can easily turn into a screeching, one-way broadcast in which useful feedback is ignored and employees are inadvertently made to feel unimportant. In highly successful change efforts, this rarely happens, because communication always becomes a two-way endeavour. Even more fundamentally, two-way discussions are an essential method of helping people answer all the questions that occur to them in a transformation effort.”

Thus, according to Kotter, clear, simple, memorable, often repeated, consistent communication from multiple sources, modeled by executive behaviour, helps enormously.

James A. Champy (1997), while stressing upon the need of two-way communication says “There is an endless stream of advice on the need for constant communication about any change programme. But having observed many companies carefully execute communication programmes, I am now convinced that broadcasting messages is not enough. What’s required is conversation, not just communication. In any major change programme people have the need to understand what the change means to individuals in the organization. The challenge in responding to this need is that, early in most organizational changes, no one may know what these changes will mean to the individual. Concerns cannot be met by one-way forms of communication. We must
mobilize managers to have conversations with people across the organization about the drivers and implications of the change programme. It’s in the give and take of discussion that people will discover the truth about what’s likely to happen.”

In a situation where we intend sharing a holistic perspective or what needs to be done, top-down communication might become necessary, but what is sought may not be possible to achieve without horizontal communication.

Repeat, repeat and repeat is the view of Jeanie Daniel Duck (1998), when he says, “It is important for the messages to be consistent, clear, and endlessly repeated. If there is a single rule of communication for leaders, it is this: When you are so sick of talking about something that you can hardly stand it, your message is finally starting to get through. People in the organization may need to hear a message over and over before they believe that this time, the call for change is not just a whim or a passing fancy. It takes time for people to hear, understand, and believe the message. And if they don’t particularly like what they hear, then it takes even more time for them to come to terms with the concept of change.”

“From the point of view of leaders, who have been working on the change programme for months, the message is already stale. But what counts is the point of view of everyone else in the organization. Have they heard the message? Do they believe it? Do they know what it means? Have they interpreted it for themselves, and have they internalized it? Until managers have listened, watched, and talked enough to know that the answer to all these questions is yes, they haven’t communicated at all.”
In Escorts, there were three main target groups for communication and the messages were clearly and appropriately created for them every time, depending upon the occasion and the contents of communication. Besides regular meetings with managers and the union, circulars were sent frequently, addressed to workmen, supervisors and managers, to keep all concerned informed of the developments and sharing facts, thoughts, and information. Since the union was a totally divided house, with major differences and divergence of opinions amongst the leaders, based on their personal agenda and as this was proving to be a major obstacle in finalizing the memorandum of settlement, it was considered desirable to communicate this fact to the workmen. Since a honest and direct mention of this fact in the circulars to workman could have offended the union, thereby further complicating the situation, different type of circulars were issued which were addressed to managers and supervisors, but meant basically for workmen. In these circulars the dissensions within the union, proving to be main obstacle for the settlement, were highlighted so that the workmen could exercise pressure on leadership for an early and just settlement. These circulars, though addressed to managers and supervisors, were made accessible to workmen and served the purpose.

Immediately after the elections of the union, the change facilitator issued a circular, distributing copies to all the workmen, congratulating the newly constituted executive body of the union and the workmen for democratically and peacefully electing their representatives. This circular highlighted the collaborative role of the union and the importance of working together with discipline and improved productivity to face the new challenges of the business environment.
Similarly, circulars were issued on each Diwali wishing happiness and prosperity to workmen and their family members. These circulars also made a mention of the challenges before the company and highlighted the importance and need for change for a brighter future of the employees and the company.

A local newspaper, which had wide circulation amongst employees frequently published the interview with the change facilitator where he talked of need for change, the new philosophy and touched upon the subjects which were uppermost in the mind of workmen, with the objective of dispelling fear and cynicism.

Extracts from some of the circulars are given below:

"As we are moving towards the 21st century; major challenges are ahead of us. New domestic and foreign competitors, armed with new technology, tremendous resources, world-famous brand names, new work practices, and higher productivity, are posing a serious challenge to us. We have to decide whether we have to move ahead with the times and make our future bright, or threaten our survival by taking cover under old mindset, situations and imaginary fears and constraints"

"Most of the employees are seeking excuses to cynicism and inaction under the pretext of history and past practices, instead of charting new paths. We have to find a way commensurate with the demands of the time. It is, therefore, necessary that we act on a
common vision and are able to dispel apprehensions. We have first to be clear ourselves so that we are able to address concerns of our colleagues.”

“All of us have a vital role to play in this crucial phase, especially because so far our own actions, ways of working and managing have been responsible for the present situation and mindset to a great extent.”

“A strong and united union is necessary and useful for negotiating with the management on matters of common interest of workmen and to creatively cooperate in the reforms in the interest of the company and the employees-so that we are able to forge ahead beating the competition and all of us are able to get better benefits.”

“We have to stay alive to the problems of the workmen and resolve them with impartiality and compassion. We are part of the same family-our fight is with the competition, and not within. And no battle can be won without discipline, commitment and team spirit.”

“Our actions and behaviour must be consistent with our principles and beliefs. We have to act impartially and present a model of behaviour, which can be emulated by our colleagues. What we do not expect others to do, we must not do ourselves.”

“All of us stand vindicated as the recent stand-off was essentially a clash of principles and we have been able to convince our own people in workmen’s cadre that there is no substitute to the establishment of new work culture and its practices as well as sincere
eight hours working as per IE norms, if we have to progress ahead in the new era. Now that the normalcy has been restored, our responsibilities have increased. This is the testing time of our leadership-how do we integrate all people working together as one cohesive team without ill will or rancour out of past events. Nobody has won or lost-for we can only win together or lose together. In our own work teams, we have to nurture a spirit of win-win for all of us.”(Issued after the 40 days old strike was unconditionally called off).

Besides the clarity and simplicity of the message, it is also important to understand the psychology of the target group and the communication should be customized, also keeping in mind the timings and the occasion. When we truly know how the other person feels or what pieces of information people really need to know at a particular time, we can communicate more easily and effectively. We should be able to walk into the shoes of another, use the right words, in the right way and at the right time to generate the required actions. Focused and tailored approaches tend to be most effective.

Effective communication for gaining understanding and commitment to a new direction is never an easy task. Managers either under-communicate or inadvertently send inconsistent messages. Even smart people make mistakes. In 1993, Wyatt Company (New Watson Wyatt Worldwide) investigated 531 U. S. organizations undergoing major restructuring. Wyatt asked the CEOs, if you could go back and change one thing, what would it be? The most frequent answer: “The way I communicated with my employees.”
The right attitude in communicating with our employees can help us take a giant leap towards winning employee trust and commitment and shines through everything we say. If we are honest and straightforward and our expression is true to our experience, our communication becomes authentic. A wise Indian sage put it this way "May my word be firmly established in my mind. May my mind be firmly established in my word."

Analyzing the characteristics of authentic communication, Debashis Chatterjee (1998) says "Authentic Communication, demands oneness of content and intent, synchronicity of speech and thought, and a simultaneous awareness of both sound and silence. The content of our communication comes from 'what' we say, and the intent comes from 'why' we say it. Oneness of what and why demands a certain quality of consciousness. Speakers need to be in touch with their ulterior motives that propel their speech. They need to be certain that the internal dialogue in their minds does not come in the way of what they actually say. Synchronicity in our internal dialogue and external communication means that we are in touch with our spontaneity. The energy of thoughts and energy of speech come together in this synchronicity. Speech becomes free flowing like the course of a river from which all obstacles have been removed. Such a speech carries with it the power of dynamism. Communication that originates from the core of the self has an irresistible natural power like that of heat and light"

Authenticity and credibility in communication comes from consistency in conduct. This credibility is nothing but the trustworthiness of the communicator. People trust others when there is transparency of action, when they are told that something will happen and it
does. Ineffective or nonexistent communication, especially during the period of change, results in an enormous increase in mistrust and that’s why the need for effective and persuasive communication is especially critical in periods of major change.

3.15 Learning Culture and Change

Learning may be described as creative and continuous processing of information and knowledge for building capacity for action. The capacity for action does not come merely from knowledge but when knowledge deepens into learning, we acquire the capacity for creative action. Through knowledge, we only accumulate information in a given context while the learning deals with ‘how’ of reality. Learning is a continuous process of drawing the energy out of information and put it in the arena of action.

J.Krishnamurti (1994) writes “Learning is never cumulative; it is a movement of knowing that has no beginning and no end.”

Learning in its traditional, school-related sense is not the only form of learning but only a part of continuing learning process, albeit an important one. It is about improving our ability, through changed behaviour, to respond to situations in a given moment. It enhances our capacity to take effective actions.

It is natural for change to continually occur and, thus, life will continue to change all the time, requiring response in new ways at each step, calling for flexibility and innovation.
In the organizational context, Peter Drucker, (1997), highlighted that only 33 percent of the top 500 fortune companies in U.S.A. over 40 years have maintained themselves on the list. What causes an organization to succeed at one moment in time and fail at another? Although each corporate failure had its own set of circumstances related to its industry or product, Professor Chris Argyris of Harvard Graduate School based on his research, found some common elements:

“All were staffed by brilliant people who knew what to do. They were right. Yet, when the circumstances changed, these brilliant people failed to see, accept or adapt to these changes. They failed to learn. Any company that aspires to succeed must first resolve a basic dilemma: success depends on learning, yet most people do not know how to learn. We continue with our old mechanistic thinking, seeking better solutions.”

The new world of business demands non-linear strategies for sustaining organization competence, which could lead to newer insights and more integration within organization. Important question is not about, ‘doing things right’, but about doing ‘the right things.’ Whether it is development of people in organizations, or the improvement of customer service, each one of these basically involves new ways of doing things and the success depends upon the organization’s capacity for creating new knowledge through an ongoing and continuous process of learning.

T.V. Rao (1993), on importance of learning, observes “In the current global race, both individuals and nations are likely to be left behind if they don’t learn and learn fast enough to overtake others who have already marched forward.”
About the sources of learning, T.V. Rao (1993) feels “Much of the learning in organizations is informal, incidental, anecdotal or event-based, cognitive, reactive and could be negative. It is informal because there are few planned learning spaces created for it by organizations. It is based on incidents and anecdotes because of this informal nature. When an incident occurs, the learning takes place. Organizational life is full of events and problems. Much of managerial time goes in problem solving. Besides routine works most other employees also tend to spend their time in problem solving. Some learning takes place in this process of problem solving.”

“As contrasted if the learning could be planned, proactive and positive, organizations tend to be dynamic through its employees who are effective. It should be planned by creating learning spaces. At present the only learning space that is formally available is the training programmes. Every meetings, discussion and interaction between two or more people can be made as a learning space, provided such attitude is inculcated and a learning culture developed.”

Huber (1991) considers four constructs as integrally linked to organizational learning: Knowledge acquisition, information distribution, information interpretation, and organizational memory. He clarifies that learning need not be conscious or intentional. Taking a behavioural perspective, Huber (1991) notes “An entity learns if, through its processing of information, the range of its potential behaviours is changed.” (Quoted from Malhotra Yogesh, Internet)
Organizational change can not take place without learning. Change requires doing things differently which needs new attitudes, ideas, values, skills and patterns of behaviour. It also requires the ability to see things in other ways and displacement of concepts in order to gain new insights. For change to take place, people must start doing things and behave differently. Change and learning thus, being intimately related, our aim should be to develop an organizational climate, which has capacity to learn. Well-known management consultant M.B. Athreya declares “Not only will the global market reward learning handsomely, it will severely punish the lack of learning.”

T.V.Rao (1990), while defining learning environment and considering that creating a learning environment and developing learning climate in the organization is the function of HRD department, says “The main objective of the HRD department is to create a learning environment and development climate in the organization. By learning environment is meant a culture where employees continuously learn from their own experience and the various learning opportunities the organization provides. The HRD department should create an ‘enabling’ culture where the employees are able to make things happen and in the process discover and utilize their potential. The most important objective of the HRD function is to create a learning environment in the organization so that each member of the organization continuously learns and acquires new competencies (Knowledge-attitude and skills.”)
Giving the characteristics of learning environment, TV Rao (1990) says, “Learning environment implies many things. These include:

- A motivating environment where people have a constant desire to put in effort and make things happen;
- Where people enjoy their work;
- Where people feel happy to contribute to the organization and derive satisfaction out of it;
- Where people are encouraged to give their ideas, opinions and views;
- Where people mean what they say and say what they mean only;
- Where employees trust each other;
- Where employees are willing to sacrifice smaller goals for the larger ones;
- Where collaboration and team spirit characterize the culture;
- Where employees are encouraged to take the initiative and show proactivity;
- Where problems are discussed openly and issues confronted rather than avoided, put under the carpet or postponed;
- Where people care for each other and are helpful to each other;
- Where mistakes are used as learning opportunities.”

For developing an organizational climate of learning culture it is necessary that the corporate environment should be supportive and conducive of learning. An environment where innovative ideas and intuitive values are honoured, ingenuity is respected and people are not questioned for their bona-fide decisions, is the key prerequisite towards
creating an organizational climate of learning culture. The organizations should, therefore, be opened up to its people to the invigorating force of continuous learning and redesign information flows and management processes to create continuous self-development opportunities for people within their daily routine. We have to be capable of inventing new skills at the heart of this daily routine.

Peter Senge (1990), who has pioneered the creation of learning organizations throughout the world, feels that learning organizations are possible because it is our nature to learn. He argues “Learning organizations are possible because, deep down, we are all learners. No one has to teach an infant to learn. In fact, no one has to teach infants anything. They are intrinsically inquisitive, masterful learners who learn to walk, speak, and pretty much run their households all on their own. Learning organizations are possible because not only is it our nature to learn but we love to learn.”

Highlighting the importance of Learning organization, Peter Senge further says “The most successful corporation of the 1990s will be something called a learning organization. ‘The ability to learn faster than your competitors’, said Arie De Geus, head of planning for Royal Dutch/Shell, ‘May be the only sustainable competitive advantage.’ As the world becomes more interconnected and business becomes more complex and dynamic, work must become more ‘learning-full’. The organizations that will truly excel in the future will be the organizations that discover how to tap people’s commitment and capacity to learn at all levels in the organization.”
While defining a learning organization Peter Senge (1990) says, "Real learning gets to the heart of what it means to be human. Through learning we re-create ourselves. Through learning we become able to do something we never were able to do. Through learning we reperceive the world and our relationship to it. Through learning we extend our capacity to create, to be part of the generative process of life. There is within each of us a deep hunger for this type of learning. This, then, is the basic meaning of a 'Learning organization' – an organization that is continually expanding its capacity to create its future."

Elaborating on the definition of learning organization Peter Senge (1992) says: “Where people continually expand their capacity to create the results they truly desire, where new patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning how to learn together”

Bill Gates (1999) considers that the learning organization generates a sustainable competitive advantage and says “Knowledge is becoming the critical success factor in most businesses. Learning organizations that allow employees to pick up new knowledge and innovate constantly, are obviously the ones that will generate a sustainable competitive advantage. The successful companies are typically the ones that learn to think differently from the herd, process information more intelligently, come to different conclusions and make different decisions to move ahead of competitors.”

Learning is, thus, the central process required to unfold spirit in people and organizations. Learning and working are integrated in the learning organization and where individual
creativity, teamwork and group learning are supported. Such organizations facilitate the learning of all people in it and thereby continually transform themselves through questioning of existing systems, structures and behaviours. The spirit of the learning organization comes from the continuous learning of the people, with high level of personal mastery who continually expand their ability to achieve the results they seek.

Learning organizations are the organizations that can easily deal with and manage change through the process of continuously identifying, acquiring, discriminating, retaining, sharing, updating and creating useful new knowledge, thereby expanding capacity to do things differently and acquiring knowledge required in the future.

Problem of today's organizations is how to turn themselves into learning organizations. Nilakant and Ramnarayan (1998) feel "It is not possible to create a learning organization in a few weeks or even months. Attitudes, values and behaviour have to be cultivated slowly and steadily over a period of time. An appropriate climate for learning needs to be created. This includes training people in appropriate skills related to problem solving, brainstorming, statistical analysis, conducting experiments and so on. Creation of cross-functional teams, rotation of people across departments and rewarding collaborative behaviour are some of the ways to promote learning across departments."

Whatever may be the problems and howsoever we may tackle them, the organization of the future will have to be a learning one, argues Deepak Sethi (1997) "The organization of the future will have to be a learning one if it is to be adaptive to new economic realities and challenges. It will have to make continuous learning a way of life. Learning agendas
and learning goals – together with the application of new learning – will have to be openly discussed and shared across the vertical, horizontal, and geographic boundaries of the organization every day”

The first step taken by Escorts was to set the sight on a standard of attainment, based on the best practices and norms in the industry. Information and data was collected about best practices and on various other parameters, especially from such organizations with whom the company competed for business. The core group, then, went through the process of analyzing the data, measure the gap and do the benchmarking. Benchmarking enables us to seek out the best standard set by business in everything that the company does. It offers a goal that is attainable: after all our benchmarking partner has achieved it. Benchmarking is not primarily a data gathering exercise. More important than the comparative data are the underlying processes that produce that great data. Good benchmarking analysis produces two types of information: quantitative data to measure performance and to set future targets; and qualitative information on the key success factors that explains how the benchmarked company became best.

Dr. Robert C. Camp (1989), who is considered the father of benchmarking, has defined it as “Finding and implementing best practices.” It is all about looking beyond the beaten path and is a very important element of a competitive business strategy.

Change management involves several sets of players including people concerned with the change process, with improving the methods and those who facilitate the change process. It was, therefore, considered necessary that all those involved in change should be
communicated benchmarking study’s findings so that they could re-examine the overall strategy in relation to what is learned and incorporate new learning into the strategy. One day workshop was, accordingly, organized for all the business divisions before the start of the negotiations with the union, which was attended by the key line managers, finance, human resource and marketing personnel, besides the members of the core group and the change facilitator. In these workshops the operation heads first made a presentation about the business specific strategy for change, which was later on reviewed based on the information about best practices and benchmarks. The very idea of the workshop was to share the information, build enthusiasm and support in the cross-functional team, involved in change process and that everyone learns together.

Various cross functional teams were also constituted for redesigning business process, tackling critical issues like review of existing incentive schemes and divisional negotiation teams. This was also a step towards promoting learning but there was a need to bridge the gap between the abilities that the members of the those cross functional teams (and also other people in the organization) needed to perform these tasks – such as self-directed leadership, self-motivated teamwork, and self-generated creativity – and the abilities they possessed. Various training programmes were, therefore, organized to bridge the gap and as learning opportunity.

As knowledge and learning becomes more central to competitiveness, the ability of individuals, teams and organizations to learn and apply the learning becomes fundamental means for success. Supplementing the learning infrastructure pre requisites and forms the need for training activities which emphasize on individual and team
development as a primary area of focus. Dissemination, internalization and usage of knowledge for adding value to the business strategy and process becomes the core purpose of the training effort. Training leads to change that can be kept up, to improved performance through onward practice and also to self-motivation.

Change is all about people and their behaviour and managing change is not only about restructuring tasks and systems alone but more about shaping human behaviour, temperament and attitudes. Those concerned with managing change at all levels should have the temperament attitudes, and leadership skills appropriate to the circumstances of the organization and its change strategies. Desired behaviour can be inculcated and reinforced through training, which is a planned process to modify attitudes, skills and behaviour to achieve effective performance in any activity or range of activities. Training focuses on honing personal skills in managing change i.e. the skills necessary to implement the change process, like leadership skills, conflict management skills, skills of a change agent, effective communication etc. Employee training can set the supportive climate for change management when it is competency driven, the competencies the company needs.

Nilakant & Ramnarayan (1998) view training as an important tool for managing the change process and say, “Training has become an important tool of OD for communicating and involving employees in the change process. Training programmes
are also used to generate ideas and develop collaboration among employees from different departments. Training focuses not merely on skills, but also on the development of new roles, new systems, new procedures and new work methods. Training workshops and conferences represent the initial steps in organizational change process. They raise the consciousness of participants, make people aware of the gaps between reality and ideals, provide a common platform to articulate shared problems and difficulties, generate ideas for change, and create greater awareness for change.”

Training initiative at Escorts was planned keeping in mind the objectives of creating awareness about the business environment, sharing the vision of change, aligning various sources of energy, overcoming the sources of resistance, developing effective teams, evolving right attitudes and values, and enhancing the level of motivation, capabilities, competencies and skills. It was felt that management of change involves multi-level exercises, requiring involvement of different levels of management personnel with different levels of employees. This involvement produces both, vertical and horizontal interactions, which needs functional as well as behavioural skills, especially leadership and communication abilities and team working.

Various programmes were, therefore, organized for operation heads, functional heads, divisional heads, line managers, personnel managers, union executive, negotiation team and line/Personnel interface workshops. Thee programmes were not off-the-shelf training programmes but were designed to meet the unique cultural and behavioural requirements of large-scale change. Education that supports organizational change differs substantially from education that supports individual development and, thus, the focus of all these
programmes was on development of competencies and widespread skills needed for coping effectively with change. These programmes also aimed at giving an understanding of the need for change and how it was going to affect tasks, structure, systems, processes and people, and the handling of this impact. Employees were given opportunity to practice the new behaviours in situations that would occur during the change process.

Initially, two trainers were engaged to conduct these training programmes, one of whom was well conversant with the on-going world-wide developments in managing production, innovation and modern management techniques, while the other was oriented towards Indian ethos and value based management. The selection of the trainers was based on two central concerns, namely, the new ambient culture, and the human response viz the characteristics of Indian psyche, our cultural heritage and attitudes, which to a great extent, govern the behavioural patterns. After a few programmes it was felt that their approach was more toward off-the shelf, routinistic type programmes and they also lacked commitment to the long-term success of the programmes. It was felt important to have trainers who will realize the long-term success of the programmes - who are inhabitants of the culture. No matter how skillful outside trainers may be, they will always be outsiders to the culture. Thereafter all the programmes were conducted by well-trained internal faculty.
Table 3.7 gives the details of various training programmes conducted for different categories of employees in all the business divisions, along with the programme objective and the issues/themes covered therein.

**Table 3.7**

**Training Programmes for Different Categories of Employees**

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<thead>
<tr>
<th>Category</th>
<th>Programme objective</th>
<th>Issues covered</th>
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<tr>
<td>Functional heads</td>
<td>Work culture transformation and leadership</td>
<td>Role and leadership challenges at senior management level.</td>
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<tr>
<td>Departmental heads</td>
<td>Proactivity, leadership and change</td>
<td>Leadership challenges, change agent’s skills and attitudes, role of line managers in transformation of work culture.</td>
</tr>
<tr>
<td>H.R./I.R. Managers</td>
<td>A. Insight into role as change agent</td>
<td>A. Change agent’s skills and attitudes, Role of HR manager-Efficacy, trust building</td>
</tr>
<tr>
<td></td>
<td>B. Inter-personal and organizational communication.</td>
<td>B. Dimensions of organizational communication, influencing skills, listening skills</td>
</tr>
<tr>
<td>Line Managers</td>
<td>Lead by influence</td>
<td>Communication skills, Role in transformation, trust at workplace, leadership skills.</td>
</tr>
<tr>
<td>Line – HR Interface</td>
<td>Managing Change</td>
<td>Team working, trust building, man management skills, conflict management</td>
</tr>
<tr>
<td>Negotiation Teams</td>
<td>Attitude while negotiating</td>
<td>Negotiation skills, new work practices and norms, strategies related to settlement.</td>
</tr>
<tr>
<td>Union Executive</td>
<td>Union as Collaborator.</td>
<td>Business environment and challenges, Role of union towards its member and their families, working together, trust and openness.</td>
</tr>
</tbody>
</table>
In all these programmes a common approach was adopted on behavioural issues, developing positive attitudes, developing needed skills, sharing common vision and proper integration of inputs with the change strategy.

The programme for union executive body could create awareness of current business scenario while all other programmes generated a ‘We are all in this together’ feeling, and fostered net working. Some of the business heads also mentioned during the interview that the training programmes conducted for managers proved to be very useful as it developed clarity about the roles and the manner in which they were to conduct themselves. (Feedback data – Annexure A)

### 3.16 Managing Transition

Managing the transition is managing the time period between the current and the future state, when the change process is under way. This phase includes wide range of events, activities, and processes and is the time of high uncertainty because the status quo gets challenged during this phase and the future state does not become operational. Handling this phase is, thus, a monumental task.

There are no simple universal rules or well defined sequence of steps for managing change. Each organization, based on its history and culture, faces unique challenges and exhibits particular strengths and limitations. Irrespective of the background, culture or history, a major organizational change of a discontinuous nature, involving complex
process, does require a sequential approach to change. There have been many prescriptions, with well-defined sequence of steps, from well known behavioural scientists and management teachers.

Kotter (1996) has identified eight steps that are essential for successful change:

I. "Establishing a sense of Urgency: It is crucial to gaining needed cooperation and involves removing sources of complacency or minimizing their impact; examining the market and competitive realities; identifying and discussing crises, potential crises, or major opportunities. It is also necessary that a majority of employees and virtually all of the top executives believe that considerable change is absolutely essential.

II. Creating a guiding coalition: Because a major change is so difficult to accomplish, a powerful force is required to sustain the process. No one individual, even a monarch-like CEO, is ever able to develop the right vision, communicate it to large numbers of people, eliminate all the key obstacles, manage dozens of change projects, and anchor new approaches deep in the organization's culture. This step, thus, involves putting together a group with enough power to lead the change and getting the group to work together like a team.

III. Developing a vision and strategy: Creating a vision and strategy means taking the time to do the process correctly, thinking of it as an important investment in creating a better future and involves creating a vision to help direct the change effort and developing strategies for achieving that vision.
IV. Communicating the change vision: Gaining understanding and commitment to a new direction is never an easy task, especially in large enterprises. This step involves using every vehicle possible to constantly communicate the new vision and strategies and having the guiding coalition role model the behaviour expected of employees.

V. Empowering employees for Broad-Based Action: The purpose of this stage is to empower a broad base of people to take action by removing as many barriers to the implementation of the change vision as possible at this point in the process and involves changing systems or structures that undermine the change vision and encouraging risk taking, non-traditional ideas, activities and actions.

VI. Generating Short-term Wins: Short-term wins help build necessary momentum and give the effort-needed reinforcement. This stage involves planning for visible improvements in performance, or ‘wins’, creating those wins and visibly recognizing and rewarding people who made the wins possible.

VII. Consolidating Gains and Producing More Change: Instead of declaring victory, leaders of successful efforts use the credibility afforded by short-term wins to tackle even bigger problems. They go after systems and structures that are not consistent with the transformation vision and have not been confronted before. This stage also involves reinvigorating the process with new projects, themes and also promoting and developing employees who can implement the vision.

VIII. Institutionalizing New Approaches: There has to be a conscious attempt to show people how the new approaches, behaviours, and attitudes have helped improve performance and sufficient time must be taken to make sure that the next
generation of top management really does personify the new approach. This involves articulating the connections between the new behaviours and corporate success and developing the means to ensure leadership development and succession."

Managing the change process in the transition state, as Kanter puts it, is a critical phase in the change process. It is here that the problems of introducing change emerge and have to be managed. These problems can include resistance to change, low stability, high levels of stress, misdirected energy, conflict and losing momentum, hence the need to do everything possible to anticipate reactions and likely impediments to the smooth introduction of change.

Kanter, Stein and Jick (1992) have given a ten-step approach for managing change. These ten steps are:

1) Analyze the organization and its need for change.
2) Create a shared vision and common direction.
3) Separate from the past.
4) Create a sense of urgency.
5) Support a strong leader role
6) Line up political sponsorship
7) Craft an implementation plan
8) Develop enabling structures
9) Communicate, involve people and be honest
10) Reinforce and institutionalize change

In ‘Thriving on chaos’, Tom Peters (1988) advocated an approach to change management based on his view that we are in an era of unprecedented instability and uncertainty: ‘Predictability is a thing of the past.’ His prescription is that leaders at all levels must become obsessive about change, which should become the norm. He emphasizes that: ‘The most efficient and effective route to bold change is the participation of everyone, everyday, in incremental change.’ The road to it is paved with ‘a million experiments, a million false steps – and the wholehearted participation of everyone.’

Richard Pascale (1990) states that disequilibrium might be a better strategy for survival than order. Change can be discontinuous and internal differences can widen the spectrum of an organization’s options by generating new points of view; he quotes Weick’s (1977) remarks:

‘The more one delves into the subtleties of organizations, the more one begins to question what order means and the more concerned one becomes that prevailing preconceptions of order (that which is efficient, planned, predictable and has survived) are suspect. Simply pushing harder within the old boundaries will not do.’

Pascale advocates the development of new paradigms of mindsets on the principle that ‘nothing fails like success’ – businesses and people can too easily become too complacent. His overall prescription is that:

‘A system requires ‘internal variety’ to cope with external change. Internal difference can widen the spectrum of an organization’s options by generating new points of view. This is
Tichy and Devanna (1986) view change as taking place in three phases. The first phase is ‘awakening’, where the organization becomes aware of the need for change and acknowledges that the status quo is no longer viable. They call the second phase as ‘mobilizing’, where the organization creates and adopts new structures, procedures and people to move the organization in the new direction. The final phase has been referred to as ‘reinforcing’ where the organization absorbs the new behaviours, attitudes and practices into its culture.

Almost similar model has been given by another well-known behavioural scientist Kurt Lewin (1947). He defined the mechanism for managing change as follows:

- **Unfreezing**: altering the present stable equilibrium which supports existing behaviours and attitudes. This process must take account of the inherent threats change presents to people and the need to motivate those affected to attain the natural state of equilibrium by accepting change.
- **Changing**: developing new responses based on new information.
- **Refreezing**: Stabilizing the change by introducing the new responses into the personalities of those concerned.

Beer, Eisenstate and Spector (1990), while prescribing Six steps to effective change, feel that most such programmes are guided by a theory of change, which is fundamentally
flawed. This theory states that changes in attitudes lead to changes in behaviour. According to this model, change is like a conversion experience. Once people ‘get religious’, changes in their behaviour will surely follow.

They believe that this theory gets the change process exactly backwards and feel “In fact, individual behaviour is powerfully shaped by the organizational role people play. The most effective way to change behaviour, therefore, is to put people into a new organizational context, which imposes new roles, responsibilities and relationships on them. This creates a situation that in a sense ‘forces’ new attitudes and behaviour on people.

They prescribe six steps to effective change, which concentrate on ‘task alignment.’ The steps are as follows:

I. Mobilize commitment to change through the joint analysis of business problems.

II. Develop a shared vision of how to organize and manage for competitiveness.

III. Foster consensus for the new vision, competence to enact it and cohesion to move it along.

IV. Spread revitalization to all departments without pushing it from the top – don’t force the issue, let each department find its own way to the new organization.

V. Institutionalize revitalization through formal policies, systems and structures.

VI. Monitor and adjust strategies in response to problems in the revitalization process.
"The aim of these overlapping steps is to build a self-reinforcing cycle of commitment, coordination and competence and the focus is on reorganizing employee's roles, responsibilities and relationships to solve specific business problems."

All these approaches lay down general principles with some differences in terms of emphasis. Somewhere the focus is on developing the right attitude and mindset towards change while in another approach the emphasis is on implementing change at the business unit or plant level.

While general principles can help us managing change, there is no simple road map or handbook for those leading change. Each situation has unique characteristics based on differences among individuals, the culture and history of an organization, and the environment in which the organization operates.

Regardless of the fact that Escorts had an effective guiding coalition in the form of core group, a clearly laid down vision for change, a well thought out strategy for achieving the vision, had tried to develop support for change through communication and training and had also achieved few short-term wins, it was finding difficult to make much progress in finalizing the settlement, the major instrument for change.

The union was plagued by its own dissensions and there were major differences and divergence of opinion amongst the union leaders, based on their personal agenda. The first union executive had to be dissolved due to its internal dissensions and the new executive body consisted of more numbers of resistors to change, though some of the
senior leaders were still positive. The General Secretary of the union was humiliated and manhandled in the union office for his positive approach and had resigned from the office of General Secretary. The negative leadership resisting the change, had even misbehaved with the President of union who had also resigned but was later persuaded to withdraw the resignation. At the stage when an understanding was arrived at over the memorandum of settlement, the union, neglecting the opposition from the negative elements, decided to call the general body to get the agreed terms of settlement ratified. Fearing that the general body might approve the draft settlement, the negative elements, still opposed to the terms of proposed settlement, planned and instigated violence in the said general body meeting of 6000 workers and where the President and General Secretary were assaulted and had to run away from the scene. Both, the President and the General Secretary resigned after the incident and a new general Secretary had to be elected (third time) while the President was again persuaded to withdraw the resignation.

The said President of the union, in his interview to the researcher (Annexure A) at a later date said that those leaders who had resisted change, had enjoyed certain benefits and freedom from the very beginning. They had never worked and did not care for discipline. They had enjoyed power and change would have meant loss of power to them. They had no concern for the company and their vested interests were supreme for them. He also confessed that he could not keep these resistors under control as he was leading a team of undesirable elements and rascals and that is why he sometimes publicly called himself as head rascal. During interview he also confirmed that the violence in the general body
meeting was a pre-planned act of negative elements that did not want the settlement to be signed.

The ex-general Secretary of the union's first executive body who had resigned due to manhandling in the union office, during his interview to the researcher, (Annexure A) expressed similar views about the reasons for resistance amongst leaders. He, however, added that these leaders had no courage to speak the truth before the workmen for fear of loss of vote bank, which would have deprived them of the power they had enjoyed as a leader. He also confirmed that the violence in the general body meeting was a preplanned act of negative leaders to sabotage the settlement.

After the 40 days old strike was unconditionally called off on 1st January, 99, the final round of negotiations was resumed during mid January. The focus now shifted to taking back dismissed workmen including six leaders and 110 such workmen whose services were terminated on the ground of producing fake certificates of qualifications. The management, before the district administration, had agreed to take back the dismissed employees, except the six leaders, and 110 such workmen who had produced fake certificates. However, with a view to put pressure on the union, the management took the stand that the remaining dismissed employees will be taken back only after the agreement was signed.

During negotiations, the senior and positive leadership had the attitude of discussing the issues logically while the resistors kept on opposing any change in the work practices and
now they had the additional issue of reinstatement of dismissed employees. They made sure that negotiations do not make any progress. In view of the mess within the union, the management made an effort to mobilize workmen for signing the settlement but the workmen, though fully aware of the groupism and politics of the union, did not respond favourably and showed their total solidarity with the union.

The process of transformational change involves a great deal of intense pain. We encounter a number of potential obstacles that make the transition a complex and challenging process. Changes that require a shift in attitudes or basic orientation or where the personal vested interests of key people are likely to get adversely affected due to change, require even more complex implementation processes, and these usually take much longer to accomplish. What appears straightforward in the planning stages may be much more harder to implement than anyone excepts.

Whatever many be the circumstances, unless we can successfully navigate the transformation from one episode to the next, the transformation is likely to run aground. Failed initiatives can cost millions in wasted human and fiscal resources and far more in lost opportunity.

The core group, therefore, decided for detailed review of the situation and had it's off site one day meeting. It was felt that there could be no compromise on basic issues and that an attractive increase in wage has already been offered. Any soft approach at this juncture would, thus, prove to be suicidal. It was the time to lay down the law and handle the situation firmly. A sense of Urgency must be retained and people must know what it
would cost to them in lost benefits if they don’t agree to sign the agreement on the terms already agreed upon by senior leadership. It was, therefore, decided to issue a detailed communication to all, explaining the situation and create an extreme level of emotional tension that people must feel before they are prepared to change. Sometimes the situation requires to be dealt with coercively where we essentially force people to accept a change by explicitly or implicitly threatening them. The core group accordingly decided to inform the union that all commitments regarding benefits and increase in wage etc shall stand withdrawn and the dismissed employees (except 6 leaders and 110 involved in fake certificates case) shall not be taken back (as per the understanding) unless the settlement was signed by a particular date. This tough stand of the management was accordingly communicated to the union and was also circulated amongst employees.

3.16.1 Fruits of Labour

Things often get worst temporarily before improvement begins to appear. The negative elements in the union tried to pressurize the executive body to give another strike call. When the workmen came to know about the move, they started a signature campaign against the proposed strike and compelled the union to reconsider the move. The union, still a divided house, finally decided to convene another general body meeting and put up the matter before the workmen. This general body meeting was attended by over 6,000 workmen and they wanted to listen to the views of positive leadership, especially the ex-general Secretary of the first union executive body, who had resigned from the post after being manhandled in the union office and did not hold any position as on date. He openly criticized the group dynamics and politics in the union and talked about the vested interests of certain leaders opposing the change. He openly supported the proposed
memorandum of settlement and his views were endorsed in one voice by the general body. Though the union executive was bound by the decision of the general body but the resistors still continued to oppose. Finally the executive, being left with no alternative, approved signing the settlement with 23 in favour, 7 opposing and 6 abstaining. In the process of negotiations, this toing and froing is often a laborious business, but finally, the routine of daily life reasserts itself, and passions abate. The business specific settlements were accordingly signed separately in respective business divisions during May, 1999.

The main features of the settlement are as follows:

- Preamble appreciates the need to break from the past where conventional and inflexible attitude towards production management was the basic rule.
- Workmen will give production as per industrial engineering norms and entire duration of eight hours of duty time shall be used in most productive way.
- Adopting new work practices and establishing a new work culture conducive for enhancing productivity by providing operational flexibility. The new work practices included multi-skilling, multi machining, multi staging, self inspection, self material handling, self-setting, total productive maintenance, docket filling and re deployment.
- Conversion of indirect to direct workmen.
- Introduction of new open-ended scales of pay.
- Replacement of multiple designations by a system of common designations for operational flexibility.
- Introduction of an appraisal system to be used for increment (with provision of special increments) and promotion, which included performance factors like attendance, punctuality, productivity and quality performance and also the attitudinal factors like
desire to learn, attitude towards peers and seniors, contribution of new ideas and saving consciousness.

♦ The benefits included substantial increase in basic wage, House rent allowance, education allowance, conveyance allowance, Leave travel assistance, medical reimbursement and night shift allowance.

♦ Discontinuation of all existing production incentive schemes, with protection of earnings by way of payment of adhoc allowance.

♦ Removal of various malpractices like time off to certain categories, non wearing of identity cards, non punching of attendance, non adherence to shift timings, discrepancy in issue of welfare items, absence from duty for attending social calls etc.

Along-with the terms, the settlement laid equal importance to the spirit and philosophy of the settlement. The Financial Express reported:

“Escorts has become the first company in the country to sign an agreement which is anchored in the dharma of the management and the union, rooted in Indian ethos and values, as the basis of understanding between the two, in place of western concept of rights.”

The spirit of the settlement included the philosophy of the settlement, management’s dharma, union’s dharma, and the statement of commitment, as follows:

**Philosophy**

In the spirit of early Indian tradition, the process of settlement negotiation is akin to preparation for Rajsuya Yagna – a joint endeavour of the management and the workmen, represented by the union, for supremacy in product-market in which the company
competes. Successful culmination of this Yagna will lead to prosperity and well being of all the stake holders of the company – customers, shareholders, suppliers, dealers, employees and the society in which the company operates.

This settlement is a major intervention in the direction of total cultural transformation. Like in preparation for any holy endeavour, the evils, as manifest in unhealthy work practices and indiscipline have to be exorcised, and the virtues in the shape of new productive work practices and sincere full time work have to be propitiated. The climate of distrustful, adversarial relationships has to be cleansed and replaced by the spirit of genuine dialogue and co-operation amongst all sections of employees, and based on common ethos and cultural values rooted in Indian tradition and heritage.

Indian philosophy of management follows the concept of dharma of all concerned rather than an imported concept of rights and responsibilities. If everyone were only to do his/her dharma, including fulfilling obligations towards others, the need for articulating rights will not arise. The challenge before the management and the union, therefore, in Indian context, is to sensitize itself and others for doing their own dharma.

**Management's Dharma**

Management will endeavour to:

- Provide appropriate vision and leadership for taking the company to the top position in every market it operates in.
- Seek, procure and optimally deploy all resources including technology, capital, human resources etc for greater competitive leverage.
♦ Provide opportunities for training, advancement and fulfillment of career growth to employees.

♦ Improve wages, service conditions, quality of work life, and other benefits to all workmen within the constraints of financial health of the company and legitimate interests of other stakeholders.

♦ Make such rules and regulations as necessary for conduct of its business and maintenance of order, discipline and safety in the operation of the company’s work; and implement them with fairness, impartiality, and firmness in a humane manner.

♦ Not to resort to any unfair labour practice, and to resolve all problems and disputes through negotiations. Should such negotiations fail for any reason, to seek the assistance of conciliation and adjudication machinery provided under the law.

Union’s Dharma

Union will endeavour to:

♦ Provide appropriate vision and leadership to its members so that they play an active role in modernization and transformation of the company into industry leaders in every market it operates in.

♦ Ensure faithful implementation of the settlement and not to raise any fresh or subsisting demand during the operative period of the settlement in respect of wages etc or any other matter, which may impose any direct or indirect additional financial burden, or interfere with the working of the company.

♦ Extend support and co-operation to the management in introduction of new or improved work methods and processes, scheduling of production and deployment of
resources, establishment of production and quality standards, line balancing, re-layout, addition of capacity, manpower determination, technological advancement, waste elimination, productivity improvement, make-or buy decisions based on economics, etc to bring about economy in its operations and remain competitive in the market.

♦ Set an example in diligent performance of duty and maintenance of proper and positive discipline for all its members, including adherence to standing orders and other rules/regulations, as applicable from time to time.

♦ Actively participate in development and improvement related activities like training, TPM, TQM, Kaizen, ISO/QS Certification etc.

♦ Not to resort to any unfair labour practice or disruption of work flow in any manner, and to resolve all problems and disputes through negotiations. Should such negotiations fail for any reason, to seek the assistance of conciliation and adjudication machinery provided under the law.

**Statement of Commitment**

Both the parties acknowledge and affirm their commitment to the above philosophy and their respective dharmas. All the terms and conditions under this settlement hereafter shall be understood and interpreted in the light of the same.

This was agreed by the union that this was exceptional nature of settlement with a view to motivate the workmen to transform their way of working to reach world class standards and that the benefits extended under the settlement will not be cited as precedent for future.
Immediately after the settlement was signed, the managers, who were highly motivated, took charge and started implementing the terms and conditions of the settlement, with active cooperation from the workforce. Those who found the adjustment difficult in the new work environment started opting for voluntary retirement scheme, which was made attractive. Casual workers, who were earlier engaged to do the job of non-performing regular workmen, were removed and the manpower started coming down. Table 3.8 lists a comparison of manpower as it existed before the settlement (March-1999) and post settlement, after the gradual reduction (April-2001). There has been a reduction of 54 percent in the number of casual workmen while the overall reduction in manpower has been 26 percent.

Table 3.8

<table>
<thead>
<tr>
<th>Category</th>
<th>Pre-settlement (March-1999)</th>
<th>Post-settlement (April-2001)</th>
<th>Reduction Number</th>
<th>Reduction %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supervisors</td>
<td>1941</td>
<td>1414</td>
<td>527</td>
<td>27</td>
</tr>
<tr>
<td>Workers and staff</td>
<td>9568</td>
<td>7979</td>
<td>1589</td>
<td>17</td>
</tr>
<tr>
<td>Casual</td>
<td>3320</td>
<td>1519</td>
<td>1801</td>
<td>54</td>
</tr>
<tr>
<td>TOTAL</td>
<td>14829</td>
<td>10912</td>
<td>3917</td>
<td>26</td>
</tr>
</tbody>
</table>

Figures in table 3.8 include the manpower in non-managerial categories in the main manufacturing units of the group at Faridabad and Noida and does not include the figures of employees in Corporate and other offices and the manufacturing units outside.
Earlier, overtime working was a common practice and employees used to evolve interesting devices to create situations, including refusal to do need based overtime, where grant of overtime became necessary. With the implementation of the settlement overtime working became purely need based and such payments came down considerably. It is clear from the data presented in table 3.9 that the overtime payments, which earlier accounted for upto 32 percent of wage, came down by about 70 percent.

Table 3.9

**Overtime Earnings**

(Before – After Comparison)

<table>
<thead>
<tr>
<th>Unit</th>
<th>Pre-settlement (1998-99 Average)</th>
<th>Post settlement (3 month’s average)</th>
<th>Variance (Rs.)</th>
<th>Variance (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tractor</td>
<td>1749</td>
<td>554</td>
<td>1195</td>
<td>- 68</td>
</tr>
<tr>
<td>Shocker</td>
<td>306</td>
<td>120</td>
<td>186</td>
<td>- 61</td>
</tr>
<tr>
<td>T.F.F.</td>
<td>563</td>
<td>194</td>
<td>369</td>
<td>- 65</td>
</tr>
<tr>
<td>Crankshaft</td>
<td>2575</td>
<td>578</td>
<td>1997</td>
<td>- 77</td>
</tr>
<tr>
<td>Hydraulics</td>
<td>2754</td>
<td>668</td>
<td>2086</td>
<td>- 76</td>
</tr>
<tr>
<td>Excavator</td>
<td>1025</td>
<td>717</td>
<td>308</td>
<td>- 30</td>
</tr>
<tr>
<td>Motor Cycle</td>
<td>364</td>
<td>120</td>
<td>244</td>
<td>- 67</td>
</tr>
<tr>
<td>Rly.Equipments</td>
<td>570</td>
<td>118</td>
<td>452</td>
<td>- 79</td>
</tr>
</tbody>
</table>

With reduction in manpower and overtime payments and with implementation of new production norms, the overall productivity improved in all business divisions. A look at table 3.10 shows that output per man per month improved considerably. In the tractor divisions it went up by 74 per cent while in telescopic front fork division it was 106 percent.
Table 3.10

**Productivity (Output per man per month)**
(Before – After Comparison)

<table>
<thead>
<tr>
<th>Unit</th>
<th>Pre settlement (1998-99 Aver.)</th>
<th>Post settlement (Sep – 1999)</th>
<th>Variance Unit</th>
<th>Variance %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tractor</td>
<td>0.70</td>
<td>1.22</td>
<td>0.52</td>
<td>74</td>
</tr>
<tr>
<td>Shocker</td>
<td>208</td>
<td>247</td>
<td>39</td>
<td>19</td>
</tr>
<tr>
<td>TFF</td>
<td>76.1</td>
<td>157</td>
<td>80.9</td>
<td>106</td>
</tr>
<tr>
<td>Crankshaft</td>
<td>10.4</td>
<td>14.1</td>
<td>3.7</td>
<td>35</td>
</tr>
<tr>
<td>Hydraulics</td>
<td>9.6</td>
<td>12.6</td>
<td>3</td>
<td>31</td>
</tr>
<tr>
<td>Excavator</td>
<td>0.24</td>
<td>0.38</td>
<td>0.14</td>
<td>58</td>
</tr>
<tr>
<td>Motor cycle</td>
<td>2.9</td>
<td>3.1</td>
<td>0.2</td>
<td>7</td>
</tr>
<tr>
<td>Rly. Equipments</td>
<td>0.447</td>
<td>0.628</td>
<td>0.181</td>
<td>40</td>
</tr>
</tbody>
</table>

Higher wage cost was one of the main factors in high cost of production of various products of Escorts as a result of which it was finding it difficult to compete in the market. With improved productivity, the wage cost per unit of production also came down considerably, even up to 30 percent in tractor. Table 3.11 provides comparative data of wage cost per unit of production as it existed before the settlement and post settlement.

Table 3.11

**Wage Cost Per Unit of Production**
(Before – After Comparison)

<table>
<thead>
<tr>
<th>Unit</th>
<th>Pre settlement (1998-99 Aver.)</th>
<th>Post settlement (Sep – 1999)</th>
<th>Variance Rs.</th>
<th>Variance %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tractor</td>
<td>Rs. 10637</td>
<td>7446</td>
<td>3191</td>
<td>-30</td>
</tr>
<tr>
<td>Shocker</td>
<td>34</td>
<td>29</td>
<td>5</td>
<td>-15</td>
</tr>
<tr>
<td>TFF</td>
<td>92</td>
<td>73</td>
<td>19</td>
<td>-21</td>
</tr>
<tr>
<td>Crankshaft</td>
<td>657</td>
<td>622</td>
<td>35</td>
<td>-5</td>
</tr>
<tr>
<td>Hydraulics</td>
<td>776</td>
<td>689</td>
<td>87</td>
<td>-11</td>
</tr>
<tr>
<td>Excavator</td>
<td>30,401</td>
<td>23,147</td>
<td>7254</td>
<td>-24</td>
</tr>
<tr>
<td>Rly.Equipments</td>
<td>0.161</td>
<td>0.149</td>
<td>0.012</td>
<td>-7</td>
</tr>
</tbody>
</table>

Note: Motor Cycle not included, as the production was low due to weak market.
The overall improved performance, as a result of change, helped the company in improving its market share and image in almost all the businesses, as also reported by Business Today:

"The company has powered ahead from 4th Spot in the tractor industry in 1998-99 to the 2nd in the first five months of 1999-2000"

Commenting on the settlement, the Financial Express reported:

"Since the Escorts group operates in areas such as agri-machinery, bi-wheelers, construction equipment, material-handling machinery which are witnessing rising competition from global and domestic major, the agreement will help the group companies in achieving world class standards through optimal utilization of manpower and other resources to retain and enhance their competitiveness"

Escorts annual reports also made special mention about the importance of settlement in making the company more efficient organization comparable with the best in its class in the world. The 1999-2000 annual report mentioned:

"The company signed a landmark wage agreement with the employees union in May, 1999 resulting in virtual elimination of overtime, drastic reduction in temporary labour and fundamental changes in work culture and practices such as working on industrial engineering norms, multi-skilling and multi-machining. Comprehensive efforts to right size the organization continued into the current year and include a comprehensive exercise of job evaluation and competency profiling for all positions with the assistance
of an international firm of repute. This exercise is expected to lead to a lean and motivated organization.”

Commenting on the impact of change, the company’s annual report for the year 2000-2001, similarly mentioned as follows:

“Consequent to the wage agreement signed with the employees union in 1999, the company has been able to sustain significant changes in work culture and practices such as working to industrial engineering norms, multi-skilling and multi-machining. The company has also taken steps to implement new performance management for its managerial and supervisory workforce. It is expected that over the next two years, the company will become a lean and more efficient organization comparable with the best in its class in the world.”

Chairman’s message in the company’s annual report for the year 2001-02 also mentioned that the company was now a revitalized and younger corporation. It says “your company has witnessed enormous challenges, continuous evolution and the emergence of a revitalized and younger corporation ready to successfully face this business environment”

Company’s chairman in his speech at the 54th annual general meeting of the company, held on 19th June 1999 termed the settlement as an instrument for cultural transformation. He said:

“The most challenging element of the re-structuring process was achieving a change in the labour practices. Through protracted negotiations with workers, who were on strike
for 40 days, we reached a long-term settlement. We used this strike as an opportunity to streamlining work practices, optimizing future productivity standards and rationalizing costs. The agreement encompasses new industrial engineering norms and productivity levels commensurate with machine output standards and working hours. This settlement is an instrument for cultural transformation which will afford the company greater operational flexibility in resource utilization and higher productivity. We have now achieved a much healthier business structure and are now ready to attack the markets with new vigour.”

At the fag end of the process of implementing change, the group chairman in his interview with the researcher, shared his feelings about the change, as follows:

“First, human mind must accept that change is inevitable. Once this is done, rest is executive action. The proof of having brought the change is that today I do not have anybody resisting change.”

While describing the environment after the change the group chairman further said:

“Change keeps spirit, venture, challenge and breaths enterprise. All this is happening and what I see is that an excellent job has been done in a short time and with full determination.”

When asked as to how he personally feels about the new environment, after the change, he responded:
"Today my organization has become flexible from rigid. I am as young as I was yesterday. My yesterday has become my tomorrow."

The process of change at Escorts started when the company found it difficult to meet the challenges of the new business environment and the various businesses of the group were gradually losing markets because of its typical culture, developed over a long period of time. The percentage of labour cost to turnover was very high and the productivity was the lowest, as compared to competitors. The group was finding it difficult to come out of the situation because of the culture, including deep-rooted malpractices like over-manning, overtime, extra payments in the name of incentives, poor state of discipline etc, developed during last five decades. The managerial cadre was so frustrated that it had almost withdrawn, having lost hopes of getting an opportunity to manage. Management had virtually lost the right to manage and it was the union, which was dictating terms and was considered to be the provider by the workmen. Management was perceived to be weak, not capable of taking firm stand. Everyone at the top, therefore, felt the need for change for the survival of the group.

The question was-change to what. One business head in his interview with the researcher (Annexure A) said that the group chairman had neither any vision nor conviction but had only a wishful thinking of an ideal state. He used to make statements, which would look like vision but had no belief in them. He knew how to say those things and those adhoc statement could not be taken as vision.
One thing was, however, certain that he also wanted the shop floor environment to change and entrusted this task to Group & Corporate Head of Human Resource and Industrial Relations. Since large, discontinuous change can not be brought about by a single leader, the Group & Corporate Head of HR & IR (Change facilitator) formed a change management team (core group) consisting of all the heads of various businesses for crafting the vision for change, work out an appropriate strategy for transformation and its effective execution. All the business heads, who were interviewed by the researcher at the end of the process of implementing change, shared similar feelings (Annexure A) that something happened quite unique which had never happened earlier - formation of the core group, it’s working together as team and spending the time needed to evolve a common approach to the problem. Even the President and ex-general Secretary of the union, who were also interviewed by the researcher, (Annexure A) mentioned that the greatest strength of the management was it’s unity and team work at the top level of management which had not happened anytime earlier. Everybody was party to the decision and felt bound by it.

The core group, besides doing an honest situation analysis, working out the desired state, finalizing the vision for change and working out the strategies for achieving the vision, also finalized the ground rules of conduct for itself. The core group had 122 meetings during the whole process of change and all the members of the group followed these ground rules, as a matter of conviction. The business heads shared, during the interview (Annexure A) that there was total transparency, no groups within the group and the members invariably arrived at logical conclusions, taking collective responsibility.
One major strength during the whole process of change has been the support from chairman. Though the general perception has been that management was weak, can not take firm stand and shall backtrack. This was also one of the major reasons of managerial cadre being frustrated and losing hope of getting the opportunity to manage. Some of the core group members played critical role in preparing chairman’s mind, ensuring that he does not waver. Besides the meetings of the core group with the chairman, the change facilitator alone had 63 meetings with him for briefing about the developments and taking him along with the thought process and decisions of the core group. One of the business heads, during the interview with the researcher (Annexure A) mentioned that it was an uphill task to keep the boss in line and ensure that he does not buckle in. The firm handling of various situations created tremendous confidence amongst the managers and the whole cadre became a motivated lot, fully involved in the change process.

When the researcher, during the interview, shared with chairman people’s perception about him that he can not tolerate any disturbance in production, and asked as to what made him to take a bold and different stand, the chairman responded “I wanted long term improvement in performance and efficiencies and thus sacrificed short-term gains. I wanted to demonstrate as to how strongly we feel about change and get out of the rut. I would have not succeeded and be in the present day happy situation, if I had not taken the stand. Changing human beings is a difficult process and nothing was possible to achieve
without demonstrating that we mean business. You start standing alone then others start standing with you.”

Whatever may be the reasons, his own conviction or the pressure from the core group, the fact remains that the chairman was fully behind the change efforts. No one can lead an organization through a transformation without strong backing.

Communication played a vital role in creating awareness, promoting acceptance and developing support for change. The approach was to communicate continuously and tirelessly in all directions and it was a sustained ongoing activity. Two way face-to-face communication meetings with managers, presentations by the business heads before the union executive body, circulars from time to time for mangers, supervisors and workmen and interviews published in news papers helped in creating awareness and developing support for change. The union President, during his interview with the researcher, (Annexure A) mentioned that the best part of management’s strategy was the presentations made by business heads to the union, which created awareness about the existing business scenario. Unfortunately, the negative leadership did not want to understand it.

For development of competencies and skills needed for coping effectively with change and to meet the behavioural requirements of large scale change, various need based training programmes were organized for operation heads, functional heads, divisional heads, line managers, Personnel managers, union executive members and for members of divisional negotiating teams. These programmes helped in creating awareness about the
business environment, aligning various sources of energy, developing effective teams and enhancing capabilities, competencies and skills.

Negotiations with the union were a long drawn process, with 171 negotiation meetings. The union was plagued with its own dissensions, politics and group dynamics. Some of the leaders had personal vested interests, which were likely to be adversely affected as a result of change. Their resistance to change and negative attitude continued till end, resulting into delay in the settlement and also sometimes resulting into ugly situation. There are times when we can nurse the change resisters along. There are times when we can convince them that change was inevitable. And there are times when we simply have to lay down the law. In view of the situation, management had to take a tough stand, laid down the law, dismissed some of the negative leaders and gave a final ultimatum to the union. The positive leadership showed courage, took lead and the settlement, the major instrument of change was signed. As per the President and the ex-General Secretary of the union, the workers have willingly accepted it. (Annexure A)

3.17 Errors We Make

The success rate of organizational change efforts has not been very encouraging. As per Schneier, Shaw and Beatty (1992) fewer than 50 percent of companies undergoing restructuring, de-layering, and/or downsizing realize lower costs or higher productivity as a result of those changes. Similarly, Kearney (1997) mentions that about 80 percent of Total Quality Management initiatives fail to achieve tangible results and roughly 90 percent of Business Process Reengineering initiatives fail to produce breakthrough
results. Kabat (1994) mentions that between 55 percent and 90 percent of all technology initiatives fail to achieve their objectives because human and organizational problems are not adequately addressed.

However, carefully planned and implemented change efforts have helped some organizations adapt significantly to shifting conditions and have improved their competitive standing, providing a far better future.

Kotter (1996), of the Harvard Business School has identified eight fundamental errors that undermine major change efforts, which are associated with the eight-stage process of creating major change, as suggested by him. He feels that a significant amount of the waste and anguish is avoidable if we could avoid these common errors:

I. Allowing too much complacency: By far the biggest mistake people make when trying to change organizations is to plunge ahead without establishing a high enough sense of urgency in fellow managers and employees. This error is fatal because transformations always fail to achieve their objectives when complacency levels are high. Without a sense of Urgency, people won’t give that extra effort that is often essential. They won’t make needed sacrifices. Instead they cling to the status quo and resist initiatives from above.

II. Failing to create a sufficiently powerful guiding coalition: Individuals alone, no matter how competent or charismatic, never have all the assets needed to overcome tradition and inertia except in very small organizations. No matter how capable or dedicated the staff head, guiding coalition without strong line
leadership never seem to achieve the power that is required to overcome what are often massive sources of inertia.

III. Underestimating the power of vision: Without an appropriate vision, a transformation effort can easily dissolve into a list of confusing, incompatible, and time consuming projects that go in the wrong direction or nowhere at all. Whenever you cannot describe the vision driving a change initiative and get a reaction that signifies both understanding and interest, you are in for trouble.

IV. Under-communicating the vision: Major change is usually impossible unless most employees are willing to help, often to the point of making short term sacrifices. Without credible communication, and a lot of it, employee’s hearts and minds are never captured.

V. Permitting obstacles to block the new Vision: New initiatives fail far too often when employees, even though they embrace a new vision, feel disempowered by huge obstacles in their paths. Compensation or performance appraisal systems can force people to choose between the new vision and their self-interests. One well-placed blocker can stop an entire change effort.

VI. Failing to create short term wins: Real transformation takes time. Most people won’t go on the long march unless they see compelling evidence within six to eight months that the journey is producing expected results.

VII. Declaring Victory too soon: Until changes sink down deeply into the culture, which for an entire company can take three to ten years, new approaches are fragile and subject to regression. The pre-mature victory celebration stops all momentum. And then powerful forces associated with tradition take over.
VIII. Neglecting to anchor changes firmly in the Corporate culture: Until new behaviours are rooted in social norms and shared values, they are always subject to degradation as soon as the pressures associated with a change effort are removed.

Kotter feels that these errors are not inevitable. With awareness and skill, they can be avoided or at least greatly mitigated.

3.17.1 Post Experience Learnings

3.17.1.1 Communication with Supervisors

Kotter (1996) has described under communicating the vision as a common error during the change process. Undoubtedly, without lot of communication, change is usually impossible but the way we communicate and the channels we select for communication are equally important. In Escorts, it was decided to communicate to workers through managers, through union and through circulars. Managers were trained to communicate with the workers, thinking that they come in direct contact with them on day-to-day basis and, based on their working relationship, would be able to develop awareness about the changing scenario and support for change, and forgetting that there was a wide gap between the workers and the managers. There was not much of interaction between them during the normal course of working and all work related problems were handled through the union leaders. Similarly, the union leaders who were briefed about the changing scenario during the presentations, training programmes and negotiations, were themselves opposed to change due to their own vested interests. Circulars had only a limited impact due to low credibility of and lack of trust in management.
The error committed in this case was of not involving the front line supervisors in the communication process, thinking that majority of them had no supervisory potential, having been promoted from workmen category, based on seniority. In fact, the first word employees hear about change should come from the person to whom they are closest: their supervisor and with whom they interact closely on day-to-day basis.

Larkin and Larkin (1996), the two communication consultants who have helped large organizations in communicating major changes to employees, feel “Frontline Supervisors—not senior managers—are the opinion leaders in your organization. Because frontline supervisors greatly influence the attitudes and behaviours of others, they are critical to the success of any change effort. Supervisor briefings are an effective way to gain the acceptance of Supervisors. In a company that institutes such briefings, a frontline employee who wants to know what’s happening has only one way to get that information: By asking the supervisor. And that information probably will be communicated one-on-one and will be in the supervisor’s own words. No big meeting, no grand announcement, no executive road shows, no speeches relayed by satellite. All the resources previously spent communicating indiscriminately are aimed at communicating with supervisors, who are given information, influence, and thereby increased power and status. As a result, they are more likely to help implement change.”
3.17.1.2 Communication with Workmen

Besides the error of not involving supervisors in the communication process, another error during the change process at Escorts was of not communicating directly with the workmen. The core group, while working at the strategy to create awareness about the business environment, promoting acceptance and developing support for change was guided by the fact that the workmen were totally behind the union, which was perceived by them as provider and that their level of trust in management was low. Further, there was no reason for workmen to support change as they were satisfied with the status quo and any change would make their lives uncomfortable and difficult. Keeping these considerations in mind it was decided to negotiate and deal with the union only.

One business head of an important business division, during his interview with the researcher, (Annexure A) felt that the business scenario and the true issues could not be communicated successfully to the larger community. Reflecting on the process of change, he felt that it would have been better to communicate directly with the workmen. The ex-general Secretary of the union, however, felt (Annexure A) that direct communication with workmen would have not succeeded as the worker’s level of trust on management was very low and even the line managers had no personal touch with workmen.

If a company’s goal is to energize the entire organization, it ought to engage as many people as possible in the organization, especially the people most affected by change. If
the change has to succeed, we must find a way to engage the mind of every single employee.

Dave Ulrich (1997) argues “Employee contribution becomes a critical business issue because in trying to produce more output with less employee input, companies have no choice but to try to engage not only the body but the mind and soul of every employee. Employee contributions go up when employees feel free to share ideas, when they feel that key individuals in the firm have their interests in mind, and when they feel a valid and valued employment relationship with the firm.”

Escorts management’s initial thought process, while working out the strategy for communication and the views as expressed by union’s general Secretary, both confirm that workers level of trust in management was low and that was the reason of not communicating with the workmen directly. Undoubtedly, lack of trust emerges as a serious barrier when the company is in the middle of change effort but it has to be faced head-on, never accepting it as a reason for lack of cooperation or support. Mistrust is believing that the other person hasn’t got your best interest at heart and if this feeling is allowed to continue indefinitely, mistrust can become a part of corporate culture. What we need is to confront the trust issue directly, eliminate actions contributing to mistrust, and engage in actions that will foster trust. Trust demands both consistency and sincerity viz not only doing the right things but doing it for the right reasons. Establishment of credibility of the management’s intentions about the change, and its efficacy is a prerequisite for an effective change mechanism. Instead of being fearful about
management's low credibility what was needed in Escorts situation was to roll up the sleeves and get involved in the real work with total sincerity.

Peter Senge (1999) and others have argued in favour of telling your story, which need not align perfectly with other's point of view. They feel “When communicating with people about new ideas and new business practices, it is not necessary to absolutely convince them. It is important to help them see that the story you are telling is ‘on their side’, and therefore worth listening to. It need not align perfectly with their point of view. But it needs to show that their point of view is treated fairly, and that they are not cast as outsiders. If you can tell the story of your team’s efforts, showing that you understand how it is seen from a variety of perspectives, then you have gone a long way to breaking through the challenge of believers and nonbelievers, while keeping your aspirations and sense of purpose.”

3.17.1.3 Midway Waverings

Neglecting the value of the change during the change process itself is another common error we commit. Change initiative may start with great enthusiasm and total involvement of top management but many a times the effort gets bogged down during implementation either due to day-to-day issue or in view of some short-term objective. In Escorts, during the year 1997-98, when the change process was on, the management of the tractor division entered into a mini agreement with the union leadership of the division for getting the extra production of 7 tractors per shift, against grant of Rs. 1200/- p.m. increase in wage. This was done with the short-term objective of feeding few more
tractors in the improved market and earning little more profit. This was a negotiated adhoc increase, without any norm or basis and confirmed to everyone that the organization still holds on to its way of doing things, totally neglecting the value of the change process under implementation and losing credibility with those involved in the process. The substantial increase in wage to the workmen of tractor division, by way of mini settlement, also created a turmoil in all other business divisions where there were work stoppages and disturbances in normal work for similar increase in all the divisions. The negotiations for the final settlement and the change programme took a back seat and there was no talk about it for full four months. The emphasis on day-to-day issues and priorities or the short run profits of any kind during the process of change have the potential of ruining the change programme itself. Similar views were expressed by some of the business heads during their interview where they have said that the mini settlement of the tractor division was unfortunate and was entered into with a very short term vision. This created serious problems and delayed the change process by 8 to 9 months.

(Feedback data – Annexure A)

3.17.1.4 Human Foibles

Playing games of duplicity and adopting manipulative practices is another fatal error we sometimes commit during the process of change. We can not achieve change by manipulating those connected with change especially those responsible for managing change. The most enduringly popular treatise on leadership is Niccolo Machiavelli’s Sixteenth Century masterpiece ‘The Prince’ which advises that to achieve his goal of power, any ‘prince’ must manipulate his followers, using them as means to his personal
end. Such Machiavellian leadership often succeeds in the short term; it almost always fails ultimately because expediency can not be concealed forever.

The Escorts chairman during his discussions with the change facilitator decided upon an amount of increase to the workmen in their wages and certain other benefits, to be given along with the settlement and proceed with the negotiations accordingly. He also wanted that the amount of increase, as decided after consideration of all relevant factors, should be kept confidential even from the core group. At a later date, during one of the meeting he had with the members of the core group, the subject matter of increase in wage and extending other benefits was raised by the chairman. He wanted to have the views of all the business heads, who proposed an amount lower than what the chairman had earlier decided with the change facilitator and also not extending certain other benefits as earlier agreed to by chairman. The group chairman immediately agreed to the views of the business heads without any consideration of the decision earlier taken by him with the change facilitator and certain indication of which was already given to few selected positive leaders to motivate them for the settlement. Offering different, less attractive terms to union at this stage would have amounted not only loss of credibility but a serious deadlock in the change process. The change facilitator, therefore, wrote to chairman, expressing his shock and disbelief over the development, as follows:

"We are at the penultimate state of a tumultous uphill journey of nearly 18 months on the industrial relations landscape of Escorts group. An epoch making wage settlement is on the verge of being signed heralding the beginning of a new work culture and a catharsis
of mindsets, work practices and systems developed over the past half a century, which may have served us well in the past but have become anachronous.”

“That there are no shortcuts and alternatives to this change has percolated in the minds of even the lowest echelons of employees. Even achieving acceptance of this reality and preparing them to abandon comfort zones of present system of working including plethora of incentive schemes, while at the same time managing group dynamics, internal squabbles and vested interests could not have been possible without your continued support and encouragement.”

“Of course, welding together of entire top management as a monolith in approach and actions, active involvement of all the managers facilitated through regular communication and dialogue through various media and fora, including training programmes, have been no less creditable. I look back with pride and satisfaction at this mobilization.

“The results have already started trickling in, in the shape of the better discipline, lower intake of casuals etc in short, a gradual re-assertion of ‘right to manage’ by all managers right upto the first line. Having come so close to our vision and goal, today I find myself in the danger of losing our steam and risking a roll back because of some of us assuming that we have already reached the goal, and shirking from having to pay a fair, negotiated price for some of our own limitations and follies of the past, as well as for what we are getting in return.”
“Our credibility is at stake, and so are all the present and expected gains. Long-term relationships can not be successfully built on the edifice of shrewdness befitting children. Those who are dragging feet on issues like uniforms have all along been involved on daily basis with the progress and commitments of both sides. I can understand their crisis of confidence even though some of them have been party to worse, wholly irrational incentive schemes for example, which have become our nemesis today,”

“A more pragmatic course for them could have been to plug managerial inefficiencies and leakages, and consolidate and build on the gains of the settlement, notably a far more productive workforce. One can not overlook the ground realities.”

“But, what completely defies my comprehension and logic is your having to acquiese in their back tracking despite your clear decision of 21st July, duly re-confirmed over phone on 4th August, having asked me to go ahead with the decided package, by overruling the business heads. This was my only pillar of support based on which I was able to bring around the union, even though there are many unresolved issues even today and the union is still insisting on a much higher package.”

“Our backtracking on our commitments like uniform and a suitable package will provide the union with enough excuse to go back on already settled issues like acceptance of I.E. norms or scrapping of incentive schemes, resulting in a serious deadlock.”
“Today, I am in a state of shock and disbelief. I find my credibility and confidence shaken by yesterday’s events. While at Escorts, I have a mission to fulfil – the mission of total cultural transformation. And, I am afraid that in the wake of the latest developments, I shall not be in a position to fulfil our dream. My heart bleeds at having come to such a pass, after having given my body, mind and soul during the past two years and having come so near to its fruition.”

The chairman spoke to the change facilitator and agreed to restore the terms and packages as earlier decided with him, overruling the business heads. The most critical variable in the change process is the top man’s integrity: does the change team have good reasons to trust him? Does his actions and words match? Is he sensitive to the needs of change team? Does he communicate with the change team in an open and honest manner? There has to be total transparency between the CEO and all the members of the change team. Everybody has to be made a participant and everybody has to know everything. The best leaders are transparent. They do not play Machiavellian games of manipulation and duplicity. The change facilitator was also probably feeling miserable for not sharing the information with other members of the core group, which was against the basic spirit of teamwork. As a change facilitator or leader of change, it is important to be as real and honest as possible in his interactions with others.