CHAPTER 2
THE STUDY

This chapter presents the methodological framework of the research work. It starts with a brief presentation of Literature review followed by, need for the present research work, problem statement, Objectives, Hypothesis, research design, Scope and Limitations of the work.

2.1 Review of Literature

Managing change in organization is not new. There is a good body of literature developed on change management. Researchers have developed sustainable change management models from the process perspective.

Kotter (1995) for example, in his book “Leading Change” recommended eight steps change process to bring about organizational transformation⁵:

- Setting up a sense of urgency (market analysis and competitive realities).
- Creating a powerful guiding coalition
- Imbibing a vision.
- Communicating the vision.
- Empowering people to translate the vision.
- Planning for and making short term wins.
- Strengthening improvements on a continuous basis
- Institutionalizing new and novel approaches

This has formed the basis of analysis for many researchers later to study the change management.[53]

Nadler and Tushman (1995) in their research paper “Types of organizational change: From incremental improvement to discontinuous transformation. In discontinuous change: Leading Organizational Transformation”, found at various stages the relative equilibrium among the multitude of factors. Over the period of time, organizations face the events that cause upheaval and disequilibrium. These periods are marked by a kind of disequilibrium involving discontinuous change. Discontinuous change consists of three components or challenges that top management need to adhere to:

- Recognizing the forces at an early stage that create disequilibrium.
- Selecting appropriate strategic choices to reposition the organization so that it
can stand tall against it competitors.

- Re-architecting the organisation.

The study focusing on discontinuous change describes the type of change rather than prescribing the organization on bringing about the change[54].

Zwick (2000) in their study “Empirical determinants of employee resistance against innovations” conducted in Germany uses a unique firm-level data set of German firms and found factors responsible for employees’ resistance to change. Those factors are institutional factors, psychological factors, union activities and most importantly the factors closely related to business strategies, goals of innovation or change, and firm size and sector. He found that employee resistance to change would be minimum if the organization adopts a differentiation strategy gaining competitive advantage by lowering costs and prices. The study also further revealed that differentiation strategies augment the performance of the employees while minimizing the resistance to change. Lastly, employees oppose change less in smaller and computer software and technical consultancy sector as compared to other sectors. The reason could be attributed to the fact that in service industry like IT, employee resistance is low because the industry is govern by knowledge workers and least density of trade unions. [55]

Donald B. Fedor and David M. Herold (2004) in their article about “Effects of Change and Change Management on Employee Responses: An Overview of Results from Multiple Studies” in paper industry done in Southeastern US stated that organizations in the paper industry are struggling with effective implementation of the myriad changes to stay competitive. Their findings support change management worked well for younger employees in comparison to their senior counterpart which raises a serious concern about how to get older works “on board” when it comes to change initiatives. The conflict between the old and the young has found to be serious impediment in the change management process. The unit of the company experienced augmented performance when change is welcome by the old young and the old. Otherwise, if this does not happen, performance, the employees become dysfunctional. Change initiatives necessitates for high commitment of employees across all levels [56].

programs will fly—or die: duration, Integrity of the Team, Commitment and Effort. The study recommends that the companies are required to incorporate DICE framework in the change management process [57].

Vakola and Nikolaou (2005) in their study “Attitudes towards organizational change: what is the role of employees’ stress and commitment? Employee Relations” done in Greece recommended that healthy and effective relationships among the employees are very important for developing positive attitudes towards change. They find that the most significant factor affecting employee attitudes toward change is occupational stress. The indicators of occupational stress are work relationships, work-life balances, overload, job security, control, resources and communication, pay benefits, and aspects of job. These factors may cause negative attitudes toward change and therefore inhibit change processes. They recommended that to ensure success of any change program, management must reduce occupational stress [58].

Rashid Al-Abri(2007) in his article about “Managing Change in Healthcare” he emphasized managing change is about evaluating, planning and implementing operations, tactics and strategies and making certain that the change is meaningful and related. It is a combination of technological and people-oriented solutions. Managing change is a multifaceted and tricky process. Change challenges the established standard, norms, behavior, habits therefore necessitated for the support of the managers in the change management process.

A clear vision depicting the direction of the change process is another key component for ascertaining successful change. Since change is permanent and continuous in organization, managers in their responsible position must be vigilant on the rising problems due to change. This helps the organization to avoid negative consequences out of the change process in the future. The administration system may be moderated to suit the proper implementation of change process [59].

Vithessonthi and Schwaninger(2008) in their study “Job Motivation and Self-Confidence for Learning and Development as Predictors of Support for Change”, conducted in Thailand found a negative relationship between employee resistance to change and job motivation while there self-confidence for learning and self development was not associated with employee resistance [60].

Oscar Huerta Melchor ( 2008) in his article “Managing Change in OECD Governments: An Introductory Framework “, done in six OECD countries Finland,
France, Italy, Portugal, Spain, and Switzerland explains OECD member and non-member countries are encountering increasing challenges to make change happen. Over the last few years, these countries have initiated several major reforms to modernise the management of their public service to meet society’s growing expectations despite having financial resource constraints and political pressure. Receptivity is an underdeveloped concept that intends to reveal the factors that contribute to organizations being either low-change, non-change contexts or high-change, receptive contexts. Managing change, it is argued, is an independent variable to explain change in government as it largely determines policy success.

This paper concludes that although the notion of receptivity renders an insight to analyze and explain change in government, it suffers from paucity of power to determine whether change has actually happened. Furthermore, it states that OECD countries are underestimating the importance of managing change while designing and implementing policy reforms. This is because the instruments used to manage change are more a casuistic characteristic of policy formulation than a conscious strategy to deal with the effects produced by the implementation of a reform proposal. There was no evidence of a coherent strategy to manage change that accompanies the reform efforts [61].

Yin Teng Chew & Siew Ming Choo (2008) in their study on “A Study of the Change Management and Challenges in a Bank” done in Malaysia discussed about the driving and resisting forces that resulted during a transitional program in a Malaysian bank. Issues in the implementation process include change initiatives and the challenges that were faced.

Specifically, the study highlights the driving forces encountered by the bank as well as its change strategy and challenges faced in the change management process. Bank A attempted to fit its operations and systems to a customer focused strategy due to the competition led by globalization, information technology and managerial innovation. The study found that majority of the problems in the bank are associated with various technical and HR problems where change efforts are needed. The findings also revealed that change efforts lacked integration and mainly focused on business and cost driven initiatives.

Successful change management necessitates for the cooperation and integration across all levels both vertically and horizontally. Therefore, special
attention should be given by the organisational leaders to each activity and the necessary integration when planning and implementing organisational change [62].

Lowder (2009) in his study “Change Management for Survival: Becoming an Adaptive Leader” done in “florida” categorized four-level framework of organizational change as procession change, functional change, cultural change and power change. Every change is likely to bring denials, anger, bargaining depression and acceptance. He recommended that every adaptive leader must adopt a multidimensional paradigmatic perspective including systems approach and actors approach to inculcate an adaptive work environment and ascertain successful implementation of change [63].

Sevim Guler S (2010) conducted a research in Sweden on SAP implementation in a Major Company through a structured questionnaire addressing the fundamental issues in managing organizational change, including critical success factors, such as communication, motivation and users’ awareness, readiness, willingness and expectations. The findings revealed that communication, motivation, participation, training, leadership and management commitment were determined to be the key success factors in change management [64].

Gustafson and Widerlund (2010) conducted a study on second largest property company in Sweden, Akademiska Hus. The study revealed that when the critical factors like communication, motivation, participation, training, leadership and management commitment are incorporated in change management process, they provide competitive advantages of the organization and assist the company to accomplish organizational excellence [65].

ErlandJansson (2010) in his article “The Importance of Change Management in Reforming Customs” done for Latvian National Customs Board in Latvia has focused the strategies and conditions for change processes. Customs organizations operating in a complex environment of constant change are required to respond to the promotion of economic development in compliance with regional, national and international obligations. To accommodate changes in these areas, it is significant to determine ‘a certain management type’ to implement change processes. Further, it has also focused a number of given internal and external conditions affecting organizations, thus setting the background for change efforts. Awareness of these
conditions will assist selecting the appropriate change instrument and avoid predictable failures [66].

**J. SowmyaRao, G. Vijayasri Prasad (2012)** in their study on “The Drivers of Change: A Sample Study on Tata Motors” done in Hyderabad, India focuses on how the concepts, strategies, competencies and different drivers of change are adopted by Tata Motors. In their study they found that Tata Motors follow 8 steps for leading a change namely Creating Urgency, Forming a Powerful Coalition, Creating a Vision for Change, Communicating the Vision, Removing Obstacles, Creating Short-term Wins, Building on the Change and Anchoring the Changes in Corporate Culture. Also they have found Tata Motors for sweeping the change followed strategy including factors like achieving the cost objective, safety in mind and ownership cost [67].

**Carlo D’Ortenzio (2012)** in his thesis “Understanding Change and Change Management Processes: A Case Study” done for South Australian Tourism Commission in Canberra, Australia the main intension of this case study is to proceed to understand the level of employee’s knowledge regarding change and change management within a public sector organization, namely, the South Australian Tourism Commission (SATC). The study revealed that employees’ understandings of change and change management are more readily visible as they respond to the pressures of those changes during the time of change. This is significant to understand how individual employees construct meanings about their organization, the changes affecting the organization and themselves as members of the organization.

It is found from the informal interviews that employees’ understanding of change and change management processes and practices significantly differed to varying degrees while comparing with the findings of the formal interview. These formal and informal views must be taken into consideration in order to create effective organizational change within the SATC. The study concludes that the need for public sector employees to have a ‘voice’ in change and change management processes and practices impact their personal and professional capacity [68].

**Tryphosamathakaduboikhuuto (2013)** in the thesis “Change Management: The Impact on Systems Implementation. A Business Application Solution Centre (BASC) Case Study” done in South Africa discusses the impact of change management during the implementation of an IT system and highlights the reasons for
failure. The reason for the failure of system implementation projects is often attributed to poor implementation during the project. It is significant to place the importance of people while managing technology and its processes. Communication, training and management participation are common means of addressing fears of change, and to build trust. This information should be utilised by project teams during implementation projects, as it helps to provide the necessary model to ensure the success of the change initiatives [69].

Maryam Beshtawi and Ayham Jaaron (2014) in their paper on “Change Management in Telecommunication Sector: a Managerial Framework” done in Palestine discussed about the factors forcing telecommunication organizations to change and they are Political instabilities, technology advancements, changing customer tastes, globalization, and cultural changes. Change management planning, top management active involvement, reinforcement and feedback are the requisites to enhance telecommunication, organizations ability to change by promoting a number of drivers for learning from feedback [70].

P. Vasantha Rao and Dr. Ch. Rama Prasada Rao (2015) in their paper on “Perception of Professions towards Change Management Practices in Indian Cement Industry: An Empirical Study” discussed about the influence of change management practices on the competitive advantage and performance of organization and found that majority of the professionals in the cement industry perceived that awareness, accepting the new person, system encouragement, tools and techniques of new technology, learning, formation of teams and leaders, vision, updating the technology, commitment towards organizational objectives, shared vision and strategy, communicating changes, strategic planning, new trends of technology, system produces the results and more so in the phase of change, process and people relations and scope for reengineering the systems of an organization were important change management practices which could help in achieving the desired change of enhancing the competitive advantage and performance of the organization. Additionally, majority of the professionals perceived that connecting people beliefs and concerns in adventuring of change process, clear idea regarding where we would stand in the next stage would have positive impact on competitive advantage and performance of the organization[71].
2.2 NEED FOR THE STUDY

Theories and models of organizational change evolved in the west, across industries found that employees oppose changes not only related to institutional factors, psychological factors, or union activities but also related to business strategies, goals of innovation or change, and firm size and sector. They also found that the most significant factor affecting employee attitudes toward change is occupational stress. The indicators of occupational stress are work relationships, work-life balances, overload, job security, control, resources and communication, pay benefits, and aspects of job. Also studies conveyed that there is negative relationship between employee resistance to change and job motivation whiles their self-confidence for learning and self development was not associated with employee resistance. In India, it is hard to find the studies on change management practices in IT industry. As they have not attracted the attention of the neither organizations nor the academicians in a big way, though the winds of change have swept the Indian business environment since 1991. Why and how do organizations change? What are the processes that characterize change? What are the organizational levers that mangers can access to influence these processes? Are there limits to adaptation? Is change always messy and painful? These and other questions confront anyone wishing to comprehend and influence the ways in which organizations adapt to changing circumstances. It is required to answer the unanswered change management questions in IT industry. So a study is required to test change management practices in IT industry and to examine whether IT industry also faces same reasons for resisting the change.

2.3 RESEARCH GAP

In India, the studies on change management have not attracted the attention of the organizations nor the academicians in a big way, though the winds of change have swept the Indian business environment since 1991. The growth of IT industry also is phenomenal in this period. Do the IT organizations prepared for this growth which we call Change? A few could succeed and many succumbed in the industry’s growth phase as they could not cope up with the changes in the industry and the environment. There are many questions in change management that are unanswered. IT being an emerging sector, which is forced to implement change as they operate in a very volatile environment, is chosen for the study on change management.
2.4 RESEARCH QUESTIONS

Based on the above stated research gap the following research questions have been developed to fill the research gap.

➢ Why and how do IT organizations implement change?

➢ What is the employees’ readiness to change?

➢ What are the organizational levers that managers can access to influence these processes and support change?

➢ What are the individual change management initiatives that employees have adopted?

2.5 STATEMENT OF THE PROBLEM

Organizations also differ in their change management practices with respect to the ownership, industry, size, region etc…. These factors do play a significant role in the way the organizations respond to the change management initiatives. Change can be at the organizational level and at the individual level. In this research an attempt is made to study the existing practices adopted by the Indian IT organizations that are contributing to the success of the organizations. The specific factors that need to be addressed in implementing change in the Indian context are analyzed. Detailed analyses of organizational change, individual change also are taken up in the research. Information gathering on all these above issues of change management practices is a paramount task. Given the knowledge of the employees on the change management practices adopted in the organization. Eliciting their unbiased responses is the challenge in the research.

2.6 OBJECTIVES

The objectives of the study are:

1. To study the prevalent change management practices adopted in organizations and their advantages and disadvantages.

2. To measure the employee response to these practices being implemented.

3. To assess the changes brought about in the organization and analyze the causative factors.
4. To identify the factors influencing the readiness to change among the employees
5. To study the impact of organizational change measures on individual change mechanism.
6. To measure the growth in individual performance and satisfaction post change process.

2.7 HYPOTHESES

1. There is no significant relationship between resistance to change and support for change.
2. There is no significant relationship between leadership style of the superior and support for change.
3. There is no significant variation between companies with respect to their change management practices.
4. There is no significant variation between companies with respect to the specific change management practices adopted by them.

2.8 METHODOLOGY

In order to achieve the objectives stated the following methodology is adopted

2.8.1 SOURCES OF DATA

The study is based on both primary and secondary data.

2.8.1.1 PRIMARY DATA

Primary data is collected through a well-framed and structured questionnaire to elicit the well-considered opinions of the respondents.

2.8.1.1.1 QUESTIONNAIRE DESIGN

Based on the in-depth study of literature the questionnaire for the study is prepared. From the extensive literature survey the information is divided into 12 parameters as given under.

1. Opinion of the employees on the nature of the change in the organization if any
2. Image of the change manager
3. Causative factors to change
4. Diagnosis for change
5. Readiness for change
6. Support for change
7. Resistance to change
8. Linking vision and change
9. Communicating change
10. Impact of organizational change measures on individual change mechanisms
11. Individual change initiatives attempted due to organizational changes
12. Improvement in the post change process

Most of the responses are measured with the help of 5 point Likert scale from strongly disagree to strongly agree. The remaining responses are collected using rating scale and multiple choice questions. Direct interviews and discussions are also conducted for respondents to get basic inputs.

2.8.1.2 SECONDARY DATA

The secondary data is collected from business periodicals, business journals, magazines, publications, reports, books, dailies, research articles, websites, manuals and booklets.

2.8.2.2 SAMPLING PROCEDURE:

Change is must irrespective of size, sector and location of the company. An attempt was made to contact the IT companies in Bangalore, Chennai and Hyderabad through emails as majority of IT companies are located in these areas in South India. In response to this 12 companies have positively responded and permitted to do research. As many as 3000 questionnaires were mailed to employees in these 12 companies. Out of them significant number of questionnaires were received from 6 companies and to a maximum of 50 each only as the information on the said topic was not familiar and comprehensible to many. Further employees beyond team leader only are taken in the sample frame as they only would have a say in the change management practices. The six companies are thus selected purposively.

The select six companies are as follows

<table>
<thead>
<tr>
<th>S. No</th>
<th>Company Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Automatic Data Processing</td>
</tr>
<tr>
<td>2</td>
<td>Capgemini</td>
</tr>
<tr>
<td>3</td>
<td>Cognizant Technology Solutions</td>
</tr>
</tbody>
</table>
Wherever the number of questionnaires filled in all aspects is less than 50, further attempts are made to reach the quota of at least 50 by adopting quota sampling. Out of the received filled in questionnaires, 312 were with full information in all aspects. Hence the sample size is 312 employees. While selecting employees of the 6 companies, care has been taken to cover them from different locations.

2.8.2.3 SAMPLE SIZE

As many as 3000 questionnaires were mailed to employees in the select companies. Out of the received filled in questionnaires, 312 were with full information in all respects. Hence the sample size is 312 employees.

2.9 PERIOD OF THE STUDY

The period of study is during March 2013 – October 2014. Before the actual study starts, a pilot study was conducted for a period of 3 months across the organizations. Interviews and discussions were conducted with employees i.e.: starting from team leaders to software engineers to know reasons for change, reaction for change and so on. After getting some basic inputs from team leaders & software engineers on change, a questionnaire was framed. Questionnaires were sent to employees across IT companies during Feb-May 2014. Then entering of data in excel sheets, applying statistical tools through SPSS and writing inferences has completed by May 2015.

2.10 STATISTICAL TOOLS

The following statistical tools are used:

- Frequencies
- Chi-square test
- Factor analysis
- Regression
- ANOVA
- ANOM
The researcher strongly believes that this research brings about meaningful inferences that would contribute not only to the body of knowledge in change management but also draws realistic conclusions for organizations to prosper and benefit by implementing appropriate change management practices without bewilderment, confusion and pain. To bring about the meaningful inferences he has used more number of tools are used to increase the reliability of the research work by getting the same result with every tool.

2.11 SCOPE OF THE STUDY

The study has focused on change management practices of various IT companies in INDIA and its impact on the performance of employees. The study has collected the data from the employees of 6 selected IT companies. The study has covered topics like Awareness on Change, Type of Change, Leadership, Frequency of Change, Causative Factors for Change, Diagnosis of Change, Readiness for Change, Support for Change, Resistance for Change, Linking Vision and Change, Communication of Change, Organizational Change Mechanisms for Change, Individual Change Initiatives for Change and Post Change Process. The above mentioned topics are covered in depth in the study and also analysis was done using various tools. As a result study can be used as reference by corporate people and academicians for further research.

2.12 LIMITATIONS OF THE STUDY:

1. Employees not finding free time for giving responses in their busy schedule.
2. Employees feeling hesitant in giving responses on top management
3. Subject under study is nor familiar and comprehensible to some of the employees
4. Research was performed on 6 particular companies in IT industry the findings may not be generalizable to the greater population.

2.13 CHAPTERIZATION

The thesis is divided into seven chapters

CHAPTER 1: INTRODUCTION

Overview of Change Management system and its significance in IT industry are given in this chapter for better understanding of change.
CHAPTER 2: THE STUDY

This chapter includes review of literature, research problems, questions, need for the study, statement of the problem, objectives of the study, hypothesis, research methodology, and data collection, statistical tools along with scope and limitations of the study.

CHAPTER 3: PROFILE OF INDUSTRY & SELECT COMPANIES

Brief industry profile and brief company profiles are given in this chapter for better for better knowledge of industry growth and position of the companies.

CHAPTER 4: DESIGNING CHANGE

Change design is studied by finding out causative factors for change, linking vision and change and making out diagnosis for change.

CHAPTER 5: ASSESSING CHANGE

Change has been assessed by finding out the relationship between readiness for change, support for change and resistance for change.

CHAPTER 6: IMPLEMENTING CHANGE

Change implementation has been studied by assessing the company’s communication of change, initiation of organization & individual changes and measurement of post change process.

CHAPTER 7: FINDINGS, SUGGESTIONS & CONCLUSIONS

This chapter presents the findings and appropriate suggestions along with the conclusion for the Indian IT industry followed by Bibliography and References.