CHANGE MANAGEMENT IN CORPORATE SECTOR OF PAKISTAN

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ABSTRACT

Rapid spread of information and technology has made the change mandatory. This paper focuses the importance of globalization in change management and evaluates change management in the perspective of both Lewin's theory and contingency theory in the corporate sector. For this purpose a primary survey was conducted randomly on 100 executives of 10 companies to measure variance on the Likert scale. It is inferred that when change happens there is a need to build the guiding team to remove obstacles and reinforce the values.

INTRODUCTION

In today's business world changes in a professional working environment have almost become a norm, particularly changes in response to the economy and market fluctuations. Some changes are instigated by the business owners and managers at the end of the year after an audit, some are instigated by the business' clients when sales are low and have to change product or marketing and other changes are forced onto an organization whether or not it chooses the current world economy crises for example which has resulted in many employees being made redundant. The main concept of change management is to make the essential changes in how a business or organizations are conducted in order to keep up with a new and growing business environment.

Change management is the structured approach adopted by businesses and organizations in response to various economic factors. It is also the structured approach of changing work forces, teams and organizations in a professional working environment from a stagnated, no change, and unsuccessful point to a more productive, more successful and work-effective environment.

Many organizations are creating new ways and techniques to keep change possible when needed, to keep pace with the constant change and development of strategies and procedures of the new

organizations that are surfacing in competition with the existing major companies. This means that when an organization or team is not in the productive state then that would initiate a need for change. For that to happen the organization has to admit and realize what their current state is and what steps need to be taken in order to increase productivity and effectiveness in their operation. The planning of a major program of change is crucial to its success: the consideration of all possible ramifications to a proposed initiative, the development of a plan for information and re-education, and a map for ongoing monitoring of the new environment.

The process of change is a combination of economic, technological, socio-cultural and political forces unifying societies in the modern world creating change in the management of businesses. There are many theories in the field of change management. However, most of them are based on the model proposed by Kurt Lewin in 1950's. Three-stage model built by Lewin is based on planned change that is gradual and process based. This paper examines theoretical methods of change process and the models of change in the business world in the context of both the Lewin's theory and the contingency theory of change management.

THEORETICAL FRAMEWORK

Kurt Lewin proposed three-stage model built on planned change that is gradual and process based. Unfreezing, Change and Re-freezing are the three stages of the model. Unfreezing is the state where organizations recognize the need for change and focus to overcome the natural defense mechanisms. Change process begins with the end of unfreezing state. Based on the information gathered on the unfreezing state managers are stimulated at this stage and conceptual & inductive thinking starts (Lewin 1951). Re-freezing is the third stage of Lewin's model in which the organizational hierarchy focuses on the pursuit of new orientation. Dawson (1994) argues that this three-stage model is too shallow and is too unidirectional for competitive nature of modern business world. He argues modern organizations do not have the luxury of years for change process to be completed. Organizations operating

in rapidly changing environment such as technological industry may find this totally inappropriate, sluggish, and time-consuming.

Most modern businesses and products saturate quickly due to the competitive nature of the current business world. Stickland (1998) argues that environment creates organizations, which include external variables such as, markets, customers, shareholders, suppliers, legal requirements, technology, social trends, and the economy. Time is a vital factor for success in the contemporary business world. Lewin's theory might not be the best fit for all modern organizations.

Modern businesses and employees who seek change as a part of their strategy for sustainable future popularly use contingency theory (Dunphy and Stace, 1993). This theory is flexible and recommends strategies and structures for different situations and timelines. Contingency theory suggests one must understand the current environment and relationship among variables and make the right move depending upon the concurrent situation. This theory recommends that the best way to organize change is to depend on circumstances such as, environment, technology and new trend. It is suitable for organic management where ideal changing conditions, willingness to innovate, readiness for fresh problems and unpredicted requirements flourish. Contingency theory of change is suitable for an organization, where there is a reliance on expert knowledge for decision-making, autonomy & authority balanced among employees, clear communication from top management to floor level and a network of structured control management system.

However, this model may not prosper at all in organizations where there is mechanistic management, which exercises unchanging techniques for ages and operates in stable markets free of harsh competition (Dawson, 1994). Contingency theory does not work where there is characterized clear responsibilities, boundaries of various sorts, insistence to loyalty, less knowledge, lack of expertise and experience, and more emphasis on skills only.

Before organizations can start implementing new models and strategies for change, they have to first admit to the factors or issues of failure that exist within and these could be from lack of employee commitment or communication or de-motivation etc. Managers and heads of sections are the people in charge of this

kind of change. They need to point out the factors of failing and where the initial action should be taken, which is not an easy task as they will face a lot of obstacles on their way to change, which may lead to the treadmill effect where there is no new progress at any given stage (http:/www.oursouthwest.com/SusBus/mggchange.html).

John P. Kotter (2002) explains the different phases of change and how to understand and manage change. Also, how change relates to people's reaction and approach to it and he mentions his eight steps to change which is what organizations should do to be prepared for when change happens. Kotter's eight step change model can be summarized as:

1. **Increase urgency** - inspire people to move, make objectives real and relevant.
2. **Build the guiding team** - get the right people in place with the right emotional commitment, and the right mix of skills and levels.
3. **Get the vision right** - get the team to establish a simple vision and strategy, focus on emotional and creative aspects necessary to drive service and efficiency.
4. **Communicate for buy in** - Involve as many people as possible, communicate the essentials, simply, and to appeal and respond to people's needs. De-clutter communications, make technology work for you rather than against.
5. **Empower action** - Remove obstacles, enable constructive feedback and lots of support from leaders - reward and recognize progress and achievements.
6. **Create short-term wins** - Set aims that are easy to achieve - in bite-size chunks. Manageable numbers of initiatives. Finish current stages before starting new ones.
7. **Don't let up** - Foster and encourage determination and persistence, encourage ongoing progress reporting, highlight achieved and future milestones.
8. **Make change stick** - Reinforce the value of successful change via recruitment, promotion, new change leaders. Weave change into culture.

CHANGING BUSINESS WORLD

The ongoing process of organizational change is not contemporary at all. There are cases of inauguration of change

process from early 1800's beginning from the time of Taylor and Ford (Buchanan and Huczynski, 2004). F. W. Taylor recognized the need for change in the industries of America and bought forward industrial revolution of Scientific Management. Extensive and far-reaching implications of change occurred in between 1890 to 1920 (Nelson 1975). These steps for change were bought forward by sources such as, labor force, patterns of world trade, political sentiments and technology.

Later, the growth of industries in Asia Pacific region, emergence of European community, and the decline of North American market all played part in the ongoing process of organizational change (Dawson 1994). Change happens for many reasons and effects can be found in various forms, such as organizational level of change, employee competencies and resources change, change in the culture and value of the organization. Different sorts and levels of change are necessary in any given organization throughout the year. Adaptation to ever changing global market demands could only be faced strategically by ushering change (Dawson 1994). This created a need for managers and especially leaders to be proactive in the search for strategies that makes the organization outstanding.

Vesey (1991) argues that bureaucratic managers were forced to act as leaders of change or face downfall. Organizational action rested on emergent breed of forward thinking leaders who successfully managed and led strategic change in work structures, process and technology, employment relations and even the organizational culture.

The General Motor (GM) was hit hard by the change in the market in 1960s, thus pressuring GM to change for good (Perot, 1990). Perot blames the lack of success of General Motors has to do with the failure of the organization to adapt and to change. This need for change has also been recognized in the UK business world. 94 percent of the respondents (companies of various sorts in the UK) to a survey done in 1996, are planning to, had gone through, and are going through some sort of change in their organizations (Industrial Society, 1997). Change is not only a fashion but is a necessity in the competitive contemporary business world Atkinson, (2005).

Managers have to bear in mind that with all the previous factors they have to overcome, the resistance of the employees to change is another issue they will have to deal with. Leaders here, are the main part of the employees resistance to change. This is where the leader's reflection will show in terms of style, skills and management. A leader has to be sure that staff is ready for change when needed. Management has to keep their employees up to date with change and the idea of that new systems and procedures for example will be coming into the business. This can be done by giving the employees training courses or seminars to help with a successful change. Management always keeps us up to date with changes going on internally and externally.

METHODOLOGY

A survey was conducted to find out the perception of industry executives under the current scenario. A questionnaire was developed with 25 variables based on different concept of change. The questionnaire was administered to 100 executives of 10 companies, 10 executives from each company. The interview was conducted by taking either prior appointment through the Human Resource Department where access was difficult or without appointment where access was easy to the executives. All the executives were responsible for corporate functions. However, they did have assorted experience in production, quality assurance, finance, procurement, human resource, marketing, sales etc.

Total numbers of interviews finalized were 100. The incomplete interviews have been discarded. Period of survey was 30 working days from the start of the survey. All respondents were full time employees of the organization concerned and were available from 9 to 5 timing. Likert Scale was used for measurement of responses.

FINDINGS

Table

RESPONSES INDICATING OPINION ABOUT CHANGE					
VARIANCE THAT AFFECTS CHANGE	1	2	3	4	5
Declining sales stimulates change			23	27	50
Increasing sales stimulates change	39	42	19		
New technology stimulates change			11	30	49
Change should be planned and the planning should be implemented		8	15	27	50
Change is stimulated by those who may benefit from the change	27	39	19	15	
In view of the forthcoming change things should be planned ahead.		11	21	37	31
Changed should be locked once made		4	25	42	29
Change should stabilize the situation		7	33	15	45
Change helps in building relationship	15	16	5	46	18
Change helps in consolidation	17	19	7	42	15
Change needs constant evaluation and support	6	16	14	46	18
Change prevents reverse going	15	21	6	45	13
Change is needed when there is an increased need to do something		9	11	43	37
Change is needed in case of increasing failure and unplanned consequences			7	33	60
Change should be based on reflection, planning and learning	11	3	11	30	45
Change should offer improvement in design and implementation	19	15	6	25	35
Change is the name of increasing need to do something		7	14	45	34
When change happens there is an increased need for urgency to inspire people		6	16	33	45
When change happens there is a need to build the guiding team		7	9	41	43
When change happens the vision has to be right	13	14	12	36	25
When change happens involve more people for buy ins	19	29	45	7	
When change happens empower action and remove obstacles		14	16	34	36
When change happens create short term wins	3	16	21	27	33
When change happens don't let up - foster and encourage determination		11	15	29	45
When change happens make change stick and reinforce the value		7	27	23	43

ANALYSIS

- As high as 77 percent of the respondents said that declining sales stimulates change, on the other hand increased sales trend was not considered a potential factor for change. This finding is also in line with the findings of Laura Hancock (2008). The response also appears in line with the concept that a low sale indicates reduced profitability for which the company needs to take corrective measures.

- As high as 77 percent of the respondents think that new technology stimulates change. Heidi Benson (2008) reported that Internet searching stimulates brain. While this is related to human brain, this postulates many other changes that can occur through the change in the brain.

- 77 percent of the respondents think that change should be planned and the planning should be implemented.

- While answering that change is stimulated by those who may benefit from them, majority think that it is not so.

- While answering that in view of the forthcoming change things should be planned ahead, 68 percent of the respondents think that it is so.

- 71 percent of the respondents think that once change has been made it should be locked for a limited period for consolidation and stability.

- Change should stabilize the situation was agreed by 60 percent of the respondents, while 64 percent think that change helps in building relationship.

- 57 percent of the respondents think that change helps in consolidating the system. 64 percent of the respondents think that change needs constant evaluation and support.

- Comparatively less number of respondents (58 percent) thinks that change prevents reverse going.

- As high as 80 percent of the respondents think that when there is an increased need to do something, change is needed.

- As high as 93 percent of the respondents think that change is needed in case of increasing failure and unplanned consequences.

- 75 percent of the respondents think that change should be based on reflection, planning and learning.

- Change should offer improvement in design and implementation; this was agreed by 60 percent of the respondents.
- As high as 79 percent of the respondents replied that change is the name of increasing need to do something.
- As high as 78 percent of the respondents replied that when change happens there is an increased need for urgency to inspire people.
- As high as 84 percent of the respondents think that when change happens there is a need to build the guiding team.
- As compared to that 61 percent of the respondents shared the statement that when change happens the vision has to be right.
- When change happens actions should be empowered and obstacles removed, this opinion was shared by 70 percent of the respondents.
- Short term wins need to be created when change happens, this was shared by 60 percent of the respondents.
- As high as 74 percent of the respondents think that slackness should not be there, people should be encouraged with determination to perform. When change happens the values need to be reinforced and change should be made to stick.

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