UNIT 23   REFORMS AND CHANGE MANAGEMENT

Structure

23.0   LEARNING OUTCOME

After reading this Unit, you should be able to:

- Understand the meaning and significance of reform and change in public administration

- Appreciate the impact of globalisation on reform process

- Highlight the various dimensions of government reforms

- Discuss the change management concept

- Enumerate ways of evolving a change management strategy; and

- Examine the important theoretical frameworks and models of change management

23.1   INTRODUCTION

Reform has been a fairly regular concern of public administration. The impact of 'globalisation' on reform, historically speaking, is a recent phenomenon with its own nuances and peculiarities.   There are a series of global challenges being faced by countries over the past few years.   These include, keeping pace with pressures of globalisation accompanied by fewer resources, technological changes, demand for better services by citizens and so on.   Introducing reforms on several fronts to bring about the desired changes has been the constant endeavour of organisations-both public as well as private.   This entire process involves a series of factors such as type of technology, political, socio-economic environment, leadership, people's reaction to change and so on.

Bringing about suitable changes needs a holistic approach set in a country's or organisation's particular local settings, socio-cultural milieu and so on.An attempt is made in this Unit, to examine the impact of globalisation on reforms in organisations, various dimensions of government reforms, evolving a change management strategy embedded in a suitable theoretical model or framework.

23.2 CLARIFYING THE CONCEPTS: REFORM AND CHANGE

Reform attempts to bring changes or transformation. It can be in the system, process, procedures or environment in which a particular system functions. Governments globally have always attempted towards reforming their systems, in tackling several administrative problems. The objective of reforms is to enhance organisational effectiveness. Reform by bringing about changes attempts to readjust the system and give a new form to it. Hence reform is a planned, systematised and well-directed process.

Administrative reform, Fred W. Riggs, considers 'is a problem of dynamic balancing'. Public system functions in a political context, and influenced by several forces including social, economic, cultural and so on.

Hence reform measures have to be inter-disciplinary and multi dimensional changes are to be ushered in on several fronts including skills, attitudes, policy making, implementation, evaluation and a host of structural and functional aspects.

The nature of administrative reform depends on the changes envisaged to be brought about in the system. According to Gerald Caiden, administrative reforms can be of four types. These encompass:

a)   Political changes

b)   Bureaucratic structures

c)   Legal system; and

d)   Change in attitude

Reforms imposed through political changes affect public systems to a great extent.

Those introduced to remedy organisational rigidities intend to make bureaucratic structures flexible.

Reforms through legislation relating to particular administrative reforms lead to significant changes in the public system.

Human beings are an important component of an organisation. Change in their attitude is important, as it is necessary for them to accept the legal, structural and political changes.

According to Mohit Bhattacharya (2001), administrative reforms can be considered as a process in the sequential sense. The circumstances in which the demands for reform are articulated, the need for such reform as acknowledged by the reforms, the methods adapted to frame and examine reform proposals, and their acceptance and implementation form discrete phases of a continuous process.

The present scenario is generating awareness for administrative change through reforms on several fronts. Reform initiatives are introduced globally on several fronts and are being implemented. Generally administrative change is considered to be important in the economic, political systems, processes and procedures. But more significant is the attitudinal change relating to the human side of the organisation. Change being brought about in the organisation needs to be appreciated and accepted

by the people. That's the reason for increasing emphasis on responsive administration about which we have discussed in Unit 20 of this Course. In the succeeding sections, we shall be discussing in detail about the various dimensions of government reforms.

23.3 DIMENSIONS OF GOVERNMENT REFORMS

One examines the public systems management reforms in Indian context, since 1990s, several of them have been initiated on many fronts. There have been several moves since independence. Initially, the traditional reforms measures focused more on structural improvements. The Administrative Reforms Commission (ARC) in 1966 covered the entire gamut of public administration at the centre as well as in the states. The Commission submitted 20 reports encompassing more than 500 recommendations. Based on its recommendations, many reforms were introduced. These include, redefining the role of department of administrative reforms, new system of secretariat working, adoption of performance budgeting by developmental ministries, delegation of financial and administrative powers. A separate department of personnel was created at the centre. During eighties, greater emphasis was placed on creation of new work culture with focus on performance and result orientation. This included decentralisation of decision-making process, simplification of rules and procedures, and setting up of machinery for redressal of public grievances.

The Fifth Pay Commission recommended, restructuring the governmental set up through abolition of ministries/departments, right sizing, and also measures for improving productivity, reduction of paper work, grievance redressal, management information system etc, were introduced. We shall be discussing more about this in Unit 25 of this Course.

The Conference of Chief Secretaries held in 1996, culminated in an Action Plan for Effective and Responsive Government, which was discussed and adopted at the Conference of Chief Ministers of States in May 1997. The themes dealt within the plan included, accountable and citizen-friendly government, transparency and right to information and improving the performance and integrity of the public services. The reforms introduced in the light of this include, formulation of citizens' charters, strengthening of grievance redressal machinery, decentralisation and devolution of powers etc.The legislation on freedom to information, lokpal, e-governance measures, statutory status to central vigilance commission, disinvestment, foreign direct investment, setting up of regulatory authorities, etc., followed these initiatives.

The New Industrial Policy of 1991, triggered off reforms considered as 'first generation' reforms concerning the external sector, as there has then been the balance of payment crisis. The second generation reforms that followed suit concerned the domestic economic reforms encompassing, rural sector, public sector, education, health, physical infrastructure and administration. The constitutional amendments – 73rd and 74th – brought about major structural changes by making 'local government' a third level of 'government' and empowering the women and the marginalised sections of society through seat reservation provisions.

The question of reasons that prompt reforms especially in government brings forth the following as identified by Peters (2001).

- Reduction of costs and improving efficiency

- Enhancing the quality of government services

- Greater role for employees in making decisions about the policies of organisation

- Reorganising the structure

- Improving transparency and accountability

Over the time, success factors for a governmental reform have been identified in several research studies.   Table 1 provides a list of the factors identified by different studies:

Table – 1

Success factors for governmental reform

	Factors associated with reform success	
Study	Sample Size (No. of Countries)	Factors Identified
Nelson, 1990	12	• Evolving Economic Trends • Administrative capacity, notably a united economic team • Executive authority
Johnson & Wasty, 1993	38	• "Ownership" in which "expression of political will by top leadership" was most important component • Administrative load imposed by reform
Levy, 1993	8	• Political constraints • Coherent economic team
Williamson, 1994	11	• Strong political base • Visionary leadership • "Reform readiness" (Ratio of expected gains to costs in reform proposal)
Campos & Esfahani, 2000	7	• Trust between government and entrepreneurs • Political turnover

Hypotheses about Reforms

These included:

1) Policy Reform emerges in response to crisis.

2) Strong external support (aid) is an important condition for successful reform

3) Authoritarian regimes are best at carrying out reform

4) Policy reform is a right-wing-program

5) Reformers enjoy a "honeymoon period" of support at the start of a new administration before opposition builds up

6) Reforms are difficult to sustain unless the government has a solid base of legislative support

7) A government may compensate for the lack of a strong base of support if the opposition is weak and fragmented

8)   Social consensus is a powerful factor impelling reform

9)   Visionary leadership is important

10)   A coherent and united economic team is important

11)   Successful reform requires economists in positions of political responsibility

12)   Reform becomes easier if the losers are compensated

13)   Sustainability can be enhanced by accelerating the emergence of winners

14)   Successful reform requires a comprehensive program capable of rapid implementation

15)   Reformers should mask their intentions to the general public

16)   Reformers should make good use of the media

Source: Williamson (1994), and adopted from Campos and Esfahani (2000).

In an interesting study, Williamson (1994), proposed sixteen hypotheses which were validated across a sample of 13 reforming countries. The study concludes that though there are no fully robust/ empirical generalisations, three of the hypotheses received strong empirical support. These include, strong political base, visionary leadership and coherent economic team. Other studies on the governmental reform arrive at the same set of hypothesis as listed in Table-1.

For example, Waterbury (1993), offered a very rich source of information about Egypt, India, Mexico, and Turkey, and the hypotheses 9, 10, 15, and 16 in the table, were found to be valid. A more systematic approach was used in a study by World Bank (1995), which identifies the determinants of desirability, feasibility, and credibility of reforms. The desirability conditions are specified as economic crisis and exclusion of government workers from the leadership's base of support (hypotheses 1 and 4), the feasibility conditions as compensation of the losers and authoritarianism or solid legislative support (hypotheses 15, 3, and 6), and the credibility conditions as the reputation of the government for keeping its promises and domestic and international restraints on policy reversals. Many of these hypotheses, however, do not escape criticisms.

Governance is an essential component of any organisation, whether formal or informal, ineffective or successful. It aims at achieving effective coordination in a dynamic environment where authority, responsible and accountability among people are distributed. It brings changes of the type that are technology driven, but which cover wider aspects of organisation such as coping with new organisational structures and skills, new forms of leadership, and perhaps even a redefinition of purpose.

Public bureaucracies are another important reform area. In developing countries, especially, the bureaucracy is said to be elitist, rigid, contralised, unaccountable, and also not entrepreneurial. Shamsul Haque (1997), emphasises the need to look into the scope and size of the public service especially in Asian countries, and streamline the expansive bureaucracy. Other reform areas include, devolution of authority and responsibility to local representative institutions, reduction of the cultural and normative gap between the people and top administrative elite, reforming the administrative system to enable public servants understand and become responsive to public needs and expectations, bring about attitudinal change amongst public bureaucracy and develop a professional and innovative human resource.

Recently the Prime Minister emphasised that the Indian bureaucracy, in this age of globalisation should be 'second to none' and should periodically undergo training and

re-orientation programmes to keep pace with the administrative requirements in a fast changing global environment (The Hindu, 2005).

A radical and effective reform becomes a necessity to enable government to adapt to the changes taking place on several fronts. However, this is not an easy task and there is resistance at various levels. Cultivating the required shifts in skills, values and vision may face hurdles.

Bringing even a little change in the traditional ways of working is difficult in a democratic set up of the government. The continuing focus on hierarchy-based leadership, partially contradicts the recognition of the need for individuals with new combinations of competencies and abilities to function in the present scenario.

Government's economic management team always struggles to tradeoff between expenses and fiscal deficit. The attempt is to increase the savings and spend the same on development. Governing processes often come in the way of achieving certain laid down objectives. Information technology led solutions in government provide ample opportunities to gear up the governing processes and delivery processes of services to its citizens by making the entire transformation as well as execution comparatively smoother and cheaper.

Another important aspect of today's governance is to manage and monitor information flow within the country. The complexity and necessity of effective handling of information was always there, but it has become more complex now and governments across the world have realised the importance of managing information. Moreover, when businesses within a country are increasingly becoming dependent on information technology (IT), the government has to align its policies to accommodate the change and also adopt implementation of IT within itself for effective governance of the businesses.

With changing times, citizens' expectations for better government services keep rising. People no longer like long queues waiting for a service to be provided in a dingy government office. It looks rather funny seeing a clerk opening and closing big registers and entering transaction details, which take a long time. Good governance by the reform method is a win-win situation, i.e. it satisfies the citizens and increases productivity of the government agency concerned and also reduces losses due to mistakes and non-accountability.

The World Trade Organisation is another major international organisation, which to a large extent influences the government functioning especially in developed countries. It is pushing reforms for the opening up of the economies for a fair play to all the global companies. This introduces new kinds of complexities. At the first level, it is the monitoring of inflow and outflow of money and goods into the country. At the second level, i.e. at the administration level, detailed information needs to be available all the time for the executives to control the effects of international transactions. The policy-making activity also needs to take care of feedback of affected citizens to reduce the number of iterations before finally taking a decision in a given situation. Else the government is forced to reconsider the policy, making modifications and go through again the same ordeal of long approval process resulting in a heavy drain on the exchequer.

Also, in present times, the awareness levels of people have improved with the developments in the field of education. People are more informed and interested to be a part of the decision-making process, voice their opinion before the apex policy-making body and carry out constructive criticism of government decisions. With change in the mindset of people, it is imperative for the government to provide an opportunity to the people to voice their valuable opinions. Moreover, in many

developing economies, we find that governmental issues are prioritised by political agenda of different political parties in power rather than being based on the real need for development. People often feel frustrated and let down by the political powers. IT will at least put a pressure on political parties to give priority to an issue that is more important for well being of its citizens than meeting the narrow political objective of the political parties. This is so because IT will make the decision-making process transparent as well as government information accessible to the public.

23.4   GLOBALISATION AND PUBLIC SYSTEM REFORMS

"The most dangerous moment for a bad government is when it begins to reform." says Alexis De Tocqueville. Reforms must be an all-embracing phenomenon, touching every aspect of the public systems including government. The word "reform" means to make things better by removal of faults or errors. The first, is to improve the processes to achieve the objectives of the government, including improvement in the delivery of services. The other context, is when the government makes a shift in the paradigm of governance and accordingly the objectives themselves undergo changes followed by realignment of all the procedures and policies to deliver the new objectives. In this context, the terms 'Reform', 'Reengineering', 'Restructuring', 'Redesigning', and 'Reorganising' are often used loosely and interchangeably. The term "Reform" is generally used in government or public organisations, while other terms are preferred by business organisations.

The word 'Reform' also encompasses 'Reengineering' and 'Restructuring'. It also hints at re-strategising at the apex level to meet the new objectives and actions to be taken. We have already discussed these aspects in the earlier units of this Course.

The forces of globalisation and technological changes are having an impact on thinking of the governments around the world. They want to be more efficient and responsive, thus calling for large-scale policy changes in the government.

With the increasing complexity of human activities, growing population, changing socio-economic structure and a technology-led world, governmental functions cannot be carried out in the same manner, as it used to be done in the past. Like business organisations in the corporate world, government also needs to align itself to the changing times on a continuous basis. However response to change is generally slow, because of the huge and dispersed government structure. Indian government is no exception.

The term 'globalisation' has gained universal currency, while the phenomenon itself has brought about a radical shift in the structure and functioning of contemporary industry and business. As Porter (1990), has aptly put it, globalisation has come to define the competitive advantage of nations, i.e. their ability to compete and survive in the global market. Since market goes beyond national, political and cultural boundaries, one of the most enduring tests of an economy's comparative advantage is being seen in terms of its ability to be a global player. An economy can attain and sustain this only by integrating itself with the global market. Interestingly, and perhaps expectedly, a good part of the discussion on globalisation has focused on the developing and newly developed economies.

Among the more important issues which have drawn the attention of policy-makers and scholars, are the impact of globalisation on the structure and performance of the national (domestic) economy and industry, employment and the labour market, and the structure of an organisation and its management practices.

Information technology and the ever-improving facilities for communication and transportation play a major role in the process of globalisation. Cross-border transport and trade have become easier today because of the resolution of many of the political conflicts, which had divided the economic world for decades. Political strategies for economic development and industrialisation have changed across the world. Central planning has been abandoned in the former Russia and Eastern Europe. The trade and import-export policies of most countries in Latin America, South Asia, and the Middle East are no longer designed to prevent trade. More and more countries have realised the need for a radical shift in the structure and functioning of their economies, industries and enterprises. Many developing countries have introduced programmes for major structural adjustment and economic liberalisation in order to gain greater competitive advantage in the global market. Success in the global market can no longer be based on a nation's natural resources or cheap labour. Instead, a nation has to make deliberate choices in the matter of core technologies if it is to compete at the international level. Constant improvement and innovation in process technologies, the designs of products and management methods have become key variables.

Historically, technology has always been the key factor in bringing about changes in society. During the past few decades, however, a new range of technologies based on microelectronics have ushered in changes of a different dimension and intensity. The adoption of the new technologies not only transforms manufacturing processes and the service sector, but also brings about profound changes in the entire lifestyle of modern society. In the early 1980s, the increasingly competitive market had put firms under a great deal of pressure. Organisations were faced with the challenge of introducing flexibility and quality in production, better delivery systems and a greater emphasis on orienting their services to the customer. At the same time, there was a growing awareness of the potential of new manufacturing technologies for improving performance. As Bessant (1993), observes, the possibility of using such technology in an integrated, rather than direct form, had begun, emerging. This would mean taking advantage of the advances in communications and networking technology in order to facilitate the emergence of linked manufacturing systems.

The emerging pattern of 'computer-integrated manufacturing' (CIM) systems opened the way for significant alterations at the level of strategy. Such systems result in improvements in the performance of not only particular tasks or functions, but also enhance the overall performance of the firm. The latter includes reduced response times, better quality control, faster development of products and lower inventory levels (Bessant, 1993, *op cit*). As the new technology became more advanced, it also became substantially more flexible, leading to the development of the Computer-Aided Design/ Computer-Aided Manufacturing (CAD/CAM) systems. The key focus of the manufacturing environment in the 1980s and 1990s gradually came to lie on quality, design and flexibility. Firms came under growing pressure to innovate in order to utilise their investments in the most productive manner, while at the same time, providing increasingly high-quality services and products to the customer. According to Bessant *et al,* (1990), the challenges posed by the global market were the most daunting in the 1990s because firms were required to attain high levels of productivity and flexibility simultaneously. The new technological opportunities and the strategies posited by them helped the firm meet this challenge. In 1975-85, manufacturers in Europe and the US discovered that quality and cost-efficiency were not incompatible. The next period, spanning from 1985-95, confirmed that the traditional trade-off between flexibility and cost-efficiency was a thing of the past.

When faced with new challenges from the market, manufacturers turned to new technology. Information technology not only causes improvements in communication and control across a broad range of manufacturing activities, but also

facilitates integration, which is of prime importance. It brings together previously discrete items of equipment into more powerful, multifunctional systems. Integrated manufacturing systems involve high levels of computer-integration and help retain flexibility. The CIM technologies can be of immense help in improving effectiveness. For example, they can help reduce lead times and inventory levels, and raise the standards of quality. In their fascinating and much acclaimed book, *The Machine that Changed the World*, Womack *etal* (1990), state that just as mass production swept away craft production, a new way of making things, called lean production, is now rapidly making mass production obsolete. The authors' worldwide study of the automotive industry showed that lean production wields the activities of everyone - from the top management to the line workers and suppliers-into a tightly integrated whole. This integrated unit can respond almost instantly to the demands, of the customers. It is capable of doubling production and causing a twofold improvement in quality, while keeping the costs down. The adoption of lean technology, which will inevitably spread beyond the auto industry, is bound to change almost every industry. It will consequently affect the way we work and live. In the larger sense, it will determine the fate of companies and nations, depending on how, they respond to its impact. Further, the increasingly widespread use of the internet in recent times is also expected to make dramatic changes in our mode of working and living.

The government reform processes are complicated, because of divergent views and policies pursued by political groups in a democratic set up and the divided opinion among the masses. In countries like India, with low literacy levels and where people are not well informed, problem is further aggravated by the fact that opinions are influenced by the charisma of the political leader rather than his/her vision. Often, as a result, apex policymaking bodies in the government generally have people with different ideas and visions. Therefore it is difficult to arrive at a consensus for any particular reform. The process of reform also gets politicised. Power struggle among political groups further weakens the public institutions and derails the reform process. A governmental set up lacks the advantages of the corporate set up where the top management with adequate authority and accountability, holds the power to build a team capable of driving the reform process in a planned manner at a faster pace. There are many other difficulties for the government ready to reform.

However, technology in the government is an option linked to the reform process. The reform process reduces overheads and enhances the credibility of the government agencies. Higher credibility brings in more investment in various sectors, which directly or indirectly helps the poor by providing education, ensuring good health and creating new jobs, apart from smoothening governmental transactions.

The intimate relationship between technology, market dynamics and social institutions is well accepted, but the nature and direction of their linkages are still subject to debate. It is not difficult to identify the areas and extent of the diffusion/application of technology, or the changes in the trends of production and services. It is also quite clear that the pattern of employment, quality of human resources, organisational changes and other variables related to the labour market are interlinked with technological changes. However, it is not easy to establish how far the shifts in these areas can be directly attributed to technological changes/innovations. This debate has gathered further momentum with the emergence of the new technologies (i.e., those largely based on microelectronics and information technology).

New technology, is almost always equated with IT and its applications. In fact, a major part of the activities of modern organisations, whether in the sphere of manufacturing or services, is based on the application of computers and their convergence with communication technologies. The potential of using a technology,

which offers dramatic improvements in the way we manage our information activities is highly significant. Unlike earlier technologies, which are specific to a particular process or area in manufacturing, IT is seen as a pervasive and integrative technology. It offers significant improvements across a wide range of activities, as well as in quality and flexibility. The new technology can serve as a powerful weapon for formulating superior strategies, which would place an organisation in a better position to achieve its long-term goals.

23.5   CHANGE MANAGEMENT

Change is the only unchanging law of nature is an old proverb. Almost equally universal is the 'resistance to change', which is human being's natural response to change. Newton's first law of motion that a body continues to be in a state of rest (or of uniform motion), unless an external force is applied on the body, is as much truer in management science as in physics. There is thus a 'state of inertia', which affects not only non-living objects, but living beings too. No one likes change, as it affects the entire system, which has been set in equilibrium, after great efforts. Any change disturbs the equilibrium, and another round of equilibrium setting is a painful process. Therefore change and resistance to it, are the two sides of the same coin.

Change can be slow, sudden as well as planned.   People generally resist change as it calls for adjusting to the new scenario, new skills, knowledge, and new situation. Resistance to change can be lessened through negotiation, incentives, education, training, participation, involvement, etc

Larry E Greiner in his article, "Patterns of Organisational Change" – in Harvard Business Review, has mentioned the following factors to check resistance to organisation change.

a)   Organisational change is a continuous dynamic philosophy, which cannot be circumscribed by a master blue print to be prepared by the top manager or the change agent.

b)   Change is for everyone. It is wrong to assume that change is related to those lower echelons in organisational hierarchy who are less productive and less intelligent.

c)   Successful change efforts are related to both unilateral as well as delegated approaches to change.

d)   Reasons connected with implementing change should dispense with parochial outlook. Instead, they should develop broader outlook to design a change model that may be beneficial to people working at all levels of organisation (Goel, 2003).

Change management is one of the most important dimensions in the success of IT projects and applications. We might have purchased the best technology, designed the best applications software, and engaged the best of the breed companies in the project management and for running of the services and finally hired the best of consultants, but if the change management strategy is poor, there is no guarantee that the best of everything selected will really work. All the investments of time, money and other resources will go down the drain, if the change management strategy is not understood, developed and implemented properly.

Change is an all-pervasive and permanent reality. It knows no boundaries of time and space. Through the centuries, scholars and thinkers have enquired into the causes and

consequences of change, which may be political, social, technological or scientific in nature.

Behaviour, another important area of change, may be defined in terms of the patterns of action and reaction within the organisation. These are influenced by the organisation's culture, a term, which describes the collective preference or shared mind-set that determines 'the way things get done'. The other targets of change in the sphere of behaviour include the manner in which employees deal with uncertainty, the changing expectations or values of customers, and of society as a whole.

Crucial to any organisation are its corporate objectives, strategies and the basis on which it is to compete in a given market. Periodic reviews of the goals are vital if an organisation is to stay aligned with the demands of the market and the shareholders' expectations. Most organisations are constantly trying to make some change or the other in their internal environment in order to ensure success in the future. The changes are planned largely by the management, which must adopt a proactive policy to keep the organisation going.

Talking about the challenges of change and the need for new competencies and mind-sets, Morgan (1989) had, a decade ago, outlined different possible scenarios that could arise in the future with respect to the intensity of change. He visualised an increasingly turbulent environment. Indeed, few organisations can be sure of a secure future, as scientific and technological developments are transforming the very ground on which they have learned to operate. As Morgan foresaw, the world is in a greater flux today than ever before. Organisations and their managers recognise the need to develop new mindsets, skills and abilities, which will help them cope with this flux. Morgan suggested that the increasing turbulence would necessitate the adoption of a more proactive and entrepreneurial policy within the organisation. Organisations would have to learn to anticipate and manage emergent problems. They would also need to formulate new initiatives and give a new direction to their development. The proactive approach advocated by Morgan is essential to empower and energise an organisation to cope with the challenges facing it.

The pace of change and the development of skills necessitated by this make the process of continuous learning essential. Information technology, in the form of micro-computing, robotics, electronic communication and the internet, has transformed the nature and structure of many organisations. It has also brought about major alterations in the nature and life-cycles of the various products and services. This age of technology is leading to the emergence of completely new styles of organisation and human resource competencies. Organisational hierarchies must now give way to organisational units, which are loosely coupled and of a smaller scale. They need to be coordinated so that the work units can remain separate, yet integrated.

Globalisation and the widespread application of microelectronics, besides the internet, are associated with the radical changes, which have taken place recently. The widespread use of IT has accelerated the generation and transmission of information, making communication more efficient than ever before. It is also argued that the easy availability of information and faster communication have, in their turn, accelerated the process of globalisation. Information technology is revolutionising the way we communicate, work, shop and play. Computers and the internet are paving the way for a sweeping reorganisation of business, from online procurement of inputs to greater decentralisation and out-sourcing. By increasing access to information, IT has made the working of markets more efficient. The impact of IT is truly global. More and more knowledge can be stored and sent to any destination in the world, at a negligible cost. Information technology and globalisation are intimately interconnected. By

reducing the cost of communications, information technology has helped globalise production and the capital markets. Globalisation, in turn, further accelerates competition and innovation. It also speeds up the diffusion of new technology through trade and investment.

International competition among Nation states and corporate firms to dominate the global market have created a struggle for survival, in which constant innovation and continuous improvement play a major role. Firms have always been forced to change due to environmental, as well as technological factors. As McLoughlin and Harris (1997), suggest, firms are driven to innovate primarily by technological imperatives and the demands of competition. They have little choice in the matter if they wish to survive. In particular, international competition has conditioned the way sociologists and, others seek to understand the impact of computer-based technological change on variables such as skills, job content, work organisation, employees, attitudes and behaviour, and organisational structure and design. However, the developments taking place today cannot be seen as giving rise to a unidirectional process. The attitudes of the management and workers, organisational structures, cultural systems, industrial relations, and the wider social and political environment may act as either facilitators or hindrances to technological change and globalisation.

Technology is not value-neutral. In this context, McLoughlin and Harris (*op.cit*) have identified several problem areas. First, technological innovations are often seen to arise in a more or less neutral way out of the activities of inventors, professional research or development laboratories. However, critics view it differently. They argue that the form and direction of technological innovation should be seen as a product of the direct influence of social and political factors, not least the interests of the State and employers. Second, those who believe in a technological imperative assume that managers play the role of unreflective 'messengers', whose task is to read the technological and commercial signals emanating from the firm's environment and take appropriate action. Critics, on the other hand, argue that managers should be seen as 'creative mediators', whose choices critically influence the ways in which particular technological and market options are selected for development. Third, it is assumed that in the long run, technological innovation inevitably benefits everybody. The employers, management, workers and unions are believed to have a common interest in ensuring technological progress. However, technological innovation is often an area in which interests diverge. If new technologies are designed and used to serve particular interests, and if an organisation is seen not as an arena of consensus but as a locus of conflict, then disagreements over particular technical changes are an inevitable, legitimate feature of organisational life.

There are broadly two views on a human being's ability to influence the magnitude and direction of change within a system. According to the first, the environment dictates human activities, in the short as well as long term. The phenomenon of change in human behaviour is, therefore, viewed as mechanistic and deterministic in nature. It is caused and shaped by external force beyond the control of the individuals within the system. According to Stickland (1998), change can take place regardless of perception of it, and it can go beyond human control or comprehension. This, in other words, means that human or social choice does not have much of a role in determining change. In fact Heraclitus, a philosopher in 500 BC, held the extreme position that 'you cannot step into the same river twice, for fresh waters are always flowing in upon you'. Thus, according to this view, change is a constant reality, and is also something over which a human being has not much control.

According to the second view, human systems are large autonomous and individuals possess a free will. Changes in behaviour stem from individual impetus and are spontaneous in origin. There is immense potential for a wide variety of change, which

may be highly unpredictable. In fact, one may extend this view by suggesting that the emerging behaviour patterns and changes at the organisation level of the whole, possibly affect the external environment over time.

In India, change management is being handled through proper institutional arrangements.   The Department of Personnel, which was set up on the recommendations of the ARC in 1970, functioned under the Prime Minister of India. In 1985, the Department became a full-fledged Ministry of Personnel, Training, Administrative Reforms, Public Grievances, Pensions and Pensioners' Welfare under the overall charge of the Prime Minister assisted by a Minister of State for Personnel. This Department of Administrative Reforms and Public Grievances under the Ministry of Personnel, Public Grievances and pensions is entrusted with the tasks of administrative reforms, organisation and methods, redressal of grievances. It is bringing about several reforms such as modernisation, office automation, achieving higher productivity in public organisations through Work Improvement Teams (WITs), Total Quality Management (TQM) etc, about which we have already referred to in section 23.3 of this Unit.

As we have discussed, reform measures need to tackle the attitudes of the people. Any grievances on the part of the personnel working in the organisation as well as citizens interacting with organisations have to be handled.   The Department of Personnel has laid down policy guidelines for the institutionalisation of grievance redressal system in each organisation.

23.6   EVOLVING A CHANGE MANAGEMENT STRATEGY

How to go about evolving a proper change management strategy? Before any model of change is discussed, the nature of change and involved therein must be understood. For example, when we are trying to change the current working of the government from the manual mode to the electronic mode, there are a number of changes required in the procedures, rules, regulations, employees working habits, modes-of-interaction—with the customers, relationships of customers with the government and the officials and so forth. There is a natural process of change, involved at various levels, which can be grouped together in the following broad categories:

i)   Technology- speed, functionality, user-friendliness

ii)   Process- procedures, rules, regulations

iii)   People-working habits, attitudes, rewards and punishment systems, working hours, motivation, level of satisfaction required for the new job and training

iv)   Organisation structure, hierarchy, decision-making styles,

v)   Culture

vi)   Legal changes to support the new procedures, for security and IT enablement of the transaction process

vii)   Changes at other levels, in other organisations and their rules and regulations, mode of interaction and communication, team work and projection of a joined-up government

viii) Social and political changes, empowerment issues, process of reform, etc.

This list is only indicative and could be different for different types of reforms initiative.   There are however some common factors relevant for all kinds of such endeavours, in every country and possibly for every type of organisation. But equally

well, there is a second set of factors, which are relevant only for the specific reform measure, under consideration.

The first flash of change appears, as soon as we take the initiative towards electronisation in any government department. The very discussion on an IT-project may create some enthusiasm, some fears and some opposition within the organisation. These changes will keep appearing subsequently at various stages, from the stage of writing the mission and vision statement, to the selection of the projects, their implementation and thereafter. We have oriented you with the problems in application of new technologies in Unit 6 of this Course.

A change management strategy will depend upon many factors, some of which are discussed below:

- Technology

- Political environment

- Target population

- Skill level and age-group of employees

- Degree of resistance

- Leadership

- Organisational flexibility and culture

- Stakes involved in the project

- Time frame for implementation

- Expertise

- Other factors

Because of a large number of factors involved, there cannot, be a single change management strategy. One can adopt a general or a 'grand strategy' but for any given initiative, a mix of strategies will work better.
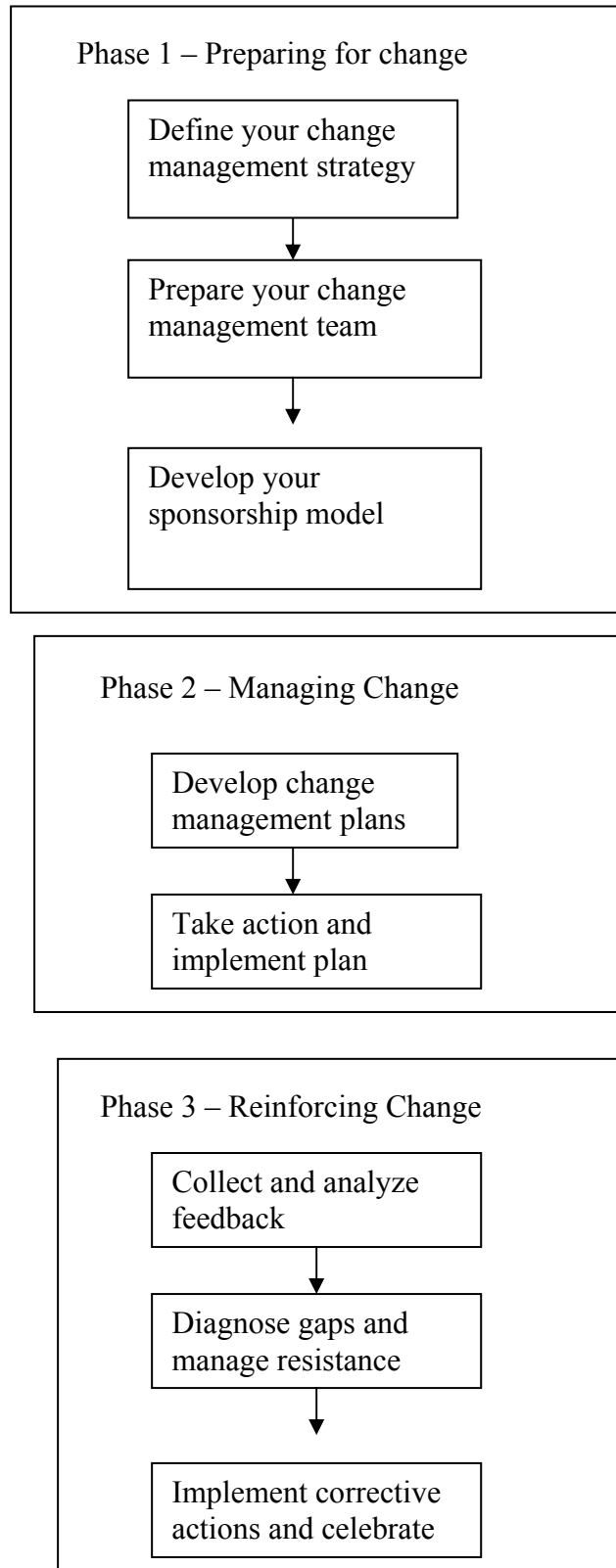
23.7 CHANGE MANAGEMENT: THEORETICAL FRAMEWORKS AND MODELS

There are different models and frameworks on change management processes and strategies. We shall take up these for an in-depth study on Change Management. We shall be discussing some more in Unit 25 of this Course.

(1) **Change Management Toolkit (from Prosci Research)**

The process of change management has been researched in a very comprehensive manner by Prosci Research. As per their research findings, it basically involves three steps, as given in the diagram below:

3-Step Change Process

Phase 1 – Preparing for change

> Define your change management strategy

> Prepare your change management team

> Develop your sponsorship model

Phase 2 – Managing Change

> Develop change management plans

> Take action and implement plan

Phase 3 – Reinforcing Change

> Collect and analyze feedback

> Diagnose gaps and manage resistance

> Implement corrective actions and celebrate

Source: 'Change Management Toolkit', Change Management Learning Center
(http://www.changemanagement.com/change-management_toolkit.htm)

The model is explained in detail as below:

Phase 1

Preparing for change

Build a foundation for managing change. Examine theories and perspectives that impact how people go through change. Assess your specific change characteristics and the organisation attributes that impact change management. Develop your team structure and sponsorship model.

Phase 2

Managing change

Develop key change management plan communications, sponsorship, coaching, training, resistance management. Create a project plan for implementing change management activities.

Phase 3

Reinforcing change

Assess the effectiveness of change management activities. Identify and overcome obstacles. Build, buy-in and celebrate successes.

 (2) A Five-Stage Model on Change Management

Mohanty and Yadav (1996), have suggested a five-stage model for managing change processes.

(i) Development stage

- Diagnosis of the need for change (why, what, where and who).

- Design of human resource development programmes to build core competencies in the areas of total quality management, leadership, team management, etc., such that employees are available to play the key role of change agents.

(ii) Initiation stage

- Creation of an open communication process.

- Development of respect for the human system by evolving transparent systems, trust building and identifying mutual concerns.

- Gaining voluntary commitment to action from willing people by way of dialogue not through official memos.

- Conducting problem solving and decision-making, conflict resolution and collaborative management training to develop collective interactions between various functional groups, to make cross-functional co-ordination a reality.

(iii) Testing stage

- Implementation of a pilot project with feedback and evaluation.

- Design of intervention mechanisms to eliminate blocks on the implementation of change.

(iv) Adoption and stabilisation

- Diffusing the learning experience throughout the organisation.

- Maintaining the motivation level through a review of and implementation of incentives and rewards.

(v) Diffusion to other systems

- Selective diffusion.

- Substantive diffusion.

This model can be used to understand change management issues at different stages of IT implementation.

(3)   Effective Organisational Performance Model

Patricia K. Felkins, B. J. Chakiris and Kenneth N. Chakiris (1993), present the following perspectives on change:

(i)   **Rational/Behavioural**

Change is causal and predictable and can be rationally understood and controlled through objective data, analysis of relationships between independent and dependent variables and expert knowledge.

Here the focus is on change as an external reality, the function involved is prediction, control, and improved efficiency within carefully defined limits and focus. The attention is on behaviour or practice and reinforcing these over time. The discussion on feelings is not encouraged, except when done in an objective manner as responses to a standardised instrument.

(ii)   **Systems**

Change is a holistic and homeostatic process that involves many independent components, cyclical patterns, and multiple conceptual relationships. Here the emphasis is on intuition and abstraction, on patterns, processes and universal-concepts. The effort is to maintain the equilibrium and balance the opposites.

(iii)   **Cultural/Interpretive**

Change is socially constructed and interpreted through cultural practices, human interaction, and collaborative enquiry.

Here change is a product of social interaction and cultural values, norms, and thoughts. This approach recognises interpersonal and group interpretations of reality in collecting and analysing information and making decisions.

(iv)   **Critical Humanism**

Change is action oriented, dialectic, and based on economic and historical analysis. Knowledge and awareness increase self-determination.

This approach is based on experience and judgments derived from analysis, new ways of thinking that often challenge the everyday constructions of reality in the political, social and cultural concepts of an organisation.

The first two approaches are more objective in nature, as they try to 'bracket' and isolate change in a more specific time and space. The last two approaches, on the other hand, focus on people as learners, facilitators and active participants in the change process. People here are active agents of change.

(4)   McKinsey's Model on Organisational Change

About two decades back, McKinsey & Company(1980), propounded 7S model, on organisational change, which is still relevant. Here the emphasis is on the following seven dimensions:

- **Strategy**: plan for allocating organisational resources to achieve its goals

- **Systems**: administrative procedures, routines, and information systems that characterise how work is done within the organisation

- **Structure**: the way organisation's units relate to each other, including formal reporting and authority relationships

- **Staff:** the numbers, and types of people employed in the organisation

- **Style**: patterns of behaviour of key managers in achieving the organisational goals and how managers relate to employees

- **Skills**: distinctive capabilities of key personnel or the firm as a whole

- **Shared values**: significant meaning, guiding concepts, values and aspirations, that go beyond the conventional formal statement of corporate objectives

Out of the above seven parameters, the first three, namely, strategy, systems and structure are the 'hard' part, whereas the remaining four are the 'soft' aspects. High performing organisations have to pay a lot of attention to these seven parameters and develop a proper fit among them.

Even though this model is quite old, it still has lots of value for government organisations. However, it does not take into account specific circumstances related to government working.

We shall be discussing the dimensions, approaches to change and an action model for transformation in Unit 25 of this Course.

23.8 CONCLUSION

Any reform process to be consistent and effective needs to adhere to bringing sound change management at all levels and stages. There is a need to evaluate the practical implications of reforms measures. The reform process needs to take cognisance of national and local circumstances, organisational diversities. Another key factor to be kept in view is to involve people in the reform process, which in the long run would lessen the resistance to change. Human dimension to the reform process shall prove effective in the long run.

The Indian experiment of creating a separate department of personnel that deals with various aspects of reform process is significant. A change management strategy needs to be comprehensive that takes into cognisance not only technology, skills, expertise etc., but also the human aspects.

23.9 KEY CONCEPTS

Computer Integrated Manufacturing

It implies the use of computers for manufacturing, planning and or computer aided design.

Total Quality Management

It is a management strategy that attempts to create awareness of quality in all organisational processes. It focuses on customer orientation, involvement of all in the organisation in working towards continuous improvement of all activities. It emphasises on the participation of all members of organisation in improving processes, products, services and the culture.

Work Improvement Teams

It is a technique adapted from the Japanese experience of quality control circle. It involves a small group of employees in the same work area or doing similar type of work, who voluntarily – regularly every week to identify, analyse and resolve work-related problems. By promoting employee participation at all levels, the scheme attempts to generate higher employees morale, improved productivity and reduction in costs.

World Trade Organisation (WTO)

It is an international organisation, which oversees a large number of agreements defining the 'rules of trade' between its member states. It was created on 1 January, 1995. WTO has two basic functions namely a negotiating forum for discussions of new and existing trade rules and as a dispute settlement body. Its headquarters are located in Geneva, Switzerland and as on December 2004 there 148 members in the organisation.

23.10   REFERENCES AND FURTHER READING

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23.10 23.11 ACTIVITES

1) Interview some persons working in a public or private organisation and elicit their views on changes being brought about in their organisation.

2) What according to you is the impact of globalisation on the public systems management in general? Prepare a note on this.