Presidential Address

MANAGING CHANGE THROUGH HR

Jauhari Lal

' You could never step into the same river twice.....

It was forever changing,

As was life......'

Heraclitus

Not since the Industrial Revolution in early 19th century, has the global economy undergone such widespread and sweeping change. The new economy has ushered in great business opportunities as also great turmoils. Never before has the volatility of the global environment been put to so much test as witnessed in this last decade. The average life span of fortune 500 companies is 40 to 50 years, 40 percent of these companies die in less than 10 years. The accelerated rate of change has led to the cruel death of many enterprises hit by sheer redundancy of its existence. So organizations today are facing the unpredictability and discontinuity that characterizes the current business environment. A consolation, if any, is that these trends are a worldwide phenomenon and no geographical territory is unaffected by them.

So all organizations whether large or small are faced with the issue of managing change in order to match the changing times. Change today signifies the survival of the fittest like never before. It is imperative for organization to stop resisting change and to start recognizing the opportunities and avenues presented by the new environment. It is high time that we stop viewing change as a variable and begin to accept it as a constant and evolve definite strategies to handle it.

But did you know that two thirds of all TQM (Total Quality Management) initiatives and over half of the major change programmes result in failure? Before we launch a change programme, we should examine the factors that led to the failure of these change programmes as well as the aspects which lead to successful change. Most of the failures were attributed to inconsistencies in management style, culture, wrong perceptions about the change programme resulting in rigid attitudes and lack of communication. Organizations have difficulties in implementing change as they focus on the technical side only and on short-term issues. There is a general tendency to disregard the *human side* of change and the total comprehensive perspective.

Change is an organizational reality today. Many of today's managers face constant change, bordering on chaos. Change has to be perceived in a dual context in the organization's capability to deal with change on an on-going basis and in the context of 'managing change' separately as each change comes along. But in today's environment there is continuous change and organizations must develop the ability to deal with change through an in-built system.

Organizations preparing for change must work around the following 5 issues:

1. The definition of new boundaries and anchors that are needed as the organization redefines itself in order to deal effectively with change.

2. The existing organizational structure and supporting processes should be congruent with the new definitions.

3. The extent to which the organizational culture and the messages being sent by the top management are congruent with the new definitions.

4. The extent to which HR (Human Resource) policies and programmes – from reward systems to training – are congruent with the new definitions.

5. The techniques to be adopted so that the organizational structure, processes, culture and HR policies and programmes provide the necessary support to help employees succeed in dealing with change.

So one observes that the bottomline of success of any change programme is its *Human Resource*. If the active support, participation, involvement and commitment of the people – the employees – is not solicited and acquired – the change programme is bound to fail. This can be achieved only through a massive communication drive right from the start of a change programme. This can be achieved by adopting following steps:

Reducing Resistance to Change

An individual is likely to resist change due to uncertainty, concern over personal loss, belief that the change is not in his best interest and probably not in the interest of the organization also. Everyone fears the loss of status, old habits and relationships. So it is very important to convey the vision of the company and the congruence of individual goals with organization's objectives. They should be made to realize the interdependency of individuals and the organization and encourage an environment of constructive interactions.

Creating a Receptivity to Change

Generating receptivity to change requires that employees understand the pressures; both internal and external, that make change inevitable. Awareness of the current situation should be sufficient to produce motivation for solving the problem. It is important to share with the employees all information and data so that they are convinced about the need to change. Strategies being evolved to deal with change should also be shared so that the change process can begin smoothly. For any change effort to succeed, both management and employees should be able to face and discuss uncomfortable issues.

It is therefore obvious that the *HR Professionals* have to lead the change programme through a systematic drive of providing education, communication, facilitation and support to the employees, so that we may secure the involvement, participation and commitment of the people in a *joint collaborative effort* for bringing about effective organizational transformation. This is achieved only through an untiring and relentless drive of communication, training, involvement and 'walking the talk'.

Managing Change through HR – An ONGC Experience

Large scale changes are taking place in the oil industry worldwide, in terms of reorganizing, restructuring, mergers, alliances and joint ventures. India also has been affected by the forces of liberalization, economic deregulation and globalization. ONGC (Oil and Natural Gas Commission) being a leading oil company of the country is favorably positioned in the Exploration and Production

(E & P) business in the domestic sector, but in view of the rapidly changing economic scenario both nationally and internationally, a need was felt to reorganize ourselves to meet the emerging challenges.

ONGC has distinctive record of independently finding & opening up new basins within the country for the last 50 years. It also has a fundamental competitive advantage that result from:

? Competitive finding and development, drilling and lighting costs.

? A large pool of skilled Indian scientists, engineers and technicians.

? Access to high quality average in India and potentially overseas.

The domestic and international forces changing the environment are: a widening gap in demand and supply of oil in India, the changing Indian regulatory environment is allowing greater operating freedom, restructuring in the global E&P business and technology has improved dramatically in global E&P industry over the last decade.

In order to meet the above challenges, we launched on an OTP (Organizational Transformation Project) in association with international consultants McKinsey & Co. in 1997 to prepare ONGC to face future challenges through a complete review of its structure, system and processes. After detailed study, the direction of change was to move towards multi disciplinary working approaches, renewed focus on reserves accretion, greater commercial focus, and decentralized responsibility and accountability. It is essentially a long-term programme and not a one-time exercise and is aimed at preparing ONGC to continuously evolve with the industry and become a *leading global energy company.*

The dynamics of change are being led by a full time dedicated team and has the upfront involvement of a large number of employees. This involvement has been built in this transformation programme through regional teams and task forces which are not only helping to develop the structure but are also associated in implementing the changes at pilot sites.

A massive communication drive launched before the Transformation exercise has helped in informing all stakeholders about the imperative for change. This was achieved by designing and implementing a comprehensive communication programme which was based on free flow of information – a two-way face to face interactive system of open house sessions, brainstorming sessions with the top management and OTP team members to clear all doubts, fears and apprehensions in the minds of employees. Secondly, the quality of communications was geared to meet distinct target groups through relevant, timely and credible communication. A communication ethic was maintained throughout – all information was shared openly and candidly, across functions and hierarchies.

Such a massive change programme cannot succeed without the alignment of HR policies with the corporate strategies of the organization. Through effective HR processes and systems the aim is to change the attitude and behavior of the people which will lead to performance improvement and complete involvement in the change programme. In order to set up effective asset based management models, which require a single point accountability with commercial focus in each activity, the working style has to be a multidisciplinary team working with delays in the decision-making systems.

The HR Challenges which were present before us in moving over to the asset based management structure in the organization were the following:

? Developing high quality business managers

- ✍ Identifying skill requirement for various positions

- ✍ Maintaining functional excellence

- ✍ Encouraging team work

- ✍ Developing a judicious & swift reward – punishment system

- ✍ Meeting the growth aspirants of large number of middle level executives

- ✍ Opening channels of growth for junior executives to attract and retain talent.

The role of *corporate HR* has been the setting up of HR vision, mission and strategy, and develop HR policies and systems to facilitate the monitoring of HR processes across the units of the organization. It would look after centralized recruitment, promotion and transfers of executives, HR audit, and conduct succession planning and facilitate career planning for key positions. While the Asset HR's role would be to implement all HR processes based on corporate guidelines, facilitate performance evaluation and assist corporate HR in recruitment, promotion and transfers of executives, besides the routine HR functions.

So we observe that in implementing an organizational transformation project the upfront involvement of HR professionals is essential. The major challenges before HR are to bring about:

- ✍ A change in the mindset of people to mainly achieve an assimilation of supportive role as compared to a general attitude of authority

- ✍ Accountability for decision making and other activities

- ✍ Developing a customer – client relationship to cater to the need of line functions.

- ✍ Understanding the time factor and hidden costs

- ✍ Associating with line managers to mutually understand each others complementary role

- ✍ Crystallizing key result areas and key performance indicators for the HR functions

- ✍ Constant upgradation of HR management skills

- ✍ Adopt the role of communicator within and outside the organization

- ✍ Design a comprehensive system to re-infuse the motivation and affiliation of employees

- ✍ Frequent introspection for continuous improvement

The only constant in today's corporate world is change. To manage in this age of uncertainty and upheaval, organizations have to become forward thinking, adopt new approaches and proactive measures to deal with change. Whatever made you successful in the past won't in the future, so you have to constantly update your skills and knowledge. As Tom Peters says –

"Managers to meet the demands of fast changing competitive scene, must simply learn to love changes as much as they have hated it in the past".