Managing Change in Organizations
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Lecture – 40
Change Management Example, Trends and Dynamics

So, in continuation of my discussion in the previous lecture we have taken some more cases studies not only from India, but other countries also and then try to identify and conclude the kind of trends that is happening especially on the front of Change Management in Indian companies. So, we will take up some more cases of change management and then try to look at the major current trends and the kind of changes that is going on and what is the future of change management in India organizations so that we can conclude this session.

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So, we have taken another case which is known as Bharti Airtel which is basically a business which is a combination of joint venture of Bharti and Airtel actually the Airtel is a company from the Bharti. Now, if you look at the kind of diversification growth and development that is happening in a Airtel, you can see that how they have been able to change the services to provide better quality services at lower cost to the customers and that was their motto.

Now, in when the company was established in 1996 they started recently mobile services under the brand name of Airtel. It was actually launched in Delhi and Himachal Pradesh so, they had only two circles. In 2001, something like that after 2001, they actually go financial public offering. It was a first 100 percent book-building issues then in 2 after 2003, it became first wireless company telecom company with pan-India foot print. it is not only limited to Delhi and Himachal.

Then, later on actually it launched mobile services in Sri Lanka also launched direct to home telecom services. I had it had a 70 percent stake in were Warid Telecom Bangladesh. It acquired Zain Africa B. V. launching entry into Africa. It launched 3G services in India. Now, it has you know that it has launched even 4G services in India. Then, they also expanded African operations to Rwanda, right they acquired 49 percent in Qualcomm India. Launched 4G services in Kolkata, Bangalore and Pune, then again they have launched this IPO Bharti infrastructure limited.

Now, if we look at the kind of development that was happening so, they were trying to expand and diversify them. So, this was the kind of strategic change which the company was trying to bring in Bharti Airtel. So, they you can see that to start with they try to look it to expansion and growth and the Indian market to start with, so that they could become the largest telecom operator in India. They also tried to go for expansion in other countries like Sri Lanka, Africa, Rwanda, Bangladesh and other countries.

And on the front of technology also they started with 3G and now they have moved to 4G and they are also planning to go for 5G in near future, right. And you can see that along with this expansion in other countries a third thing that it was the day when for acquisitions; like they acquired Warid telecom Bangladesh, Zain Africa B. V and also the Qualcomm India and they are and again they are going to acquire some other companies smaller companies which are not doing well so that they can consolidate instant and their position.

So, the three kind of strategic changes that was there that emerges in acquisitions, expansion to the foreign markets and also strengthening their position by offering better technology services especially in the IT telecom center. So, you can see that how change management was happening at Bharti Airtel, right.

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So, the kind of model which they were using is like this, so, they are trying to improve affordability to give positive elasticity, right. So, the kind of things that they were doing is like trying to see the cost affordability, positive elasticity to see how they how much they can move up in that direction, increases uses of the products and services with their offering and then trying to develop economies of scale.

So, the since profit margins less so, they try to increase the volume so, that they could make up the profit and this resulted in improve profitability, right. So, the focus on producing the lowest cost minute while maintaining growing margins which was a big challenge, even today it is a big challenge in telecom market. So, but Airtel is a major player you can say in telecom market today especially in the Indian context.

Another factor which drive change was affordability so, that they have more users and more usage both. So, they can increase the customer base and all customers are going to make use of other services as much as possible and this is what we call is scaling of the minutes which is going to drive the operating leverage. So, the there is more usage of the company services it would increase the operating revenues of the companies and that is why they launched this program personalized minute factory to move towards a high usage environment while building it is customer base profitably.

So, this was the motto which basically allowed Airtel to go for changes and that is how they have the if you look at the scale the users or usage have gone up and they have been

able to achieve what you call economies of scale resulting in improved profitability, right. And improved profitability again you can say leads to more affordability, right; more affordability means providing services at lower cost.

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Now, if you look at this they also try to another a part of their strategy they also tried to build partnerships, right. So, they tried to build a partnership with Nokia, ZTE, Ericsson, Huawei, IBM lot of companies especially they try to provide and call centers and customer services.

Then distribution, retail outlets that they have, right and then towers pass passive infrastructure because towers are required for circulating say, then you can see that how the basic activities that they carried out especially through this strategic partnership include like networking management through these companies. Then how they would have they took partnered with IBM for IT outsourcing and they also acted as customer services partners or call center partners for a lot of companies like Nortel, Cisco, Wipro, Mphasis, TMT. So, the lot of companies had partnered with Airtel, so that they could so that Airtel could provide them call center services a customer services, right. So, if you look into this a strategic partnership Airtel were also doing well and try to perform well.

Then we are moving to a third company which is a manufacturing companies known as Aditya Birla group. Now, if we look at Aditya Birla group the kind of change management which was happening it is huge scale. Now, if you look at Aditya Birla group you know that said Indian multinational Indian company which operates in 36 countries. It is a big company; it is a global business leaders in aluminum, pulp and fiber, carbon, cement and telecom, life insurance, apparel retail business and they have been growing exponentially since last decade you can say. And its employees base is close to 130000 currently which comprise 42 nationalities with an average of 37 years.

Then if we will look at the demographic trend that is also very very positive in terms of that kind of businesses where they have diversified starting with manufacturing to services to life insurance even an apparels also.

Now, what happened actually with the Birla groups? So, what kind of a forces were the driving forces which went further change. So, these are the imperatives like they were actually working in a very highly intensity intensively competitive high voltage or a high volatiles business environment which was ruined by the global forces. So, they try to understand what are the implications of the change in the business environment? So that they could quickly formulate effective business solutions depending upon the context in which they were operating. So, they could look into the context the internal external

environment and see what kind of changes that could they could bring to the business, so that they are able to compete in a competitive and volatile business environment, right.

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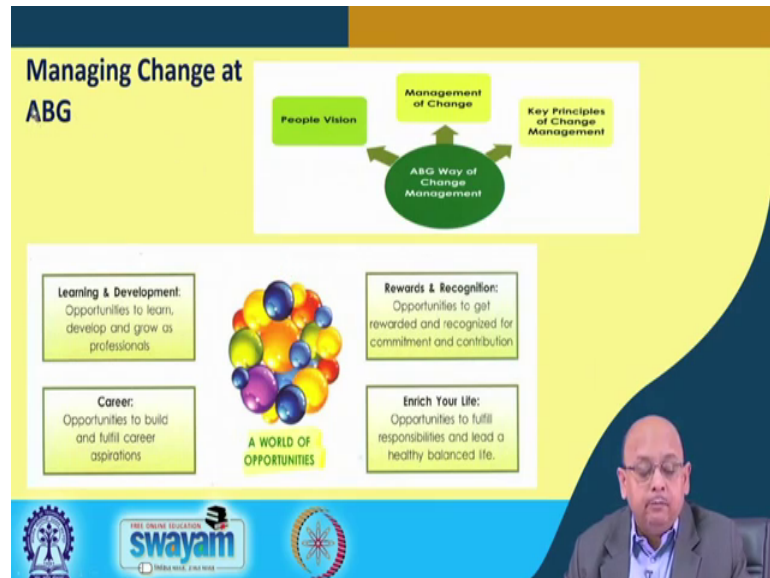
 Moving further if you look at managing change in at ABG so, what did it basically this is what we know as AB way ABG way of change management where they try to look at the people within what people are looking forward to and how they are able to manage the change and what kind of key principles that they are going to adopt for the changes, right.

Now, if you look at this the kind of activities they got engaged in especially under people management system and practices they started with learning and development activities where they try to provide opportunities for learning and development and so that people could grow as matured crystals. They also try to have a career development system in the organization. So, provide opportunity to build and fulfill career aspirations for the employees, right; then reward and recognition to ensure that they are properly recognized and rewarded for the content commitment and contribution.

And finally, they could enrich their life, so that they could take responsibilities and could reach a more balanced healthy work life. So, on the people this is the kind of vision which they had for the people, right.

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Now, coming to the next part that managing change they adapted 8 step process and if you look at this 8 step process it is close to what Kotter has talked about the 8 step stages, right. To start with, they talked about what kind of opportunities are available for the business? Then they tried to understand the internal currents and undercurrents which were going on with within the business. Then tried to assess the change that the what kind of change they did not they need to bring about in the business?

And then they try to involve and commits and that at this point basically they are to look at various stakeholders employees to see that how to get them involved in the business and how they are going to commit to the changes that they want to bring about. And then they try to implement the changes and on the part of the implementation if they found that there are certain things that need to be refine the modified they also in for this and then they try to make sure that through this review and implementation they are going to stand close it means that they are making progress as defined in the timeline.

And, but at the same time they also try to be flexible, so, if something not happening right so, that they could take corrective actions in terms of goalposts and deadlines which they had to meet the intended change. Then, also communication was a very important factor for the device communication strategy they communicated with the stakeholders to ensure that they are able to win their confidence they are able to reduce the resistance level and whenever there was succeeding they also start celebrating, like we remember

we talked about celebrating certain ways. So, each and every goalposts if they are able to make it then they started celebrating, so that they could win the game. And ultimately they try to institutionalize that change that was proposed to start with.

So, now, if you look at the all the stages through these stages they tried to see that how change is going to happen in ABG. Remember we talked about three way of changing, right that was people vision. So, this is related to what we call the people vision what we had just discussed 8 stage approach that was related to management of change, right. Now, what we are going to talk about the key principles of change management.

Now, if you look at the key principles of change management it is like this. So, these are the core principles which are followed by Aditya Birla groups so far as change management was concerned. So, to start with they had to challenge the status quo it means that whatever status are situation the current situation is not viable, not good for the business in the long term so, they need to change. And another principle was that then there was no change for the sake of change. So, this does not mean that you are you are going to change if it is not required, if it is required then go for a change, right.

And then build change into our way of thinking. So, let it be a part of the culture of the organization, so that you are able to transform themselves right. So, they try to build a culture of change, so that people start thinking it becomes a part of their value and norm that yes, we need to change our self constantly ok. And then be congruent, authentic and persistent, this is basically a way to top management. So, the top management need to ensure that their line of thinking is matching is aligned with the people down the line; the authentic in approach so that the credibility established and they must be persistent because sometimes the change is not happening so, they not lose the ground.

And ultimately a change at a pace people can take. So, you are not going to change either very fast or very slow, but depending upon the capabilities of the people and how people are to take up the challenge challenger of the change. So, depending upon the pace that people can make use of the change was happening. So, what we discussed in case of ABG that how the business was growing and what kind of steps was taken and what kind of principles that they have. So, they basically try to focus upon the process of the change, they try to focus on the people and the adapted certain principles for the change management and that they give them the good result.

Now, what we have discussed cases of success. Now, we will also discuss some of the cases related to the failures and you remember about the Kingfisher airlines. So, the first case I have taken here is rise and fall of Kingfisher airlines you know that it used to be the second largest airlines in terms of carrying the number of passengers and people actually used to talk about the quality and comfort that was provided by this Kingfisher airlines in terms of their services.

So, the passengers were very very happy in fact, regarding the quality of services, the comfort which was provided by the airline to the passengers and then in 2007, it actually acquired Air Deccan. So, in 2009, more than 900,000 passengers flew with Kingfisher giving it the highest market share in India even compared to air Indian Airlines, Air India. By 2009-10, it accumulated the depth of 7000 crore as the loss continued to pile up, 2010 was the year when it turned into a non-performing asset for bank, right.
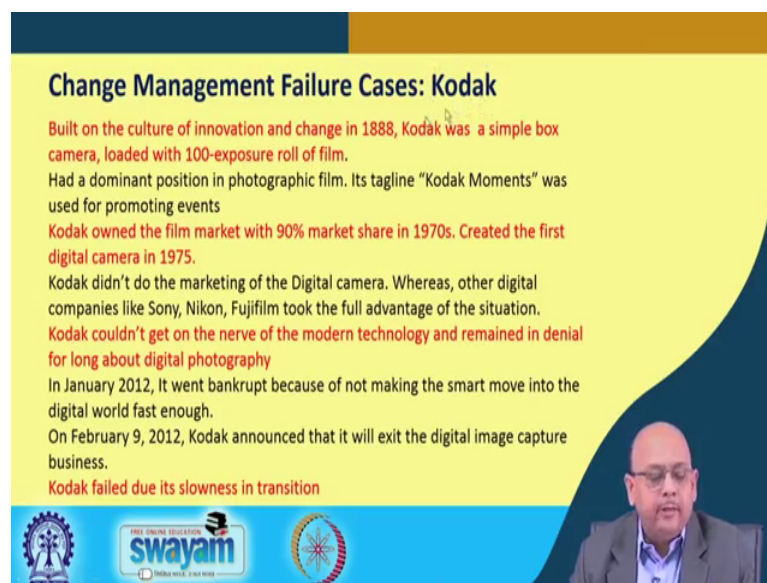
So, now you can see that the company was a growing very fast what happened to that and why they were able to not able to make profit in the long run and ultimately become bankrupt, right. So, you can see that the three factors that were identified were lack of delegation. So, most of the decisions that were taken by the top management, they did not have any trust on people down the line.

Then another important factor actually which was responsible that low cost airline Air Deccan was treated as step child ok. They did not treat them well; I mean and that was

one of the reason that they could not succeed and unnecessary burning of the fuel that is another factor and one most important factor that happened with kingfisher airlines they were they were supposed to compete with the low cost airlines.

So, ultimately if you look at the needs and expectations of the customers they were not looking for quality and comfortable services at higher cost. So, cost was an important factor and when the competitor's airline services came up like in Indigo, Jet and other companies. They tried to provide services reasonably good services at a lower cost then they started losing their business and that was one of the reasons that and they did not change, right and this happened with Kingfisher air lines. And that is why you can see that the change when the acquisition that they had taken over the Air Deccan did not result in good business for them so, it could be considered as a case of failure.

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Change Management Failure Cases: Kodak

Built on the culture of innovation and change in 1888, Kodak was a simple box camera, loaded with 100-exposure roll of film.
Had a dominant position in photographic film. Its tagline "Kodak Moments" was used for promoting events
Kodak owned the film market with 90% market share in 1970s. Created the first digital camera in 1975.
Kodak didn't do the marketing of the Digital camera. Whereas, other digital companies like Sony, Nikon, Fujifilm took the full advantage of the situation.
Kodak couldn't get on the nerve of the modern technology and remained in denial for long about digital photography
In January 2012, It went bankrupt because of not making the smart move into the digital world fast enough.
On February 9, 2012, Kodak announced that it will exit the digital image capture business.
Kodak failed due its slowness in transition

Another case that I have taken is Kodak ok. You know that Kodak was a company which was well known for its cameras as well as films. Culture of innovation change which started in 1888, right and had a dominant position photographic film tagline Kodak Moments was used for even promoting events. It had 90 percent market share in 70's. It also created the first digital camera in 1975, but what went wrong with Kodak. What happened actually they did not do the marketing for the digital camera like other competitors which where there in the market like Sony, Nikon, Fujifilm and they took advantage of the situation and that was reason that Kodak could not do well ok.

So, since they had developed this digital technology to start with, they did not improve on that account and they when were in the denial mode about the digital photography. So, they did that move to say a no to what you call a digital technology so for as photography was concerned. As a result in 2012, it become one when it become bankrupt for not making the smart move into the digital world fast enough and on February, 2009 February 9, 2012, it announced that it will exit the digital market digital image capture market.

Since it was not able to improve a innovated self into digital market or digital photography it could not survive the market, right.

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So, again I am taking another case which is well known that is Nokia, right. It was one of the best phones for making the first GSM call, right in 1991. They also launched 1101, the first GSM handset and became an instant hit. In 88, it was the world leader in mobile phones and share grew to 74 percent in 2006 from 61 percent in October 2005. See, how fast it was making winners and how growth and profitable the company was, but what happened. In color phone category, it share jumped from 9 59 percent 6 sorry 40 percent to almost 60 percent, right.

Now, they used to only large market of smart phone before the iPhone came into the market. So, iPhone was the major competitor in the market, but the Nokia did refuse to change and learn new things and lost their survival and this ultimately leaded to their

demise. So, if they are not going to constantly improve and innovate in themselves this is what is going to happen with the companies and that is why you need to change yourself depending upon the requirement. And for that you need to scan excellent environment to identify these customers you identified the kinds of products and technologies they are offering and then you need to compete with them.

So, ultimately if you look at the basic reason of why Nokia failed or they failed to respond to the completely changed smart phones with full touch screen and application based operating system. And most of the companies today that we have like Samsung, Apple they are competitors and ultimately what happened that Nokia was acquired by Microsoft in 2013 and they have again started making smart phones, but they are to make their business and presence felt in the market.

So, now if you look at the stories that we have talked about success stories and failure stories this gives you an idea that why change is required and how we need to effectively implement and manage change successfully, so that we are able to compete in the market, right.

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So, now we are going to conclude this by identifying what are the business trends which have driven change in Indian organizations. See, they were big sized companies, venture capitalist and global consulting firms they are driving the business today so, you need to compete with them. Mergers and acquisitions are having a lot of changes in the

organizations, right. It is increasing at an phenomenal scale and that is also going to counteract competitions. Virtualization of organization to promote more effective organizational survival, in incidence of customizing manufacturing as well as services you are going to provide better customer services by offering Tailor based products to them.

Then, product lifecycle as you know is going shorter which requires more R and D so far as technology is concerned. Then, in terms of structure you have to see that most of the companies which had bureaucratic structure are trying to dismantle them to expedite decision making process. Now, the lines separating different businesses also getting blurred as technology and market are converging and this has led to the new opportunities for the growth. Then, talent to deliver high degree performance, you need to see that people capabilities are matching to bring about the change and then effective people management and change management strategies need to erupted by the Indian organizations so that they are successful.

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Moving further, if you look at the change dynamics Indian organizations in the kind of steps that Indian companies have taken, yes, they have now I appreciate this factors that; yes, they need to change in the changing business environment. They also need to critical examination examining the awareness that yes, we need to go for a change and look into the change process that how to go about it and they have also recognize the multiple

dimensions of change; multiple dimensions that one changes there is being lot of changes. So, you have to see that how one change is going to affect other issues.

Then, they need to develop systems and processes to promote the desire changes. Decides who is likely to play the role of change agent; whether it is going to change management, attack teams or change agents. Then they also need to develop a change program including interventions to be used; like you see in many cases you will see that a lot of intervenes were carried out at the people management class front to ensure that the change is successful because there limit it is the people who are going to implement the change like in Aditya Birla group they went for managing people that was the first step.

Then you also go for managing and reviewing the change management process on a regular basis because, the kind of change that you are carrying out may not be enough. So, you need to review and monitor the progress of the change that is happening.

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So, after looking the same dynamics we are also looking into some the research observations especially those who have been carried out in the field of assets change management. So, if you look at I am not going to provide give you the references, but you can see the major points that is coming out like different mechanisms are prescribed with which facilitate change management. These are the studies which are carried out and found out this.

Another set of studies have found out yes that successful change management requires effective leadership and also sensitization of the top level executives. Third, institutionalizing and internalizing efforts are essential when attempts to bring about the change. Another study said that yes trust building and belongingness for the employee and employees and establishing a high performance orientation is important. So, these are some of the observations from the research which is related assessments change management especially in Indian context.

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Change Management: Some Observations from Research

Rastogi and Rastogi (2010) narrate the cultural change in State Bank of India. It resulted due to the challenges raised by the private sector

Indian railways have also experienced a major re-invention where a remarkable change in business models, culture and leadership has occurred (Nilakant & Ramnarayan, 2009)

Nearly 30% of companies in India are ready to adopt change management practices, according to a survey by change management solutions firm

Another study found that the cultural change which actually was carried out in State Bank of India which resulted in change and it was because they had face competition from the private sector. And when will look at the public sector organizations like Indian railways have also experienced a major reinvention and there going for change in the business models, culture and leadership.

So, current service was carried on 2018 is found that nearly 30 percent the company in India ready to erupt is management practices according to a survey by the change management solution firms.

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Change Management: Some Observations from Research

Different mechanisms are prescribed which facilitate change management in Indian organizations (Singh & Bhandarker, 1990; Blythe et al., 1997; Srivastava, 2003; Prasad & Sayeed, 2006; Sharma, 2007).

Successful change management requires effective leadership at the top (Irani, 2004; Page & Pearson, 2004) and sensitization of the top-level executives (Bandyopadhyay, 1998; Singh & Bhandarker, 2002).
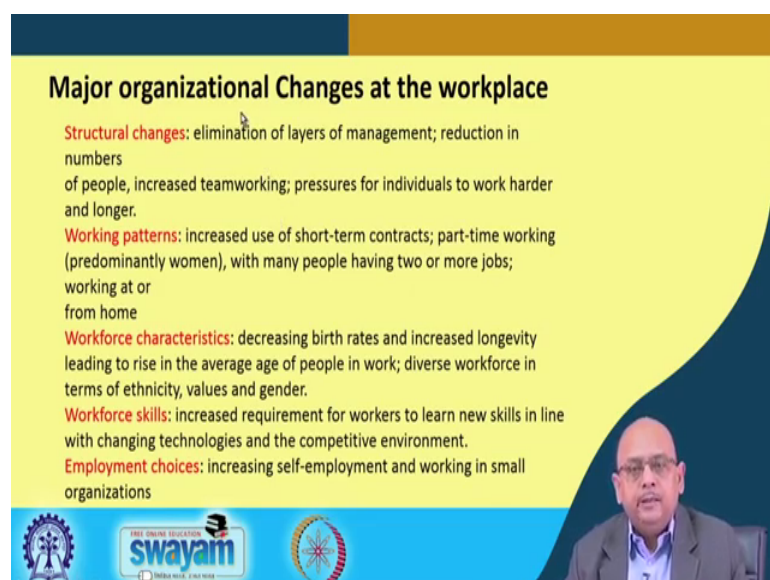
Institutionalizing and internalizing efforts are essential when attempting to bring about change (Garg & Singh, 2005).

Bhatnagar et al. (2010) examined the developments in the area of organizational change in India and found that trust building and belongingness for the employees, establishing a high-performance orientation

Now, if you look at these observations they basically compliment what the companies are doing and it is very important to understand that if you want to change then you need to bring about change in various dimensions that is why we call multiple dimensions. It means this kind of mechanism to adopt, leadership is an important issue, is institutionalized and is important trust building, belongingness implies is another important issues, cultural transformation another important issues you also need to bring about a change in the business model, right. So, these are some of the observations which have come from the research.

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Major organizational Changes at the workplace

Structural changes: elimination of layers of management; reduction in numbers of people, increased teamworking; pressures for individuals to work harder and longer.
Working patterns: increased use of short-term contracts; part-time working (predominantly women), with many people having two or more jobs; working at or from home
Workforce characteristics: decreasing birth rates and increased longevity leading to rise in the average age of people in work; diverse workforce in terms of ethnicity, values and gender.
Workforce skills: increased requirement for workers to learn new skills in line with changing technologies and the competitive environment.
Employment choices: increasing self-employment and working in small organizations

Now, what are the based on this we also try to compile the kind of changes which are happening at the workplace especially in the context of Indian organizations. Now, you can see the one change which is happening and most of the organizations is structural changes where the layering is happening, right because right sizing a downsizing happening from individuals we were moving to team working, right. So, these are structural changes which are happening in the company which is obvious.

Second the working pattern, right. There is increased use of certain contracts part time working, predominantly women, with many people having two or more jobs working at one or working at from the office or from the home. So, you can see when the working patterns have changed apart from the structural changes which are happening. Then, if you look at the workforce characteristics it is also changing to declining birth rates and increased longevity.

So, even the average of the people in work has increased and there is a diverse workforce also in terms of ethnicity, values and gender. So, these are the changes which is reflected in currently when most of the organizations and then workforces skills has also changed. Requirement of the workers will learn new skill in line with the changing technologies and the competitive environment and the employment choices increasing self employment and working in small organization it has gone up now. So, means this that is what you call say that many people are going for their own businesses what to call self employment. So, these are the changes which are happening, right at the workplace.

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Moving further, Boston Consulting Group has suggested certain tips for the leadership while you are going to keep people at the center of the stage what matters is these things, right. Leadership at the top management which has come out from the studies and the various examples that we have taken up; design for the scale what kind of change you want to bring instrumental change incremental changes or radical change are you are going for turnaround.

 You need to try to be make it as simple as possible do not make it complex. Move fast and adopt the changes that you want to have drive frequent communication. So, communication another pillar, then use technology and data because that is going to help you solve your problems. Now, if you look at this issue can say that more Indian companies or any company can get success if they are able to adopt this while keeping people at the center of the stage because, it is ultimately the people who are going to execute to implement the same successfully in the organization.

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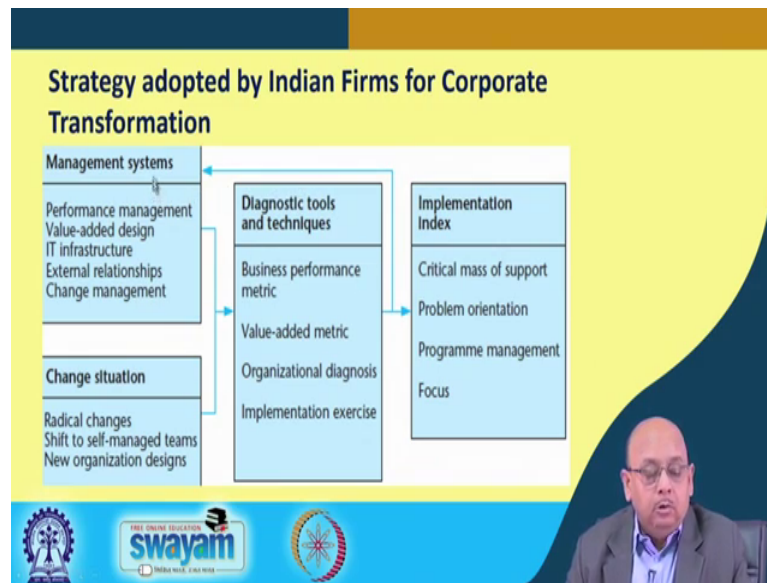
So, this is the strategy which could be adopted by the Indian firms for corporate transformations to the new need to look at the management systems and also the chain situations. At the management system especially they need to look at the performance manager system, the value added design, they need to see that kind of structure that they have. It facilitates the active performance they also need to go for change in IT infrastructure, managing good relationship with external stakeholders and follow change management practices.
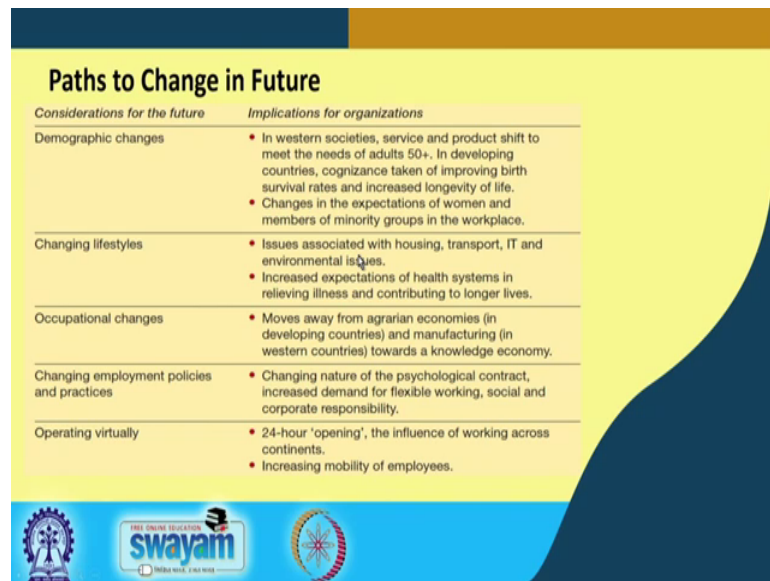
Then the kind of change that they need to bring around they will need to go for sometimes radical changes ok; need to shift to self manage teams instead of individual working and then need to change the structure. So, along with this they also need to identify tools and techniques, how they are going to measure the impact of the performance. So, they need to use certain criteria like performance metrics, value added metrics, so that they are able to diagnose the changes which are happening which are happening in the organizations and they need to see that they are going to carry out implementation exercise very meticulously so that they are able to implement that change right.

And finally, you have implement induction that is whether you get the support of everybody in the organization critical mass of support; whether people have a problem orientation that is we need to solve the problem or not, how are you going to manage the

program and what is your focus, who is at the focus, whether it is customers or something else, right?

So, if this kind of model is adopted as this kind of strategy adopted by the Indian firms probably they can go and transform their organization.

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And finally, we are going to discuss path to change in the future, right. Since lot of changes is happening this requires changes and has implications for the organizers like demographic changes. Now, because of their demographic changes you know that this is increasing the number of women employees, right; shift in the product and services depending upon the needs of the customers, right. So, all these points have to be taken while they are going to develop products and say processes, right.

Similarly, if you look at the changing lifestyles of people which is associated the housing, transport, IT environmental issues, expectations of health systems and relieving illness and contributing to long longer lives. So, this is also an input you can say which is high implications when they are going to develop products services and technology. Then occupational changes are happening especially in the people are moving from agrarian economy to manufacturing I mean to services economy also and ultimately they are moving to a knowledge economy.

Then, changing employment practices are happening, changing nature of psychological contract, increased demand for flexible working, social corporate responsibility and finally, operating virtually. You know that nowadays most of the companies are operating virtually which is which are open 24 hour. So, this is influence of working across continents, increase mobility of the employees.

Now, if you look at the implications of these factors this call for a change in the product processes technology services which companies are going to provide, so that they can meet the expectations with there the changes which is happening in the environment. So, they need to see that these kind of things are going to happen in the future and it has implications for the organizations and accordingly they are going to develop products and processes so that they can successfully compete in the market. And for that they need to see that what kind of changes that need to bring about in future in order to meet the challenges which is going to be created by these changes, ok.

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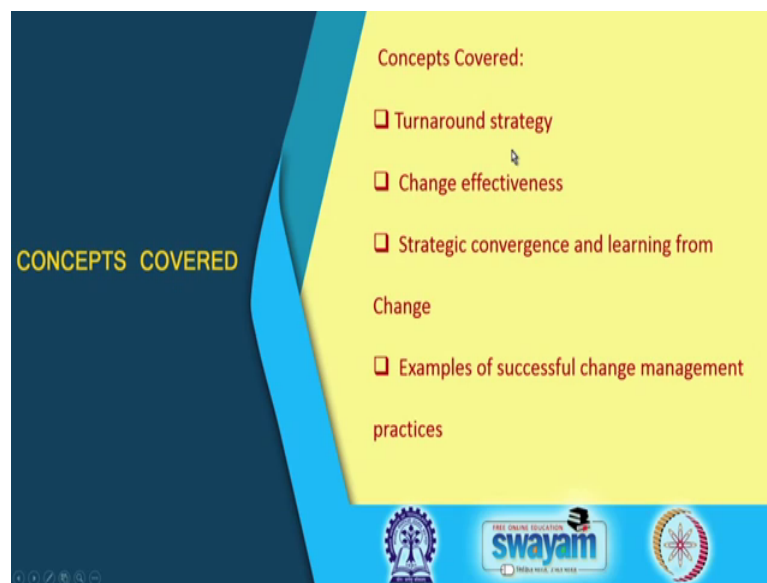
So, with this actually this week we have covered is, to start with we talked about turnaround strategy, we see the how we can measure effectiveness of the change. Then we see that how these changes converge together and provide some kind of learning experiences and finally, we have taken some examples of change management practices and tried to identify the trend and dynamics of change in Indian organizations.

So, with this we are going to complete, I hope that you have enjoyed it, all are you going to enjoy this and I wish you all the best.

Thank you very much.