

Managing Alteration for Globalization & Competitiveness in Indian business



Commerce

KEYWORDS :

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ABSTRACT

Multinational companies have freely entered into many sectors of the Indian economy as a consequence of liberalization. This has made the Indian industry compete in global markets and has subjected it to unprecedented level of competition. Changing customer needs and awareness, technological developments and environmental issues have compelled the obtainable Indian industry to transform their working practices and culture to face the new challenges. It is predictable that change in an organization would increase the working capacity of its employees, resulting in higher productivity and continuous improvement. A successful change process, however, involves structural change, systemic change, cultural change, technological change, employees' involvement, and application of the philosophy of Total Quality Management in an organization. In this paper, it is emphasized that we do need to understand the factors that have undergone a change and how could we manage them better. A procedure has been suggested to adopt TQM by providing education and training to the employees introducing change in the organization by changing existing structure, system, technology, and employee's attitude.

Introduction

Unreachable echelon of competition brought about by globalization, liberalization and free entry of MNCs in the Indian market has enforced the industry to change its age-old practices and become competitive. Changing customer needs, rapid technological developments and environmental issues have contributed to the present situation that demands the industry to be run with utmost professionalism, encompassing both short term and long term goals and actions. MNCs have a dominance of concepts and capabilities like innovation, risk taking, team spirit, assurance and constancy amongst their employees leading to a "brawny culture", whereas traditional Indian organizations are short of this type of dominance, or there prevails a "weak culture". The need of the time is, thus, to change from a conventional type of working to an environment of competitiveness, efficiency, teamwork and higher level of achievement.

Organizations evolve through a life cycle, with each evolving stage introducing change challenges. Understanding and managing change is salient, especially for matured organizations where stability and security may be replaced by customer-service, self-confidence and empowered work force. The purpose of this paper is to explore how change can be managed in an organization. To do this, we will study the organization life cycle, agile manufacturing, and detailed principles to guide change, and accomplish change. An organizational life cycle may comprise the following steps:

- * Entrepreneurial step
- * Organization maturity step
- * Business proliferation step
- * Business renewal step
- * Declining step

Entrepreneurial Step

During this step, the focus is on the definition and development of new products and marketing avenues. This necessitates extensive market research through customer interactions. Basic idea is to make a note of needs of society and translate them into values thus overcoming the challenges of market.

Organizational Adulthood Step

After proliferation step, organization adulthood is expected with time. The business practices are systematized and also streamlined. Also the organization gains its individual identity in the market. The organization and its employees acquire a reputed position in the society.

Business Proliferation Step

After entrepreneurial step, the business is expected to proliferate, i.e. spread. Many more competitors enter in the market making similar products with varying features. Survival of the organization is the major problem during this stage. As a strategy, small firms frequently connect hands to outline a large firm to sustain in the competitive market. The result is that the business organizations shrink down to a hand over business houses.

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Business Renewal Step

Business norms responsible for success of matured organizations lead to complacency. These existing norms become irrevocable patterns of behaviour, which lead to an avoidance of challenges in the organization. During the maturity phase, product and technology parity is likely to emerge. Competitors offer customers similar products at competitive prices. In the renewal phase, manager identifies additional capability to meet customer needs, reduced profit margins, market share, reduction of scrap and waste and tries to be competitive. The importance is on to expand the ability to compete from inside out - to build internal organizational processes that meet external customer requirements.

Declining Step

In the renewal step, managers must learn to compete through competencies. They must learn and develop the ability to know and meet customer expectations through reactive and proactive improvements. Otherwise the organization ceases to compete in the market and the declining stage starts. During this step, market share, profit margins, turnover, reputation of an organization starts going down if no actions to be competitive are taken. The challenge of change throughout the organizational life cycle consists of the following aspects:

- ü Identification of market and learning how to enter/ capture the market share during entrepreneurial stage
- ü ii) Survival of organization during the growth stage,
- ü iii) Business renewal and be competitive.

Consequently, change through the life cycle converges to business renewal tactics and competitiveness.

Organizational Civilization and Life Cycle

The furthestmost effort in meeting the renewal challenge is to change the culture of the organization, i.e. method of thinking and working of employees of all levels. Culture represents a shared way of thinking" and behaving" within an organization. Culture includes behaviours and attitudes also. Culture is often formalized in vision, values and mission.

Policy of an organization affects the culture a lot. As the organization becomes matured, the vision, value and mission become

fixed freeze. The employees are paid and compensated as per the established norms of the organization. Organizational culture also becomes a means of encouraging unity, viz. teamwork, and enhanced job responsibility. In an old/matured organization, the fixed norms of culture become a liability and act as resistance to change because of fear amongst its employees. Another obstacle to change is mindset of employees at all levels. "Mindset" represents a system of shared meaning held by members that distinguishes an organization from others. Organizational change is concerned with how employees perceive the characteristics of a culture, not with whether or not they like them.

Organizational Competitiveness and Change

Competitiveness accounts for a number of parameters like reduction of hidden costs, quality conformance and improvement, reduction of services time and delivery time, maximization of profits and profitability, enhanced market reputation, and assured markets in future by innovations, learning and strategies in an organization. Accordingly, achieving any of these parameters leads the organization to achieve an increased competitiveness.

As has been explained earlier, with the traditional ways of working and fixed mindsets, it is nearly impossible to achieve enhancement of any above parameters. This needs a change of culture, system, structure and technology hitherto being prevalent in the organization. Each of these parameters of change complements one another. A well thought of change process built on scientific and logical basis using these strategies sequentially can only be successful.

Change Route in an Organization

Having identified the need for change of an organization, work activities can be identified for the same. Synthesizing the results of various studies reported in literature from time to time, the process of change can be described to follow the following stages, although all the organizations may not stick to the same sequence as some of the stages may occur simultaneously. However, a justification of the sequence proposed below is given subsequently.

Leg -1: Introducing Structural Change

Organization change begins with the concept of structural changes. Generally it denotes the change of hierarchical structure to new structure. Downsizing is the possible method for the same that ultimately result in reducing the manpower. In the changed structure, teams are formed and team management is applied, so the organizational layers are reduced. Strong communication network is to be formed between teams and members of the teams so that the physical hurdles can be eliminated. With this reduction, the organization becomes lean at all levels. Measures of an organization per employee improve as a result. Task of organizational structures has to be handled with sensitivity - revolutionary in thought, and evolutionary in implementation. Reduction of manpower in public sectors, banks, corporations etc. has been introduced as premature retirements, voluntary retirements, plant shutdowns, consolidations and re-employment schemes, as a restructuring policy. Such reduction results in huge savings of organizational recurring expenditure and initiate renewal process. It is noted that at HMT Pinjore, a public sector organization, around 1800 employees were reduced by Voluntary Retirement Scheme. Such structural changes require a bold leadership. The leaders of structural changes must implement a process that ensures equity and due consideration to employees. Such changes are possible when leaders regularly turn around the organizations. The secret of the organization has as much to do with vision, values and culture, as it does with vertical reporting structures.

Recession in automobile industry resulted in restructuring of supply chain. Globally, automobile manufacturers are moving towards vendors who supply complete subassemblies rather than components, to support a lean manufacturing structure in vehicle industry. Also there is a global trend to reduce the number of vendors. The TATA Engineering and Locomotive Company

had only 130 vendors for Indica compared to its truck division, which has over 1000. Bajaj Autos also restructured its supply chain to considerably cut down the number of its vendors. The result was the transformation of auto component industry into tier-1, tier-2 and tier-3 suppliers. Tier-1 suppliers are large component manufacturers who will supply entire subassemblies. Tier-2 and tier-3 are medium and small manufacturers supplying components to tier-1 manufacturers.

Leg -II: Introducing Systemic Changes

A system pertains to the existing practices in an organization. In systemic changes, the attempt is to eliminate the unnecessary procedures, reports, approvals, meetings, policies, or other activities, which generally create bottlenecks. Red tapism and other bureaucratic procedures also need to be changed which cause frustration amongst employees as their capabilities and role is not judged individually. To attain this, proper training needs to be given to the team members so that they can become self managed gradually. Simulation based guidance add more value to it.

Systemic changes should follow structural changes in an organization. In structural changes, employees who are afraid of challenges and are in favor of job security only, get annoyed. Most of such changes are being seen as contractual appointments than lifelong appointments. As a result employees feel their agreement as short-term contract and psychologically react accordingly. Managers in such cases should be able to sustain employees' commitment by replacing loyalty with other means of employee considerations like opportunity. Opportunity can be provided to the employees to develop talents, participation in key decision-making and belongingness to the organization. It is possible by systemic changes.

Leg -III: Employee Involvement and Empowerment

In its place of empowering only top management, involvement of employees is very important. If openness between employers/ managers and employees is increased, this will result in change of nature of the organization. No doubt, by bureaucracy, the employees' involvement results in productivity enhancement, cost reduction, waste reduction etc. but their effects on the organization are not long-lasting. Employees' empowerment is a very wide term. In one sense, it allows the employees to take their decisions, plan their activities and remove the barrier between them and managers. In the long run, this results in increased belongingness of the employees with the organization and also changes in the nature of organization. A simple technique for employee involvement and empowerment is to encourage the participation of employees in organizational strategies. In big Indian companies, as a policy, some important projects are primarily assigned to fresh officers and they are supposed to handle independently.

Leg - IV: Cultural Changes

Employees, in general, feel the enthusiasm and commitment of trying new approaches to work and bring more desirable changes in the organizations. From literature it is found that it takes roughly double the time to introduce a technological change in a matured organization as compared to a new organization. Cultural changes implementation is a difficult task that is generally done by an agent called change agent. Every change agent is judged by his ability to preserve, and how strong an advocate he is, of the new culture. He should exhibit tolerance since cultural changes requires time to take effect. According to the Chairman of Suzuki motors, "Workers come to factories to work, not to walk". By giving proper perks, workplace and environment, the working culture becomes very strong. Strong belongingness of the employees towards company is also established.

Leg -V: Technological Changes

Technology is the environment within which an organization functions. Technological innovations introduce changes in our social lives in addition to changing the ways of working. Technological changes lead to changed social customs as an irreversible effect. If the organizations are redesigned/ modified suitably to absorb the changed technology, the organization will

benefit from the synergy of Man-Machine system. Availability of technologically superior tool, and enhancing the workplace productivity, is giving rise to one-man-multiple-job concept, like for example, in an office, it is possible for one person to write letters in his PC receive and transmit faxes, and also gathers data from internet. A single person with multiple skills will add effectiveness to the changing structure of an organization. With the availability of technologically superior system, the time required to complete various activities has drastically reduced. The changing technology needs to be handled carefully, nurtured and gainfully adopted in the organization to derive optimum benefits and results in addition of competitiveness.

This is clear from the earlier discussions that every stage of change management results in an increase of competitiveness in some direction. The success of change program is very much dependent upon the abilities of change agents. The mission and vision of the founders of an organization also have a major impact on the organizational culture. For keeping a culture alive, top management and change agents have to continuously strive for quality, cost reduction and morale upliftment of employees that ultimately results in increased competitiveness of an organization.

Report of Change idea with Competitiveness

TQM involves everyone of the organization in decision-making. TQM also stands for continuous improvement. Structural changes, systemic changes and technological changes empower employees towards cultural changes. Employee's empowerment builds employee's commitment. Their initial commitment is translated into long-term processes so that individualism gets converted to a systemic version. Continuous improvement efforts begin in companies by focusing on error detection and then error prevention by using statistical and graphical tools. Continuous improvement is changing not only the technical tools of management, but also the fundamental approaches to management. Focus on continuous improvement must be upon the "right" work that was identified through structural and systemic changes. The work has to be linked to technological advancements through speed and simplicity in work process. When this philosophy is understood in the organization, it ensures an ongoing commitment to improve work processes. By instilling this philosophy, leaders are able to set a direction, motivate and steer a company through renewal.

India ranked 59th overall in the World Economic Forum's Global Competitiveness Report 2012-2013. The subcontinent received excellent scores in capacity for innovation and sophistication of firm operations. The Report noted that while firm use of technology and rates of technology transfer were high, penetration rates of the latest technologies are still quite low by international standards. This reflects India's low levels of per capita income and high incidence of poverty, the Report concluded.

"The quality of the business environment in India has improved tangibly in recent years, with goods, labor and financial markets making gains in efficiency. There have also been substantial improvements in the underlying institutional climate in such areas as property rights, the operation of the judicial system and other indicators which capture essential aspects of building a sound investment climate," noted Jennifer Blanke, Senior Economist at the World Economic Forum.

Further progress in fiscal consolidation should enhance the ability of the government to respond to pressing needs, particularly in the areas of education, public health and infrastructure. Insufficient health services and education as well as a poorly developed infrastructure are limiting a more equitable distribution of the benefits of India's high growth rates. The available evidence suggests that the Indian economy may have entered a high growth plateau. The challenge for the authorities will be to ensure that this process is sustained and that it precipitates further progress in poverty reduction, the Report noted.

Conclusion

Any well established organization must change. They should redefine their work and recreate work culture consistent with changing customer demands. The changes are inevitable because organizations and leaders at all levels have developed a new vision of strategy and culture. Organizations are becoming far more strategic, purposeful and customer-oriented. The organizations will have to find ways to change their culture. Their vision will have to be translated into specific actions and managers should be helpful to employees to observe their progress and also to consider their feedbacks. Employees must strive for continuous improvement and change the organizational culture by making each effort adding value to its customers- strategically and continuously.

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