

## **Chapter 4**

### ***Change Management***

#### **4. Change Management**

After discussing the highlights of the reform process, it is necessary to mention that the reforms in Gujarat's power sector, like elsewhere, were a response to the challenges, inherent problems and the environment of those times. As part of the reform process, a series of major structural changes were introduced one after the other. Changes in the organizational structure, statutory arrangements, working culture and practices, human resources policies, financial working and technological operations were introduced during the period 2001-2005 and the pace of these changes was unlike anything attempted in the past. In view of the several structural weaknesses of the GEB, and poor operational performance indicators and the challenges emanating from the statutory changes and the challenges of the economy, the major challenge before GEB was to go for major systemic changes. How to manage such cataclysmic changes was the major management challenge. All the tenets of Change Management came into play in the reform process that was unfolded in Gujarat.

##### **4.1 Change management as a concept-elaboration**

“Change is the only constant”, said Heraclitus, the Greek philosopher, several centuries back. In fact, change may be regarded as one of the few constants of recorded history. Often society's ‘winners’, both historical and contemporary, can be characterized by their common ability to effectively manage and exploit change situations.

According to Webster's Ninth New Collegiate Dictionary, "Change" refers to give a different position, course, or direction to or to make a shift from one to another or to undergo a modification of or to undergo transformation, transition or substitution and "Manage" is defined as to handle or direct with a degree of skill or address and to exercise executive, administrative and supervisory direction of. Change management is, in simple terms, a process of managing change. This is a study of how does an Organization react/respond to changes and how does it introduce new systems and modifies existing systems. The task of managing change refers to making of changes in a planned and managed or systemic manner. The aim is to more effectively implement new methods and systems in an ongoing organization. The changes to be managed lie within and are controlled by the organization. Sometimes, these internal changes might have been triggered by events originating outside the organization, in the environment. One has also to distinguish between a knee-jerk or reactive response and an anticipative or proactive approach.

Organizations worldwide are confronting more turbulent markets, more demanding shareholders, and more discerning customers, and many are restructuring to meet such challenges. Change is always happening, like a river winding its way to the ocean; it never ceases (Suresh Hemamalini, 2001)<sup>51</sup>. Continuous and overlapping change has become a way of life in the corporate environment. Organizational leadership, in order to survive and get ahead in today's marketplace, must learn to respond to a growing number of changes in how they structure companies, conduct business, implement technology, and relate to customers and employees. While most organizations focus on deciding what to change to improve company's performance and quality, the

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<sup>51</sup> Hemamalini, Suresh, Change Management: Must for Today's Organization, Think Business Networks Pvt. Ltd., July 2001, Coimbatore, July, 2001, p.3([www.thinkbn.com](http://www.thinkbn.com)).

human element of executing these decisions is often left unattended. To successfully implement major change, companies must find the connection between the organization, the worker, and the change initiatives being introduced. That connection is achieved by fostering resilience among individuals in the organization. Change management can thus be defined as "the process of managing changes that occur because of an event (Vishnuvarthani, S)<sup>52</sup>.

Change Management is not a singular concept, rather it includes a set of best practices and experiences, which are used to handle both internal as well as external changes. Change Management includes effective management of new methods and systems in an ongoing organization. Change from an existing setup to a new environment has its own set of inherent problems and the problems become multifold when applied in a service institution. It is a continuous, often contradictory process, which brings difficult challenges as well as opportunities. Change is no longer a choice as organizations cannot avoid change. The organizational leadership and management have to be aware of change and take active role in anticipating, planning, facilitating and implementing organizational change through effective change management strategies. Competencies in managing change can help them to be more effective in moving the organization from the present towards the future.

Change management is not a stand-alone process for designing a business solution. It is the processes, tools and techniques for managing the people-side of change. It is not only a process improvement method. Change management is a method for reducing and managing resistance to change when

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<sup>52</sup> Vishnuvarthani, S., Change Management-An Overview, p.2.  
([http://www.indianmba.com/Faculty\\_Column/FC1126/fc1126html](http://www.indianmba.com/Faculty_Column/FC1126/fc1126html))

implementing process, technology or organizational change. Change management is also not a stand-alone technique for improving organizational performance. Change management is a necessary component for any organizational performance improvement process to succeed, including programs like: Six Sigma, 5S, Business Process Reengineering, Total Quality Management, Organizational Development, Restructuring and continuous process improvement. Change management is about managing change to overcome challenges and realize business results. Thus it is a combination of change on the people' side, process side, technological side and performance and a lot more.

From the above description of change and change management, at least four major components of change management need to be highlighted. These are -

- the task of managing change
- an area of professional practice
- a body of knowledge
- a control mechanism

### **The Task of Managing Change**

The first and most obvious definition of “Change Management” is that the term refers to the task of managing change. Managing change is itself a term that has at least two meanings.

One meaning of “managing change” refers to the making of changes in a planned and managed or systematic fashion. The aim is to more effectively implement new methods and systems in an ongoing organization. The changes to be managed lie within and are controlled by the organization. However,

these internal changes might have been triggered by events originating outside the organization, in what is usually termed “the environment.” The challenges emanating from the landmark Central and Gujarat Electricity Enactments and the reformist agenda from the Central and State Government could be termed the environment here for the erstwhile GEB. Hence, the second meaning of managing change, is the response to changes over which the organization exercises little or no control (e.g., legislation, social and political upheaval, the actions of competitors, shifting economic tides and currents, and so on). Researchers and practitioners alike typically distinguish between a knee-jerk or reactive response and an anticipative or proactive response to such changes or challenges. (Paton & McCalman,2000)<sup>53</sup>.

### **An Area of Professional Practice**

The second definition of change management is "an area of professional practice." There are many independent consultants, who will quickly and proudly proclaim that they are engaged in planned change, that they are change agents and they manage change for their clients, and that their practices are change management practices. There are numerous small consulting firms whose principals would make these same statements about their firms. And, of course, most of the major management consulting firms have a change management practice area.

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<sup>53</sup> Paton Robert A and McCalman James, Change Management: A Guide to Effective Implementation, Response Books, New Delhi,2000, pp.5-9.

Some of these change management experts claim to help clients manage the changes they face – the changes happening to them. Others claim to help clients make changes. Still others offer to help by taking on the task of managing changes that must be made. In almost all cases, the process of change is treated separately from the specifics of the situation. It is expertise in this task of managing the general process of change that is laid claim to by professional change agents. As we would see in our discussions subsequently, such experts and consultancy agencies played a significant role in change management activities in the power sector, particularly in Gujarat. Organizations like CRISIL, ADB, Feedback Ventures etc, played such a role in the Gujarat power sector during the reform period.

### **A Body of Knowledge**

Stemming from the view of change management as an area of professional practice, there arises yet a third definition of change management- the content or subject matter of change management. This consists chiefly of the models, methods and techniques, tools, skills and other forms of knowledge that go into making up any practice of change management.

The content or subject matter of change management is drawn from psychology, sociology, business administration, economics, industrial engineering, systems engineering and the study of human and organizational behaviour. For many practitioners, these component bodies of knowledge are linked and integrated by a set of concepts and principles known as General Systems Theory (GST). It is not clear whether this area of professional practice should be termed a profession, a discipline, an art, a set of techniques or a technology. For now, one may say that there is a large, reasonably

cohesive, albeit somewhat eclectic body of knowledge underlying the practice and on which most practitioners would agree - even if their application of it does exhibit a high degree of variance.

### **A Control Mechanism**

For many years now, Information Systems groups have tried to rein in and otherwise control changes to systems and the applications that run on them. For the most part, this is referred to as “version control” and most people in the workplace are familiar with it. In recent years, systems people have begun to refer to this control mechanism as “change management” and “configuration management.” Moreover, similar control mechanisms exist in other areas. Chemical processing plants, for example, are required by Occupational Safety and Health Administration (OSHA) to satisfy some exacting requirements in the course of making changes. These fall under the heading of Management of Change or MOC.

## **4.2 Various aspects of Change Management – Setting - Causative Factors -Processes**

Thus we have seen that change is a constant imperative. Hence any organization that ignores change does it to its own detriment. To survive and prosper, organizations must adopt strategies that realistically reflect their ability to manage multiple future scenarios. Drucker argues that increasingly a winning strategy will require information about events and conditions outside the institution. Only with such information, can a business prepare for new



changes and challenges arising from sudden shifts in the world economy and in the nature and content of knowledge itself (Nickols)<sup>54</sup>.

## **Challenges of Change**

Challenges typically are associated with change. Change usually involves the introduction of new procedures, people or ways of working, which have a direct impact on the various stakeholders within an organization. Change typically shakes employees out of their comfort zone and forces them to alternatives. The key to successful change management lies in understanding the potential effects of a change initiative on these stakeholders. Will employees be scared, resistant, pessimistic or enthusiastic about the proposed or imminent changes? How can each possible reaction be anticipated and managed? As one begins to think about any kind of significant change, one needs to be aware of how the change will impact others in the organization and the customers or stakeholders. A new vision, set of driving values, mission or goals constitute significant change. So do new performance standards, new policies or procedures, a new information technology-based ERP solution, or a relocation of one's business as these constitute major challenges.

These challenges may manifest themselves under different names or other guises but are essentially the challenges of :

- Leadership - changing the organizational structure from a command and control nature of management to a nurturing and motivational nature of leadership.
- Focus - making business choices to bring alignment and focus to the organization.

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<sup>54</sup> Nickols, Fred, Change Management 101: A Primer, (<http://www.nickols.us/change.atm>).

- Commitment - creating commitment to the future of the enterprise throughout the organization.
- Resistance- Resistance is a complex entity that directly affects the outcomes of change, both positively and negatively.

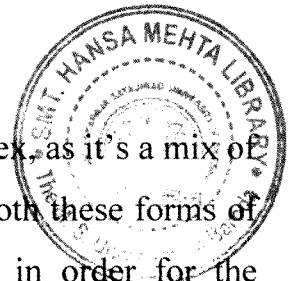
Each of these challenges is unique, yet they are simultaneously independent and interrelated. Overcoming any one independently is insufficient for realizing sustainable change. For change to be successful in the knowledge economy, an organization has to overcome all the challenges.

## **Leadership**

It is known that leadership can make a great difference, and that its importance for organizational success is immense. Change cannot be accomplished without the commitment and involvement of the organization's leaders. The leadership has to play a major role during the change management process. Leaders must have a way of thinking about change. They should have a "model" which will guide analysis of the situation and help in formulating the process of change to be implemented.

Leaders must have clear goals. They must have a clear idea of what results, both positive and negative, the change will bring in. Leaders should initiate change at the point where they have the most control and can make reliable predictions about the consequences of their actions. Leaders should recognize that change in any one part of the situation affects the whole. They must be alert for unanticipated consequences of their actions. The most important task of a leader is creating the climate that is conducive to the change being attempted and helpful in overcoming resistance from the personnel. In huge

monolithic PSUs like GEB, the leadership structure is complex, as it's a mix of organizational and political leadership. It is important that both these forms of leadership have to be on the same reformist wavelength in order for the reforms to succeed.



### **Focus**

Without a clear and consistent focus, it becomes incumbent on each member of the organization to interpret the environment and to make decisions on which opportunities to explore from his own perspective. The likely result is a collection of highly skilled individuals, working extremely hard, and pulling the organization in a number of uncoordinated directions. To avoid this, the leadership must rely more on the discipline to focus on the right opportunities for the organization to steer the followers in the right direction.

### **Commitment**

Individuals who are asked to make a change are really being asked to make a commitment of personal energy. Company resources must be devoted to help workers understand the impending change, convince them of its value, and manage the resistance that will inevitably surface. As the leadership builds understanding and generates commitment, the intense resistance to change, born out of fear of the unknown is abandoned and replaced by the courage to take new directions and to actively pursue change.

## **Resistance**

Resistance to change is a natural human reaction. Every human being and consequently every organization exists in a current reality; an understanding of themselves and a level of comfort with their current situation. Bringing new skills, new practices or knowledge into a company is not always easy. People fear change. Management has to oversee this integration, and ensure a smooth course by keeping everyone aware of the company's objectives and how new competencies have a valuable part to play.

In any given order, there would be always entrenched interests, who feel threatened by any prospect of change as such change would challenge their positions. Hence, the entrenched interests would oppose any such change. One must realize that no matter how welcoming an organization is to change, it will still face a degree of resistance. Despite the best designed procedures, structures, and cultures to welcome change, there will always be detractors. Organizations, individuals and groups fear and resist change for several reasons.

One reason may be that such change can result in organization redesign. It may change the reporting structures, communication networks, or existing power bases, at least in the short-term. Another reason could be that change creates new technological challenges. New techniques, procedures, and skills acquisition like introduction of computers and software can create discomfort, or fear and hence, resistance. Change also confronts apathy among a large number of employees, who may have become apathetic in their approach to the working life. Change also challenges old ideas and encourages a new way of looking at the problem.

Hence the challenge for the leadership is to put in place a sound resistance management strategy. Resistance management may improve if the organization recognizes the potential benefits of resistance. Resistance can be reduced through creative organizational design and development. Effective communication often holds the key to successfully unlocking the door to change. Change needs to be portrayed in positive terms, as a necessity to ensure long-term survival. Also it should be kept in mind that not all resistance to change need be viewed as negative. Rational, principled and shared resistance to proposed developments may sometimes signal that the common good may not be best served by implementing change. Change for change's sake, change for short-term commercial advantage or indeed change, which may adversely affect common good should be resisted., not only on moral grounds, but also on the basis that the adverse long-term financial consequences are likely to outweigh any short-term gain.(Paton & McCalman,p.49)<sup>55</sup>

### **The Change Problem**

It is important to identify what is to be changed or what changes are to be ushered in. At the heart of change management lies the change problem, that is, some future state to be realized, some current state to be left behind, and some structured, organized process for getting from the one to the other. The change problem might be large or small in scope and scale, and it might focus on individuals or groups, on one or more divisions or departments, the entire organization, or one or on more aspects of the organization's environment. In the power sector scenario, the change problem is usually large and involves a

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<sup>55</sup> Paton Robert A and McCalman James, *Change Management: A Guide to Effective Implementation*, Response Books, New Delhi,2000, p.49.

future state to be realized, some current state to be left behind and adoption of a strategy to move from one state to another.

At a conceptual level, the change problem is a matter of moving from one state to another state. Moving from one state to another state' is typically accomplished as a result of setting up and achieving three types of goals- transform, reduce, and apply (Dwyer, 2006)<sup>56</sup>. Transform goals are concerned with identifying differences between the two states. Reduce goals are concerned with determining ways of eliminating these differences. Apply goals are concerned with putting into play operators that actually effect the elimination of these differences.

As the preceding goal types suggest, the analysis of a change problem will at various times focus on defining the outcomes of the change effort, on identifying the changes necessary to produce these outcomes, and on finding and implementing ways and means of making the required changes. In simpler terms, the change problem can be treated as smaller problems having to do with the how, what, and why of change.

The change problem is often expressed, at least initially, in the form of a "how" question. How do we get people to be more open, to assume more responsibility, to be more creative? How do we get this organization to be more innovative, competitive, or productive? In short, the initial formulation of a change problem is means-centred, with the goal state more or less implied. There is a reason why the initial statement of a problem is so often means-centred. To focus on ends requires the posing of "what" questions. What are

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<sup>56</sup> Dwyer Kevin, Change Management: Clear, Strong Goals, 2006,p.2  
(<http://change-management.bestmanagementarticles.com/a-1053-change-management-clear-strong-goals.aspx>).

we trying to accomplish? What changes are necessary? What indicators will signal success? What standards apply? What measures of performance are we trying to affect? Ends and means are relative notions, not absolutes; that is, something is an end or a means only in relation to something else. Thus, chains and networks of ends-means relationships often have to be traced out before one finds the “true” ends of a change effort. In this regard, “why” questions prove extremely useful. To ask “why” questions is to get at the ultimate purposes of functions and to open the door to finding new and better ways of performing them. Why do we do what we do? Why do we do it the way we do it? Asking “why” questions also gets at the ultimate purposes of people. In short, the ‘why, what and how’ questions are important starting points.

Change interventions can be classified into three broad types-top-down change management, transformational change management and strategic change management. (UNDP Report, 2006)<sup>57</sup>

Top-down change management typically is based on the assumption that if managers plan things properly, change can be executed smoothly. The only obstacle comes from resistance of some employees. Hence focus is on changing the culture of an organization or the way we do things around in the organization.

Transformational change management relies on transformational leaders setting a personal example and challenging people to think outside the box and innovate, while providing a safe environment for doing so.

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<sup>57</sup> Institutional Reforms and Change Management: Managing Change in Public Sector Organizations, A UNDP Capacity Development Resource, November, 2006, p.5.

Strategic change management is based on a certain recipe and are in contrast with the top-down models in that they aim to introduce new behaviours at work, allowing people to witness the benefit for the organization and, thus, based on the evidence, internalize the change in their ways of working.

Each of these approaches can be effective, depending on the situation although it is generally accepted that the first category is often the category that fails the most. All approaches highlight the importance of leadership, communications and involving people in the change process. Thus, the key challenge for organizations is to match the model of change management to its own context. Designing, evaluating and implementing successful change strategies largely depend upon the quality of the management team, in particular, the team's ability to design organizations in such a way as to facilitate the change process in a responsive and progressive manner.

### **The imperative / factors for change**

At this stage, one may like to ask, what makes an organization change? There are a number of specific, even obvious factors, which will necessitate movement from the status quo. Changes in the external environment will trigger change reactions. Other such triggers would be changes in the technology used, changes in customer expectations, changes as a result of competition, changes on account of government legislation, changes as a result of alterations in the economy and changes in the communications media and changes in society's value systems, etc. it is necessary to discuss the imperative for change in greater details.



The average modern organization has to deal with an external environment. Some major external changes that organizations have to address are,

- Increasing globalization is a reality. A larger global market place is made smaller by enhanced technologies and competition from abroad. So enhanced technologies and competition from abroad are challenges for any big organization. Even the monopolistic power sector has to contend with changing technologies and increasing competition from the private sector.
- A worldwide recognition of the environment as an important factor is an important concern. There are legal, cultural and socio-economic implications in realizing that global warming and environmental concerns will force organizations to respond differently and responsibly. The generation plants and other activities in the power sector have to show active green concern for reducing harmful emissions.
- Customer pressure, particularly shifting markets is another major factor. In view of landmark legislations ending the monopoly status of the state power utilities and increasing competition from the emergent private sector forces a monopolistic organization to rethink its strategy and face challenges. Under the new Electricity Act, for example, open access is a looming reality, which enables a consumer to shift from one distribution company to another due to lower tariff rate or due to reliability and quality of power. Customers are increasingly more demanding and there is a pressure on the organization to upgrade its service quality, and remain competitive.

- Government legislation/initiatives are increasingly designed to end state monopoly or to protect the environment or the customer. Regulatory authorities in many utilities, particularly in the power sector create new challenges for the organization to contend.

Since the concept of change for an organization can be triggered by any one or a mix of the above factors, the response of the management to manage the change has to be very effective. This requires a framework of perpetual transition management. This transition management model provides interesting insights into what prompts changes in organizations, and how they respond. Transition management suggests that organizations have to plan for and divert resources to and implement changes.

It suggests that four interlocking management processes must take place both to implement and sustain major organizational changes. These four layers are:

- Trigger layer –this involves the identification of needs and openings for major change deliberately formulated in the form of opportunities rather than threats or crisis. Here it is necessary for the leadership to understand what is triggering a need for change in the organization. These triggers need to be expressed in a clear way and communicated throughout the organization in clear and identifiable terms. Then there is better acceptance of the changes, when shown that these are necessary and beneficial in the long run.
- Vision layer - this requires articulation of a vision and communicating this effectively to show where the organization is heading. If the trigger for change has been clearly recognized and expressed, it is also

essential that the management defines the future clearly. This requires the establishment of a vision layer. Management must define the future directions in terms of where the organization intends to go. There has to be a clear identification of the desired future condition of the organization in terms of its designs, goals and purpose. This would help in a broader acceptance of change in a climate of enthusiasm and participation and reduce resistance to change.

- Conversion layer - this implies setting out to mobilize support in the organization for the new vision as the most appropriate method for dealing with the triggers of change. Here the emphasis is on gaining recruits for the change. Those who have to work through the change process need to be converted to the ideas and concepts and own them. Everyone involved in making change work has to feel part of it and accept the reasoning for the vision and the strategy for realizing it. This is a very important aspect for the change agenda to succeed.
- Maintenance and renewal layer- this involves identification of ways in which changes are sustained and enhanced through alterations in attitudes, values and behaviours and regression back to tradition is avoided. To avoid such regression, it is necessary to make efforts to maintain and renew the original visions in an evolutionary framework.

Transition management, as an important component of change management, suggests that organizations have to plan for, divert resources to, and implement these processes shown above. These are designed to implement, to sustain, and to build on change.

### **4.3 Strategies of Change Management**

There are different strategies and procedures that are used to categorize the change environment. The relevance of different change strategies is that they build upon different assumptions about human motivation and hence willingness to engage in change at a particular point in time. These strategies are not intended to be mutually exclusive. Rather they may each be appropriate at a different stage of a particular change process. Once the environment is identified, an effective implementation strategy can be composed. Designing, evaluating and implementing successful change strategies largely depend upon the quality of the management team, in particular the team's ability to design organizations in such a way as to facilitate the change process in a responsive and progressive manner. Five major strategies are presented below.

#### **Normative-re-educative strategy**

This approach believes that changing the norms, attitudes and values of individuals will lead to changes in their behaviours. It is based upon core beliefs, values and attitudes. So change will occur as individuals change their attitudes and this leads them to want to behave differently. People are social beings and will adhere to cultural norms and values. Change is based on redefining and reinterpreting existing norms and values, and developing commitments to new ones.

### **Rational-empirical strategy**

This strategy is based on persuasion, and assumes that individuals are rational and as such they will follow their own self-interest once this is made clear to them. The benefits of a change therefore need to be highlighted and sold to the individuals as being of personal benefit to them. People are rational and will follow their self-interest, once it is revealed to them. Change is based on the communication of information and the proffering of incentives.

### **Power-coercive strategy**

This strategy is based on the application of power, with the belief that most people are compliant to those who have greater power. A potential issue with this process is that once the power is removed, individuals may regress to previous behaviours. People are basically compliant and will generally do what they are told or can be made to do. Change is based on the exercise of authority and the imposition of sanctions.

### **Action-centred strategy**

This focuses on the actions which include problem solving, looking at problems and focusing on remedial actions.

### **Environmental – Adaptive Strategy**

People oppose loss and disruption but they adapt readily to new circumstances. Change is based on building a new organization and gradually transferring people from the old one to the new one.

However, it should be kept in mind that there is no single change strategy. Depending on the context and the organization's special characteristics and requirements, one can adopt a general or grand strategy, but most often, it is best served by a judicious mix of strategies. As would be seen in our subsequent discussion on the power sector reforms, it was a combination of strategies for ushering in the reforms in the power sector in Gujarat. The Management at the helm perceived the trigger factors for change well in time and proactively pursued the change agenda. It is necessary here to see the trigger factors for change in the power sector in Gujarat against the backdrop of the framework of change management discussed above.

Which of the preceding strategies one uses in one's mix of strategies is a decision affected by a number of factors. Some of the more important ones are

- Degree of Resistance- Strong resistance argues for a coupling of Power-Coercive and Environmental-Adaptive strategies. Weak resistance or concurrence argues for a combination of Empirical-Rational and Normative-Re-educative strategies.
- Target Population- Large populations argue for a mix of all four strategies, something for everyone so to speak.
- The Stakes-High stakes argue for a mix of all four strategies. When the stakes are high, nothing can be left to chance.
- The Time Frame-Short time frames argue for a Power-Coercive strategy. Longer time frames argue for a mix of Empirical-Rational, Normative-Re-educative, and Environmental-Adaptive strategies.

- Expertise-Having available adequate expertise at making change argues for some mix of the strategies outlined above. Not having it available, argues for reliance on the power-coercive strategy.
- Dependency-This is a classic double-edged sword. If the organization is dependent on its people, management's ability to command or demand is limited. Conversely, if people are dependent upon the organization, their ability to oppose or resist is limited.

At this stage, three distinctive phases of change management can be stated briefly.

Definition phase - This phase accurately define the change. It involves problem specification, formulation of success criteria and identification of performance indicators.

Evaluation phase - This phase helps to generate the options and selection of appropriate techniques for managing change.

Implementation phase - This phase is focused on Development of implementation strategies and consolidation.

Here we can briefly state the critical elements for managing change. For change management, organization will need to build knowledge and abilities in the following areas:

- Change management team structures
- Change management roles

- Critical barriers to implementing change
- Change management planning and strategies
- Managing employee resistance
- Organizational change management methodologies
- Building executive sponsorship
- Creating communication plans
- Creating training and educational programs
- Incentive and recognition programs

Three important principles are central to the change management approaches which need to be kept in mind.

- Change management is not the goal in itself; it is a means to an end, and the end is an improvement in an organization's performance. It is about effectively managing a process that will lead to an environment where an improvement in performance can be realized.
- The "targets" of change must play an active role in realizing the change: Successful Change projects will identify and communicate the vision, letting the employees know that they are expected and empowered to play an active role in realizing the planned benefits.
- An organization's employees are their greatest asset: potentially, they are also the greatest challenge. For a vision to become reality, the entire workforce must believe in the project and have the desire to achieve it.



Organizational change is increasing, yet the high level of failure indicates that effective management of these changes is still lacking. Such a gap indicates that there is much to learn about how to manage change more effectively. Hence, people management and development professionals have significant role to play in any change management process. Change management is a systematic approach to dealing with change, both from the perspective of an organization and on the individual level. With the widespread commitment of people throughout the organization, change efforts will succeed.

#### **4.4 Relating various aspects of Change Management to the Reform Process in the Power sector in Gujarat**

As will be seen in the subsequent sections, Gujarat (and GEB) undertook comprehensive reforms in the power sector. These changes were unprecedented and had far-reaching consequences for the organization, people and the power sector on the whole. Several important aspects of this Change Management exercise like the desire/decision to change, the environment, the commitment of the Government and the authorities, policy level initiatives and strategies, the financial restructuring, the technological changes, and changes in the work culture were involved in this complex exercise. It was a combination of strategies for ushering in the reforms in the power sector in Gujarat. The major challenge for the authorities was to identify the change triggers. The Management at the helm perceived the trigger factors for change well in time and proactively pursued the change agenda.

As we saw, the triggers for change were both external and internal. The opening up of the Indian economy, increasing globalization, passage of the Gujarat Act and the Central Act of 2003 were major triggers that had the

potential to unshackle the power sector and end the monopoly character of the power utility. Like most of the sectors of the economy, the power sector was also opening up to the emergence of the private sector, not only in generation, but in distribution and for sale of electricity to the consumers. The regulatory authority was a new creation of the recent enactment. The power utility now came under regulatory control for fixation of tariffs at several levels, for performance standards and consumer satisfaction. Hence no more the power utilities could escape competition under the protective cover of being a monopoly. The power utilities not only had to improve their performance, but also had to better their position before the consumers (the customers), lest the competitors in the private sector capture them. These external triggers, along with the internal triggers of the utility in terms of the mounting losses and structural weaknesses were correctly perceived by the leadership and top management.

Our hypothesis in this study is that there were important trigger factors in the horizon for the state power utility. It was imperative that the authorities identified these change triggers well in time. It was also necessary to pursue a change agenda that would usher in comprehensive changes designed to bring overall improvement and increase the organization's viability. It was equally important to identify the resistance- the sources and reasons for resistance and take strategic action to turn this resistance to a willing championship for reforms among the employees. The management had to lay down a clear strategic vision for the organization and its employees to follow designed to bring in comprehensive, visible changes. The growth retardants had to be clearly identified and the remedial measures clearly postulated for overcoming these.

This would mean keeping the focus on the employees, who are the biggest asset of any organization. The challenge was how to convert them to being the change agents in this task. Constant communication, with the rank and file in order to remove their misgivings and imbue them with a positive hope for a new order was the main strategy in this exercise. Their grievances were to be clearly identified and their working conditions significantly improved so as to achieve this. As we would see in the subsequent chapters, the actions were taken in the right manner to pursue and push the change agenda.

The change process was implemented in a concerted manner as structural and systemic changes were brought in. The leadership, both political and top management, were focused and committed, with a clear vision for changes and ready with the plan and resources for carrying out the changes. The momentum was sustained and resistance was minimal as the entire process was largely consensual. The change management initiatives and its results will be critically analyzed in the subsequent sections.