A review on adoption of change management in Indian banking sector

Ranjitha. Meesala
ranjitha.phd@gmail.com
Osmania University, Hyderabad, Telangana

ABSTRACT

Change is a strong driving force for any organizational development. A better organization can make a better tomorrow. The purpose of this research is to study the level of implementation and adoption of the change in the banks and the extent to which banking institutions practice the same in India for making a better development. The paper focuses on, how far the employees are involved with operational alerts, so that they may remain dominant in a rapidly growing environment. The analysis was done on bank employees, the paper discusses the finding as per the investigation conducted and provides recommendations which include: Highlighting the significance of the change, clearly expressing on a vision for the change, Leaders applying transformational leadership principles.

Keywords— Change management, Organisation development, Organisational change, Banking sector

1. INTRODUCTION

According to John Kotter, most credible evidence suggest that change will happen at a more rapid place in the business environment in the future. Kotter states that the rate of environmental movement will increase and pressure on organization to transform them will grow over the next few decades. He suggests that if this is the case that the only rational solution is to learn more about what creates successful change. By performing research, focusing on a real business situation, interesting results are often found. The change process evaluated in a recent research study, which forms the basis for this paper, here a study is done on three banks about the process of adopting and implementation of change.

1.1 Organizational change

There are many forms of planned change innovations such as technological innovations, new product development or training and development. But the two types of change that have attracted analysis in the study of organizational behaviour are organizational change and organizational development. This paper is more concerned with the initial stage. But a definition of both will strengthen the understanding of each. Organization change discusses the interrelationship between the organizational change and human change. Organizational changes can involve; products and service, technologies, systems, relationships, organizational culture, management techniques and style, strategies pursued, competences and capabilities, performances and other features of a business. These change further affects features in an organization which may require further changes in structure, legal framework, and ownership, sources of finance, networks and impacts. No real lasting changes can occur without a change in attitude and behaviour as illustrated in figure below.

Fig. 1: Organizational development
1.2 Organizational development
The above illustration describes vividly about the organisational change. There are many definitions that have been given to describe the process none of which are likely to be understood in the context of this paper. It has the following attributes:
- A planned process of change.
- Applies behavioural science knowledge.
- Aims at the change of organization culture.
- Aims at reinforcement of organization strategies, structures and processes for improving organization’s effectiveness and health.
- Applies to an entire system of an organization, department or group as opposed to an aspect of a system.

1.3 The research study
The study regarding the management of change was undertaken within a banking institution using formal research methodology. The Banking Unit studied serves as a real delivery channel. Specific focus was placed on the approximately 100 employees directly affected by the alignment projects. This business unit forms part of a bigger Financial Service Group.

2. LITERATURE REVIEW
Christopher Smith (2019): Recognizing your employee’s achievements is a great way to prove how much you value their efforts. It’s essential you keep your workforce motivated to meet daily targets, to encourage behavior that’s directly linked with high performance.

Chareece Newell (2018): explains that Change is a disruption to the norm and brings fear of the unknown. This fear fosters the idea that what was once perceived as a familiar territory will no longer be the same, which is much less comfortable. The key is to manage change in such a way that your employees view this as an opportunity, not as a threat. You must put some tactics in place to manage these times within your organization so everything flows smoothly, and a positive outcome is in motion.

S. K. Mishra (2015): in his study points out that the banking sector has witnessed growth and challenges both in pre and post liberalization era. The sector faces various challenges like customer expectations, growth in banking sector, management of risks, transparency, rural market, human factor, global banking, environmental concern, employee and customer retentions and social, ethical issues. To face the competition the banks are struggling hard.

3. ANALYSIS
3.1 Creating a sense of urgency
If a people of an organization don’t feel the urgency for change, the change process will not have enough momentum. It refers specifically to the complacency level within an organization. Creating a sense of urgency is linked to the planning phase of change. Looking the change process it is evident how important the planning element of change is. If planning is not properly done the whole process of change is negatively affected. Change is the process starting off where the company is today and where it want to be in future. The result of the 2 questions as posed to the respondent relating to create a sense of urgency are provided in the below stated figure 1, 2.

![We are operating successfully before the change happened](image)

Fig. 2: Result of the 2 questions as posed to the respondent relating to create a sense of urgency

![We are aware of our performance in relation to our competitors](image)

Fig. 3: Result of the 2 questions as posed to the respondent relating to create a sense of urgency
Most employees (over 90%) agreed and strongly agree that the previous business units, according to their knowledge and understanding, were operating successfully. Why should we change when the things are going well? Higher levels of uncertainty existed when employees were queried regarding the Branch Banking Unit’s competitive position in the industry.

3.1.1 Areas for improvement: A strong guiding coalition is needed to make change happen successfully by having a team that is composed of right people who have worked together as a team. The team must work on trust and develop a common goal which is sensible to the head and appealing to the heart.

3.2 Building a strong guiding coalition
Questions asked whether senior management motivated employees to participate in the alignment project and whether they visibly supported the change process.

Senior management seems not to have focused on the principle of transformational leadership by: - Creating inspirational leadership and Building commitment to the change vision. Leaders need to Shape a realistic and attractive future involving all the employees energetically model the future by communicating the vision.

3.2.1 Areas for improvement: The leadership of this branch banking unit needs to inspire employees, acting with honesty and integrity ensuring stability and promoting change. It is recommended that a planned and coordinated change management intervention should be developed to focus on strategic change. Middle management needs to be involved in this initiative with trust existing between all the levels of management which is visibly noticed by all the employees.

3.3 Creating a vision for change
A good vision during the change process serves the important purposes.
- It clarifies the general direction for change, assisting with simplifying hundreds or thousands of more detailed direction
- It motivates people to take action in right direction.
- It helps to coordinate the action of different people in fast and efficient way

For the outcome relating to 2 of the questions relating to the vision for change are given in the below stated figure 6, 7.
Although no formal vision statement was created and communicated for the alignment project, most employee agreed that senior management stated what actually the object of the project were. Many employees disagree and were neutral regarding the unit’s future.

3.3.1 Areas for Improvement: It is strongly recommended that business unit formulate a vision for the change process during the planning phase. Employee need to understand what the business unit look and feel after the change process. They need to understand how it will affect them and how it fits with the strategic objective of the bigger group.

3.4 Implementing the change
When implementing a change, a vision for the change needs to be communicated to gain the understanding and commitment from the affected people during the change process. The failure of the first three elements, as per the above mentioned sub problem leads to poor communication of the vision. This indicates an obvious link between the elements. It is almost impossible to over communicate when leading change.

Results of the 2 questions are posed in the below stated figure 8 and figure 9.

3.4.1 Areas for Improvement: It is recommended that any future communication relating to the alignment project includes the vision for the change and the strategic significance there of
- Communication should enhance the driving force for change and reduce all retraining forces.
- Senior management needs to review their communication planned and strategies and need to measure the effectiveness there of.
5. CONCLUSION
In order to adopt any changes in any organisation, management need to explain about the change and its importance to the organisation as well as how far it has been planned for the wellbeing of employees. Unless and until there’s a transparency between levels of managements one cannot expect a hundred percent results. The most important and biggest challenge for any banking sector is it has to serve and stay in the huge market competition of India. An appropriate change with a correct implementation process within a specified time period will really work out.

6. REFERENCES