A REVIEW ON CHANGE MANAGEMENT AND ORGANISATION DEVELOPMENT IN INDIAN BANKING SECTOR

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ABSTRACT:

Change is a strong driver to achieve ecological development. The purpose of this research is to study the level of implementation and adoption of the strategic change in the banks and the extent to which banking institutions practice the same in India. The research also focus on, how far the employees are trained with strategically focused technology techniques, with its operational alerts, so that they may remain dominant in a rapidly growing environment. The management of change is an important discipline in today's ever changing business environment. Change is never easy and managing it in a large corporate environment is even more challenging. Human resource manager must be familiar with the techniques the organization can use to bring about Organizational Change. It includes understanding of 3 things. 1. How to overcome Resistance to Change?, 2.How to organize and lead an Organizational Change?3.How to use a technique known as Organizational Development? This paper is based on a research that was conducted in 2013 and deals with the Management of Change and Organizational Development in banking sector. This bank had amalgamated 2 different business units into a single unified business entity. This transformation within the bank's service center as a research problem, which was evaluated through the qualitative research method. This research focus on a change management process consisting of Planning the change • Implementing that change through Organizational Development. This paper discusses the finding as per the research conducted and provides recommendations which include: • Highlighting the strategic significance of the change • Clearly formulating a vision for the change. • Leaders applying transformational leadership principles • Providing plenty of communication message focus on what a change would entail for all the Stake holders going forward.

Key words: *Change Management, Organisation Development, Banking Sector.*

1.0 INTRODUCTION:

According to John Kotter, most credible evidence suggest that change will happen at a more rapid pace 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, is the alignment of two formally independent business entities into one unified business unit.

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 behavior are organizational change and organizational development. This paper is more concerned with the latter. 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 behavior as illustrated in figure below.
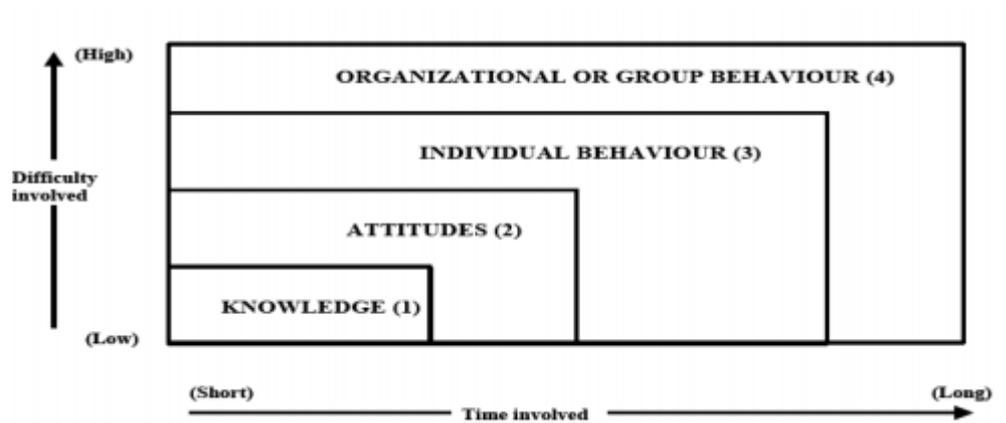
This approach is preferred by organizations - including public sector organizations – operating in a fast moving competitive environment and faced with immediate threats that need rapid change and improvements within tight timescales. This marks a good point of divergence between organizational change and organizational development which on the other hand promises improved effectiveness within the long term.

Organizational Development

The above illustration describes vividly the OD approach. 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 behavioral 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.

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 to the bank customer base, through which products are sold and serviced. 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.

2.0 LITERATURE REVIEW

RAO Y.V., (2013) In the process of globalization, Indian banks are maintaining prudent banking practices to meet the world class standards to improve the performance of public and private sector banks in terms of reducing net NPAs, follow up of Basel standards to gain competitive advantages trough implementing IT enabled solutions and greater outreach to develop rural banking habits (Financial inclusion). Adhering to the Universal Banking activities of banking, development financing subject to compliance with statutory and other requirements prescribed by RBI, GOI and other enactment. Activities include accepting deposits, granting loans, investing in securities, credit cards, project finance, remittances, payment systems, project counseling, merchant banking, foreign exchange operations, insurance etc. The new business initiatives coupled with changing customer profiles are being partly addressed by technology enabled support infrastructure in banks.

Ramamurthi, (2017) The information technology in view of research study. The study of existing transaction system. The view management, employee and customers review.The present major economical and technical changes are undergoing in industrial and financial the new information processing and technology.

Zoltán Zéman, (2013) Banking and financial sector controlling is a dynamically growing area of the controlling methods used in organizations. The difference between bank controlling and the standard controlling methodology is defined by the specific tasks and products, banking transactions (e.g. cash-flow, credit and capital investments) as part of the banks' value creation process. Management tasks of the banks are provided by integrating two well-defined sub-fields (controlling functions of the bank's internal operation and service). This integration can only be achieved by linking planning, plan-fact analysis and information service functions together.

3.0 ANALYSIS:

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:

We are operating successfully before the change happened

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

We are aware of our performance in relation to our competitors

- Strongly Disagree
- Disagree
- Neutral
- Agree

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.

Areas for Improvement:

1. Building a strong guiding coalition:

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. Questions asked whether senior management motivated employees to participate in the alignment project and whether they visibly supported the change process.

Motivational Leadership existed

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

Senior management visibly supported the alignment project

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

Senior management seems not to have focused on the principle of transformational leadership by:

- · Creating inspirational leadership
- · 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

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 level of management which is visibly noticed by all the employees.

2. Creating a Vision for Change:

A good vision during the change process serves the important purposes.

- · First it clarifies the general direction for change, assisting with simplifying hundred or thousands of more detailed direction
- · Secondly it motivates people to take action in right direction. · Thirdly 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:

Clearly stated objectives existed for the alignment
- Strongly Disagree
- Disagree
- Neutral
- Agree

Where they would be in five years ?
- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

Although no formal vision statement was created and communicated for the alignment project, most employee agreed that senior management stated were the object of the project were. Many employees disagree and were neutral regarding the unit's future.

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. 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:

Clarity of the change Communication messages

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree
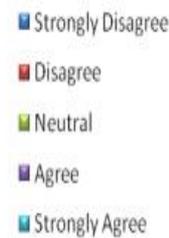
Opportunity to voice my concerns

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree
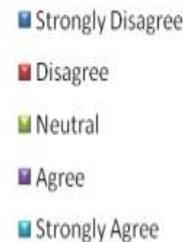
The high level of the uncertainty and disagreement relating to the sufficiency of the communication in the terms of the number of communication indicate that employees may have felt that with the large number of communication medium available, not enough communication were sent out and received by employees.

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.
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5.0 CONCLUSION:

Firstly you need to communicate the strategic significance of the change to all employees with the use of multiple mediums stating the reasons and necessity of change. Change is associated with competitive realities in the market place and employees need to be aware of these realities. Secondly, leaders need to be aware of the principles of change management and apply these principles in the forms of transformational leadership. Leaders need to create a vision of the future, communicate the vision, build commitment to the vision and models of

the vision. The biggest challenge for banking industry is to serve the mass and huge market of India. Companies have become customer centric than product centric. The better we understand our customers, the more successful we will be in meeting their needs. In order to mitigate above mentioned challenges Indian banks must cut their cost of their services.

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