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# MANAGING HUMAN RESOURCES IN A PUBLIC SECTOR ORGANIZATION THROUGH ORGANIZATIONAL CHANGE

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## **Abstract**

*Change is inevitable. Governmental fiscal policies, introduction of technology, socio-political climate and such other factors often force organizational change. Thus change in employees' behavior is necessary for the survival and growth of the organizations and its environment. Planned change is concerned with changing the behavior of individuals and groups within the organization to improve the ability of the organization and capability of the employees. Heavy Engineering Corporation (HEC) Limited, Ranchi, is one of the organizations which experienced Union-Management conflict in 1987 with the result that lockout for 72 days was declared. HEC incurred heavy losses and the management negotiated with the union on the basis of introducing some changes in policies. HEC thus was selected to conduct the present study. 610 production line workers of different units viz. Foundry Forge Plant (FFP), Heavy Machine Building Plant (HMBP), and Heavy Machine Tools Plant (HMTP) participated in the present investigation. Organizational Change Scale (OCS), a psychometrically sound measuring device, having split-half reliability coefficient equal to .85 was used to measure the introduced change. Salary and Job-Tenure were independent variables, and Organizational Change was the dependent one. Kruskal-Wallis One-Way Analysis of Variance (H) was used for statistical analysis. It was found that 'Salary' and 'Job-Tenure' significantly influenced organizational change.*

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## **Introduction**

In recent years organizational change has assumed greater significance due to the entry of Multinational Companies (MNCs) and globalization. It is a change, which throws an opportunity to go into innovative programmes. Klein and Ritti (1984) assert that due to organizational change modifications take place and it may create conditions conducive to healthy environment. In some cases, change is introduced to rectify the financial difficulties facing the organization (Seigal and Lane, 1977). Through change, it is possible to improve the technique so that better performance could be obtained and the change may provide job-satisfaction to employees (Francis and Melbourne, 1980).

Change is normally a multidimensional phenomenon and as such is a complex process. It ranges from governmental policies, political atmosphere to technological impact. Francis and Melbourne (1980) pointed out that organizational goals and principles, resources, design of jobs, leadership, communication, and development of a favorable climate are the factors that initiate the process of organizational change.

Nowadays organizational psychologists emphasize on

planned change. Robbins (1991) advocates that there are two goals of planned change. First, it seeks to improve the ability of the organization to adapt to changes in its environment. Second, it seeks to change employees' behavior. If an organization is to survive, it must respond to changes in its environment. Since an organization's success or failure is essentially due to employees behavior, planned change also is concerned with changing the behavior of individuals and groups within the organizations. Therefore, everyone appreciates planned change because in planned process of change everyone gets ample chance to go by with the demands of change and remain always potentially well equipped to serve the organization.

There are many factors responsible for resistance to change. Degree and force of resistance depend upon how people feel about change. Source of resistance may be individual as well as organizational (Robbins, 1991). Individual sources of resistance to change reside in basic human characteristics such as perceptions, personalities, and needs. Six major sources of organizational resistance have been identified as inertia, limited focus of

change, group inertia, threat to expertise, threat to power relationship and threat to established resource allocations (Katz and Kahn, 1978).

Group contact, participation, and group dynamics are suggested as strategies for overcoming resistance to change (Cartwright, 1951). Kotter and Schlesinger (1979) have suggested six tactics dealing with resistance to change—Education and Communication, Participation, Facilitation and Support, Negotiation, Manipulation and Cooperation, and Coercion. Dreilinger, McElheny; Robbinson, and Rice (1982) state that human resource managers should focus on the development and institutionalization of specific organizational practices of development programmes that can lead to increased employee satisfaction and effectiveness, but not employee productivity. Mallick (1994) asserts that the days of sitting in ivory towers and producing the change are over. The change should be reflected in the attitude of the people. There is a need for evolving a participative style with encouragement for exchanging views and ideas. This will remove the psychological barriers and 'fear syndrome' which people normally at the lower end of

the hierarchy ladder suffer from. Darcy and Brain (1991) pointed out that managing major change is essentially managing people through change. Participative management may be the most important factor in successful implementation of change. Participation in removing the obstacles to organizational development, increased trust between managers and employees, facilitates information dissemination an decision making (Liebowitz and Menelow, 1998).

Boulden (1983) opines that imposing change will not work unless followed by negotiated change. Boulden and Lawler (1982) argue that to be effective change must be negotiated and should be depictive of the interrelated process for recognizing that some current behavior is inappropriate, deciding to change it, getting permission to change it and bringing about the change. It is suggested that organizations can increase productivity and morale by implementing a programme of redesigning jobs. Jobs can be restructured by identifying employees most refined skills, most enjoyed skills, and most productive work environment, and by identifying changing organizational needs (Rahman, 1994). Thus, it is

worthwhile to mention that to fulfill the objectives and for the survival and growth, the Indian industries need four important Ms viz. Money, Materials, Machinery, and Men. The success and failure of an organization depends on an effective combination of these factors. Of these, however, the management of Human Resources (HR) is a very important and challenging task. There is an urgent need to understand the human factor, which is assuming increasing significance in modern organizational settings. As such human resource is one of the important inputs in the industries and therefore must be utilized productively (Rahman, 1995).

## **Research Methodology**

### ***Aims and Objectives***

Heavy Engineering Corporation Limited (HEC), Ranchi, Jharkhand is one of the public sector organizations which experienced Union-Management conflict in 1987 with the result that lockout for 72 days was declared, HEC incurred heavy losses and the management negotiated with the union to lift the strike on the basis of introducing some changes (pay structure, job-tenure benefits, interim relief to workers, employment to the dependents of

retiring employees, and the promotion policies etc.) HEC thus was selected for the present study.

### ***Sample***

610 production line workers participated in the present investigation of different units, i.e. Foundry Forge Plant (FFP) Heavy Machine Building Plant (HMBP), and Heavy Machine Tools Plant (HMTP) of the Heavy Engineering Corporation Limited (HEC), Ranchi, Jharkhand.

### ***Tools***

In order to measure Organizational Change (OC) Organizational Change Scale (OCS), a psychometrically sound device having split-half reliability coefficient equal to .85 was used to measure the introduced changes (Rahman, 1992, Rahman, 1993).

### ***Statistical Analyses***

Examining the nature of data, each independent variable was dichotomized into two ways (high and low), and Kruskal-Wallis One-way Analysis of Variance (H) was used for statistical analysis. This test is the most efficient of the nonparametric tests for K independent samples. It is found more efficient because it uses more of the information in the observations. It has power efficiency of  $3/\pi=95.9$  percent

when compared with F-test (Kruskal and Wallis, 1952).

### Result

As we have mentioned in the present investigation 'Salary' and 'Job'-Tenure' are the independent variables. The influence of each independent variable on 'organizational change' i.e. dependent variable has been separately determined. The results obtained are reported below.

Kruskal-Wallis Test ( $H=22.8$ ,  $df=8$ ) revealed that 'Salary' significantly (0.01 level) Influences organizational change. Computing correction for ties, the value of  $H=28.8$  with  $df=8$  was again found significant ( $P>0.01$ ). Multiple Comparison Analysis was applied to determine significant differences between the groups compared and also to find out inter-plant differences. The results, which are

found significant, are summarized in Table-1

It could be easily observed from Table 1 that high and low salaried employees of FFP and HMTP significantly differ in their perception of organizational change. Similarly low salaried employees of HMBP and HMTP significantly differ with regard to organizational change.

The averages of organizational change scores of various plants presented in Table 2 determine the direction of differences.

The low salaried employees of FFP as well as HMTP have obtained higher organizational change averages than their high salaried counterparts. Also, the low salaried employees of HMTP have obtained higher organizational change average than the low salaried employees of HMBP. The

**Table-1: Multiple Comparison between Treatments**

<i>Group Compared</i>	<i>Plants Compared</i>	<i>Critical Differences</i> $z$	<i>Differences between Average Ranks</i>
High Salary Vs Low Salary	FFP Vs HMTP	140.64	165.62*
Low Salary Vs Low Salary	HMBP Vs HMTP	128.11	147.08*

\*Significant at .05 level

**Table-2: Multiple Comparisons between Treatments**

<i>Plants</i>	<i>Groups</i>	<i>Mean of O.C. Values</i>
Foundry Forge Plant (FFP)	High salary	$\bar{x} = 76.82$
	Low salary	$\bar{x} = 82.88$
Heavy Machine Tools Plant (HMTP)	High salary	$\bar{x} = 79.82$
	Low salary	$\bar{x} = 91.80$
Heavy Machine Building Plant (HMBP)	High salary	$\bar{x} = 76.79$
	Low salary	$\bar{x} = 80.00$

low salaried employees of HMTP have the highest OC average followed by FFP and HMBP. These findings lead us to conclude that by and large, the low salaried employees of the three plants studied have expressed grater desire for organizational change.

As reported earlier the second independent variable is 'Job-tenure'. The computed value of H with df, 8=27.83 was found significant at .01 level. The value of H after correction for ties was 34.15 (significant at 0.01 levels). The significant results obtained after Multiple Comparison Analysis are reported in Table 3.

Table 3 indicates that the employees Average Job-tenure (17-24 yrs.) differed with employees of Low and High Job-tenure (1-16 yrs, and 25-36 yrs.). It is also interesting that the employees having Average Job-

tenure working in FFP and HMTP significantly differed with each other.

From the above finding it appears that the Average Job-tenure is a significant aspect of organizational change.

The Mean organizational change scores of High, Average, and Low Job-tenure of FFP, HMTP and HMBP plants are reported in Table-4.

A careful perusal of table 4 suggests that only the average employees having job-tenure (17-24 yrs.) have obtained higher organizational Mean scores than employees having less job-tenure (25-36 yrs.) It could be observed that the employees of HMTP having average job-tenure have obtained highest value of Mean ( $\bar{x} = 94.47$ ).

### **Discussion**

The present findings indicate

**Table-3: Multiple Comparisons between Treatments**

<i>Group Compared</i>	<i>Plants Compared</i>	<i>Critical Differences z</i>	<i>Differences between Average Ranks</i>
High Job Tenure Vs Low Job Tenure	FFP Vs HMTP	138.65	155.17*
Average Job Tenure Vs Average Job Tenure	FFP Vs HMTP	133.10	153.52*
Low Job Tenure Vs Average Job Tenure	FFP Vs HMTP	143.88	163.32*
High Job Tenure Vs Average Job Tenure	HMBP Vs HMTP	141.64	186.15*
Low Job Tenure Vs Average Job Tenure	HMBP Vs HMTP	147.63	222.84*

\*Significant at .05 level

that 'salary' and 'job-tenure' influence organizational change among the employees at Heavy Engineering Corporation Limited (HEC), Ranchi.

It is apparent that low salaried employees endorse organizational change more than the high salaried persons. The organizational change brought about in HEC seems to provide a ray of hope for those who are paid less. The negotiations held between representatives of workers and management led to the understanding that there will be

revision of pay scales. The revision was made and probably the fulfillment of the promise made a favorable impact especially on low salaried workers due to which they welcome the change.

Even nominal revision in pay of low paid employees is welcome at a time of soaring prices that adversely affect the family budget. Employee behavior such as absenteeism, lack of punctuality, indiscipline, disorganized work habits, lack of interest in work, etc. affects productivity and should be



**Table-4: Mean of Organizational Change Scores**

<i>Plants</i>	<i>Groups</i>	<i>Mean of O.C. Values</i>
Foundry Forge Plant (FFP)	High Job Tenure	$\bar{x} = 79.52$
	Average Job Tenure	$\bar{x} = 80.00$
Heavy Machine Building Plant (HMBP)	High Job Tenure	$\bar{x} = 87.02$
	Average Job Tenure	$\bar{x} = 94.47$
Foundry Forge Plant (FFP)	Low Job Tenure	$\bar{x} = 67.09$
	Average Job Tenure	$\bar{x} = 80.00$
Heavy Machine Tools Plant (HMTP)	Low Job Tenure	$\bar{x} = 86.18$
	Average Job Tenure	$\bar{x} = 94.47$
Heavy Machine Building Plant (HMBP)	High Job Tenure	$\bar{x} = 75.91$
	Average Job Tenure	$\bar{x} = 80.05$
Heavy Machine Building Plant (HMBP)	Low Job Tenure	$\bar{x} = 71.34$
	Average Job Tenure	$\bar{x} = 80.05$

the concern of every HRD manager. To improve the organizational health there must be fair compensation (Eckhardt, 1998) which was provided by the management. The change in salary, probably reflected a change in organizational climate which is considered crucial for bring about organizational change (Kozlowski and Hults, 1988; Kumari and Dwedi, 1988).

We have observed that employees with average job-tenure have expressed greater acceptability of organizational change. It might be due to the fact that the new entrants may not be familiar with the past incidence and

events of the organization and thus, the organizational change may not assume significance for them. The employees with above average job-tenure might have achieved their objectives of life. And thus organizational change may not be relevant for them. The employees with average job-tenure may find themselves on the threshold of fulfilling their expectations and may have deemed the change as beneficial to their hitherto denied aspirations. Olson and Tetric (1988) finding lends support to our findings that organizational level moderated the impact of organizational restructuring on satisfaction with supervision and security. Our findings also get



support from Fox, Ellision and Keith (1988) study where they emphasize that environment, needs and concerted effort towards change are necessary to avoid organizational decline.

It has become increasingly clear that traditional approaches to management of Human Resources (HR) in organizations are no longer appropriate to cope with growing complexities today especially when survival has become a critical issue for an organization in a volatile business environment. Several organizations are recognizing that people issues are critical for competitive success. The only way to ensure the cooperation of workers is to share with them. An atmosphere of mutual trust, open two-way communication between management and workers, team-spirit, genuine concern and commitment to HRD are the well-known principles for creating a healthy motivational climate.

It is also possible to manage human resources by eliciting cooperation and participation from workers. Workers' participation in the process of change is important for creating the right climate and work ethos for higher productivity.

In India, it is for the first time that stumbling blocks in the industry have been removed. The country is

showing signs of recovery. The national and global perspectives are both challenging and promising. Organizational change is going to be a complex phenomenon and requires time to rest and readjust. Use and misuse of power and authority, problem of conformity to established norms, equality of corporate leadership, emerging trends in industrial relations, managing organizational culture etc. are going to be the determining factors which will influence the change process. Likewise, priorities in Human Resource Development will involve radical changes through intervention methods suited to our conditions. This is the way an innovative organization should response to change.

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