Remarking An Analisation

Receptiveness to Change in Public and Private Sector Banks of Punjab

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Abstract

Organizations do not emerge out of thin air but are a result of ideas translated into action by a single individual or group of people. To survive, organizations have to cope with the problems posed by the external environment and also learn how to organize its employees and evolve effective systems. Edgar Schein gave a very pragmatic definition of organizational culture, which explains well the relevance of adaptation in organizational culture. He stated that, "culture is a pattern of basic invented, discovered or developed in learning to cope with its problems of external adaptation and internal integration and that have worked well enough to be considered valid and therefore to be taught to new members as the correct way to perceive, think and feel in relation to those problems."[1] In this light the present paper discusses the receptiveness to change among bank employees in Punjab. The paper highlights the comparison of public and private sector bank employees and their receptiveness to change in them. It further shows different organizational culture dimensions and their impact on receptiveness to change among bank employees in Punjab.

Keywords: Receptiveness to change, Adaptability, Public Banks, Private Banks, Organizational Culture

Introduction

The only point on which "strong culture" concept was criticized was the adaptiveness, because many of the 'excellent' companies in the findings of Peters and Waterman, did not remain excellent in terms of profitability, market share and also liquidity after a few years[2]. Critics viewed that though these companies possessed strong culture, in terms of internalization of values in their members, they failed to adapt to the changing needs of the environment[3] . So, an effective organizational culture is one that is as much flexible and adaptive, as to fit itself according to the needs of the changing environment.

Kotter and Heskett discovered that some corporate cultures are good at adapting to changes and preserving the performance of the organization, while others are not[4]. They distinguished between "adaptive" and "unadaptive" corporate cultures, and they defined the core values and common behaviours in each kind of culture as follows:

Exhibit – 1

	Adaptive Corporate Cultures	Unadaptive Corporate Cultures
Core values	Most managers care deeply about customers, stockholders, and employees. They also strongly value people and processes that can create useful change.	Most managers care mainly about themselves, their immediate work group, or some product (or technology) associated with that work group. They value the orderly and risk-reducing management process much highly than leadership initiatives.
Common behaviour	Managers pay close attention to all their constituencies, especially customers, and initiate change when needed to serve their legitimate interests, even if that entails taking some risks.	Managers tend to behave somewhat insularly, politically, and bureaucratically. As a result, they do not change their strategies quickly to adjust to or take advantage of changes in their business environment.

Kaul, in a study on Indian managers of public and private sector enterprises, noted a significant relationship between the innovative behavior of managers and their "change values"[5]. Ekvall suggested that "the organizational climate and structure characterized by mutual trust and confidence, commitment to organizational goals and activities, freedom to show initiative and pluralism of views have an impact on the innovative ability of the organization."[6]

Above discussion also makes clear that both organizations and employees need to adapt to the changing environment with time. If organizations are challenging enough to compete with the challenges in the external environment but the employees are not receptive to those challenges it would hamper the implementation of plans and policies and on the other hand, if employees are highly professionalized but the organizations they are working in are not able to utilize their capabilities, it could also affect the very survival of that organization.

Review of Literature

An organization's culture cannot remain static because the external environment is changing, industries are becoming competitive and an organization might have to adapt it's culture in order to survive. For "external adaptation", an organization needs change. Change may be defined as the introduction of a new method or technique. It deals with making improvements in the existing methods of work. The change may range from minor modifications in procedures and layout to major ones like changing the whole system of working by modernization and mechanization through installation of new facilities.

Organizational culture is also defined as "a cementing factor" in an organization. So where it helps organizational members to identify with the organization, it can also cause a strong resistance for change. Thus, in order to initiate a change (be it a minor or a major one) a higher degree of 'receptiveness to change' is required on the part of employees. Strategic change requires a basic rethinking of the beliefs by which the company defines and carries on its business.[7]

Preeti Singh in her article on management of change stated that, "Resistance comes not from the fact of change but rather from the way the employee perceives the nature of the change. It is quite normal for people to resist something which they fear will leave them worse off than they already are"[8].

Witte sees two types of barriers in innovation, viz., 'barriers of will' and 'barriers of capability'. According to him 'barriers of will' can be overcome by using hierarchic power, whereas 'barriers of capability' can be reduced substantially by knowledge, expertise and general know-how".[9] He further depicted, "that the most favourable condition to promote change in an organization is a situation where significant actors combine hierarchic and knowledge power in their interaction with potential innovators"[10]

Keith Davis gave three types of resistance to change by the employees. "Logical, based on rational reasoning and science; Psychological, based on emotions, sentiments and attitudes. Sociological, based on group, interest and value"[11]. According to him, "In a healthy organizational culture, there is less psychological and sociological resistance to change. This is because each employee is a secure and satisfied member of a cohesive team and therefore, does not feel threatened by the demand made on him while effecting a change. Change has become so rapid and all pervasive that an organization that fails to incorporate new ideas successfully often finds itself threatened with obsolescence. A special thrust is made by the science of organizational development to enable organizations to increase their adaptive and renewal processes"[12].

Krishnamurthy narrated the experience of the change process initiated at BHEL and emphasized the need to create an atmosphere in which all employees, irrespective of their status and functional background, could freely discuss and contribute their suggestions. "This gave the employees a sense of involvement and belonging to the organization thus raising their desire for innovation"[13]. He further stated that, "Another thing essential for bringing about a successful change in an organization is the development of a bias towards optimism. ……They (change agents) can act only when an organizational climate exists in which people are optimistic and feel psychological freedom in their innovative attempts and ideas"[14].

Damanpour *et al.,* indicated that, "High-performing organizations where innovation is a watch word, were characterized by participative human resource management policies and practices. The initiation stage of innovation is aided by freedom to pursue untried possibilities. Encouragement and presentation of change may be risky, particularly when the change is contrary to the accepted ways of doing things or thinking about how to do them or where the suggestion that something could be done better could imply a criticism of one's superiors and colleagues. Thus, for a variety of good reasons; people may be unwilling to be receptive to some of the potentially creative ideas which occur to them"[15]

Therefore, the HRM practices of the organization should be of an enabling nature, which will (i) generate a climate conducive to generate new ideas in the organization; and (ii) create opportunities of translating new ideas into innovative actions (through an adequate support system)[16].

Burt and his colleagues (1994)[17] and Sørensen (2002)[18] re-analyzed Kotter and Heskett's (1992) landmark study of 207 Fortune 500 firms. They explained that "Kotter and Heskett's measurement strategy leads a firm to be characterized as having a strong culture if other actors in its industry associate the firm with

a unique and common way of doing things, relative to other firms in the industry. This culture strength variable does not directly measure the extent to which there is consensus within the firm however." In other words, it is discussed that adaptive culture is very effective and the only solution to the problem but it should not be at individual level. Rather it should be relative to other firms in the industry.

Moreover the important factor that actually lead to receptiveness to change is not just adaptability but also divergent behavior to the already existing norms. Flynn and Chatman (2001)[19] stressed that receptiveness to change is more easier in the firms which accept divergence from its employees rather than discouraging it.

Cultivating a strong culture has often been viewed as a potential path to aligning employees with an organization's strategic priorities (Tushman & O'Reilly, 2002)[20]. Consensus and intensity about certain norms increase a group's efficiency and free members to concentrate on non-routine challenges (Hackman & Wageman, 2005)[21]. The existence of strong group norms and their predictable enforcement can increase a group's felt distinctiveness, commitment, and longevity (Rucker, Polifroni, Tetlock, & Scott, 2004)[22].

In a study of 759 firms, Tellis, Prabhu, 9 and Chandy (2009) found that radical innovations were more likely to emerge when an organization's culture had a higher risk tolerance, was future-oriented, and promoted cannibalizing existing products. Thus, when a culture is characterized by norms such as risk-taking, a willingness to experiment, taking initiative, and being fast moving, the strong normative order may promote what appear to be non-uniform behaviors—but which actually arise from adherence to a norm that promotes adaptability and learning

Other studies of culture and adaptability have emphasized the seemingly paradoxical need to promote both exploration or coming up with new product or process ideas and market opportunities, and exploitation, or implementing those new ideas in order to improve performance inherent in adaptability (O'Reilly & Tushman, 2013).

Aim of the Study

The paper proposes to study the degree to which employees perceive that bank policies are in consonance with the general environment and fully respond to the needs of customers while utilizing best technology and providing best services to them. Employees were asked to indicate the extent to which they received credit and appreciation for innovative suggestions that they gave rather than criticism from managers avoiding those ideas, which could disturb their existing power in the organization. It was also tried to investigate whether in general, employees prefer strict adherence to the laid down rules and procedures in the bank or do

think of new and innovative ideas for improvement.

Research Methodology

A sample of 334 employees were randomly selected from 5 public and 5 private sector banks in Punjab. 62% of the respondents were from Public sector banks and rest from private sector banks. Out of the total respondents 53% were male and the other 47% were females. So care was taken to take equal representation from the two genders. The respondents comprised of an equal representation from the two levels i.e. staff and managers. A self administered questionnaire was distributed which comprised of different organizational culture dimensions and receptiveness to change.

Difference between Receptiveness to change in Public and Private Sector Banks

Staff in private sector banks perceived a significantly higher receptiveness to change in their banks as compared to the staff in public sector banks. Employees were asked "Do you think management of your bank is ahead of time in planning about the future of the bank?" One of the employees in a private sector bank reported, "that our bank has a very good team in planning, marketing, retail, computers and budgeting. We always try to give something new to our customers". Whereas in public sector banks a staff member felt that "bank should prepare itself for the competition foreseen by private sector banks. Bank follows the concept of private sector banks in fulfilling client's need instead of planning its own concepts regarding this". Another employee stated that "bank is trying to adjust towards the modern banking system to meet competition from private sector banks. The bank staff, however, should be motivated to provide best service to the customer".

Managers in 'private' sector banks also found a similarly higher receptiveness to change in their banks as compared to their counterparts in public sector banks (Chi square=15.057, 1d.f). This indicated a highly significant difference between public and private sector banks with regard to receptiveness to change.

This difference between receptiveness to change in public and private sector banks might be attributed to the difference in the relative size of these two types of banks. Public sector banks being large in size are more likely to have bureaucratic structures that hamper responsiveness and flexibility and thus change is likely to be low. One of the employees in public sector bank explicitly declared, "that they have to follow the rules and regulations strictly while doing business, but private sector banks prefer getting more business than following the laid down procedures and rules".

A comparison between staff and managers revealed highly significant chi square values of 13.521 and 6.707 at 1 degree of freedom in public and private sector banks respectively. It was found that managers perceived significantly higher receptiveness to change

as compared to staff in both public and private sector banks.

Table 1
Receptiveness to Change in Public and Private Sector banks

Difference between Public and Private sector bank with regard to Receptiveness to Change (chi sq values)	
Staff	20.730**
Managers	15.0576**
Total	35.279**
Difference between Staff and managers with regard to Receptiveness to Change (chi sq values)	
Public sector banks	13.5211**
Private sector banks	6.707*
Total	20.978**

Degree of freedom =1 *
Significant at 5% level **
Significant at 1% level

Relationship etween Receptiveness to Change and Organizational Culture Variables

Work Orientation

It was found that in 'public sector banks' 'managers' that showed higher orientation to work found higher receptiveness to change (Chi square=13.589, 4d.f). The relationship was not found to be significant for managers in private sector banks as well as in case of staff in both public and private sector banks.

Organizational Goal Identity

Preeti Singh stated that conflict between the goal of an individual and that of the organization is an important factor leading to resistance to change[23]. A positive relationship was thus expected between organizational goal identity and receptiveness to change. The findings were in agreement in case of 'staff' in public sector banks and 'managers' in both public and private sector banks.

Employee Sociability

A positive relationship existed between employee sociability and receptiveness to change in 'public' sector banks. Employee sociability might play an important role in reducing the resistance on the part of employees to change in public sector banks. Further sociability could also raise their level of awareness with the changes in bank policies besides keeping them acquainted with the needs of the external environment. The relationship was not significant in 'private' sector banks.

Cooperation among Peers

It was expected that with higher cooperation among peers, employees might show higher receptiveness to change. The findings fully supported our presumptions in both public and private sector banks.

Interpersonal Trust

Pinchet stated that, "For proactive actions an atmosphere of trust and transparency must prevail"[24]. So a positive relationship was expected between receptiveness to change and interpersonal trust. The findings were in agreement in case of 'staff in public sector banks' only. In private sector banks relationship was not found to exist between interpersonal trust and receptiveness to change.

Team Orientation

In 'public' sector banks, employees found higher receptiveness to change with higher orientation to teamwork. In 'private' sector banks this relationship was found to be significant in case of managers but not in case of staff.

Table 2
Relationship between Receptiveness to Change and Other Organizational Culture Variables

S. No.	Variable	Chi Square Values for "Staff" in banks		Chi Square Values for "Managers" in banks	
		Public Sector	Private Sector	Public Sector	Private Sector
1	Work orientation	5.009	7.449	13.589*	3.614
2	Communication efficacy	5.7119	12.103*	7.782	8.563
3	Interpersonal trust	34.646**	5.712	8.809	7.949
4	Employee consultation in decisions	15.55**	7.07	16.311**	4.269
5	Relationship orientation	16.177**	18.08**	10.53*	5.22
6	Employee initiatives	16.028**	7.576	2.256	12.284*
7	Management's concern for employees	52.33**	10.42*	4.044	4.147
8	Opportunities for advancement	34.76**	12.96*	17.487**	5.572
9	Cooperation among peers	39.57 **	10.62*	39.78**	9.476*
10	Employee sociability	28.47**	7.599	11.382*	3.042
11	Team orientation	14.459**	3.724	16.20**	20.395**
12	Organizational goal identity	22.083**	8.823	15.05**	11.11*
13	Task orientation	27.79**	19.26**	4.787	23.146**
14	Union management cooperation	9.921*	--	13.50*	--
15	Job satisfaction	18.153**	6.919	24.943**	7.076

Degrees of freedom in all cases= 4   ** Significant at 1% level   *Significant at 5% level

Union Management Cooperation

A positive relationship was also found between union management cooperation and receptiveness to change in public sector banks. One of the employees declared that, "If unions in our bank join hands with management for development purposes, bringing a bigger innovative change is not a bigger issue"

Remarking An Analisation

Communication Efficacy

'Staff in private sector banks' perceived higher receptiveness to change with higher communication efficacy. The relationship was not found to be significant in case of staff in public sector banks and in case of managers.

Task Orientation

There was a positive relationship between task orientation and receptiveness to change in 'private' sector banks. Both staff and managers perceived a higher receptiveness to change with higher task orientation in private sector banks. In public sector banks, the relationship was significant in case of staff but not in case of managers.

Relationship Orientation

In public sector banks employees responded higher receptiveness to change with higher relationship orientation in their banks. In private sector banks this management style associated significantly in case of staff only.

Management's Concern for Employees

There was a significant relationship between management's concern for employees and receptiveness to change in case of 'staff'. The relationship was not significant for managers.

Employee Consultation in Decisions

Employee consultation in decisions associated significantly with the receptiveness to change in 'public' sector banks. In public sector banks, due to their relatively bureaucratic structures, decision-making power was probably decentralized resulting in increased hierarchical layers. This might have discouraged consultation of employees at lower levels in decisions. However, if given a boost, employee consultation could probably create a sense of involvement and belongingness among public sector staff to accept change with enthusiasm. The findings in public sector banks also supported those of Bennett[25] and French et al.,[26] who found employee participation as the important determinant of the employees' acceptance of change. The relationship was not significant in 'private' sector banks.

Opportunities for Advancement

A positive relationship appeared between opportunities for advancement and receptiveness to change in both public and private sector banks. Krishnamurthy also felt that "People are likely to accept change if they perceive an opportunity for their growth and development in the organization"[25]. Our findings supported the statement of Krishnamurthy.

Employee Initiatives

Chi square results further revealed a positive relationship between employee initiatives and receptiveness to change in case of staff in public sector banks. The relationship was not found to be significant for managers in these banks. On the other hand, in private sector banks the relationship between receptiveness to change and employee initiatives was significant in case of managers and not for staff.

Job satisfaction

In 'public' sector banks employees with higher satisfaction from their job expressed that they often received credit and appreciation for innovative suggestions and improvements and responded a

higher receptiveness to change. The relationship was not significant in 'private' sector banks.

Conclusion

To conclude chi-square analysis revealed that cooperation among peers and opportunities for advancement were significant determinants of receptiveness to change in public as well as private sector banks. Thus it is very important to create an environment of innovation and advancement so that the employees remain receptive to change. Employee sociability was probably found to play an important role in reducing the resistance of employees to change in public sector banks through chi square analysis. Regression analysis further showed this relationship to be significant in 'private' sector banks also.

Findings show that employee consultation in decisions, union management cooperation and relationship orientation related significantly with the receptiveness to change of employees in 'public' sector banks. It is revealed that 'staff in private sector banks' perceived higher receptiveness to change with higher communication efficacy. Chi square analysis showed that work oriented managers perceived higher receptiveness to change in 'public' sector banks but the relationship was not found significant through regression analysis. Further, chi square analysis showed that 'managers' who were highly identified with organizational goals found higher receptiveness to change in employees in both public and private sector banks.

In both public and Private sector banks receptiveness to change is a very pertinent issue because any organizational change that arises has major impact on banks and its operations and thus on the overall economy of the nation. Therefore it is suggested that the banks should work upon creating a conducive culture which encourages change and innovation and also empowers its employees at each level.

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