Key Factors Influencing Employee Response Toward Change: A Test in the Telecom Industry in India

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This paper was presented at the International Business Conference sponsored by the Center of Excellence in International Business of Northern State University, Aberdeen, South Dakota, USA. This research explored employee response toward change in hopes of creating a working model of influential factors affecting employee response toward change. Change initiatives include re-structuring; merger and acquisition; transfers; lateral moves; etc. A working model is offered to allow management within organizations undergoing change to predict the response of its employees with respect to the identified factors. The resulting instrument appears to be highly reliable and may assist organizations' change initiatives.

INTRODUCTION

Change is essential for survival in today's economy. In fact, in today's global environment, no organization can survive without change. 'Change' is very simple to define: 'replacing the old one with new', but it is incredibly difficult to achieve. Many corporate mergers fail not because of economic or financial reasons, but because two corporate cultures resist merging into a single cohesive whole. The problem with effective change is *implementation*.

Change Management means to plan, initiate, realize, control, and stabilize the change process on both the corporate and the personal level by handling obstacles carefully. Changes originate from two primary sources. Change may result from external or internal factors that are beyond the firm's control; or, change may result from planned and intentional implementation. Whatever the reason for change, employees are apt to resist it. Nonetheless, management cannot avoid change simply because of fear of employee or organizational resistance. Today's effective practices and procedures are certain to fail tomorrow so we must update our procedures and practices through effective change management.

Employees resist change because of fear of losing jobs, fear of additional tasks and responsibilities, and fear of adapting to 'the new order'. It has been said that employee resistance is energy waiting to be released. It is not something to be circumvented but, rather, something to be harnessed for greater results. Firms must strike a delicate balance between having employees feel the need to change and having them feel overwhelmed by change; otherwise the change will result in shock, denial, anger, strike, bargaining, depression, and the like. So it becomes important for management to analyze the factors that influence employee response towards change and to deal with them in a manner that facilitates the smooth incorporation of the change into the existing system. It is perceived that the change process always passes through seven phases. These seven phases of change are (i) shock and surprise; (ii) denial and refusal; (iii) rational understanding; (iv) emotional acceptance; (v) exercising and learning; (vi); realization; and (vii) integration. Only if change managers understand these phases of change, and only if they act accordingly, will they be able to successfully manage change processes without destroying employee's motivation and commitment.

The rate of change in management within organizations is growing at a rapid pace. A study by the American Management Association revealed that 84% of US companies were in the process of at least one major change initiative, while 46% said they had three or more change initiatives in progress (Peak, 1996). Organizations are under tremendous pressure to execute changes in management in order to survive in increasingly turbulent environments. Management scholars know that increasing the occurrences of change negatively affects productivity as employees resist the change efforts. Employees may be highly skeptical of planned change initiatives and both actively and passively resist change, resulting in unsuccessful change efforts, decreases in morale or productivity, and increases in turnover or subsequent organizational failures (Dervitsiotis, 1998; Eby *et al*., 2000; Greiner, 1992; Goldstein, 1988; Osterman, 2000). Conversely, effective management recognizes that positive employee response toward change is often vital to achieving organizational goals (Eby *et al*., 2000; Martin, 1998). Past literature has identified important employee responses for successful change efforts within organizations. Research suggests that successful implementation of planned change may depend on an environment that is conducive to innovation and change (Glover, 1993; Zammuto and O'Connor, 1992).

The authors of this study seek to identify and analyze the factors influencing employee response toward change. In order to identify the influencing factors, three large Information Technology companies operating in India that have recently implemented significant change were identified and analyzed. A relevant survey was conducted on each organization's employees to determine their feedback and responses.

LITERATURE REVIEW

Vakola and Nikolaou (2005) argue that good and effective relationships with employees are very important for formulating positive attitudes towards change and consequent success of a change initiative. They find that the most significant factor affecting employee attitudes toward change is occupational stress. The indicators of occupational stress are work relationships, work-life balances, overload, job security, control, resources and communication, pay benefits, and aspects of job. These factors may cause negative attitudes toward change and therefore inhibit change processes. They suggest that to ensure success of any change program, management must reduce occupational stress.

Lowder (2009) classifies the organizational change within four-level framework as processual change, functional change, cultural change and power change. Every change is likely to bring denials, anger, bargaining depression and acceptance. He argues that every adaptive leader must embrace a multi-dimensional paradigmatic perspective including systems approach and actors approach to create an adaptive work environment and ensure successful implementation of change.

Vithessonthi and Schwaninger (2008) try to establish a relationship between employee resistance to change and job motivation and self-confidence for learning and development and find negative relationship between employee resistance to change and job motivation while there self-confidence for learning and self development was not associated with employee resistance.

Zwick (2000) uses a unique firm-level data set of German firms and finds that employee opposition is not only related to institutional factors, psychological factors, or union activities but is closely related to business strategies, goals of innovation or change, and firm size and sector. He finds that employee resistance to change is less if the strategy of the business is differentiation and is more if the strategy is gaining competitive advantage by lowering costs and prices. He also finds that if the goal of change is to increase the performance of employees then resistance is greater compared to the situation when the goal is to increase product range by innovation. Lastly, employees oppose change less in smaller and computer software and technical consultancy sector as compared to other sectors.

The Change Environment

The general perception is that employees will display positive response towards the changes in management *after* they have been trained and have experienced the benefits of these changes. It has been suggested that individuals progress through phases of acceptance of change (Isabella, 1990; Kets de Vries and Miller, 1984; Janssen, 1982). That is, after a change has been introduced in an organizational system, employees tend to fear the unknown and demonstrate limited support for management and the proposed change effort. After training has been conducted and employees have had initial experiences with how the change initiative will impact them, they may demonstrate greater understanding and support of the change initiative. This research is focused on the interim period when sufficient training has not yet been provided or prior to the employees having clarity on the proposed or implemented changes. While the factors influencing employee response towards changes in management are seen as vital to successful organizational transformation, very few studies have gathered empirical data on employee response with respect to the critical factors before and after the change effort has been initiated in that organization.

Employee Resistance towards Changes

Millions of dollars are spent each year by corporations to increase profits through the implementation of new processes, updated systems, and acquisition of companies (i.e. “change”). It is becoming commonplace for corporations to readjust annual profit outlook due to lackluster results. Organizational and economic benefits sustained from restructuring projects are not only a result of a network of business processes and technologies; but also the acceptance and involvement of employees with respect to these changes. It is common knowledge that many employees will resist change. Their resistance and their choices influence the success of any organization’s change projects. Employee resistance has a great impact on productivity, employee morale, and ultimately employee turnover.

When change initiatives are implemented within an organization, employees may experience considerable anxiety about letting go of the known and moving to an uncertain future. People may be unsure whether their existing skills and contributions will be valued in the future. They may also have significant questions about whether they can learn to function effectively and to achieve benefits in the new situation (Tichy, 1993). This resistance to change can be divided into three main classifications: technical resistance, political resistance, and cultural resistance. *Technical resistance* is derived from the habit of following common procedures and the consideration of past effort in maintaining the status quo. *Political resistance* is a type of resistance that arises when organizational change threatens powerful stakeholders, such as top executives. Political resistance often arises due to an implied change in the allocation of scarce resources, such as capital, budgets, and quality employees. *Cultural resistance* takes the form of systems and procedures that reinforce the status quo, promoting conformity to existing values, norms, and assumptions about how things should operate (Cummings & Worley, 2005).

An area of focus for this study is employee resistance toward change. Change is a common occurrence within organizations and resistance to change is just as common. There are several types of resistance to change. Understanding these different types can help in understanding ways to reduce resistance and encourage compliance with change. Models used to analyze employee resistance to change are sometimes discussed at various organizational levels such as organization-level resistance, group-level resistance, and individual-level resistance (George et al., n.d.).

Organization-Level Resistance

Organization-level resistance includes resistance to change due to power and conflict, differences in functional orientation, mechanistic structure, and organizational culture. This type of resistance stems from *power and conflict* when a change initiative benefits one department within the organization while harming another department within the organization. Resistance to change due to differences in *functional orientation* occurs because employees or departments with different functions will see problems and issues differently, thus making it harder to come to an agreement regarding change. Resistance caused by the *mechanistic structure* of an organization occurs because employees working "within a mechanistic structure are expected to act in certain ways and do not develop the initiative to adjust their behavior to changing conditions". Resistance due to *organizational culture* occurs when change disrupts the values and norms within the organization's culture (George et al., n.d.).

Group-Level Resistance

Group-level resistance includes resistance to change due to group norms, group cohesiveness, and groupthink and escalation of commitment. When change alters interactions between group members due to changes in task and role relationships within a group, *group norms* are disrupted and resistance can occur. Resistance due to *group cohesiveness* occurs because members of a cohesive group wish to keep things such as members or tasks the same within the group. Resistance due to *groupthink and escalation of commitment* occurs because members ignore negative information, even when they realize that their decisions are wrong, in order to agree with each other, thus making a change in group behavior incredibly difficult.

Individual-Level Resistance

Individual-level resistance includes resistance to change due to uncertainty and insecurity, selective perception and retention, and habit. *Uncertainty and insecurity* can result in resistance when employees do not know what the outcome of the change will be. When employees direct attention to how the change will affect their department, their function, or them personally, they are exhibiting *selective perception and retention* as a type of resistance to change. Resistance due to *habit* occurs when employees are comfortable in their daily habits and do not want to alter.

Exhibiting Resistance to Change

The ways that employees exhibit resistance to change include passive resistance, active resistance, and aggressive resistance. Employees passively resist change when they harbor negative feelings and opinions. This may include "agreeing verbally but not following through, feigning ignorance, and withholding information" (Bolognese., n.d.). When an employee is actively resisting change, (s)he is actively opposing the change with more overt behavior such as participating in strikes or increased absenteeism. Behaviors that include attempts to block the change effort are classified as aggressive resistance to change. Signs of aggressive resistance may include subversion or sabotage. Aggressive resistance is rare and can become dangerous.

Positive Resistance

Resistance is often perceived negatively, and employees who resist are viewed as disobedient and obstacles the organization must overcome in order to achieve the new goals. In certain instances, employee resistance may play a positive and useful role in organizational change. Insightful and well-intended debate, criticism, or disagreement do not necessarily equate to negative resistance; but rather, may be intended to produce better understanding as well as additional options and solutions. De Jager (2001, p. 25) claims, "the idea that anyone who questions the need for change has an attitude problem is simply wrong, not only because it discounts past achievements, but also because it makes us vulnerable to indiscriminate and ill-advised change".

Piderit (2000) points out that positive resistance by employees may be withheld as a result of an employee's ethical principles or by desire to protect the organization. However, positive resistance from employees may force management to rethink or reevaluate a proposed change initiative. It also functions as a filter which can help organizations choose from all possible changes the one that is most appropriate to the current situation. According to de Jager (2001), "resistance is simply a very effective, very powerful, very useful survival mechanism" (p. 26). Folger & Skarlicki (1999) claim "that not all interventions are appropriate as implemented -the organization might be changing the wrong thing or doing it wrongly. Just as conflict can sometimes be used constructively for change, legitimate resistance might bring about additional organizational change" (p. 37).

Transition and Transitional Phenomena

The process of change is simply moving from the current way of doing things to a new and different way of doing things. Bridges (1991) believes that it isn't the actual change that individuals resist, but rather the transition that must be made to accommodate the change. He states, "change" is not the same as "transition". Change is situational: the new site, the new boss, the new team roles, the new policy, a new culture, etc. Meanwhile transition is the psychological process people go through to come to terms with the situations and new environments. Change is external while transition is internal. Unless transition occurs, change will not.

The theory of transitional phenomena provides valuable insight into organizational re-structuring and employee resistance. It explains that change will occur spontaneously only when people are prepared to relinquish what they hold dear for the purpose of acquiring something new or if they can find a way to bring that which was valued in the old into the new. The organization must assist its employees in "letting go" of the current way and moving forward to the new way. Apart from that, the theory of transitional phenomena also suggests that in situations of voluntary change the person doing the changing must be in control of the process.

Managing the Change Management

Change is essential for survival in today's economic environments. To be successful with change efforts, organizations will do well to circumvent negative employee resistance to change. When negative forms of resistance to change exist, organizations and employees are left in a conflicting environment. There are various measures and actions that an organization's leadership can take in order to reduce resistance due to uncertainty and insecurity. This type of resistance can be countered with education and communication (Kotter, n.d.). Management must explain why the change is needed, identify the benefits of the change to individuals and departments, and be willing to answer all questions as they arise. Topics regarding the change that must be covered are why, what, when, where, and how (Woldring, n.d.). Communication between management and employees can occur in the form of discussion groups, memos, formal reports, scheduled meetings, one-on-one meetings, etc. It is equally important for management to ensure that the employees have clear understanding after the educational and communication activities; education and communication has little value without understanding.

If management does not understand, accept, and make an effort to work with resistance, it can undermine even the most well-intentioned and well-conceived change efforts. Coetsee (1999, p. 205) states "any management's ability to achieve maximum benefits from change depends in part of how effectively they create and maintain a climate that minimizes resistant behavior and encourages acceptance and support". Studies show that the change associated with an initiative or project implementation will impact how stakeholders perceive their role.

In the initial stages of any change process, expectations or impressions are created based upon the perceptions of benefits as a result of the transformation. From these expectations, employees will seek clarification of how the change initiative will impact them and their work group. Should they face negative perceptions due to inappropriate answers, their productivity will begin to diminish. The lack of information or the presence of misinformation will cause them to fill in the blanks for themselves with information that may or may not be factual, thus creating barriers to the change. On the other hand, should their questions be addressed effectively and they see how they will eventually fit into the solution, their perception would be positive which leads to an increase in productivity.

Generally, employee resistance can be easily managed by knowing the factors for employee resistant. There are four main factors that cause employees to resist change:

1. employees are usually unaware of the change initiative;
2. employees do not understand how the change will affect them

3. employees are worried how the transformation may change their roles and responsibilities; and,
4. Employees are concerned if they will be able to master the needed skills and knowledge to perform in the changed environment.

Thus, based on these four factors, top management can actively play the role in assisting the employees to cope with the changes. Basically, management can communicate the change measures and how the change will affect the employees. The necessary training, skills, resources, and other materials should also be prepared in order for the affected employees to cope with the changes. This is especially true if the transformation will change their roles and responsibilities. Such training and assistance can be offered via a proven change management program with a proven change management methodology that will reduce employee resistance. This can help lessen any dip in employee productivity.

Employees can also participate in four stages of engagement. The outcome is that each impacted stakeholder group is empowered to develop their own change implementation plan. These four stages of engagement are (i) Ready - Engage us to be Ready; (ii) Set - Set my direction; (iii) Go - Go – Develop my Skills; and (iv) Perform - Continuously Perform.

At each stage of engagement, the change affecting each stakeholder group and the relevant change components are analyzed. Appropriate change activities for that stage and that stakeholder group are determined. These four stages utilize eight change components: *Executive Sponsorship & Stakeholder Management, Team Readiness, Organization Change Readiness, Communication, Organization Design and Transition, Education and Training, Engaging Ownership, and Performance Readiness.*

Implementing the eight change components in conjunction with the stages of engagement will result in stakeholders building a comprehensive understanding of the following key aspects of managing change:

- Why changes are needed and how employees and the business will be impacted.
- Why, when, and how the changes will be implemented.
- Importance of checkpoints to monitor and adjust the plan accordingly based upon employee awareness and understanding of the required changes.
- Social, process and technical skills education and training required to be successful in the new business environment.
- Establish readiness criteria to determine if employees have developed the skills and knowledge to operate effectively in the new business environment.
- Metrics designed to align desired performance and behavioral changes with business objectives to ensure benefit sustainability and continuous improvement.

These action items are examples of some of the activities that management can use to engage their employees in order to cope with the challenges of resistance toward change.

Problem Formulation

The twenty first century has seen almost all organizations undergoing some kind of change varying from re-structuring, downsizing, retrenchment, layoffs, merger and acquisition, and even bankruptcy. These changes will mainly affect the employees within that organization. Many employee-related matters do not remain unchanged or become unclear such as job security, employee benefits, changes in job scope and work processes, and multi-tasking. Such changes will often create anxiety and uncertainty among employees. Generally, people naturally refrain from moving out of a current position especially if they feel comfortable in such positions. People resist change due to fear of the unknown, uncertainty due to any form of changes, and fear of moving out of comfort zones. This fear often creates resistance among the employees.

For this study, six demographic factors have been selected as variables that influence employee response towards change. The six factors are (1) Gender; (2) Age; (3) Income; (4) Years of service to the organization; (5) Academic qualifications; and (6) Job position. This research is guided by a specified time-frame. Generally, the change in management has an impact on the employee for a specific time frame only. It may not be a lasting impact because employees are either able to adapt to these changes or they may voluntary or involuntary separation if they are unable to cope with the changes.

Organizations that experience a change in management usually take the first year to analyze its current policies and practices, plan its counter measures, and execute the new changes in the management. The next three to four years would be crucial to this research as the employee response (whether positive or negative) toward the change initiative would be very significant during this period. Therefore, in order to ensure the validity of this research, the analysis is carried out on the sampled organizations that have experienced changes in management within the last five years. However, the specified time-frame is very subjective and heavily depends on the type of changes introduced, characteristics of individual employees, compatibility of the companies involved in the merger and acquisition, leadership style of the new top management, and other factors.

The research is subject to certain boundaries. For example, the degree of changes in management may differ from organization to organization which influences employee response. However, the authors maintain that the current research serves is a valid contribution as it enables other organizations to predict and anticipate employee behaviors and responses should the organization experience change initiatives.

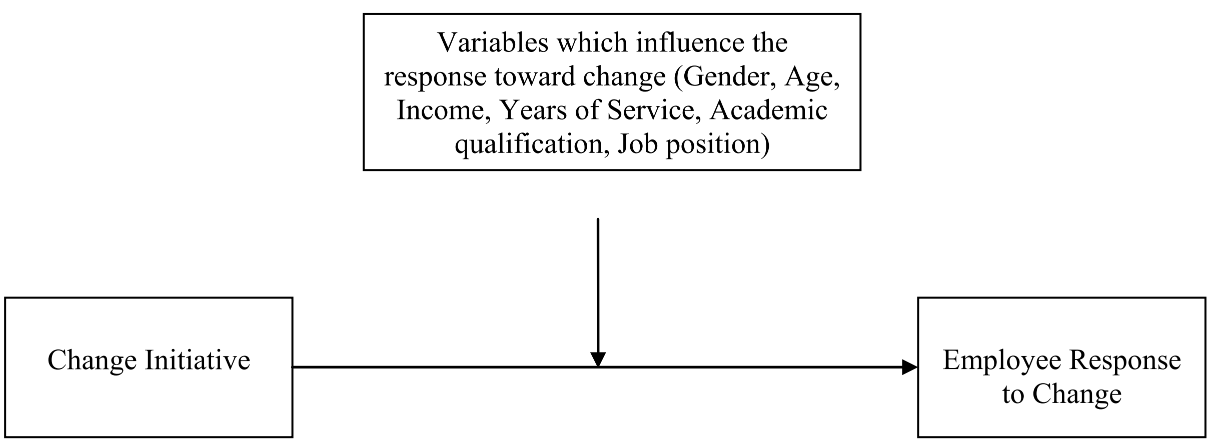
Research Question

Can a reliable instrument be designed to measure demographic factors such as Gender, Age, Income, Years of Service, Academic Qualifications, and/or Job position and correlate those variables' influence on employee response toward change initiatives in their organization?

Research Objectives

1) To determine if gender is a reliable variable in employee response toward change.
2) To determine if age is a reliable variable in employee response toward change.
3) To determine if income level is a reliable variable in employee response toward change.
4) To determine if years of service is a reliable variable in employee response toward change.
5) To determine if academic qualifications is a reliable variable in employee response toward change.
6) To determine if job position is a reliable variable in employee response toward change.

Theoretical Framework & Hypotheses



Based on the presented theories and research materials, a conceptual framework is presented above and designed as such that positive response occurs when employees are able to adopt and accept the change initiative in their organization. Alternately, negative responses are classified as when employees' resist change in their organization.

METHODOLOGY

The data for testing the instrument was collected using a close-ended survey divided into two main sections. The first section consisted of six independent variables which are hypothesized as affecting employee response to change initiatives. The second section measures employee perceptions across several variables. There are 18 questions in the second section that cover areas such as job satisfaction, working environment, relationship with the management, motivation, benefits and remuneration, stress and the like.

Almost every organization undergoes transformation in order to remain or survive in the business. Some of these changes are unavoidable and present few, if any, alternatives. Some change efforts – such as mergers or acquisitions – create management changes within an organization. Changes in management usually result in changes in leadership styles and organizational cultures which directly impact employees. Other significant changes directly affecting an employee include employee transfers or other movements within an organization. Interdepartmental employee transfers result in new direct management for the employee. Other forms of change that can directly impact an employee include changes in top management, restructuring, downsizing, strategy deployment, quality-driven change, technology change, culture change, business expansion, and the like. In order to test the theoretical model described in this paper, a specific industry and country were identified and described herein.

Introduction of Telecommunication in India

The `telecom revolution', which arrived in India in the 19th century, continues with great momentum in the 21st century. India's 21.59 million-line telephone network is the largest in Asia, 3rd largest among emerging economies (after China and Republic of Korea), and the 12th largest in the world. India's telecom network comprises of 27,753 telephone exchanges. The total number of stations connected to National Subscriber Dialing (NSD) is over 18,000 and this is increasing quickly. Yet the present tele-density is very low at about 2.2 per hundred persons, offering a vast scope for growth. In the field of International communications, tremendous progress was made by the use of Satellite Communication and submarine links. It is therefore not surprising that India has one of the fastest growing telecommunication systems in the world with system size (total connections) growing at an average of more than 20 percent over the last 4 years.

The telecommunication companies in India have witnessed stupendous growth over the last eighteen years due to the liberal economic policy adopted by the government of India. The economic renaissance affected in the early 1990s brought around a paradigm shift on the overall business scenario of India. The telecommunication companies in India went through a huge make-over during the implementation of the open-market policy of India. The erstwhile closed market policy was replaced by a more liberal form of economic policy. A whole new form of Indian Telecommunication Policy was drafted to compliment the change effected in the economic policy of India. The amendment affected the new telecommunication policy of India and made huge changes with respect to investments and entry of Foreign Direct Investments (FDI) and Foreign Institution Investors (FII) into the virgin Indian telecommunication market. This resulted in a proliferation of private, domestic, and foreign telecommunication companies in India. The economic contribution made by these newly formed telecommunication companies of India is worthy of mention as this industry witnessed accelerated growth along with the Indian Information Technology industry. The robust growth of the Indian economy after the economic liberalization in the 1990s induced massive changes in telecom policies by the 'Telecom Regulatory Authority of India' (TRAI) and 'Department of Telecommunication' (DOT), under the Ministry of Telecommunication of India. The main aim of these telecommunication companies in India is to provide basic telephony services to each and every Indian.

With the advent of private telecommunication companies in India, the industry witnessed introduction of mobile telephones into the Indian market and it quickly became popular among the Indian population. Today two types of mobile phone service providers operate in the Indian market: Global System for Mobile Communications (GSM) and Code Division Multiple Access (CDMA).

The main binding objectives for all the telecommunication companies operating in India are:

- To facilitate telecommunication for all,
- Ensuring quick availability of telephone connectivity,
- Achieve universal service access at affordable prices covering all Indian villages,
- Providing world class telecommunication services,
- Solving consumer complaints, resolving disputes, and paying special attention to public interfaces,
- To provide the widest possible range of services at reasonable prices,
- To emerges as a major manufacturing base and major exporter of telecommunication equipment, and
- To protect the defense and security interests of the country.

Three types of service providers exist in the Indian telecommunication sector:

- State owned companies such as *Bharat Sanchar Nigam Ltd*; *Videsh Sanchar Nigam Ltd*; and *Mahanagar Telephone Nigam Ltd*
- Private Indian owned companies such as *Reliance Infocomm* and *Tata Teleservices*
- Foreign invested companies such as *Hutchison-Essar*; *Bharti Tele-Ventures*; *Escotel*; *Idea Cellular*; *BPL Mobile*; and *Spice Communications*.

This research is to test a theoretical model of factors influencing employee resistance towards change management. The authors selected three telecommunication companies operating in India. These companies were selected because they experienced a significant change initiative within the last five years at their respective organization. The three companies selected to be suitable for this research are: Hutchison-Essar, Idea Cellular, and Reliance Infocomm.

Hutchison-Essar

Hutch India is now known as Vodafone limited. Vodafone, in joint collaboration with the Essar group, is registered as Vodafone Essar Limited. Vodafone started operations in India in 1994 when Hutchinson Telecom group acquired the cellular rights in Mumbai. Known as one of the 'most respected telecom companies' and the 'best mobile service in the country', it has operations in 16 circles with almost 50 million customers. Vodafone is the world's leading telecom company and has operations in several countries. Vodafone India provides various services to Indian customers. It has also created headlines recently with the launch of Apple iPhone 3G service. On June 15, 2007, The Vodafone-Hutchison Essar integration process was finalized. UK's Vodafone picked up Hong Kong-based Hutchison Telecommunication International's stake of 52% in Hutchison Essar. The new board includes eight nominees from Vodafone and four from the Essar Group. Mr. Ravi Ruia of the Essar Group is Chairman, Mr. Arun Sarin, CEO of Vodafone, is Vice-Chairman, and Mr. Asim Ghosh is Managing Director. The other six nominees from the Vodafone side are Mr. Paul Donovan, Mr. Gavin Darby, Mr. Vittorio Colao and Mr. Robert Barr. Mr. Analjit Singh and Mr. C.R. Dua are independent directors. The major change in management is

- Ravikant Nandkishore Ruia is the new Chairman of Vodafone-Essar. Mr. Ravi was earlier Non-Executive Chairman of Hutchison Essar Ltd. He was responsible for setting up overseas ventures of Essar Group. He is connected with several industry and trade associations both at the national and bilateral level.
- Mr. Arun Sarin took over as vice - chairman of Vodafone-Essar. Earlier, he was the Chief Executive Officer of Vodafone Group PLC from July 30, 2003. He was the Chief Executive Officer at Accel-KKR. Prior to working with Accel-KKR Telecom, he served as the Chief Executive Officer and the President at InfoSpace, Inc. from April 2000 to January 2001 and served as the Vice Chairman beginning in May 2000. He also served as the President and the Chief Executive Officer of AirTouch International from April 1994 to June 1999.

- Mr. Asim Ghosh took over as Managing Director of Vodafone-Essar. Beginning in 1998, he served as the Chief Executive Officer of Vodafone India, a subsidiary of Vodafone Group plc. Mr. Ghosh had been Managing Director of Hutchison Max Telecom Private Limited, an operating company of Hutchison Telecommunications International Ltd. He serves as Managing Director of Vodafone Essar Ltd., (formerly Hutchison Essar Ltd.) and served as its Chief Executive Officer. Mr. Ghosh obtained a Bachelor of Technology in Electrical Engineering from Indian Institute of Technology, Delhi, and an MBA from Wharton Business School in the USA.

Idea Telecommunications Limited

Idea Telecommunications Limited was incorporated on December 16, 1997, as Escorts Gleneagles Health-Care Private Limited. It became a public limited company on March 31, 2000 and its name was changed to Escorts Telecommunications Limited on November 16, 2000. The Company acquired the shares of Idea Telecommunications Limited on June 28, 2006 and subsequently on August 1, 2006, its name was changed to Idea Telecommunications Limited. It is among the leading mobile operators and currently operates in 11 circles in India. In addition, the company holds licenses for the Metropolitan Circle of Mumbai and the category C Circle of Bihar. It is ranked among the top three operators in six of the Established Circles and currently one of the fastest growing mobile operators. Idea has consistently grown in the established circles and new circles with an increasing market share. They have an experienced and well-positioned GSM service provider with original licenses in seven 13 circles. Idea has a history of expanding, integrating, and rebranding circles.

The competitive strengths of this company include attractive existing footprint; a critical mass of 12.44 million subscribers; strong distribution channels; high quality network structure; a national brand; and part of the Aditya Birla Group. Further, it is well positioned to grow in the rapidly expanding Indian telecommunications industry due to its growth strategies of building on its strong position in established circles; deriving synergies and economies of scale from an expanding operation; building a meritocratic organization with a strong focus on people; and focusing on customer service to enhance brand appeal.

The change initiative stems from the major change in the management, which is as follows.

- Dr. Kumar Mangalam Birla, aged 39, Chairman of the Aditya Birla Group, was appointed as Chairman in June 2006. He is also a director on the board of the Aditya Birla Group's international companies spanning Thailand, Indonesia, Malaysia, the Philippines, and Egypt. He is a director of the Central Board of Directors of the Reserve Bank of India; Chairman of the Advisory Committee constituted by the Ministry of Company Affairs; member of the Prime Minister of India's Advisory Council on Trade and Industry; Chairman of the Board of Trade reconstituted by the Union Minister of Commerce and Industry; member of the Government of Uttar Pradesh's High Powered Investment Task Force; member of the National Council of the Confederation of Indian Industry (CII); and member of the Apex Advisory Council of the Associated Chambers of Commerce and Industry of India.
- Mr. Sanjeev Aga, aged 54, was appointed Managing Director of the Company for a period of five years beginning November 1, 2006. Mr. Aga has previously been the Managing Director of Blow Plast Limited; Marketing Manager of Jenson and Nicholson Limited, Chellarams (Nigeria); and Regional Sales Manager of Asian Paints.
- Mrs. Rajashree Birla, aged 61, was appointed to Idea's Board of Directors in June 2006. She is a director on the boards of all the major Aditya Birla Group international companies spanning Thailand, Indonesia, Philippines and Egypt. Mrs. Birla is a member of the prestigious Tirumala Tirupathi Devasthanams Development Advisory Council. As a patron of arts and culture, Mrs. Birla heads the "Sangeet Kala Kendra", as its President.
- Mr. Debu Bhattacharya, aged 58, was appointed to Idea's Board of Directors in June 2006. Managing Director of Hindalco Industries Limited, Mr. Bhattacharya is the honorary President of the Aluminium Association of India and a director of the Fertilizer Association of India and also the Chairman of the National Committee on Non Ferrous Metals, Confederation of Indian

Industry. Mr. Bhattacharya is also the recipient of the prestigious "India Business Leader of the Year Award (IBLA) 2005" and "The Asia Corporate Citizen of the Year Award 2005". Prior to joining the Aditya Birla Group, Mr. Bhattacharya was working for Unilever during which time he held several key positions and worked in several roles in its Indian and overseas operations. He led the chemical business of Unilever in India before moving to the Aditya Birla Group.

- Mr. Saurabh Misra, aged 59, was appointed to Board of Directors in June 2006. Mr. Misra has over 35 years of experience in management and was the Deputy Chairman of ITC Limited before joining the Aditya Birla Group. Mr. Mohan Gyani, aged 55, was formerly President and the Chief Executive Officer of AT&T Wireless Mobility Group and has considerable telecommunications and GSM-based industry experience. He holds an MBA in finance from San Francisco State University. Mr. Gyani led AT&T Wireless Service's domestic voice and data mobility businesses, focusing on completing the expansion of the company's footprint across the United States and accelerating growth, particularly in the wireless data business. Prior to its merger with Vodafone, Mr. Gyani was Executive Vice President and Chief Financial Officer of AirTouch Communications.
- Mr. Arun Thiagarajan, aged 62, was appointed to the Board of Directors in September 2006. Started his career with Asea AB Vasteras, Sweden in 1969, he became Managing Director of Flakt India Limited (previously SF India Limited), Calcutta. He has been active in the Confederation of Indian Industries, having been Chairman of the CII National Committees on Technology, IT and Quality.
- Ms. Tarjani Vakil, aged 70, was appointed to Board of Directors in September 2006. She retired as chairperson and Managing Director of Export Import Bank of India in October 1996. She has 40 years of experience in the field of Finance & Banking. She was the first lady to head a financial institution in India. She has several awards to her credit. She placed among the top 50 women executives worldwide by a KPMG survey in 1966.

Reliance Communications

Reliance entered telecommunications space when the sector was opened up for private participation in the 1990s under the leadership of Dhirubhai Ambani. On December 30, 2008, Reliance Communications became the first telecom operator in the history of Indian telecommunications to simultaneously launch its GSM services in 15 circles thereby establishing itself as a pan-India operator. It had already operated GSM services in 8 circles. Today, Reliance Communications is India's largest information and communications services provider with over 20 million subscribers, and offers the full range of integrated telecom services—at prices that are, by far, the lowest anywhere in the world. It is ranked among India's top three private sector business houses in terms of net worth. The following changes were noted.

- Regarded as one of the foremost corporate leaders of contemporary India, Shri Anil D Ambani, 48, took over as Chairman of Reliance Telecommunication on June 26, 2005. He is the chairman of all listed companies of the Reliance ADA Group. He is also Chairman of the Board of Governors of Dhirubhai Ambani Institute of Information and Communication Technology, Gandhi Nagar, Gujarat. He is credited with having pioneered a number of path-breaking financial innovations in the Indian capital markets. He spearheaded the country's first forays into the overseas capital markets with international public offerings of global depositary receipts, convertibles, and bonds. He is a member of the Wharton Board of Overseers, Wharton Business School, USA; Central Advisory Committee, Central Electricity Regulatory Commission; Board of Governors, Indian Institute of Management, Ahmedabad; and the Board of Governors Indian Institute of Technology, Kanpur. In June 2004, he was elected for a six-year term as an independent member of the Rajya Sabha, Upper House of India's Parliament (a position he chose to resign voluntarily on March 25, 2006).
- Shri Deepak Shourie was appointed as independent director of Reliance on May, 2006. He has more than 37 years experience with an emphasis on media, consumer goods, and corporate

affairs. He is presently holding the position of EVP and managing director of Discovery Communication India.

- Shri S.P.Talwar and Prof. Ramachandran were appointed as directors in February 2006. Prof. Ramachandran is BOC Chair Professor of Business Policy at the Indian Institute of Management, Bangalore. A qualified Chartered and Cost Accountant, Professor Ramachandran obtained his doctorate from the Indian Institute of Management, Ahmedabad. His major research interest is in the area of internationalization of firms from emerging economies. A former member of the Board of Governors of the Indian Institute of Management Bangalore, Professor Ramachandran has been the Harry Reynolds Visiting International Professor at the Wharton Business School, USA; and a Visiting Professor at INSEAD, Fontainebleau, France and the Carlson School of Management, University of Minnesota, USA.

The research was carried out in the above three telecommunication companies operating in India. As highlighted above, all three companies have recently experienced change initiatives at the executive level in their respective organization.

SAMPLING & DATA COLLECTION

The target population for pretesting the developed instrument was selected in order to ensure a representative mix of the six independent variables. The survey was handed out to employees by batches at their respective office at different intervals in order to not interrupt daily business operations. The respondents were briefed on the purpose of this research and they were ensured that their responses would be treated confidentially. In total, there were 153 completed samples.

The data obtained from the pretest was analyzed using SPSS. The reliability of the instrument was highly significant with a Cronbach Alpha of 0.796. This is very encouraging as it is above the "acceptable" threshold of 0.7. In performing the frequency analysis, it was determined that the six independent variables were well represented in the initial sample. The tables below illustrate the representation of the six independent variables. As can be seen, each category of the respective independent variable was properly represented.

TABLE 1
DEMOGRAPHIC FREQUENCIES

		Total	**Percent**
Gender	**Male**	81	52.9
	Female	72	47.1
	Total Responses	**153**	**100.0**
Age	**Below 20**	24	15.7
	20 – 30	48	31.4
	30 – 40	36	23.5
	40 - 50	31	20.3
	Above 50	14	9.2
	Total Responses	**153**	**100.0**
Income	**Below Rs. 5000**	15	9.8
	5000 - 10000	29	19.0
	10000 - 20000	36	23.5
	20000 - 30000	38	24.8
	30000 - 40000	27	17.6
	Above Rs 40000	8	5.2
	Total Responses	**153**	**100.0**

Duration	**Below 1 Year**	1	.7
	I year - 2 year	30	19.6
	2 year - 5 year	51	33.3
	5 year - 10 year	41	26.8
	Above 10 years	30	19.6
	Total Responses	**153**	**100.0**
Qualification	**Under Grad.**	11	7.2
	Graduate	72	47.1
	Post Grad.	45	29.4
	Professional	25	16.3
	Total Responses	**153**	**100.0**
Status	**Non-Executive**	37	24.2
	Executive	43	28.1
	Front Line Mgr.	36	23.5
	Mid level Mgr.	29	19.0
	Senior Mgr.	8	5.2
	Total Responses	**153**	**100.0**

DISCUSSION AND LIMITATIONS

The subject of change management in organizations is very wide and versatile. There are numerous types of changes that can be implemented in an organization. Organizational restructuring is but one type of change that organizations and employees face. However, the methods of implementation can vary greatly. For example, downsizing, retrenchment, job rotation, and transfers, are some examples of organizational change. Each of these methods has its own benefits and effects based on employee resistance. A restructuring process is also very industry-dependent. For example, the technology industry is more susceptible toward changes since the life cycle of these products evolves rather quickly. Employees in such an industry are more familiar with the need for change as compared to employees in more stable industries such as food services where changes take place at a slower pace. As a result, employee resistance is also dependent on the degree of familiarity of employees toward change.

Competency in effective change management facilitates a smooth transition from the old to the new. The process of change management consists of getting those involved and affected to accept the introduced changes as well as manage any resistance to them. This process includes communication, education, training, motivation, assurance, rewards and compensation.

Limitations

Since this research was performed on three particular companies in the telecommunication industry, the findings may not be generalizable to the greater population. Another limitation of this research is in the difficulty of obtaining organizations that meet the predefined requirement of having undergone a significant change initiative within the last five years. There are companies that have unions representing its employees. In such companies, the levels of employee resistance may vary greatly as compared to companies whose employees do not have union representation. This is because the employees will be well represented and the general rule applies where “many voices is louder than one voice”. Positive resistance is also more effective via unions. Therefore, this project paper could be improved further by carrying out research to distinguish the difference of employee resistance in companies with and without employee unions.

CONCLUSIONS AND RECOMMENDATIONS

Employee resistance toward change initiatives is a challenging issue faced by management in the constantly evolving organizations of today. The re-structuring process of change is ubiquitous and employee resistance is one of the most critical contributors to the failure of many well-intend and well-conceived efforts to initiate change within the organization.

In many cases, vast amounts of resources are utilized by organizations on employees to transform new ways of achieving desired goals. Naturally, most employees resist change especially if it disrupts their convenience, comfort, and norms. This is the challenge that management must overcome in order to bring about desired change. Management must also seriously take into account and consider the myriad of problems that may result if they are not responsive to issues of resistance in the workplace.

With a Chronbach Alpha of 0.876, the authors feel that the theoretical model, the instrument, and the methodology are valid means to measure employee acceptance of change initiatives. Further application of the proposed model, instrument, and methodology are necessary to continue the discussion surrounding this complex issue. As of this writing, few quantifiable and applicable tools (instruments) are available to assist management when initiating and managing a change effort within their organization. The presented instrument has been tested for reliability and has proven to be highly reliable. A next step for this discussion would be to test the validity and correlate the demographic variables with the outcome of change initiatives.

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