THE DRIVERS OF CHANGE: A SAMPLE STUDY ON TATA MOTORS

J. Sowmya Rao *, G. Vijayasri Prasad **

*Associate Professor, St.Peter’s Engineering College, Hyderabad-14.A.P. India.
**Associate Professor, St.Peter’s Engineering College, Hyderabad-14.A.P. India.

ABSTRACT

Change management is the process during which the changes of a system are implemented in a controlled manner by following a pre-defined framework to some extent, undergoing reasonable modifications. It is the process of developing a planned approach to change in an organization. Typically the objective is to maximize the collective benefits for all people involved in the change and minimize the risk of failure of implementing the change. The discipline of change management deals primarily with the human aspect of change, and is therefore related to pure and industrial psychology. The field of change management grew from the recognition that organizations are composed of people and the behaviours of people make up the outputs of an organization. This article focuses on how the concepts, strategies, competencies and different drivers of change are adopted by organizations. The sample study highlights the different change strategies adopted by TATA MOTORS in gaining competitive advantage in the market.

KEYWORDS: Change Management, Drivers, Organizational Potential, Competence, Coalition.

INTRODUCTION:

In the corporate arena, the process of managing change is, quite aptly, known as change management. It is a structured approach to transitioning individuals, teams and organizations from a current state, to a desired future state. Put simply, change management is planned change. It has long been suggested that if it’s not broke, don’t fix it. However, as our understanding of change has developed, we have come to the realization that constant change is a prerequisite to success, making ‘it’s not broke, fix it anyway’ a more apt adage when pertaining to business. [1]

Because, failure to change, is failure to adapt to the ever-changing needs of a global marketplace. If an organization fails to adopt change, it encourages the competitors to conquer the precious market share. [10]

What is change Management?
Change management is the art of influencing the majority to positively accept and commit emotionally to the change. Many of the issues arising as a response to change can be real or perceived and are closely related in a cause and effect network. Either way, they need to be addressed to avoid resistance or rejection of the change. This requires a combination of communication, understanding, mentoring, training and general support with the aim of building trust. Keeping in view the above, the management should identify the change in strategies and locate the areas of coordination to reap the fruits of the market.

FOUR C’S OF CHANGE MANAGEMENT:

Comfort: People are creatures of habit and develop patterns of working within a comfort zone of daily activities.

Control: Changed practices may cause a loss of control over daily routines and activities. This may come through changed reporting lines or responsibilities which can evoke a level of discomfort.

Confidence: The introduction of new practices may undermine employee confidence in their ability to perform. Some may accept this as challenge, for others it can be stressful.

Competence: To be able to operate in a changed work environment there is always an element of re-skilling required. This necessarily means that current skills, often developed over an extended period of time will need updating or may become redundant. This uncertainty can impact on an employee's competence and ability to perform.
Factors of Change:

The origin of the change is linked to the realization of a gap between an organization's goals and the means of achieving those goals, i.e. the business operation.

The following are those factors that lead to this realization: \[8\]

- **Technological development**: the company realizes that its operations are inadequate in relation to the current technological environment.
- **Change in strategy**: the company refocuses or expands its core business due to market constraints, competition or shareholders.
- **Change in culture**: the company realizes that there is a shift or evolution in values and business culture.
- **Regulatory constraints**: the company must adapt to current legislation.

Organizational changes are not simply the journey from point A to point B. Many barriers will need to be passed in this process. One of the biggest barriers is resistance that is sub-component on every organizational change. Managers should have known that there are always people that will resist of a change process. Efficiency and effectiveness of a change process are in direct relation with resistance and successfully dealing with that resistance. \[6\]

In every organization, there are four types of people accordingly to their response to change:

- People that are initiators of changes.
- People that accept changes.
- People that are indifferent towards changes.
- People that not accept changes.

People do not belong to one category. It is more likely that they resist to some changes, and again accept or initiate other changes. \[7\]

**CHANGE MANAGEMENT AT TATA MOTORS:**

Tata Motors marks the biggest turnarounds in the history of Indian Automobile Manufacturing industry which happened in 2001. This success story of Tata Motors can be entirely attributed to the timely change adopted by the Tata’s and the then M.D Ravi Kant who led the change. \[4\][7]

Today Tata Motors ranks as the world’s fifth-largest manufacturer of medium and heavy trucks—it has a 65.3 percent domestic market share in this segment—and has taken the number-two position for sales of passenger vehicles in the Indian market. \[5\] It was predominantly a manufacturer of commercial vehicles, and that is a very cyclical business. The commercial-vehicle market in India shrank by more than 40 percent, with massive consequences for both the top and, more particularly, the bottom lines of the company. The 5 billion rupee loss in 2001 was the first time something on this scale had happened in the company’s history, and it really shook everybody within the organization.
They tried to understand what had gone wrong and wanted to create a path for the future to ensure that they never got into such a situation again. So in 2001 they decided on a recovery strategy that had three distinct phases, each of which was intended to last for around two years—six years in all.\(^4\)\(^5\)

**Phase one** was intended to stem the bleeding. Costs had to be reduced in a big way, and that was going to be a huge challenge for a company that was not only the market leader but had been used to operating in a seller’s market and employing a cost-plus approach to pricing.

**Phase two** was to be about consolidating their position in India, and

**Phase three** was to involve going outside India and expanding their operations internationally.

**TATA NANO SWEEPING CHANGE**\(^4\)

Tata Nano, the new model introduced by Tata motors, hailed as *"the people's car"*, is an amazingly cheap car. With a price tag of US$ 2500, Tata Nano is indeed an affordable middle class family car. Tata Nano is a dream comes true for an average Indian. His /her ideas about owning and driving a car will become a reality soon. An analysis of the new car seems necessary as it is bringing mobility to the masses in an efficient and economic manner.

**Achieving the cost objective:**
Tata has defined the conventional odds and sceptics in the industry through the innovation of the world's cheapest car. Tata Nano is a marvel of a product yet audaciously economical and mechanically simple. It is a breakthrough in frugal engineering where innovation is driven by cost savings and sheer ingenuity. Tata managed to reorient the basic tenets of efficiency and practicality to meet the cost target.

**Safety in mind:**
Besides having the right parts to meet the cost objective, Tata Nano has adequate features that exceed current regulatory requirements and meet minimum safety standards. It has a sheet-metal body with strong passenger compartment equipped with safety features such as crumple zones, intrusion-resistant doors, seat belts, strong seats and anchorages. The rear tailgate glass is fixed to the body and tubeless tyres enhance safety further.

**Ownership cost:**
It is quite obvious that Tata Nano is cheap to manufacture, but the question is, does owning and operating a Nano over a period of time yield significant savings and benefits? While the low-price tag of Nano looks attractive, it is important to look at certain other factors like the running cost of the car in the long run. Potential buyers need to consider the rising price of petrol. The overall cost of parts and services of Tata Nano is likely to be at the range of similarly sized car like Maruti 800.
Tata Nano's component parts are developed and manufactured by reputable component manufacturers like Bosch, Rico Auto, Lumax Group, Rane Group, Asahi Glass etc. Moreover, the cost of parts and services is likely to decline as more Tata Nano cars are driven on the road.

Need for the change at TATA MOTORS:

Change should not be done for the sake of change -- it's a strategy to accomplish some overall goal. Usually organizational change is provoked by some major outside driving force, e.g., substantial cuts in funding, address major new markets/clients, need for dramatic increases in productivity/services, etc. Typically, organizations must undertake organization-wide change to evolve to a different level in their life cycle, e.g., going from a highly reactive, entrepreneurial organization to more stable and planned development. Transition to a new chief executive can provoke organization-wide change when his or her new and unique personality pervades the entire organization.[4]

Planning the change at TATA MOTORS:

Tata Motors look at eight steps for leading change as

One: Create Urgency
Two: Form a Powerful Coalition
Three: Create a Vision for Change
Four: Communicate the Vision
Five: Remove Obstacles
Six: Create Short-term Wins
Seven: Build on the Change
Eight: Anchor the Changes in Corporate Culture

CONCLUSION:

When organizations have complete visibility into change, they know what to anticipate, they identify the contingencies, and they are able to remediate quickly, either reverting back the environment to a secure configuration, or moving it forward to its next desired state.[5] With this added visibility, any organization can now understand who is making what change with accountability that eliminates unexpected changes that cause service outages and costly mistakes. And finally, any organization can get even better at what they do best; bringing the organization to the next level of optimal performance, by delivering better services, and driving cost efficiency throughout all levels of operation.[11]

REFERENCES:

[10] www.trainingreference.co.uk