

CHAPTER 52

MANAGING CHANGE OF SUDDEN DECLINE IN REVENUE GENERATION OF AN ORGANIZATION IN TIMES OF RECESSION: ISSUES AND CHALLENGES

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ABSTRACT

In view of the current emerging economic challenges, political instability, infrastructural defects, increasing security threats and severe austerity with significant financial pressures on all areas of organizational service delivery, it is important that Human Resource practitioners clarify its aims and objectives for its staff. These need to be identified within an overall workforce strategy which is aligned to the organization's priorities and objectives. This paper therefore tends to suggest some possible ways by which human resource practitioners can brace up the challenges of severe cash flow in their organizations especially now that economic meet down has hit many countries the world over. In doing these, the paper has the objectives of outlining ways of handling sudden changes; suggest how organization can survive decline in revenue during austerity and recommended its processes by which organization can prove on their revenue generation in times of austerity. Implications of the study were highlighted and the paper came up with the following recommendations that: there is need for intensive training and development of HRMs in order to keep them abreast for any changes as they unfold among others.

Keywords: Managing change, Decline in Revenue Generation, Organization in times of Recession

Introduction

Managers of contemporary organizations all over the world are facing very big challenges of managing their workforce especially now that austerity measures in government polices have drastically affected their revenue generations. Ndukwe et al (2016). Human Resources managers need to think innovatively, creatively and strategically to be able to redesign services to maximize efficiency and reduce unnecessary expenditures.

Change, as it is often said is the only thing that remains constant in any organization. The circumstances of an ever-changing market forces and ever- change produce are capable of breaking any organization if that organization is unprepared for change (Armstrong 2014). Changes cannot be allowed to happen, they need, to be managed as they unfold. (Pettigrew and Whipp, 2015). According to Ulrich (2013), "the change process starts with an awareness of the need for changes" managing change during this austerity period is a critical issue in the change. Management processes. This is aptly supported by as he opines thus:

"The capacity of the firm to identify and understand the competitive forces in play and how they change overtime, linked to the competence of

*business To mobilize and manage the Resources necessary for the hosen
Competitive response through time”*

Organizations don't remain dormant like that. They must expect changes to take place even in the demographic profiles of their workforce. They must undergo various mutations to meet the needs of the economic realities of the moment-austerity. They should also expect unfavourable legislations, public polices, and judicial pronouncements. For example, workers' salaries must be paid and reviewed to reflect the economic realities of time. Aside from this, employees' demands through their Labour unions should be given priority if there will be industrial harmony otherwise strike and conflicts are inevitable (Onah, 2013).

Furthermore, organization should also keep in touch with other issues like globalization and competitive advantages etc in order to compete with other organizations all over the world if it wants to remain solvent and relevance in the comity of organizations in the 21st century. While studying and effecting these changes as they unfold, organization should not loose sight of its goals and objectives that it sought to realize against odds.

STATEMENT OF THE PROBLEM

A careful observation and analysis of many of the organizations in Nigeria in particular and the world in general would reveal that there are frequent retrenchments, mass sacking of workforce and inability of organizations to pay their workforce. The above development is as a result of economic melt down and severe austerity that has bedeviled the world economy in the recent times. (Anyanwu, 2012) many organizations are caught in a web of contusion as to whether they should retain their workforce and pay them half salaries pending when their revenue improves or retrench many of them and save cost since there is severe cash flow due to austerity. (Ibenwo, 2015). This has become a major problem in many organizations because retaining their workforce without adequate compensation attracts industrial disharmony so does mass. Retrenchment because Labour unions will come up for their sacked members without compensation.

Again, organizations are encountering more challenges as they sought to address the variety of issues and sudden decline in their revenue generation because of austerity measures. Even government establishments are also witnessing this tale of woes as we can hear in the news and in some national dailies that many state governments cannot afford to pay their workers their full entitlements owing to the fall in oil price in international market. Many state governors have resort to borrowing to finance their capital and recurrent expenditures (Duru, 2014).

Furthermore, in order to ameliorate this ugly development, the federal government released huge amount of money as bail out funds to the various state governments in order to assist them offset some backlogs of salaries and pensions, even as some private organizations equally borrowed some money to finance their businesses in order to remain solvent. Yet, the austerity seems to be more severe despite all these shock absorbing measures that are put in place.

Consequently, this has generated lots of conflicts, protests and industrial disharmony in both government and private organizations. Managers of these organizations are facing constant threat of loosing their talented workforce and having t heir organizations wound up because of lack of money which is the live wire of any organization (Asogwa, 2011).

In addition to these, other changes and responsibilities are equally awaiting for the attention of the organizations those are competitors, legislations, globalization, psychological contact, workforce diversity management, training and development of workforce for them to be relevant in the management of contemporary demands and exigencies of the time.

It takes a seasoned human resource manager to handle these development effectively and congruently even with minimum finance or revenue generation of the organization. It is against this backdrop that the need to deliver a seminar paper on this becomes imperative.

OBJECTIVES OF THE STUDY

Having raised the statement of the problem, the objective of this paper is to examine the management of changes and decline in revenue generation in the times of specific objective are:

1. To outline ways of handling sudden changes in organizational management.
2. To suggest how organization can survive decline in revenue generation during austerity times.
3. To recommend vital procedures by which organizations can improve on their revenue generation in the times of severe cash flow.

IMPLICATIONS OF THE STUDY

The practical implications of this paper is that there is need for a human resource policy framework that addresses adaptation and changes in various governmental and private organizations and a systematic acquisition of current or innovative human resource professionals with requisite competence and skill capable of leading teams through the periods of severe changes particularly now that austerity has dealt with many organizations.

Again the implication also hinges on capacity building for human resources practitioners to brace up for the challenges of ever changing, dynamic and constant flux of business environments and their demand, failure of which collapse, insolvency and bankruptcy are inevitable.

THEORETICAL FOUNDATION OF ANALYSIS

Hardly do we in social science analyze issues properly without linking them to appropriate theory. In line with this, the paper adopts the 'situational theory' as the basic foundation of its analysis. The theory was propounded by fielder, A. (1967). It opines that what managers do at any point in times in organizational management is basically situated to situate to situations. Organization managers often resort to discretion in managing any circumstantial dispositions and exigencies. The type of problem(s) determines the kind of management approach to it. (Armstrong, 2000).

RELEVANCE OF THE THEORY

Theory is of relevance to the study because it shares many things with the topic of the study. Firstly, change management has no one method of solving it. It depends on the situation that has changed. Again, since change management has no single approach to solving it, managers often resort to any likely approach that can best solve the existing problem as it unfolds.

REVIEW OF RELATED LITERATURE

CONCEPTUAL REVIEW

According to Armstrong (2014) change management is the process of achieving the smooth implementation of change by planning and introducing it systematically, taking into account the likelihood of it being resisted. In their definitions Pettigrew and Whipp (2) opine that it is the process by which strategic organizational decisions are made through implementations etc.

Armstrong (2009) sees change management as integrated sets of processes that an organization uses to optimize their workforce organization in times of sudden mutation,

Ndukwe et al (2016) defined change management as transformative and systematic styles of handling the negative effects of any changes witnessed in organizational management.

In this paper however, change management is a systematic and strategic procedures of handling sudden organizational changes effectively. It can also be seen as the method of seeing through organizational exigencies and other likely dispositions

CONTEXTUAL REVIEW

As we have earlier pointed out in the background, statement of the problem and in the objective of this study, changes are inevitable in organization. Human Resource practitioners should brace up for it. Therefore, in any organization, there must be a time when it will experience how income due to decline in business patronage or severe cash flow or austerity.

Ndukwe et al (2016) opine that this will affect the expenditure profile of that organization. In this development, what should the organization do to see that it operates effectively in the quagmire? Remember that salaries of workers must be paid; taxes, and other procurements made by the organization through their supplies must also be settled. (Onah 2008) elucidates that it takes a seasoned Human Resource Practitioner to handle this situation effectively without jeopardizing any component of the organization, Namely: the employees, government, contractors and suppliers etc. In the live with this, Levin (2013) suggests that the first thing to do as a strategic Human Resource Practitioner is to strengthen the revenue base of that organization and tighten the expenditure profiles. This means that all expenses that not important or production of goods and services or for the effective running of the organization should be saved and ploughed back to the revenue base. In support of this, Onwe et al (2016) suggest that management should also close every loophole that encourages prodigality and profligacy. And only those expenditures or expenses that are necessary for the running of the organization should be honoured.

The second thing to do according to Onwe et al (2016) is to reduce the allowances and other fringe benefits and the money realized there from will serve as shock absorbers. Those monies that are realized from cut allowance should be kept for further unforeseen circumstances. However, okpata (2013) warus that before this could be done, management should notify the employees of any decision that they want to take and allow for ventilation of inputs otherwise workers will revolt. As the situation workers further after management must have applied the above austerity measure, the next step is reduction in the number of workforce or Half salary pending when the organization's financial muscles improves. Nkwude et al (2016) x-rays that it is the extreme measure which requires skills, dexterity and knowledge of labour management relations. As they rightly observe:

Most organizations find it Difficult to dismiss an employee Who has put number of years In their organizations.....the question Now is who should be disengaged And on what bases or criteria?"

Knowing that a lot of organizations are facing legal battles for taking decisions related to this, while some have paid damages to their disengaged workers amount to billions of naira (Anigbata et al).

This makes the job of human resource managers in the contemporary times to be challenging in the recent times, because any decision taken recklessly will draw the entire organization to their drawing board (Ndukwe et al, 2016).

Although, it is an indubitable reality that the workforce must be reduced or accept cut in the salary packages if the organization will survive the tides of severe Austerity. Note worthy is that it must make wider consultations with the following stakeholders before taking such decision: Employees, Trade unions, Labour Unions and Government etc. when they are done with the consultations and input ventilation from all stakeholders, the organization will use the wealth of their expense and expertise managers to know whether the workforce are to be reduced or the salary packages should be cut down albeit temporally. (Naddle 2004)

If the development according to Ndubisi (2013) comes to the level of disengagement of workforce, care should be taken to compensate the affected workers so as not to allow them to face further challenges out there. This is supported by Anstrong (2013) when he aptly said that:

"some organizations When taking this decision Do compensate the Affected workers or to help them secure jobs In other firms as a way of Pacifying them in order to reduce The trauma that is often Associated with this phenomenon"

Managing changes in environments of organization

Environments are those forces that condition or influence the operation of organization. Human resource managers are operating in an incongruous environment. This means that organizations are operating within uncertain environmental factors which are unforeseen and exigent. In the words of Healy, in Onah (2008):

“Like living organisms, formal organizations and indeed other bureaucracies are conditioned by their environments, and the conditioning is naturally mutual. Bureaucracies as well as other political and administrative institutions can be better understood if the surrounding conditions, influences and forces that shape and modify them are identified and ranked to the extent possible in order of relative importance and if reciprocal impacts of these institutions on their environment are explored”.

Organization's environments are divided into two categories: (1) controllable and (2) uncontrollable environments. The controllable environments are: workforce, suppliers, decisions, policies, productions, services etc. They are controllable because an organization can control them easily due to the fact that they are within the reach of the organization. The uncontrollable environments are: legislations, competitors, trade unionism, inflation, austerity and government policies etc. These factors cannot be controlled by any organization without making necessary and strategic adjustments. These factors are beyond the control of any organization. Take for instance legislation and unionism. If government legislates against any organizational policy or decision, the organization has no options but to obey what the law says without making any hesitation about it. The only option it has is to make adjustment and change its previous policy or decision it wants to embark on. Similarly, an organization cannot compel a trade union to obey its policies. It is either that it obeys the decision of the trade union or seek for dialogue or this is to show that trade unions are an uncontrollable environment of an organization.

Therefore, change management in environment presupposes that managers should know beforehand what and what constitutes their external and internal environments (uncontrollable and controllable) and brace up for the challenges that may come from them at any particular point in time. Managing human beings in this 21st century coupled with workforce diversity is a very big challenge which needs to be handled effectively. Human resources managers should adopt situation or contingent approach to management in handling the environments of business or organization. Situational or contingent manager takes decision based on the situations on ground and does not resort to empirical methods. This means that organizational management of environment is situated to situations and not necessary on precedents. Hence a manager knows that there are uncontrollable forces in business and these forces are unforeseen, he should not wait for the exigent time to come before he begins to adjust. Adjustments should already be in the plans and also a part of his managerial techniques in handling and managing changes in organization especially, environmental changes. Changes are inevitable and managers must learn how to handle them as they emerge and unfold.

Approaches and models to managing change

There are many approaches to change management in organization. However, the Thurley (1979), Lewin (1951), Beckard (1969), Nadler and Tushman (1985), Stæce and Dumphy (1994), Schein (1985), and Tichy and Devanna (1986) approaches will be adopted in this study.

Thurley's Model

1 Directive – The imposition of change in crisis situations or when other methods have failed. This is done by the exercise of managerial power without consultation.

2. Bargained- This approach recognizes that power is shared between the employer and the employed and change here requires negotiation, compromise and agreement before being implemented.
3. Analytical – a theoretical approach to the change process using models of change such as described above.
4. Hearts and mind- An all-embracing thrust to change the attitudes, values and beliefs of the whole workforce.
5. Action based- This recognizes that the way managers behave in practice bears little resemblance to the analytical, theoretical model. The distinction between managerial thought and managerial action blurs in practice to the point of invisibility.

Lewin's model

The basic mechanisms for managing change according to Lewin are:

1. Unfreezing –altering the present stable equilibrium that supports existing behaviours and attitudes. This process must take account of the inherent threats change presents to people and need to motivate those affected to attain the natural state of equilibrium by accepting change.
2. Changing- Developing new responses based on new information.
3. Refreezing-Stabilizing the change by introducing the new response into the personalities of those concerned. Lewin also suggested a methodology for analyzing change that he called 'field force analysis which contains the following items.
 - (a) Analyse the restraining or driving force which will affect the transition to the future state.
 - (b) Assess which of the driving or restraining forces are critical
 - (c) Take steps both to increase the critical driving force and to decrease the critical restraining forces.

Beckhard's approach

According to Beckhard 1969, a change programme should incorporate the following processes:

- Set goals and define the future state or organizational conditions desired after the change.
- Diagnose the present condition in relation to these goals.
- Define the transition state activities and commitments required to meet the future state.
- Develop strategies and action plans for managing this transition in the light of an analysis of the factors likely to affect the introduction of change.

Tichy and Devanna (1986) model

Their model begins with:

Act 1: recognizing the need for revitalization. During this stage, organization leaders must recognize that change is needed, and then create dissatisfaction with the status quo, sufficient to induce an organization-wide desire for transition.

Act 2: creating a new vision where a new strategic focus is sought, towards which the organization can steer and realign.

Act 3: institutionalizing change, as with Lewin's refreezing any transformation must be looked in, during this stage. New realities, actions, and practices must be shared so the changes become institutionalized.

Schein (1985) model

This model looks similar to Lewin's in that it includes building a desire for change and developing an anxiety gap between the present and the desired state. It also proposes an additional element which is to an environment of psychological safety identified with the target state to induce willingness for individuals to make the journey

Dunphy and Stace (1994) model

Dunphy and Stace extended their hypothesis in 1988 to a model of 1994. They studied 20 organizations and split the two existing intensity of change categories into four, introducing fine tuning and splitting transformative into modular transformation and corporate transformation. Fine tuning they saw as nothing more than a maintenance function, and found it generally to be a non-viable change strategy. The difference between modular and corporate transformation is the breath of change, where modular is partial, progressive change, and corporate is incomplete, holistic change. Below is a tabular representation of the above model:

Stace & Dunphy (1994)	Finetuning	Incremental	Modular Transformation	Corporate Transformation
Collaborative				
Consultative	Taylorism	Developmental Transformations (constant change)		Charismatic Transformation (Inspirational change)
Directive				
Coercive	Avoiding Change	Task-focused Transition (constant change)		Turn arounds (frame breaking change)

Source: Change model-Stace and Dunphy (1994)

Explanation of the table contents:

Explanation of Transitions: (constant change): A Company is able to use this approach when they are able to maintain their strategic alignment with the environment.

Task-Focused Transition: (constant change): This style of change is directed from the top unit managers are consultative interface between top management and workers, and thus they are given autonomy for change, but are held accountable for results. This type of change has the potential to the implementation may lose focus from intent.

Charismatic Transformation: (Inspirational change): This is a revolutionary change useful when a company is out of fit with its environment, and when time limits the amount of participation in the process. For example, a leader will take a charismatic approach to change, engaging the intellectual, emotional and behavioural characteristics of people to steer them towards change.

Turnarounds (frame breaking change): A firm facing a turnaround will be in a similar environment to companies contemplating transformation; poor fit and limited time. However, the critical differences are the dire need for change, which will be driven by a desire for survival and clear lack of employee support.

Nadler and Tushman (1989-95) model

Nadler and Tushman combine incremental and discontinuous with anticipatory and reactive dimensions to produce a matrix similar to Dunphy and Stace's. See the matrix below:

Nadler and Tushman (1989-95)	Incremental	Discontinuous
Anticipatory	Tuning	Reorientation
Reactive	Adaptation	Re-creation

Source: Nadler and Tushman change model (1989-95)

Explanation of the contents in the table above:

Tuning: A company that adopts a 'tuning' approach will perform continuous or incremental changes in anticipation of environmental demands.

Adaptation: Where tuning was changed through anticipation of external events, adaptation, is change triggered in reaction to external events.

Reorientation: Change which is commended in anticipation of external drivers, but which is discontinued. It usually involves changing the core elements of the company, including identity, values, culture, strategy and structure.

Re-creation: Business leaders who have foresight and skills required to succeed with reorientation are a rarity. Generally, the need for change is not recognized until crisis is imminent or actual. Recreations occur in reaction to a desperate situation, where time and resources are strained.

Guidelines for Change Management

"The change process will take place more smoothly with the help of credible change against- internal or external. These people who facilitate change by providing advice and support on its introduction and management. This is often the role of HR specialists but the use of line managers adds extra value" (Tushman, 1980).

- The achievement of sustainable change requires strong commitment and visionary leadership from the top.

ISSUES/GAPS AND OUTCOMES

Change management or managing changes in organization presupposes that managers should know before hand what constitutes controllable and uncontrollable environments and brace up for the challenges that may come from them at any point in time. Managing Human beings and organization in the present austerity and economic meltdown is a big challenge especially in this 21st century. This equally means as it were that adjustments should be already be in plans that is, they must be factored in the plans of organization. This is because, change is inevitable and organization should not expect flow of income all the time; there must be some times that organization experiences severe cash flow or austerity. Should be organization wind up because of such as this? No! this is the major gap. The authors are providing solutions to ameliorate austerity but where they did not touch much is the factoring austerity in the already made plans of the organization; and making necessary poisons for it if peradventure it occurs. This is the management global best practices towards change management. And this is one of the major objectives this paper sought to address.

CONCLUSION AND RECOMMENDATIONS

This paper examined the challenges of managing both organization and workforce in times of severe austerity and the imperative for change management.

It has as its objectives to outline ways of handling sudden changes in organizational management and to suggest how organization can survive decline in revenue generation during austerity. Human Resource Practitioners of the contemporary organizations should adopt effective management styles and techniques that can suit the circumstantial dispositions and exigencies. It is in line with this that the paper makes the following recommendations:

- There is need for intensive training and of derew HRM to be kept abreast of current economic realities of our time in organizational management.
- There should be massive strategic plans for strengthening the internally generated Revenue and proper saving of them for future exigencies.
- Cutting costs of unnecessary and prodigious spending is also advocated.
- Human Resource practitioners should brace up with the challenges of changes in organizational environment and make necessary arrangements to adapt to them as they unfold. Note worthy is that anticipation of changes should already be factored in organizational plans and policies.

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