

# Process implemented in shell pakistan management essay



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This chapter discusses the change management process implemented in Shell Pakistan. It also highlights the issues of necessity to change, the risks faced during the transformation and the effectiveness of change management. The behavioral responses and attitude of stakeholders towards change management in the industry have also been covered in the report with a comprehensive analysis on the features that have helped or hindered the changed process within Shell. The findings presented here are mostly based on the research conducted through 20 interviews includes both the face to face interviews and questions being asked through telephone and recording feedback. I tried to interview people who are closely related to the topic of change in the business. In addition, twenty five questionnaires are distributed amongst employees as well in order to understand the change process that took place from converting from JD Edwards to SAP within the organization.

#### **4. 2-Factors that resist change**

One of the most common problems which business executives face during implementing plan is the employee resistance to change. Such resistance could be in different forms like persistent reduction in output, increase in the number of “ quits” and requests for transfer, chorine quarrels, sullen hostility, wildcat or slowdown strikes, and, of course, the expression of a lot of pseudo logical reasons why the change will not work. All this actions can result in a negative outflow or a reduced net worth of any organization. A survey was conducted by the author in Shell Pakistan to identify the most common factors from the employees which act as a resistance while adopting change. The approach adopted for this research was more direct as

one to one session of interview was held with the individuals. The feedback received was mixed. The most common reasons for the resistance were as follows

Lack of communication between the management and staff on change issue

Fear of losing the task after change is implemented is always there

Fear of losing their job status and job security is also a concern

Too much pressure and work load is tough to handle

Change of working environment and disruption in culture is a concern.

Conflicts of personalities

Benefits are not communicated

Others

Results are illustrated below by using a pie chart and followings are the findings

So according to the results illustrated by the pie chart, it is clearly understood that the fear of losing and the concerns regarding job status and job security are suppose to be the biggest barriers for managing change. After that the benefits of change not being communicated properly, act as a resistance to change. Rest of the reasons identified through the survey were more linked to the human behaviour, like mental stress, personal conflicts, culture disruption etc

### **4. 3- Necessity of change in Shell**

In any organization managing change process, asks for planning before implementing the change steps. Every organization has different circumstances and the change situation varies a lot but still there are few logical steps which could be used during change management process. The process of change normally starts with a change Trigger. The change trigger highlights the necessity of change in a specific organization. The change trigger included two types of events. These are the external and the internal events:

#### **External Events:**

Changes in economic conditions (Inflation, GDP, Interest rates, etc)

Changing laws and regulations, influencing the business cycle

Strong competitive strategies from competitor and threat from a new entrant in the industry

Technology introduced, changes in Research and Development

#### **Internal Events**

Changes in top level management giving rise to different operational strategies, changes in priorities, and new leadership styles.

Introduction of a new technology and having a changed working style and environment

Opening more branches of business both in the same country and overseas

## Introducing new diversified products or services

These triggers will push management to opt for change. The questions which is to be answered by management is if they really think change is required to improve the situation, or if it could be handled without implementing change.

Shell being a global organization wanted to streamline & standardize its processes around the world. Prior to the use of SAP the organization had been using different ERP in different parts of the world like JD Edwards in Asia, Oracle in Australia etc. This made the operational & reconciliation processes different but since the organization has the vision of standardizing & simplifying its processes it prompted the top management to implement SAP

Also SAP had been customized for Shell & is being implemented with the name of GSAP i. e. Global SAP. It helps the organization in simplifying operations & standardizes its processes around the globe.

In short, the following are the factors which pushed Shell to opt for change to accomplish their goals more efficiently:

Simplification of the operational process by removal of a lot of redundant activities, and getting rid of activities which were not adding value to any product or service of shell.

Standardization of processes across the Globe, this helped Shell in removing complexities which arose from using different systems.

Cost Cutting & Saving with standardization of processes and removal of non value adding activities.

Adapting to the latest of technology in the ERP World i. e. Use of SAP.

Reducing the fixed overheads is helpful for any organization in terms of Cost Savings. In the case of Shell Pakistan, organizational restructuring resulting in reduced head count due to process simplification e. g. Prior to SAP implementation there used to be two General Managers for Supply & Distribution for operations in Pakistan but now there is only one General Manager for Supply & Distribution who covers India, Pakistan Oman & Dubai.

#### **4. 4-Models dealing with resistance to change**

There have been many different approaches of managing the resistance to change. Below included are few models presented by different authors during their time which were used as a tool for managing the process of change. Kotter & Schlesinger; s (1979) Presented a 6 step model which is used to reduce, eliminate or minimize the resistance. The following steps were suggested in this model for managing resistance.

**Education & Communication:** The resistance is the result of ignorance, and in order to control this it was suggested that communicating the vision of change and the potential benefits will help the cause and control resistance

**Participation & Involvement:** The idea is to get people involved in the change process and their participation matters

Facilitation & Support: Offering counselling services to those feeling stress and difficulties is one major example of facilitate, support could involve training procedures, providing technical assistance etc.

Negotiation and agreement: According to (Economist, 2003) long before the economic slowdown of 2008-2009 the United Auto Workers Union some extraordinary pay rises and improved medical health care in response to agreeing for managements closure of plants. The General motors and Ford were in competition with non unionized Japanese subsidiaries, and needed to improve their productivity

Manipulation & Co-optation: The resistance is controlled by the way information is presented or by a political process

Coercion, Implicit & Explicit: This works best when the management is powerful, the change decision is enforced on the employees forcefully and they are left with no other option but to accept it. (BPP, 2008, P-402)

Another model used for carrying out the change process was introduced by Kurt Lewin (1951), He presented a 3 stage model to explain the important steps to be taken while implementing change. Lewin's concept about organizational change was based on the perspective of the organism metaphor. His model is widely used by managers in the industry. According to him an organization can go through three different stages during the process of change. These stages are:

Unfreeze - Initiation Creation of the right Environment

Lewin has linked this process of change to the human behaviour and believes that motivation should be put before planning and implementing the change process. The unfreeze process defined by Lewin should start with breaking down of the existing status of organization and start building up a new environment. Unfreezing was the process which was used by Lewin to present a new approach in shape of force field analysis. A force - field analysis is suggested by Kurt Lewin presented which helps in considerate of change in an establishment. According to Force field analysis a process of change in any organization is stuck in between two types of influencing forces (1) Driving force which is the positive force for change. The other force is the Restraining force which is an obstacle to change, so according to Lewin before the change process the forces are in equilibrium. Lewin also suggested that whenever the driving force is stronger compared to the restraining force, the equilibrium or the status quo will change. Making Sense of Change Management (2004, p. 110). The figure below illustrates the work of Lewin on Force field Analysis. This is an example of an operating organization. Thomas (1985) said regarding the force field analysis that the model has been widely used in very different contexts but there is not link of this model to the overall strategy. Maslen and Platts (1994) used force field analysis and applied this to the manufacturing strategy.

forceFieldAnalysis

## **Force Field Analysis Model**

Change - Adoption, Supporting change to required state



Lewin knew that change was a process rather than a one off event. He termed this process as transition. According to Lewin at this stage the people are unfrozen and moving towards a new beginning. He also suggested that at this stage people are also uncertain and fearful so this is also the hardest stage of the model as it is tough to convince people for change John B Miner (2004, p. 110).

Re-freeze - Acceptance strengthening to anchor the change

The refreezing stage is concerned with establishing and maintaining stability once the change process has been implemented. The top management support is required in during this process. Besides that those sources must be identified which supports change and also the barriers supporting the revolution must be identified). The figure below shows the 3 staged model presented by Lewin.

Refreeze

Unfreeze

Change

**Lewin's Model of Change: <http://picsicio.us/image/58bf1359/>**

Lewin's work has been widely accepted and is more frequently used in the industry by management during the change implementation process.

However the 3 staged model is not the only one used for managing change and Gremini's 4R's is another approach used in the industry. Gouillart and

Kelly were Management Consultants and they describe the process of

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business transformation (major change) in four different stages. The framework presented by them is known as Gemini's 4 R's

According to the framework a conversion process should establish a new corporate vision, bring in new opportunities for an organization and new ways of performing activities should be carried out. Gouillart and Kelly suggested that such a process will require four 'Rs' to be present if it is to be successful.

### **Gemini 4Rs is as follows:**

Reframing

Restructuring

Revitalizing

Renewal

Reframing

Reframing will give rise to questions about the nature of the organization and what its reason for existence. Following elements should be present in reframing

Achieving Mobilization: Giving rise to the will and having desire to change

Creating a Vision: Current status of the organization must be reviewed in detail

Building a measurement system: Progress will be measured and compared against the set targets

## **Restructuring**

This will start removing the non value adding activities from the organization. The fundamentals are to consider the organizational structure but it might also look at cultural change. The activities involved in Restructuring are

Building of an economic model: This is to look at how the assets are organized and is more focused on the financial aspects

Aligning the physical infrastructure with the long term plan.

Creating value: redesigning the overall work architecture in order to make processes interact to create value

Revitalizing: This portion is concerned with exploring the new products and markets, and making sure a good fit with competitive environment. Activities will include:

Focused on exploring new opportunities in marked.

Inventing in new businesses and products.

Using the knowledge to change the directions of rivalry

Renewal: This section talks about the procedure of developing individuals, to make sure that their skills are aligned with the organizational requirements.

Activities should include:

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Building a system for remuneration to focus on staff motivation

Introducing organizational learning to progress learning as competence within the organization

#### **4. 20- Comparing JD Edwards and SAP**

Based on a study about comparing both the ERP solutions, it has been found that both have certain features, advantages and disadvantages in comparison to each other, allowing organizations to derive certain benefits based on which software is implemented.

It has been noted that ERP vendors are now more focused on other elements of the organization as well such as supply chain and customer relationships as a result of which new modules and improved versions of existing modules have come into play. Both SAP and JDE have focused on these elements with the knowledge in hand that customer is the core focus within any business because this is how an organization runs.