

# Corus strip products uk's change management



Corus was formed in 1999 when the former British steel plc merged with Dutch company, Hoogovens. Corus has three operating division, first is strip products, second is long products and third is distribution & building system.

Corus strip products UK (CSP UK) is based at port Talbot and Llanwern, Newport in south wales. CSP UK makes steel in strip form. This is used in markets such as vehicle manufacture, construction, electrical appliances, tubes and packaging.

Corus aims to be a leader in the steel industry by providing better products, higher quality, customer services & better value for money than its rivals.

In the 2005 CSP UK introduced a cultural plan for change called " The journey". The journey focused value and belief of its people.

This case study is mainly focused on how Corus strip UK has overcome barriers to change in order to secure a more prosperous future for the business.

## **Using example, explain what is meant by internal and external drivers for change?**

### **Introduction:**

Business, now-a-days is vitally affected by the economic, social, legal, technological and political factors. These factors collectively form business environment. Business environment, as such, is the total of all external forces, which affect the organisation and operations of business. The environment of an organisation has got internal, operational and general lives managers must be aware of these three environmental levels and their relationship and importance.

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The term business environment implies those external forces, factors and institutions that are beyond the control of individual business organisations and their management and affect the business enterprise.

Above we describe the environmental factors that require managers to implement comprehensive change programme.

Business must respond to these changes to remain competitive and continue to meet the needs of their customers. They need the commitment and support of key stake holders groups such as employees, in order to ensure changes are embedded to shape the organisation for the long term.

### **Basic meaning of the drivers for change:**

Drivers are something like barriers which are affecting to the business and we must need to change in the organisation to continue running business is good situation in the market.

If there is anything that is steady fast and unchanging, it is change itself. Change is inevitable, and those organizations who do not keep up with change will become unstable, with long-term survivability in question.

There are things, events, or situations that occur that affect the way a business operates, either in a positive or negative way. These things, situations, or events that occur that affect a business in either a positive or negative way are called "driving forces."

In order for a business to succeed and gain the competitive edge, the business must know what changes are indeed occurring, and what changes might be coming up in the future. I guess you might call this forecasting.

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Thus, critical to the business is what we call “informational resources.” It is the collection and analysis of data.

There are two types of organizational drivers for change one is internal driving forces and other is external driving forces. We are discussing both of the drivers in briefly.

## **Drivers to change**

### **Internal drivers External drivers**

Organization of machinery and equipment Competition

Technological capacity Customer behaviour and their

requirement

Organizational culture Industry outlook

Management system Financial management Demographics

Poor services Economy

Competitiveness Technological changes

Employee morale

### **Internal drivers:**

“Internal driving forces are those kinds of things, situations, or events that occur inside the business, and are generally under the control of the company.”

Examples like, organization of machinery and equipment, technological capacity, organizational culture, management systems, etc.

There are many types of internal drivers in the business it resist to change.

### **Organization of machinery and equipment:**

If in the organization does not used the good equipment and powerful machinery or otherwise this machinery fall in always breakdown so at that time industry loss their production and with using old equipment it cannot produce more.

Workers mostly needed good equipment to an easily produced. Like, in steel industry has not good manufacturing plant so their employee cannot produce more. Thus these types of problem mainly arise in the production based industry so it can be solve their barriers to rearrangement of machinery and plant.

### **Technological capacity:**

In the modern time we using the old technology and that's capacity is lower than new one so it's a barriers to the organization to change. Like , A tyre manufacture industry produce a 1000 tyre per day and in the market B tyre industry have good technology and they produce 3500 tyre per day so as compare to the B industry have a more production capacity. Thus this is an internal barrier to change technology for company A.

### **Organizational culture:**

Organization culture mostly depend on the workers and the high level management staff because in the industry needed more workers this all are

not in one state and one area, thus they arise a problem of communication and cooperation so all the different culture's employees in the one place divisions in industry, thus all have a different skills and practices for work. People prefer to live in the company of other people with known habits and traits. This is the reason culture act as barrier to effective communication within an organization.

E. g. based on distance, distance is major example of communication barrier that affect an organization. Because every industry offices located in different location give little to people to interact in person and major business communication barriers exists between employees located in different offices.

### **Management systems:**

Most of the industries success depends on their management system, because they know How to they manage their problem, how they create their policy, what are motto, goal and etc. is affected to the industry.

If company not have a good management team so how they create a good system and survive in the market. Thus this one is also an internal factor of the low management system in industry.

### **Financial management:**

If company's financial position is not good or they have no enough money for the investment so how they survive and compete in the market. Like in India Satyam computer corporation have a big staff and a huge industry but their financial management low, because their chair men Raju ram linga fraud to the finance and give the wrong data in the annual report and then in 2009, <https://assignbuster.com/corus-strip-products-uks-change-management/>

that fraud is come out in the market and then after government taking a strong step and stop the handling.

### **Poor services:**

If the organization doesn't give time to time good service than others that's an internal drivers for change. Like, if McDonalds service staff not delivered the food of the customer requirement and its time so it's not good for the company's. It's a one types of barriers to McDonalds must to change their service and give the better service to customer. Thus it's leading to loss of business.

### **Competitiveness:**

If the inside business cannot control of price of the product as compare to competitors industry so they must to take some step and resist to change the price of their product and decrease their product cost. Like, CSP steel produced company in the UK could be more expensive than from some other country.

### **Employee morale:**

Employee morale is also affected to the business. If in the organization have a low morale employee so they have no idea of how they work and cooperate to other in the industry. Generally many employee have no basic idea of work and their behaviour so they have very low standard and employee has not feeling good and they are not satisfied in the industry, thus company must change their employee morale.

**External drivers:**

External driving forces are those kinds of things, situation, or events that occur outside of the company and are by a large beyond the control of the company. Examples of external driving forces might be, the industry itself, the economy, demographics, competition, political interference, etc. All are the external drivers arise in the outside of the organization.

**Competition:**

In the competitive corporate world every company find difficulties to survive and they must change to the compete in market. If Corus steel industry does not change the barriers and they not arrange the programme so they feel very difficult to survive in the competitive market. Today's every industry want to stay in stable market position.

Industry should create the prediction of the market and they predict to future, shall they need to change or not, like McDonalds and Sugar n spice. Both are good industry but if one can change the quality so other also improve their quality and service. If McDonalds reduce the price and give a good service then sugar n spice also need to change otherwise its lose their position.

**Customer behaviour and their requirement:**

Customer is the king of the market so company has to remember their requirement, like what they want? , what change need? Are they requiring a new product and what they expect from company? This all the basic agenda of to make a potential customer. Corus in steel product it require a quality of steel and outlook of the products.



I want to give example of Ashok Leyland vehicle industry, they want trolley of the truck but in the desire level like, maximum gage means thickness to steel plate because depend in thickness to their product life.

### **Industry outlook:**

Industry outlook means company is good or bad in eye of society, group, local and global people. Every company have their own brand image like, coca-cola brand image, coca-cola is good company as per their behaviour towards the society. Because they provide the better environment to society.

### **Demographics:**

This barrier is based on the area, Like in Gujarat, Reliance fresh open the store in city in one or two and then after two years later domestic area is increase means population is increase so Reliance also increase their fresh mart store in whole area.

### **Economy:**

This is the major external factor to the industry. Because economy is includes income, salary, financial position, country growth and growth domestic product (GDP) rate. Like Government control the bike production because the increase the pollution on the environment.

### **Technological changes:**

In modern time technology is ever change on time to time basis. And industry must walk with the time. In the industry to needed change related to efficiency of infrastructure including Roads, ports, airports, rolling stocks, education, health care, technological impact on the industry, etc.

## What barriers to change existed at Corus?

### Introduction:

Change may challenge people abilities, experience, customs and practice.

And also no one companies today's in a stable environment, every one want to change proceed in the business.

Here Corus strip products as a company supported the principles of change and innovation. Thus it's would like to change every time and innovate their company.

First we discuss the whole factor that may resist changing in the organization. Mainly there are two types of source they are resisting to change.

### Source

#### Individual sources Organizational sources

Addiction or habit Structural inertia

Security or safety Limited focus of change

Economic factor Group inertia

Fear of the unknown Threat to expertise

Selective information processing Threat to established power relationship

Threat to established resource allocation

Others

**Individual sources :****Addiction or often involuntary behaviour :**

Addiction means a one types of habit to repeat some and some habit, to cope with life's complexities to responses. But when confronted with change, this tendency to respond in our accustomed ways becomes a source of resistance.

**For E. g.:**

In the company employees have a more habit related to a job post, like one who seated in the marketing managerial and this person transfer to the production manager post, so they fed this is wrong or right, its depend on his habit.

**Security or safety & protection :**

In an every way and in place people want to first basic need and second security. Here people with a high need for security are likely to resist change because it threatens feeling of safety.

**For E. g.:**

In an IBM industry more people are doing job related to it. So if company in a difficult situation and difficult want to leave their employees and cut out the salary, this is the basic point of unsecure employee, who lost their job.

Here in a Corus company also doing a job relation. So they do the deduct the employee who working in current situation and also deduct the new vacant in the market. Job deduction had been a major thane in the steel industry. Since the 1970's and some of Corus previous change initiations had let to job cut.

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## **Economic & financial matters :**

There is many element or economic factor that affects business like income, inflation, recession interest rate, exchange rate and also major elements like economic growth, business cycle, unemployment etc.

Business is a now a days is vitally affected by the economic, social, legal, technological and political factors. Corus business has also survived difficult based on employee's satisfaction & threat to their job. Thus one factor unemployment affect to the Corus because this complacency made change difficult for Corus.

## **Fear of the unknown :**

Most of the people don't like change because they don't like being change. When comes in to view, fear and resistance to change follows often despite its obvious benefit. In the business people fight against change because they fear to loss something their value or misunderstand to change and its implication or don't think that the change makes sense.

In the Corus strip based industry's employees had a fear of the unknown and saw new initiatives as a possible threat to their existing teams and position. More fear affect to the company's value and its reputation. If in the Corus employees has fear to their job so in the market Corus value is down in sight of employee.

## **Selective information processing :**

Individual are guilty of selectively processing information in order to keep their perception fact. Like is not properly listen what they say, so how they

persist and doing this thing. They hear what they want and they ignore information that challenges the world they have created.

## **Organizational sources :**

### **Structural inertia :**

In the structural inertia means organizations have built in mechanism. In a simple word structural inertia means their selection processes and formalised regulations to produce stability. This all are basically depend on the organisation rules and regulation criteria.

If in the Corus industry has strong rules and regulation so, no more barriers exist in the company. Here Corus Company is using the principles change and innovation. So it's depend on the companies structure what they want and make change.

### **Limited focus of change :**

Mainly in the company first make strategy and goal of the organization that depend on the process of the business management. If company want to some changes in the strategy so they can do, because it's a flexible. If organization process and their strategy is not flexible so end time arise the problem like its barriers to change. So limited changes in system tend to nullified by the largest system.

### **Group inertia :**

Group inertia in the organization most of people like in production department people want to changes in some norms and regulation based on his working system, so they arise one issue and based on this issue company compulsory make to some resist to change.

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**Threat to expertise :**

Sometimes changes in organizational patterns may threaten the expertise of specialised group.

**Threat to established power relationship :**

In the organization give stable balance of power, authority and responsibility. If any department have more power, so they want anything, and go to in the wrong way. So any redistribution of decision making authority can threaten long established power relationship within the industry.

**Threat to established resource allocation :**

In the Corus company have limited resources like its employee and income. Corus company mostly show this resources like capital income and their employees skills and experience so they maximum use this resources.

**Others :**

Another issue facing Corus was its ageing workforce. In the UK fewer young people were attracted to the Corus industry because of reduced job opportunities and reduction in apprentice schemes. One more barriers in the Corus its reward system, In the Corus history of rewarding long service rather than distinguished service.

Conclusion: I concluded that Corus Company may some changes in the CSP industry. They must change to their attitude towards the employees because most of the employees have fear of unknown. Also they must change their theme, it's a job reduction is create a downsizing impression in the market. Corus make fair reward system based on the time based and unit based salary system.

## **Analyse the approaches Corus used to overcome these barriers?**

### **Introduction:**

We cannot solve our problem by spending; we cannot solve our problems cutting back.

### **Education and communication :**

Mainly depend on the employee s skills and education that they solve the overcome the communication barriers. In the organization a number of barriers can retard or distract effective communication. Like filtering, selective perception, information overload, emotions and language.

Corus is overcome these barriers by using the some key technique, like they involve in direct and indirect communication for example provide weekly news letter and workshops. Communication can reduce resistance because it fights the effects of misinformation and poor communication.

### **Participation :**

Corus has used to overcome resistance to change has been to work closely with employees and share good ideas to each other. This is the main advantage of company because any error in the strategy and in system easily find out and solve in the less time. Corus also participate their employee in decision making because more people easy to take decision. Corus also share with employee to what might happen in the business.

### **Building emotional commitment :**

Research on the middle manager has shown that when manager or employee has a low emotional commitment to change they favour the status

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quo and resist it. This approach is based on the company's values and respects their employee.

### **Implementing changes fairly :**

Corus needed to highlight how to people were behaving. Employee give best response when they think in positive view and mainly unfair action fitted in the mind of employees and they behave in negative way.

### **Involve in decision making :**

Corus is overcome to these barriers to involve the employee in management decision making and their contribution & experience are recognised. Most of the company involve in decision making because more thinkers easy to solve their problem and management also get the different ideas and apply it in the process.

### **Selective people who accept change :**

Corus used this approach is based on the load of work, they create group on who accept the change and other who don't accept the change. Corus also highlighted that employee become accustomed to working with limited resources and were willing to accept low standards.

### **Coercion :**

Coercion means the act of pressure or power to force or taking action or steps towards the employee. In the Corus company, workers misuse of alcohol or drug so at that time give first warning and then after they not improve their work so give the punishment and cut out the salary.



## **Conclusion:**

Corus is using all the key technique and main of the approaches, like work closely with employee, involve in decision making, provide good working environment and become they achieve their targets new values like, honesty, fairness, transparency, integrity etc. and also they accept their high standards and making professionalism, and last one is making a team work to become achieve improvement, excellence and respect.

## **4. Evaluate the effectiveness of the change programme so far?**

### **Introduction :**

The Corus strip products UK make a cultural plan for change; it's called " The Journey" in the 2005. Company wants wide range of business challenges but the common theme was the fundamental way that people at all level went about their work. They must change the programme because there had been a tragic accident on site and other safety and health is more important issue.

There are many effectiveness of this programme to change so far:

### **High production capacity :**

Corus making a changes in the work environment and give a suggestion to closely work with employee and also arrange the training programme and give direction to workers how the produce more. Employee also knows what might happen in the company. Steel production area is make a secure and employee work without fear in the Corus industry.

So it's concluded that's depending on the above situation to give the good result. It's show in significant progress. Production capacity is increased by 4.5% to a run rate of 5 million tonnes.

### **Reduce the cost of producing steel :**

Corus is a steel producing industry so they must control on the steel liquid, gas, machinery power, and equipment. In the change programme Corus change the most of the thing to decrease the producing cost, like they do encourage their employee, provide proper environment.

Thus CSP UK achieve the target of the plant is on track to reduce the 20% cost of producing steel.

### **Increase the new comers employees to based on the values :**

Corus is making a good value to base on the change programme. They change their values professionalism, honesty, integrity, respect, improvement, excellence, fairness and transparency. Depend on this value change in the society and new employee believes on its values and their belief. So based on this change programme Corus values and belief in the business is increased in the market. Thus new 5000 employees signed up in the company.

### **Low Absenteeism rate :**

All company want to decrease their absenteeism rate and this is shown on the annual report. Corus making some changes in their policy and create a better environment to the benefit of their employee. Corus has improving the redesigning of time schedule and work without stress of employee. Thus

in this change programme Corus achieve in this roles and it had a reduction in absenteeism.

### **Improve quality and service :**

Company must control the quality of products and it can avoid to the defective products or material. In last step is more important to attractive is their service desk area. Corus Company manufactured steel products. So they improve their steel quality and give the best service. Corus is achieving the level of good quality and improve the service to their customer.

### **Increase the care of employee related to health and safety :**

In the Corus strip products manufacture the steel so in the steel producing industry must show the health & safety for their employee. CSP UK based company has associated with the high standards of safety with Corus processes. Corus taking step related to health and safety issue. So they create a new safety teams contribute towards accident free protection.

### **Exceeds government standards :**

CSP have showed the all significant area. It has that carbon dioxide emissions have reduced by 10%. Company is anything does for the government and for public also, so they must increase their credibility towards them. Now CSP UK exceeds the government standards.

### **Impact on local community & society :**

Every company want to good impression on the society and towards their community. CSP UK has also measurable improvements in the company's impact on this a well defined area or a town.

**Others :**

CSP Company also seeing the environment factor and the social factor. Corus provide a new improve " entry experience" for employees, contractors and suppliers & demonstrated. That Corus strip products is now seen as an organization that is proud of itself.

**Conclusion:**

Corus company facing up to its internal weaknesses and efficiency, increased output, lower costs and reduce waste in an increasingly competitive market. Corus is not just surviving in the business but it has also grown in the market and expands to their company even during the recession time of 2008 to 2009.

Its main aim is to behind this journey programme is a focused on the values and belief of its people and also they needed to change to the tragic accidents on site and other health and safety issues.

Thus this case study focuses on how Corus strip products UK has overcome barriers to change in order to secure a more prosperous future for the business.