

## ORGANIZATIONAL TRANSFORMATION AND ITS AFTER EFFECTS ON EMPLOYEES' ATTITUDE: A STUDY ON POWER DISTRIBUTION

Dr. SujitKumar<sup>a</sup>, Manali Takkar<sup>b</sup>

<sup>a</sup>B.R. Ambedkar College, University of Delhi, India

<sup>b</sup>Research Scholar, Mewar University, Gangrar, India

Corresponding email: [drsujitkumar@yahoo.com](mailto:drsujitkumar@yahoo.com)

### Abstract

This paper seeks to analyze the impact of a high magnitude change on employees' attitude that has occurred in the power distribution sector in Delhi, India. It also advocates the role of Public-Private-Partnership (PPP) model in transforming an ailing public-utility into a successful public-private enterprise.

The research is based on the primary study conducted on a power distribution company viz., Tata Power Delhi Distribution Limited (TPDDL) by means of a structured questionnaire that is administered to 210 employees located at various offices of TPDDL in Delhi. Simple random sampling technique is employed and the data is analyzed through the application of mean and independent sample t-test.

The study confirms that employees hold positive attitude towards organizational transformation of a public entity Delhi Vidyut Board (DVB) into TPDDL on the basis of Public-Private-Partnership (PPP). It further provides the strong basis for transforming other public utilities seeking transformation in the near future by earning employees' commitment at every step, as well as achieving excellence by delivering quality services.

This study is based on employees' perception; hence all limitations typical to attitudinal survey would be applicable to this study as well.

The paper highlights the cooperative attitude of employees during transformation, as well as reports the positive attitude of employees after transformation. It emerges as a role model for other public-utilities whose conditions are deteriorating day-by-day due to inefficiency in the system which, in turn, creates unnecessary financial burden on the exchequer. Thus, the paper advocates the use of PPP in transforming ailing public utilities.

**Keywords:** organizational change, organizational transformation, perception, power distribution, public-private-partnership.

### 1. Introduction

Human resource is considered to be one of the most vital elements of an organization and possesses the potential to decide the destiny of the organization. Successful organizations adopt different strategies in order to be in the race of continued growth and development in addition to gaining employees commitment at every step. But to achieve success and adopt appropriate strategies, it is a pre-requisite that every organization must adhere to decentralization of authority, consumer friendly approach, better infrastructure, innovative thinking, trained and motivated workforce. Presence of all these factors allows organizations to remain focused and better respond to external threats and opportunities.

However, public sector enterprises providing public utility services are generally far away from practicing these approaches as most of them are cursed with unnecessary government interference, delayed decision making, bureaucratic control and the red tape process. Some of them also suffer from lack of investment, outdated technology, untrained, untapped and redundant human resource. Till now, the solution to this compounded problem of public enterprises has come out in the shape of Public-Private-Partnership (PPP) model. PPP, in simple terms, refers to a joint agreement between the government sector enterprise on one side and one or more private entity on the other side with the prime objective of providing efficient flow of services. According to Yescombe (2007) PPP may include the following key elements:

- A long-term contract between a government owned enterprise and one or more private entity on the other side;
- for the design, construction, financing and operation of public infrastructure;
- with payments over the life of the PPP contract to the private entity for the use of the facility, made either by the government or by the general public as users of the facility;
- and with the facility remaining with the government or transferred back to the government at the end of the PPP contract (p. 3).

## 2. Relevance of PPP model

The surge in the growth of PPP in India lies in its rewards that come across with it. Until 2013, public and private companies joined hands and have undertaken around 100 projects worth Rs. 24,726 crores across various sectors of economy viz., airports, ports, railways, power, healthcare, education, waste disposal etc (PPP projects, 2013). PPPs have gained significance as it allows tapping the potential, expertise and knowledge of both private and public sector entities which encourages innovation, timely accomplishment of tasks, critical assessment of feasibility and viability of project, risk sharing, access to better and improved services to the civilians, etc. The importance and necessity of PPP model is also recognized by Finance Minister Arun Jaitley in his budgetary speech of 2014 to 2015. He said that “the scheme for development of new airports in Tier I and Tier II will be launched for implementation through Airport Authority of India or PPPs” (Jaitley, 2014, p. 21).

But, the benefits offered by PPPs can only be secured if the whole process is well planned and allows flexibility if required. There are various reasons that make it a complex model which includes high transaction costs, larger number of parties involved in the project, long-term nature of the contract. Thus, it could be learned from the above points that greater amounts of understanding, cooperation among parties, technical availability of data and flexibility for renegotiation of the contract are the need of the hour which could lead to success of this kind of project.

The objective behind this paper is to measure the impact of transformational change on employees' attitude occurred in the power distribution entity of Delhi viz., Delhi Vidyut Board (DVB) on the basis of PPP. At the time of transformation “DVB was in complete red, having accumulated huge losses over the years. Its AT&C (Average technical and commercial) losses had reached 53 per cent when takeover was effected” (Saini, 2005, p. 264). Therefore, on recommendation of State government on July 1, 2002, DVB was unbundled into six separate fully functional entities. Out of those six, a study is conducted on TPDDL which is considered to be one of the successful models of change and transformation.

### 3. Research Issues

Empirical evidence on TPDDL justifies instrumentality of organizational transformation in increasing productivity of the organization in terms of reduction in losses, power interruption, spoilage/wastage on one hand and increase in efficiency level, consumer satisfaction and job satisfaction on the other. It is evident from the report which states reduction of 80% in AT&C losses from 53% in 2002 to 9.87% in 2015, bill complaint resolution time has reduced from 45 days in 2002 to 6 days in 2015, as well as consumer satisfaction index has gone up from 0% in 2002 to 84% in 2015 (TPDDL, 2015).

Implementation of such a revolutionary change i.e., organizational transformation would not have been possible without the cooperation of employees. Subsequently, any change in program had a significant impact on the human side of the organization. Therefore, this study is undertaken to know the attitude or perception of employees towards organizational transformation. The active cooperation of human side of the organization is sine-qua-non for such an organizational transformation and that cooperation could only be achieved if human resources are educated and convinced about the necessity of such change. In the present study, conversion of fully owned government enterprise DVB into PPP model was effectuated in such a well organized manner that there were no-man days lost, no strike, no lockouts were reported. Therefore, the study is initiated to realize the following objectives.

- To study the extent of employees' awareness about organizational transformation through PPP.
- To study the extent of employees' favor for organizational transformation through PPP.
- To study the role of independent variables such as age, gender, qualification, experience, origin of employee (i.e., originally an employee of DVB or TPDDL), annual income and category of employee (i.e., executive or non-executive) with regard to their responsiveness towards organizational transformation through PPP through PPP.
- To examine the extent of favor for various reasons of positive attitude of employees.
- To determine the ultimate response of employees towards organizational transformation.
- To examine the instrumentality of organizational transformation in enhancing the various parameters of productivity through PPP.
- To recommend measures to streamline future organizational transformation particular to public utility companies.

### 4. Research Methodology

To analyze the impact of transformational change on the employees' attitude of one of the distribution companies viz., TPDDL employees primary data is collected from various offices of TPDDL in Delhi by means of structured questionnaire based on the five point Likert scale. The Random sampling technique is employed and data is collected from 210 employees who are again segregated on the basis of independent variables viz., age, gender, qualification, and experience, origin of employee, annual income and category of employee. Out of 9 questions, consisting of 49 variables, here the results of five questions consisting of 23 dependent variables is analyzed to determine the impact of organizational transformation on employees' attitude. Responses are analyzed through application of mean and independent sample t-test.

### 5. Analysis of Results

#### **RQ1 Extent of awareness of Organizational Transformation of DVB into TPDDL**

The level of awareness of organizational transformation was measured on a five point Likert scale ranging from fully unaware at one to fully aware at five. The computed mean value of all

the employees stood at 4.39 denoting a brilliant level of awareness of organizational transformation among employees.

**Independent Variables:** Level of awareness among employees is analyzed by segregating them on the basis of independent variables and t-test was applied to judge the significant difference between the mean values at 5% significance level. The t values are found to be significant at the following places and consequently the relevant null hypothesis is rejected.

- i. TPDDL male employees have reported comparatively higher degree of awareness about organizational transformation of DVB into TPDDL as compared to female employees.
- ii. Employees who are having more than five years of experience in the present organization are more aware of organizational transformation than employees whose experience is five years and below.
- iii. Employees, whose annual income is above rupees five lacs per annum, have shown more awareness with regard to organizational transformation than those whose annual income is rupees five lacs and below per annum.

### **RQ2 Extent of favour for Organizational Transformation**

Extent of favor for organizational transformation is measured on a five point Likert scale ranging from strongly disfavored at one to strongly favored at five. The mean value of all the employees is equal to 4.27 which denotes that majority of employees are in favor of organizational transformation.

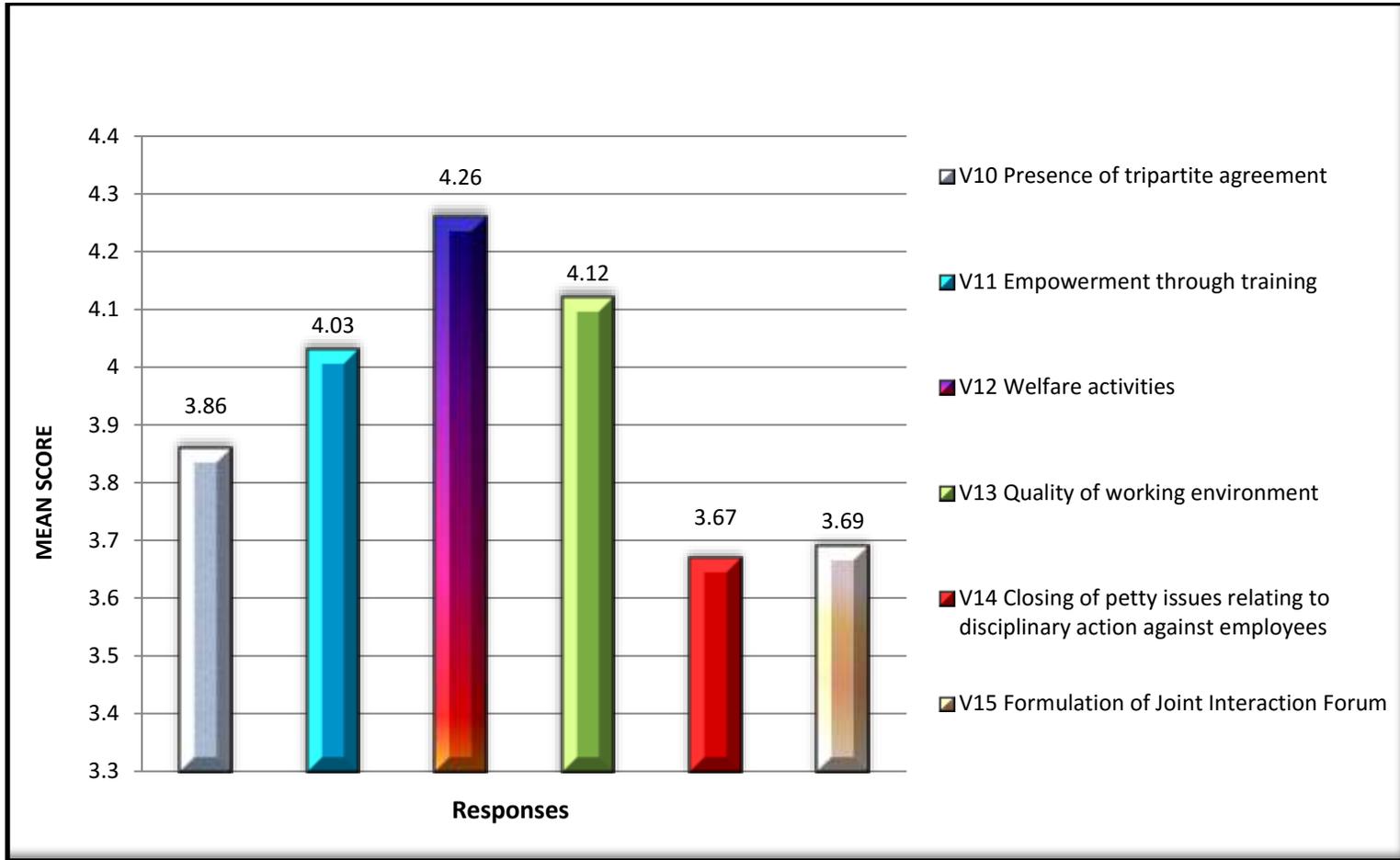
**Independent Variables:** All the responses are further subdivided on the basis of independent variables and t-test is applied to assess the significant difference at 5% confidence level. The t values are found significant at the following places and thereby, the relevant null hypothesis is rejected.

- i. Employees, who were originally the part of erstwhile DVB are less in favor, of organizational transformation as against employees who are originally from TPDDL.
- ii. Executive and above cadre employees are more in favor of organizational transformation as compared to the non-executive cadre employees.

### **RQ3 Extent of favor for various reasons of positive attitude of employees towards Organizational Transformation**

Extent of favor for various reasons of positive attitude of employees towards organizational transformation is again measured on a five point Likert scale ranging from none at one to very great at five. The mean score for all the reasons are calculated and the relative preference for various reasons of positive attitude of employees towards organizational transformation is shown through image profile 1 on page 5. It is derived from image profile - 1 that all the reasons that have been indicated substantially have a great impact in shaping the positive attitude of employees towards organizational transformation. However, welfare activities and quality of working environment are amongst the most favored reason for positive attitude of employees towards organizational transformation. Whereas, closing of petty issues relating to disciplinary action against employees is amongst the least favored reason.

**IMAGE PROFILE ANALYSIS OF EXTENT OF FAVOUR FOR VARIOUS REASONS OF POSITIVE ATTITUDE OF EMPLOYEES TOWARDS ORGANIZATIONAL TRANSFORMATION**



**IMAGE PROFILE - 1**

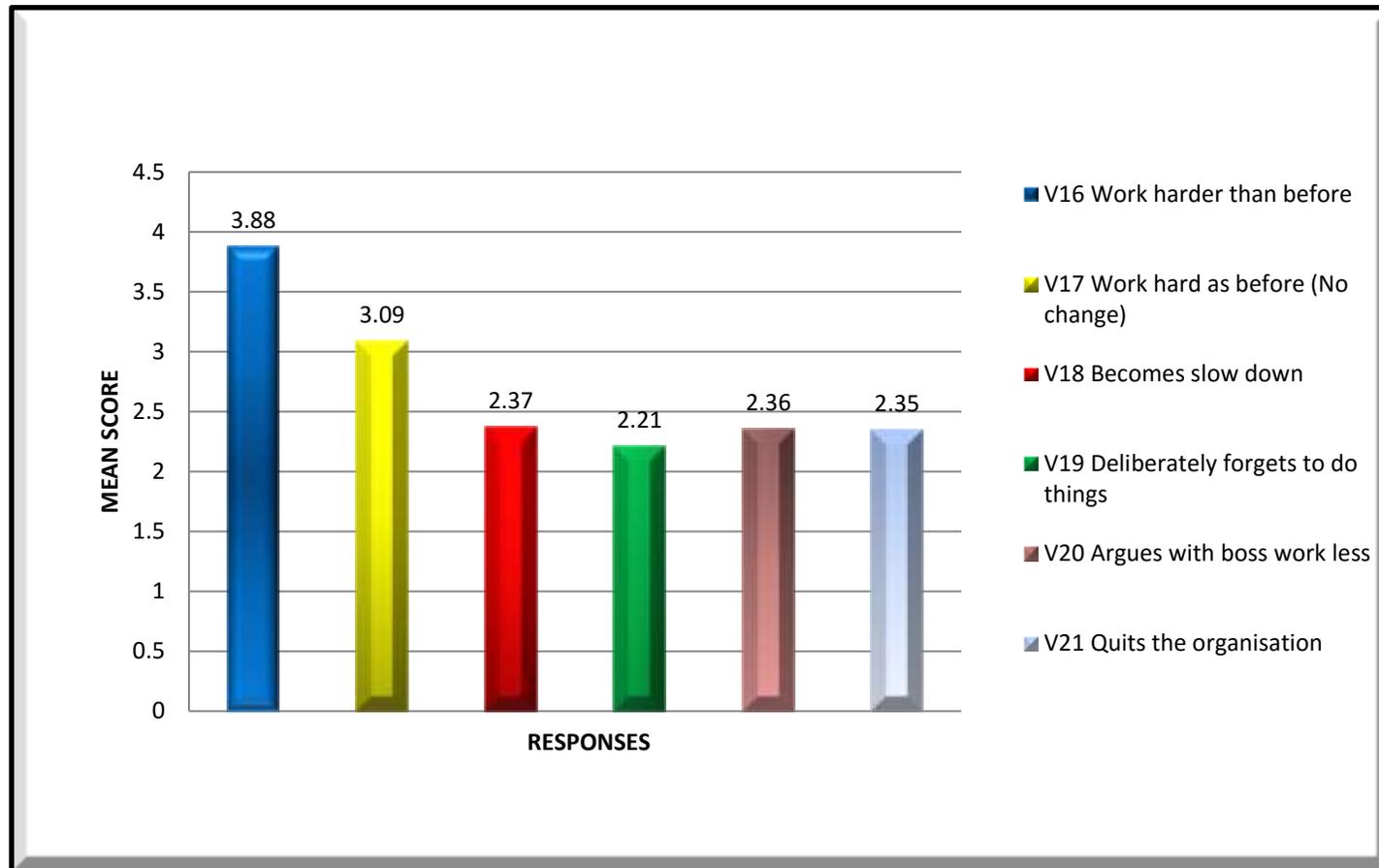
**Independent Variables:** All the responses have been partitioned on the basis of independent variables and t-test is applied to examine the significant difference between the responses at 5% confidence level. The t values are found significant at 5% level in the following places where the relevant null hypothesis is rejected.

- i. Presence of tripartite agreement between DVB, Government of NCT of Delhi and TPDDL indicated as one of the reasons for positive attitude for organizational transformation has been favored more by executive and above cadre employees in comparison to non-executive cadre employees.
- ii. Employees in the age group of 40 years or less have favored empowerment through training more as one of the most essential reason of positive attitude for organizational transformation as compared to the employees who are above 40 years in age.
- iii. Employees who are professionally qualified are more in favor of empowerment through training than those who are not professionally qualified. to those who are from TPDDL.
- iv. Executive and above rank staff have indicated empowerment through training is instrumental in altering attitude for organization transformation in contrast with non-executive rank staff.
- v. Erstwhile DVB structure employees are less in favour of welfare activities in shaping the positive attitude for organizational transformation in contrast with the employees who are from TPDDL.
- vi. Welfare activities quoted as one of the reasons for positive attitude for organizational transformation is more favoured by executive and above level employees as compared to non-executive level employees.
- vii. Employees who are at the rank of executive and above favoured closing of petty issues against disciplinary action against employees more as a crucial reason for shaping positive attitude towards organizational transformation as compared to non-executive rank employees.

#### **RQ4 Response or attitude towards Organizational Transformation**

Employees' immediate response or attitude towards organizational transformation is evaluated on a five point Likert scale ranging from very untrue at one to very true at five. The mean score of the same is calculated and the relative preference of response or attitude of employees towards organizational transformation is shown through the image profile 2 on page 7. It is concluded from image profile - 2 that most of the employees hold positive response towards organizational transformation and started working harder than before.

**IMAGE PROFIEL ANALYSIS OF RESPONSE OF EMPLOYEES TOWARDS ORGANIZATIONAL TRANSFORMATION**



**IMAGE PROFILE – 2**

**Independent Variables:** Employees' response towards organizational transformation is also determined on the basis of independent variables, which in turn requires bifurcation of each response on the basis of independent variables and then t-test is applied to investigate the significance of the difference between the responses. The t values are found significant at the following places, where the relevant null hypothesis is rejected.

- i. As a response towards organizational transformation, employees who work harder than before have been favored more by employees who are in the age group of 40 years and below those who are above 40 years.
- ii. Professionally qualified employees are more in favor of working harder than before as a response towards organizational transformation than those who do not possess any professional qualification.
- iii. Employees who are originally part of erstwhile DVB are less in favor of working harder than before as a response towards organizational transformation in contrast with the employees who are originally from TPDDL.
- iv. Employees in the age group of above 40 years are more in favour of working hard as before more i.e., no change in the attitude as a response towards organizational transformation as compared to those in the age group of 40 years and below.
- v. Professionally qualified employees are less in favor of working hard as before i.e., no change in the attitude as a response towards organizational transformation in contrast to employees who do not possess any professional qualification.
- vi. Working hard as before i.e., no change in the attitude as a response towards organizational transformation is more favored by employees who were part of erstwhile DVB as compared to TPDDL employees.
- vii. Employees of DVB are less in favor of quits the organization as a response towards transformation as compared to TPDDL employees.

### **RQ5 Instrumentality of Organizational Transformation in enhancing Productivity Parameters**

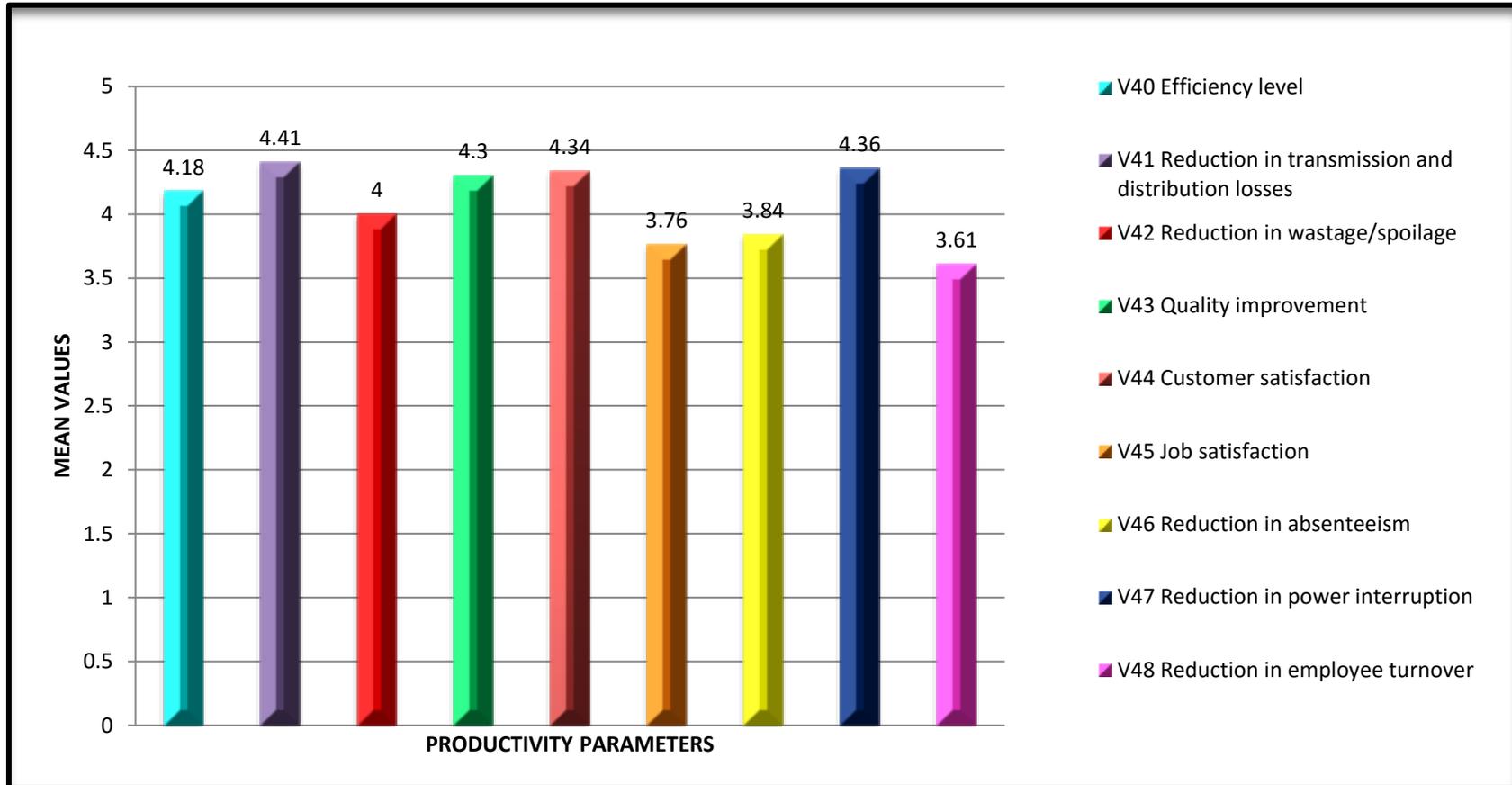
Extent of instrumentality of organizational transformation in enhancing various parameters of productivity is ascertained on a five point Likert scale ranging from none at one to very true at five. The combined mean value stood at 4.08 which unambiguously indicate great impact of organizational transformation in enhancing productivity. The mean values of all the parameters of productivity enhancement are calculated and the relative preference of instrumentality of organizational transformation in enhancing productivity parameters is again depicted through image profile 3 on page 10. It is extrapolated image profile - 3 that organizational transformation is instrumental in enhancing all the parameters of productivity. But, amongst all, it is more instrumental in enhancing reduction in transmission and distribution losses and reduction in power interruption. In addition to this, the image also clarifies that organizational transformation has a least impact on reduction in employee turnover.

**Independent Variables:** In order to determine the impact of independent variables on the responses of different category of employees, t-test is conducted at 5% level of significance. The t

values are found significant at the following places and subsequently the relevant null hypothesis is rejected.

- i. Employees who are 40 years and below in age are more in favor of enhancement in efficiency level of employees after organizational transformation than those who are above 40 years in age.
- ii. Enhancement in efficiency level of employees after organizational transformation is more favored by TPDDL origin employees than employees who were originally from erstwhile DVB.
- iii. Reduction in transmission of distribution losses after organizational transformation is more favored by TPDDL origin employees than employees who were originally from erstwhile DVB.
- iv. Executive and above level employees favored quality improvement after organizational transformation more than non-executive level employees.
- v. Employees who are 40 years and below in age are more in favor of increase in customer satisfaction after organizational transformation than those who are above 40 years in age.
- vi. TPDDL origin employees' favored increase in customer satisfaction after organizational transformation more than employees who were originally from erstwhile DVB.
- vii. Executive and above level employees favored increase in customer satisfaction after organizational transformation more than non-executive level employees.
- viii. Employees who are 40 years and below in age are more in favor of reduction in power interruption after organizational transformation than those who are above 40 years in age.
- ix. TPDDL origin employees favored enhancement of reduction in power interruption after organizational transformation more than employees who were originally from erstwhile DVB.
- x. Employees whose annual income is above rupees five lacs per annum favoured reduction in power interruption after organizational transformation more than employees whose annual income is rupees five lacs and below per annum.

**IMAGE PROFILE ANALYSIS OF INSTRUMENTALITY OF ORGANIZATIONAL TRANSFORMATION IN ENHANCING PRODUCTIVITY PARAMETERS**



**IMAGE PROFILE – 3**

## Conclusion and Recommendations

The role of transforming organization through PPP arrangement has been widely accepted and advocated by the employees of TPDDL, as well as by the public at large. It is crystal clear from the employees' favorable response towards organizational transformation and significant increase in the parameters of productivity after transformation. This article stresses upon the benefits provided by the PPP which enable to come over the deficiencies prevalent in most of the public utilities. This, in turn, allows efficiency and uninterrupted supply of basic services to the society. For example, there is a need for transformation in the system of water distribution, sewerage maintenance and sewerage treatment services that are provided in Delhi by Delhi Jal Board (DJB) due to inefficiency in the system. It is justified through inadequate and irregular supply of water, presence of sludge in water, unbilled water connections, improper drainage system. Several reasons contribute to the pitiable condition of water in Delhi which includes "lack of infrastructure and operational records; inadequate "crisis" maintenance, significant overlap in the role of policy formulation, service delivery and regulation, lack of adherence to service standards, inefficient customer interface, lack of performance orientation, inadequate service provision to the poor" (Delhi water supply & sewerage sector reform project, 2004).

Until now, no productive work has been effectuated to address the problem of water scarcity as well as sewerage maintenance which is evident from the Controllor and Auditor General of India (CAG) report. According to Joseph (2014) "the Comptroller and Auditor General of India has unearthed systematic fraud and neglect, showing how taxpayers' money is virtually going down the drain" (p. 1). The audit of Delhi's drainage, desilting and flood control measures has proved that no concrete steps have been taken to remove the silt from drains. As a result news of water logging, water borne diseases and shortage of potable drinking water are becoming more common.

This paper provides the strong basis for implementing change by advocating the use of PPP model which allows access to essential services of life. Consequently, government must implement PPP, in such a manner that would deter private entities from undue public exploitation and at the same time participate in the overall development of the nation. The use of PPP has become the *panacea* for the public utilities seeking transformation in future and it is strongly recommended by Prime minister of India Narendra Modi in his speech delivered on 68<sup>th</sup> Independence Day on August 15, 2014. He said that "We have to create partnership with the people. We have to proceed under Public-Private-Partnership. We have to proceed along with the participation of the people" (Modi, 2014). This unambiguously enlightens the clear intention to deliver quality services efficiently and effectively to the benefit of common man.

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