

# Managing people, managing change

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When Standard Chartered Bank acquired ANZ Grindlays Bank in 2000, I was the only person in senior management of the combined bank in Bangladesh, having work experience in both places.

My job there was threefold: 1) to make sure transition is smooth; 2) ensure that clients do not face much trouble; and more importantly, 3) make sure that people get to see synergy in this kind of an acquisition, more deemed as a 'merger of equals'. In Bangladesh, Standard Chartered was emerging as the smartest bank and ANZ Grindlays had an age old legacy among client's mindset, built over the years.

It was no doubt an extremely challenging job in a given market like Bangladesh, where jobs are precious, people are quite emotional and driven more by the 'heart than head'.

Our global acquisition head at Standard Chartered kept reminding us about the 'not so well merger' between Exxon and Mobil in the US, where integration of the hearts was not moving hand in hand with integration of business or operations.

I, therefore, focused more on an integration of the hearts, without losing eye on the amalgamation of books to ensure synergy for the acquiring entity. A friend of mine advised me to be more on the side of the acquired people and to get them to 'buy in' to our strategy. They needed to be trained well from 'Day 1' to bring them up to speed and allow them to appreciate our 'product, process and platform'. They also needed to be given a feeling of being 'essential' in order to 'get the best' out of them.

Ron DeWitt, associate principal at Intellilink Solutions, wrote an article titled "Managing Change is Managing People". I totally agree, as I was involved in managing people in the last



22 years of my 25 years in banking.

Managing people is one of the most challenging roles a leader can play in his life because it has both a sweet and sour flavor. It is sweet when you are able to manage people and they perform the way you expect them to. The opposite is true in case of sour.

Change is an inevitable part of life. It is difficult to predict change. It involves a process that can be difficult to adapt. It requires systematic planning and careful implementation. People are naturally resistant to initial change as they fear the consequences. And as a leader, you have to communicate with them regularly, to make sure they are aware of the changes and prepare them

with the process of adaptation. The organisation's vision needs to be communicated with its employees, so that it is transparent and both parties are on the same page.

The core elements of managing people with the changes are: training, incentives and motivation. Training and guidance from the leaders will develop and fine tune their skills; while incentives and motivation will play a key role in retaining their self-confidence, and encouraging them to move forward to achieve their desired goals.

People have to be self-motivated, in the first place; or it will be difficult for a leader to motivate an employee who

does not have the interest to perform. Employees have to work as one team to jump the hurdles of the changes. When the hand is open, the five fingers are of different shapes and sizes and act as individuals; but when you close your hand, it becomes a fist.

The organisation has to learn to adapt to the changes, or else it will not be able to survive in this fiercely competitive market. To do that, the organisation needs to clearly address the changes to its employees, so that they can embrace themselves for what is waiting -- good or bad. Leaders dealing with people and change management must keep a cool head, be gentle and understanding during the process

because not everyone is quick to learn. Leaders must not forget that the backbone of any organisation is human resources. They must respect, 'engage, enrich and empower' them. The followers should also hold on to their leaders, and not give up on themselves.

When employees are assured of the changes, they will be ready to embrace it. The organisation will have to tell them that the changes will not harm them. Employees will then have a sense of greater job security and respect for authorities. Let employees know that the organisation is capable of doing better, which is why changes are required.

The organisation has to create an environment for the employees, which will enable them to perform well. This requires a clean and hygienic workplace, encouraging office setting, availability of the updated technological equipment, friendly relations with colleagues, flexible work hours, a well paid job, job security, and of course, 'hand holding' from the leaders.

The main role of the leader dealing with change is to reduce resistance towards change, and increase the interest and level of commitment for the change. Most people will have mixed reactions towards change, so the leader/driver should highlight the positive aspects in a realistic manner, and at the same time, manage the downside of it.

It is most important to send a message to the rank and file that 'change is the only constant thing' in this world. In a shifting world, if you are not changing, you are in fact going behind. However, as mentioned many times, all through the change process, the organisations and the people driving this must be transparent, articulate and committed to the success of people.

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## Changes for workaholic S Koreans

AFP, Seoul

It's well after 8.00 pm in central Seoul's commercial district, but the lights are still burning brightly in many office towers.

A nine-to-five existence sounds humdrum in other countries, but for most South Korean office workers it's a distant dream. Even a normal working day lasts 10 hours...and then there's the overtime.

"I work overtime at least four days a week," said a 30-year-old who asked to be identified only by an alias, Lee.

His company, like most others, does not pay overtime to office workers. But staff still stay on for at least 30 minutes to one hour, and sometimes longer, after the official workday ends.

In a nation which worked itself out of acute postwar poverty into prosperity, some feel a moral compulsion to linger late. Others fear they will damage promotion prospects by leaving the office before the boss.

Whatever the reason, South Koreans work longer hours than any other member of the Organisation for Economic Cooperation and Development -- an average 2,243 hours a year or 46.6 hours per week, according to 2009 OECD data.

This is 500 hours more a year than Japan and about 900 hours more than Germany.

However, the organisation's data on productivity in all sectors ranks Korea third from the bottom of 30 OECD countries.

The labour ministry says shorter hours could improve both lifestyles and productivity. But ingrained attitudes take time to change.

"Korea's economy still has potential to grow and Koreans have a strong ethnic characteristic to compete and to finish their jobs as soon as possible," Yang Yoon, a psychology professor at Ewha Womans University,



A downtown office tower shows company staff working overtime in Seoul

AFP

told AFP.

"With those two factors combined, it makes the so-called overworking culture exclusive to Korea."

"Working late is understandable. Much of the time, I stay late to finish my report or task of the day," said a 29-year-old electronics company employee, Shin. Like others, he asked to be identified only by his surname.

Sometimes, it's the company hierarchy -- and a perception that overtime working is virtuous -- which keeps lower-level employees sitting tight at their desks till late in the evening.

"The older generation, who worked through the boom time for the Korean economy, are simply so used to working overtime, like Japan in the 1970s," said professor Yang.

"It's hard to just walk out if the clock says I can go but my boss is still there," agreed Kim, 29.

"I once had a boss who would make me stay late by giving more work right before I go home or would simply ask me, 'Why are you leaving so early?'"

Lee said the "smothering" office atmosphere -- and a fear of damaging promotion prospects -- makes staffers linger at their desks.

The labour ministry in 2004 announced a 40-hour work-week policy for companies with more than 1,000 employees. It has since progressively extended this to smaller firms.

In December the ministry announced the policy would apply from July to companies with fewer than 20 employees. This is estimated to cover about 300,000 firms with about two million employees.

"Although Korea has the longest working hours in the OECD, if the policy is implemented, the quality of life and efficiency are expected to

improve," said ministry official Jo Won-Shik.

"Labour productivity usually is inversely proportional to working hours, so lower working hours are likely to mean higher productivity," Jo told AFP in a phone interview.

"Moreover, shorter working hours will increase leisure time, improving the quality of life."

It might even boost the nation's chronically low birthrate.

The health ministry in January 2010 announced it was turning off the lights in its offices at 7.30 pm once a month to encourage staff to go home early and make more babies.

Professor Yang is optimistic the workaholic culture will die out in time.

Jeon, a 25-year-old trading company staffer, said overtime was definitely not positive. "But I have work flooding in and it doesn't just go away."

## Egypt, inflation & Japan debt crisis

JIM SAFT

Markets are busy speculating on which country might follow Egypt on the revolutionary road, but watch out for the impact on a country where bellies are full and the chances of revolt are exactly nil: Japan.

The same inflation in food and energy which fanned discontent in Tunisia and Egypt could badly hit real wages and purchasing power among Japanese citizens, potentially undermining their willingness to hang on to the debt which the government desperately needs them to own.

That's right, deflation could actually ease in Japan and, that's right, its demise could help tip the country into the long-awaited financing crisis.

It is not the bond market vigilantes who are likely to precipitate a debt crisis in Japan, it is Mr and Mrs Watanabe, the archetypal small saver, who have patiently held Japanese government debt in huge amounts despite very low interest rates.

It is the existence of the Watanabes (domestic holdings of Japanese debt are about 94 percent vs about 50 percent in the U.S.) who have allowed Japan to run its debt up to 196 percent of GDP, trailing only Zimbabwe. By comparison, Greece's debt to GDP ratio is just 137 percent.

With a massive and passive domestic lending base, Japan has never faced the interest rate squeeze which its long-term outlook justifies, and unlike the U.S., is far less vulnerable to sales by foreign investors or central banks. For a country, which is borrowing 50 cents of every dollar it spends, this is both a key support and a significant vulnerability.

But why have the Watanabes held

on to their Japanese bonds, which are usually held through intermediaries such as via savings products? Partly it's a matter of culture and habit, but deflation has almost certainly played a mollifying role.

Japanese domestic investors hold less than 5 percent of the government bond market directly, but are much larger investors through accounts and instruments sold by financial institutions, the yield of which track government bond yields.

A paltry 1.2 percent yield on a 10-year bond is a lot easier to swallow for retirees and investors if purchasing power appears to be rising as prices fall in a deflationary spiral. If prices rise sharply they may demand more.

But that deflationary spiral, especially as it affects households, may be coming to an end courtesy of very loose US monetary policy and related strong emerging market demand.

Inflation in perishables, such as meat and fruit, hit 10.3 percent in December, and overall food prices hit an all-time record, according to Japanese data. Energy prices are moving upward as well, and are vulnerable to increasing shocks from the Middle East.

Overall, and not even depending on a falling yen, Japanese consumers look to be suffering a terms of trade shock, where their ability to command wages is left far behind by rising prices of the things they must buy.

Deflation has not been that terrible for Japanese households, at least to judge by their own reports: 63.9 percent of people said they were content with their standard of living last year, as against 63.1 percent in 1989.

The writer is a Reuters columnist. The opinions expressed are his own.