Exploring the Course and Causes: A Case Study on Navigating the Transition from Manual to Biometric-Fingerprint Attendance at a Sri Lankan State-owned Enterprises

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Abstract

Employee resistance to change at State-Owned Enterprises (SOEs) is a visible phenomenon in both local and global contexts. Though it’s an expanding and significant area, it’s also heavily understudied, depicting both literature and empirical gaps in the said scope. Under a qualitative approach, a case study strategy has been used to explore change and employee resistance in the Healthway General Hospital (HGH). In the light of the context, this study emphasizes the reasons behind employee resistance to changes, opportunities, and recommendations for improving change implementation in the SOE set. This paper recommends establishing a comprehensive employee union, actively involving employee unions’ inputs in strategy formulation, and for the Sri Lankan government to intervene in establishing a separate human resources department in HGH hospital. These key findings will contribute to expanding literature while strengthening the understanding of the researchers and practitioners in the scope of change management in SOEs.

Keywords: Biometric-fingerprint attendance, Business Administration, Change management, Health Behaviour, Personnel Management, State-owned Enterprises

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Introduction

It is an open secret that State-Owned Enterprises (SOEs) are generally more difficult to deal with, compared to private institutions. Department of Public Enterprises Sri Lanka (2018) defines SOEs as “public corporations, statutory boards or any other entity vested with the government under any written law and companies which have majority ownership to the government, registered under the Companies Act which carries out commercial or non – commercial activities” (p. 1). According to Knies and Leisink (2018), though private institutions aim to achieve financial targets, SOEs often have multiple, contradicting aims. On one extreme, SOEs must be profitable as they are funded by the taxpayers. At the opposite pole, SOEs must cater to the social needs of the nation because they are funded by the taxpayers. Therefore, it’s difficult to design a blueprint to improve the efficiency of SOEs (Curristine et al., 2017).

In shaping the context, this study focuses on Healthway General Hospital (HGH - the researcher uses a pseudonym to ensure the privacy and confidentiality of the hospital), the only healthcare institution in Sri Lanka that falls to the SOE bracket. As of 2021, it has an employee base of nearly 2000. With the shift of the management in 2017, many changes were made in HGH, which included converting the manual attendance scheme of the hospital staff into a biometric-fingerprint based attendance system, to address absenteeism issues. This action specifically created strong resistance from the employees of HGH, who displayed that resistance by actions such as protests, further increased absenteeism, and halting treatments of the patients of HGH. This situation made national headlines, as the news showcased employees criticizing the management of HGH, the HGH management explaining their own stance, and patients - a primary stakeholder of HGH - complaining about not receiving proper medical treatments.

There is a lack of scholarly research on change and employee resistance to change, in the healthcare sector (Pomare et al., 2019), and by analyzing change resistance, the entire process of change can be improved (Ford & Ford, 2010). Accordingly, a gap in the literature exists in both global and Sri Lankan contexts, regarding the scope of managing resistance to change in an SOE. Following the above situation, this research was carried out based on two objectives, namely, 1) to identify the reasons behind employees’ resistance when converting from manual to biometric-fingerprint attendance, and 2) to propose proactive solutions for employee resistance management in SOEs in Sri Lanka. Based on existing academic work and evidence gathered from a qualitative research approach, the discussion highlights the causes and opportunities available to HGH, in managing change and employee resistance.

Literature Review

State-Owned Enterprises

SOEs can be defined as “enterprises of which the state has significant control through full, majority, or significant minority ownership” (Schneider, 2019, pg. 3). SOE is a key component of many developing countries (Khongmalai, 2010), which includes Sri Lanka. As per Lin et al. (2019), the main reasons why SOEs are important are a) being a form of government intervention that develops the markets and the economy, b) ensuring economic functionality by maintaining social stability, and c) controlling key social elements that are consistent with government policies.

Despite the major economic contributions, such as SOEs being included in Fortune 500 companies (Lin et al., 2019; Schneider, 2019), operating SOEs is a pressing challenge in many countries (Bruton et al., 2015). SOEs usually are given high budgets which are ultimately financed by the public, and therefore are pressured to improve
transparency, efficiency, and effectiveness (Florio & Fecher, 2011). As per Lin et al. (2019), the main reasons why SOEs are underperforming are namely a) SOEs being considered as public good providers, b) budget constraints and policy burdens, c) agency issues, and d) hierarchy costs and information asymmetry.

In Sri Lanka, there are 422 SOEs, out of which 54 enterprises are categorized as critical role players for the economy (Department of Public Enterprises Sri Lanka, 2018), including HGH. However, in the overall context, these Sri Lankan SOEs have produced losses, and have continued to increase these losses by 2021. Therefore, these enterprises face the heavy pressure of reducing costs, where one solution would be proper absence management (Pavithra et al., 2017).

Human Resource Management in state institutions is challenging. As per Boselie et al. (2021), the fundamental characteristics of state intuitions themselves affect human resource management within such institutions. In healthcare, particularly in a hospital, the staff is a key factor in implementing change (Austin & Ciaassen, 2008; Fitzgerald & McDermott, 2017). As per Mastekaasa (2019), in many countries, employees from SOEs show significant absenteeism when compared with private intuitions. Accordingly, SOE employees not showing up to work is a problem in a developing country such as Sri Lanka. As per Schneider (2019), SOEs must focus on human resource-related matters, which include absenteeism.

Absenteism

Absenteism is a pressing issue in the public sector (Dibben et al., 2001; Mastekaasa, 2019; Vandenheuvel 1994; Wooden, 1990). It is defined as a reduction of the presence of a worker for planned work (Senel & Senel, 2012). Absenteism could be intentional or unintentional (Padmanabhan, 2019), and as per Badubi (2017), it is critical to distinguish planned versus unplanned absenteeism. His study further elaborated that unplanned absenteeism is a disruptive action that incurs a cost for the organization.

Both tangible and intangible costs occur due to absenteeism. As per Sadri and Lewis (1995), along with the financial costs which are tangible, there are intangible costs such as missed opportunities, loss of employee morale and organizational efficiency and overload for the management. Therefore, if absenteeism is significant, the relevant company must take necessary actions (Kocakulah et al., 2016).

Badubi (2017) identifies labour disputes and strikes as a reason causing absenteeism in an organization. Hence, though the management of HGH implemented biometric-fingerprint attendance with the intention of reducing unplanned absenteeism, the immediate result

Human Resource and Employee Unions in SOEs

Undeniably, human resource is the most valuable resource for any company, and it is time that companies should avoid overlooking them (Nizamidou & Vouzas, 2018). Employees are actors of change, and accordingly, the success of such formulated changes depends on the manner that which the employees accept them (Plesk & Greenhalgh, 2001; Todnem, 2005), as the employees develop a sense of ownership of changes that will impact them (Braithwaite, 2014).

Within an organization, human resources may form groups known as employee unions, which will act according to the group behaviours that are found within it. As per Richards and Marks (2007), within the same organization setting, there can be different groups that different employees will accept. They further explained how employees will identify with a union, which is a collection of employees. Accordingly, there can be multiple unions existing within a single organization, such as in the context of HGH.
was increased absenteeism within HGH, as employees took union actions by not reporting to work and not treating patients. This was a serious standing displayed by the employees, which according to Greenburg and Baron (1995), can be recognised as a display of employee dissatisfaction with the organization.

Changes in the Healthcare Industry

As per Ghany (2014), managing organizational change is managing the human resources involved in it. Often, changes are alternated and repeated (Mareš, 2018) and in general, is a complex process. The speed of change has increased over time (McPhail, 1997). All employees are affected when changes are instigated in a company (Basyal & Seo, 2017). Providing the power for the employees to determine what they think is best for the organization, impacts the growth of the organization significantly (Vlachos, 2009).

In healthcare, change is a frequent occurrence (Pomare et al., 2019) but a difficult task (Mareš, 2018). It can be physical changes to the hospital infrastructure along with the introduction of new technology (Malkin, 2007). Change has three main dimensions, namely context, content and development (Pettigrew, 1985). However, the majority, whereas much as up to 70% of the change initiatives become failed projects (Balogun & Hailey, 2004; Higgs & Rowland, 2005).

Employee Readiness to Change

Employee readiness is a concept that has been broadly investigated by many scholars (Armenakis et al., 1993; Miller et al., 2006). While some employees may perceive change as a chance to improve themselves (Samaranayake & Takemura, 2017), other employees may perceive it as a threat (Shah, 2009).

Employee change readiness is influenced by many factors. These include trust in the management (Weber & Weber, 2001), trust in peers (Samaranayake & Takemura, 2017), commitment to the change initiative itself (Soumyaja et al., 2015), commitment to the organization (Vanhala et al., 2016), job satisfaction (Shah, 2009), demographic factors such as present employment status (Shah & Shah, 2010), educational level of the employees (Madsen et al., 2005) and teamwork (Rodriguez et al., 2015).

Employee Resistance to Change

Change resistance is a transdisciplinary subject (Clark, 2013), and therefore, needs to be precisely defined (Mareš, 2018). There are many definitions of the concept. Zaltman and Duncan (1977) defined resistance to change as “any conduct that serves to maintain the status quo in the face of pressure to alter the status quo” (p. 63).

Resistance to change is natural and normal (Basyal & Seo, 2017), and can be caused by many factors. As per Lapointe and Rivard (2005), the interpreted loss of power of the employees is a key driver of resistance. In addition, lack of confidence (Kanter, 1985), employee stress (Dent & Goldberg, 1999), the uncertainty resulting from lack of information (Ashford et al., 1989), lacking the need for achievement in employees (Mabin et al., 2001), fearing failure (Kuyatt, 2011), low participation for changes (Lines, 2004), organizational silence (Morrison & Milliken, 2000), organizational culture (Leigh, 2002), leadership style (Richards & Marks, 2007), and decrease in employee motivation (Hultman, 1998) can also spark employee resistance.

In further details of the concept, both pros and cons are highlighted in employee resistance. The negative outcomes of employee resistance are decreased job satisfaction (Burke et al., 2009), minimised employee motivation (Ude & Diala, 2015), reduced creativity (Hon et al., 2011), and decreased organizational effectiveness (Jones & Ven, 2016), and ultimately, increasing the employee turnover (Oreg, 2006). However, Piderit (2000) explained the
importance of analysing employee resistance, as a learning opportunity for future change implementations.

Literature has recommended many strategies to manage employee resistance, such as encouraging employee participation, educating employees on change and its importance, developing employee trust (Griffin, 1993), and using the employees’ psychological attachment to the organization to decrease resistance (Dirks et al., 1996), actively listening to employee inputs (Schermherhorn, 1999), introducing changes at a slow pace and employee training (White, 1998).

Analysing resistance has value (Ford & Ford, 2010). Various scholars have categorised change resistance, based on a wide range of factors. Resistance to change can be expected or unexpected (Salam & Alghamdi, 2016), covert or overt (Mareš, 2018), and can be of low, middle or high risk of employee resistance (Giangreco, 2002). There has been an increase in using electronic record systems for healthcare employees (Mareš, 2018).

**Methodology**

This study adopts a qualitative approach, to explore beneath the surface level understanding and to analyse human behaviour towards change and resistance. As per Benbasat et al. (1987), a case study is “a phenomenon in its natural setting, employing multiple methods of data collection to gather information from one or a few entities (people, groups, or organizations)” (p. 370). Furthermore, a case provides an extensive examination of the setting (Bell et al, 2019), which is applicable to the HGH, where its context can be treated as an object of its own right.

Accordingly, a case study strategy was used, where eight employees representing three departments of the HGH hospital were interviewed in the semi-structured interview format. An interview guide was pre-prepared by the researcher, which included critical and open questions to explore the research objectives in depth.

The researcher specifically selected employees who actively resisted the biometric-fingerprint attendance strategy within HGH. This was a difficult task, as many HGH employees refused participation, stating discomfort with sharing unfavourable opinions about HGH management and other stakeholders. Therefore, the snowball sampling technique was used to constitute the sample of willing and voluntary participants from the HGH hospital. The interviews were transcribed, coded and analysed using a thematic analysis approach. In addition, secondary data sources such as company and industry reports were considered. The researcher placed a significant consideration on ethics and used pseudonyms for the organization and the employees who participated, to ensure privacy and confidentiality.

**Findings and Discussion**

Guided by the rich interviews with the employees of HGH, a detailed contextualisation and sophisticated explanation of the research problem was completed. Then, it was important to clarify the reasons behind HGH employees’, choosing resistance over accepting a management initiative that may have only caused uncomfortable consequences of having to be punctual. In light of the first research objective of this paper, which was to identify the reasons behind employees’ resistance when converting from manual to biometric-fingerprint attendance, the following themes were identified as the key reasons for change resistance at HGH through the thematic analysis.

**Lack of Employee Involvement in Planning for Change**

Improved interaction between managers and employees determines the success of change implementation (Pomare et al., 2019). By observing secondary data sources, it was
clear that the management of HGH presented an authentic commitment to listening to employee inputs. However, this seemed to be a superficial picture of the HGH management, as a contradicting view was presented in all the participant interviews conducted for this study, where it was stated that employees were not involved in any part of the HGH change process. Therefore, it can be established that the management’s action was not proactively and explicitly communicated with the employees and that the protests conducted by HGH employees were a reactive response. This is the incipient point of oppositional consciousness of HGH employees, as one participant articulated the point as, “they [management of HGH] don’t care about us. They pretend to listen to us, then discard what we said, and do what the management already planned to do”.

On the surface level, this situation presents a simplified picture of employee unions opposing biometric-fingerprint attendance. However, on a deeper and holistic view, this is an interplay of power between the employees and management. Hence, it is the interpretation of action that is significant, which in this case, is the management’s sudden decision to convert the attendance policy, with no prior involvement and preparation for the HGH employees. It is clear that the employees ‘interpreted’ this managerial action as a bold display of authoritative power, and responded on the same footing, which is by refusing to work at HGH. Despite disciplinary threats, employees can withdraw and ignore the management, contributing even more to their poor attendance records (Richards & Marks, 2007).

In addition, the way the change was communicated to the employees was questionable. As per the interviews, employees received stern instructions on converting to biometric-fingerprint attendance, along with punishments if there was any non-compliance. The change was introduced almost overnight. The abrupt execution of the change initiative activated a similarly abrupt response from the HGH employees, which was resistance in terms of protests, halting patient treatments and increased intentional absenteeism further.

The Multiplicity of Employee Unions
In challenging and evolving times, employees use their group memberships and loyalties (Richards & Marks, 2007). There are five employee unions within the single organizational setting of HGH. These include the employee unions of doctors, medical laboratory staff, clerical orderlies, and two employee unions representing the nurses of HGH.

The researcher established that there are inter-rivalries between the employee unions of HGH. As an elaboration of the said point, during the protests against the HGH management, only one of the nurses’ employee unions actively supported the resistance. The doctors’ employee union took a neutral approach, where they did not officially support the HGH management nor the other HGH employee unions. As a result, the unions of medical laboratory staff, clerical orderlies and one nurse employee union actively resisted the biometric-fingerprint attendance procedure, and ultimately, paused treatments for the patients of HGH.

In addition, as per the findings from the interviews, not every employee of HGH was an active member of their respective union, though technically, every employee of HGH was automatically considered a union member. One participant clarified this point as, “only a few employees work hard to represent all employees. Others just sit back and watch. Most of the employees are just free riders”.

Based on the interviews, employees who resisted the changes feared their freedom will be limited by the introduction of biometric-fingerprint attendance. As one participant stated, “if HGH management successfully implemented the new attendance system, it
would pave more changes for us in the future”.

In terms of the nurses – who had two employee unions – the decision on which union to join depended on the individual nurse’s political preference. This is due to the fact that the two nurse unions in HGH were named and represented two different political parties in Sri Lanka.

**Intentional Involvement of Third Parties in Order to Increase Attention to the Intra-Organizational Issue**

The Intra organizational conflict of HGH was escalated into a wider scope when the employees stopped treatment of patients, as a way of demonstrating objection to the HGH management’s change strategy. This is a clear sign of involving more stakeholders in the context, where an internal issue was converted by infusing nationwide publicity, to be more explicit, macro and with the intention of delimiting employees’ own say in the matter. As per Mareš (2018), change occurs internally but will spread through to the external environment and its stakeholders. As one participant articulated this point as “Maybe what we [the employees of HGH] did to the patients was wrong. But we were desperate”.

However, unsatisfied customers were divided in terms of taking sides of HGH management or employees. By observing the secondary sources, the researcher observed that the majority of customers blamed HGH employees for taking such an activity too quickly and radically, which elaborates the findings of Darmawan and Azizah (2019), where negative employee reactions display the real manner of how changes are implemented within an organization.

**Implications of Not Having a Separate Human Resource Department for the Hospital**

Regarding an SOE performance, an agency problem can arise, where the state is both the owner of SOE which is funded by the budget, as well as a provider of public goods to the society (Schneider, 2019). Interestingly, by observing the participants and analysing the primary and secondary data, the researcher was able to establish that the majority of SOEs in Sri Lanka, do not have a separate human resource department within the organization setting. In fact, the middle managers of HGH - such as the head of the medical laboratory, the head nurses and the head doctors of the wards - act the human resource role as a part of their respective job descriptions. However, those middle managers of HGH have not been given formal training in relation to human resources, nor had experience from a formal business background.

As established earlier in the paper, there is substantial literature which explains the phenomenon of increased absenteeism in SOEs. Absence may seem simple on the surface, but the high frequency of absenteeism coupled with the unionised nature of SOEs showcases a far more profound, underlying problem. In HGH, the lack of a separate human resource function contributes to managing intentional absenteeism, as many middle managers’ job descriptions – whose primary job responsibilities include patient treatment – are prioritised over the human resource role they are supposed to conduct.

Overall, the above reasons contribute to articulating the organizational-level puzzle of change and resistance in HGH and connect to the jaws of the first fundamental research question. Employees and the management of HGH, the two main parties of this research, are interdependent, and therefore, the actions they’ve initiated affect themselves, as well as external stakeholders such as patients, who were initially not part of the issue.

**Opportunities for Improvement**

This paper studies two objectives in relation to HGH. In the lens of the second research objective, which was to propose proactive solutions for managing employee resistance
in HGH, the following opportunities are identified and discussed.

Biometric fingerprint attendance represents ‘a part of the employee’ instead of traditional manual attendance, which represents ‘what the employee said. The researcher stands by the fact that biometric-fingerprint attendance is more authentic and will bring in many benefits for HGH. However, the manner in which the change was implemented in HGH contains room for improvement.

Employee unions are a key stakeholder for Sri Lankan SOEs. As already established in the study, multiple employee unions represent the different employee groups within the same setting. However, the incompatible application of employee unions within HGH, only adds up to the overall complexity of the context. Therefore, it is recommended to merge the employee unions, where within a single union structure, multiple employee groups can be represented in the hierarchy. This will be a delicate process due to the present turbulent nature of the situation, and therefore needs careful, well-planned interventions and active participation from both employees and management of HGH.

The HGH management has worded of considering HGH employee inputs, but this has not been evident in the management’s actions. The HGH management must make the employees feel included, such as routinising a periodical meeting with the HGH employee union where the union’s criticisms, appreciations and suggestions will be actively taken into consideration in a formalised manner. This is of paramount importance, as the employee union might be discouraged from participating if the union ‘interprets’ that HGH management is not actively listening and implementing the union’s inputs. Finally, this action will improve employee readiness for change in HGH.

The Sri Lankan Government must intervene in establishing a separate department in HGH that will be solely in charge of human resource activities, such as recruitment, selection and appraisal. This is a significant step that will proactively disentangle the primary job function from the human resource activities. Having a separate and well-trained human resources department will embed the function, and routinise processes such as managing absenteeism through performance monitoring, grievance handling and formalising the procedure in every step of the employee’s journey in HGH.

In actuality, the researcher acknowledges that these recommendations are easier said than done, as implementational challenges from both management and unions of HGH can be expected. However, despite this admission, the described opportunities in this paper for HGH, if successfully implemented, will address the present issue fundamentally, with the required, continuous, active support from both the management and employee unions. If implemented successfully, the said opportunities will manage absenteeism in HGH, while creating an organizational climate where employees are comfortable and confident that their requirements are considered by the top management of HGH, in deciding the way forward for the enterprise.

Finally, concerning the context of HGH, the government of Sri Lanka has a significant role to play, by taking corrective measures to address the change resistance issues in the short term, while initiating proactive measures for change resistance in the medium to long term.

Conclusion

This paper studied HGH, a state-owned hospital operating in Sri Lanka, which faced employee resistance in the process of converting its manual attendance system into a biometric-fingerprint attendance system. There is a growing need of studying change implementation in an organization setting that has both private and public institutional
characteristics, as it lacks academic literature. Accordingly, the research objectives of this study were to highlight the course and causes that triggered employees’ resistance to converting from manual to biometric-fingerprint attendance and propose proactive solutions for employee resistance management in HGH. A thorough examination of literature was conducted under key terms such as SOEs, absenteeism, change management in SOEs, employee readiness for change and employee resistance to change. Under the qualitative strategy, HGH was selected as the case study for this paper, where semi-structured interviews were conducted and thematic analysis was carried out, to refine and articulate the understanding of the change and employee resistance at HGH.

In relation to the first research objective, the change resistance of HGH employees was an outcome of many reasons. Based on the thematic analysis performed on the interviews, lack of employee involvement in planning for change, the multiplicity of employee unions and intentional involvement of third parties in order to increase attention to the intra-organizational issue were identified.

In relation to the second research objective, one recommended action was to merge the employee unions, where within a single union structure, multiple employee groups can be represented in the union’s hierarchy. In addition, other recommendations were for the HGH management to actively involve employee unions’ inputs in strategy formulation and for the Sri Lankan government to intervene in establishing a separate human resources department in HGH hospital.

In terms of limitations, as this study used a single setting of HGH under the case study strategy, the aim was to contextualise the research problem. However, while interpreting this study in relation to the context of HGH, the findings can be learned in strategy formulation for the HGH management and for the Sri Lankan government, in deciding the way forward for an SOE, which widens the applicability of the findings in this study.

The problematic reality and challenges faced by HGH are not unique, as similar change resistance issues can be observed in other SOEs operating in Sri Lanka. The researcher acknowledges that the implementation of the findings of this paper is not straightforward and linear, but if properly implemented, will be beneficial for other stakeholders in understanding, contextualising and strategising change implementation and employee resistance in an SOE context. In addition, the originality of the study contributes to bridging the current gap by expanding the existing literature, on the scope of change and resistance to change management in SOE contexts.

Finally, to the knowledge of the researcher, this is the first research that investigated implementation barriers for manual to fingerprint-biometric attendance conversion in an SOE in Sri Lanka, which increases the originality of this paper. The findings of the research area are in an actionable format, and hence can be used as a template for success in change and resistance management in HGH.

**Future Research**

HGH, a state-owned hospital on which the paper was based on, lies in a unique intersection, where both the public interests of the state and the private interest of the taxpayers collide. There is an expanding interest and prominence for SOE management, as the majority of SOEs in Sri Lanka are facing poor productivity and gradual withdrawal in terms of profits. In projecting the findings of this paper into a broader context, more research can be conducted using different approaches, such as ethnographic studies where the researcher observes stakeholder behaviours over a significant period of time. In addition, future research can move towards studying the
present issue from the HGH management viewpoint. Finally, further research can be conducted comprehensively to include change management and employee resistance in the overall SOE context in Sri Lanka.
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