

Organizational Change

The changes in an organisation never stop. Therefore, it becomes crucial for an organisation to understand how to adapt to change or how to absorb it in order to achieve its organisational goals.

Organisation change is defined as “any alteration in one or more elements of the organisation”

Organisational changes has the traits listed below.

1. When change happens inside an organisation, it upsets the preexisting equilibrium, requiring the creation of a new equilibrium. The degree of change and its effects on the organisation determine the sort of new equilibrium.
2. A change may have an effect on the entire organisation, some areas may be affected more severely than others, and some areas may be affected both directly and indirectly.
3. Organisation change is a constant process. However, while some modest adjustments may be absorbed by the current equilibrium, others that are more significant may necessitate particular change initiatives.

Factors Affecting Organizational Change

Internal Factors

The internal environment of an organization consists of factors within the organization over which it can exercise a fair amount of control. Some of the internal factors are –

Employees – Employees are the human capital of the organization. An organization without a motivated and dedicated workforce will not be able to perform in spite of having the best products and capital. Employees must take the initiative to change their workplace, or changes in work tasks for more efficient and effective performance.

The Organizational Structure – The organizational structure is what governs and guides the effective operations of the company. It defines and scopes the authority and hierarchy in the company. However, over time the organizational structure needs reorganization to answer to the needs of an evolving entity and becomes an internal source of organizational change.

Organization Processes – The processes in organization are collections of activities that need to be undertaken in order to produce an output, and that will have a value for consumers. There are various processes in the organization that need to be constantly updated to keep serving the market like – manufacturing, distribution, logistics, information technology, etc.

Apart from the above factors like the company's mission and objectives, organizational culture and style of leadership are factors typically associated with the internal environment of an organization and can have a considerable impact on the organization

External Factors

Economic Factors – The macroeconomic factors like the political and legal environment, the rate of inflation and unemployment, monetary and fiscal policies of the government, etc. are causes that have a high influence on companies and prompt for changes in the organization. Managers need to carefully track these indicators in order to make the right decisions for change.

Socio-cultural Factors – The local and regional conditions greatly influence people's values, habits, norms, attitudes and demographic characteristics in the society. All of these factors highly influence the business operations or will do so in the future.

Global Environment – The increasing globalization of markets has made organizations sensitive to changes. Any change or crisis in the global market affects every business, and corrective measures are not often easy and immediately taken.

Technology – Technology has become an intrinsic part of business operations. It regulates processes in all aspects like manufacturing, distribution, logistics, finance, etc. Organizations have to be up-to-date with the ever-changing technological advancements in order to improve efficiencies and remain competitive.

Types of Change

When pressured by certain causes, either inside or external to the organisation, a reactive change is implemented. The majority of organisations that adhere to traditional working methods frequently opt for reactive transformation.

The expectation of the anticipated behaviour of the factors having an impact on the organisation leads to proactive change. These businesses are referred to as prospectors because they constantly engage with the environment to spot emerging prospects and dangers. others, particularly the more significant ones, can call for special reform efforts.

Planned change involves preparing the total organization or a major portion of it, to adapt to significant changes in the organization's goals and way of its working. In such changes, alterations are made in structure, technology, task, and people of the organization.

Change Models

Action Research is a useful method for facilitating organizational change by collaborating and involving the client in the entire process of diagnostic, problem identification, experiential learning, and problem-solving process.

The most commonly used model of action research which is used in the contemporary scenario is **Warner**

Burke's 7 Step Action Research Model. These 7 steps are Stage of Entry, Contracting, Data Collection, Providing Feedback, Strategic Planning, Planning & Designing Interventions and Evaluating the success of Interventions.

Positive Model

The positive model focuses on what the organization is doing right. It helps members understand their organization when it is working at its best and builds off those capabilities to achieve even better results.

5 Stages of Positive Model are:

1. Initiate the Inquiry
2. Inquire into Best Practices
3. Discover the Themes
4. Envision a Preferred Future
5. Design and Deliver Ways to Create the Future

MCQ for Practice

Q1. _____ refers to the actions in which a company or business alters a major component of its organization, such as its culture, the underlying technologies or infrastructure it uses to operate, or its internal processes. RBI Grade B - Phase 2 - 2021

Identify the concept which is being discussed in the above paragraph

- a) Organizational Change
- b) Organizational Structure
- c) Organizational Conflict
- d) Organizational Justice
- e) None of the above

Answer - a

Q2. Which is the last step of Warner Burke's 7 Step Action Research Model?

- a) Contracting
- b) Data Collection
- c) Providing Feedback
- d) Strategic Planning,
- e) Evaluating

Ans-e