

FORCES OF CHANGE

There are two forces that act on existing state of equilibrium of the organization.

- 1) **DRIVING FORCES:** These forces drive the organization to change its structure or way of working. They encourage the organization to accept environmental changes.

Need for higher productivity, employee's commitment to work, desire for promotion and career development are the driving forces that encourage people to accept change.

- 2) **RESTRICTING FORCES:** These forces restrain organization to accept change. Organization continue with their current working as people resist change.

Laziness habits precedents, domestic problems and routine nature of work are restraining forces that discourage people to accept change. To survive, grow and develop in the industry, firms should spur the driving forces and reduce the restraining forces. This will help them reach a new level of equilibrium which will be favourably accepted by the organizational members.

FACTORS AFFECTING CHANGE/ NEED FOR CHANGE

Change is the essence of life. Organization that does not anticipate or respond to change will not be successful in the long –run. The factors that necessitate change fall into two categories:

- 1) **INTERNAL FACTOR:** Factors internal to organization that cause change are as follows:

- a) **EFFICIENCY:** Organizations want to perform better than competitors, earn more profits for themselves (in the form of retained earnings), employees (increase in salary and bonus) and shareholders (increase in dividends). This is possible if they consistently review their policies and recognize their structure. Change is, therefore, desirable to achieve higher level of efficiency.

- b) **CONTROL:** People at high managerial posts want to retain control over organizational activities. They have their own philosophies and ways of working. They introduce new organization designs and control systems which are followed in the organization.

- c) **LEADERSHIP:** Dynamic managers introduce change because they want to lead the market. Change in one business forces others to adopt the changes.

- d) **INTERNAL PRESSURES:** Attitudes of employees also enforce change. Workers dissatisfaction with the working condition, pay structure and inter-personal relationships reflect negative behavior towards managers which may force them to change their policies, procedures and strategies. Change is, therefore enforced to develop cordial relation in organization.

e) **CHANGE IN WORK FORCE**: Changes in managerial personnel (when new managers join in place of retiring managers) also require the organization to change its values and philosophies. Changes in operative personnel (new workers who are more educated, skilled and competent) also require the organization to change its values and beliefs to match those who join the organization. There may be changes in leadership styles and motivation systems to deal with knowledge workers.

f) **INTERNAL INEFFICIENCIES**: Organization may change their structure because of internal inefficiencies like imbalance between narrow and wide span of management, centralization and decentralization, line and staff relationships, internal and external environment etc. Improvement in these areas requires changes in organization structure.

2) **EXTERNAL FACTORS**: Survival of organization depends on its active interaction with the environment.

Some of the external factors which affect change are as follows:

a) **MARKET FACTORS**: Organization operate in the volatile markets. Various market forces of demand and supply, changes in consumer tastes and preference, policies of competitors, better products and suppliers for organizations to change their policies.

b) **ECONOMIC FACTORS**: Changes in economic conditions; exchange rate and interest rate fluctuations, fiscal and monetary policies, inflation and cost of living necessitate changes in the organizational policies also.

c) **SOCIAL FACTORS**: The norms for pollution, safety and working conditions, healthy consciousness, geographical movement of workers, change in their age composition are the social factors that necessitate change in the organizational policies.

d) **TECHNOLOGICAL FACTORS**: The modern world has constantly changing technology information, computerization and decision support system. If organization fails to update its technology and management information system, it will be able to survive in market.

e) **POLITICAL FACTORS**: Business enterprises and Government actively interact with each other. Changes in government policies with respect to taxation and corporate governance, new laws and court decision require the organization to change their policies according to these regulations.

f) **NATURAL FACTORS**: Natural calamities like floods and earthquakes also require changes in the policies of the organization.

g) **EDUCATIONAL FACTORS**: Educated employees, shareholders, labor unions, customers and suppliers require organizations to change their structures to come up to their expectations.

h) **GLOBAL FACTORS**: Globalization and liberalization require changes in the policies of organizations to compete with multinational corporations operating in the home country and the host country.

