CHAPTER-III

THE PHENOMENON OF “ORGANISATIONAL CHANGE”

3.1 INTRODUCTION:

In the light of the review of literature in the chapter -II, the case of Steel Authority of India (SAIL) has been taken up as it provides an ideal situation, wherein a company evolved in an environment that had changed totally from a monopoly to an open economy. During the process of evolution, different strategic initiatives for the growth of the company. However, there was partial success for the company. Hence, the study might provide valuable insights into the facets that were able to influence change in the company vis-a-vis the corporate goals.

3.2 THEORIES AND MODELS ON ORGANISATIONAL CHANGE:

Several models have been proposed on organisational change. Some of the important models are elaborated here.

3.2.1 Classical Theories: There were fundamentally two classical concepts on “Change”. The oriental thought propounded a cyclical theory of change, as against the linear theory of change of the West. The cyclical theory speaks about the unchangeability of the ultimate truth, that is the Brahman. It is the transition of an entity from the state of being to the state of becoming that takes a prolonged period and it is these phases in the journey that are considered Changes of the material life. These changes are however, not permanent; but are transient and lead to the ultimate truth when the Atman finally merges with the Brahma. It is the state where the Atman manifests itself as Aham Brahmasmi. We thus find a holistic theory of unchangeability and change in the oriental philosophy where this is only a part of the former, and a reflection of its continuous quest to be one with the ultimate superconsciousness. The Western theory on the
other hand seems to concentrate upon the transformations in the material world and refers to them as Changes that continuously occur in our environment. It believes in the unending series of transformations that occur to matter. These changes continue uninterrupted and will continue forever. For our context, it is suggested that in our effort to understand the process of change in the organisational context, both lines of thoughts might be considered. As literature suggests, in the journey to excellence, all organisations have been led by the light where the manifestation of the ultimate is highlighted for progress, sustenance, and prosperity at all times.

3.2.2 Kurt Lewin’ Theory (1964): Lewin presupposes that forces for change may come from the environment external to the organisation, from within the organisation, or from the individuals themselves... Organisations might be in a state of equilibrium, with forces pushing for change on the one hand and forces resisting change by attempting to maintain the status quo on the other. This phenomenon called Field Force Theory suggests that an equilibrium is maintained by driving forces and restraining forces. In initiating change, the tendency is to increase the driving forces. This might produce some movement, but might also increase resistance by strengthening the restraining forces. Another approach is to reduce or eliminate the restraining forces and then move to a new level of equilibrium. In organisations, therefore, a change in policy is less resisted when those effected by it participate in change. Accordingly, the change process involves three steps- Unfreezing, moving or changing, and refreezing. The first stage, unfreezing, creates motivation for change. If people feel comfortable with the present situation, they might foresee the need for change. The second stage i.e. the change itself, might occur through assimilation of new information, exposure to new concepts, or development of new perspectives and synthesis of all to arrive at a stage where the existing
state of organisation undergoes a transformation. The third stage, refreezing, stabilises the change. Change, to be effective, has to be congruent with the person's self-concept and values. If change is incongruent with the predisposition and exhibited behaviour of others in the organisation, chances are that the person will revert back to the old behaviour.

3.3.3 Morgan's Theory (1972): John S Morgan is of the opinion that organisational changes occur within the organisation and primarily at four levels: Technological level, Methods level, Structure level, and People level. While change at the technology level propels change in organisations and threatens to overwhelm us with its volume, complexity and speed, most organisations are either unable to appreciate its impact or simply deny or denigrate its importance in society. If an organisation is to survive the onslaught of technological changes in the environment, it must be prepared to learn about this phenomenon and at the same time, must be prepared to manage it successfully. Technology means change, uncertainty and risk over projects only partially understood. It multiplies complexity, shifts power and threatens the locus of control. It threatens radical rearrangements, in conflict with the innate conservatism of the minority which is interested in the status-quo. However, even in the face of these negative factors, technology should be considered as an important agent of change. And it can be so when there is an ability in the organisation to analyse the extent to which technology is initiating changes within our purview. The ability to recognise that most decisions about technology are being taken by people who are not technologists, also gives strength to the decisions pertaining to technological change. Last but not the least, the realisation that technology is no threat—its decisions about technology that pose threat, are the important phase of living with it. The courage to accept the technological change should thus be based on the ability to prepare psychologically, having full information about the nature of technological
innovation, being realistic about the imprecision of technological change with respect to market potentials, cost of implementation, competitive probabilities etc.

Changes in the methods level refers to the changes in the ways of doing things that are not primarily technological, even though they might have been generated in the beginning by technical expertise. Changes in methods usually takes place at two levels: Changes in the minds, and Physical changes in the methods. Changes in minds constitutes one of the important kinds of mental attitudes shifts and change in the attitude towards change itself. Physical change in methods follow subsequently.

Change at the structural level refer to the good organisational structure that is characterised by its logical way of approaching events. A well planned structure should be understandable, clear, explicit and carefully designed accordingly to established principles. The organisational structure also needs to be sufficiently stable for individuals to plan their future In fact in an era of accelerated changes it becomes an important factor indeed.

Changes at the people level look into another vital aspect of organisational change. People are by far the most important elements in propelling change. At a time when there is turbulence in the environment, it is the people who ignite the spark to start the change process. Probably the most complex change an organisation has to deal is the change in the people themselves. “To survive, to avert what we have termed future shock, the individual must become infinitely more adaptable and capable than ever before. He must search out totally new ways to anchor himself, for all the old roots - religion, nation, community, family, or profession - are now shaking under the hurricane impact of the accelerative thrust.” As an agent of change, one must help employees adjust the future shock in their work areas, and must make sure that the adjustment is in the best interest of the organisation. People are transforming in their mores and in their
psychology. All this will have a veritable impact on the total process of change. It is therefore essential that the mind set of the people undergoing the change process should be handled delicately and carefully so as to enable them to withstand repercussion of change comfortably.

3.3.4 Marilyn Ferguson’s Theory (1980): Marilyn Ferguson advanced the theory that people are in the midst of a peaceful revolution of consciousness that will renew the society. Central to Ferguson’s thesis is the notion of the paradigm shift—a new way of thinking about things. In brief, Ferguson’s four variety of change are – Change by Exception, Incremental Change, Pendulum Change and Paradigm Change. By change by exception is meant that how strongly we may hold certain beliefs we are confronted with irrefutable contradictions of those beliefs and here instead of questioning our underlying beliefs, we discover an exception to the rule. Ferguson describes this kind of change as the most easiest and most limited and allows us to retain our old beliefs while identifying anomalies. Incremental change refers to those changes that creep up on us imperceptibly. Small changes alter our belief systems although we may be unaware of how or why our attitudes have changed. Pendulum changes are those changes where change in attitude occurs more precipitously. Such changes repudiates the past and substitutes a belief of the opposite extreme. A paradigm change is a cognitive model of how things are or a standard for how things should be. It occurs when premises and conclusions are rethought carefully so that discordant information is not excluded from the model. Furthermore, a fundamental rethinking differs from gradual accretion of new information that occurs in incremental change and from the reversal of those beliefs that occurs in pendulum change. Ferguson’s theory exhibits that change by exception, incremental change and pendulum change all fall short of transformation. Yet change—particularly planned change—is the basis of
organisational development. Managers who wish to transform their organisations need to remain aware of the different varieties of change. It may be that the goal of a change intervention are adequately served by some level of alteration below transformation. However, for transformation-organisation renewal-to occur, the beliefs that control behaviours must undergo a more profound paradigm change.

3.3.5 Gerard Egan's Models (1988, 1989): Gerard Egan (1988a, 1988b, 1989) introduced two models namely Model A and Model B to explain organisational changes. While the former is meant for assessing and designing excellence into a system, the latter is for the management of corporate and institutional change.

In Model-A, Egan differentiates between business and organisations. Whereas business dimensions have an outward focus and emphasise areas such as mission, markets, customers, systems in the external environment, organisational dimensions focus inward on areas such as organisation structures, human resources and organisational processes. Egan believes that without a framework to systematically assess and design excellence into organisational systems, the management of innovation and change are extremely difficult. Model-A's four basic areas are business dimensions, organisational dimensions, management and leadership and managing the shadow side of management. Business dimensions include strategic business elements like markets, customers, business environment, mission, strategic plan etc. and operational business elements like products and services, work programmes, material resources and unit performance plan. Organisational dimensions refer to the structure, competence, teamwork, communication, reward system and individual performance plan. Management and leadership stress the role of managers as leaders. Such leadership is seen as an interactive process involving the leader, team members and the change situation. Leader in such situation...
goes beyond effective management to innovation and change. The primary task of such leader is to develop a vision, transforming vision into workable programmes, communicating these programmes in a manner that generates excitement and commitment, creating an environment of problem solving and learning, and making sure that everyone persists until the programme accomplishes what it had intended. Managing the shadow-side of organisations means the managing non-rational factors that affect both business and organisational dimensions of a system. The shadow-side elements include The natural messiness of organisations, individual differences, organisation as a socio-political system and organisational culture.

Model-B has three stages: assessment of the current scenario, creation of a preferred scenario, and design of a plan that moves the system from the current to the preferred scenario. These three stages are essentially cognitive in nature, and their ultimate justification is action that produces valued outcomes for the company. Stage I of the said model discusses the assessment of the Current Scenario. This discussion takes place in three steps: Assessment of deficits and identification of unused opportunities, challenging blind spots and developing new perspectives, and choosing high-impact problems and opportunities. Stage II deals with what needs to be accomplished and consists of determining what the organisation would look like if it were in the desired shape. This stage also consists of three steps namely developing a range of preferred possibilities or scenario, choosing the best possibilities and developing criteria to package them in a realistic preferred agenda, and presenting the agenda and get commitment from key stakeholders. Stage III is a getting that stage and consists of developing an action strategy to move from the current state to the desired state. This stage has again three steps namely brainstorming a wide range of strategies to accomplish each new outcome, choosing the best-fit strategy for each outcome and casting the strategy into a form of a workable plan.
3.3.6 Beckhard and Harris's Theory: Beckhard and Harris (1987) portray organisational change in terms of Change-Stability-Dilemma, how can leadership respond to the challenges of organisational change while at the same time maintain internal continuity and stability necessary to carry out the organisation’s mission. Beckhard and Harris believe that several elements are essential in order to balance the Change-Stability-Dilemma. These are:

- A vision for the future
- A sense for organisational identity (i.e. “the reason to be”)
- A sense of interdependence between organisation and the environment
- A scenario of the future
- A flexible organisation structure
- Effective utilisation of advanced technology, and
- Reward systems that “equally reflects organisational priorities, values, norms and individual need for dignity and growth”,

In addition, Beckhard and Harris believe that in order for organisations to establish processes that incorporate the essential elements effectively, organisational leadership must develop a thorough understanding of:

- the nature of work in an information age
- telecommunication technology and its potential in the organisation
- the nature of culture and cultural change
- the effects of human values on organisational performance and effectiveness
- World-wide socio-political condition, and
- The philosophy and technology of effectively managing the Change-Stability-Dilemma.

Beckhard and Harris propose that from a managerial perspective, management of organisational transition and change is a task of managing the various demands generated by multiple constituencies, both inside and outside the organisation. Many environmental factors create demands to which organisational systems must respond. As environments change.
organisations change. For many large and complex organisations, the response involves changes in the nature of work; tasks become more complex, and new tasks evolve. Change in the nature and complexity of work involves much more than simple retaining of workers; it involves the redefinition and management of the cultural and behavioural environments.

Beckhard and Harris state that successful change emerges from a seven-phase diagnostic process, which they termed as *open-system planning*. The seven phases are:

1. Determining the organisation’s core mission or reason for being
2. Charting demands made on the organisation and prioritising them as per organisation goals.
3. Determining organisational response for each of the identified demands.
4. Project future demands over a three-to-four year frame.
5. Determining where and what the organisation would like to be in the next 3-4 years.
6. Determining what steps are necessary to achieve the desired state.
7. Analysing the cost effectiveness of the steps defined in step six.

This seven step open system planning process provides a basic, shared understanding of the mission, demand, and response strategy that allows the organisation to proceed with integrated planning for change. Beckhard and Harris explain that this seven step approach is essential for any successful organisational transformation.

![Fig. 3.1 The Change Process (Adapted from Beckhard and Harris (1987))](image)

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3.3.7 Theory of Leadership and Organisational Change: A fundamental component of successful organisational change is the change leader. Dalziel and Schoonover (1988) opine that change leaders are those responsible for the process for change. Within organisations, change leaders are found at all levels and most frequently are those who sponsor, manage and implement change. The mental or emotional positions adopted by change leaders play a pivotal role in whether or not change efforts are effective. There are three leadership attitudes that tend to create difficulties for change efforts. They are visionary, technocratic and sympathetic.

- **Visionary** change leaders view change as necessary and support any change effort. However, they are often over optimistic and tend to make global assertions about change prior to a thorough analysis and possible effects.

- **Technocratic** change leaders emphasise hard and quantifiable results while neglecting concerns of the people who are affected by change. Here short term gains are achieved at the cost of long term resentment.

- **Sympathetic** change leaders focus on the concerns of people but neglect to pay attention to hard and quantifiable results. As a result, change efforts often stall or move very slowly.

For Dalziel and Schoonover, the function of change leaders is to organise activities around change. Accordingly, they have developed a framework that emphasises behaviours and activities that are necessary for change process. They say that successful change leaders should prepare their organisation for change, make sure that right people are working with them, and follow action plan that ensures acceptability of change in the organisation.

Thus successful organisational change flows from organisational readiness, change-team roles and implementation process. Any organisation that is able to have the above has the chances of having successful change.
3.3.8 Adoption-Diffusion Model of Change: This model enumerated by Griffin and Pareek (1970) is based on the theory of change being the process of learning. Systematic studies carried out by rural sociologists of communities and groups of people among which successful change has taken place indicate that learning takes place when one is dissatisfied with the present state, wants a change, sees new alternatives somewhere, debates in one's mind about the pay off of the new alternatives, checks with others one trusts, tries the new alternative, assesses its advantages over the old ways and finally adopts it. It has been found that those people who have eventually accepted a particular change tend to fall in five categories: innovators, early adopters, early majority, late majority, and laggards. It is the first group who initiate change. They are imbued by a high degree of readiness, are motivated and adopt innovations readily. A careful analysis of people who accept change should help the agent of change in planning his work. Diffusion is often aided by the early adopters who share some characteristics of innovators but who tend to be more predictable about how long will it take for a change to develop through the several stages or for diffusion to permeate a group. The speed of the process is conditioned by such factors like the complexity of the new practice, the amount of risk involved in accepting the innovation, relationship between innovation and deeply held traditional values, degree of readiness for change, the amount of competence to make use of new innovation and the kind of promotion given to the new idea or practice. The success of this theory thus rests upon the successful making a learning organization, as also propounded by Peter Senge. This learning would depend upon the organization's ability to unlearn and relearn in the light of environmental changes that occurs uncessently. Speed of learning becomes an essential factor here, for the degree of success would depend upon how rapidly could the organization learn and put them into practice.
3.3.9 McKinsey's 7-S Framework: McKinsey's 7-S framework seeks to establish the importance of seven factors as necessary concomitants for managing change. The complex relationship of these factors is presented diagrammatically in the figure below.

According to Waterman et al., organisational change is not simply a matter of structure, although structure is a significant variable in the management of change. Again, it is also not a simple relationship between strategy and structure, although strategy is also a critical aspect. In their view effective organisational change may be understood to be a complex relationship.
between strategy, structure, system, style, skills, staff and super-ordinate goals. The Mckinsey consultants call “strategy” and “structure” the hardware of the organisation and suggest that the other 5-Ss i.e. systems, style, staff, skills and shared values are the “software” and are often ignored by corporate strategists. While strategy and structure are important to the organisation, they by themselves cannot assure success, which comes about by corporate commitment. It is the other five Ss, which play an important role in creating a climate for commitment. The better the alignment between and among all the seven levers of the organisation, the better are likely to be the results.

3.3 REVIEWING MODELS OF CHANGE:

The review of models of change lead us to three basic areas of focus as stated below:

![Fig 3.3 Viewpoints on Factors for Change](image-url)
Fundamentally, these three streams of thoughts emerge from the models propounded by the theorists. The first stream of thought emerges from the viewpoints given by Lewin and Fgan. They believe that it is the environment (external and internal) that primarily determines change in organizations. Morgan also joins hands with the above in stating the importance of internal factors in affecting change. It is emphasized that organizations might be in a state of equilibrium, with forces pushing for change on the one hand and forces restraining the same by attempting to maintain status quo on the other. In initiating change, the tendency is to increase the driving forces. The cumulative effect of these two forces determines the process of change (Lewin, 1964). Though Lewin states that these factors might be from the environment or internal to the organization including people, Morgan (1972) refers only to the internal factors on the technological, methods, structural and people level and provide details of the effect of these factors. He believes that all this will have a veritable impact on the total process of change. Egan (1988), in his Models A and B, relates with the preceding theorists and states that change occurs due to the effect of forces from the external environment (market, customers, business environment, mission and strategic plan), internal environment (structure, competence, teamwork, communication, reward system and individual performance plan), management and leadership (stressing the role of leaders) and shadow side of management (dealing with climatic factors). His viewpoint of dealing with change however does not provide a concrete solution and is only indicative in the case of the company under reference.

If we try to see the applicability of this stream of theorists, we find that they do not describe the importance of systems and structure, efficiency effectiveness of the management process and role of leadership in steering the organization through the change process. Other factors important in the present context like need for organizational learning as a continuous process
and an excellent work culture is not described in detail. The role of people in affecting organizational transformation through total involvement also does not find apt expression in the above line of thought. Lastly, the need for having a clear strategic focus to remain competitive and ability to change as per the changing needs is also not deliberated adequately.

In this context, the above mentioned theories and models find limited applicability in the case of the company under study. As data indicates, the company was unable to affect change initiatives to match the changing business scenario mainly because of certain inherent weaknesses that have been discussed in chapter 8 (section 8.3). The basic reasons point to the inability to understand the environment, decide priorities and take appropriate actions to counter such forces. Role of the leadership, and involvement of people could be related to these theories but the importance of systems and structure, culture and climate, and integration of resources for a concerted action was not clearly relate. Also, the strategic aspect of the change management process was not dealt clearly in these models.

The second stream of thought refers to the work of Beckhard and Harris (1987), Egan (1988), Dubziel and Schoonover (1988), and McKinsey & Co.(1985). These theorists provide a line of thought which places leadership at the centre of all management process. The theory of Beckhard and Harris explains how leadership can respond to the challenges of organizational change while at the same time maintaining internal continuity and stability necessary to carry out the organization’s mission. Emergence of a vision, organizational identity, flexibility, optimization of resources has been well discussed alongwith the importance of Information technology, culture and value systems, which could be related to the present study. However, how leadership can respond to the challenges of organizational change and how to develop a state of understanding the environment to manage change effectively is not covered and as
such finds less applicability. Egan's Model-A besides referring to the four major dimensions of organizational change: external, internal, leadership, and climatic factors states the importance of leadership in organizational change. However, the second part of his Model i.e. Model B is not very clear as to the role of leadership in managing change and how the process of change is to be managed through effective leadership. Dalziel and Schoonover's theory also hinges upon leadership as the main factor for facilitating change, but does not go into the detail as to the other elements that could affect the change process. It also does not explain the integration of factors that influence change in an organization. McKinsey's 7-S model makes a good attempt to explain the forces for organizational change. However, it does not speak clearly about the role of leadership, culture and climate and value systems that affect organizational change process, and as such finds limited applicability in steel industry.

The third stream of thought emphasizes the importance of people as the core of organizational transformation. This thought is advanced by theorists like Morgan (1972), Ferguson (1980) and McKinsey (1985). Whereas Morgan stresses the importance of environmental forces (external and internal) as shaping organization change, he also states that such change can also occur due to people working in the organization. However, he does not elaborate much as to how people would be instrumental in facilitating such a change that may be applied to the case under study. The softer issues as role of culture and climate, systems and structure and strategic process adopted in the organization are also missed out which need corroboration in the company under reference. Ferguson's theory of change by exception, incremental change, pendulum change and paradigm change does not find applicability in the present context. McKinsey's 7-S theory besides referring to leadership as an important factor for change also speaks about people. It states that skill, staff and style are three of the seven important factors for organizational
change. However, if we make an attempt to apply it in the present study we find that human resource strategy and its alignment with the company's core strategy finds less application. Also, the culture, values and beliefs do not find apt expression here. Hence it falls short of applicability in the present study. It is also difficult to find a discernible role of effective communication, motoring and control and strategies to ensure the interests of stakeholders in the said theories. The basic elements necessary for an effective management of change do not find clear application in the present context and hence find little use in the present study.

A comparative table is given below to enumerate the basic thrust areas of these theories, their applicability, limitations and gaps with respect to the emerging issues in the present study. This comparative study will help understand the extent to which they can be used in the present study and areas where they are unable to plug the gaps. This would also help to develop a model, which could address to the core issues emerging out of the present study and could also be used in similar other cases. It is observed that though each of these streams of thought provide indications of forces affecting organizational change and modes of responding to it, they do not help identify all the critical issues affecting change management in a public sector steel company. Also, they do not provide directions on the strategic responses that the public sector steel company presently under study could take to manage change in a competitive market. It might also be expected that these theories by scholars would provide valuable direction to the process of study, helping in exploring various dimensions of the change management process at great length and then arrive at conclusions that would be of immense relevance to the Public Sector Undertakings, especially the steel industry in India to a very great extent.
<table>
<thead>
<tr>
<th>Author</th>
<th>Model</th>
<th>Basic Thrust</th>
<th>Inadequacy in relation to the Present Study</th>
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| Kurt Lewin (1964) | Field Force Theory | - Change may occur from forces external or internal to the organization or by individuals themselves.  
- Change follows the three steps of Unfreezing, moving, and defreezing.  
- Equilibrium is maintained by driving and restraining forces and through effective management of these stages can change be accomplished. | Though the theory describes interplay of driving and restraining forces, it does not clarify role of systems, structure, culture and climate, and work values. Nor does it describes the strategic process for implementing change. |
| Griffin and Pareek (1970) | Adoption-Diffusion Theory | - The process of change takes place through continuous learning when one is dissatisfied with the present state, wants a change, sees new alternatives, and adopting it. | The theory limits itself to the basic concept of change through learning but does not provide details of the critical factors affecting change. It also does not give any direction for formulating strategies for managing change. |
| John S. Morgan (1972) | Change at Technological, Methods, Structure, and people level | - Change takes place at technological, methods, structure and people level and should be dealt with simultaneously for effective change management. | The model does not indicate any place for sensibly towards environment, role of leadership, and strategies to be formulated at the cure, functional and tactical levels. |
| Marilyn Ferguson (1980) | Change by Exception, Incremental, Pendulous, and Paradigm | - People are in the midst of any change, which is either by exception, is incremental, pendulous, or is a paradigm change. Any change process must take into consideration these factors for effective management. | This theory does not cover the basic elements responsible for change management nor does it explain any concrete concept for implementing change in organizations. |
| Beckhard and Harris (1987) | Change – Stability - Dilemma | - Depict how leadership can respond to the challenges of organizational change and state  
- Need for understanding the environment to manage change effectively. | This model does not explain the influence of other factors besides leadership, though it is right in placing its significance in managing change. It also does not talk about the external forces: |
| Gerard Egan (1985) | Model A & B | - Four basic dimensions: Business, organizational, leadership and Shadow management, are responsible for change. This includes external and as internal factors.  
- A 3-stage strategy including assessment of current scenario, setting goals, and developing strategy to accomplish change. | This model conforms to some extent to the requirements of the company under study, but it does not cover issues like capability to rethink the future, developing a consistent strategic focus, reconfiguring competitive strategy as per need, and integration of decision making with process results. |
| Daft and Schoonover (1988) | Change through Leadership | - Change leaders are those responsible for change. These are found at all levels in the organization and are frequently those who sponsor, manage and implement change. | As stated by Beckhard and Harris (1987), this theory hinged upon leadership as the prime mover of change, but does not include the intra-organizational forces as influencing change. |
| McKinsey & Co. (1985) | 7S Model | - Change is the cumulative effect of effective management of systems, structure, style, staff, skills, strategy and superordinate goals. | This theory finds limited application in the present context because here factors like vision, stakeholders interest, communication, monitoring, and internation of different strategic levels at core, operational and tactical levels. |
3.4 CONCLUSION:

For most organisations, the strongest forces for change are those stemming from immense and rapid changes to several aspects of their business environment. The changes thus could occur due to economic transformation, technological change or changes in the society. It is therefore useful to look at these and their implications on the organisations as such.

Changes in the economic environment are quite significant for they have a direct and immediate impact on the growth of organisation. Business institutions, being economic entities, and in pursuit of socio-economic goals get affected the most. In this context, it is important to distinguish between the short term or cyclical changes and the long term structural or fundamental changes. This is because of the short term changes in the parts of the organisations, they will not require radical shifts in strategic directions. The long term changes, however, does not result in the need to revise the strategic intent of the organisation and as a result calls for more fundamental changes in the policies or practices of the organisation. The short term changes include the changes in the business cycle, interest rates, exchange rates, property values, inflation, level of taxations etc. In theory, the appropriate response to such changes is tactical rather than strategic, with the implication that the radical change can be avoided. On the other hand the long term changes which are underlying changes, might include underlying growth rate of the economy, globalisation of the markets, emergence of regional economies, increasing competition, etc. These changes though subtle in the initial stage are imposing in their impact on the overall system and need to be considered carefully in the organisational context.
Another area which calls for immediate attention is the area pertaining to technology. Technological change is primarily of three kinds: New processes for manufacturing goods or delivering services could have been devised, new products and significantly improved products resulting from advances in technology or science could be invented, or there could be development in the technology for processing and transmitting information. In either case, it is imperative that organisations take immediate steps in responding to such changes swiftly and maintain the pace of growth in the industry.

Another important facet of our society where change affects most is the social fabric of the society. These social changes take various forms. One aspect of social change consists of changes in the predisposition of people—their attitudes, values and beliefs. This could take the shape of greater emphasis on healthcare and safety, concern about the environment or a growing demand on the part of people for equality of treatment and equality of opportunity. Another aspect of social change is in the field of social institution. In most societies the most fundamental social institution is the family. And it is at the level of family life that some of the most profound social changes have been taking place. There have also been remarkable changes to a third aspect of social change, the social structure. The full implications of an ageing society have yet to be fully understood particularly its impact on the national economy. The last but not the least important area of social change is that of patterns of behaviour. Demand for goods and services is very much a function of people's lifestyles. It is generally predicted that people will spend more and more on leisure activities as the standard of their life style increases. It is thus important to monitor the pattern of behaviour emerging out of the social changes occurring in the society.
Whatever be the circumstances, in the ultimate analysis it would perhaps be said that all changes, whether internal or external to the organisations, start with the change of mind. The organisation, if he has to respond to the changes of the external environment, has to ensure that the psyche of the individuals working in it is transformed. Any organisational change, if it has to be successful, has to address to this fundamental issue. The basic human values of individuals working in the organisations have to be reinforced through internalisation and adherence in all facets of their activities. Only then will change have the desired effect and organisation will respond to it to its advantage.

Since times immemorial, changes have taken place because of man's historical quest for self-awareness for using reason to achieve and stretch his potentialities and possibilities. This deliberate conscious self-analysis has spread to large and more complex social systems, to organisations. There has been a dramatic upsurge of this spirit of enquiry in the last century. At new depths and over a wider range of affairs, organisations are opening their operations to self-analysis. This development, called *organisational revitalisation* has increasing pervaded organisations, looking for avenues to excel. It is a complex process, which involves a deliberate and self-conscious examination of the organisational behaviour and collaborative relationship between individuals for improved performance. The reciprocity between action and knowledge is therefore important in changing business organisations of today.
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