



IMPLEMENTATION OF CHANGE IN ORGANIZATION - CHALLENGE FOR THE MANAGERS OF FUTURE

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Abstract

The current business environment is complex and dynamic, and soon these features will develop new sizes. Companies are now subject to constant pressure, but to adapt to the new requirements will be necessary to develop an efficient management to support organizational change. The near future will be characterized by fast changes in technology field, by increasing of the computerization degree of all processes and by fusion between companies. In this context, one of the biggest challenges for managers will be training employees, who will must have the capacity to respond to these changes. We believe that accepting risks and changes will become a constant activity of companies and adapting to the new requirements will become obviously a condition of survival in a business environment with multiple variables. Therefore, in this paper we will try to define several directions on implementing change in organizations, which we consider applicable for the success of "tomorrow" business.

Key words:

Change management,
culture of change,
organizational change,
challenges of change

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1. Introduction

The international economy has exceeded the period when it was characterized by doing business in a simplistic way, with relatively few economic actors and weak competition. After the 1990s, the business has continued become more and more complex and also, the business environment has developed new dimensions.

Currently, international economic picture is characterized by the deepening of globalization and by hoe solid trade partnerships at regional level. The complexity and dynamism of international economy made most economists analyse the main aspects through a two-dimensional approach: from the *globalization* point of view and in terms of *regionalization* as well.

The two phenomena with major implications for all economic agents have been widely analysed and approached, in an attempt to properly size their impact on international affairs. In the last years, the global economy has been regarded by many economists "*between globalization and regionalization*" (Ciurcanu, 2005).

Regionalization - as a process of integration at the level of a certain region - requires the states of that region to develop solid and integrative relationships, for various economic, social or political issues. Some authors consider that the regionalization process implies the existence of some autonomous particularly complex

economic processes which have resulted in the strong interdependencies within a geographical area and also, that establishing cooperation connection between the geographical area and the rest of the world (Chițiba *et al.*, 2008).

Until now, *globalization* has been defined in many ways, as many specialists tried to present its correct dimensions. As a process of interpenetration of national economies of the states, that has become more intense in the last years, globalization involving the acceleration of internationalization process of goods, services and capital market. In the context of a market with global dimensions, there has been created a more solid interdependence between national economies and the major economic powers have become examples for developing countries.

About globalization and its effects on the economic, political and social life it was intensively discussed during the different events which brought together business people, researchers and specialists in various fields. This way, there was created a multidisciplinary approach to the phenomenon, which brought considerable added value in economic agents' activity.

Beyond trade liberalization, supporting the development of foreign direct investment, but also, the acceleration of technical, technological and informational flows, the globalization has brought a number of changes in the behaviour of the economic agents.

One of the remarkable changes was the fact that companies are beginning to have an *overall vision* of

their activities. In other words, *even if they act locally they think globally*. This business culture has had significant repercussions in international business development.

Biggest corporations or groups of companies have started to develop complex global strategies and their market behaviour, in different regions, sometimes even led to changing consumption habits of the population.

This thing is visible also in areas with relatively low tolerance to changes, such as the Asian region, which we know is very conservative for their own value system. This is just one of the reasons that led economists to appreciate that *"transnational corporations are the most important force for establishing and promoting global interdependence"* (Chițiba and Mionel, 2009).

Even if the two phenomena which we referred have many advantages for companies, the development of these strategies in the context of increased competition was not, even far, an easy task. Raising exigency, especially in terms of quality, resulted in a challenge for the management of these companies forced to find solutions for an optimal ratio between quality and price. Decisional factors of corporations have changed their own attitude and behaviour and began to think in terms of efficiency, effectiveness and competitiveness.

Looking backwards, we can say that *globalization has helped to improve the methods and management techniques*. Obviously it will continue to do so in the future.

International business environment is currently characterized by an unprecedented technical and technological advance in all areas, which allowed companies to develop their business in accordance with market requirements.

International competitiveness of firms has developed new dimensions. Some economists state that *"was made the transition from group of subsidiaries that was geographically dispersed in a fragmented production system, to production and distribution networks which are integrated at regional and international levels"* (Miron, 2010).

The extension of activities and also the considerable efforts to achieve a significant competitive advantage are only two important directions for companies that want to maximize their performances.

In order to face the changes in the market, company managers were often in the position to redefine the priorities or making an organizational restructuring, in line with economic reality. We can say that we witness at phenomena requiring a *new type of management* that ensures the company's medium and long term competitiveness. If we can say that until now the management of large companies has been centred on development and conquest of new markets, currently

we consider that proper adaptation to the requirements of these markets it is crucial to strengthen the market position of firms. The management focused on organizational change involves process-based approach, with careful analysis of feedback from the employees for each stage of the process. By the way it will recognize and understand the need for change; management will redefine the role of human resources in companies. Employee behaviour is always influenced by the context in which they work. They can support organizational change, ensuring in this way the competitiveness of the company, or on the contrary, can become repressive, leading the company to implementation of inadequate strategies for the environment. Therefore, when there is initiative for change, the managers will need to improve the skills to manage the context in which it can be implemented.

2. Methodology of research

The current economic context represents, through its variables, a huge challenge for managers of multinational companies. International activity will become even more complex in the next decade, external factors becoming more difficult to control.

The question is whether is the human resources as the main force that supports the organization will be ready to adapt to the rapid pace of technological development.

The forms of the international business environment variables will influence companies' activity in a decisive manner. Reducing time to market for innovative products, continuous quality improvement and reducing the prices for declining products and also, the increasing of customer requirements are just some aspects which require management approach through the organizational change. Managers of the "future" will face substantial challenges ... *how can they implement change in their organizations such that to respond better of internal and external pressures?* The most difficult will be to maintain the optimal balance between the forces that determine and support the organizational change and make some pressure for it and forces that oppose from multiple considerations.

Understanding the need for change will be influenced by culture development at company level. The influx of immigrants, important phenomenon we are witnessing today and affecting the whole European area already require attention and amplify the efforts to integrate on the labour market. When the process of integrating them will reach an advanced stage will appear the risk of transforming the strongest organizational cultures in weak cultures, with a diffuse value system.

In this context, finding new methods and techniques for change and adapting to the new dimensions of international market will reach a new level of difficulty.

Literature highlights some aspects that should be taken into account so as to maintain a certain balance in the company. Creation of additional internal pressures will increase the risk of organizational conflicts whose solution requires time and resource consumption.

We suggest, therefore, these issues to be highlighted through a rigorous synthesis of the literature and we try to show some coordinated for implementation of change in organizations, changes that we supporting because we consider that are suitable for success by the "tomorrow" business.

3. Literature review

The literature identifies many references of papers that discuss the impact of globalization on international companies. Some authors sustain that *"opening of national markets and remove barriers led to increased competition between companies, resulting an increased demand for goods and services at lower prices"* (Costea-Dunărințu, 2014).

International companies have redefined their own functions and for creating added value had focused on aspects such as innovation, development of marketing strategies, differentiating the product range or continuous quality improvement. It remains to be seen how well can the company's management focus on unlocking the capital and human potential. Companies have a mission increasingly difficult, especially because sometimes we find inconsistencies between country strategies and there is not a support for the private as it should.

As we said above, we believe that the imbalances that appear in companies often require the development of a new managerial thinking. The company's management of the near future will certainly be a management centred on values and principles of market economy, based on the implementation of strategies that have the power to determine the restructuring and competitive operation of firms. The function of coordinating the activities will be highlighted by an increased importance, if we take into account the increase of differences between culture and behaviour among employees. If we look at the European area that interests us directly, the recent influx of immigrants will put pressure on company management. First of all, the management of companies will have to keep a balance at work among existing employees and those who will engage and who must be integrated properly, without discrimination based on race, nationality, culture or religion (Predonu, 2015).

Due to of the environment condition in permanent changing, company's management can meet some difficulties in planning of objectives and specific activities. In this respect, change management have an important role because is designed precisely to

intervene when necessary, thus ensuring the sustainability of objectives.

In practice, that involves organizing and coordinating specific activities "while working", according to the need for strategic rethinking of managerial processes.

Companies that have managed to implement the change management effectively will have a better chance of achieving high performance, as a result of the making their staff involves in changing process.

One of the most relevant definitions of change management has been developed by Project Management Institute (PMI).¹ In a report published in March 2014, PMI sustain that *"Change Management is a comprehensive, cyclical and structured vision that realise a transition from a current state of individuals, groups and organizations to a future state willing to obtain business benefits"* (The Report "Pulse of the profession: Facilitating strategic organizational change initiatives", p. 4). In PMI vision, change management encourages innovation, improves performance and strengthens the competitive advantage of firms.

Considering that we talk about the way management can make a change at managerial processes, in order to obtain more value, we can say that change management has a very positive side. However, we can meet situations where company management performs some changes as a reaction to certain factors. Thus, we highlight two major dimensions of organizational change management.

a) *one first dimension* concerns the actual changes that are needed in processes, in accordance with the requirements of the environment. It is important to have a good management within the organization at each function and process. The speciality literature highlights the *proactive nature* of this dimension, the idea that change is an option of the organization that is necessary because exist the desire to streamline or improve activities.

b) *another dimension* is of *reactive nature*, the idea that organization react under the influence of pressure factors that do not offer an alternative. For example, changing legislation requires alignment of the organization with the legal provisions. In this case the company does not have any involvement, but is taken immediate action.

Even if the two sizes can be clearly identified, and changes can easily be framed by one side or the other, does not mean that change management is considered simplistic. On the contrary, for managers, the challenges for implementing change in their organization may have different intensity, depending on changes nature.

If changes are reactive, the organization has no control over the main determinants of any change both on the

process and system as a whole; therefore, the forces that resist are reduced.

If we talk about proactive changes, the pressure on top management is much higher, because the decisional factors have to make employees understand the real benefits of change. Maybe it looks like a paradox that an action taken to obtain competitive advantage can become a challenge for company management, but there are many reasons that cause people to oppose.

The more difficult is to keep a balance between the change supporters and its opponents the more substantiated the reason are.

The steady state in organizations that are undergoing the process of implementing a change is an issue studied since the last century by Kurt Lewin, famous German psychologistⁱⁱ. Through his research, it manages to build up a simplistic picture, but extremely useful to understand the reasons which make individuals to become reticent when it comes to change. In his vision, in organizations there are two main types of forces with a decisive role in implementing change.

a) First category - we will find a whole category of individuals making *pressure for the changes* because they consider it is necessary and they believe that in this way the organization manages to remain competitive in relation with the degree of product development and technological advance.

b) Second category - we will find *strong resistance to change* generated by a combination of factors such as: insecurity, fear of everything new, uncertainty, lack of professionalism and sometimes even short-term thinking (as a result of everlasting question ... *why we should make a change as long as everything is "going well"?* But many people does not understand that can be "*better*", or that what's "*going well*" today, tomorrow may be totally inadequate).

Considering the dynamism of the international business environment and constant need to adapt to the social and economic requirements it is obvious that the implementation of changes in a difficult environment will become a challenge for managers. Avoiding organizational conflicts requires great diplomacy from managers because they must be able to determine employees which resist of change for the mentioned reasons to become a supporter of new business strategy.

Researchers concerned with the subject of organizational changes have called the balance between the two forces as a "*state of inertia*". Sometimes, this state is preferred by the management who understand the risk of organizational conflicts, but when decisions cannot be postponed, the state of inertia must be overcome through reducing resistance to change.

Organizational change management is certainly a strong point for companies, but for efficiency the best would be individualising the stages in activities implementation.

4. Steps in implementing organizational change

Change management, as it is understood as organization-wide phenomenon, implies in opinion of some authors, a systematic sequences of many processes, with clearly defined stages.

Paul Marinescu proposes in his paper "management of public institutions", the following basic steps to implement change in organizations:

- defining the factors for change,
- recognizing the need for change, both at management level and at the level of executive
- making a diagnosis analysis on issues that involving changing
- identifying the methods or how to make change and determining how to implement it. This stage has a high degree of importance as it involves the selection of the most convenient ways to support the organizational change,
- defeating the resistance to change,
- effective implementation of change,
- evaluating the results obtained from the process of implementing an organizational change.

Creating a strong connection between these stages is essential for improved communication from the top down organizational level.

5. Change Management - new coordinates for increased efficiency

Each step shown above is absolutely necessary for the desired success after taking decisions that generate major changes in organization. But, these steps must be reported to the reality that we find in each organization, at its own culture.

When it comes to organizational change and its effects we should refer to the crucial role of human resources.

In our view, *an effective change management should be approached thru all organizational processes, but must be centred on employees.*

Starting from this assumption, we indicate some coordinates that we consider important for the managers practice within business organizations:

- *raising staff awareness* about the issue of implementation of organizational change. First of all, the employees must understand why is required achieve change, regardless of its nature. Top management or the managers from medium level can achieve workshops, sittings for work meetings where will make an analysis of the possible effects that will emerge after making a change. It is very important at this stage to answer any questions of employees.

- *analyse the employees feedback*. The success and, most of all, the viability of a strategic decision depends on how we know to decoding the feedback from employees in each phase of implementation. Top management must understand that this aspect represent a significant contribution to reduce the forces that typically resist in front of change.
- *supporting the changes implementation with a strong motivational policy*. In case of proactive change, employees must be convinced that the change will bring benefits to the entire organization. It is important for the employees to be totally involved in achieving new goals and to work for finish each task in a professional and efficient manner.
- *preventing resistance to change*. Overcoming the resistance to change consumes time and resources. But, preventive actions can bring many advantages. The company management together with employees must carry out simulations of possible future situations that will be generated by change. Preventing resistance to change is more necessary if we are talking about reactive changes, which are imposed.
- *development of an organizational culture focused on change*. Change must bring added value, and this must be seen just in this way.
- *addressing a participative management style*. The high degree of authoritarianism will generate lack of motivation and as a consequence, employees will develop opposition for change. It is recommended the permanent communication with employees and their integration into decision-making, when possible, to identify the most advantageous way to achieve the desired change.
- *attention on the time interval for implementation of a change*. It is very important that between changes to be sufficient time for accommodating employees. This period of time can be variable from organization to another, depending on the culture created. Even if the business environment requires sometimes successive organizational changes should be allowed some time to pass between them. Otherwise, it creates too much instability and employees will be dismayed and stressed at work.

6. Conclusions and recommendations

In organizations with long-term vision, change management must be carefully conducted and reported directly to the company's specific objectives and also to the real and concrete situations for company, situations which may affect it activity.

Regarding the dynamism of the business environment, we see organizational change as an absolute necessity. The main responsibility of top management is to correctly identify the current internal situation within the

organization and determine what changes are needed to ensure long-term success.

The coordinates that we have highlighted in this work can have a contribution for the assurance of high performances even in less favourable situations for the organization.

An intelligent change management involves determining employees to support change, not because it wants the company management, but because they consider necessary.

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ⁱ *Project Management Institute (PMI)* - Nonprofit Professional Association, present in over 170 countries, supporting organizational change through project, program and portfolio.

ⁱⁱ *Kurt Lewin* (1890-1947) – German psychologist known in social psychology field, which helped develop change management through his studies, related to the analysis of fields strengths.