Model of Change on ITC Romanian SMEs

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Abstract

Any organization is more competitive as it is able to continuously develop multiple plans. This imperative is that change is a law of life and knowledge of the change process for its effective management is one of the factors that can ensure the competitiveness of organizations in a competitive environment.

Managers and entrepreneurs around the world, including the Romanian ones, face problems adapting the organizations they lead to change in an attempt to ensure a certain level of competitiveness at national, regional or European or global. Need to study organizational change management process is determined by the fact that it is through his companies in Romania (ITC in particular) are trying, from the last decade of last century, to adapt to the requirements of market economy work. Employees and owners of Romanian companies need to know the nature of change, and even more just to have knowledge and skills in organizational change and innovation management (initiation, completion and enhancement of transformation), to change themselves and the organization were they work..

Keywords: *SMEs, entrepreneurship, change management, change, model of change.*

JEL classification:

1. Introduction

Change management model applicable to Romanian companies was designed, developed and implemented following consideration of the most significant contributions of specialists in the field.

Major limitations of previous construction are:

- Failure to thoroughly examine the relationships between variables, because most of the previous models use variables in the block, without revealing the causal links between them;
- Most models are based on high stability regarding organizations and their environment;
- Most of the models are considering only organizations facing problems, neglecting those who had economic, managerial and social performances;

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- Lack of precise tools which are used in different stages of change and effectiveness indicators that changes could be evaluated.

2. Methodological guide for developing the model for change

2.1. Necessity of diagnosis for achieving the organizational change

In developing an appropriate diagnostic for change is necessary to focus on strong connections between change and organizational performance, considering that the performance derives from the way in which managers and leaders manage and drive the change.

Analysis of current status of the organization is required by most of the time of the recorded performance of it. The need to evaluate in terms of organizational effectiveness and efficiency rooted in two major elements:

- identify organizational components which fail to meet the organization's internal and external requirements, and creating sources of inefficiency by posts or constraints imposed;
- evaluating employees opening to innovations in managerial, economic, technical, cultural, social fields.

Measuring the "distance" between existing and desired situation proves to be a useful and attractive organizational development and changing processes.

At this stage, a useful tool that can be used is the grid analysis of the changing needs of the organization:

Table 1. Grid analysis of the changing needs of the organization

No.	Managerial demands to satisfy	Favouring forces	Unfavourable forces	Available resources	Observations
0	1	2	3	4	5

After completing the table is necessary to perform a systematic assessment of each individual needs to determine those that can be met effectively. They are written on a separate list, would be approached at the same time and depending on the impact on the organization. It can be used for this purpose Table 2.

Table 2. Needs for change that can be satisfied

No.	Changing needs	Key factors to be considered	Observations
0	1	2	3

Very important is the complete column no. 2, which pass those influential elements -favourable or unfavourable - to be taken into account in meeting those needs.

However, accepting the idea of producing change conduct to evaluation of their own potential and to diagnose problems occurred during the change. There are several elements which are necessary to successful change program, lacking whom becomes an obstacle in the process of change: vision, skills, incentives, resources, and action plans (Table 3).

Table 3.Constellation of elements needed for the change2

1.	Vision	+ Skills	+Incentives	+Resources	+ Action plans	= Change
2.	?	+ Skills	+Incentives	+Resources	+ Action plans	= Confusion
3.	Vision	+?	+Incentives	+Resources	+ Action plans	= Uncertainty
4.	Vision	+ Skills	+?	+Resources	+ Action plans	= Opposition
5.	Vision	+ Skills	+Incentives	+?	+ Action plans	= Frustration
6.	Vision	+ Skills	+Incentives	+Resources	+?	= Chaos

Situation 1 of the table is an ideal, when using all the elements necessary to carry change, situation 2 (of confusion) occurs when there is no clear vision, all efforts of the organization proving futile. Many Romanian companies have started doing so without actually having a vision - a clear picture of where they want to reach and strategy - the way, concrete steps they will take to achieve its objectives. In view of J. Kotter existence of these two "ingredients" as a mental discourse, which must be verbalized in just 5 minutes, will be a tremendous force guiding and motivating staff to take steps that do not benefit on short term.

Condition 3 - the uncertainty, lack of skills necessary to manage a process of change, is a major obstacle because things get so out of control and becomes an endless transition. This was one of the missing elements that generated losses in the implementation of changes in Romanian companies with lack of incentives have automatically created a new problem – opposition of employees.

Situation 5 appears based on lack of resources: financial, time, creativity (both quantitatively and qualitatively). Managers of Romanian companies often mentions lack of time for actions and decisions on strategic level and financial resources as potential barriers to implementation of changes.

Situation 6 - the chaos, lack of plans could may undermine the potential successful outcome. A well-designed action plan should be applied, together with practicing situational management, as full implementation of the plan depends on the situations, circumstances, especially unpredictable.

At the end of this stage is important to eliminate those changes who consider as a result of analysis, that there are no real opportunities to meet the current and next period. Those are retain, however, to be taken into account in the future, by enrolling in a table form given below.

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[2] Clarke, L., *Change management: a practical guide on the production, maintenance and change control in an organization*". Bucharest: Theory. In 2002.192 p

Table 4. Changing needs that can't be satisfied

No.	Need which can't be satisfied in term of one year	Observations	Need which can't be satisfied in following years	Observations
0	1	2	3	4

Column 1 is reserved for change needs to be considered impossible today and within a year, but after finding that they become feasible. Column 3 is going the other necessities of change that can not be met in future years and will be reviewed in terms of possibilities for one year. Columns 2 and 4 are used for registering items with major impact on those needs that will be considered in the future. Developments of these elements will determine the feasibility of meeting management solutions to those management needs.

2.2. Setting objectives and scope of the study

Setting objectives and scope of the study is a very important step, because depending on the decisions that are adopted now is designed around the research:
- identify and analyze specific practices of change management prevailing in the organization and positively or negatively influenced its performance;
- changing the assessment of intensity and impact on staff attitudes and behaviours;
- identify trends in organizational change that organization;
- determining the degree of congruence between organizational change and strategic and tactical objectives of the following period;
- determine the changes necessary to achieve desired organizational state;
- identify levers of "tools" to help managers direct the firm to potential objectives with strategies and policies.

Depending on the objectives and the complexity of the study, we choose one of the following variants:
- Studies aimed at changing the whole organization;
- Studies that address only certain parts of the organization. It aims key areas of the organization, with impact on the performance of: production functions, human resources etc. ;
- Studies that consider only certain manifestations of organizational change (e.g. resistance to change, etc.).

2.3. Preparation of diagnosis

It is a preparatory phase where are completed main aspects needed to run smoothly in the diagnosis of organizational changes.

2.4. Collecting the data and identification of significant symptoms

Data collection is the stage that will provide necessary material for analysis and recommendations for organizational changes which have taken place.

2.5. Data and information analysis

The stage provides use the data collected in the previous step. At its start, all data from questionnaires, interviews or other methods used to collect them must be entered in the database.

For simplify identification and analysis with special software, it is recommended that each category of data to be associated with a particular code or sub code, depending on the degree of aggregation. Results can be analyzed as a percentage, indicating the proportion of those who have opted for some choice, or an average of marks obtained by a particular item.

2.6. Establishing weaknesses, strengths and recommendations for achieving organizational change

Diagnosing organizational setting is complete with strengths, weaknesses and recommendations. It is particularly important that the strengths and weaknesses to be addressed in relation to the causes they determine, direct and indirect effects propagated to the organization as a whole. Weaknesses are identified first, analyzing the existing shortcomings in the organization and which are likely to create barriers, or to prevent different forms of organization anomalies on normal functionality of expected performance. As a comparison term we can use the previous situation of the organization, may consider the situation in similar organizations, scientific management etc. requirements. To reveal cause-effect relationships, can use the following models[3]:

Table 5. Weakness

Nr.crt.	Weakness	Comparison term	Causes	Effects	Resources
0	1	2	3	4	5

For identifying the strengths we proceed similar to weaknesses. But the focus is moved to those elements supporting the processes of change, introducing new elements, regardless of the field, on the cultural elements that guide and support personnel to achieve the objectives set by strategies and organizational policies. Terms of comparison to which might be used are similar to those of

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[3] Nicolescu, O., Verboncu, I., *Metodologii manageriale*, Bucureşti, Editura Universitară, 2008, p. 151

weaknesses and the model also allows for a logical presentation of causal relationships for the analysis[4].

Table 6. Strengths

No.	Strengths	Comparison term	Causes	Effects	Resources
0	1	2	3	4	5

      Recommendations may address issues that contribute to strengthening the existing situation or to consider a major change process to organization. It is important to establish those elements that by change may have an impact on the functionality and performance of the organization on different time horizons. To this end, the recommendations will be focused on the causes that generate negative or positive effects. Otherwise, there is a danger that problems might reappear after a short period of time, in different forms and even more intense than the previous stage.

Table 7. Recommendations

No.	Recommendations	Causes	Effects	Resources	Observations
0	1	2	3	4	5

2.7. Developing plan / programme of organizational change

      It is considered that organizational change is an important source for obtaining outstanding performance by organizations. But for this to happen, these changes need to be in line with strategy and policy of the organization that, all together, respond to external conditions represented by the business environment and internal conditions of the organization. Therefore, implementation plan of changes must be well aligned with the overall strategy of the organization and partial strategies and policies so that, together, may increase the competitiveness of the organization with specific effects in terms of results.

      Organizational change plan must include objectives, modalities of action for change, initial, intermediate and final terms, resources and a section for comments. Organizational change plan will subordinate its content to key elements set out in the strategy in order to contribute to the overall objectives of the organization. Timeframe envisaged by such a plan is up in two years, and actions planned will be mandatory to the members of the organization.

      To be concrete action plan required to develop action programs regarding the content of the action plan by weeks and days and which will became a

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[4] Nicolescu, O., Verboncu, I., *Managerial methodologies*, Bucharest, Universitara Publishing House, 2008, p. 151

truly change management tools for managers at different levels. Such an action program can be found under the following form:

Table 8.Action programme

No.	Objective	Activities	Departments involved	Responsible	Performers	Resource	Time	Evaluation indicators	Observations
0	1	2	3	4	5	6	7	8	9

2.8. Communication of proposed changes and motivation of personnel

These are processes which decisive determine the success of organizational change and are required to be carried out continuously throughout the entire period of time of implementing change in organization. They will register a higher intensity during periods of crisis that may arise during the implementation of change and their resolution in the near future. Managers and other leaders involved in organizational change must consider two major aspects:

- communication of new elements introduced: methods, techniques, rules of conduct etc. and associated changes in the organization's management system;
- motivate organization members to accept them as elements of the "right" that can support them in their work and in relationships in the organization.

Communication process of changes can be achieved by formal and informal channels but is important to mention that an important aspect is credibility. An effective communication is likely to contribute to a rapid internalization of the values promoted by the new leaders.

2.9. Introduction of changes

It is the stage when the plan becomes operational. It is a step on the challenge the traditional way of solving problems. After being questioned the ability of leaders and „classic" approach procedures to adequate solve the existing problems, employees are directed to build different organizational realities. To introduce the developments you can choose two options:

- gradual introduction, of organizational changes;
- sudden introduction of changes.

2.10. Institutionalization of organizational changes made

The next stage aims to create mechanisms to support and promote the new vision. To consolidate their authority, managers and leaders of the organization must display and support new tools, methods, values, behaviour, patterns etc. This new conduct creates new structures in order to support organizational growth, most of them with a more formalized character initially, to be known and share by a large number of group members.

2.11. Achieving quick results

Is imperative to obtain quick results as we see on previous stages.

2.12. Monitoring and evaluation of implemented changes

Monitoring changes is an activity that must take place throughout the entire process of introducing organizational changes, and after them. During the implementation of changes is necessary to be given attention to some members of the organization's tendency to turn around the old organizational practices on difficult times, which might jeopardize or hinder the process of organizational change substantially. Success evaluation of new implemented changes may consider the acceptance of new methods, techniques, practices, collaboration between members of organizations, the interaction with people outside the organization, creativity, involvement of personnel, reducing resistance to change and, above all, the performances by members of the organization. Depending on the results managers might try to take measures in order to adjust initiated dysfunction, trying to eliminate or reduce the causes that generate weaknesses and amplify the causes that generate strengths within the organization.

Evaluation results are recommended to be inserted in a table with the configuration shown below (see Table 9).

Table 9. Summary of the organizational changes

No.	Deviations from standard	Causes	Effects	Observations
0	1	2	3	4
1.	Organizational managerial system			
...	-			
2.	Commercial domain			
...	-			
3.	Financial domain			
....	-			
4.	Production domain			
...	-			

No.	Deviations from standard	Causes	Effects	Observations
0	1	2	3	4
5.	R&D domain			
...	-			
6.	Human resource domain			
...	-			

Naturally, it can also use other deviations identified group – by management subsystems, functions of management, etc. It appeals to that group which is considered easier and effective to achieve the specific requirements of each organization and the vision of managers regarding change process.

At the end of the phase is important to synthesis decisions and actions to be adopted and implemented, and systematized them into three categories, according to the structure provided in the Table 10.

Table 10. Summary of decisions and actions to achieve

| No.	Decisions and actions	Responsible	Time	Observations
0	1	2	3	4
1.	Elimination of negative deviations			
...	-			
2.	Integration of positive deviations			
...	-			
3.	Further managerial improvements			
...	-			

Main terms of managerial efficiency inserted in model management refers to the managerial reengineering, systematization of managerial tools, increase of managers competencies, improving organizational culture, increasing the international visibility of the management organization science. Their operationalization will facilitate obtaining general and specific managerial performance, and on this background of economic and financial performance.

3. Model of organizational change for ITC companies

The starting point in building this model is represented by SWOT analysis which emphasizes strengths, weaknesses, opportunities and threats to the national and international environment where the company operate. It is recommended to use a diagnose of economic and managerial viability potential of the company conducted by multidisciplinary teams of specialists from inside and outside of the investigated company, doubled by a market study that highlights the main opportunities and vulnerabilities. At the same time, it is necessary to

determine viability potential using a matrix model of internal and external factors, focused on the four components of the SWOT matrix.

Main terms of managerial efficiency inserted in model management refers to the managerial reengineering, managerial improvement tools, professionalization of managers and management, improving organizational culture, increasing the international visibility of the management organization. Their implementation will facilitate obtaining performance management, general and specific, based on their economic and financial performance.
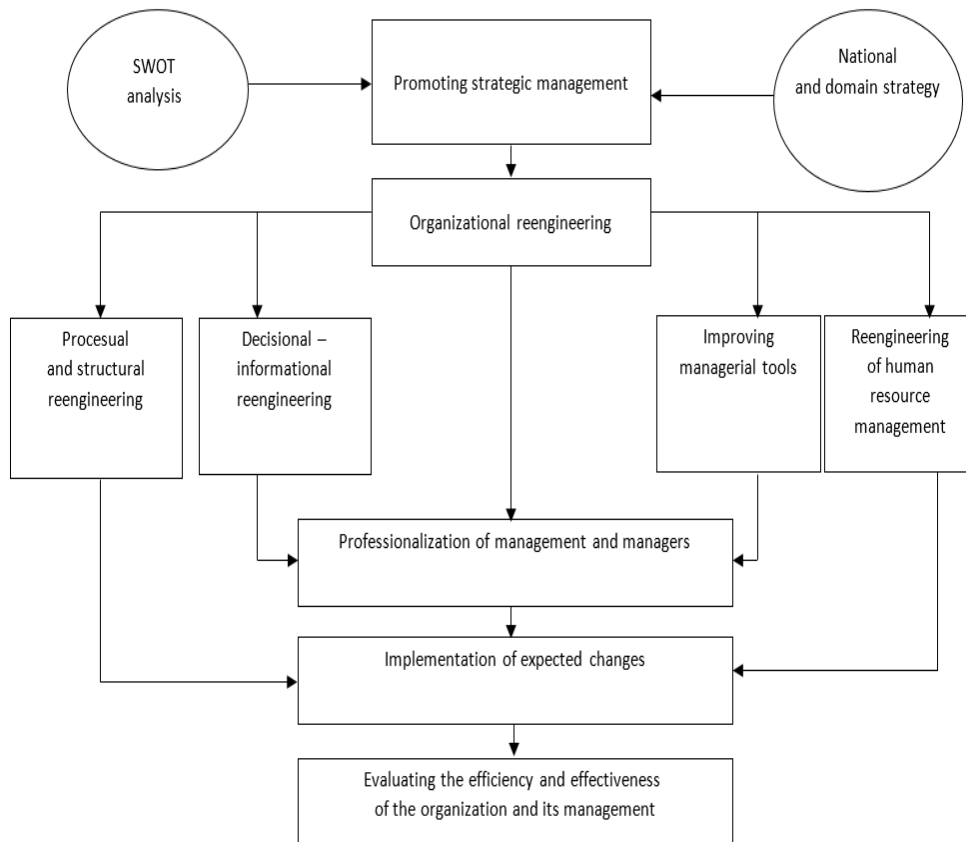
Figure 1. Model of organizational change by reengineering

4. Conclusions

Currently, it is considered often by specialists in management that the companies that have an appropriate framework for managing organizational change process achieved superior performance to other competitors. One of the major causes of this phenomenon is that these organizations tend to homogenize, to direct

and energize the organization's members to achieve specific goals. This is true only to the extent that these objectives are important objectives of the organization, established strategies and policies both globally and in part on functions or other considerations.

Performance will be enhanced if the attitudes, behaviour and methods used in business are not correlated with the real needs of the organization and its staff.

In the light of those elements and presentation model can be seen in the previous paragraphs a number of advantages and limitations in the functioning of the proposed model.

A major advantage of this model is the *systemic vision* has been built. The change takes into account a high level of connections between organization and environment in which it evolves. The model presented is based on a *complex methodology*, with stages and phases rigorously structured, but allow its ease of use. The logical structure design and implementation is easy to understand and plan builds on its actual implementation in an organization. The model can be successfully applied in all types of organizations, there is no boundary well formalized systems or enrolment in a number of employees, resulting in increased interaction between persons with a specific background. Regarding the previous comment, however, we can say that another important feature may be considered *high flexibility* of the model, reflected in the ability to adapt to specific organizations evolving in different fields have different sizes or other features. *Multidimensionality* of the model, reflected in consideration not only the elements of procedure, but their treatment in terms of links between these elements and order management, economic, technological, social, etc. Is another feature of this model. The proposed model can be used as stand-alone or in combination with other models of change or redesign of organizational elements. It provides a number of tools, which can be used during use of the methodology of organizational change. Using this methodology, managers can initiate and review major changes in the organization to ensure favourable conditions to develop and implement organizational strategies and policies, whenever necessary, appropriate to meet the interest of customers, shareholders, employees and other stakeholders representative.

Model focuses on the *final results*, and consider change as an important factor contributing to organizational effectiveness and efficiency.

As main limitations we consider the following aspects:
- ✓ insufficiently clear presentation of the relations, the links between organizational change and performance of the Romanian organization, especially managerial ones;
- ✓ instrumentation is still low and does not provide enough options so as to enable those concerned to obtain information on changes accurately investigated;
- ✓ establishing failure indicators of organizational parameters that can alert managers of any breakdown organization therein;

✓ control mechanisms in various stages of application of the methodology is not sufficiently rigorously defined and relies heavily on the experience of managers or those involved in these programs and change analysis.

Given those elements, advantages and limitations of the model, we consider that he is an important tool for working professionals interested and involved in analysis and organizational change programs. It is necessary in this context that managers develop a range of skills on the management of an organization in constant change, enabling them to build an environment conducive to achieving synergy effect, involving a high level of all members in its life.

As outlined in the model, organizational change begins with identifying the need for change and then evolves into a transitional period, which aims to introduce new tools, practices, etc. consistent with the vision of managers and organizational objectives. The success of these changes depends largely on the involvement of managers from different hierarchical levels, but especially senior management, and the rate and extent of internalisation of the newly introduced elements. The change shown is a model that can be successfully applied in the Romanian companies of different sizes in different industries, representing a methodology that can be used by theorists and practitioners concerned with management in general and of the change in particular, organizational behaviour and interdependencies between change and management companies.

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