ORGANIZATIONAL CHANGE MODELS IN SMALL AND MEDIUM SIZED ENTERPRISES (SMEs)

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Abstract: : Bringing forward the concepts of change and change management is no longer surprising nowadays. Small and Medium Enterprises (SMEs) face unique and difficult challenges in the business environment. Challenges to the growth and viability of Small and Medium Enterprises (SMEs) are arising from several external factors, like globalization, increased customer expectations or competition, technological advances, all of the factors being determined by the change. SMEs need to successfully deal with the prevalent forces for change if they are to survive and grow and meet the expectations to create investment and employment opportunities. For organizations to develop, they often must undergo significant change at various points in their development. That's why the topic of organizational change and development has become widespread in communications about business, organizations, leadership and management.

1. INTRODUCTION

Change is a constant coordinate of the present moment. In order to survive, all the organization and their management cannot be left out of the reality. On the contrary, they have to adapt rapid and sometimes become responsible for the initiative.

Undertaking this research is justified on the basis of the following rational considerations. Firstly, the focus of this topic is on principles and practices to successfully accomplish significant change in SMEs, because there is a real lack of management, strategic and analytical tools specifically relating to them, owing to the fact that most studies have been conducted and applied only in large organizations. Secondly, globalization with all the consequences, legal, business environment and economic change are forces that are driving the need for a greater understanding of organizational change. Thirdly, there are high expectations for growth and performance of SMEs in the economic and development plans, because the SMEs represent the motor of the economy.

In order to grow, SMEs need to be able to change quickly and to adapt as fast as external challenges of the environment arise.

The leaders and managers continually make efforts to accomplish successful and significant change, which it's inherent in their jobs to keep the positive results within organizations.

2. OBJECTIVES

The focus of this paper is on principles and practices that make a change to be successfully accomplished. A positive organizational change can be quite difficult, because of several factors: the change is not obvious, the action of the managers is too late, the resistance is opposable, etc. The major goal of this paper is to describe a detailed plan for a change to be applied in SMES, to provide a framework from which to begin with the change, to make a more clear perspective on overall organizational change and development, along with sufficient understanding to begin applying principles and practices for successful change in the organizations.

This paper assumes that any organization that what to adapt to the external environment and especially to the progress, must accept the change and must respond to it in a responsible and rapid way.

The approach of this paper is divided on two distinct levels of analysis. The first level is a theoretically one, which aims the presenting of the main elements in organizational change theory. The second level is represented by a case study conducted on an economic organization, based on the situations of change.

This paper, relying on numerous examples, proposed various theoretical, rational, methodological and practical approaches, knowledge that describes the need for the analysis, the identification, the application and the management of the changes.

3. METHODOLOGY

The methodology for this paper is based on the fact that any organization which wants to adapt to the external environment and especially to progress, must accept the existence of the changes and must respond to them in a quick and responsible way.

The two models of change management from this study describe each in specific steps how to plan, implement and maintain changes in the organization. No matter which of these models of change is applied, the important fact for the managers and for the members of the organization is to notify all their influences and work in the process of change.

The approach of this paper is placed on two distinct levels of analysis. The first level is a theoretically one and presents the main elements for the organizational change theory. The second level is represented by a case study, which describes practical how a change should be applied in any organization.

4. ANALYSES
4.1 BASIC CONCEPTS OF CHANGE MANAGEMENT MODELS IN SMES

The rapid technological changes and the widespread use of the computer, internet, communication systems, justifies the intense need for a strategy to develop the organization's ability to effectively manage and capitalize on creative human resources (Şchipoiu-Burlea A., 2008, p.7).

The starting point is adapting to external factors, which should be monitored and analyzed by SMEs at all times. If the organizational transformation does not

correlate with the changing‒market realities, the improvements will last only limited periods of time.

In general, introducing change in organizations is made by some traditional methods, known as "change plan" (Burdus E. and others, 2008, p. 34). Specialists have turned their attention to the human factor, conceiving ways of intervention upon human systems, known as the "Human Intervention Systems – HIS[1]". Thus, it stresses the need to ensure a balance between "technical" and human changes, the latter being perhaps the most important to adapt to the external environment.

Although the mission statement of the company should remain relatively unchanged, it is possible that as market conditions change, a constant need to adapt to the business strategy will occur as well. SMEs, especially those based on knowledge, are the main vector of development. (Nicolescu O., 2001, p.30).

Also, stability is an illusion. If customers cease to buy products, even for a short period of time, the biggest corporate companies will begin to falter. A new rival or a new technology can quickly destroy even the foundation of the most well established companies. Their most striking feature isn't the longevity, but their impermanence.

However, there has been little to no attention paid to the role the human resource change management practices of SMEs play in their ability to be valued and trusted strategic partners in the value chain of big businesses.

Like any other organization, the sophistication of their human resource management practices in SMEs can lead to operational inefficiencies, negative results and a poor productivity. Factors that enable operating excellence include having a strong management team, recruiting and retaining talented employees, viewing training as a strategic activity, structuring the work effort in ways that promotes successful strategy execution, deploying an organizational structure that facilitates the proficient performance of strategy critical activities, instituting policies and procedures that facilitate good strategy execution, instilling a strategy supportive culture and tying rewards and incentives to individual and team performance outcomes that are strategically relevant (Ijose O, 2008, p.2).

The two models of change management presented summarize a basis for understanding processes and mechanisms for both organizational change and individual level (Green M, 2007, 48). In the following we will make the presentation of change management models that may be useful in managing change in economic organizations, whose applicability and implementation will be developed in detail in the case study from below.

1. **Prosci Model** - It is a model based on a pattern that describes the behavior of employees who deal with changes (Figure no.1.)

The main mistake that can lead to change failure occurs when the managers consider that change is unexplained; it becomes a mysterious force that affects in a negative way each person, resulting in superior resistance to change (Green M., 2007, p.50).

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[1]Human Intervention Systems (HSI) is designed and implemented as a result of social processes in which adults are faced with the need to change their perspectives, attitudes and actions. HIS domain is based on social science research that seeks to understand social change and how to improve efficiency in the wide range of social systems .

The success of change management is closely linked with knowledge of possible obstacles and problems facing the organization. In this respect it should be made thorough analysis to identify problems and eliminate them.
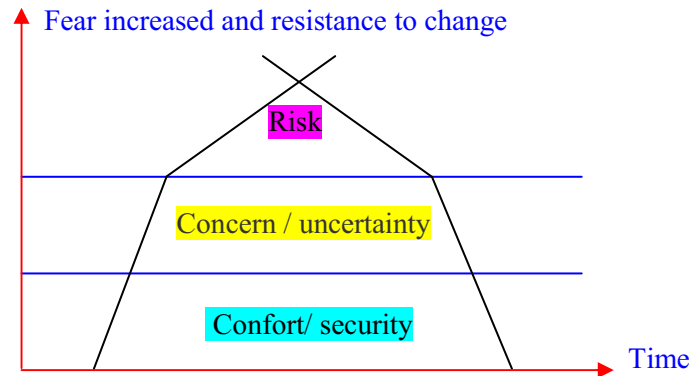
Source: Sârghi S., nr.1/2010
Figure no.1. Prosci Change Model

Each of these areas of the model is defining for the behavior of the employees. The first area is characterized by comfort and security; the employees feel confident in their work situation and in the environment. This is the region of optimum productivity and corresponds to a normal work behavior. In the second area, the concern/ uncertainty stage, the employees are afraid of changes occurring in the workplace. In this region, the focus on activities that employees have to achieve is decreased, which negatively influences the personnel and the people around them (Tantău A., 2006, p.63). Also, the moral of the employees may fall and their passive resistance to change will be visible, measurable through decreased productivity. In the third region, the risk, active resistance to change is visible in the case of employees; some of them even leave the company. In this context, even the impact on customers is signified and measurable, and also the change itself becomes a risk.

The factors[2] which significantly influence the resistance to change and cause change employees behavior, leading to the second jump in the third area are as follows (www.change-management.com, 2011): changes in the organization, the past history, the values and the culture of the organization, the changes done, etc.
A special importance is attributed to variables that managers can control and have a significant impact for the transition from one phase to another. These variables include:
- The type of communication (eg. who, when, how) - thus the rumors accelerate the uncertainty in relation to managerial communication, carefully planned;
- The managerial motivation for change at all levels,
- How the future state is perceived by employees;
- The level and type of trainings and support provided to employees;
- How resistance to change is accepted by managers.

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[2]**These factors are inherent in any organization, but we can not generalize that passes through the three stages of the model are predetermined**.

Although the characteristics of an organization (history, culture, current capacity change) are not controllable, the application of this model is controlled by the correct application of change management techniques.

2. Kurt Lewin Model

Kurt Lewin, who combined the theories of sociology and psychology, has developed a three-phase model for large-scale systems change (Figure no.2). Lewin identified the role of behavior in our thoughts and actions (www.rapidbi.com).
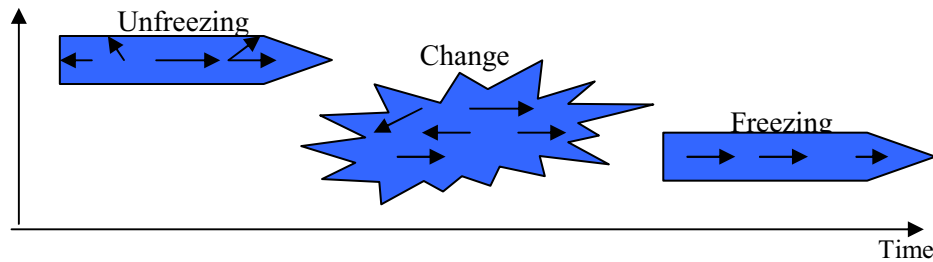
Source: www.rapidbi.com*, 2010*
Figure no.2. Kurt Lewin Model – stages of a change

Lewin's model of unfreezing, change and freezing is a stable foundation on which to build the theory of change. The key is the change human resources, viewed individually or as a group, to be a dynamic and deeply psychological process, involving no loss of ego identity.

K. Lewin believes that for a change process to be successful, we need three stages: unfreezing (opening), movement (change) and freezing (close).

I. Unfreezing - is the fundamental step in applying the theory. In this stage the focus in on the reduce of the forces that maintain organizational behavior at a given level by creating a state of discomfort, revealing the gap between desired and current behavior in the organization, thus arguing for change in the organization.

It is important that the practices which are not productive, efficient, to be eliminated. The effects of driving and constraining forces come into play at this stage. If the constraint force is bigger or equal than the driving force, there will be no change.

The need for change can be caused by fear of failing the targets or the standards. The fear of change is one of the biggest forces of restraint of an individual facing the process of change. To overcome this fear in an attempt to change, the individual must develop a sense of comfort. A balance between the fear of change and change must be met, both are essential to the motivation (Sharma R., 2007, p.44).

In addition to Lewis's model, other specialists added the fact that people who support the change must feel safe before they reject the old behaviors and accept the new information. (www.rapidbi.com, 2010).

II. Change - In this phase, the transition of the organization, department or individual, is realized to a new level of behavior, which is based on new values, specific attitudes. The change to another level of change means that we have to replace the old behaviors with actions that are consistent with the objectives. It is about not to take actions that are not productive or efficient and to replace them with new, concrete results. To help maintain the motivation for change, the teamwork and the support are very efficient. The process of change is achieved not only physical and material, but also prints mental changes.

These new actions are constantly repeated to achieve the objectives of the change process. If this step did not exist, the change would be short-lived. This phase requires the strengthening of the change itself through elements that are distinguished by novelty.

III. Freezing – is the final stage. Is about stabilizing the organization in the new balance of organizational culture, new rules, policies and new structures.

When changes began to take shape and personnel embrace the new work-related changes, the organization is ready for freezing. External signals such as freezing include: a full and detailed description of the organization posts or a job description made extremely coherent. This step comes as support the staff to help, to assimilate and to institute changes. This means that care must be taken to change actions take place every day, to be part of daily activities (Sharma R., 2007, p.45).

With a new sense of stability, employees will gain confidence and will provide new ways of working. Once, these actions are repeated over a period of time, results will begin to take shape. The main point of this stage is that the new behaviors, following the change, must be constant, to some extent, congruent with the rest of elements that describe the behavior, personality and environment; otherwise an imbalance would lead to return to its original state.

As a conclusion at this stage we are witnessing changes in organizational culture, rules, policies and practices.

Therefore, Lewis's model illustrates the effects of forces that either promote or inhibit the change[3] (Delhi Business Review, 2008, p.9). Efforts involving change take time and there is a risk of losing momentum on the success of the process, if there are short-term objectives meeting to celebrate. Without short-term victories, people give up or start to resist change.

Although Lewis's theory has proved useful in understanding the planned change under relatively stable, with constant change and dynamic nature of today's business world, it no longer makes sense to implement a planned process for change, namely the stage of "freezing".

This model is a framework for understanding the organizational change, whereas the three stages of the model actually require much more action needed to implement changes (Burduş E., 2008, p.37).

4.2. Case study

The conceptual models recognize the challenges that SMEs face to the market conditions and to the competitive standing of their big business competitors.

To obtain reliable data, we turned to a research on a sample composed of 85 subjects working in SMEs in Romania.

The research undertaken concerns: the extent to which managers and employees are willing to accept the existence of the changes, the interest of the company management level, related to their solution, by the method attempts to improve matters and to what extent employees and take part in this.

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[3] **More specifically, the driving forces promote change while retaining forces are opposing the change. Therefore, the change will occur when the combined power of a force is bigger than the combined strength of the set of opposing forces.**

Research hypotheses:

- we assume that are several of changes occurred in the composition of the workforce;

- we have to identify the types of organizational changes in order to transform some aspects;

- we have to realize the impact of the changes and especially the consequences when changes aren't seen;

- we must set the triggers for organizational change;

- we assume that both managers and employees will take part to the change process, believing that a favoring culture is a positive issue.

In order to form an objective view, was necessary to investigate the views of the managers and of the employees, and for this we applied two questionnaires, which we thought would be representative.

Questionnaires aimed at issues facing the organization, which factors generate change, what factors determine their occurrence, how they influence organizational culture and the ways of settlement.

Thus, following the interpretation of the results from these questionnaires, revealed the following:

- regarding the behavior of the employees when a change occurs, we determined the following results. On a scale from 0 to 10, we have five stages:

Table no. 1. The scale of the changes

no change	very few changes	rather for keeping	rather for change	big changes
0 - 2	2 - 4	4 - 6	6 - 8	8 - 10

After the answers from the applied questionnaires were reviewed, the following data were revealed:

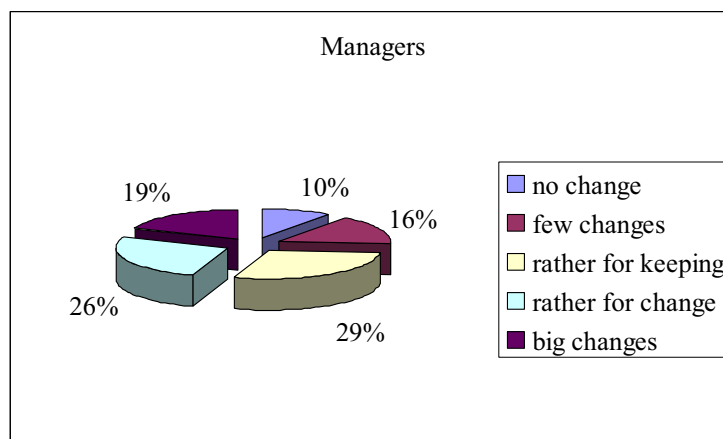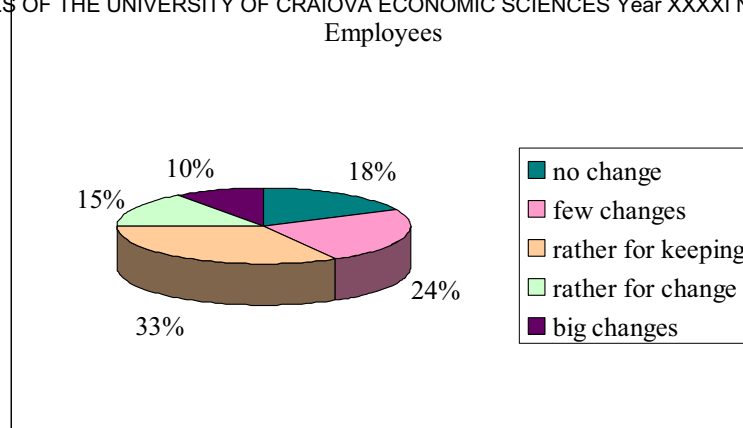**Figure no.1. The behavior of the managers toward change**

Employees

Figure no.2. The behavior of the employees toward change

Some people are placed at the extreme catastrophic scale, between 0 and 2, feeling unable to agree or make any changes, as insignificant that change might be. The attitude described above contrasts with the passivity and with the helplessness that characterizes the managers or employees who can not separate from the past. They feel that in an environment characterized by transformation everywhere, have few options.

The people framed in the limits from 2 to 4 are the one who barely make few changes. The change can represent the giving up of the attachment to people and to ideas. Most of us have an explained aversion to dispense with all physical or mental support which required acquisition of time, effort and money. It is difficult to separate from the past, but this attitude is a preamble necessary for change. Most of the people, who are situated in this scale, accept that we live in a world of change and must adapt to move forward, but they aren't doing anything about it.

The scale from 4 to 6 is characterized by people who are somewhere between the extremities, being able to give up some aspects, while others do not change. Also, changes may be associated with giving up power, so if there is another thing to win, the change will be done. Whether they are managers or employees, less of them are willing to give up the power and their habits if other aspects will not be attractive to gain.

It is also clear that as the number of successful experiences of transformation was bigger, the employees are more apt to separate from the past – these ones are inclined to change and are situated between 6 and 8. The people who were framed in this sample are swearing on the fact that the leadership is not to maintain the existing situation, but to train the largest coefficient change on the organization so its staff can handle. They realized that the key for a successful transformation are themselves and their attitude.

Some of the managers and the employees, have given high marks, come under the 8 to 10 of the scale. This means that they are open and adaptable with everything is new, reasonable and understandable, they feel they are able to comply and stop immediately the current state. This attitude is the result of the confidence and the influence urging the people, the events and the achievements of the company's result. The subjects who are oriented towards the approaching of the change and of the "remarkable" element are very effective and result-oriented.

- regarding the reaction of the people on the separate from the past, we analyzed the questionnaire which allows the layout of how organizational mechanisms are able to highlight the complains, to "unfreeze" the old attitudes and to question the old mentality. Given that the transformation always involves increasing anxiety, the

employees are very reluctant if they are asked to separate from the past. Despite a clear vision of the future issued by the managers, the change does not occur often.
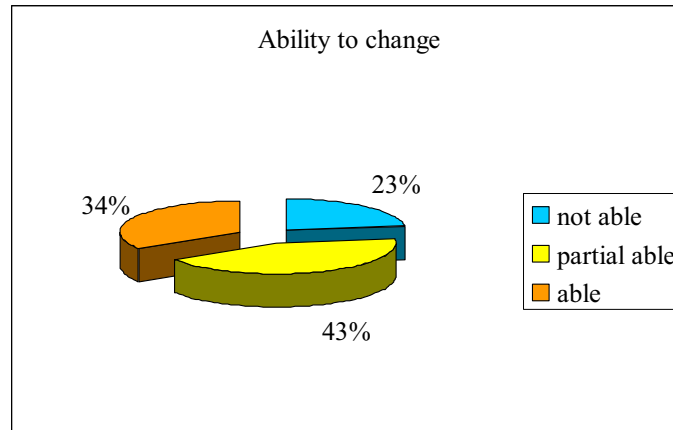

Figure no.3. The ability to change

- 34% of the organizations are able to "unfreeze" the old attitudes and to move to the transformation. The management of these organizations has an open style, which draws upon dissatisfaction and stimulates change and it is based on the involving of all the staff. These are the organizations which have the best results;
- 43% of organizations require partial consideration for the indicators of organizational assessment, in terms of stimulating the ability to change. For example, the management style of these organizations can facilitate the change, but in the same time, the organizations have no mechanisms to indicate the activity of competitors and external threats;
- 23% of the organizations need to establish methods to stimulate the ability to change, because it is missing. In these organizations, there is no evaluation system. The anger and the frustration are motivating factors for change; without them, a significant transformation is not possible.

5. CONCLUSIONS

The change management in SMEs is a skill needed in today's business. The trend of change, of permanent transformation is considered the greatest virtue of the capitalism. There is no alternative: we have to change – our mentalities, our way of work, out attitudes. We can not ignore reality so we must adjust our thinking, we revisit old ideas, and we reinvent ourselves. Effective approach to change has become an essential element of competitive advantage.

Changing human resources in SMEs asks for a methodological support adapted to the specifics. Unfortunately, there is still not a rigorous methodology which's efficiency convincingly demonstrated the power performance of the common arguments.

Numerous examples from the SMEs showed that despite a clear vision of the future development by a manager, the transformation does not occur often. For

organizations to evolve, they must first be destabilized or "thawed". That is why the comfort disorder status of employees is an important aspect of the change process.

We can say as a conclusion of this article, that the change management from SMEs is more an attitude than a set of techniques and tools, so that successful businesses in many areas of activity are strongly influenced by the ability to exploit moments of transformation, of change.

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