

CHANGE MANAGEMENT IN THE COMPETITIONAL MARKET ECONOMY

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Abstract

We face an uncertain future compared to the generations before us. Undoubtedly, the living conditions of the previous generations were always uncertain: people were subjected to frequent natural disasters, epidemics and famine. But, although we are immune from the plague and famine, in today's industrialized countries we confront with the social forces which we triggered. These forces bring, in a continuous flux, social changes in our lives.

To cope with and answer to the multiple and complex issues generated by change, the contemporary management lies under the sign of the use of new organizational and leadership procedures, methods, techniques and rules. The present paper highlights the significant factors explaining the necessity of change in the modern companies' management and the way managers contribute to the promotion of these processes.

Keywords: management, change, economy, company, processes.

JEL classification: A₁₁, O₁₁, O₁₂.

1. Introduction

The need for increased knowledge about human societies puts forward the need to identify changes, which shows to what extent there are changes in the basic structure of an object or situation over a long period of time (Petrescu, I., 2006, p., 245). Notice that in the case of human societies in order to decide to what extent and how the system is in the process of change, we should prove to what extent the basic institutions have changed within a certain period. Not only in the general sense, but in practical terms, any reporting of change involves also showing what remains stable - as a reference point for measuring changes. Even in a fast-moving present world, there is continuity of the distant past.

The main factors which constantly led to the social changing: physical environment, with the following influence and implications on the evolution of human social organization (Giddens, A., 2000, p. 557):

- the situation particularly evident in the external environment, where people are forced to organize life according to the climatic conditions; however, the direct influence of environment on social change is not very high; more, there is no direct link between the environment and the production systems that are formed;

- the strong political influence social change, in terms of generating political systems (democratic or authoritarian) and the fundamental role played by military power in setting up the majority of traditional member;

- cultural factors, which include the effects of religion, communication systems and management and act as follows:

- religion may be a conservative force in social life or, on the contrary, an innovative one;

- invention of writing allowed the preservation of data and records effects on control of resources;

- individual leaders had a huge influence in the history of mankind.

In the last two centuries, respectively during the period of modernity, social change has seen an acceleration stressed, under the influence of the following factors:

- economic influences, underscores the following:

- industrial capitalism has the most extensive impact;

- economic factors determine the impact of science and technology on our way of life.

- political influences in the sense that:

- the struggle between nations is a remarkably dynamic source a change;

- political developments have influenced the economic change and politics was determined by the economic changes;

- military power and war have had a fundamental importance.

- cultural influences, and more specifically the development of science and secularization of thought, have contributed to the critical and innovative of modern perspective. It also has changed the ideas of personal prosperity, freedom, equality and participatory democracy.

With the global competition and the technological innovations, in times of turbulence and discontinuity, changes are unavoidable and necessary, deeply impacting on 21st century companies. Under the pressure of the changing processes the concept of company management has substantially changed. Companies look for optimum solutions whereby they

should adapt their strategic and operational conduct to the specificity of the market by taking into consideration their competitive potential. Within the context of these motivations, a solid, reliable knowledge of the changing processes, including all their defining features, constitutes the basic characteristic of performing management.

2. The necessity of the changing processes

Approaching the problems of change and of the way the change impacts on the 21st century companies' management is a topic of interest for many specialists in the field of managerial practice and theory, being frequently analyzed in the specialized literature. The interest is generated by the strong sensitivity of contemporary organizations to the way changes influence the development and performance level of companies. To highlight the necessity of change, Rosabeth Moss Kanter (1989, p. 85-92) points out that, 'if a company wants to prosper, it needs to continuously adapt to be able to respond to the significant changes of the environment, such as the modification of the customers' needs, technical progress and the new regulations enforced by governments. The study of the changing in the organizations is extremely important since managers, at all levels, confront in their careers with the task of implementing changes in their organizations. The managers who discover the adequate changes which should be brought about in their organizations and who successfully achieve the goal of changing permit their companies to be more flexible and more innovative. The necessity of changes in the 21st century companies is imposed by the pressure of certain factors of significance from among which the following are worth to be mentioned:

➤ *technological evolution* – modern organizations are characterized by a speedy development of new technologies, a high level of competitiveness, improved managerial competences and processes, decentralized decision making processes, outsourcing explicitly specialized activities and integrating highly specialized activities. Such changes will have a great bearing on the activity of the managers who are expected :

➤ to have solid technical knowledge and to deeply understand the way the various activities of the company correlate (production, sales, purchasing, finances, human resources, etc.);

➤ to master excellent competences in the field of interpersonal relations, communication skills and decision making;

➤ to have a different attitude towards changes in order to survive in a permanently changing environment;

➤ to understand the way the whole organization operates.

➤ *knowledge boom* – represents another major source of changes within organizations.

The knowledge in a field of activity is quick to become obsolete which brings managers to face ever growing requirements. To this end, new managerial positions have been created: knowledge manager, staff and personnel continuous formation manager. Modern company managers are more and more aware of the role and value of knowledge on the competitive markets of today, being permanently preoccupied to create, source and turn to value advanced technology and knowledge within the organization. They must have the capacity to adapt the organization to a new economy undergoing in-depth changing processes by taking steps in the following directions:

- ↳ development and turning to value the creative potential of the employees;
- ↳ promotion of new knowledge and consolidation of the existing knowledge by continuous formation;
- ↳ structuring new responsibilities in connection with acquiring, managing and circulation of knowledge;
- ↳ management and valorization of the knowledge within the company which shall generate real increased value for the organization.

Communication and turning to value knowledge in the modern economy assumes a flexible management with a less and less distinct separation line between formal and informal. From this point of view, modern management features are complex, covering fields such as the use, development and sharing of knowledge, partnerships for innovating and turning to value IT technologies, continuous learning, permanent education, etc. (Pânzaru, S., 2007, p.89).

➤ *products become quickly obsolete* – this feature triggers numerous changes within organizations. The changes aim at increasing the efficiency of companies by adapting to new discoveries in the specific fields of activity. More than 55% of presently sold items did not exist 10 years ago. In certain fields of activity (pharmaceuticals, electronics and medical equipment) a product becomes obsolete in less than 6 months. While the life of products becomes shorter and shorter, companies must pass the resilience test by cutting down the production cycle duration. The ability to change, to adapt to the market requirements is, therefore, a determining factor for a company to survive and develop within the contemporary business environment;

➤ *work conditions* – work conditions represent another factor that puts pressure on bringing about changes in the organization. The permanent improvement of the work conditions, conceiving and putting into place complex, stimulating mechanisms, flexible incentives require a series of changes within the companies;

➤ *changes in the nature of the labor force* - they represent another source of organizational changes. In most of the countries, the labor force is more and more educated.

New benchmarks of an organizational culture appear deriving from creativity, communication, continuous learning (in fact, life long learning), improvement. All these changes in the nature and structure of the labor force put even more pressure on the companies forcing them to make important changes to meet the expectations of the employees. To this end, a new organizational framework is required to adequately and positively respond to the aspirations of professional fulfillment, to encourage creativity and innovations, to promote initiative, receptivity to novelty and adaptation to changes and the continuous updating and widening the scope of knowledge. Seen from this point of view the managerial act gains a cognitive content and the accumulated knowledge plays an important role in enhancing its efficiency. Modern companies have acknowledged the necessity to offer employees the opportunity and possibility to learn and to widen the scope of their experience within an organization that is permanently learning.

3. Change as an essential characteristic of modern company's management

The change represents the new spirit of the way the 21st century companies unfold their activities. Outside the company, changes are of technological, economic, social, political nature, but they also result from a more and more sharp competition as a vector of the evolution of the environment in which the company is active. Irrespective of the nature of the change, its coming into effect and administration with a maximum of benefits for the company can be achieved only when the company quickly assimilates the process and turn to value its advantages.

For a company to successfully deal with the multiple and complex problems brought about by the change, managers have to use new methods, techniques, rules and procedures of organization and leadership. The changes in the modern management aim at the managerial process of companies adding new elements and directions, especially from the managerial relation field. New hopes and expectations materialize, motivation type is changing whereas the development and perfecting actions quantitatively and qualitatively amplify. Basically, the processes of changing will be dynamic and complex and they will aim at all managerial fields and levels. (Fig. 1).

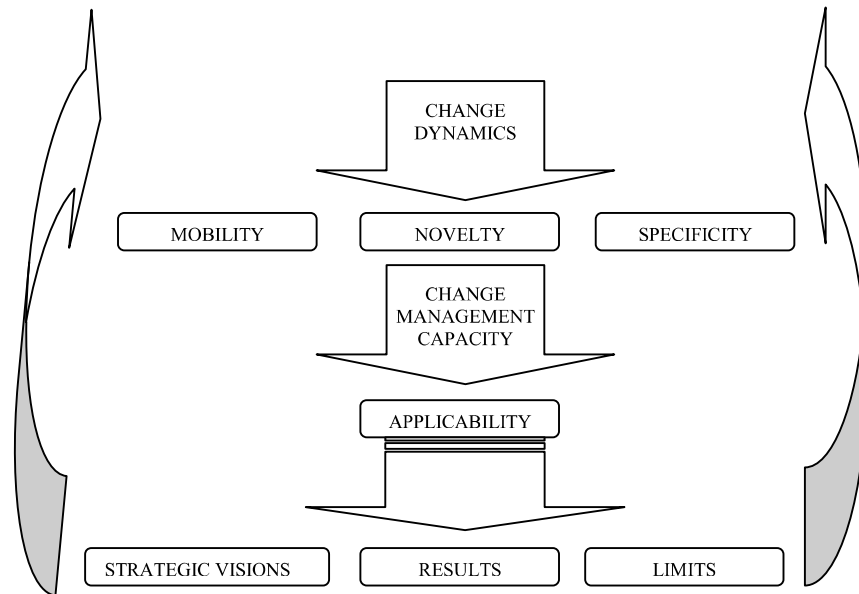


Fig. 1. Structure and scope of the dynamics of changes (Dumitrescu, M., 1995)

4. The managers' role in the company's changing processes

At the company's level, the change can be perceived as an opportunity characterized by dynamism, implication, flexibility, motivation and also, as a stressful threat causing concern, irritation, waste of time and money, uncertainty or failure. The more radical and profound the changes at organization level, the bigger the probability that the negative emotional reactions and the more intense the rejection attitude towards them. Generally, people prefer stability and tend to stick to traditional ways of conduct and practice which, they think, offer more security. Any change process must be carefully managed and its effects must be explained in detail to all those concerned. Employees must understand the necessity of change; they must be open towards change and be aware of the benefits. The development of an organizational cultural model to favor changing processes facilitates the acceptance at the level of the entire company. This model must focus on the values of professional competitiveness, creativity and performance which, eventually, represent the objective of any change at organizational level (Ștefănescu, C., 2008, p.201).

Managers must get involved directly in supporting the changing processes, not only to identify adequate solutions and strategies but, rather, to offer the members of the organization a feeling of security and confidence in the change (Schein, E., 1985, p.56). Their task is to anticipate the change, if possible, and to explain and motivate the need for change and to react

quickly by taking the correct managerial decisions to adapt the organization to the requirements of change. Managers will play a decisive role in influencing the changing processes in the company. They can encourage changes thus favoring the acceptance by all the members of the organization. Referring to this topic, John S. Morgan (1972, p.99) gives the example of General Motors, insisting on the way the company pleads in favor to changes, encouraging the employees to permanently look for areas where the change could be beneficial. He asserts that “many managers consider change so essential for the success of the organization that they continuously encourage the employees to look for the areas where beneficial changes can be implemented”.

Raising the awareness for the need for a change and developing an attitude of acceptance towards the change through new behavioral reactions can become a powerful competitive tool in the business practice, simplifying the process of adapting the organization to the complex context of the environment in which the organization operates. “In a changing economy, the chance of companies to survive lies in the change. Quickly and carefully selected, Companies can face the changes only if managers take the best decision in the shortest possible period of time” (Mircea Caster, quoted by Moldoveanu, M., et al., 1998).

Often, changing the organizational behavior by modifying the processes, the structure and the systems proves to be easier than changing the mentality, the organizational culture in its entirety, which is considered to be the major resisting factor in any attempt to bring about changes. Performing companies, focused on increasing value through changes, develop an organizational climate to favor change implementation procedures the changes being considered normal and a component part of the culture of the organization. Where cultures are open to changes, employees are receptive; they have positive attitudes towards changes and react quickly, focusing on achieving the new company objectives. Eventually, the problem comes down to integrate the individual expectations and abilities with the expectations and abilities of the organization so that they successfully respond to the business environment where it operates and that both parties be satisfied with the result obtained.

5. Conclusions

The development of the 21st century companies lies under the strong impact of the changing processes which marked the beginning of the new millennium. Under the pressure of these changes the companies are forced to adapt to changes and to convince their employees of the necessity of the process, maximizing its advantages. An effective and efficient management must not only identify the solutions and strategies most adequate to the changing process but also to use the most efficient instruments to promote the changes

favoring an effective achievement of the business objectives.

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