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Letter to Editor:

EFFECTIVE ORGANIZATIONAL CHANGE MANAGEMENT

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Abstract

The issue of managing organizational change is of key importance within management theory and practice. A number of cases have shown that attempts to 'manage' organizational change frequently failed . Therefore the objective of this paper is to find why does the failure almost occur? Additionally, this papers objective is to provide discussion and find reply on the following questions: Which specific aspects of change are currently impacting most on practicing managers? How do they react to change? How are they dealing with them? And how successful are their attempts? How do the problems identified and solutions described, relate to the theory and research on organizational change?What kind of organizations are the most adopted to changes? The findings suggest that most companies' operational strategies and structures reflect past business realities—making organizational inertia one of the most significant obstacles to change . However, it is noted that leadership and management skills, such as visioning, prioritizing, planning, providing feedback and rewarding success, are key factors in any successful change initiative. The paper culminates with conclusions, implications and suggestions for further research.

Keywords: Organizational change ,management ,managers, small business

1. INTRODUCTION

The increased pace of change over the past ten years has been dramatic .Competition has heated up across the board. To succeed, the organization of the future must serve customers better, create new advantages and survive in bitterly contested markets. To stay competitive, companies must do away with work and processes that don't add value.This hypercompetition has invalidated the basic assumptions of sustainable markets.There are few companies that have escaped this shift in competitiveness. Entry barriers,which once exerted a stabilizing force on competition,

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have fallen in the face of the rapid changes of the information age. These forces have challenged our capacity to cope with organizational life required. Managing change effectively requires an understanding of the variables at play, and adequate time must be allowed for implementation. Therefore we shall discuss in this paper about how to thrive in the chaotic world we live in. Additionbally ,we shall research strategies that could contribute to successfully manage changes.

2. MANAGING ORGANIZATIONAL CHANGE

What Are Organizational Change and Organizational Change Management? Change has several meanings, but for the purposes of this paper, change—or, more precisely, organizational change—will be defined this way:

Organizational change is the implementation of new procedures or technologies intended to realign an organization with the changing demands of its business environment, or to capitalize on business opportunities. In addition, organizational change management is the process of recognizing, guiding, and managing these human emotions and reactions in a way that minimizes the inevitable drop in productivity that accompanies change.

Organizations have to deal with new technology, and with upgrades for existing technology. They have to cope with reorganizations, process improvement initiatives, and mergers and acquisitions.

Which specific aspects of change are currently impacting most on practicing managers? How do they react to change? How are they dealing with them? And how successful are their attempts? How do the problems identified and solutions described, relate to the theory and research on organizational change?

Mergers, acquisitions, new technology, restructuring and downsizing are all factors that contribute to a growing climate of uncertainty. The manager who moves straight into why the change is best for everyone and how business is going to be conducted disregards the human nature element - the emotions that are normal and natural for anyone feeling threatened by change to feel. At every step in the process of implementing an organizational change, a good manager will ask him/herself "How might I react to these changes "?As the organization implements the changes though, the reality of the change becomes present and employees may either resist the changes or start to adjust to the changes depending on the person. The employee who continues to resist, remains angry and is labeled as "difficult" is feeling more threatened and may need some one-to-one time with the manager to discuss the changes or at some point, may need clarification from the manager about performance expectations in light of the changes. There are external and internal triggers for organizational change.

External triggers include: developments in technology; developments in new materials; changes in customers' requirements and tastes; the activities and innovations of competitors; new legislation and government policies; changing domestic and global economic and trading conditions; shifts in local, national and international politics; changes in social and cultural values.

Internal triggers include: new product and service design innovations; low performance and morale, triggering job redesign; appointment of a new senior manager or top management team; inadequate skills and knowledge base, triggering training programmes; office and factory relocation, closer to suppliers and markets; recognition of problems, at triggering reallocation of responsibilities; innovations in the manufacturing process; new ideas about how to deliver services to customers. . Top management's actions are usually reactions to some outside force, such as stiffer competition, shifts in the marketplace or new technology. It is important to realize that change is a key to surviving and growing in today's global economy. Without change we would run the risk of becoming stale and unresponsive. The challenge we face is to learn to move through this wave of transition as easily and creatively as possible. The organizations that succeed at change do so by considering the people who are affected by, will have to live with, and are often crucial to effecting the change in question. Even better, not only does managing the human aspects of an organizational change initiative help ensure the successful implementation and use of the technical solution, it sets the groundwork for implementing future solutions. As organizations seek to implement new technology and take other actions to keep themselves competitive in their chosen markets, they must ensure that the changes they implement achieve the full scope of their technical, financial, and human objectives. This is the ultimate objective of the organizational change management process: to ensure that tactics for addressing human reactions to change are fully integrated with other aspects of the implementation in order to achieve the full scope of objectives intended by the initiative.

The outcomes of effective organizational change management can have positive, bottom-line impacts, as illustrated in the table 1.

3. ORGANIZATIONS MOST ADOPTED TO CHANGES

Many entrepreneurs are recognizing the opportunities that this process offers and gaining access to global markets has become a strategic instrument for their further development. Access to global markets for small businesses can offer a host of business opportunities, such as larger and new niche markets; possibilities to exploit scale and technological advantages; upgrading of technological capability; ways of spreading risk; lowering and sharing costs; and in many cases, improving access to finance. Gaining access to global markets can help prospective high-growth firms realize their potential and are often an essential strategic move for SMEs with large investments in intellectual property.

To prosper, SMEs need a conductive business environment and regulations, adequate basic infrastructure services, access to short and long-term funding at reasonable rates, equity and venture capital, advisory assistance, and knowledge about market opportunities. In spite of many companies engender a desire to win, but people in high-performance organizations know what winning looks like. They know that companies need talented people with the global mindset, competencies and commitment to execute strategy both today and in an increasingly unknown future. However, this economy relies on the need of good informing and applying the best

Table 1. Outcomes of Effective Organizational change management (OCM)[1]

OCM Outcome	Bottom-Line Impact
Visible, consistent support for the change (less resistance)	Reduced project contingencies
Implementation plans that accurately and proactively identify and address change-related disruption	Closer adherence to project timeframes and budgets
Greater implementation speed because of reduced resistance from end-users, and increased capabilities for successfully interacting with technical solutions	Momentum necessary for selling and implementing follow-on versions of technology solutions
Alignment of change with existing organizational structures and systems	Greater customer satisfaction and an increase in customer referrals leading to a competitive advantage

international managerial experiences, so small businesses more and more apply sophisticated management techniques, which are widely used in large businesses. Andrew Vorbach[2] , professor of University of Technology in Sydney, especially point out to changes regarding comparative advantages in new economy. According to his opinion, many traditional advantages of small businesses have disappeared, because large companies are now able to adjust easier to customers' demands, which wasn't the case before. Therefore, small businesses managers now face permanent task to gain knowledge and continual examination of competition all around the world. Besides that, they have to accept the fact that employees, stuff and manager team together make business formula of success which should find market, meet customers' demands and offer products and services at the lowest prices possible.

Also, professor Vorbach claims that in some cases the basic limiting factor for transforming small businesses to large or medium is inability to serve large markets. In other words, they perform well, but in small volume. For small businesses, according to this and other experts, the use of modern technology is extremely important for these companies because they largely depend on them. Therefore, small businesses existence in new economy is directly related to new technologies.

The challenge which new economy brings to small businesses managers is the use of new technologies and completely new and non-traditional competition on the market. Namely, new technologies enable larger competition which is on the global market. Therefore, a key to success in understanding customers' expectations in advance in terms of price and product quality, that is, what the customers are and what are not willing to pay

[1] *Kotter, J.P., Leading Change, Harvard Business School Publishing, Boston, MA, 1996*

[2] *Andrew Vorbach, Small to Medium Business: The New Economy,(January 2006), University of Technology in Sydney*

for. Also, it is very important to be flexible in product delivery. Due to internet use in the last five years, delivery costs are significantly reduced as well as gathering all the necessary related information. For example, only five or six years ago, information about recommendations for buying and selling certain products were send through post mail and they were waited for several days. Now they are sent either over cellular phones through SMS or over internet through emails messages which are delivered almost instantaneously.

Small businesses managers' and entrepreneurs desire to share knowledge and to apply business concept widely accepted form all stakeholders in organization are of great importance. A strategic alliance is formed among entrepreneurs in order to find the best business model, often a technical analysis is conducted, different investment ideas are examined and all for the sake of maximizing profit or income, but to minimize losses at the same time. Namely, regardless of the industry or type of business, strategic alliances are the best way for a company to compete and succeed in today's networked economy. But building a strategic alliance and making it work are not easy. The principles for developing that competence apply to any type of alliance. Strategic alliances are critical to organizations for a number of key reasons:

1. Organic growth alone is insufficient for meeting most organizations' required rate of growth.
2. Speed to market is of the essence, and partnerships greatly reduce speed to market.
3. Complexity is increasing, and no one organization has the required total expertise to best serve the customer.
4. Partnerships can defray rising research and development costs.
5. Alliances facilitate access to global markets.

Much has been written about the power of strategic alliances. However, a balanced perspective is critical. An article by Geoff Baum[3] gave a strong vote of confidence to alliances: "Our statistical analysis shows that companies with more joint ventures, marketing and manufacturing alliances, and other forms of partnerships, have substantially higher market values than companies that do not form such partnerships."

In recent years, there has been an explosion of alliances around the world and across industries. For example:

1. In an effort to establish itself as a force in European and Japanese markets, the Nasdaq formed a joint venture with SSI Technologies of India to develop an Internet-based trading and market system to launch Nasdaq Europe and Nasdaq Japan.
2. In February 2001, The Coca-Cola Company and Procter & Gamble announced a $4.2-billion (all currency in U.S. dollars) joint venture to use Coca-Cola's huge distribution system to increase reach and reduce time to market for the P&G products Pringles and Sunny Delight.
3. EPOST was the world's first national, secure electronic mail delivery system, an alliance between Bank of Montreal and Canada Post Corp. This partnership connects billers and users in an efficient and secure environment.
4. Star Alliance is the largest partnership in the airline industry; its reach extends to 130 countries and more than 815 destinations, with collective revenue for the partnership at more than $63 billion.
5. Hewlett-Packard and NTT DoCoMo created a partnership to conduct joint

[3] *Geoff Baum,(2000), issue of Forbes ASAP*

research on technology for fourth generation mobile phones, bringing together HP's network infrastructure and computer servers with DoCoMo's wireless broadband technology.

Finally we can conclude that iinnovative and winning companies position have to respond rapidly as new opportunities for competitive advantage emerge:

- Teams are structured so that skills can be quickly added and employees are empowered to work collaboratively across functions and networks of partners
- Organizational structures and management systems can be created or realigned without hesitation
- Enabling business technologies are applied carefully and are driven by end users, not technologists
- Processes are streamlined end to end, and form the basis for ongoing adaptation of work practices
- Developing and executing solid communication plans can help organizations in the digital drive survive and thrive in today's changing business environment
- States that the ability to manage change is now recognized as a core organizational competence

4. CONCLUSION

The rate of organizational change has not slowed in recent years, and may even be increasing. The rapid and continual innovation in technology is driving changes to organizational systems and processes. Many companies spend a lot of time and effort to accept new economic trends, while others adopt them easily. New business imperatives call for new organizational behaviors. Globalization has seen the tearing down of previous international market barriers. It is no wonder that relentless change has become a fact of organizational life.Unfortunately, most companies' operational strategies and structures reflect past business realities—making organizational inertia one of the most significant obstacles to change. This failure almost occurs for a number of reasons, like the following:

- absence of a change champion or one who is too junior in the organization
- poor executive sponsorship or senior management support
- poor project management skills
- hope rested on a one-dimensional solution
- poorly defined organizational objectives
- change team diverted to other projects

Failed organizational change initiatives leave in their wake cynical and burned out employees, making the next change objective even more difficult to accomplish. It should come as no surprise that the fear of managing change and its impacts is a leading cause of anxiety in managers.

At the end it can be concluded that we should further recognize that we are living in the globalization era, or the Global Age. According to this statement it must be clear that the new economy sets new standards of success and opportunities for small businesses which are related to forming strategic alliance, new technology use, experiences and knowledge exchange among entrepreneurs and similar. Leadership and management skills, such as visioning, prioritizing, planning, providing feedback and rewarding success, are key factors in any successful change initiative. This is something that small businesses must not ignore in the future.

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