OPENNESS TO ORGANIZATIONAL CHANGE: A CASE STUDY FOR THE ROMANIAN ORGANIZATIONS

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Abstract- The dynamic environment, the process of globalization and the fast evolution of new technologies are forcing many organizations to identify change initiatives, that later are transposed into change processes. Even if in such cases change becomes inevitable, there are still many organizations that have a very reduced openness to change, mainly because managers are not aware that the absence of reaction to the outside environment will lead to a decreased performance, threatening the organization's survival. The purpose of this article is to analyze the openness to organizational change that Romanian organizations have and to classify them according to this criterion, taking also into consideration the flexibility they may have when change processes occur. The results are based on a study made on Romanian organizations mainly from the western side of the country, and include the answers of managers and employees from different industries such as services, trade and manufacturing.

Keywords- Change Management, Organizational Change, Forces of Change, Environment

I. INTRODUCTION

In today's economy there is a very fierce struggle for earning as much as possible due to the fact the global competition force organizations to have a very quick and prompt response to all the influences of the outside environment.

High profit, growing market share, increased performance and efficiency are some of the common goals organizations have no matter of their size, profile or notoriety. Moreover, innovation, competitive advantage and long term sustainability are no longer an option for those organizations that want to maintain themselves on top. In such conditions, the only tool managers have to make sure that goals are reached on time is changing continuously.

The problem is that even if managers are aware of the fact that changes have to be done, the results after a change process are not always the ones desired, and one of the reasons for that is the very low openness that organizations have towards change.

Knowing that change has not always positive outcomes the research is focused on underlining and analyzing the relation between organizational openness to change and successful change, and the reasons why in some cases change efforts may fail.

Accordingly, the paper is structured as follows: section II approaches the current literature on openness to organizational change , forces of change, and successful factors of change in order to fundament the contextual frame of the research; section III underlines the research hypothesis, based on similar studies and their results; section IV reveals the methodology and findings whereas section V concludes with discussions and further research paths.

II. LITERATURE REVIEW

Openness to organizational change has become a critical organizational capacity as organizations are facing a more and more turbulent and unpredictable environment [1].

The range of potential change agents includes those who work inside the company (such as CEO's, executives, managers, employees) and those outside who wish to influence them (such as politicians, investors and other stake holders) [2], but even like this the risk of failure is very high. According to Beer and Nohria, despite the effort that managers put into change processes, only 30% led to successful organizational change [3], while Kotter considers that only 25% of the transformation efforts have a positive result [4].

The high failure rate of change projects has led some researchers to conclude that factors other than organizational are equally important in establishing successful change [5].

The external forces of change such as economic forces, political and legal forces, technological forces, demographic forces, cultural forces and natural forces have also a very important role upon manager's decision to change because in many cases the changes implemented inside the organization are adaptive to the influence of those factors [6], [7], [8], [9].

Even if the outside environment is a very powerful source of change, no measures will be taken if managers don't respond on time to its pressures. In this sense, individual readiness for openness to change is a pre-condition for successful planned organizational change [10], because it can be expected that people who are open to organizational change are willing to

participate in the change and show a high level of involvement [11]. Devos, Buelens and Bouckenooghe have identified five factors that affect openness to change such as: threatening character of organizational change, trust in executive management, trust in the supervisor, history of change and participation in the change effort [12].

A very important factor for successful change that increases the openness to change is a collective effort from both managers and employees. Participation at all organizational level is a must, because managers often have to face employees resistance to change, which affects the implementation of the change process.

Changes are made through all organizational members, even if their role in the process is different, so employees should be actively involved [13]. People who participate in fostering a change will be committed to its implementation and formidable resistance is unlikely to come from employees that took part in the process [14].

Everyone who is affected by change should be involved in making it happen because it can be difficult when people feel that change is being imposed on them. Employees should therefore be involved in planning and implementing change [15].

Openness to change is something that should be incorporated in the organizational culture in order to make sure that all members will have the same vision and attitude toward change.

Organizations with a very strong culture are more efficient and can adapt faster to change, because their members already know what is expected from them [16].

Managers have different strategies that help them to incorporate change in their organizational culture such as: exploring collective assumptions and identifying what needs to change, creating a climate of mutual trust and support, creating a participative environment that includes all stakeholders, encouraging risk taking and experimentation etc. [17].

Even if most changes are focused on helping managers to achieve economic goals, organizational openness to change is also focused on identifying changes that allow achieving social goals. The concept of Corporate Social Responsibility can no longer be ignored by organizations, given that the role they play in society is more and more significant [18].

Today we face an unprecedented growth in the corporate world that brings dramatic changes to the way people live, the way societies and entire economies operate and interact, and the manner by which ecosystems and the environment function [19].

III. RESEARCH FRAMEWORK AND HYPOTHESES

In order to evaluate organizational openness to change we have tried to identify first of all which are the main drivers of change and the reasons why change processes are implemented within Romanian organizations. After that, our second goal was to identify how many types of organizations do we have based on their openness to change and their flexibility to adapt to the outside environment.

Thereby we have focused on two main problems:

- which are the external and internal forces of change and how are they generating change in the Romanian organizations?;
- who are the initiators of change and which are their main reasons to change?

In order to answer those questions we have formulated three different hypothesis, as follows:

H1 - The main external forces driving change in the Romanian organizations are the economic, and legal forces, their influence being a strong, direct and meaningful one;
H2 - Most changes come from managers and owners, as an internal source of change;
H3 - Most managers see change as a solution to current problems existing in their organizations.

The methodology used in order to test the three hypothesis and the results of our study are presented in the following section.

IV. METHODOLOGY AND RESULTS

The process of data gathering was performed exclusively online on various Romanian organizations from different industries such as services, trading and manufacturing based on a questionnaire. The information collected from the questionnaires was processed using SPSS 17 and the validity of the research assumptions was tested through analysis of correlations between variables based on the Pearson coefficient.

The results obtained are presented below.
H1 - The main external forces driving change in the Romanian organizations are the economic, and legal forces, their influence being a strong, direct and meaningful one.

In order to see if our assumption is true, we have calculated the Pearson's coefficient for each one of the seven forces driving change (economic, technological, legal, political, demographic, socio-cultural, and natural forces), comparing the changes made by

organizations with the frequency that each force had upon those organizations, leading to implement change. The result are shown in the table below:

Table I: External forces driving change within Romanian organizations

		Changes driven by external forces	Frequency of economic forces leading change	Frequency of technological forces leading change	Frequency of legal forces leading change	Frequency of political forces leading change	Frequency of demographical leading change	Frequency of socio-cultural forces leading change	Frequency of natural forces leading change
Changes driven by external forces	Pearson Correlation	1	,279**	-,148*	,152*	,063	-,046	,064	,034
	Sig. (2-tailed)		,010	,033	,025	,353	,499	,347	,615

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

As we can see the table, the most powerful external forces of change are in the case of economic forces (where the Pearson's coefficient was r= 0.279), legal forces (r = 0.152) and technological forces (r = 0.148).

A strong influence of economic forces is explained by the fact that the goods or services provided by organizations must meet the current needs of consumers. Product prices must be correlated with the purchasing power of citizens, but also with the market prices, under the pressure to reduce production costs.

The pace of economic development has also a very strong impact on the activity of organizations because in times of recession, with a rising inflation rate and a declining purchasing power of citizens, sales and profit margin achieved by companies fall. Meanwhile, the prices of raw materials, and fuels grow automatically increasing the cost of production, which cannot be recovered from profit. Moreover, difficult access to bank loans or grants are often a barrier to change, because there are no funding sources for change programs, and their cost is too high to for many organizations.

Legal forces also have great impact on the frequency of change in organizations due to the fact that they are mandatory, so any change in legislation draws with it an automatic response from the organizations.

If the frequency of legal changes will increase, the organizations will have to adapt in order to meet new requirements and to avoid any penalties for breaking the law. In conclusion our assumption based on the fact that the main external forces that generate changes are the economic and legal ones is valid, the relationship between these variables being a direct, positive and significant one.

H2 - Most changes come from managers and owners, as an internal source of change;

Regarding the internal sources of change we have identified four different possible change agents as follows: employees, managers, owners and others (like consultants, or other specialists). The results obtained after analyzing the data are shown in the following table:

Table II: Internal forces driving change in the Romanian organizations

Internal sources of change	Never	Rarely	Neither often, neither rarely	Sometimes	Always
Employees	2,8%	37,6%	22%	34,9%	2,7%
Managers	0	4,6%	10,1%	30,3%	55%
Owners	1,8%	4,6%	12,8%	46,8%	34%
Others	9,2%	39,4%	27,5%	20,2%	3,7%

As we can see above in 37.60% of cases the employees proposals rarely lead to change, in 46.80% of cases the proposals coming from owners are often a source of change, while 55% of the respondents consider that change ideas coming from managers are always materialized into change initiatives.

Managers are the initiators of change because of their responsibility inside the organization which is to make sure that goals are reached efficiently according to the strategy, yet this is not a reason strong enough for them to be the only ones identifying the need for change.

Owners have also the power to participate and decide on the changes that will be made, as far as they invest in the organization's capital so it's also explainable that their opinion regarding change is important.

The minimum involvement of the employees for most of the Romanian organizations can be explained by the fact that in our country, the power is still very centralized, and the process of delegation is not fully and accurately implemented. Most Romanian managers don't seem to understand the importance of encouraging employee participation in a change process, mostly because they don't realize the fact that change needs involvement from all the organizational levels.

Therefore our hypothesis is valid, managers and owners being the most powerful source of change.

H3 - Most managers see change as a solution to current problems existing in their organizations.

The second hypothesis regarding the fact that managers are the most important internal source of change led to our third hypothesis in which we have tried to understand which are the main reasons why managers implement change. The results are shown in the figure below:

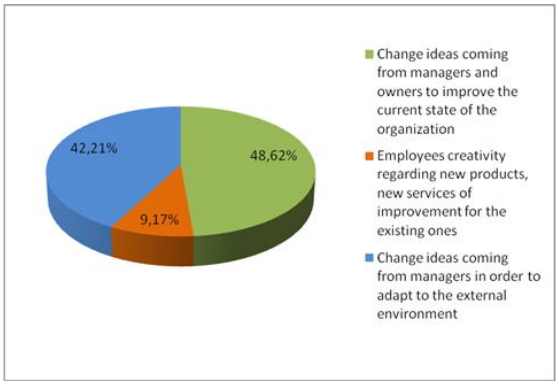

Fig. 1 The reasons to change within the Romanian organizations

As shown in the figure above, 48.62% of the changes made by managers and owners are to improve the current state of the organization. The second reason why managers change (42.21%) is just an adaptive answer to the outside environment, while the last reason why change happens (9.17%) is due to employee's creativity regarding new products or services.

This situation can be explained by the fact that instead of seeing change as an opportunity, managers react and change only to fix the problems their organizations have. Moreover, in many cases managers realize that the organization has problems and that change is inevitable only when results start to decline substantially.

If managers only change when things go bad there is a high risk of not having enough time or resources to implement such a change. In this case those changes will be more like a compromise organizations make to accommodate to external pressures, rather than a decision to increase performance or efficiency.

Another problem that comes with such rapid and hasty decisions is an increased resistance to change exhibited by employees. Depending on the seriousness of the situation managers must identify the most appropriate changes for their organizations and act quickly and decisively, even if sometimes this involves creating tension and uncertainty within the organization. Once the crisis has passed, it is recommended for the initiators of change to explain why they have taken so drastic measures in a very short time, in order to gain employee's trust and to make feel comfortable with this change, thus reducing any form of resistance.

Also we recommend proactive changes, instead of the adaptive ones, because like this the organization is influencing the environment and not vice-versa.

Based on the results above our third hypothesis is valid, the main reason for change being an adaptive reaction. After testing the three hypothesis we tried to classify organizations according to their openness to change and their flexibility to make change happen. Therefore we have identified four different types if organizations as follows:

- organizations resistant to change;
- organizations reticent to change;
- organizations oriented toward change;
- organizations that promote change.

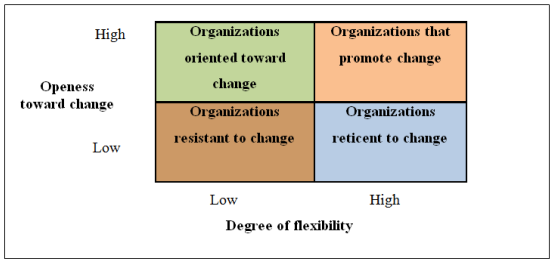

Fig. 2 Types of organizations according to their openness to change

Organizations resistant to change are characterized by the fact that both openness to change and flexibility are reduced, managers changing only when this is necessary and becomes inevitable.

In those organizations managers have a reactive behavior to what is happening in the environment, implementing changes when the situation is critical and when the organization faces numerous problems leading to the need to make changes. In this case there is no interest to change because change itself is perceived as a real threat to the current state of the organization, characterized by panic and uncertainty.

Organizations reticent to change despite the fact they have a high degree of flexibility have a very low openness to change because of the need for security. In this case managers are cautious and have a great risk aversion that won't drive to many changes.

In this case managers are aware of the need to seek ideas for change, but the fear of the unknown and the uncertainty of the environment makes them implement only small and reactive changes. Moreover, as long as things go well, there is the anxiety that any intervention (change) may damage the results.

Organizations oriented toward change despite their openness to change can not initiate change processes due to lack of flexibility.

In those organizations managers realize the importance of a good knowledge of the environment through its external forces, but they are constrained by the lack of flexibility of the organizations they lead.

And last but not least, organizations that promote change, with high flexibility and a large opening to change, are those who make change a part of their daily activities, most of the changes having a strong proactive nature.

These are the perfect organizations because managers orientation toward change is one of the daily activities. Moreover, managers have a long term vision and are aware of the importance that change has upon their performance and upon their organization's long term sustainability.

CONCLUSIONS AND DISCUSSIONS

As underlined throughout our paper, there are different forces that drive change in the Romanian organizations and the way they act can also be different from one organization to another. Our findings lead to the general conclusion that there are four different types of organizations considering their openness to change, and sometimes even if managers are aware of the importance of change, the organizational structure is not flexible enough to allow such actions. The environment exerts major influences on organizations every day activities, especially due to the fact that globalization has led to the opening of markets, intensifying competition. Also the harmonization of legislation between different countries makes change implementation necessary for those organizations that want to maintain their market position. The sources of change are different and awareness of the need for change often occurs as a result of the analysis made by managers starting from the outside existing opportunities and threats.

In the case of external forces, the most significant changes are the result of economic and legal pressures along with technology development.

Overall managers have an adaptive reaction to the influences from the outside, but there are also cases in which organizations have adopted and proactive behavior, creating revolutionary products and obtaining a competitive advantage.

Besides courage, financial resources and a high degree of creativity and capacity for innovation, proactive change requires the participation of a large number of people, among which there is cohesion, communication and desire to succeed.

Regarding the internal sources of change, there is still a very stringent need for business leaders that have a vision for change, support it and make others enhance it, so creating a climate for change and an organizational culture that supports change becomes a must. The interest in making changes in the Romanian organizations is in some cases very low, among the main reasons being the fact that Romanian managers have a reduced openness to change. Often, managers do not consider that by making changes, things can get better, and that is why many times they decide to wait until change becomes inevitable. The daily routine and lack of studies in management or even economic science (managers usually apply empirical management based solely on experience and intuition) does not give them time to depart from current concerns and try to evaluate what happens around them. Most managers do not give a great importance to the changes taking place in the business field and do not consider that change can influence their business activities. The research's results are consistent with those of similar studies (analyzed in the literature review section), underlining the importance of change openness and good knowledge of the environment for decision making regarding the implementation of a change process. In order to determine which internal or external forces prevail when making changes it's important to consider elements related to organization size, industry, its location, the market in which it operates and the types of needs that are satisfied through the products manufactured or through the services provided. Although there are no identical organizations, some issues can have a higher influence upon them, that is why we consider very important to make an analysis of the external environment, to have a good knowledge of internal features and the potential changes they may generate.

In conclusion, the two main sources of change are of different from one organization to another, and only an awareness of their existence is not sufficient to implement an effective program of change. Once managers have identified potential changes they must selected those to be implemented, depending on the resources available and the needs of the organization. Managers are the ones to have the final say and decide practical steps to be taken to implement changes, so their perception is essential, and their concern for change should be incorporated into daily activities.

A further research opportunity will be to identify more characteristics of the four types of organizations that have a certain openness to change and to see which are the most powerful skills that both managers and employees should have in order to find new and creative ideas of change. In the long term, the challenge will be to ensure that all organizations will have a high openness to change, promoting proactive and efficient changes with long term results.

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