

ORGANIZATIONAL CHANGE STRATEGIES IN THE CURRENT ECONOMIC AND SOCIAL CONTEXT

Iuliana, Talmaciu¹

Abstract:

The purpose of this paper is to analyze the main strategies for implementing organizational changes in the current social and economic context, characterized by an unprecedented dynamism. As a result, the paper presents the results of the research that have led to the identification of the factors determining the application of a particular strategy or even the usage of their mix.

To achieve the established objectives set we have used as a research method the content analysis of various Romanian and foreign authors' work.

Keywords: *organizational change, change management, organizational change strategies*

JEL Classification: M10

1. Introduction

The last decades have been characterized by periods of unprecedented transformations in all areas of activity and no one is immune to the revolutions. The world is changing and change will happen with or without us. (Ridderstrale J.; Wilcox M., 2010 : 13)

Change is in the law of nature, the weather and the times change, and so does our environment (economic, social and political), attitudes and mindsets also change. In our opinion, no one (person or organization) cannot progress or even survive unless he succeeds in being open to what is "new" and tries to readapt himself.

In the paper entitled "Strategy" (1998), the guide issued by "The Economist Book", the concept of change is explained as follows: "Learn to love the change. Feel comfortable with your intuition. Turn compassion, care, harmony and trust into the cornerstones of your business. Fall in love with new ideas!"

In a continuously changing world, managers must constantly rethink their action strategies in order to adapt themselves to changes, especially to the external ones and to prepare their staff for new ones. It should be kept in mind that change strategies are conditioned by the situation in the organization and there are no universal recipes. We cannot say that there is an effective strategy in any event, a so-called recipe for success. The approach or the combination of approaches reflects their own assessment of what best suits to a particular change.

To meet these objectives, the paper was structured as follows: introduction, a section in which we detailed the typology of organizational change strategies, one in which we present the factors that influence the choice of strategy to achieve change, conclusions and bibliography.

2. The typology of organizational change strategies

The strategies for change are forced to take into account many variables: the size of the organization, the competition relationships, the changes in the environment etc.

According to Stanciu Ș., Ionescu M. A. (2005 : 88), the most common questions to be answered by a change strategy are:

- What is changing?
- How is change operated and what is its rhythm?
- What favorable or unfavorable conditions can explain the change?
- How does generally change operate over time?

¹ PhD Student, Valahia University of Târgoviște, iuliana_talmaciu@yahoo.com

- Who are the actors that open, maintain, support or oppose the change?
- Can change be planned?

The elaboration of the change strategy of an organization is a complex and dynamic process that requires good knowledge of the influential internal and external factors. In a unitary conception, the actions to be conducted in terms of priorities, deadlines and resources at their disposal should be determined. Understanding and then entering the change processes out of conviction will be able to reach the objectives that are consistent with the organization's mission. (Tripon A., 2008)

The criteria on which we can construct a typology of the organizational change are the following:

a) The implementation modality:

- *Empirical-rational strategies*, based on communication with the supposedly rational members, able to accept the changes useful to the organization;
- *Normative-reductive strategies*, defining values and norms, focusing on the relationship between the needs of the organization and the external environment;
- *Strategies of coercion*, including orders and sanctions.

b) The orientation modality:

- *Directive strategies*, imposed by management (payroll, rules of conduct);
- *Strategies based on negotiations*, recognizing the legitimacy of group requests (internal agreements etc.);
- *Normative strategies*, focused on norms, standards, principles of general validity (quality standards, ethics etc.);
- *Analytical strategies*, based on a clear definition of problems, deep analysis (projects to locate workshops, information systems etc.);
- *Action-oriented strategies*, based on a clear vision - targeting specific effects (increased involvement, knowledge management etc.).

When it comes to management of change, it is useful to distinguish between five different general approaches identified by Keith Thurley and Hans Wirdenius in 1973 (Moldoveanu G. & Dobrin C., 2008). They vary depending on the degree to which change was imposed on the subjects and these are:

- *Dirigiste strategies*. According to this approach, managers rely on their right to manage change. When using this approach, managers resort to their authority to impose change with little involvement from other people. This strategy has the advantage that it can be implemented very quickly. The major disadvantage is that it takes into account the opinions and feelings of those affected by the change and so can lose sight of the valuable information and increases the likelihood of resistance to change. Increased resistance to change may reduce the pace of change and sometimes even undermine it.

- *Expert strategies*. This approach is often applied when the change results from a "technical" problem whose solution requires an expert. A change of this nature is likely to be implemented special project teams, often with precise instructions from management and usually with little involvement from the susceptible to the effects of change. Expert strategies meant to achieve the organizational change have two main advantages:

- the use of relevant experience as leverage to influence the change problem;
- the change can be implemented quickly as the problem is addressed by a relatively small group of experts.

A possible disadvantage is that the people on whom it has repercussions could not see this as a technical problem only. The subjects of change might have different views from those of experts and might not accept the legitimacy of the solutions adopted by the experts. Therefore, resistance to change can occur again.

▪ **Negotiation strategies.** This approach requires the willingness to negotiate with other groups and to accept that it may need some adjustments and concessions. Choosing this strategy does not absolve the responsibility of managers to direct and initiate change, but recognizes that the people affected by change are entitled to have their say on the matter, or that they have the power to resist change if they were not convinced to adhere voluntarily to change. The potential advantage is that the people affected by the change, since they are able to express their views, will be less likely to oppose. The disadvantages are that the implementation may take longer and the results cannot be easily predicted.

▪ **Educational strategies.** Change management consists in emotional and rational attraction of all those affected by change in the organization. This strategy involves changing the system of values and beliefs of the people, so that they can help change and adhere to a common set of organizational values. The focus is on the emotional and rational conquest through a combination of activities such as persuasion, education, training and selection. Sometimes organizational development consultants - specialists in the behavior of individuals and groups - are brought to contribute to this process of change. The advantage of such an approach, if it is successful, is that the positive effect will typically occur on a period of time much longer than in the case of the above strategies.

▪ **Participative strategies.** This change involves those who are the subjects of the change process. Although change can be initiated by managers, the groups responsible for its implementation will be less dominated by the person with managerial authority and will include all those affected by the changes or their representatives.

Participative strategies have several potential advantages resulting from:

- implication of more people, so change is more likely to be generally accepted;
- the fact that they are actively engaged will determine people to adhere more strongly to the change;
- the organization has the opportunity to learn from the experience and ideas of a greater number of people;
- people have more choices and opportunities to learn from the process of change.

The main disadvantages of the participative strategies are those that change may take longer, be more complex in terms of management and require more resources, and the final results are usually more varied and less predictable.

Depending on the **modality of implementation**, the change literature (Eugen Mare, 2006) presents four groups of change strategies, grouped as follows:

▪ **Top-down strategies** – the organization management informs employees about the need to produce a certain change. The disadvantages result from the fact that the desired changes are not clear to everyone, while attachment and availability necessary for effective implementation often miss;

▪ **Bottom-up strategies** - place the responsibility of making changes based on the hierarchical pyramid. The main advantage resulting from attachment is to obtain a much larger change than the top-down strategies. They are strategies that are applied with good results only to achieve changes within the organization functions therefore aiming at segments with a limited number of problems. The main disadvantage is the lack of overall approach and collaboration of all members;

▪ **Strategies for representative positions** – involve recruitment of representatives for the positions where there are persons affected by the proposed change. The main advantage lies in broadening the horizon of the issues affected by changes in several positions and obtain a broader collaboration in achieving it. The main disadvantage lies in the fact that the employees directly affected by the change are not significantly involved in the process and they never understand the changes that are made or why they are needed;

▪ **Pilot strategies** – start to identify and define a specific part of the organization as a leader of change. In the process of change, only the employees selected as the leader of change are strongly involved, their results being reflected throughout the organization. The main advantage is the benefit of building a team of employees that are entertaining and useful way to change this. The disadvantage lies in the widening gap between workers in the pilot areas and the rest of the organization, sometimes even sabotage may occur to determine a final low efficiency of change.

It is important to observe that the organizational change strategies are not mutually exclusive and usually organizations use them in different combinations.

Michael Jarrett (2011 : 149) identified the following areas of change:

- The first one is **the equilibrium area**, characterized by a calm unchanging or predictable environment; it becomes a highly structured context. This area tends to be dominated by companies that prefer gradual change initiatives, which, in terms of performance, have low benefits. The company finds a segment or operates on a structured market where things do not change in a radical way. The opportunities are that the organization increases its efficiency, exploiting what they have learned and build a bigger and deeper learning specialist to make things increasingly better.

- The second one is **the risk area**. This is a turbulent, uncomfortable area due to the lack of synchronization between the applications of the rapidly changing external environment and the organization’s inability to change. The changes in the external environment that inspires the need for change often come without warning. The rapid pace of change in the external environment requires a response from the inside of the organization. The imperative for change in this area is strong: survival.

- The third one is **the comfort zone**. The external environment tends to be calm or at least, the changes are predictable or slowly done. Unlike companies located in zone one, shown above, in the third zone, companies are subject to change. The problem is that they do have the advantage that they offer their change capabilities. Companies are familiar with the environment, are blocked in self-esteem, they lose the sense of urgency and get a false sense of vulnerability. The area is a lack of synchronization between the demands of the external environment and the organization’s strategic change capability.

- The fourth one is **the Zen area**. The organization synchronizes with the external environment and its apparent resilience. Organizations that embrace and enjoy the challenges of large scale changes will tend to have internal dynamic capabilities by which to consider the situation a welcome challenge, not a painful experience. In this area, the operating internal organizations that have the ability to find position and return to the outside world with a quick adjustment. The organizations of this type act boldly and are often market leaders or among the first innovators.

These areas require different strategies to achieve the organizational change. (Table no.1)

Table no. 1. Strategic options regarding organizational changes

Areas	Adaptive strategies to change	Strategy features	Risks and negative responses
<i>The equilibrium area</i>	“Compliance” – is based on the existing competence recipe	Development of stability; Progressive change; Process improvement	Complacency, rituals and excessive control lead to ineffective bureaucracy and rigidity.
<i>The risk area</i>	“Reformation” or recovery – removing old and imposing the new	Punctual change: rapid, centered and “aggressive”	It is only a temporary “voyage”, it implies the old modalities and the potential failure; high risks
<i>The comfort area</i>	“Deformation” – redefining or reframing	Need to create an unconfirmed reality and	Complacency and loss of the competitive advantage

Areas	Adaptive strategies to change	Strategy features	Risks and negative responses
	the values and behaviors – “sails in the wind”	challenge of the current assumptions; engagement and involvement of key factors	
<i>The Zen area</i>	“transformation” – moving from “a tanker to a fleet of boats”	Strategic oriented change with impact on the culture and structure	The obsessed one sees the action as being more important than the change of perception.

Source: Jarrett Michael, 2011: 150

We observe that Michael Jarrett analyzed the dynamics of the change strategies depending on the organization’s capacity for change and transformation occurring in its external environment. Since the dynamics of both the external environment and the ability to change are low, the organization is in the balance. If the external environment is dynamic and the high exchange capacity remains low, the organization is placed in a hazardous area. If the change is high capacity and dynamic external environment is low, the organization is in the comfort zone. If both variables are high, the organization is in the Zen, transformation and renewal. (Figure no. 1)

Figure no. 1. Dynamics of the change strategies

Dynamics of the environment	high	Risk area Responds and restructures	Zen Area Transformation and renewal
	low	Equilibrium Area Elementary change and process improvement	Comfort Area Strategies of modification and disturbance
		low	high
Capacity to change			

Source: Jarrett Michael, 2011: 287

In Fred Nickols’ vision (2010) the strategies to achieve organizational change are:

- **empirical-rational strategy.** People are rational beings and they will follow their interests once they are identified. Change is based on communication and incentives. This strategy is characterized by: a plan for change, communication of information, the use of incentives based on the results.

- **normative strategy – of rehabilitation.** Humans are social beings who adhere to cultural values and norms. Change is based on redefining and reinterpreting the existing norms and values and commitment to creating new ones. The strategy is based on: redefining and reinterpreting the existing norms and values, initiating a series of activities that lead to the development of trust.

- **coercive strategy.** People generally obey and do what they are told or may be determined to perform certain activities. Change is based on the exercise of authority and imposing sanctions.

- **strategy of environmental adaptation.** People oppose interruptions and losses but they can relatively easily adapt themselves to new circumstances. Change is based on creating a new organization and gradually transferring people from the old to the new. This

strategy is based on performing a sequence of organizational changes that occur in response to changes in the business environment

3. Factors that influence the choice of the change strategy

In general, it is not applied a single strategy to achieve the organizational change.

An organization can adopt a primary strategy (“the main strategy”) and for certain activities it can use a mix of strategies. Choosing strategies that will be used in combination is made considering a number of factors. Among these, the following are considered to be the most important:

➤ **Objectives and their amplitude.** These can range from minor issues involving a single process to the complete transformation of the entire organization. As the objectives are more important and broader effects, a mix of strategies for change is preferred, which have the coercion strategy as a central element.

➤ **The degree of resistance.** A high level of resistance to change requires combining the coercive strategy with the one regarding the adaptation to the environment. A low resistance to change and supporting it requires a blending of the rational strategy of rehabilitation.

➤ **Target population.** The existence of a large number of people involved in the change usually leads to the need of a mix of strategies for change. Each of the four strategies presented finds supporters and cannot easily reach consensus.

➤ **Time.** Short periods of time require the application of coercive strategy, while for longer periods of time to apply a mix of the empirical strategies: the rational, normative-of rehabilitation and adaptation to the environment.

➤ **Experience and expertise.** The existence of appropriate expertise to achieve the change leads to a mix of the strategies presented above. Given that there is no experience of change management, in most cases, coercive strategy is applied.

➤ **Level of dependence.** This can be a double-edged sword. If the organization largely depends on its employees, the managers’ control power is limited. If employees are dependent on the organization, their resistance to change is reduced.

Conclusions

Changes can sometimes generate just a slight adjustment from a functional and structural point of view or quite the opposite; they can lead to a major redesign of the organization. Change in an organization can aim at the strategy, vision, structure, policies, budget, products/services, suppliers and customers, costs and prices, resources, technologies, etc. All these factors determine the competitiveness and the organizational performance, influenced both by the external and the internal environment of the organization.

Change must be consistent and lasting to produce positive effects, and the biggest challenge when initiating and leading change at both the organizational and individual level is to change mentalities and paradigms in thinking. Paradoxically, many studies show that, though at first declarative, people are open to change, in time they do not want to embrace it any longer.

In our opinion, the degree of success for the organizational change will only increase in direct relation to the type of attitude that both managers and employees have regarding the changes in the organization, requiring proactive, training and development programs that produce change.

What we think to be very important in the development of an organization is reviewing management strategies, training and motivation of human resources to accept and promote change, communication and expertise in the design, development and evaluation of change, which decision makers must take account for the success of the approach.

Organizations should pay more attention to the evaluation of the process of change, to analyze how the measures imposed by change were implemented, to identify any deviations from the proposed objectives and to identify the new development directions of the organization.

We consider that there is a direct and powerful link between the methods and the strategies for efficient change management and organizational vision. People must be offered a destination to accept and support the change, to have a clear picture of what awaits them and feel that they are partners in this direction.

Acknowledgement

This work was supported by the project “ Excellence academic routes in the doctoral and postdoctoral research –READ” co-funded from the European Social Fund through the Development of Human Resources Operational Programme 2007-2013, contract no. POSDRU/159/1.5/S/137926.

Bibliography:

1. Jarrett M. (2011) *Gata de schimbare – de ce unele companii se pot transforma cu succes- iar altele nu*, Bucharest, Editura Publica
2. Mare E., (2006), *Schimbarea și dezvoltarea organizațională*, available at http://www.armyacademy.ro/reviste/3_2006_ro/a8.pdf, accessed at 12 September 2014
3. Moldoveanu G., Dobrin C. (2008) *Abordări și strategii de schimbare organizațională în contextul societății bazate pe cunoaștere*, Practical and theoretical research in urban management, year 3, no. 7
4. Nickols F. (2010), „*Four change management strategies*”, available at http://www.nickols.us/four_strategies.pdf, accessed on 25 September 2014
5. Ridderstrale Jonas; Wilcox Mark, (2010) *Revitalizarea corporației. Cum reușesc liderii să producă schimbarea*, Bucharest, Publica Publishing House
6. Stanciu Ș., Ionescu M. A., (2005) *Cultură și comportament organizațional*, Bucharest, Comunicare.ro Publishing House,
7. *Strategie*, (1998), “The Economist Book”, Nemira Publishing House