



## DIMENSIONS OF ORGANIZATIONAL CHANGE

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*A basic characteristic of business operations in developed economic environments is their continuous search for responses to very rapid changes in their broader and closer environment. Adjustment to the changing situation of market and technology is an inevitable challenge to every company. This means a never-ending search for and verification on the market, as well as preservation of the acquired position. The tasks connected with the company's adjustment to the requirements of the market are very complex. Due to the increasingly turbulent business environment, the management responsible for the implementation of the change process is taking on new obligations. Change management is moving away from the traditional understanding of that notion as being just a set of functions, comprising the tasks of both designing and implementing a process of changing the organization. The request to establish such an organization, which will be able to follow the extremely rapid and perpetual urge for adaptation to the requirements of the environment, is coming to the forefront.*

### 1. INTRODUCTION

The basic characteristic of the business environment today is its turbulence and - as experts like to underline - change is the sole constant. Companies continually have to adapt to the changing environment if they want to survive and develop. Also, it must be stressed that changes in the business environment are becoming increasingly complex and intensive. It is particularly this dynamics of change that requires companies again to bring to the forefront the question of their own efficiency.

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There are several reasons for change in the business environment. According to Nadler, the following are the most typical reasons which urge companies to adapt speedily (Nadler, 1994, p.13):

1. Rapid technical and technological development, demanding quick response by companies;
2. Increasing competitive business struggle in the markets;
3. Market situation of supply exceeding demand;
4. Globalization of business environment;
5. Increasing demands by customers (price, quality, services);
6. Government interventions aimed at both indirect and direct support of national companies in the market;
7. Changes in ownership relations: the emergence and increasing number of investment funds which demand greater decision-taking power, and reveal increasingly aggressive and offensive behaviour;
8. Changes in the labour market tending to lead towards lack of professionally skilled staff.

The above stated trends confront the management with the need to design such an organizational structure of the company that would be able to permanently follow and keep up with the developments in the surrounding environment, to identify the trends and constantly to adapt internally and move towards the set targets of its own development.

The development of a company can be defined as a process of changing in terms of quality and quantity (Pumpin and Prange, 1995, p. 15). More accurately, the company's development can be defined as a whole set of quantitative changes which may or may not be connected with qualitative changes (Pučko, 1991, p. 35). The central question in considering a company's development is the question of managing the development of the company (Bleicher, 1995, p. 5).

The managing of a company's development is the responsibility of the management; in simple terms, it can be divided into two basic sets of tasks: the first one comprises the designing of concepts and definition of proper development strategies of the company, that is of basic development objectives of the company. In the '80s, the professional interest was focused on the conception of strategic orientation. In the mid '90s, however, the focus has moved to the other set of issues related to the development of companies, primarily to the activities which are needed for successful and efficient realization of the development objectives of a company. The managing of the

processes of organizational transformation of companies has become the focus of interest of both experts and managers.

The stressed need for continuous timely response by the management to the changing environment has been evident for quite some time. Due to the fact, however, that the response time available to the companies for the implementation of necessary changes is getting shorter, the management is faced with entirely new problems. These are problems connected with the designing and managing of organizational change processes in companies. We shall, therefore, further focus only on the presentation of organizational change processes from the standpoint of currently topical circumstances in the business environment. The term "organization" will be used to denote any company or enterprise, since we believe that some findings in the area of change management in companies apply equally to other organizational or social units.

## **2. DIMENSIONS OF CHANGE MANAGEMENT**

### **2.1. The context of the change process**

Transformation of organizations has always been the responsibility of managers. The change of organization is in its essence a set of interrelated complex processes required for the rearrangement of the existing operation of the organization. Changes in an organization can be:

- technical and technological (introduction of new technologies or engineering processes);
- physical (change of location of the organization);
- organizational (transformation of existing organizational structure and processes);
- personal (replacement of individuals or changes in the way of operating of the staff) (Gilgeous, 1997, p. 8; Robbins, 1996, p. 720).

Changes, as they appear in practice, are always interrelated and interactive. Due to their interconnection, it can never be claimed that just one of the above specified changes is being undertaken in the organization. Every change in technology also calls for an organizational change and introduction of new working methods for those employed. Consequently, various dimensions of change are always present in any restructuring of the organization, regardless of which type of changes is being carried out. When designing the process of transformation, managers, therefore, have to consider the complexity and interactivity of the change process.

The content of the change process is composed of various stages which are all interrelated. Professional literature offers a number of well established models for the transformation of organizations. Undoubtedly, the best known among them are Lewin's and Greiner's models of organizational change. These, as well as some other models, such as the Lewin's model as amended by Schein or models of the so-called "Organizational Transformation" developed by Killman, Covino, Cummingon and Hus, contain the following most important steps (Bonne and Kurtz, 1992, p. 418; Staehle, 1994, p. 875; Lewis, Goodman and Fandt, 1998, p. 380):

- perception of the need for change and awareness of the inevitable termination of the present situation. It is beyond doubt that the first step is the most important and the most difficult one. Lewin called this first stage "unfreeze" and stressed that the biggest mistakes are made at this stage of terminating the present situation. Most unsuccessful changes come to an end in this first stage. Stressing the importance of this first step in the process is not without reason. At this stage of the change process, crucial decisions are taken regarding the directions and goals of transformation as well as regarding the methods used to implement the change. Therefore the management must devote particularly great attention to this first step;
- realization of the necessary change. The process of realization is carried out at various levels - from unperceivable and unrecognizable (e. g. at personal level) to perceivable and recognizable (e.g. in the change of place). The management has to be thoroughly prepared for this part of the change process, with necessary and possible alternatives prepared in advance. The realization of changes is a process limited in time and must, therefore, be executed without interruptions. Every longer-lasting interruption may result in failure of the entire change process;
- checking the results of the change and consolidation of the new situation. Lewin called this last stage "refreeze". By using this term, he underlined the importance of the absolute break with the old situation. It often happens that we carry out all necessary steps in the change process and, after some time, find out that the staff is working and acting according to previous rules. Therefore, the change process is concluded only after we can, with certainty, claim that the new mode of operation is prevailing throughout the organization. The above statement is important for the managers, particularly with regard to the true conclusion of the change process. The managers must

be well aware of the fact that the change process has not been concluded with the introduction of changes alone.

## 2.2. Problems in the implementation of change

The biggest problem in the realization of change is the opposition which appears in all stages of the change process and manifests in different ways. In the essence, objections to change processes can - according to Watson - be divided into two groups (Robbins, 1996, p. 720; Staehle, 1994, p. 921):

### 1. *Objections which appear at the personal level.*

An individual may hinder the implementation of the change process in the organization because of:

- *acquired habits* (hitherto way of working and reasoning);
- *selective perception of information* (perceiving only that part of the information which suits him);
- *economic reasons* (taking the change as a threat to one's economic position);
- *ignorance resulting in the feeling of being endangered* (one lacks sufficient information for the interpretation of change from the viewpoint of his/her own position).

### 2. *Objections which appear at the organizational level.*

What we have in mind is the active and passive impediment of change because of:

- *structural inertia* (it is well known how difficult it is to change any organizational structure because of inertia);
- *interconnection between individual subsystems of an organization* (any change - even if carried out only in specific parts of the organization - always causes shocks in all interrelated parts of the organization because of the interconnection between partial systems);
- *group opposition* (an individual does not accept suggested changes because of group opposition);
- *threat to the current division of power and allocation of resources in the organization* (most changes disrupt the existing distribution of power within the organization, establish a new one and introduce a different scheme for allocation of resources).

Objections of individuals are in most cases connected with a feeling of endangerment (economic, status) or with the opposition to the request to change the acquired knowledge, habits, convictions and positions. Any change in the mentioned dimensions of an individual is linked with energy, time and emotions (Czichos, 1993, p. 124). Thus, it is understandable that individuals find it most difficult to change their value system and their positions.

With regard to objection arising from within the organization, it must be stressed that the size of the organization is of great importance. In large organizations, opposition might be very strong because of structural inertia. Objections arising from the desire to preserve the existing structures of power and allocation of resources might also be very dangerous for the successful implementation of the change process.

### **2.3. Dimensions of change management**

For this reason, it is important, in designing the concept of the organizational change process, to provide for certain activities which would neutralize the above specified objections. To this end, the management disposes of a variety of possibilities. Individual authors suggest different measures, such as: participation of those concerned in decision-taking, training, communications, negotiations, threats, etc. All such activities can substantially contribute to the softening of opposition in the organisational change process.

In view of the present requirements of the business environment continuous adaptation - permanent changing of organizations, the above measures are not sufficient. A new dimension must be added to change management. The present time requires of managers much more than only to act in response to challenges in the processes of organizational change. Management is required to be proactive in the sense of creating such an organization which is capable of continuous, permanent adaptation to its environment. An organization should be in the state of never-ending change.

For the future, we can expect that the turbulent environment will continue with an even greater intensity - and the present trends only confirm such developments. The questions of rapid adaptation to demands of the environment will, more than ever so far, be brought to the forefront. In order to be able to cope with new responsibilities, the management has to:

- establish an organizational culture that is favourably disposed to changes (i.e. such modes and models of operation, values and behaviour of the staff which will contain change as a component of every task and job);
- design an organizational structure and process in such a way that the employees will act in an open space providing opportunities for the most extensive interconnections and integrations. This will contribute to the abolition of the hitherto traditionally close attachment to a job or post. (It needs not be said that this, too, is one of the most difficult tasks of the management);
- design highly flexible management systems, including change as a permanent activity;
- establish a management and control system with integrated knowledge of change management as an indispensable part of any manager's day to day responsibilities.

As we can see, change management is moving away from the traditional understanding of that notion as being just a set of functions, comprising the tasks of both designing and implementing a process of changing the organization. The request to establish such an organization which will be able to follow the extremely rapid and perpetual urge for adaptation to the requirements of the environment is coming to the fore. We notice the emergence of the first concepts of designing an organization capable of continuous adaptation, like for example the concept of the so-called Learning Organization which can be defined as an "organization that has developed the continuous capacity to adapt and change" (Robbins, 1996, p. 734). Change management is, thus, growing over the narrow frame of professionally specialized tasks and is becoming an integral part of daily management functions. It can even be stated that change management will take over the central role in management responsibilities in the future.

### 3. CONCLUSION

Companies continually have to adapt to the requests of their environment in order to be able to survive and further develop. Adaptation processes require the management to determine further orientation of the company's strategic development and designs processes of organizational change. In the past, all endeavours of experts were focused on the formulation of further strategic orientation of the company. In recent years, however, the attention of both the professional public and managers is increasingly oriented in the management of organizational change processes.



The process of changing an organization constitutes a very complex and interconnected set of tasks directed towards the realization of all necessary activities for the design, implementation and maintenance of the new mode of operation of the organization. The traditional understanding of change management comprises the tasks directed towards providing for efficiency and effectiveness of any individual organizational change process. Dynamic changes in the business environment require organizations to develop the capacity for permanent adaptation. Therefore, new dimensions must be added. What we have in mind are responsibilities oriented towards the establishment of organizational culture that is favourably disposed to changes, as well as of appropriate structures, processes and systems of management and control concept.

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## **DIMENZIJE ORGANIZACIJSKIH PROMJENA**

### **Sažetak**

Temeljna značajka poslovanja u suvremenim poslovnim okruženjima je kontinuirana potraga za odgovorima na izazove brzih promjena u užoj i široj okolini. Prilagodba promjenjivim tržišnim i tehnološkim uvjetima je neizbježan izazov svakom poduzeću, koji se izražava kroz trajno traženje i verifikaciju na tržištu, ali i zadržavanje postignutog položaja. Zadaci povezani s prilagodbom zahtjevima tržišta su veoma složeni. Zbog sve veće turbulentnosti poslovne okoline, management, zadužen za provedbu procesa promjena, preuzima nove dužnosti. Shvaćanje upravljanja promjenama se pomiče od tradicionalne ideje o skupini funkcija, koje se odnose na zadatke dizajniranja i implementacije procesa organizacijskih promjena. U prvi se plan postavlja zahtjev za izgradnjom takve organizacije, koja će biti u stanju pratiti i prilagođavati se izrazito brzim promjenama u poslovnom okruženju.