THE REASONS WHY SOMETIMES THE ROMANIAN PROCESSES OF ORGANIZATIONAL CHANGE FAIL

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Abstract: *In our today's reality change can no longer be ignored, because a lack of response to the influences manifested by the environment can have disastrous effects. The concern for implementing innovative changes becomes an imperative for those organizations that want to develop themselves and be efficient, change being the only way to achieve these goals. The pace of change in the business environment has become more and more accelerated and sometimes even the survival of the organization is threatened by the lack of orientation towards change. Managers need to identify appropriate change ideas according to the organization's particularities, which have to be correlated with specific influences exerted by the businesses environment. Even if the idea of change was very well chosen, its success depends on many actions that have to be undertaken during the implementation process. This paper aims to present a series of mistakes that can be made during the first stage of the change process and thus can contribute to the failure of the organizational change processes. The errors made during the implementation of change can be made according to several criteria, this paper presenting the mistakes that can lead to the failure of change from the perspective of the stages of the change process. This paper presents not only the mistakes that can be made in the process of change but also the actions that should be carried out by both managers and employees in order to ensure that these mistakes will no longer occur in the future. Our study was conducted on more than 150 Romanian organizations, mostly Small and Medium Sized Enterprises (SME's) based on a qualitative research methodology. The interviews included both top management and employees in order to identify the specifics of the processes of change initiated by Romanian organizations and to understand why these processes of change did not have the desired results*

Keywords: organizational change; the process of change; change implementation; mistakes of the change process.

JEL classification: M10, M12, M19

1. Introduction

The issues of organizational change and organizational development have been the subject of concern for numerous specialists, these topics being of great interest even today. In order to understand organizational change researchers borrowed a number of concepts, metaphors and theories from other disciplines, from child development to evolutionary biology. These concepts include: stages of growth, decay and death, development and change models and chaos theory.

The identification of the most appropriated changes and the initiation of change processes is still a very big challenge for most managers due to the fact that the outside environment where organizations operate is becoming more and more unpredictable and the influences manifested by external factors are difficult to be estimated. Moreover, due to a lack of resources and limited time, managers have delayed reactions and the changes chosen to be implemented do not have the desired results.

Members that have the power to make decisions in an organization can identify changes as a result of a rational process of analyzing the forces of change, or by appealing to their creative and innovative capacity, as well as by using the ideas of other employees in order to identify proactive changes. It is important to underline the fact that proactive changes are not a solution for all the activities carried out by organizations. For most organizations the understanding of the business environment as well as finding adaptive changes can lead to performance. The lack of interest for understanding how does the business environment work and the acknowledge of the changes that occur outside the organization can be considered one of the biggest mistakes that managers could make and this attitude can have devastating consequences for the organization, possibly leading to its disappearance.

The purpose of any change process is to ensure the transition to a better state characterized by higher long-term results, but the reality is that in many cases managers have deled with unpleasant situations in which the results obtained after the processes of change were far below inferior to those obtained before initiating the change. Some possible reasons for the fact that change effects were negative are numerous and are mainly based on a series of explanations and causes that can be classified according to the stages and phases of a change process.

In this context, our research is focused on identifying the mistakes and errors that owners, managers and employees can make during the process of change, starting from the three stages of the change process. Thus the stage of the awareness of the need for change was analyzed in order to identify the main problems that may occur, because without a proper identification of the changes that will be implemented, the whole process of change will be affected.

This paper presents not only the mistakes that can be made during the process of change but also the actions that should be carried out by employees and managers in order to ensure that these mistakes will not occur in the future.

The empirical research analyzes the processes of change initiated by Romanian organizations as a result of the information gathered from interviews held with various owners, managers and employees with the aim to identify the mistakes they have made in the processes of change.

Accordingly, the paper is structured as follows: Section 2 presents the literature review in the field of change management regarding the mistakes made in the process of change, in order to underline the context of the research; Section 3

reveals the methodology and results of the research and section 4 presents the conclusions, the research limitations and future research directions.

2. Literature review

Organizational change is inevitable and although this is a certainty for most managers, the question to which more and more are trying to find a response is which are the factors for successful change processes.

The pressure to change is generally generated by the outside events such as the process of globalization, the fast development of new technologies, the economic crisis, phenomena that often create confusion to those who work in such environment (Brisson - Banks, 2010). However elements from the inside of an organization can also generate changes and in order to be successful, organizations need to make considerable efforts to find answers to questions regarding the changes that should be implemented (Westover, 2010).

The most relevant study in the field of change management belongs to Kurt Lewin, who identified three phases of change as follows: unfreezing, changing and refreezing, this study being the basis on which a solid theory of change can be built (Schein, 1995). During the first phase the organization's members are preparing for change, in the second phase the change is implemented and the last phase implies the institutionalization of change (Armenakis, Harris, 2002).

Starting from the three phases of the change process Lewin has developed the Field force theory that states that the failure of change occurs when the equilibrium between the forces that generate change and the forces that resist change does not exist, so the change cannot happen (Lewin, 1939).

The research of the authors Van de Ven and Pool concluded that processes of development and change within organizations are explained by four types of theories (Van de Ven and Pool, 1995):
- life cycle theory;
- teleological theory;
- dialectical theory;
- evolutionary theory.

Each of these theories shows that change happened after a certain sequence of phases (different sequences), in which the mechanisms are customized. According to the authors, the success of change is conditioned by the existence of engines that generate change, so the failure of change interventions initiated by organizations are based on choosing an inappropriate engine of change (Weick, Quinn, 1999).

Although managers efforts to identify changes that provide an improved performance and increased results are very strong, more than 75 % of the change initiatives fail because the organization is not ready for change, and the number of those that support change is very small (Kotter, 2007; Beer, Nohria, 2000). Moreover, the organizational culture does not support change, the number of people involved in the change process is very low and employees cannot adapt to organizational change (Carnall, 2003; Cohen, 2005; Weiner, 2009; Petrou et al., 2016).

When strategies for change are set, managers assume that they will share their vision throughout the organization, but in the end they often encounter resistance to change from employees and the failure to support the significant processes of

changes can lead to a large-scale crisis very difficult to control (Senge, 1994; Stanleigh, 2008).

Key factors for successful change are (Smith, 2006):
- creating a sense, a need and urgency for change;
- communicating the change message and ensuring participation and involvement in the change process at all levels;
- providing anchoring points and a base for the achievement of change.

According to Armenakis and Bernerth some factors common to all change efforts that influence the organizational success are (Armenakis, Bernerth, 2007):
- content issues that refer to changes specific to each organization starting from the attempt to meet environmental demands;
- process issues that include the actions taken by change agents during the introduction and implementation of change;
- contextual issues like the pre-existing forces in an organization's external and internal environment.

There are many factors for successful organizational change and for those large-scale changes the steps that have to be followed are: the acknowledgement of change, the planning of change and the implementation of change (Predișcan, 2000).

3. Research framework and results

In order to identify the main errors in the stage of awareness of the need for change and therefore to make recommendations regarding the actions that must be taken to avoid future occurrence of these errors, we opted for a qualitative research, using the interview method. The respondents included in our study were both managers and employees and their answers allowed us to identify the specifics of the processes of change initiated by Romanian organizations and to understand why these processes did not have the desired results.

Forces that generate organizational change are located both inside and outside the company. Their intensity and how they manifest themselves is significant differently from one organization to another. A very good understanding of the environment in which the company operates has led to better identification of the forces of change and the changes correlated with them.

Our study was conducted on more than 150 Romanian companies, mostly SME's and presents some mistakes that can be made for each category of external factors, but also actions that can be undertaken so that these mistakes won't occur anymore.

The biggest mistake common for the stage of awareness of the need for change is owners' or managers' lack of interest for change. If the deciders within an organization do not consider change as an absolutely necessary positive force and if they won't show any interest at all in promoting it, it is obvious that the change will not occur. Such organizations have extremely low chances for survival in the current market, especially due to the increasingly complex business environment and dynamic that we face today. Avoiding change is a mistake that may lead to the disappearance of that company from the market.

A common mistake in this first stage of the change process is having erroneous perceptions on the business environment. Many ideas for change are generated as a response to external forces so the knowledge and understanding of the mechanism by which they exert their influence on the organization is essential.

In the following we present several mistakes that can be made correlated with each external factor.

3.1. Economic factors

The main errors that may appear in the processes of change regarding economic factors are:

- *Ignoring the competitors*; the ideal situation for any company is a lack of competition, but in a market economy this is impossible. Competition exists and manifests itself even though it is ignored by managers, it creates tension among companies and leads to progress and innovation.

It is recommended to study the changes made by competitors and anticipate their future steps in order to identify changes that will successfully make organizations to increase their market share.

- *Misunderstanding competitors' policies and strategies*; the simple awareness of the fact that competition exists won't solve the company's problems. Managers need to study very carefully the actions of their competitors, to identify and understand their intentions, strategies, so they can find those change ideas that will lead to achieve a competitive advantage over the competition.

- *Lack of interest on identifying appropriate changes correlated with consumer's behaviour*; the pace is experiencing changes in business environment is increasingly accelerated. Just as the life of the products is reduced over time, so are changes in consumer behaviour, generated by the avalanche of new, innovative products that create new demands on the market and also by trends related to healthy eating, lifestyle, clothing or leisure. Performant companies run proactive changes in this creating demand for their products. If a company is unable to generate changes in consumer behaviour, at least it should try to understand these trends and adapt their products to new consumer requirements.

- *Life stage of the business no longer sustains the company's development*; businesses, as well as companies have certain stages of life. It is not recommended for managers resign as the sales volume decreases dramatically without trying to look for new market opportunities. It is to late to think about change only when the company starts to loose. Small companies can move very easy from one business to another if entrance barriers are not very high.

Today we are witnessing expansion in the virtual environment of more and more publications, radios and even televisions. There is a possibility that more traditional businesses change significantly as a result of the achievements of science and technology and some even disappear while new ones appear.

- *Disinterest in new business ideas*; findings in science and technology create new products, technologies and new business ideas. Having an interest for identifying new business ideas can lead to potential changes extremely beneficial for the organization.

- *Correlate the supply of goods and services only with the average purchasing power of citizens*; the purchasing power of citizens determines how companies grow and prosper and it is mandatory for managers to have it in mind as they decide to enter a new market. Managers should however be aware that in economies where the purchasing power of the majority is small, they can develop highly successful business in the field of luxury products. If we take Romania as an example, even if the purchasing power of the people is low, there are many citizens demanding for expensive and extravagant products and the increased

sales in the luxury field prove it.

- *Ignoring the growth rate of the economy*; it is known that the pace of development of the economy has positive effects on companies. The higher it is the chances of creating new companies and developing the existing ones are higher. On the other hand, a low pace of development of the economy or an economic recession will generate adverse effects, many companies reducing their sales volume. Managers should be aware that in times of crisis there are businesses that thrive. Initiating such businesses can ensure success during the crisis.

3.2. Technological factors

Some mistakes that may arise during the processes of change regarding to technical and technological factors are:

- *The acquisition of technologies without analysing their effects on company's revenues and costs*; in general, new technologies are designed to reduce costs when the volume of production is very high and their cost of depreciation can be divided on a long period of time. If, however, extremely costly new technologies are not used to getting a high volume of production, their costs of depreciation will cause significant losses for the company. Similarly if companies purchase a high-performance system that will allow them to obtain results faster, but those systems are not perfectly customized with the company's characteristics, some employees won't understand it and thus their departments will continue to work in the traditional way. Like this costs arising from the purchase of that information system that will not demonstrate its usefulness will be in vain.

- *Disinterest for new technical solutions*; innovations in recent years managed to reduce the working time needed to perform certain processes and also to minimize costs related with communication and information. If managers are not interested to implement in their companies such products, technologies or information systems they will not achieve the productivity and performance of companies using such solutions.

3.3. Political and legal factors

Regarding policymakers, the main errors that may appear in the processes of change are:

- *Disinterest in EU development strategies*; the main goals for development in the EU area, along with the main objectives set for the future were outlined in the Europe 2020 strategy Based on these development guidelines, each Member State has its own custom development strategy. Not knowing nor understanding this information will restrict the access to European funding grants as an important source of funding for many existing European business, and will lead to miss important opportunities to develop new businesses.

- *Misunderstanding the influences of certain international bodies*; many decisions, policies and strategies developed by some international bodies have an influence on our economy, especially on the companies operating here. Understanding the mechanism by which these influences are felt in the economy may lead to ideas for change to exploit the favourable effects of the policies and strategies created by the international organizations.

- *Ignoring legislative changes*; each company must acknowledge and obey all

legal regulations that affect it directly or indirectly. Changes in the legal field happen very often and sometimes those changes are very fast. Ignorance of the law by not changing some rules in the company (new documents, new activities, new forms, and new obligations of taxes that have to be declared) may lead to penalties.

- *Missing business opportunities or tax facilities due to ignorance of legislative stipulations*; The Romanian legislation offers certain facilities for some companies such as: smaller income tax for certain businesses, exemptions from taxes for businesses from a certain disadvantaged area, special facilities for hiring staff such as unemployed graduates, people with disabilities, tax exemption on income from wages for those working in IT etc. Managers must know, understand and then apply the changes needed in order to benefit from such facilities.

- *Failure to comply with legislation*; intentional failure or ignorance of legal regulations may lead to penalties with adverse effects on the companies' profitability.

3.4. Ecological factors

- *Higher costs arising from the use of limited materials whose prices have increased*; some natural resources are rare and with all the climatic changes or natural disasters, in some periods the prices of raw materials increase. If those materials have a significant percentage in the total material requirement, the production costs will increase. Extremely unfavourable influences on production of goods may occur if certain materials may not be purchased as necessary and in time. Effective change solutions can be found by managers and employees who are concerned about replacing deficient materials with others more easily to be achieved and at a lower price without significantly affect the quality of the products.

- *The risk of being sanctioned for not protecting the environment*; legislation on environmental protection in our country has become more strict after Romania was integrated in the European Union as a result of the need to align to the EU regulations. Thus, companies, and citizens are sometimes forced to make changes that lead to better protection of the environment (performant wastewater treatment systems to reduce pollutants released into the air, selective waste collection and recovery of electrical, electronic waste, etc.).

3.5. Socio-cultural factors

Socio-cultural factors are related to mentality, traditions, tastes and habits, and the main mistake that could be made in the processes of change is *misunderstanding and ignoring local customs*.

To be successful, companies must thoroughly understand how the business environment forces influence them and be able to exploit the opportunities that arise, and to avoid threats from the outside. In this respect, a better understanding of the habits of citizens in one region and their culture, can lead to identifying solutions to change the company's products. Although in the past many companies had perfectly standardized and identical products all over the world, now they have introduced new products that would better adapt to the national and regional specific.

4. Conclusions

The environment in which organizations operate is becoming increasingly turbulent and the change becomes stringent for organizations that want to be competitive in a global economy characterized by a high degree of innovation and through a strong rivalry between competitors.

The forces of change can be both external and internal an unfortunately often managers' change initiatives have not the desired results. The main mistakes in the change processes initiated by managers start with an misunderstanding of how all external forces act on organizations, and many times managers act too late.

There are different ways to identify the changes that will be implemented within the organization, some managers being rational and acting according to their perceptions on the pressures from the outside environment while other are being proactive, identifying changes based on the creative and innovative capacity of their employees or on their own without any connection to the signals of business environment.

Even if the identified changes may be numerous, not always the organization has the needed resources to implement them, so managers should choose only changes considered to be vital for which they have the necessary resources.

Some mistakes can be made when managers choose the changes they want to implement especially when those changes are not the most suitable for the organization. Managers can often have a wrong perception on the signals transmitted by the environment so the results from the change processes implemented falls their expectations and even affect the organization's performance.

Changes should be identified after a comprehensive analysis of internal and external environment, using existing scientific instruments in the science of management. Like this, the chances of success are very high. Also it is recommended for managers to stimulate the creativity of their employees in order to identify proactive changes.

Any process of change requires a certain period of time, and the stage of awareness of change is extremely important for the change agents that should correlate the results obtained after an analysis of the external environment with the organization's particularities making sure that the change process will be successful.

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