



universität
wien

MASTERARBEIT

Titel der Masterarbeit

**“Organizational change management and its
implementations in a public institution”**

verfasst von

Diana Elena Rus

angestrebter akademischer Grad

Master of Science (MSc)

Wien, 2013

Studienkennzahl lt. Studienblatt:

A 066 914

Studienrichtung lt. Studienblatt:

Masterstudium - 914 Internationale Betriebswirtschaft

Betreuer:

O. Univ.-Prof. Mag. Dr. Rudolf Vetschera

Declaration

The work in this master thesis is based on research carried out at the Chair for Organization and Personnel of the Department of Business Administration, Faculty of Business, Economics and Statistics, at the University of Vienna (Austria). No part of this thesis has been submitted for any other degree or qualification and it is all my own work unless referenced to the contrary in the text.

Diana Elena Rus

Table of contents

INTRODUCTION	5
CHAPTER 1. DIMENSIONS OF ORGANIZATIONAL STRUCTURE AND THEIR INTERDEPENDENCE WITH ORGANIZATIONAL CHANGE MANAGEMENT	8
1.1. Specialization	8
1.2. Formalization	11
1.3. Centralization	14
1.4. Configuration	15
1.5. Coordination.....	17
1.6. The environment – dimensions of structure – organizational change management interdependence.....	19
CHAPTER 2. BUSINESS PROCESS DESIGN – ORGANIZATIONAL CHANGE MANAGEMENT	28
2.1. Defining organizational change management	28
2.2. Causes of organizational change	30
2.3. Barriers to change.....	32
2.4. Different types of organizational change	35
2.4.1. Organizational changes	35
2.4.2. Material changes	36
2.5. Implementation of change	41
2.5.1. Methods of implementation of organizational change process	41
2.5.2. Diagnosis – Change strategy – Intervention plan – Interventions.....	46
2.6. Public organizations and their characteristics	51
2.6.1. Characteristics of public organizations	52
2.6.2. Change management in public organizations.....	53
2.7. Politic and its impact on organizational change	55
CHAPTER 3. OTIMMC – THE TERRITORIAL OFFICE FOR SMALL AND MEDIUM ENTERPRISES TIMISOARA	58
3.1. AIPPIMM - The Agency for implementation of projects and programmes for small and medium enterprises	58
3.2. OTIMMC - The territorial office for small and medium enterprises Timisoara	60
3.2.1. Strategies and objectives	60
3.2.2. Business organization of OTIMMC	61
3.3. The Romanian Ministry of Economy, Trade and Business Environment and Romanian political environment.....	67
CHAPTER 4. ORGANIZATIONAL CHANGE MANAGEMENT AND HIS IMPLEMENTATION IN OTIMMC	70

4.1. Change process in OTIMMC and organizational change goals	70
4.2. Diagnosis	71
4.2.1. Interview sessions with the top manager.....	71
4.2.2. Interviews with employees	73
4.2.3. Questionnaire for all employees	74
4.2.4. OTIMMC - Dimensions of structure.....	75
4.3. Change strategy	79
4.3.1. Incremental and improvement change	79
4.4. Intervention plan	80
4.5. Interventions	82
4.5.1. Location.....	82
4.5.2. Division of work.....	83
4.5.3. Training and workshops	84
4.5.4. Improvement of the communication between the top manager and the rest of employees.....	85
4.5.5. Working hours	85
4.6. Results of implementation of organizational change process	86
CONCLUSIONS	89
BIBLIOGRAPHY	92
APPENDIX	94
Lebenslauf	94
Zusammenfassung	96

INTRODUCTION

Organizational change management is a business topic studied by many authors during many years. Nowadays society uses change as a balance for all business environments. In order to be in time with everything what surrounds an organization, the managers must change constantly organization's structure, strategies, procedures, variables. The business environment brings many factors that force organizations to change or innovate. Globalization, competition, political changes, social factors, need for survival and customers' satisfaction are some environmental conditions that make organization to restructure and reconfigure their operations, processes and the nature of their products. Organizational change process must be handled very carefully and in detail in order to be successful. Being able to manage change effectively is key to organizational survival.

In our next pages we study organizational change management both from a theoretical point of view and a practical point of view. We study how organizational change management can be implemented in a public institution and in an environment influenced by many political and social variables. We research the theoretical background of organizational change management and we implement the change process in a Romanian public institution. Our purpose is to study how an organization reacts in a change process and what results this change process could bring. Our change process wants to offer a higher efficiency of the services provided by this organization and a better working climate for all employees.

First chapter studies the dimensions of structure of an organization; dimensions that are very

important to understand and state when we develop a change process. In this chapter a literature survey is done in order to establish the influence of organizational change on an organization's structure and the interdependence between the dimensions of structure and a change process. In our research we consider significant and useful to use and study the following dimensions of structure: specialization, coordination, configuration, centralization and formalization. We explain what these dimensions mean and what kind of changes could cause or request. In many cases changes in one dimension could create changes in other dimensions. In this chapter we study also the environment of an organization and how it is correlated with the dimensions of structure and organizational change management. Using a public institution for our case study, the environmental factors are very important and significant for the change process.

Second chapter describes organizational change management from a theoretical perspective based on a literature research. In the beginning of the chapter we define change management and state why an organization needs to change. Organizational change management is a difficult process because encounters many barriers. The identification of the barriers and the process to overcome them must be attentively studied in the change plan. We establish a range number of barriers that a public organization can encounter when it develops a change process. We also study what kind of changes the organization can develop in order to provide a better efficiency. The most important aspect in organizational change management is the process of change itself; the steps that the institution must follow in order to develop the change process. In order to provide the best organizational change process, we study the literature and search for the suitable change plan for our organization. The theory offers many organizational change processes but all of them are concentrated around five steps: diagnosis, change strategy, intervention plan, interventions and results. This organizational change plan we will also use in the 4th chapter where we will implement it in our case study.

As we already mentioned at the beginning, we will study organizational change process in public institutions that is why we must underline also the characteristics of these organizations. In public institutions the environmental factors are much more significant than in private institutions and have a greater influence on change process. Most of environmental factors come from the political climate, aspect that we will also study in this chapter. Politic supposes many regulations, laws, constraints, rules and procedures that must be strictly followed by public organizations and that do not allow institutions to change easily.

Chapter 3 presents the public institution that needs a change process and that will help us to

see how organizational change management works in real life. In order to develop our change process we use a public institution from Romania. First part of the chapter presents AIPPIMM - *The Agency for implementation of projects and programmes for small and medium enterprises* which represents the mother institution of our organization. The research study will be developed on OTIMMC - *The territorial office for small and medium enterprises Timisoara* that is a sub-unit of AIPPIMM operating in the west part of Romania.

This chapter makes us to better know the institution offering a general presentation, strategies and objectives of the institution and business organization of it. A public institution cannot be presented and understood without the political environment in which it operates. In this case we present the Romanian political climate and The Ministry of Economy, Trade and Business Environment that is responsible for all activities of OTIMMC.

Chapter 4 of our research contains the case study itself. We implement organizational change process in OTIMMC following the steps described in the previous chapter. We begin by establishing the diagnosis of the organization using interviews with the employees and questionnaires for all employees. After studying the situation of the organization we decide if the institution needs a change implementation or not and we establish the change strategy. Our study showed us that the organization needs a change implementation and then we developed an intervention change plan that will allow us to point the main changes that the organization needs. After developing the plan we are able to implement the changes and to study the results of the implementation of changes. We must underline that the change process is developed on a period of nine months and the changes are implemented constantly and repeated.

Last part of the study contains the conclusion of our research and describes our research's results in general. We sum up the content of the paper and conclude the main ideas of it. We underline how the theoretical part was included in the practical part and what theoretical aspects are available also in the nowadays business life.

CHAPTER 1. DIMENSIONS OF ORGANIZATIONAL STRUCTURE AND THEIR INTERDEPENDENCE WITH ORGANIZATIONAL CHANGE MANAGEMENT

1.1. Specialization

During the time the literature has defined different dimensions of structure of an organization. Some authors have established four dimensions of structure, others five or six. We will explain all of them but in our research we will use only the ones who are relevant for our company.

One of them is specialization. In large terms specialization is concerned with the division of labour within an organization, the distribution of duties among the positions in the organization.¹ Child defines it as: “*Specialization, in the sense of functional specialization, is the extent to which official duties are divided between discrete identifiable functional areas. Specialization, in terms of role specialization, is the extent to which official duties are divided within functional*”². In his understanding of *specialization* he refers in particular to the functional part of the variable and also distinguishes between *specialization* in general and *role specialization*.³

Specialization is the *degree to which organizational tasks are subdivided into separate jobs*.⁴ In large organizations there is a high level of specialization, employees being narrow focused on one task or job and not multitasking workers.

Specialization can be better defined if we explain two different characteristics of specialization. One of characteristic is the degree of specialization which refers to the degree to which organizational tasks are subdivided into separate jobs. This characteristic can be measured with the work performances or work descriptions. Another characteristic is grouping; criterion by which task, positions, and groups are combined to form larger units within an organization. There are different forms of grouping: functional or U-form, Divisional (M-form), Process oriented, hybrid forms, called also matrix form.⁵

a. Functional grouping or U-form put together employees that have same or similar functions

¹ D. S. Pugh; D. J. Hickson; C. R. Hinings; C. Turner: “Dimensions of Organization structure” in *Administrative Science Quarterly*, Vol. 13, No. 1, 1968, pp. 72-73

² J. Child: “Organization Structure and Strategies of Control: A Replication of the Aston Study,” in *Administrative Science Quarterly*, Vol 17, Nr. 2, Johnson Graduate School of Management, NY , 1973, p. 164

³ *Ibidem*, p.165

⁴ R. L. Daft; J. Murphy; H. Willmott; *Organization Theory and Design*, Cengage Learning EMEA, Singapore, 2010 p.17

⁵ *Ibidem*, pp. 94 -117

in the company. For example, all engineers are located in the engineering department, the same it is for marketing or R&D departments. This structure is useful because it sums up all knowledge in a department and makes it more powerful and effective. It also improves economies of scale by bringing together specialists in same domain. It enables organization to accomplish functional goals, but it is efficient only with one or few products. The functional form is not effective if it operates in an environment exposed to changes, that it is why it is not open to innovation. It also involves a smaller view of organizational goals. This form is used more by small and medium organizations.⁶

b. Divisional grouping or M-form is related to the domain of activity of the organization, more exactly refers to what it produces. A large organization can have many and different divisional groups. In this type of structure, divisions can be organized based on individual products, services, businesses or programs and projects. The main idea of divisional structure is that grouping is based on outputs. The divisional grouping offers flexibility and change because usually is smaller than functional structure and can easier adapt to the need of environment. It allows to units to adapt to differences in products, regions and customers, that it is why it is very effective in organizations with several products. The divisional structure is open to changes and more flexible when it faces threats or opportunities. It can better satisfy customer needs because product and service requirements are clear established. It also involves high coordination across functions and decentralization of decision making.

Compared to the functional form, the divisional structure doesn't sustain the economies of scale and also the product lines are separated from each other, so coordination across product lines can be difficult. The divisional structure has a lower level of standardization and integration across product lines.⁷

c. Process oriented or horizontal grouping means that employees are organized around a specific process. Even if employees are divided into functional form, there might be cases when all of them are needed to fulfil a process or a task and then they create a horizontal grouping. Vertical organizations can be reorganized on horizontal structure with the help of the process named *reengineering*. Reengineering focuses on core processes established at the horizontal level of the organization and brings all employees together to work on a product or

⁶ R. L. Daft; J. Murphy; H. Willmott; *Organization Theory and Design*, pp. 105-108

⁷ *Ibidem*, pp. 106-109

service to serve customers. In the reengineering process employees have a better access to each other work and so they can better share and communicate their opinion and labour. Horizontal structure is based on team working and not on individual work. They focus on core processes and not on tasks or functions. This structure gives the opportunity to take decisions, to be creative, to share your opinion in your team. It offers flexibility, trust and communication to the team employees. Flexibility and trust do not depend directly on the structure of an organization, but their level can be influenced by the type of structure or by changes made in the structure. But these characteristics may require changes in culture, job design, and management framework or information system. In the same time can limit in-depth skill development.⁸

d. Hybrid form or matrix or multi-focused grouping is characterized by the fact that it has two structural grouping alternatives simultaneously. The factors that make an organization to group as a matrix can be: its functions, products, geography determinants, major projects or programmes, divisions, businesses or profit centres. Matrix structure is used when the organization needs to combine two of his functions; for example product innovation and technical development.

In order to use a matrix structure the organization has to fulfil the following requirements:

- Enough resources to sustain more product lines. Usually medium organizations cannot provide enough resources for more product lines. They require effectiveness with less equipment, fact that makes employees work very difficult.
- Environmental pressure exists on two plans: technical knowledge (functional structure) and innovation (divisional structure). It requires team work between these two departments and also good supervision of them.

The matrix structure may not always be useful or easy to implement, because usually there is no balance between the two dimensions of the matrix. Usually one tends to dominate the other one and then the work may be confusing. That is why two types of matrix structure have been developed: functional matrix and product matrix. The difference between these two matrix consists in the authority. In functional matrix, the functional manager takes decision and the product manager has to follow him, while in the product matrix is vice-versa.

A matrix structure is mostly used by medium organizations with multiple products, because

⁸ R. L. Daft; J. Murphy; H. Willmott: *Organization Theory and Design*, pp. 107-122

provides an easier way of development for both functional and product skills. Compared to the horizontal structure, the matrix one performs better in a climate exposed to changes. In the same time it requires a better preparation and training of the employees. It works only in teams where partners can work together; they share opinions, listen to others and understand team-work.⁹

The differentiation aspect is an important issue for our organizational change process and can be intensively related with the change management.¹⁰ *“As an organization continues to offset the entropic process and therefore grows (not always meaning expansion, but sometimes creating new businesses and eliminating old ones), differentiation and elaboration occur; that is, specialization and division of labour evolve.”*¹¹ For example in a change process a division of labour could occur consisting in differentiating those who work directly with clients and others who conduct the data analyses.

1.2. Formalization

Pugh et al. defined *“formalization as the extent to which rules, procedures, instructions, and communications are written”*.¹² Child views formalization as *“the extent to which procedures, rules, instructions, and communication are written down.”*¹³

Formalization refers to the number of written documentation needed in an organization. These documents are procedures, job descriptions, regulations, policy manuals. Larger organizations have a bigger number of documentations which can refer also to control. They tend to have a larger level of formalization to achieve easier standardization and control across their large number of employees. Small and medium organizations may also have no documentation or no written rules.

Dalton et al. state that *“formalization refers to the extent to which appropriate behaviour is described in writing”*.¹⁴ He also describes and explains formalization together with another dimension of structure: standardization. Standardization constrains and limits behaviour and

⁹ *Ibidem*, pp. 107-122

¹⁰ J. L. Pierce; A. L. Delbecq: „Organization structure, individual attitudes and innovation“ in *The Academy of Management Review*, Vol. 2, No. 1, 1997, p. 29

¹¹ W. Burke, *Organization change: Theory and practice*, 2nd ed., SAGE publications, Thousand Oaks, California, 2008, p. 53

¹² D. S. Pugh, D. J. Hickson; C. R. Hinings; C. Turner: *Dimensions of Organization structure*, p. 75

¹³ J. Child: *Organization Structure and Strategies of Control: A Replication of the Aston Study*, p. 164

¹⁴ D. R. Dalton, W. D. Todor, M. J. Spindolini, G. J. Fielding, L. W. Porter: “Organization structure and performance: A critical Review” in *The Academy of Management Review*, Vol 5, No. 1, 1980, p. 58

procedures of members of an organization.¹⁵

As we already stated, standardization of procedures is another dimension of the structure of an organization. We can distinguish between bureaucratic organizations and charismatic ones. This characteristic refers to different procedures which organizations should use to achieve their goals. These procedures are events which happen with regularity in an organization and guide different activities that appear suddenly.¹⁶ The difference between formalization and standardization is the fact that formalization refers to what employees are asked to do, while standardization refers to how one job is done. Formalization underlines and explains the characteristics of a task or job, but employees can fulfil it how they find properly. In the same time standardization states the procedures that must be taken into consideration while doing a task and employees must follow these requirements.¹⁷

Standardization and formalization are needed in order to not bring ambiguity of tasks and work description. Ambiguity could have many negative consequences such as dissatisfaction, absenteeism, low output or turnover. That is why managers must maintain a certain level of formalization and standardization in the organization.¹⁸

Formal organization are characterized by a very well determined structure, by well defined rules, procedures, work division, lines of reporting, policy, goals, technology, finance; all of them being summed up in the written documentation of the organization. Informal organizations do not have so many and well defined written rules and especially they are not written down. They are characterized by: coalitions, psychological needs, power, informal leadership, conflict, informal norms, social codes, risk-taking behaviour, all of these characteristics not being written or explained in the organization's documentation.¹⁹

Governmental organizations are often seen as institutions with high level of formalization. Formalization offers also a good organization structure that all public institutions need. This dimension of structure offers a better classification of jobs and division of labour, specifying the type of position appropriate to each level in the hierarchy and providing a basis for hiring decisions and coordinating work throughout the state.²⁰

¹⁵ *Ibidem*, p. 48

¹⁶ D. S. Pugh, D. J. Hickson; C. R. Hinings; C. Turner: *Dimensions of Organization structure*, p. 74

¹⁷ D. R. Dalton, W. D. Todor, M. J. Spendolini, G. J. Fielding, L. W. Porter: *Organization structure and performance: A critical Review*, p. 58

¹⁸ *Ibidem*, p. 58

¹⁹ L. Caluwe; H. Vermaak: *Learning to change: a guide for organization change agents*, SAGE Publications; Thousand Oaks, California, 2003, pp. 31-33

²⁰ R. S. Blackburn: „Dimensions of Structure: A review and Reappraisal“ in *The Academy of Management Review*, Vol. 7, No. 1, 1982, p. 62

In the same time at the micro level, formalization seems to reduce innovation and to hinder change process. In formal organizations managers can better control the employees and this fact brings to a smaller implication and creativity from employees side. The employees are not deeply involved in organization's activities. They just follow the rules, fact that reduces their involvement in company's duties. There are critics which affirm that informality offers space for spontaneity and flexibility, things that create a better environment for change.²¹

In the times of change, research has demonstrated that even the most efficient formalized organizations have troubles keeping up with the level and scale of communication required. It was discovered that in many cases employees are less informed than the market or media. There are many situations when they hear the news about their organization from TV or radio, and not from inside the company. This fact makes them to lose their trust and confidence in their employers. In this situation, informal organizations are preferred. Organizations in which information flows from an employee to another through open discussions, rumours and networking tend to give a higher chance to organizational change. The employees are involved in the organizations activities and plans and they are easier to influence. Communication between managers and employees is very important because people need to be told in what situations they are, what they have to do and how important their work is. Without being aware of this issue, leaders cannot manage change in the formalization dimension of structure. They cannot communicate properly the change need to their employees.²²

A good communication framework is very efficient in the change process. We can say that communication is a vital tool in mobilizing people for change, by informing them what is the situation of the organization, why it needs to change and what kind of changes are planned. *"Communications can be used to gain employee buy-in change, to build commitment, to reassure different stakeholders, to symbolize community and belonging, to encourage employees to change their behaviour, to energize and inspire."*²³ Communication reduces uncertainty, encourage involvement through feedback and the most important enhance and build trust. These functions can be carried out both in formal and informal organization, but only with a very well prepared change management.

²¹ M. J. Hatch; A. L. Cunliff: *Organization theory – modern, symbolic, and postmodern perspectives*, 2nd ed. Oxford University Press, New York, 2006, pp. 104-105

²² L. Holbeche: *Understanding change. Theory, Implementation and Success*, Elsevier, Great Britain, 2006, pp. 314-315

²³ L. Holbeche: *Understanding change. Theory, Implementation and Success*, pp. 315-316

1.3. Centralization

Centralization refers “to the level of hierarchy with authority to make decisions”.²⁴ Related to this dimension of structure we have centralized and decentralized structures. In centralized organizations decisions are taken at the high level of management, while in decentralized organizations decisions are taken at the low level. Centralized organizations means that decision is taken by one or relatively few persons, while in decentralized organization the power of decision making is split to more individuals.²⁵

When we study centralization, we must take into consideration also the size of the organization. Normally in perfect bureaucracy, decisions are taken by top manager. But once the organizations grows, decision have to be passed to lower level, otherwise the top manager would be overloaded. This means that larger organization may also be decentralized. Decentralization offers the possibility to employees to better perform and innovate. Although in decentralized structure the authority is moved at the lower level, there is a centralization level in this bottom structure. Usually managers are looking for a balance between centralization and decentralization depending on their domain of activity and customers’ requirements.²⁶

During the time researchers have demonstrated that dimensions of structure are interdependent. Ghoshal et al. stated that “*centralization alone represents a somewhat partial but parsimonious operationalization of the structure domain*”.²⁷ Tsai states that “*a hierarchical structure of internal organization is primary built upon centralization of authority relations where coordination is achieved through vertically imposed bureaucratic processes*.”²⁸

Usually organizational theory studies centralization as the relationship between headquarters and sub-units and measures the influence and the control imposed by the headquarters to the subunits in the decision making process. In large organizations with several numbers of subunits which have their different strategic priorities, centralization might have a negative impact on knowledge sharing. That it is why a unit in a highly centralized organization will prefer to not share their knowledge with other units this fact hindering the good collaboration

²⁴ R. L. Daft; J. Murphy; H. Willmott: *Organization Theory and Design*, p. 365

²⁵ D. R. Dalton, W. D. Todor, M. J. Spendolini, G. J. Fielding, L. W. Porter: *Organization structure and performance: A critical Review*, pp. 58-59

²⁶ R. L. Daft; J. Murphy; H. Willmott: *Organization Theory and Design*, p.98

²⁷ W. Tsai: “Social Structure of “Coopetition” within a multiunit organization: coordination, competition, and intraorganizational knowledge sharing”, in *Organization Science*, Vol. 13, Nr. 2, 2002, p. 180

²⁸ *Ibidem*, p. 180

of the large organization.²⁹

Burke considers that centralization and decentralization must be carefully handled in the change process. It is important to find out what functions to decentralize and which one to centralize. The change process should observe and balance these two situations.³⁰

In the '70s structures were based on division of labour, a central unity of control, large number of managers and supervisors, all of them showing vertical integration. In this kind of environment change was usually technically and operationally focused. The approaches to change were usually planned, systematic and incremental. In the '80s the organizations changed their way of thinking and tended to decentralize and to create independent business units. In these organizations change focused on the social systems of organizations and training was emphasized. Total quality management and other reform movements were implemented in order to increase productivity and to improve customer service. The '90s represented the time of radical change, when all organizations had to implement deep changes in their strategies and structure. Team-working, horizontal integration and medium labour flexibility are characteristics of this period. Layers of hierarchy were eliminated if they didn't manage change process for adding value and cost.³¹

1. 4. Configuration

Configuration is another dimension of structure which refers to the hierarchy of authority and to staff/line positions. Configuration is the “‘*shape' of the role structure*”³²; the structure of authority/reporting relationships in an organization. The configuration can be measured with the differences in span of control (horizontal differentiation) or with the levels of hierarchy (vertical differentiation).

Horizontal differentiation is nothing else than division of work into tasks at same level, which we already found and explained in the specialization dimension of structure. Daft names the horizontal differentiation “*horizontal information linkages*”³³ and he defines it as the “*amount of communication and coordination horizontally across organizational departments*”.³⁴

²⁹ *Ibidem*, p. 181

³⁰ W. Burke, *Organization change: Theory and practice*, p. 286

³¹ L. Holbeche: *Understanding change. Theory, Implementation and Success*, pp. 48-49

³² D. S. Pugh; D. J. Hickson; C. R. Hinings; C. Turner: *Dimensions of Organization structure*, p. 78

³³ R. L. Daft; J. Murphy; H. Willmott: *Organization Theory and Design*, p. 99

³⁴ *Ibidem*, p. 99

Vertical differentiation or “*vertical information linkages*”³⁵ refers to the division of work by levels of authority or to coordination of activities between the top and bottom level of an organization, with other words it is the configuration of organizational structure.

One modality to measure configuration it is the span of control. The span of control refers to number of subordinates independently of the tasks they perform. Dalton et al. defines the span of control as “*the number of subordinates who report directly to supervision*”³⁶. The span of control can be split also related to the number of persons who report to supervisor, that is why we encounter narrow span (with few persons) and wide span (with many persons). Many authors considered that larger spans are more efficient because offer a better communication and personal initiative.³⁷

The level of hierarchy is another possible measure to characterise and study the level of configuration in an organization and it is strongly related to the span of control. Dalton et al. differentiate between “*flat / tall*” hierarchy and define it as “*the number of hierarchical levels of organization.*”³⁸ It is said that tall structure (many hierarchical levels) must have a narrower span of control in order to provide a good effectiveness. On other hand a flat structure (few hierarchical levels) should have a wider span of control. Literature have demonstrated that flat organizations need more time to solve conflicts and coordinate effort, but especially sales employees are more efficient in this type of organization. Tall hierarchy do better related to profit and rate of return on revenue.³⁹

In the past, managers considered that is better that every member of the organization should report to only one person. In this way, the managers could have a more clear imagine of the problem which is not changed in the transmission chain. Nowadays a dual reporting relationship is preferred because it offers a better integration of activities and promotes flexibility of responses to environmental pressures.⁴⁰

The researchers have demonstrated that configuration has to be studied in the change process. The analyses of organizational change show that flatter hierarchies exist in large systems and offer greater spans of control for managers. Nowadays organizations prefer to work with less supervision and to operate more on their own. These facts must be taken into consideration

³⁵ *Ibidem*, p. 99

³⁶ D. R. Dalton, W. D. Todor, M. J. Spendolini, G. J. Fielding, L. W. Porter: *Organization structure and performance: A critical Review*; p. 54

³⁷ *Ibidem*, p. 54-55

³⁸ *Ibidem*, p. 55

³⁹ *Ibidem*, p.55

⁴⁰ M. J. Hatch; A. L. Cunliff: *Organization theory – modern, symbolic, and postmodern perspectives*, p. 104

when we make the change plan.⁴¹

Configuration is strongly related to coordination. Hierarchy is the factor that helps to the achieving of specialization, coordination and cooperation. Hierarchy is essential for efficiency and flexibility in firms, being important not only if it exists or not in an organization, but also how it is structured and linked. Hierarchy in coordination can be an effective structure for linking teams in a modular structure. Modular structures are able to evolve and change more rapidly than unitary systems that are not divided in many sub-units. High hierarchical structures allow efficiency in communication and decentralized flexibility.⁴²

1.5. Coordination

Tsai states that “*organizational coordination refers to integrating or linking together different parts of an organization.*”⁴³ The organizational theory suggests two different types of coordination: formal hierarchical structure and informal lateral relations. The research made in last years demonstrated that coordination is the main factor that influences the relationship between organizational units and moreover both coordination types have an important impact on this relationship.⁴⁴

Formal hierarchical structure coordinates the activity between the headquarters and sub-units, while *informal lateral relations* coordinate activities within and between the subunits of the organization. Informal lateral relations usually appear in a natural way but they can be also planned as internal cross-unit social events. They sustain horizontal communication and interaction between the subunits of an organization, facilitating the collaboration and the knowledge sharing between the subunits. It also offers equal treatment and resources sharing to all subunits. With a better communication between the units, the organization can enforce their scope and become more powerful in front of competition.⁴⁵

Burke considers that a balance between differentiation and integration must be established. Too much differentiation is not good, that is why a certain degree of unification and coordination is necessary. Integration and coordination can be achieved with a number of

⁴¹W. Burke, *Organization change: Theory and practice*, p. 286

⁴²R. M. Grant: *Contemporary strategy analysis*, Jon Wiley & Sons, UK, 2010, p. 183-185

⁴³W. Tsai: *Social Structure of “Coopetition” within a multiunit organization: coordination, competition, and intraorganizational knowledge sharing*, p. 180

⁴⁴*Ibidem*, p. 180

⁴⁵*Ibidem*, p. 181-182

organization roles, structures, authority that an organization can obtain in a change process.⁴⁶

Hatch studies the reasons why coordination is needed in an organization and she finds four types of interdependences: task interdependence, pooled task interdependence, sequential task interdependence and reciprocal task interdependence. These needs come out from the coordination of work processes and technologies and show the interdependence of tasks.⁴⁷

The task interdependence created by technologies is related to different possible coordination mechanisms. In mediating technologies employees work almost independently having their own small office. Their work is individual and not too deep related with other departments, but they are part of an organization and their work represents the total output of the corporation. This kind of linkage is called pooled task interdependence. For example banks intermediate the operations between borrower and investor, but this mediation can be accomplished simultaneously by different subunits of a bank. Other examples of organizations that use this kind of interdependence are: universities, franchise organizations, large retail stores, or public institutions with more centres in different parts of a country. Organizations that use pooled task interdependence need less coordination and they use more rules and standard procedures. For the bank example, rules and procedures are those used at the opening of an account, receiving of a credit, investigation of deposits or mutual funds.⁴⁸

Sequential task interdependence refers to task that are done separately but their output is interrelated. The work activity can be done individually and separately in a subunit, but the final result depends on the result or outcome of another subunit, so the tasks must be performed in a fixed sequence of those subunits. This type of interdependence requires more planning and scheduling. Coordination by plans and schedules, rules about coming to work on time and procedures to follow if something goes wrong are some elements that coordinate this sector of labour.⁴⁹

The most complex organizations need a high level of coordination because departments or subunits are strong dependent or interrelated. These kinds of organizations need many rules, procedures, schedules, plans and moreover mutual adjustment. Intensive technologies involve immediate reciprocal coordination, while mutual adjustment takes the maximum form of

⁴⁶W. Burke: *Organization change: Theory and practice*, p. 53

⁴⁷M. J. Hatch; A. L. Cunliff: *Organization theory – modern, symbolic, and postmodern perspectives*, p. 164

⁴⁸*Ibidem*, pp. 164

⁴⁹*Ibidem*, pp. 165-166

team-work. This kind of relation is called reciprocal task interdependence.⁵⁰

Coordinating the actions of different organizational members is one of the biggest tasks of the managers. Coordination can be promoted with the help of a good strategy implementation. Strategy can use communication as a device to create coordination. Statements of strategy can communicate the identity, goals and positioning of the company to all members of an organization. For an effective coordination, the managers need buy-in elements from the different groups from the organization. With a good coordination and strategy management, change process can be easily transmitted at all levels of the organization.⁵¹

The efficiency of these different coordination devices depend also on the types of activity that are performed and the intensity of collaboration required. Grant states that *“rules tend to work well for activities where standardized outcomes are required and the decision-making abilities of the operatives involved may be limited- most quality control procedures involve the application rules. Routines form the basis for coordination in most activities where close interdependence exists between individuals; whether a basic production task or a more complex activity.”*⁵²

1.6. The environment – dimensions of structure – organizational change management interdependence

The environment is an important factor when we plan to study the structure of an organization and moreover when we analyse the change process in that organization. When we talk about environment related to an organization we must take in consideration two types of environment: the environment of the organization and the general environment in which the organization operates, both of them influencing the activity of the organization.

The organizational environment refers to all factors and elements that influence directly and indirectly the evolution of an organization. In this category enters: suppliers, customers, partners, competitors, investors, advertising agencies, government regulators, and media. The general environment includes factors that come from different areas, such as: social factors, political, legal, physical, economical, technological, and cultural. The social sector of the environment includes elements like demographics, social movements, life styles, religious

⁵⁰ *Ibidem*, p. 166

⁵¹ R. M. Grant: *Contemporary strategy analysis*, p. 25

⁵² *Ibidem*, p. 183

practices, trades, and professions. Economic sector comprises factors as labour markets, financial markets, fiscal policies, trade agreements and many other economical elements. Political environment is very important for every organization from every country. In our case study the political environment plays one of the most important roles because our organization is a public institution that depends directly on government. Because of this reason we offer an individual chapter for the political environment.⁵³

Researchers establish a large number of different types of environment, but the most important thing for our study is to identify the influence of the environment on organizational change process. That is why first of all environmental - structural relations must be established.

Between the environment and the structure of an organization there are a several number of relations. There are organizations in which the environment is dominant; in other organizations there is a good fit between the environment and the organization's structure and there are organizations that can operate for any kind of environment.⁵⁴

Population ecology considers the environment dominant. In a society where the environment is dominant, the organizations are forced to fight for surviving to competitors. Competition will separate the successful organizations from the failures. In this kind of environment the organization must be connected and in a strong relationship with the environment. The corporations must be prepared to environmental changes in order to survive and to be efficient even in a new environment.⁵⁵

The second relation between environment and structure refers to the necessity for fit between these two variables and is characterised by uncertainty. A high level of uncertainty brings to large organizational differentiation, which refers to organizations that have departments different in both tasks and orientation. Researchers have developed many analyses about how organizations react from low to high level of uncertainty: uncertainty brings to differentiation, differentiation needs integration to be able to coordinate all departments and integrations suppose rules, procedures, authority of hierarchy, configuration plans. In this kind of situation the organization's structure is contingent on the environment and technology, where the size of the organization plays also an important role.⁵⁶

⁵³ M. J. Hatch; A. L. Cunliff: *Organization theory – modern, symbolic, and postmodern perspectives*, p. 66-71

⁵⁴ R. M. Burton; B. Obel: *Strategic organizational diagnosis and design: developing theory for application*, 2nd ed, Klumer Academic Publishers, Norwell, Massachusetts, 1995, p. 149

⁵⁵ *Ibidem*, p. 150

⁵⁶ *Ibidem*, p. 150

Analysts have studied the influence of environment on the determination of the form of an organization and they found that a simple static environment calls for a functional organization. Environmental uncertainty is a decisive factor in organization's activity, they being forced to change whenever the uncertainty level increases.

It is clear that environment has a big impact on the organizations' structure. Thompson states that: *“When the range of task-environment is large or unpredictable, the responsible organizational component must achieve the necessary adaptation by monitoring the environment and planning responses, and this calls for localized units.”*⁵⁷

Environment as a contingency factor

The main task of a manager when he takes into consideration the relationship between the organization and the environment is to *“create an organization with an information-processing capacity to match the demand or to change the demand by manipulating the environment.”*⁵⁸ Burns and Stalker, as well as Lawrence and Lorsch are the first organization theorists that stated that organization's structure should be based on the situations it encounters in its environment. This makes the environment a contingency factor for the organization.

Environmental effects of formalization, complexity and centralization

Burton and Obel develop a model of interdependence between the characteristics of environment: (uncertainty, equivocality and complexity) and the dimensions of structure (formalization, centralization, configuration, coordination, complexity, incentives). They sum these characteristics in a matrix showing how the organizational structure will change in different conditions of environment. Complexity is defined as the number of variables in the environment; uncertainty shows the lack of information about the variables of the environment. Equivocality refers to the existence of a number of different and conflicting interpretations of the environmental variables. Equivocality is the *“confusion and lack of understanding about the environment itself.”*⁵⁹

⁵⁷*Ibidem*, p. 151

⁵⁸*Ibidem*, p. 156

⁵⁹*Ibidem*, p. 150-170

A: LOW EQUIVOCALITY

	Low Uncertainty	High Uncertainty
High Environmental complexity	Proposition 1.2 Formalization: high Organizational complexity: medium Centralization: medium	Proposition 1.4 Formalization: medium Organizational complexity: high Centralization: low
Low Environmental complexity	Proposition 1.1 Formalization: high Organizational complexity: medium Centralization: high	Proposition 1.3 Formalization: medium Organizational complexity: high Centralization: medium

b. HIGH EQUIVOCALITY

	Low Uncertainty	High Uncertainty
High Environmental complexity	Proposition 1.8 Formalization: medium Organizational complexity: medium Centralization: low	Proposition 1.6 Formalization: low Organizational complexity: low Centralization: low
Low Environmental complexity	Proposition 1.7 Formalization: medium Organizational complexity: medium Centralization: high	Proposition 1.5 Formalization: low Organizational complexity: low Centralization: high

Table 1. Environment influence on formalization, organizational complexity and centralization

Source: R. M. Burton; B. Obel, 1995, pp. 157

The tables above give us three environmental variables (complexity, uncertainty and equivocality) and their level (high, low) and how formalization, organizational complexity and centralization will behave in these conditions.

A: Low equivocality

Proposition 1.1. - In a less complex environment, with low uncertainty and equivocality, the information-processing requirements from this environment are small. High formalization will be efficient because there are no other variables that could trouble the rules and procedures. Organizational complexity (vertical/horizontal differentiation) should be medium because there is no need for elaborate control or reporting, but there might be requirement for work specialization and high horizontal differentiation. Centralization should be high, but it strongly depends on the organizations size. In a small organization is very efficient to have only a top manager who is responsible for making decisions, interpreting or processing information, but if the company is large the top manager could be overloaded and then the centralization should move to lower levels. The organization must find a balance between these factors.⁶⁰

Proposition 1.2. - In a highly complex environment and low uncertainty the only thing that is different than the one before is the level of centralization that has to be medium. The explanation for centralization is the same as the one before, but this time because a more complex environment the top manager could be really overloaded and that is why medium centralization is recommended. The tasks of the top manager should be split to more levels.

Proposition 1.3. - With low environmental complexity and high uncertainty everything changes. Formalization has to be medium and complexity high. We need a medium centralization level because of the low environmental requirements. This characteristic makes the organization to be able to coordinate the activities via centralized decision making.

Proposition 1.4. - In this situation the variables are at the high level. We have high environmental complexity and high uncertainty, things that produce medium formalization and written rules. In this case the organization should react quickly to the many factors in the environment and should have a low level of centralization because these organizations are predicted to overloading.⁶¹

B: High equivocality

Proposition 1.5. - In the case of low environmental complexity we have less information about factors of environment that could affect the organization. This situation produces low

⁶⁰*Ibidem*, p. 157-158

⁶¹*Ibidem*, p.158- 164

formalization and organizational complexity. High formalization with many written rules and high horizontal differentiation will not work properly in this environment. The characteristic of this proposition is the timing. Centralized actions have to be taken quickly by the person that can adapt the organization to the environmental requirements.

Proposition 1.6. - In high environmental complexity and high uncertainty all variables have to remain low. In this situation exist a large amount of information, data and tasks that cannot be done in a very centralized organization because the manager would be overloaded. That is why we need a decentralized organization. Integration is not recommended and an appropriate incentive system has to be in place to coordinate the large number of activities.

Proposition 1.7. - Low complexity-low uncertainty is a rare situation but can happen especially to public organizations that may not know their future domain, but know only that legislators will decide their domain of work. In this case the uncertainty has a low level because only the future is not predictable, but the present situation contains much information. In this situation we must focus on a centralized head who will handle this situation.

Proposition 1.8. - With similar characteristics as in proposition 1.7., the only difference consisting in high environment complexity, we have almost same level of variables as above. The difference consists in the fact that we will encounter low centralization level.⁶²

Environmental effects of configuration, coordination, media richness and incentives

The internal and external environment of an organization doesn't influence only the formalization, centralization and complexity of an organization. Environment has a strong impact also on other dimensions of structure such as configuration, coordination, incentives and media richness. In the next table we will see how changes in environment and uncertainty can influence these dimensions of structure.⁶³

A: LOW EQUIVOCALITY

	Low Uncertainty	High Uncertainty
	Proposition 2.2 Configuration: functional, divisional	Proposition 2.4 Configuration: functional wit

⁶²*Ibidem*, p. 157-159

⁶³*Ibidem*, p. 165

High Environmental complexity	Coordination: rules and procedures Media richness: low Incentives: procedural	liaison activities, divisional Coordination: integrators Media richness: medium, large amount of information Incentives: results
Low Environmental complexity	Proposition 2.1 Configuration: simple, functional Coordination: direct supervision, planning Media richness: medium, small amount of information Incentives: procedural	Proposition 2.3 Configuration: simple, divisional Coordination: direct supervision Media richness: medium, moderate amount of information Incentives: results

B: HIGH EQUIVOCALITY

	Low Uncertainty	High Uncertainty
High Environmental complexity	Proposition 2.8 Configuration: matrix Coordination: planning, group meetings Media richness: high, moderate amount Incentives: results	Proposition 2.6 Configuration: matrix, ad hoc Coordination: integrators Media richness: high, large amount of information Incentives: results
Low Environmental complexity	Proposition 2.7 Configuration: simple, functional Coordination: direct supervision, planning Media richness: high, small amount of information Incentives: results	Proposition 2.5 Configuration: simple, ad hoc Coordination: direct supervision Media richness: high, small amount of information Incentives: results

Table 2. Environmental effects of configuration, coordination, media richness and incentives

Source: R. M. Burton; B. Obel; 1995, pp 166-167

A. Low equivocality

Proposition 2.1. - In low uncertainty and low environmental complexity can exist only a

simple functional configuration, direct supervision and planning for coordination, small amount of information and procedural incentives. In this kind of simple environment changes are little because the environment is well known and requires less improvement or changes.

Proposition 2.2. - In this situation environmental complexity is high which requires functional or divisional configuration with some task specialization. It is well known that a complex environment contains much information, but that can be easily handled by low media richness. Coordination is based on rules and procedures and incentives should focus on performing activities well.

Proposition 2.3. - This situation requires many attention and opinions must be debated. High uncertainty creates a difficult situation for an organization. High uncertainty requires reading and understanding a large amount of information fact that will make the organization to react to environment only when it becomes known. However a simple organization but with a great information system can handle the uncertainty. Incentives must be based on results in a divisional organization.

Proposition 2.4. - In a complex environment with also high uncertainty situation changes. A functional configuration can work properly only with some mechanism that will tie it together and deal with new information. An elaborate coordination mechanism is required by low degree of centralization and medium formalization. The focus has to be on results that is why incentives are also based on results.⁶⁴

B. High equivocality

Proposition 2.5. - In this case the environmental complexity is low so we need a simple organization that will focus on the environment. The top manager must determine what the employees must do and he must coordinate and supervise directly the work. In this situation information comes from many sources but not in a high amount, that is why media richness has to be high and incentives based on results.

Proposition 2.6. - The situation in which all variables have a high level is the most challenging and difficult case. Only a matrix or ad hoc structure could handle this situation even if this choice is costly and difficult to manage. This case requires the highest information-processing, handled by integrators and group meetings.

Proposition 2.7. - In low environment and low uncertainty we find simple or functional

⁶⁴*Ibidem*, p. 167- 172

configuration with direct supervision and incentives based on results. This situation is very likely to appear in non-public organizations.

Proposition 2.8. - Compared with proposition 2.7, in proposition 2.8 we change the low complexity of environment in high complexity, fact that will require a matrix configuration, based on planning, integrators and group meetings. We also have low information that must be processed and incentives must be based on results.⁶⁵

⁶⁵*Ibidem*, p. 172-174

CHAPTER 2. BUSINESS PROCESS DESIGN – ORGANIZATIONAL CHANGE MANAGEMENT

2.1. Defining organizational change management

Change management is an important topic for studying organizational behaviour. Many researchers have demonstrated that when we talk about business it is not enough to talk about organizations, but it is even more important to talk about organizing. Change management is everything what refers to organizing, reforming, developing, revolutionizing, and innovating. There are authors that name and study planned organization change under the name of reforms in the organization's structure, procedure or routine.⁶⁶ Caluwe and Vermaak define the change process as “the *transition from one situation to another*”.⁶⁷

Nowadays every company must innovate and change to survive. An organization can be exposed to different types of change. Especially we talk here about changing on an external plan or on an internal plan. In an organization can occur technology, product, structure or people changes. These types of changes are usually interdependent and changes in one of them require changes in others. Because a change process supposes many efforts from a company, not all organizations can change or can survive to a change process. That is why organization needs a very good change plan and that it is why managers have to be very good prepared to handle changes.

Changes start from the global level and spreads till to the smallest level of an organization. The changing process is like a circle which roles all the time. There are different factors that drive to major organizational change. Global changes may occur because of the need of technological change, international economic integration, maturation of markets in developed countries or different political movements (like fall of communist and socialist regimes).⁶⁸ Of course these changes have advantages and disadvantages and also can be beneficial or detrimental to organizations. On one hand it opens new opportunities like bigger markets, fewer barriers, more international markets. On the other hand it grows the domestic and international competition and increase speed of development. A change process can be developed with changes in the structure, strategy and culture of an organization. Knowledge management, enterprise resource planning, quality programmes, new technologies, products,

⁶⁶R. H. Hall: *Organizations – Structures, Process and Outcomes*, IV Edition, Pentice-hall International Inc., New Jersey, 1987, pp. 78-83

⁶⁷L. Caluwe; H. Vermaak: *Learning to change: a guide for organization change agents*, p. 39

⁶⁸R. L. Daft; J. Murphy; H. Willmott: *Organization Theory and Design*, p.447

new business processes, mergers, networks are some types of changes that can improve organization activity.⁶⁹

It is considered that organizations are in continuing flux and they are constantly changing. This situation is caused also by the fact that individuals are also constantly learning and changing their behaviour. Hall and other analysts consider the individual is the most important key in the change process. The individual or employee is the only one who can change the organization but only if he changes his behaviour or activities too. The personnel has to be selected based on his reliability and accountability, things that will make organizations reproducible.⁷⁰ Other authors consider that personnel composition and organizational demography have also to be taken into consideration in the change process. This idea refers to the internal and external environment of the organization. Organization demography is influenced by organizational policies like compensation or promotion and by environmental situation like the rate of growth of the organization's industry. These factors finally influence the patterns of change.

In his article about change, Hall quotes one of the premier analysts of organizational change: Herbert Kaufmann (1971, p. 8) who says: *"In short, I am not saying that organizational change is invariably good or bad, progressive or conservative, beneficial or injurious. It may run either way in any given instance. But it is always confronted by strong forces holding it in check and sharply circumscribing the capacity of organizations to react to new conditions – sometimes with grave results."*⁷¹

Change affects everyone and everything in an organization. Before making a change in the organization it is very important to study the change process. Research has demonstrated that managers should answer the following questions:

1. What factors cause organizations to change?
2. What change process should be used?
3. Techniques that control change and ensure positive results.
4. How do employees adapt to change?⁷²

It is very important to study change in correlation with the dimensions of structure.

⁶⁹ *Ibidem*, p.447

⁷⁰ R. H. Hall: *Organizations – Structures, Process and Outcomes*, p. 199

⁷¹ *Ibidem*, p. 199

⁷² H. P. Greenwald: *Organizations - Management without control*, SAGE Publications, Thousand Oaks, California, 2008, p. 314

Greenwald considers that an organization will take the decision to change only when its basic structure will undergo alteration. A natural change is caused when an organization becomes more or less hierarchical, flexible or centralized. After the revision of the human resource department and the observation that the recruitment methods or payment schemes are not useful for the organization, a natural change will happen. Many authors said that a change can be recognized and implemented if good personnel coordination is planned. It is also stated that genuine change occurs only if more parts of the organization's deep structure are transformed. Deep structure is not define only as organizational structure, but contains also elements like organizational culture or control systems.⁷³

2. 2. Causes of organizational change

The factors that determine organizational change come from the social, political, economic and technological fields, covering all areas of a society.

Caluwe and Vermaak considers that the principal cause of the change is the person named initiator, and this person is the one that discovers that the organization needs change and propose that this action should be implemented. The initiator is the one who signals first the need for change, that is why he is considered a cause of change. After he takes the decision that change is needed, he establishes other causes that brought to this decision.⁷⁴ These people are influential persons that are very well prepared and in time with everything what happens in the organization, market, and world. Once the initiator states that a change process is needed, the information is spread and discussed at the level of all organization and a deeper research in this field is conducted. There are many situations in which small changes can have large consequences. Burke states that *"change happens in part because of a few people who initiate the spread of the 'virus'"*⁷⁵

The causes of organizational change have their roots in the history of the organization, in the branch/sector characteristics, environmental characteristics, and previous changes in the organization or previous experiences with change. The factors that cause change can be reactive and creative factors. Reactive factors are dissatisfaction, complaints, conflicts, problems, unmanageability, imbalance, treats. Creative factors are ambition, desires, goals, opportunities, role models. There are also the philosophies of those that consider that change

⁷³*Ibidem*, p. 315

⁷⁴ L. Caluwe; H. Vermaak: *Learning to change: a guide for organization change agents*, p. 83

⁷⁵W. Burke: *Organization change: Theory and practice*, pp. 6-7

is needed in the organization. In this category enter social, political and religious beliefs, values and norms, one's perception of change, of people, organizations and the world.⁷⁶

These factors that cause organizational change can be divided in internal and external factors. All environments participate and influence the activity of an organization. An organization's structure is strongly related and influenced by the size of the organization, its age, technology, leadership, etc. Changes in these elements will bring big changes for all organization. Individual himself will cause change. Humans are hard to satisfy and they always want more and more results, which can be achieved only with change. When managers realize that environment changes they must adapt their organization to the new requirements. In this case we can state that external factors bring to intentional change.

Changes in the external environment of the organization will force them to change as well. Liberation, immigration or economic change brings to organizational change. Social environment can also cause organizational change. In the last decades there have been many reforms in the labour market. Liberation movements of minorities, women, immigrants or people with different sexual orientations made change to be necessary in many organizations. Demographic change causes also organizational change.

Competition is another important cause of change. Increased competitiveness has required many organizations to restructure their activities and strategies. This brought to continuous improvement of quality and services, but also to short term contracts for employees because there were needed too many changes and always new skilled employees.⁷⁷

Some important factors in organizational change are the emergence of new competitors, innovations in technologies, interventions from external bodies, new company leadership. The changes in competitors' strategies, products, or structures force other organizations to enterprise quickly and cost-effectively innovations and different products and services. Competitive pressure is represented also by demographic change.⁷⁸

Globalization is another cause of organizational change. The liberalization of national markets and the reduction of international trade barriers have open the way for new corporations in new markets. This fact makes the national companies to pay attention to international competition and to arrange their structures and strategy in such a way to overcome the competitors. Globalization can offer many opportunities, but represents also a treat for not

⁷⁶L. Caluwe; H. Vermaak: *Learning to change: a guide for organization change agents*, p. 79-83

⁷⁷H. P. Greenwald: *Organizations - Management without control*, pp. 316-317

⁷⁸L. Holbeche: *Understanding change. Theory, Implementation and Success*, p. 26-27

prepared organizations.⁷⁹

As we already mentioned, political climate is an important cause of change. Political instability and unsafely determine organizations to establish a change plan that will be implemented in case of urgency. The population has lost his confidence and trust in public institutions, fact that will make difficult that the organizational change to have positive results. At the national level, the need for national economic growth and for greater productivity and performance drives a large number of changes and improvements.⁸⁰ Changes in governmental regimes like from communism to capitalism necessitated totally new organizational structures and strategies. Political change influences more public sector, branch that we will study in more details in the future chapters.⁸¹

There are also many factors inside of a company that cause changes in their departments, structure or activities. Failure of the objectives or tasks causes managers or employees to think over their business strategy and to renew it. Usually new organizations like flexibility and spontaneity at the beginning, but after they reach stability they prefer regularity.

Leaders are the first ones who cause change. Their ambitions and visions are always increasing and willing to change their activities in something better and more efficient. They are willing to create better products, achieve market dominance, make scientific breakthroughs or change their office position. All these aspirations require many changes and create pressure on organizational change.

2.3. Barriers to change

To implement a change it is not so easy as it seems like. Organizations can face many barriers in their process of change. Even if resistance to change is not desired in the change process and hinders change agents' work, this resistance also protects organizations from chaos and it is seen as all the forces that contribute to a stable personality and social system.

Caluwe and Vermaak stated that resistance is “*an integral part of change processes, neither entirely good nor entirely bad*”, but for sure with an important impact on this processes. Caluwe and Vermaak group the barriers to change depending at what level they appear: individual level, group level and organizational level. We present them randomly because we

⁷⁹*Ibidem*, p. 27-28

⁸⁰ *Ibidem*, p. 31

⁸¹ H. P. Greenwald: *Organizations - Management without control*, pp. 316-317

consider that they are interdependent and one produces another one.⁸²

The most important barrier is represented by *costs*. On one hand organizations might not have enough resources to change and then it is impossible to develop a change process. In his “*systemic obstacles*” to change, Kaufmann also establish the lack of necessary resources as one of the most important barrier to change.⁸³

On the other hand even if they have, they are afraid to use too much capital in something that it is uncertain. It can be a failure and so they *lose* a large amount of their investment. The *fear of uncertainty* represents also a barrier to change. As we already mentioned organizations employees may be less open to change because change addresses to a new, unsure and unstable environment which can easily lead to failure.⁸⁴ This resistance to change occurs at the individual level and appear along with the fear of the unknown, low levels of appreciation, lack of trust in others, the need to feel secure, the wish to maintain the status quo.⁸⁵ Grennwald also considers the individual itself also a barrier to change. People fear new norms and fear that expectations and relationships will not be same productive for them as the ones before change. Managers are afraid that they will lose their position and employees their advantages or even job. Change is seen more in modern economies and it is unlikely to happen in stable organizations. Despite this, organizations that are unable to change can easily face decline or bankruptcy.⁸⁶

Beside the one stated above, Holbeche explains other barriers to change that are encountered at the individual level, such as: selective attention and retention, habit, dependence and independence. At the group and organization level she states barriers to change like: different perceptions and goals, social disruption, fixed investments, inter-organizational agreements.⁸⁷

The *lack of coordination and cooperation* can bring to many discussions between employees and managers and can hinder the change process. This resistance occurs at the group level and it is accompanied by no benchmark for quality, poor decision making, accepting the obvious, lack of loyalty, being unaware of what colleagues are doing.⁸⁸

Kaufman establishes other factors that resist change, such as “collective benefits of stability”,

⁸² L. Caluwe; H. Vermaak: *Learning to change: a guide for organization change agents*, pp. 125-126

⁸³ R. H. Hall: *Organizations – Structures, Process and Outcomes*, p. 199

⁸⁴ R. L. Daft; J. Murphy; H. Willmott: *Organization Theory and Design*, p. 474

⁸⁵ L. Caluwe; H. Vermaak: *Learning to change: a guide for organization change agents*, pp. 126

⁸⁶ H. P. Greenwald: *Organizations - Management without control*, p. 314

⁸⁷ L. Holbeche: *Understanding change. Theory, Implementation and Success*, p. 76

⁸⁸ L. Caluwe; H. Vermaak: *Learning to change: a guide for organization change agents*, p. 127

“*calculated opposition to change*” or simply “*inability to change*”.⁸⁹ The last one refers to the fact that employees are trained or hired to work in the old organizational manner and they are not allowed or open to change. Same author considers that “systemic obstacles” can also hinder change. These obstacles refer to sunk costs or investments in the status quo, multiple constraints on organizational behaviour (law and regulations that do not allow change), unplanned constraints on behaviour in the form of informal customs, and inter-organizational agreements.⁹⁰

Hall considers that it is important to approach the resistance to change and its factors from Katz and Khan (1978) perspective. The factors found by these authors are in large dimensions same as the ones found by Daft but different organized. Katz and Kahn state that organizations are “overdetermined”, meaning that there are many factors (personnel selection, training, reward system) that ensure stability and hinder change. In the same time many managers consider that changes have only local impact and do not impact all organization, but many times it was discovered that change spreads easily and influence many departments. “Individual or group inertia” is also hard to overcome, as humans like to follow others or to stagnate in their work. The fear of losing their position through changes makes some employees, managers or departments to not agree or to hinder change.⁹¹

The distribution of power can be another barrier to change. The more power is shared, the stronger resistance might be, because in this case it is very difficult to bring many decision takers at same end point. Such power can be both formal, in strongly decentralized authorities, and informal. There are organizations where workers may have large informal power based on their knowledge, connections or personality and this can be a resistance to change and can make managers' decisions difficult to implement.⁹²

Another very important barrier to change is represented by the political environment. There are countries where the political power sustains change by allowing civil service reforms. Governments have discovered that the adoption of a policy is highly determined by the extent to which the change is institutionalized by law, fact that will bring to a quicker adaptation. But in the same time there are many countries that do not sustain or accept changes, these barriers being very hard to overcome.⁹³ Political barriers to change are represented also through: threats to existing power balances, the fight for resources, and the conscious manipulation of

⁸⁹ R. H. Hall: *Organizations – Structures, Process and Outcomes*, p.199

⁹⁰ *Ibidem*, p. 200

⁹¹ R. H. Hall: *Organizations – Structures, Process and Outcomes*, p. 200

⁹² L. Caluwe; H. Vermaak: *Learning to change: a guide for organization change agents*, p. 128

⁹³ R. H. Hall: *Organizations – Structures, Process and Outcomes*, p. 201

information to avoid loss of face, mutual over-dependence.⁹⁴

To know and to study the barriers to change is very important in the change process. If resistance to change is good and correctly defined and analysed, the change agents can choose the change pattern and can avoid the barriers.

2.4. Different types of organizational change

2.4.1. Organizational changes

The organizational theory and practice have discovered different types of change processes and different types of material changes. In the change process we can distinguish between revolutionary and evolutionary change, discontinuous and continuous change, episodic and continuous flow, transformational and transactional, strategic and operational or total system and local option change. This differentiation between the different types of change process mostly divides the process in improvement changes and renewal changes. This means that a change can improve an already existing, product, service, activity or it can change it totally, by introducing a new product, service, or organizational culture.⁹⁵

Burke names the different types of change also revolutionary and evolutionary. Other authors name these types of change: renewal and improvement. The revolutionary change is characterized by three levels of development: deep structure, equilibrium periods and revolutionary periods. Changes in the deep structure refer to actions taken at the structural level of the organization: structure itself, organizational design for decision making, control, distribution of power. All these changes are useful and effective if equilibrium between the existing norms and dimensions of structure and the new ones is kept. The equilibrium period consists of maintenance of the system and choosing of activities, within an existing pattern of rules and standards.⁹⁶

Research has demonstrated that more than 95% of organizational changes are evolutionary because revolutionary change imposes many barriers that are hard to overcome. Evolutionary change is nothing else than improvement of existing products and services, structures and strategies. It is a continuous process of adjustment and renewal of already possessed

⁹⁴ L. Caluwe; H. Vermaak: *Learning to change: a guide for organization change agents*, p. 127-128

⁹⁵ W. Burke: *Organization change: Theory and practice*, p. 21

⁹⁶ *Ibidem*, pp. 67-68

structures.⁹⁷

Another differentiation in change process can be done related to the level at which it happens. It can be individual change, group change or organizational change. In many large organizations we encounter also an additional level, the business unit that refers to changes in different subunits of a corporation.⁹⁸

Daft considers that an organization can choose between an *incremental* change and *radical change*. Incremental change happens step by step and usually affects one part of organization. It is developed through normal structure and management process and provides technology and product improvements. Radical change happens suddenly and on a larger dimension, changing all organization. Its scope is to create new structure and management, through totally new technologies or products which open new markets⁹⁹.

Holbech states that radical change appears when the organization encounters a crisis point, which leads to major downsizing or restructuring. Radical change can occur as a new form of leadership and allows the development of a new culture. Incremental change appears gradual and has a less impact on organization's structure.¹⁰⁰

Greenwald names these two types of change: *slow (evolutionary)* and *rapid (revolutionary)* change. Greenwald says that change may be *natural* or *intentional*. Natural change is the one not planned by managers or owners, while intentional change is planned by them. Genuine change occurs usually during short periods of opportunities and it is rapid and intense. Even if we define change in different ways, all changes bring conflicts and politics.¹⁰¹

Burke classifies all these types of changes as interrelated and establishes a first and second-order change range. First-order change refers to planned changes and evolutionary ones, while second-order change is radical change, revolutionary ones, change of the organization's deep structure.¹⁰²

2.4.2. Material changes

The differences in change types consist not only in the level at which they happened or in the

⁹⁷*Ibidem*, pp. 69-71

⁹⁸*Ibidem*, p. 22

⁹⁹R. L. Daft; J. Murphy; H. Willmott: *Organization Theory and Design*, p. 447

¹⁰⁰L. Holbeche: *Understanding change. Theory, Implementation and Success*, p. 5-6

¹⁰¹H. P. Greenwald: *Organizations - Management without control*, p.319

¹⁰²W. Burke: *Organization change: Theory and practice*, p. 123

process. There are material or fix changes that can be seen in the organizations. These kinds of changes are presented in the following lines.

a. Technology changes

It is clear that each organization is unique, that is why every change process has to be unique as well and made based on organization's needs. Nowadays information technology is very important for the successful of an organization. The big problem is that technology has a fast development and companies may keep on time with these changes. If organizations don't change in technology and do not improve their systems they might be out of business. *Technology* changes happen in organization's production process and are designed to make production more efficient in less time but with a great output. Technology changes refer to development, innovation or improvement in organization's equipment, work methods or work-flow.¹⁰³

Changes in technology are not always easy to implement. The organization has to be flexible to changes and to offer a proper climate for creativity and innovation. This type of change is easier to implement in an organic organization because these organizations give the freedom to the low level of organization to come with new ideas, while a mechanistic structure will stifle changes with rules and regulations. The better solution is to find a balance between organic and mechanistic structure which can provide the best climate for innovation and efficiency.

Daft names this fusion of mechanistic and organic organization *ambidextrous approach*. On one hand decentralization and employee's freedom bring to the creation of new idea. On the other hand these characteristics can be useful only if employees are open to innovate and they don't ignore it. The ambidextrous approach offers the possibility to choose between exploitation and exploration when it comes to innovate. The organization must find what it is better for their business process and what will bring higher efficiency. "*Exploration means encouraging creativity and developing new ideas, whereas exploitation means implementing those ideas to produce routine products.*"¹⁰⁴ Research have demonstrated that using exploration and exploitation, organization can be very efficient and can innovate easily and successful. The organizational theory discovered different techniques for encouraging technology change. These techniques can be: switching structures, separate creative

¹⁰³ R. L. Daft; J. Murphy; H. Willmott: *Organization Theory and Design*, p. 454

¹⁰⁴ *Ibidem*, p. 455

departments, venture teams and corporate entrepreneurship.¹⁰⁵

b. Product and service change

Technology change is strongly related to *product or service change*. Once you use another technology you can create different and better products. The product and service changes can be incremental or radical change. The organization can improve its products or can develop totally new ones. These new products are created to increase in the market share or to develop new markets, customers or clients.

If the organization has enough resources to innovate, the creation of a new or a better product sounds to be easy to achieve. But in reality it is more difficult. Product change depends very much on the organizational and market environment. New products address to new and uncertain environment which grows the risk of failure. Research has discovered that about 80% of new products fail upon introduction and 10 % disappear after five years.¹⁰⁶ Taking into consideration these findings we can say that it is very costly to create new products and the risk of losing the investment is very big. Although these risks are high, companies are forced to innovate all the time in order to survive to competition and to increase productivity.

The organization must find the better solution or plan in order to create successful products or services. A clue would be the cooperation between the marketing and technical departments. Creating the best product for customers' needs it can be realized with horizontal coordination across departments.

The dimensions of structure play an important role in the innovation process. Departmental specialization, boundary spanning and horizontal coordination are the most important dimensions of structure that have to be discussed in order design the change process. The specialization dimension refers to the competence of the R&D, marketing and production departments. These three departments are very competent and differentiated from each other but they work on the same task. Boundary spanning focuses on the same departments as specialization but it emphasize their activity in relation with the external environment. Boundary spanning refers to the fact that these departments have to study very well the different departments of other organizations. For example boundary spanning roles in marketing in one firm relate to purchasing department in another firm. The success of a new

¹⁰⁵*Ibidem*, p. 455

¹⁰⁶*Ibidem*, p. 460

product can be assured only with an horizontal coordination of different departments of an organization. The technical, marketing and production departments must share their ideas and opinion in order to create a suitable product. For example R&D department must inform marketing about their new concept, that marketing evaluate if the object it is needed in the market. They also have to inform R&D department about customers complains or requirements. These two departments collaborate with the production providing all necessary information in order to check if there are enough resources to produce the new item. A new product cannot be released without the acceptance of all three departments.¹⁰⁷

c. Strategy and structure change

Strategy and structure change happens at the management or administrative level. These changes include changes in organization structure, strategic management, control and accounting systems, labour relations, etc. Strategy and structures changes are usually required by the top level of the organization, while the technology and product changes are required by the low level. Technology and product changes can be also fundamental changes when they are required by the top level. Changes in strategy and structure are needed because environmental changes also occurred during the last decades. In order to face competition, organizations are forced to make many changes at their structural level. For example many companies decided that it is better to decentralize decision making, to go more on horizontal structures, to use more virtual network strategies than traditional ones. Daft considers *“that global competition and rapid technological change will likely lead to even greater strategy-structure realignments over the next decades.”*¹⁰⁸

The administrative changes, like changes in structure and strategy affect the design and structure of an organization. Administrative changes occur less frequently as technical changes and also occur as response to different environmental changes. Organizations like public institutions usually have two cores: technical core and administrative core. Each core has its own employees, goals and working environment. Changes in departments of an organization take into consideration also the governmental climate. These types of changes are used more by not-for-profit and government organizations because they must be different structured than technical organizations which rely on technological or product changes.

Administrative changes can be found more in mechanistic organizations. Organizations that

¹⁰⁷ *Ibidem*, p. 460-461

¹⁰⁸ *Ibidem*, p. 465

use administrative changes are often larger in size are more centralized and formalized compared to organizations that use technological change. This fact happens due to the order of the changes. Administrative changes go from the top level to the bottom level, while the technical changes go from the bottom level to the top one. For example downsizing or restructuring are almost always managed top-down. In the same time the managers who want to implement an administrative change must take into consideration also the value of the lower level. They must let employees know what the changes mean and how will be implemented. They must also listen to the bottom level in case that these changes cannot be absorbed by the down level. Employees must also participate in administrative changes and be educated about it.¹⁰⁹

d. Culture changes

*Culture changes refer “to changes in the values, attitudes, expectations, beliefs, abilities and behaviour of employees.”*¹¹⁰ Culture changes implement changes in employees’ working-mind and type of work. Culture changes are needed because of reengineering, the move toward horizontal forms of organizing, customer diversity and the need of new learning knowledge.

This kind of change focus on employees’ empowerment, collaboration, information sharing and meeting customer needs. In the horizontal organizations must be a great collaboration between the managers and the workers, so between the top level and the bottom level. They must trust and respect each other’s opinions and work. Daft says that mutual trust, risk taking, and tolerance are the most important values in the horizontal organization.¹¹¹

Diversity is another variable that helps an organization to change its culture. Diversity can be achieved with new employees, mentoring and promotion methods, new training programmes, discrimination policies. Diversity is sustained also by learning programmes. The learning organization focuses on knowledge sharing and continuous learning. This characteristic is also easier to implement in horizontal organizations where teams work directly with customers, information is spread at the all levels of organization, not only at the top level, and all departments play an important role in achieving efficiency.¹¹²

Changes in the culture of an organization are the most debated types of change and also the

¹⁰⁹ *Ibidem*, p. 465 - 468

¹¹⁰ *Ibidem*, p 451

¹¹¹ *Ibidem*, p. 468

¹¹² *Ibidem*, p. 468-469

most difficult to implement. *“Culture change does not lend itself to an approach that develops managers and staff as individuals, but rather to one which develops the organization as an interdependent system”*.¹¹³ Culture change supposes changes in employees behaviour and moreover in leadership's way of thinking. They must be able to understand the elements of the change process and to use judgement about their working style. Before trying to change the culture of an organization, we should help them to become ready and prepared for change, because culture change itself is the most difficult change process.¹¹⁴

2.5. Implementation of change

2.5.1. Methods of implementation of organizational change process

Daft establishes seven steps for the implementation of change. These steps are tailed as follows:

1. Establish a sense of urgency for change.

Managers study the situation of the organization and if they encounter problems that can be solved through change they establish a sense of urgency for change. This decision makes employees to realize the situation of their working environment and to put all their effort in the changing plan.

2. Establish a coalition to guide the change

The change process needs a very well prepared team and moreover the active contribution of top managers. Power and influence of managers is also needed to be able to apply the change. The coalition must gather together workers from lower and middle level who have to work together in order to find the best change plan. Standard operating procedures are not easy to change and powerful coalitions can be successful in change but they can also block the change if it is not to their interests.¹¹⁵

3. Create a vision and strategy for change

It is very important to see how your organization will be after the change. What improvements will bring the change and also what are the steps that change must follow.

4. Find an idea that fits the need

¹¹³ L. Holbeche: *Understanding change. Theory, Implementation and Success*, p. 194

¹¹⁴ *Ibidem*, p. 195

¹¹⁵ R. H. Hall: *Organizations – Structures, Process and Outcomes*, p 199

This step in the changing process requires a research moment. Finding the best change can be achieved by talking with other managers, asking a consultant expert, asking the suppliers or creative and innovative people of your organization. This step requires and welcomes the participation of all employees.

5. Develop plans to overcome resistance to change

In a change process the most difficult point is the overcoming of barriers to change. Many change plans fail because managers don't study enough the barriers to change and how they can be overcome. For example a successful change can be achieved if the change is planned for a real result. Many times managers consider that change is needed but it has no real result and this fact brings to failure. In the same time change needs a very good communication and training of the employees. They must know what for are they working, which one is the task and how to deal with their new goals. A good communication brings also *psychological safety* for the employees. They are not afraid that a change can make them lose their job or decrease their income or working conditions. They will not be afraid to take risks and so they can bring the most innovative ideas and put all their effort in the change process.

6. Create change teams

The creation of teams which are specialized only on change can be also a successful method in the change process. Separate creative departments, new-venture groups and ad hoc teams are ways to focus only on change process.

7. Foster idea champions.

This technique requires a volunteer which will be the most effective champion who is deeply interested to a new idea. The idea champion sees that all technical activities are correct and complete.¹¹⁶

Above we underlined the change implementation steps found by Daft. Another author, Kotter sees the change process quite similar with the one of Daft, but he introduces one more step, heaving eight levels. The eight steps for successful large-scale change are: (1) increase urgency, (2) build the guiding team, (3) get the vision right, (4) communicate for buy-in, (5) empower action, (6) create short term wins, (7) don't let up, (8) make change stick. The first three steps of Kotter's model relate the same ideas as Daft's model. The next five steps of Kotter's change implementation plan focus more on improving the quality of implemented

¹¹⁶ R. L. Daft; J. Murphy; H. Willmott: *Organization Theory and Design*, pp. 475-477

change and on the modality of keeping the change in the organization.¹¹⁷

Hall sees the change process as the organizational life-cycle. This life-cycle approach refers to *birth, transformation and death* of organizational change. It is also strongly related to biological analogy, which sees change management as human life-cycle. Human life is influenced by our activities, same as organizations. The difference between these two is made by the fact that organizations could last indefinitely, while human life not. Organizations can be also created by other organizations, in order to try new market chains or products.

Births. An organization is an entity that acquires inputs from suppliers and provides outputs to a given public.¹¹⁸ Organizations are also created at the requirement of governmental institutions. It is considered also very important the time of the birth and the characteristics of the founder, they heaving long-time influence.

Transformation. The transformation period is actually the change period of an organization. Most of new born organizations go fast to their death. There are only a few organizations that can last in time and pass through many changes and periods before they die. This rapid death is caused by the not finding the perfect or needed niche in their environment. It can be also caused by the refuse of the environment to accept the new organization. Environment can select from organizations which one to survive. McKelvey and Aldrich explain four factors that cause the natural selection of new organizations. The first one is variation, which is actually any kind of change and can be purposeful or blind. *“Purposeful variations occur as an intentional response, when environmental pressures cause selection of adaptations. Blind variations are those that occur independent of environmental or selection pressures; they are not the result of an intentional response to adaptation pressures but rather occur by accident or chance.”*¹¹⁹ The purposeful variation is strongly correlated with the decision making which contributes to the organization's transformation.

Natural selection is the second factor in the organization's transformation. This principle refers to the adaptation of the organization in relation with the resources it needs to survive. As we already mentioned, change cannot be implemented if the entity doesn't have the necessary resources so it will be the one who will cause its disappearance. Also related to resources is the maintenance in the niche that the organization entered. An organization enters

¹¹⁷ P. J. Kotter; D. S. Cohen: *The heart of change*, Harvard business school press, Boston, 2002, p. 7

¹¹⁸ R. H. Hall: *Organizations – Structures, Process and Outcomes*, p. 201

¹¹⁹ *Ibidem*, p. 202

a specific niche where can be enough resources, but also can be other organizations which fight for same resources. The organization has to overcome competition or to co-habitat with other organizations in order to get the necessary resources. These adaptations are organizational change.¹²⁰

Retention and diffusion is the third principle and refers to the passing of competencies on the succeeding employees. It is very important to pass to future employees the knowledge that made the organization last in time, but it is also important to bring new ideas and changes. Knowledge can be kept or improved through formal and informal training.

The last principle is the struggle for existence. It refers to the battle in the competition for resources. There are resources that cannot be so easily reached by some organizations or also can face different laws, regulations or taxes that makes them difficult to get.¹²¹

The transformation period of an organization can be seen also as a transition phase. This period can take the form of restructuring the organization, repositioning the organization in another marketplace or environment and revitalizing a slow organization. To be able to do these actions we need an entrepreneurial plan which will recombine all the available resources in order to reorganize the company. Hall considers that transformation can be strongly influenced by environment but it will also occur by accident and by rationality.¹²²

Deaths. Even if it sounds more human, an organization can also die or disappear. This death occurs when an organization fails or closes down its operations. It may happen also in mergers where only one organization can die or both. The organizational death is the last point of the organization's decline. Organizational decline can be caused by different factors. Some of these factors are: organizational atrophy (occurs when organizations cannot respond to pressures); vulnerability to new ideas; loss of legitimacy (popular program is criticised); environmental entropy (the environment cannot support a new organization). Sooner or later all of these factors bring to disappearance of an organization. Death is not necessarily a failure, but it can be also the end of the organizational change cycle. Hall says that; “*Organizational change must thus be viewed within a broad context that includes the environment, which itself consists of other organizations as well as economic, political, and social patterns and*

¹²⁰ R. H. Hall: *Organizations – Structures, Process and Outcomes*, p. 203

¹²¹ *Ibidem*, p. 204

¹²² *Ibidem*, p. 204

changes, and the change efforts of organizations themselves."¹²³

Greenwald emphasizes different techniques that have to be implemented in organizational change. Before establishing the steps for changing organizations he says that there are two big aspects that must be observed in organizational change. One is the collaboration between members for improving the organization and the other one is the direct confrontation of individuals and coalitions that hinder the changes proposed by managers.

Collaborative change. Organizational change can be seen also as organizational development. This technique has as scope the improvement of already existing capabilities or values of the organization. Organization development includes research that will support discussion and decision making in pursuit of change.

Group problem solving is another method of implementation of change. This technique brings together employees from different departments that usually don't communicate or share their opinions. With group problem solving the top level can work in low level duties and vice-versa. For example, in a public institution, personnel working with clients may be placed to program planners. Group problem solving offers a better communication and sharing of information which may be used in change process.¹²⁴

A change process can be successful if it is planned not only by managers but also by specialists. Greenwald names them *change agents*. *"They are people from organization who are assigned to assemble and conduct problem-solving groups and they have also to report the results of group discussions to upper management. They may themselves be high-level executives who desire to see change take place or who have received a mandate for change from the organization's governing body."*¹²⁵ With other words they are individual consultants or group of consultants specialized on change management. An external consultancy action is useful because it can see from outside the problems of the organization and it is not influenced by internal factors.¹²⁶ A change agent is seen by Kurt Lewin (1958) as a person who's purpose is to unfreeze the attitudes of individuals, making them to use all their beliefs, opinions, capabilities and ideas. If this step is passed, he can change to the next level which supposes changes of the social structure.¹²⁷

¹²³ R. H. Hall: *Organizations – Structures, Process and Outcomes*, p. 205

¹²⁴ H. P. Greenwald: *Organizations - Management without control*, p. 322

¹²⁵ *Ibidem*, p. 322

¹²⁶ *Ibidem*, p. 322

¹²⁷ B. Czarniawska: *A Theory of Organising*, Edward Elgar Pub, Camberley, 2008, p. 81

In many situations the change process itself is based on action research, but there are organizations that choose to change even without a research plan. Action research refers to the collection and analysis of all data that are necessary in the change procedures. The action research begins with defining the problem and continues with gathering data for finding a solution for the problem. The final step in this action is the study of the impact of solutions in the change process. The action research bases itself on surveys, direct observation of operations or focus groups.¹²⁸

One of the most recognizable theory and model of organizational change management is the one discovered by Lewin. He establishes three phases in organizational change: unfreezing, movement and refreezing. Kurt Lewin defines social institutions as “*a balance of forces, some driving change and the others restraining it. ...Unfreezing unbalances the equilibrium that sustains organizational stability*”.¹²⁹ Unfreezing is that period in the change process when resistance to change tries to be eliminated. Educating and informing employees about the organization's situation and problems they become more prepared and aware about the next measures that will be undertaken in the organization. The individual resistance to change will be reduced and in the best case eliminated. Once this step is passed the organization will go further at the movement step. In this period the organization will start the change process by showing in the first stage the direction in which the new plan should go. In the movement phase the employees are trained for the new activities, new reporting and reward systems are used, and new styles of management are introduced. If this phase is successful passed then comes the refreezing phase which stabilizes the new patterns by institutionalizing the new policies. Refreezing offers a balance between driving and restraining forces.¹³⁰ The model of Lewin about change management is largely discussed also by other authors and moreover it is more detailed in order to provide a better plan for organizational change.

2.5.2. Diagnosis – Change strategy – Intervention plan – Interventions

Many authors developed different theories related to organizational change management. We consider that Caluwe and Vermaak create a comprehensive and useful theory in order to study change management. Caluwe and Vermaak establish four steps in the change process:

¹²⁸ H. P. Greenwald: *Organizations - Management without control*, p. 322-323

¹²⁹ B. Czarniawska, *A Theory of Organising*, p. 81

¹³⁰ *Ibidem*, p. 81-82

1. Diagnosis
2. Change strategy
3. Intervention plan
4. Interventions¹³¹

1. Diagnosis refers to two aspects: the process by which the change agents will found out the problems of an organization and the information gathered after this process. The diagnosis process is seen as research approach or action approach. The research approach is a quantitative diagnosis which sums the neutral information and maintains objective analyses. The action approach is more a qualitative analyses, where people are involved in the analyses and subjective information (like intuition and feelings) are gathered.¹³²

In order to conduct a diagnosis analysis the researchers must follow several steps. To better understand this process we can study the steps' analysis made by Caluwe and Vermaak which is represented in the next table.

STEPS	PROCEDURES	AIM
1	Identifying the presenting problem. Making the decision to proceed.	What is the reason for the diagnosis? Check if there is a desire to make improvements in the organization, not just a desire to do research.
2	Selecting the dimension. Deciding who will be involved. Deciding the data collection method.	Define the objects to be investigated. How far do we extend our study within and outside the organization? Which methods (interviews, questionnaire, observations, workshops, etc.) are suitable and complementary?
3	Collecting and funnelling the data.	Ensure that the information is just sufficiently complete, profound, and reliable to draw conclusions.
4	Summarizing the data. Analysing the data.	Find a format (presentation, report, memo, and graphics) to report the data. Give meaning to the information.
5	Giving feedback and making recommendations.	How will we feed back our results; to whom, when, how, and in what order?

¹³¹ L. Caluwe; H. Vermaak: *Learning to change: a guide for organization change agents*, pp. 103.104

¹³² *Ibidem*, p. 106

6	Making a decision and implementing it.	Ensure that the findings are used.
---	--	------------------------------------

Table 3: Steps in the realization phase of a diagnosis

Source: Caluwe, Vermaak, 2003, p. 107

The diagnosis research can be realized with the help of different models. Caluwe and Vermaak have studied previous researchers who have established a range number of diagnosis models. In their models the authors used different matrix to explain the diagnosis process. In their matrix they used different factors that must be analysed in this process. These factors are: organizational research, decision making, project management, technical, political and cultural systems, input-output, design. These factors can conduct the analysis at three levels: individual level, group level, and organizational level. All these models aim to keep the change agent neutral and they are realized for quite complex organizations. In reality it is difficult to find a complex organization at which you can apply a model. Normally a middle line between these models, factors and analysis is needed in order to conduct a deep and full analysis.¹³³

Burke plans the organizational change on four steps. These are prelaunch, the launch, postlaunch and sustaining the change. In her study she names the diagnosis phase prelaunch phase. The prelaunch step refers to determining the message, or the virus or epidemic that we want to spread. The prelaunch phase searches for important connectors, mavens and salesmen (initiators); persons that have social power to spread and implement the change idea. The next phases refer to the implementation of change itself. The launch is the phase in which these peoples spread the change idea in the organization and they repeat and emphasize it in the postlaunch phase. Change means to be prepared to deal with unanticipated, unforeseen consequences of initiatives and interventions and to not let these consequences to become barriers to change.¹³⁴

2. Change strategy

After we developed the diagnosis analysis and we found out the situation of the organization a change strategy can be discussed. In order to be able to choose a change strategy it is required

¹³³ L. Caluwe; H. Vermaak: *Learning to change: a guide for organization change agents*, pp. 108-111

¹³⁴ W. Burke: *Organization change: Theory and practice*, p. 272-275

to have the answers of a few questions that we could already take out from diagnosis or we could ask separately if we don't have the answers from diagnosis analyses.

The first two questions should be related with the outcome of the diagnosis. Is it change needed? What has to be changed based on the diagnosis output. Then, we should be able to describe the present situation in the organization and to state how large is the difference between the desired and the present situation. In this case we can distinguish between two different types of change strategies: improvement and renewal. As we already explained, in the improvement process we will find a change process based on maintenance, problem-solving, promotion of synergy, step-by-step, constancy, while on renewal process we will find innovation, creation, and transition, transformation, localized. The renewal process requires a more attentive analysis, which uses mental models, beliefs and convictions.¹³⁵

In our process we have to verify if there is resistance or opposition to change or is the organizational climate prepared and motivated to change. The barriers to change represent an important factor in the change process that is why we can find it more detailed in another chapter. Another question is addressed to change agents and they are asked if they are capable to conduct the change process and if they consider the process feasible. The change agent must believe in his change plan and strategy and he should be prepared to handle the change process.¹³⁶

The change strategy is nothing else that the action plan made based on the answers that the researchers have gathered when they were answering the questions above. Caluwe and Vermaak describe the change strategies based on their colour *print* models. They establish a colour for each change strategy. The change strategies refer to socio-political concepts, rational design, action learning approach, etc. With this model they want to demonstrate that usually an organization cannot change successfully if it goes only on one colour (on one strategy). Change strategies must fusion; colours must be mixed in order to provide an efficient change plan.¹³⁷ We consider that the organization should not change only on one strategy (on one colour), but they should sum up elements from more or all colours.

3. Intervention plan

The intervention plan reflects the change strategy and as to be integral, consistent, feasible

¹³⁵ L. Caluwe; H. Vermaak: *Learning to change: a guide for organization change agents*, pp. 123-125

¹³⁶ *Ibidem*, pp. 119-121

¹³⁷ *Ibidem*, pp. 44-49

and relevant. Such a plan requires many attention and individual and work-team. It can be realized with brainstorming, arranging and detailing.

The brainstorming sessions should decide who will participate in the change process and what kind of interventions should be considered. With other words the intervention plan has to contain the actors of the change process, the phases in the process and the communication. A mix of all these will bring to possible interventions that later can be applied in the change process. The end of the brainstorming should be able to provide the exact interventions that must be implemented. After the gathering of information they have to be arranged on specific aims, outcomes, and on their order of priority. The interventions, the intended outcomes, the sequencing have to be seen also under a number of management aspects, such as the organization of all process, timing, resources, milestones, exchange and provision of information.¹³⁸

4. Interventions

Caluwe and Vermaak define intervention as “*one or a series of planned change activities intended to help an organization increase its effectiveness*” and explain them based on their colour change models. To each change colour it is related a package of interventions. Even theory finds interventions specific on single characteristics of organizations, in practice the interventions overlap and same intervention can be found in more totally different organizations. The interventions themselves are not else than the real actions implemented after we made the diagnosis of the organization.¹³⁹

During the time the organizational theory researchers have settled a large number of different interventions possibilities. They depend on organization's size, scopes, and depths of the organization. For example we can underline different types of interventions, such as: improving the quality of work life, reward systems, outplacement, coaching, personal growth, networking, social activities, team building, confrontation meetings, working in projects, etc. It is possible and even recommended that a range of interventions should be followed after a while by another range of interventions. Implemented changes in an organization may require a new plan of changes that can be implemented in another cycle of interventions.¹⁴⁰

¹³⁸ *Ibidem*, pp. 136-141

¹³⁹ *Ibidem*, p. 141

¹⁴⁰ *Ibidem*, pp. 210-244

2.6. Public organizations and their characteristics

Organizational theory doesn't refer only to private organizations, but also to public organizations. The public organizations have many characteristics that make them different from the private companies. These characteristics influence their activity and behaviour and create a different organizational theory. Literature has focused more on private organizations, but we must be aware that in many cases public institutions coordinate the activity of private organizations and the last ones are very dependent on public organizations.

In the same time, there are authors that sustain that public and private organizations are quite similar and that both types of organizations can be submitted to the same type of rules and principles. Another common point of these two types of organizations is the fact that both of them are subjected to political authority and influence and to external governmental control. Authors also sustain that many organizational models and methods can be transferred from the private sector to the public one that is why we encounter many fusions between these two sectors.¹⁴¹

However public institutions are different from private organizations in many aspects and areas. We will focus on the characteristics of public institutions that make them to react different from the private organizations. First of all public organizations have different goals than private organizations, public institution establishing a broader set of norms and values. Norms and values like democratic considerations, constitutional values and public welfare are more emphasized in public organizations than in private one. Secondly, public organizations are more open, transparent, impartial, emphasizing equal treatment and predictability.¹⁴²

There are public organizations that are totally different from the private organizations such as courts and governmental ministries, but there are also some public organizations that are similar with private ones such as state-owned companies. For public organizations is more difficult to find out where an organization starts and where it ends. With other words, public institutions are very related and dependent on other public organizations, this situation making us problematic to decide where one organization's boundaries lie.¹⁴³

¹⁴¹ T. Christensen; P. Laegreid; P. G. Roness, A. Røvik: *Organization theory and the public sector - Instrument, culture and myth*, Ed. Routledge, Oxon, 2007, p. 4-5

¹⁴² *Ibidem*, p. 4

¹⁴³ *Ibidem*, p. 6

2.6.1. Characteristics of public organizations

Despite the theories that analogy public organizations with private organizations, we consider that public institutions have important characteristics that make them different from private organizations.

1. One important difference between these two types of organizations is the fact that public organizations have leaders elected by the public vote. At the top level of public institutions stays a leader that is member of a parliamentary chain and is elected by people through general elections. The parliamentary chain of governance implies that political authority is approved by the people. The legislature, the governmental origins and cabinet ministers represent the base of the properly coordinates of the public sector. Common to all public organizations are the laws and regulations that must be followed by these organizations.
2. Public organizations differ from private ones by the fact that public institutions are multifunctional. Many public organizations focus on co-determination of employees, sensitivity vis-a-vis users, neutrality, professional interdependence, political loyalty, equal treatment, impartiality, publicity and insight into decision-making process. The level of these characteristics differs from an organization to another one. Some public organizations use all these characteristics, but some of them do not use all of them. Public organizations are not based on pure majority rules or professional systems, but they try to combine these two characteristics. They are not based only on profit and economic surplus, but also on the good coordination and collaboration with the public. Leaders of the public institutions focus on solving ambiguities and conflicting goals. They work more not on eliminating these problems, but on finding solutions to live with them and improve their impact on the daily activity.¹⁴⁴
3. Public organizations don't act within a free and competitive market like the private organizations do. The market has limited capacity to handle problems that requires public intervention. The government has to solve problems that market creates or that the market cannot solve. For example public goods and free-rider are one type of these problems and government can solve it through taxation or national defence policy. Individual incompetence is another problem and appears when people lack information to make rational choices and in this case public regulation is needed.¹⁴⁵
4. Public organizations are acting in a complex political and social network of organized

¹⁴⁴ *Ibidem*, p. 7

¹⁴⁵ *Ibidem*, p. 8

interests, citizens, users groups and clients. Having so many influential factors, the public sector is characterized by diffusion, ambiguity and tension for the present and future situation.¹⁴⁶

5. Public organizations do not need to change and adjust according to present demands from the environment or from changes in political leadership. Theoretically, even if the political governance changes in a country, the public institutions do not need to change. They can work on the old system. Practically, most of the time political changes will bring changes in public institutions. Changes at the level of public institutions are more difficult to implement because they are at a large scale and involve many domains. Also, institutional factors such as rules and conventions do not let public institutions to change so easily and represent a barrier for many public institutions when they want to change their activity.¹⁴⁷

2.6.2. Change management in public organizations

Changes in public organizations are not very common to happen. It is very difficult to develop a change process in a public institution because that organization depends very closely on many variables that cannot be changed. However changes exist in public institutions at different levels. It is important to distinguish between change and reform, last of them being specific to public sector.

Christensen et al. mean by reform “*active and deliberate attempts by political and administrative leaders to change structural or cultural features of organization*”¹⁴⁸, while change “*is often a gradual process in organizations, taking place in the course of routine activities and in small increments, but sometimes it can take the form of abrupt and powerful upheavals, the potential for which as built up over a longer period of time.*”¹⁴⁹ With other words reform represent the plan to change and change is the intervention itself. Some examples of changes in public organizations could be the adoption of information and communications technologies.

Reforms in public organizations are done especially at the level of coordination and specialization of activities. On the specialization field, change management focus on division

¹⁴⁶ *Ibidem*, p. 9

¹⁴⁷ *Ibidem*, p. 10

¹⁴⁸ *Ibidem*, p. 122

¹⁴⁹ *Ibidem*, p. 123

of work on special parts of society or on special organizational tasks. On coordination line, public institutions develop reforms that are linked with other types of tasks and decisions within an organization.

Change process in public organizations can be developed by leaders that work on developing an information system about public administration. Usually the leaders work on existing information systems and their interest is to develop and improve these systems. For example in Romania, there are public organizations or institutions that offer consultancy and information to citizens in order to better inform them about public programs and facilities. The leaders must emphasize the importance of knowledge and information that must be shared to the civil servants. Usually political organizations are characterized by incremental change and not renewal change. It represents an evolution of norms and values, from already existing ones. The environment plays also an important role in this case. The organizations must pay attention to environmental requirements and must find methods that are accepted in the environment. A change process in public organizations can be developed through public commissions whose composition cuts across ministries, but who are closely controlled by political leaders.¹⁵⁰

The most important aspect of reform and changes in public organizations is the one that these activities are developed by the leader. Every time when a new leader comes at the power in these organizations, a new change plan is likely to happen. Even if this situation is not required by the theory, there are many cases when in reality it happens. This situation is very clear seen in Romania at the Ministries levels. Every time when one Ministry change the leader, the new person comes with new plans and reforms. Even this situation shouldn't happen, in Romanian public system is very common to appear.

Another aspect of the change process in public institution is represented by the direct implication of many actors. Changes in these kinds of organizations don't have only internal impact and don't imply only organization's variables and actors. Public organizations are very interrelated and changes in one of them may have strong impact on others and may cause an imbalance in the public sector. In this case the change agents must enter in coalition with other institutions or leaders in order to make a more powerful change strategy and to achieve their goals.¹⁵¹

Cultural changes are difficult to implement not only in private organizations but also in public

¹⁵⁰ *Ibidem*, pp. 125-128

¹⁵¹ *Ibidem*, p. 133-134

organizations. The public sector is defined by a very well cultural system formed from norms and values that are in many cases impossible to change. Public organizations have also several arrangements between the different ministerial areas or between different parts of municipal administration that will be a strong barrier for the change process.¹⁵²

From our research we can see that a change process is more difficult to implement in a public organizations. In this sector exist many factors that cannot be skipped in a change analysis and that also represent a strong barrier to overcome. Reform and change in public organizations involve structural and cultural features of organizations as well as reform processes, and reform myths may be related to all aspects.

2.7. Politic and its impact on organizational change

As we already mentioned in our above research, politics is an important factor for an organization. In order to study an organizational change process, we must also study how politics can influence, determine or impact the change process in an organization. Greenwald defines politics as *“a process by which a person or group attempts to influence collective thinking or action.”*¹⁵³ We can find many other definitions of politics, but all of them will explain the same thing, that we already know from our daily life. All media, podium discussions, talk-shows keep on informing citizens what politics do, change or impose in all domains. Politics can be a source of development in an organization, but can also hinder changes, being a competitive process.¹⁵⁴

The political environment is much related to the legal and economic environment and changes in one of them brings changes in the other and respectively in organizations. The political environment includes different factors, such as: different political regimes, minorities, distribution and concentration of power, international alliances, etc. Privatizations play also an important role in the organizational change process. Privatizations formed businesses from organizations that previously where run by governments including prisons, hospitals, airlines, universities.¹⁵⁵

Different authors study politics and their relationship with organizations. Greenwald presents

¹⁵² *Ibidem*, p. 135

¹⁵³ H. P. Greenwald: *Organizations - Management without control*, p. 308

¹⁵⁴ R. M. Hodgettes; F. Luthans; J. P. Doh: *International management – Culture, Strategy and Behavior*, 6th ed., McGraw-hill Irwin, NY, 2003, p. 34

¹⁵⁵ M. J. Hatch; A. L. Cunliff: *Organization theory – modern, symbolic, and postmodern perspectives*, p. 70

what political scientists recommend to organizations in order to have a good collaboration and to use politics for their interest. Managers have to identify political individuals who benefit from the output or effectiveness of the organization. They have to satisfy the needs and requirements of these people as well as possible because they might be the ones who can provide resources for the organization or a proper environment.¹⁵⁶

Another duty of the managers is to provide confidence for clients and outside members. It is very important to keep personal contact with people that might influence the organization and also to choose the contracts that the organization can fulfil. Successful projects offers confidence and attract new customers. Fulfilled projects must be emphasized and moreover people who have participated to their completion must be recompensed and publicly thank.¹⁵⁷

Greenwald splits politics as higher and lower politics. Higher politics is related with higher leadership. Higher leadership sustains development, inspiration and innovation of the different units or subunits of the organization. It also involves collaboration of other parties especially political ones. Higher politics focus the attention “*more on shaping the thinking of the collectivity than on the distribution of its resources*”,¹⁵⁸ these people being characterized as people “*living for politics*”. Lower politics is opposite to higher politics and it is related to lower leadership. It focuses on utilization of resources and aims “*not at transforming convictions but at promoting allies into positions of higher authority and pay*”.¹⁵⁹ People promoting lower politics are named people “*living of politics*”. Good managers have to find a middle way between the two politics in order to satisfy all market necessities.¹⁶⁰

When we talk about politics it is inevitably to not think about the dark or bad side of politics as fraud, slander, bribery or sabotage. Another bad side of politics is destruction of competitors’ image. Politics uses their power to discriminate opposition, to make products disappear or to damage the image of certain organizations or services which could damage politics or who are against regimes or laws.¹⁶¹ Organizations must take into consideration all these factors when they develop a change process and moreover, they must establish strong barriers to overcome the bad side of the politics.

After discussing and presenting all aspects of organizational change management and their implications in real life, we can better observe this process on a Romanian public organization.

¹⁵⁶ H. P. Greenwald: *Organizations - Management without control*, p. 310

¹⁵⁷ *Ibidem*, p. 311

¹⁵⁸ *Ibidem*, p. 312

¹⁵⁹ *Ibidem*, p. 312

¹⁶⁰ *Ibidem*, p. 312

¹⁶¹ *Ibidem*, p. 312-313

In the following section we will study how organizational change process reacts in a public climate and what results it brings.

CHAPTER 3. OTIMMC – THE TERRITORIAL OFFICE FOR SMALL AND MEDIUM ENTERPRISES TIMISOARA

3.1. AIPPIMM - The Agency for implementation of projects and programmes for small and medium enterprises

AIPPIMM - The Agency for implementation of projects and programmes for small and medium enterprises is a Romanian public institution with the headquarter in the capital of the country, Bucharest, and with eight subunits in the biggest cities of the country. These subunits are called “territorial offices for small and medium enterprises – OTIMMC” and we can find them in the following cities in Romania: Brasov, Cluj-Napoca, Craiova, Constanta, Iasi, Ploiesti, Targu-Mures, and Timisoara. We will focus and study the office from the west part of the country, Timisoara, this office being one of the most powerful and active office of AIPPIMM.¹⁶²

As we already mentioned AIPPIMM is a public institution with legal character under the suborder of the Romanian Ministry of Economy, Trade and Business Environment, which follows the politic of the Government. Its core duty is to encourage and stimulate the establishment and development of small and medium enterprises with the help of programmes and projects.

AIPPIMM has been founded in 2009 based on the Governmental Decision No. 65 from 11/02/2009, published in the Official Monitor No. 83 and is active even today, working on the same regulation. AIPPIMM has been founded after the territorial offices have been founded. The Ministry of Economy, Trade and Business Environment created the Agency in order to better and easier coordinate the offices from around the country. Most of the territorial offices for small and medium enterprises from all country have been founded in 2005 and worked as second crediting institution, after the Ministry. After the foundation of the Agency, the offices became the third crediting institution and the Agency became the second one. The Agency has the following functions:

- Implementation – it ensures the programming, identification, formulation, financing, and evaluation of programmes and projects for the supporting of establishment and development of SME.

¹⁶² The Ministry of SME, Trade and Business Environment, AIPPIMM, *Regulation for organization and functioning*, Bucharest, 2009, p. 3

- Representation – it represents at local and regional level the Ministry of SME, Trade and Business Environment.
- Authority – it ensures the control of the territorial offices and that they follow the rules and regulations imposed by the law.
- Local technical implementation – when The Ministry requires local delegations.¹⁶³

On a general level AIPPIMM applies the laws and regulations of the Romanian Government, supports together with other organizations of public administration the elaboration and implementation of politics and programmes for research, innovation and technological transfer for the SMEs' sector. On an international plan, it implements the programmes and projects of the European Union. AIPPIMM is the one who elaborates the principles and procedures that an enterprise must fulfil in order to receive a fund or a credit.¹⁶⁴

AIPPIMM is formed from the president, the vice-president, the president's cabinet (that sums up six persons with administrative tasks), the general secretary, and the director of the office for programmes and projects. The office for programmes and projects has the same attributions and tasks as all territorial offices from the country, having the main duty consulting for clients.¹⁶⁵

AIPPIMM keeps a close relationship with media through promptness, transparency, information's accuracy and political neutrality. The national offices follow the same principles in their relationship with the media. A good relationship with media will allow better information of the population about the programmes and projects offered by the institution and it will also offer a deep and transparent feedback from the population. The relationship with media is developed through press communicates and conferences, press visit and interviews.¹⁶⁶

The politic of the Romanian Government sustains the creation and development of small and medium organizations which will contribute to the economic growth and to the creation of an environment open to businesses. In the same time the establishment of new organizations will bring new working places and will support innovation and technique and technological progress. On external plan will create organizations under European standards that will be able to compete with European corporations. The international development will be achieved with the help of the implementation of European projects and programmes in small and

¹⁶³ *Ibidem*, p. 4

¹⁶⁴ *Ibidem*, p. 7

¹⁶⁵ *Ibidem*, p. 9-18

¹⁶⁶ *Ibidem*, p. 16-18

medium organizations. All these actions are developed through the intervention of AIPPIMM and its offices in all country.

3.2. OTIMMC - The territorial office for small and medium enterprises Timisoara

OTIMMC – *The territorial office for small and medium enterprises Timisoara* was opened in September, 14th September 2005 and since 2009 works as a sub-unit of *The National Agency for small and middle companies*. The mother institution has as duty the development and sustainment of the business environment in the west part of Romania, being responsible for four districts: Arad, Hunedoara, Timis, Caras-Severin. OTIMMC is composed of information, assistance and training centers.¹⁶⁷

OTIMMC has as objective the bundling between the representatives of the business environment and the ones representing the local and central authority. OTIMMC focuses on finding and solving the problems of the entrepreneurs, offering them different solutions, ideas or advantages that the entrepreneurs didn't know. The personnel of the OTIMMC is guided by the internal organizational and functioning regulation which comes from the headquarter office which explains very clear all duties of the employees.

3.2.1. Strategies and objectives

The strategy of OTIMMC Timisoara is realised annual and multi-annual following the objectives and the directions of the governmental plan and regulation. The strategic planning and the establishment of the annual objectives it is realised with the help of meetings directed by the office manager with the participation of all employees. During these meetings there is a direct participation of all employees, each of them coming with new plans, strategies, objectives, proposals for the annual projects and programmes.

The top manager validates and finalizes the annual strategy and then the new strategy will be shared to all departments and implemented in their activity. The strategy must contain the action directions, general objectives, specific objectives for each department and the expected

¹⁶⁷ The Ministry of Trade, Economy and Business Environment, AIPPIMM, *Manual for internal procedures*, Bucharest, 2005, p. 2

results. During the year it is allowed and even recommended to change the plan or different points from the plan if it is discovered that it is not efficient or not enough efficient. The implementation of the strategies will be done according to the principle plan.

Objectives and implementation of objectives

1. The growth of the number of small and medium-sized enterprises which access non – refundable funds (from national, European and structural funds);
2. The development of the relationship between OTIMMC Timisoara and the business environment.
3. The identification of new programmes and advantages for small and medium enterprises which will help them to develop and improve their activity.¹⁶⁸

OTIMMC Timisoara follows and fulfils three objectives with the help of different programmes and projects. They elaborate, implement and oversee the programmes for the stimulation of opening and development of small and medium enterprises. The office establishes and manages the database of SME in the region where it operates, including the detailed presentation of the objects of each organization. It elaborates the criteria, priorities and procedures that are needed to develop and implement the programmes and projects. The OTIMMC Timisoara participates with other public administration offices at workshops, seminars, meetings which research new politics, plans and innovation programmes that will be useful for SME.

OTIMMC Timisoara is aware that their success depends on the good performance of the small and medium enterprises that receive the funds from the institution. The personnel are trained in such a way that they offer the best services and products for the entrepreneurs. The public institution is totally oriented on the future entrepreneurs and their enterprises.¹⁶⁹

3.2.2. Business organization of OTIMMC

All OTIMMC from the country are organised in the same way, having same number of

¹⁶⁸ *Ibidem*, p. 4

¹⁶⁹ *Ibidem*, p. 5

employees in same departments. The OTIMMC is directed by the top manager which is responsible for all departments. All other departments have in total ten employees. There are same employees that work in two departments in the same time. The organization is split in two big departments. These departments are:

1. The economic, legal and administrative department;
2. The department for programmes and projects implementation for small and medium enterprises. The later department has the following centres:

- The centre for information, assistance and training;
- The centre for programmes selection, evaluation and contracts;
- The centre for supervision, reports and control;¹⁷⁰

1. The economic, legal and administrative department has three employees: one legal consultant, one economic consultant and one financial consultant, but these employees act also like the employees from the centre for information, assistance and training.

2. - The centre for information, assistance and training has ten employees, who are actually all employees of the institution. Even if they are working in different departments they must offer information and assistance at any time. In other words all employees of OTIMMC must fulfil also the tasks required by the centre for information, assistance and training. These tasks refer strictly to providing consultancy and assistance about project and programmes to customers.

- The centre for programmes selection, evaluation and contracts it is formed from two programmes consultants, one legal consultant and one registration employee.

- The department for supervision, reports and control has three programmes consultants.¹⁷¹

The employment, change, suspension or the ending of work activities of the employees is done by the president of the Agency who follows the law rules. The governmental office establishes the payment scheme of the OTIMMC Timisoara based on the public administration framework. The maximum number of the employees in OTIMMC Timisoara is 10, including also the top manager. The payment comes to OTIMMC from the public budget and from own founds.

The top manager is responsible for the entire unit and has several duties. The general duty is to organise and guide the activity of OTIMMC. Together with the CEO of the Agency, the top

¹⁷⁰ *Ibidem*, p. 6

¹⁷¹ *Ibidem*, p. 6

manager shares the programmes and the funds to each unit in the country. He supervises and controls for the payments, the employment of new peoples. He observes and guides the profits and the efficient usage of the funds that the office receives from the public budget. He controls and updates the accounting and costs of the funds that they use in their institution. He does the reporting about all organization's activities, budget and legal engagements; reports that later will be presented to the Agency – headquarter. In the same time he supervises the financial transactions and costs. The top manager is the person to contact the headquarter office and also propose possible new employees or employment scheme to the CEO of the Agency. He is the intermediary person between his office and the headquarter Agency. He proposes to the Agency the list of eligible and ineligible Funding Scheme for the SME. He is responsible for the inventory and for the good management of office's goods. He controls the medical insurance of the employees and the office's medical system. He proposes to the headquarter Agency the internal regulation and ensures the completion of it. He checks and signs the financial contracts made between the office and the customers, who are the entrepreneurs of the SME. He plans the annual income and expenses for the small and medium enterprises. The top managers of the all offices from the country are nominated by the CEO to perform auctions related to the public internal assets, being responsible for the all project from buying it till to payment.¹⁷²

I. The economic, legal and administrative department

The economic, legal and administrative department represents another working unit of the OTIMMC having its own attributions. This department organizes and observes the financial and accounting situation of OTIMMC. He prepares and presents the annual budget and expenses project to the top manager. He must register all financial and accounting operations made on the legal documents. Another important responsibility of this department is the observation and evaluation of expenses which can include the purchase of different goods used in the organization. It also organizes the inventory which will be later controlled by the top manager. It organizes the payment schemes which will be controlled also by the top manager. The economic, legal and administrative department presents monthly to the headquarter Agency the required budget credits and choose the future enterprises that will receive the non- refundable funds.

As even the name of the department states, this unit acts as the accounting, financial and

¹⁷² *Ibidem*, p. 6-7

legal department, being also responsible for all business administration. On the accounting level is responsible for the registration and evaluation of all assets, liabilities, costs, expenses and other items that accounting uses. The accounting reports and the supervision of the employees are sent monthly by this department to the headquarter Agency.¹⁷³

On the financial plan it is responsible with the establishment of the necessary expenses needed by the institution, by proposing to the Agency new expenses founds. It supervises and allows the rendering of credits to the new enterprises. This department is responsible also with the employees' payment scheme, their possible expenses on business travelling, transportation, materials or holidays. It sustains the development of information technology system for the financial programmes. The pre-emptive financial control has as objective the identification of the projects that do not respect the legal conditions and also may not be effective and useful in the future and they could produce loss in the public budget. The pre-emptive financial control is performed when the following operations are planned:

- the opening, allocation and change of budget credits;
- legal commitments that show payment obligations;
- planning of expenses;
- all other expenses.¹⁷⁴

It plays also the role of payment unit signing and approving the contracts made between the OTIMMC and the entrepreneurs.

On the legal plan the department analyses the legal decisions issued by the top manager. It analyses and proposes to acceptance the legal decisions concerning the personnel, organization, employment structures. It analyses, takes decisions and answers the appeals addressed to the legal decisions. It represents OTIMMC in legal meeting or in front of legal entities, presenting OTIMMC's opinions, decisions and activities. It supervises the application and compliance of the law regarding to their field of work. It legalizes the contracts, projects or programmes made between OTIMMC and the entrepreneurs.¹⁷⁵

This department works also on the human resources field. It establishes the employment

¹⁷³ *Ibidem*, p. 8-13

¹⁷⁴ *Ibidem*, p. 13

¹⁷⁵ *Ibidem*, p. 8-13

requirements, plan and conditions for possible employees. It establishes and proposes the payment scheme and the free working places for new employees, following all the time the rules imposed by the headquarters Agency and by the government. It organizes exams, contest and trainings for the employees in order to promote them or to specialise them in different programmes or areas. It helps to the good performance of the implementation of programmes and projects through the excellent preparation of the employees. In order to achieve this, the department organises courses, trainings, seminars and different topic discussions. It registers in the evaluation cards the performances of the employees, observing them in their evolution. It organises and allows the free days, holidays and specific payments for these days for the employees.¹⁷⁶

On the administrative and organizational field it is responsible for the management of the goods that the institution holds inside and outside (furniture, technique and technological equipment, buildings, vehicles). It ensures the safety of the building and of the employees by checking, supervising and asking for reparation of damaged goods. It studies the market in order to purchase the best offers concerning the goods that the institution needs.¹⁷⁷

II. The department for programmes and projects implementation for SME

The department for programmes and projects implementation for SME implements technically and financial the national programmes for small and medium enterprises funded by the public budget through AIPPIMM. It is responsible for all flow of the programmes and projects, beginning with the reception and registration of the programmes till to the distribution and payment of them to the SME. The centre is also responsible with the observation and the control of the progress made by the enterprise while using the fund.

It collaborates with other public and administrative institutions in order to find the best and suitable programmes and projects for SME. It collaborates also with national and international institutions for the good implementation of the non-refundable funds. The personnel of this centre offers assistance and consultancy to the possible entrepreneurs concerning the programmes and projects offered by the institution, but also proposed by the entrepreneurs. They are mediators between the public, administrative institution and the entrepreneurs. The collaboration between these two organisms is performed through:

¹⁷⁶ *Ibidem*, p. 10-11

¹⁷⁷ *Ibidem*, p. 12

- the assurance of the access to the e-governmental and e-trade information of the possible entrepreneurs through the information, consultancy and training centres;
- the organisation of information campaigns for SME together with other governmental institutions, Chamber of Commerce, banks and financial institutions.

They prepare the SME for the national and international competition through informing and training the entrepreneurs about European Union's requirements and projects. They organise special seminars and discussion topics about European issues and communicate with the mass media their activity. They also will coordinate the activity of the other centres:

- the centre for information, assistance and training,
- the centre for programmes selection, evaluation and contracts,
- the centre for supervision, reports and control;¹⁷⁸

A. The centre for information, assistance and training

The centre for information, assistance and training establishes the list with SME enterprises that are interested in the programmes and projects offered by the institution. It observes and controls the implementation process of the programmes and projects and formulates proposals that can improve the process. The employees of this centre are the principle consultants concerning the programmes and projects open for SME. They are also the ones who are delegated in other cities or countries to participate to seminars and workshops that present new issues and topics concerning their activity.¹⁷⁹

B. The centre for programmes selection, evaluation and contracts

The centre for programmes selection, evaluation and contracts is the unit that intermediates the entrepreneurs' requirements and the approval of the Agency. It evaluates the enterprises which apply for the non-refundable funds in order to check if they fulfil all requirements that allow them to receive the fund. It verifies the authenticity of the documents provided by the enterprises and registers in their RUE (unique electronic register) all proposals, demands, contracts that are accepted or refused. It is responsible also for the online data and supervises

¹⁷⁸ *Ibidem*, p. 13-14

¹⁷⁹ *Ibidem*, p. 14

the authenticity of all data.¹⁸⁰

C. The centre for supervision, reports and control

The centre for supervision, reports and control analyses in advance the eligibility of the enterprises that apply for the non-refundable funds, based on the criteria established by them. They visit and control the enterprises that already got the funds in order to see if they respect the requirements put by OTIMMC. It cooperates with the Economic, legal and administrative department sending them for approval the list of enterprises that were selected to receive the non-refundable funds. It establishes annual reports about the efficiency of the programmes in order to study what can be improved or changed.¹⁸¹

3.3. The Romanian Ministry of Economy, Trade and Business Environment and Romanian political environment

In Romania *The Ministry of Economy, Trade and Business Environment* is responsible for all economical Romanian activities. All Romanian enterprises have to respect and follow the rules and the requirements imposed by this organism. The Ministry of Economy, Trade and Business Environment is aware how important are the small and medium enterprises for the Romanian economy. In order to help and sustain the opening and development of these enterprises, the Ministry realises projects oriented only on this branch of market. The Ministry aims to improve the access of SME to the financial funds, to encourage the establishment of new SME and their competitiveness and to provide accessible and easy regulations for this kind of organizations. In the same time the Ministry is looking for the development of the entrepreneurial educational system and for the improvement of the participation of SME on national and international markets.¹⁸²

Following this action plan the government aims to increase the number of SME with 10% in 2013, to increase the contribution of SME to the VAT (value added tax) with 5%, to increase the investments value of SME with 15% and to increase the SME' exports with 10%. All these tasks are taken into consideration to be accomplished till at the end of the year 2013. The Ministry of Economy, Trade and Business Environment encourage the new small and medium

¹⁸⁰ *Ibidem*, p. 14

¹⁸¹ *Ibidem*, p. 15

¹⁸² A. Tarabuta: „Action plan related to the governmental strategy for the development of the SME sector“, in *General direction for industrial politics and business environment*, The Ministry of Economy, Trade and Business Environment, Bucharest, 2013, p. 3

enterprises by offering them different advantages. For example they cut different registration taxes and fees for these organizations, they have priority access to renting and buying national assets or they can participate to trainings and seminars created especially on their activity domain.¹⁸³

The Ministry of Economy, Trade and Business Environment collaborate with other Ministries and Agencies in order to improve the activity of SME and to offer them more advantages. They collaborate with the Ministry of Education, Commerce Chamber, the Ministry of Labour and Social Protection and especially with the Agencies for Implementation of Programmes and Projects for SME.¹⁸⁴

The prim-minister Mihai Ungureanu states that the small and medium enterprises represent an important factor in the Romanian economy because they represent the middle class which is in a large number. The small and medium enterprises represent almost 100% from the number of Romanian enterprises and they generate two thirds from total working places. The Romanian economic growth is based on the output of the SME and not on big companies, their number being very small. The SME demonstrated that they are strong organizations, being able to survive to the international crisis and to an unstable economic environment. Although in 2011 the business environment faced a large number of bankruptcy of SME, in 2012 a considerable number of SME have been opened.¹⁸⁵

The prim-minister emphasizes the role of the competition and promises to offer a suitable climate to create and sustain competition between SME. He states that the government will promote the creation of innovative and emergent sectors, high-tech and will sustain the grass-roots rise (the entrepreneurial development which begins from bottom to top). The state will sustain the enterprises also on the European plan offering European funds and programmes for development and productivity.¹⁸⁶

Romanian economical analysts state that the sustainment of the development of small and medium enterprises sector must be a priority not only at national level, but also at the level of the European Union. After the years of worldwide crisis a large number of SMEs stopped their activity, they not being able to pay their credits or costs. The researchers consider that the intervention of the Romanian state in this area is decisive not only for the future of these organizations but also for the national economy. The state should facilitate the obtaining of

¹⁸³ *Ibidem*, p. 3

¹⁸⁴ Romanian Government, *Decree for the establishment and development of small and medium enterprises*, Bucharest, 2012, p. 10

¹⁸⁵ A. M. Paul: „AIPPIMM Forum“, in *AIPPIMM Regulation and Control*, Bucharest, 2012, pp. 12- 14

¹⁸⁶ *Ibidem*, p. 12- 14

non-refundable funds and it should guaranty the economical safety of these organizations. The statistics demonstrate that small and medium enterprises don't have an easy access to credits or funds. The banks' politics related to SME have also a negative impact on the development of these organizations. The good performance of SME is not only an individual interest; it has also a social effect, a contribution to the problem-solving of the society in general.¹⁸⁷

¹⁸⁷ *Ibidem*, p. 14-16

CHAPTER 4. ORGANIZATIONAL CHANGE MANAGEMENT AND HIS IMPLEMENTATION IN OTIMMC

4.1. Change process in OTIMMC and organizational change goals

As we already mentioned OTIMMC is a public institution that follows very strictly the rules and procedures imposed by government. However the institution does not function at its maximum capacity. The top manager of the organization took the initiative and stated that the organization needs a new working plan. We studied the situation in a more detailed way and considered that the organization needs a change intervention. We worked on the problems encountered in our research and developed a change intervention plan.

We started our process by interviewing the members of the organization about their working situation and about what they consider that the organization needs to change. We had important discussions also with the top manager who coordinated and influenced the all change process. All change plans and interventions were discussed and worked out together with the top manager.

In the all project we aimed to discover the main problems of the organization and after that to find solutions to overcome the problems or to diminish their effects. In our research process and change implementation we followed four steps: diagnosis, change strategy, intervention plan and interventions.

In the first part of the paper we study the theoretical background of organizational change management and in the next part we will implement the theoretical criteria on real life. We want to study in which dimensions theory can be implemented in practice. We consider that even theory offers many explanations about change management they cannot be all of them in all organizations. Each organization is unique and reacts in its own way. We study change management in a public institution, because we consider that the public sector has many characteristics that make organizations to act different than private organization when they are submitted to change.

Beside the theoretical research, we focus also on the need of change itself in the institution. Our main goal is represented by offering a better working environment for employees and by increasing the efficiency and productivity of the institution. In the same time we want to demonstrate that change management is needed by many organizations and in most of the cases it has positive results.

Our research focuses on public institution fact through which we want to demonstrate that although public organizations are more difficult to change (due to their large number of rules and constraints), it is still possible to change their structure or strategy.

We study the dimensions of structure of the organization and we search what kind of changes in the structure of the institution can be useful for the organization. We look very closely at the interdependence between the dimensions of structure and organizational change management searching for the best combination for our institution.

The interventions that we planned and also implemented were developed based on employees' needs and demands. We took into consideration also the opinion of the customers and their relation with the office. We aimed to improve the communication between office and the customers and to offer better services for them.

After the deep study of the situation in the institution we decided to implement five large changes. We chose these steps because we consider that they are the most important and that they are the ones that need the earliest solution. Another range of changes can be discussed and implemented in a second change process.

We constructed our research analyses based on four steps, found also in the literature. We begin by establishing a diagnosis of the situation in the institution, we develop the change strategy and the implementation plan; and finally we implement the changes in order to check which of them can be absorbed by the organization, which of them are useful and which can be kept for a longer period.

4.2. Diagnosis

4.2.1. Interview sessions with the top manager

In 17 July 2012 we met the top manager of the OTIMMC Timisoara in order to know better the organization and to understand what problems the organization faces. The top manager was very kind and answered all our questions being very precise and detailed. Mr. Adrian Onut offered us a first consultancy meeting where we discussed the general problems of the OTIMMC. After this meeting we extracted the most important problems and we conducted another interview which focused on these problems and issues. The results of both interviews will be related and explained in the following.

Before starting our interview about the organizational problems that the institution has, we wanted to know how the institution finance itself. Being a public institution was clear that most of the capital comes from the public budget, but we wanted to know if they have also

their own funds. Mr Onut explained us that at the beginning of each year all national offices make their expenses plan which include: renting costs, utilities costs, organizational costs, etc. This plan is sent to the Ministry of Economy, Trade and Business Environment which decide how much the institutions need for one year expenses. Even in the plan is stated a fix amount, the institutions receives much less than they asked. Because of this reason, it is very difficult for the institutions to cover their costs or to make costly changes in their organization.

After clarifying the origin of the capital of the institution, Mr. Onut started to discuss with us the organizational problems of the office. He said that the office has a big organizational problem which refers to the fact that all employees, except the top manager, work in the same office, same room. This means that all departments work in same place. They don't have separate offices or rooms, not even a wall which could divide the departments. He explained that it is very difficult to focus on your job with nine people in the same room where each of them are doing their jobs. Mr. Onut, the top manager is the only one who has a separate office, but the other employees have to share same room, having only individual desks. The employees complain that sometimes they are disturbed by other colleagues and that they also disturb their partners. Mr Onut considers that would be very efficient to rent a bigger place for their offices, but in the same time he affirms that the institution doesn't have enough capital to afford a higher renting cost. They already tried to find a better place, but all prices are too expensive for the institution.

Staying on the organizational problems, the top managers tells us that the institution doesn't provide a dining room, or kitchen, or a place where the employees could have their lunch break and could have the lunch. He states that it is very impolite and uncomfortable for the employees and also customers. Related to this problem, Mr. Onut says that the organization doesn't have customers program hours although they have in their job description consultancy activity. This issue makes difficult the organization time of the employees, they being disturbed or stopped in the middle of an important activity. This issue creates a total chaos in the organization. There are situations when for example two employees are talking at the phone, other two have consultancy with two customers, other 4-5 customers are waiting their turn, other employees are busy with accountability, finance and all these factors makes the work very difficult. We ask the top manager why is not possible to split the working hours in a more effective way and he answers that the law and the legal regulation doesn't allow them to organize the time as they want. They must follow and obey the governmental plan.

Mr. Onut doesn't face directly these problems because he has his own office and his activity

meets only the employees and the higher offices or governmental institutions. He gathered all these information from the discussions with the personnel and from their complains. He is interested to solve these problems in order to offer a better working environment for the employees, which could also improve the efficiency of the office.

4.2.2. Interviews with employees

After having the interview with the top manager we wanted to have also the opinion of the employees. We wanted to have an open discussion with one representative of the employees but we encountered that they don't have a specific person that is responsible with the employees' problems. We noted this also as a problem, finding it as a problem of communication. Because we couldn't find this available person, we chose to discuss with one employee from the centre for programmes selection, evaluation and contracts, Ms. Angela Horj. The interview with Ms. Horj was done separately from the interview with the top manager, in order to provide her personal and individual opinion about the situation in OTIMMC.

Our priority was to evaluate if the problems stated by the top manager are true and still available in the employees departments. Ms. Horj stated all the problems described above by the top manager and emphasizes the consequences of these issues and especially of not solving as soon as possible these problems. Ms Horj said: *“It is very difficult to work in 60m2 nine people, almost each of them having others duties. Moreover there are situations when clients come for consultancy and they have 1000 of questions and a long queue is created and they have to wait long time till their turn comes. It is very inefficient and unprofessional to not split our time and to not provide fix consultancy hours for clients. It is also very uncomfortable and impolite to have lunch on your working desk while clients are attended by your colleagues. But we cannot hinder this situation because we don't have lunch break and either a dining room.”*

Ms. Horj also explained that the number of employees is not enough to cover all tasks. They are nine employees and one top manager and these employees must do the job of all departments that can exist in an organization. There are 3 people responsible for six departments: economical, financial, human resources, administration, accounting, and legal departments. Her department, the centre for programmes selection, evaluation and contracts, faces the same problem. They are 4 employees in this department and the number of programmes and projects is very large and they cannot cover in an efficient time all

programmes and customers. What is more stressful is that all 10 employees have the duty to offer consultancy and assistance.

Ms. Horj underlines also that the personnel is not trained enough. There are programmes or new programmes about which the employees have only a few information and they cannot explain them to the customers. Although it is supposed to have training classes, seminars, workshops or at least some working meetings and discussions, the number of these activities is very low and inefficient.

Another thing she thinks is critical is keeping in the institution the same top manager for a longer period of time. She sustains that the headquarter Agency keeps changing and replacing the top manager. Many times the new top manager has no experience in working in this institution and also doesn't know their organization. It takes some time to learn and get used with the institution and when he knows the institution he is replaced. The communication between the top manager and the employees is hindered because of this reason. There are situations when the employees are waiting for instructions or information but because not even the top manager knows them they cannot be shared to other employees.

We were interested to know also if the institution has competitors. We asked if there are other organizations which provide funds and credits at same advantages or even easier to access. Ms. Horj answered that the only organizations that provide credits and funds are the banks, but they are not direct competitors because even if they accord credits they don't give it for the same type of activity like AIPPIMM does. Moreover Ms. Horj explained that their institution has 13 banks as partners. They accept banks support for the entrepreneurs in case that they don't have the necessary beginning income. We wanted to find out if competition is a factor in the period of the evolution of the institution but we found out that this doesn't represent a problem.

4.2.3. Questionnaire for all employees

In order to find out the opinion of all employees and the working situation in OTIMMC we decided to conduct a questionnaire session at which we asked to participate all employees. Questionnaires were split to all members of the organization and they were asked to answer honest and individual. The questionnaires were anonymous. Because the number of the employees is not large in this organization open questions were also written on the questionnaire. We were interested to know if the employees are satisfied with their working

conditions and working environment, if they consider that changes are needed in the organization, what kind of changes the organization needs, are they open to changes.

During a period of four months, once a month, one set of questionnaire was split to all employees. After studying the answer of the questionnaires we discovered that they are not satisfied with their working conditions. On the first plan stays the working environment. The employees complain that the working-space doesn't offer the proper conditions for an effective and concentrated work. All employees work in the same office and in many cases they disturb one another.

Another complain coming from the employees' side was related with their training. They consider that are not enough trained about the new programs and projects and cannot offer the best consultancy to customers. This problem comes even from the top manager. The employees consider that it is a low communication between the top manager and the rest of employees. Moreover, at the beginning at 2013, in January, a new top manager for OTIMMC Timisoara was selected by the Agency. The new top manager, Mr. Pascuta coming from a legal domain, has less experience in this kind of public institution, fact that hinders his activity in this office. The employees are waiting for many decisions from the side of the top manager, but he is not yet prepared to take them. The top manager should also train the employees about the new programs and projects, but he at his turn needs more knowledge about these issues. The employees also complain that the headquarter changes the top manager too often and they cannot establish a good communication chain with the top level. In a period of 6 months, the office already had two different top managers.

The employees are not satisfied with their working conditions because they consider that they are overloaded. We already know that even if the employees work in different departments, all of them have the duty to offer consultancy and information to the customers. This situation makes them to not really focus on their work. They consider that multi-tasking is not efficient in this kind of organization and they need a better organization scheme. They state that the reward system doesn't cover all their work. Even if they have been hired for one type of work, they end by doing the job in more departments and they are not payed for their extra job.

4.2.4. OTIMMC - Dimensions of structure

After having the interview with the employees and after studying the organization's framework we consider that it is important to establish in which classes and levels of

dimensions of structure, our organization finds itself. This classification will be helpful for the change process to see which dimensions already exist, which one can be improved and which one should be changed. For our analysis we use OTIMMC which we already know that it is a sub division of the large organization AIPPIMM.

1. Specialization

As in our theoretical part we start with specialization to see in which dimension of specialization OTIMMC is. From this point of view, the situation in OTIMMC is relatively difficult to establish. We already know that OTIMMC has 10 employees, one of them being the top manager. The other nine employees have different tasks, some of them working in more departments and their tasks overlapping.

From the point of view of specialization, OTIMMC has a functional form, an U-form and it is horizontal grouped. First of all, we already know that all employees of OTIMMC work in the same office, same room (except the top manager), fact that offers them the possibility to participate and to know everything what their colleagues are working. On the second plan, even if the employees have different tasks, working for different departments, such as economic, finance, human resources; all employees have a common task that must be fulfilled by *all* of them. They must offer consultancy and information about programs and projects to all customers who require this information. This fact makes the organization to be horizontal grouped even if it as a functional form. This kind of organizing offers better communication between employees and departments, but in the same time is more difficult to change.

2. Configuration

Configuration is another dimension of structure which is strongly related to specialization. We already know that OTIMMC has a functional form that uses horizontal differentiation, but we must establish also what kind of hierarchy the institution uses. In order to analyze this we will look at the level of the span of control of the institution. On the internal plan, we already know that OTIMMC has a single top manager that is responsible for all final decisions in the organization. After our interview session we found that the organization didn't deliberate a specific person who will represent the employees and will report to the top manager their requirements, opinions or ideas. We found out that all employees are allowed and encouraged to talk personal or in open discussions with the top manager. This makes the organization to have a wide span of control with many persons reporting to the top manager. This situation offers again a better communication and opinion sharing within the organization. On this classification we can say that OTIMMC has a flat structure, having few hierarchical levels.

OTIMMC is a flat organization because their core activity is focused on selling and organizational theory have demonstrated that flat structures have a good performance on sales, but need more time to solve conflicts and coordinate effort.

3. Centralization

Staying at the level of authority, we must establish also who has the authority to make decisions in OTIMMC. We already know that OTIMMC has a single top manager and all employees have to report their activity direct to the top manager. After studying the job description of the top manager and also after the interview with this person, we could clearly conclude that Mr Onut, the top manager has the total authority and he is the only one allowed to take decisions and to approve ideas and solutions.

The employees are allowed to propose changes and share opinions but the top manager is the only one who can sign the approval of their implementation. In fact all the work of the employees passes by the top manager before it is finalized. The top manager has to approve each credit, fund or program that is given to a customer. These characteristics make OTIMMC to be a highly centralized organization with a perfect bureaucracy, where the decision is taken at the high level of the organization.

Centralization can measure also the relationship between the headquarter and the sub-units, showing the influence and the control that the headquarter has over the subunit. After our research we found that the subunits of the AIPPIMM are strongly dependent on the headquarter. All projects, programs and funds requested by sub-units must be approved by the headquarter before they are given to customers. The Agency has strict rules and procedures that all sub-units must follow. The sub-units are allowed to take their own decisions only on low levels, important decisions requiring approval from the Agency.

4. Coordination

Coordination studies the relationship between the headquarter and the subunits or the relationship between subunits. Formal hierarchical structure coordinates the relationship between the headquarter and the subunit, in our case between the Agency and OTIMMC, relationship that we already studied above. Informal lateral relations coordinate activities within the subunits of an organization, in our case between the eight offices of AIPPIMM from the eight biggest cities from Romania. Our research has showed that there is no strong relationship between the subunits. Each of them work independently, being related only with the headquarter. This means that the subunits have pooled task interdependence, so they need less coordination, but more rules and procedures that are already given by the headquarter.

Informal lateral relations allow information sharing between subunits, but it is not often used. There are only situations when this activity happens naturally, if one of subunits needs something from another one. This structure allows also equal treatment and resources sharing from Agency. All subunits must follow the same laws, rules, regulations, but the resources are shared related to the needs of each unit. As we already discovered in our interviews, the subunits present to the Agency an expenses plan which is evaluated and based on it the subunits receive the capital. The Agency decides how much each subunit will receive depending on the size of the office, number of customers, and previous expenses. Coordination is a challenging task of the top manager, which can be positively achieved with a good strategy.

5. Formalization

We know that OTIMMC is a public institution, which already makes it a highly formal organization. The public institution uses many written rules, procedures, laws, regulations, etc. Most of the rules that the office must follow are those that come from the headquarter. The headquarter at his turn receives the regulations and laws from the government and from the Ministry of Economy, Trade and Business Environment. It is very important to underline that the entire organization follows strict laws and procedures established by the Government.

At the beginning of every year, AIPPIMM sends to its subunits the regulation for organizing and functioning that it receives from the Ministry. If new laws or regulations are changed by the Ministry during the year, a new regulation document is sent to all offices. Together with this regulation, AIPPIMM sends the internal regulation, which contains mostly the rules from the Ministry, but sums up also internal organizational directives. The basic regulations that coordinate the activity of the subunits are:

- The Governmental Decision Nr. 65 from 11/02/2009 concerning the foundation and organization of AIPPIMM,
- The Governmental Decision No. 4, from 09/01/2009 concerning the organization and functioning of the Ministry for Small and Medium Enterprises, Trade and Business Environment;
- Governmental Program 2008-2012;
- Governmental Strategy for the supporting of SME;

– Several numbers of laws.¹⁸⁸

Each subunit has its own internal manual of procedures and rules that must be approved by the Ministry in order to be used. The manual contains information related to individual office and is focused only on one unit.

The offices receives also from the headquarter the description of employees' tasks and job. Each working place has its own internal control procedure and regulation, but everything must be approved by the Agency and also must not go far from the governmental regulation. The employees have their duties and attributions very clear written and they must follow them. At precise intervals they are evaluated based on an evaluation platform and their results show where they have to improve their work or what changes in their behavior they must do. Having so many rules and procedures in this organization is very difficult to develop a change process. The laws and regulations constrain all changes that a manager or a change agent would like to implement. Even OTIMMC is a small institution; it belongs to a large national public institution that needs a good formalization structure in order to coordinate all subunits.

4.3. Change strategy

4.3.1. Incremental and improvement change

After studying very detailed the organization and after conducting the diagnosis process, we consider that the organization needs a change strategy rapidly. The top manager was the first one who considered that the organization needs a better structure in order to provide more efficient services. He already noticed that the employees are not satisfied with their work conditions and he considers that the organization needs a change process.

Having conducted the research for the diagnosis of the change process we decided that the institution needs an improvement change process as fast as possible. A renewal change process is not possible in this situation because OTIMMC Timisoara is a public institution that must follow very close the governmental requirements. Big and deep changes in organizational strategy and structure will not be allowed by the Agency and by the Ministry.

In these conditions we will use an improvement change strategy based on changes in already existing structures and activities. The change strategy will be divided in different parts and

¹⁸⁸ The Ministry of Trade, Economy and Business Environment, AIPPIMM, *Manual for internal procedures*, Bucharest, 2005, p. 20

subjects. First of all we want to provide a better working environment for the employees in order to increase efficiency. Then we will focus on employees truly work, improving the qualification and preparation of the employees. We will also create a better communication between the low level of the organization and top level, the manager. Finally we will improve the services offered by the institution and we will enforce the relationship between the customers and employees, which is the core activity of the organization.

In our change strategy we will attentively study and overcome the barriers that we will encounter during our change process. One more time, the fact that we work in a public institution will bring many resistance to change that must be carefully handled even from the beginning. In our research we discovered that the change strategy should be based on intuition and forecasting. It will be necessary and helpful to imagine what a certain change will produce in the organization, what kind of resistance will meet and how can be this resistance overcome. Planning these issues before the implementation we will diminish the possible barriers to change.

After establishing our change strategy we must develop the intervention plan and to discuss it with the top manager and the employees. In the following part we will present our intervention plan

4.4. Intervention plan

After conducting the diagnosis process and after establishing the change strategy, we worked on our intervention plan that we presented it to the top manager. In October 2012 we had our first meeting with all employees and the top manager in order to present our research results and our intervention plan. We considered that it was efficient to have a meeting with all employees because the organization is small and gathering all employees was not difficult. Having all employees in front of us we can discuss if all employees are prepared for change and we will also listen their opinions. In the following we explain our intervention plan.

But these meetings will not be always possible. We want to establish a better communication between the top manager and the employees that is why we consider that we must choose one employee who will represent the other employees in front of the top manager. We already know that the organization has no person who represents the employees in front of the top manager. In this case, we asked the employees to vote one person with whom we will discuss from now on. After discussing more options the employees decided that the most appropriate person to represent them is Ms. Ana-Maria Cociu who is working in the human resources

department. Starting with the next meeting we will discuss our change plan only with Ms. Cociu and with the top manager, Mr. Onut.

However in this meeting we will present to all employees our intervention plan. Our change process will be divided on several fields. We want to offer a better working place for the employees and also better services for the customers. In order to achieve these tasks we must focus on the next improvements in the organization's structure and strategy.

As we already stated several times after our diagnosis, a big problem of this organization is the small working space. In order to solve this problem we will study the real estate market in Timisoara and we will try to find a bigger office for the institution. A larger working place supposes in the same time higher renting costs. In order to be sure that our budget will cover the new renting costs we will study the budget of the institution and will plan the expenses for the next year in such a way to cover higher renting costs.

On the next plan we will focus on employees and their activities. We already know that in OTIMMC Timisoara are 10 employees working in different departments but all of them having the duty to offer consultancy and information for customers. We consider this situation with lack of organization, diffusion of attention and inefficient, that is why changes in this part are immediately needed. In this case we recommend to have four people very well trained that will focus only on improving their knowledge about programs and projects and on sharing this knowledge to customers. These persons will be chosen together with the top manager and Ms. Cociu.

The main activity of the institution is the consultancy and information of managers of small and medium enterprises. In order to have the best services we need very well prepared employees and this can be achieved with many training. We will ask the Agency to promote more seminars, workshops and debates on different topics that can improve the knowledge of our employees. On an internal level we will plan these activities between the top manager and the four people selected for consultancy and information. As we already know that all employees must offer consultancy and assistance even all of them work in other departments as well, we consider that it will be useful that four people to be focused only on consultancy. We choose four from ten because consultancy is the main activity of the institution and it requires much involvement. We cannot choose more because then we will have enough employees for all departments. The other employees will work in their assigned departments, but will not offer consultancy anymore. The top manager will work more intensively with these persons, sharing their knowledge, opinions and ideas in order to provide the best

information for the customers. They will have discussions sessions, seminars, and workshops, projects on different problems of the programs and projects offered by the institution.

In the next step we will organize the institution's working time. At the moment the institution works from 8:00am to 4:00pm from Monday to Thursday and from 8:00am to 2pm on Friday, being open for the public at any time in this period. We consider that a better timing will be more efficient for the organization and for customers. We consider that the working time should be from 8:00am to 4:30pm from Monday to Thursday and from 8:00 am to 2:30pm on Friday, with a lunch break from 12:30am to 13:00pm every day. This new schedule will offer a better organization time for the employees who will be more focused on their work if they are given in between a break.

An institution couldn't exist without their customers. We want to improve the relationship between the institution and the customers that is why the organization needs a different working schedule for public. Our new schedule supposes new opening hours for the customers. The department for consultancy and information will work on Monday, Wednesday and Friday from 8:00am to 2:30pm and on Tuesday and Thursday from 11:00pm to 4:30pm with lunch break from 12:30am to 1:00pm. In this period the office will be open for customers that want to have more information about the programs and projects. When this office is closed, but the employees are still in the working time, they must prepare themselves about the services offered by the institution, the market, the situation of small and medium enterprises and about environmental changes. They must be prepared to answer any possible questions.

4.5. Interventions

Our next step for developing the change process in OTIMMC Timisoara was the change interventions themselves. In the next part we will present how our intervention plan was put in practice and what we have done in order to achieve our points presented in the change strategy.

4.5.1. Location

We started by searching a new working space for OTIMMC Timisoara and we had to take into consideration the following factors: costs, location, dimensions. The renting costs shouldn't

exceed €1000, - per month because the institution cannot afford to pay a higher rent. At the moment the renting costs are €700, - and managing these costs is a problem every month.

Concerning the location variable we must underline that the location must be in a known place from Timisoara and easily accessible from many directions. We must take into consideration that the office from Timisoara is responsible for four districts from Romania, fact that makes him to have customers who come from many kilometers away and do not know the city. We couldn't find a good space in the center of the city because the renting costs are too high in this area so we choose to look in other districts that are not in the centre, but that have known points of interest.

The office works at the moment in a 60 m², dimension that is very small for 10 employees and many departments. We are looking for a bigger place, between 130 and 150 m² that will allow us to divide the space in more rooms for different departments. It would be better to find an already divided space, but if we don't find one like this, we can adapt it.

In order to achieve this task, the real estate market from Timisoara has been carefully studied. During a period of three weeks we studied and searched a space in local newspapers, internet sites, real estate agencies. We visited many spaces in order to check if the location fulfils all requirements and if it could be a good solution for the office. At the end of the three weeks we considered that we studied enough the market and we can present the most suitable places. We made a list with the spaces that we considered that can be the new location for OTIMMC and we presented and discuss them with the top manager. The top manager will study the list and the characteristics of the spaces and he will decide if one of them is suitable for the office. He will let us know if we continue our activity concerning the movement or we will stop our research and implementation of change.

We must underline that it was difficult to find a space in the above requirements especially the cost restriction. Real estate market in Timisoara has high costs because is a big and developed city, with many possibilities for all kind of organizations, fact that rises the prices.

4.5.2. Division of work

Our next step in the change process focuses on division of work in OTIMMC Timisoara. Our diagnosis showed us that the employees are overloaded. There are many situations when they have to be in more places in the same time. They work in office, but they must also go and check the SME if they follow the requirements that OTIMMC imposed when the enterprises

got the credits. It is clear that the number of employees is not enough for all tasks in the organization. We wanted to hire more employees, but we found out that is not allowed. The number of employees in this institution must be maximum 10 and no other employment is allowed. This regulation is given by the Ministry of Economy, Trade and Business Environment.

Taking this factor in consideration, we must think to a new organization method within the 10 employees. We already planned to keep four employees that will be responsible only for consultancy, assistance and information. These four employees will be the ones that already work more intensively on these tasks and are the ones from the centre of program selection, evaluation and contracts. These persons are: Emilia Szekely, Bojin Domilescu-Lambing, Maria Muresan, Angela Horj. They will be responsible for working with clients in the working time and after this program they will improve their knowledge about projects and programs.

The selection of these persons has been done after a discussion with the top managers who agreed our proposal. We have chosen these persons because they already worked more on the centre for assistance and information, so they have more experience than others in this department.

4.5.3. Training and workshops

Related to this intervention we planned new seminars and training for all employees, but especially for the persons responsible for consultancy and assistance. First of all we talk to the top manager and asked him a seminar for the employees. He told us that all new regulations and training programs come from the Agency, but they are not in time with sending them. In this case we wrote a directive to the headquarter Agency asking for new training for the employees. A new program is already in use, but the employees have less information about this program. This situation makes the efficiency to decrease significantly.

Workshops and seminars are not necessarily only from Agency. The top manager and the employees responsible for the programmes can develop workshops, brainstorming and discussions sessions in order to debate these issues. We established once a week a meeting between the top manager and the four employees in which they will discuss and improve the action of assistance and consultancy.

4.5.4. Improvement of the communication between the top manager and the rest of employees

Another point on our change plan refers to improving the communication between the top level of the organization and the low level; top manager and other employees. We considered that is a lack of communication and ideas sharing between these levels. In this case we established two sessions of meetings and discussions per week with all employees.

In first session, on Monday, the top manager will present all requirements for the following week, will open discussion problems, will split tasks for all departments and will present the results of previous week. At the end of the week, on Friday, it will be the turn of employees to present their week results, answers, raise questions or problems that they encounter during the week and find together solutions at those problems.

During one month we also participated to these meetings and we gave solutions and ideas how these meetings should take place, what should be emphasized and we required a deeper implication of all employees. At the beginning was more difficult because nobody knew what they have to do, but for week to week the quality and outcome of the discussion improved.

4.5.5. Working hours

In our intervention plan we already described how we consider that working time should be split in order to provide a more efficient work. This plan we presented to the top manager, who decided that this change could be a good solution for the effectiveness of the organization and he told us to implement this for a period of 3 months. If in this period we see improvements and satisfaction from employees and customers, this intervention will be kept in the system.

For a period of three weeks the organization worked on the new schedule. From 8:00am to 04:30pm, with 30 minutes lunch break from 12:30pm to 1:00pm on Monday to Friday. The program with customers was also implemented in this period, so clients could have consultancy and assistance on Monday, Wednesday and Friday from 8:00am to 2:30pm and on Tuesday and Thursday from 11:00am to 4:30pm with lunch break from 12:30pm to 1:00pm.

After three weeks of practice with the new schedule the employees declared that they are satisfied with this program and that it should be for a longer period. But being a public institution, no changes are allowed without the allowance of the Agency. We wrote another directive to the Agency, in which we proposed our new working program, the motives that

made us to implement this change and positive effects of the change. Before being able to implement the change we must wait for the allowance of the Agency.

After a few weeks we received the answer from Agency that allowed us to change the working program and also allowed us to offer lunch break for employees if we regain that break in another moment of the day. This requirement we already fulfilled in our change program by enlarging the working day from 4:00pm how was before, to 4:30pm how it is in our change plan.

The Agency also allowed the change related to working program for customers but with the condition that after three months of implementation we provide a report of the implementation of this change in which we describe and explain how the change has been useful for the organization. If we have positive results and the Agency will accept them we can keep the change for a longer period. In this case we implemented this change for other three months studying constantly the impact and the effects of the change on organization's services and strategies.

4.6. Results of implementation of organizational change process

After conducting the change process we must analyse which change intervention was efficient, which one was not, which one can be absorbed by organization and which one is not allowed by the Agency or by Government.

We start the analysis of our results with the study of location change. After we sent to the top manager the list with all spaces from Timisoara that fit the requirements of the office, we were waiting for an answer if one of them will suit our research. We must say from the beginning that the costs of the places from our list exceeded the costs required by the manager. Even from the beginning we hit the costs barrier. The office could not afford to pay a too high rent, which is why we encounter a difficult resistance. The renting costs are a little bit higher than the one required by the top manager.

The manager studied the list and their advantages and disadvantages, but unfortunately he shared us that the costs are too high and that the office is not able to pay these costs per month. He is afraid that taking this change the office's expenses will increase too much and it will be unbalanced. In the end we decided to give up this change because the office doesn't have enough resources to sustain this process.

Our next step in the change process was related to division of work. We considered that only

four employees should focus and work on consultancy, assistance and information. We discussed this change with the top manager and he considered that it cannot be implemented before it will be accepted by the Agency. As we already said above, we wrote a letter to the Agency and explained the change presented before and we waited for an answer. After two weeks the Agency answered to our letter, but unfortunately the answer was not positive. The Agency didn't allow changing the organization of work in the office. They explained that The Government established this type of organization and it is not possible to change it from bottom to top. The Government is the one that must implement such a change. Another reason is that all employees should be aware with all programs and projects. Is more useful and successful for the organization if all employees are trained and offer consultancy.

In this case we encountered another barrier to change. The high level of formalization and coordination do not let us implement the change intervention concerning the division of work. Not even smaller changes in the division of work is allowed by the Agency because they consider that the primary duty of the office is to provide consultancy and assistance and in this case all employees must be able and prepared to offer these services. For example if 80% of employees do consulting and 20% other work, the office will not have enough employees for the rest of departments. In this case many duties and activities will remain uncovered. In another situation, if 20% of people do consulting and 80% other work, the 20% will be overloaded and will not be able to serve all customers. Having these situation the organization will remain as same as before and will be no division of work for four employees.

Another change in our organizational change process was related to training, workshops and seminars for employees. We succeeded in receiving from the Agency personal that offered training for the employees in OTIMMC. During three months, once a month a person from Bucharest came to Timisoara and presented to employees everything what it was new on the Agency, on programs, projects, strategies, relationship with customers. After three months we studied again the situation of the employees by questioning them about this improvement. They answered that the seminars were very useful, they are very well prepared now, and customers are also very satisfied and better informed about the programs and projects. All employees participated to training so all departments can offer now a better consultancy and information for customers.

The training and workshops didn't come only from Agency. The top manager followed our program of meetings and discussions planned for every Monday and Friday, but not only with four employees, but with all of them. The discussion sessions proved to be very useful for a

better understanding of the functioning of the organization and about employees' tasks and duties. In the same time it created a better communication between the top level and the bottom level and increased the trust in each other of the two levels.

The intervention related to working hours was another successful change implementation. We planned the working hours on two dimensions. We offered a lunch break to employees in the middle of the day and we extended the working time with 30 minutes at the end of the day. The employees were very satisfied with this new program, stating that a short break during the day offers them a disconnection moment from all activities and makes them to come back to work with more energy and willingness to work. It also offers more respect and organization related to customers, who do not have to wait in the same room where some employees may have lunch and others may offer consultancy.

Customers declared that they are also satisfied with the working program for clients. They feel that the institution is better organized because the waiting time is less, the employees offer a better consultancy in a shorter time and there is always somebody that can answer their questions in a brief context. After three months of experiencing this change we discovered that we had only positive results of this implementation. In this case we considered that we can report to the Agency our results and our willingness to keep this change implementation. The Agency approved the changes in working time and the institution continued to work on this program.

CONCLUSIONS

Organizational change management is a business topic that should not be avoided by managers in organization's day-to-day activities. Change is a natural order of things in today's global environment. Organizations must build and act in a changing climate to provide stability and efficiency. Most changes in organizations are incremental, but lately radical changes are also very possible to happen. In normal life a change process happens from top-down, the top level of the organization being the one who decide for changes in the company. Changes for bottom to top level are also possible to develop in an organization but the change process is more difficult to implement and encounters more resistance to change.

Our research study aims to offer a theoretical background of organizational change management and its implementation in daily life, in a Romanian public institution. The theory on organizational change presented on the first part of the thesis creates a framework for the case-study that is studied in the second part of the paper. In this research we pursue to study how a public institution reacts in a changing environment.

Our study is based on research and analysis of the working environment in OTIMMC Timisoara, activity developed with the implication of all employees through seminars, interviews, and questionnaires. After establishing the diagnosis of the organization and the need for change, a change strategy was developed and implemented based on an intervention plan. We were looking to solve and improve the main problems of the organization in order to provide a better working environment that could increase efficiency. We focused on employees' needs, customers' satisfaction and employees-top manager communication. We implemented most of the changes and they proved to be effective for the entire organization.

We must underline that we also encountered many barriers to change especially from the top

level that does not allow deep changes in the organization. AIPPIMM is a public institution regulated by The Romanian Ministry and it must follow all rules imposed by the Government.

At the level of the sub-unit the changes are developed from top to bottom level, but if we consider the entire organization, we can say that the change plan is presented and initiated from bottom to top level. Being a public institution regulated by the Government a bottom-top change process is difficult to implement and moreover to accept. We must underline that even if the changes implemented in OTIMMC have been successful they have not been absorbed by other offices in the country. The Agency didn't consider that these changes could represent an important problem of organizations and improvements in these issues could increase efficiency and productivity.

Another aspect studied in our research was the relations between the dimensions of structure of an organization and the change management. We cannot give a fix model of what kind of changes in dimensions of structure will be more efficient, because each organization is unique, but after our study we can admit that organizational change is successful only after an attentive study of the structure and strategy of an organization.

After almost nine months of analysis and research in the institution we can state that each organization should evaluate their weaknesses and strengths and there where they encounter problems to develop a change process that will change weaknesses in strengths. Our change plan showed to be very efficient and also offers a different working environment. The employees are satisfied with the working conditions and they are more involved in their activity. Customers are also satisfied with the new program and impressed by the improvement in employees' services. Even if we couldn't implement all changes from our intervention plan, we are satisfied that the implemented changes have been successful and that the organization will keep them for a longer period.

On a general aspect we can affirm that is harder to reform public administration than to accomplish successful projects in the industry. Public institution can learn from private organizations, but it should choose lessons that facilitate rather than hinder its tasks. In this case, even if the political supervision will still be present, a close and positive approach of unexpected consequences and improvisation can be incorporated into any change program. Public institutions must learn to play in the political environment and to identify all social and political factors that will strongly influence the change process.

The good management of organizational change or innovation could lead to growth and successful of the enterprises. Finding the key for a perfect organizational change management

represent the solution of the entire change process. Each organization has its own key and the duty of the managers is to find the suitable one for their organization. Change management is not an easy process, but as we already saw in our case-study, it has for sure many positive results. Managers should turn more their attention on this topic and should realise that we live in the century of speed, technological changes and innovations that will strongly influence all activities in an organization and will force enterprises to change in order to survive.

BIBLIOGRAPHY

Books

1. Burke, W. W.: *Organization change: Theory and practice*, 2nd ed., SAGE publications, Thousand Oaks, California, 2008
2. Burton, R. M.; Obel, B.: *Strategic organizational diagnosis and design: developing theory for application*, 2nd ed, Klumer Academic Publishers, Norwell, Massachusetts, 1995
3. Caluwe, L.; Vermaak, H.: *Learning to change: a guide for organization change agents*, SAGE Publications; Thousand Oaks, California, 2003
4. Christensen, T.; Laegreid, P.; Roness, P. G.; Røvik, A.: *Organization theory and the public sector - Instrument, culture and myth*, Ed. Routledge, Oxon, 2007
5. Czarniawska, B.: *A Theory of Organising*, Edward Elgar Pub, Camberley, 2008
6. Daft, R. L.; Murphy J; Willmott H.: *Organization Theory and Design*, Cengage Learning EMEA, 2010
7. Hall, R. H.: *Organizations – Structures, Process and Outcomes*, 4th ed., Pentice-hall International Inc., New Jersey, 1987
8. Hatch, M. J.; Cunliff, A. L.: *Organization theory – modern, symbolic, and postmodern perspectives*, 2nd ed., Oxford University Press, New York, 2006
9. Hodgettes, R. M.; Luthans, F.; Doh, J. P.: *International management – Culture, Strategy and Behavior*, 6th ed., McGraw-Hill Irwin, NY, 2003
10. Holbeche, L.: *Understanding change. Theory, Implementation and Success*, Elsevier, Great Britain, 2006
11. Grant, R. M.: *Contemporary strategy analysis*, Jon Wiley & Sons, London, 2010
12. Greenwald, H. P.: *Organizations - Management without control*, SAGE Publications, Thousand Oaks, California, 2008
13. Kotter, P. J.; Cohen, D. S.: *The heart of change*, Harvard business school press, Boston, 2002

Articles:

1. Blackburn, R. S.: „Dimensions of Structure: A review and Reappraisal“ in *The Academy of Management Review*, Vol. 7, No. 1, 1982, pp. 59-66
2. Child, J.: “Organization Structure and Strategies of Control: A Replication of the Aston Study,, in *Administrative Science Quarterly*, Vol. 17, Nr. 2, Johnson Graduate School of Management, NY , 1973, pp. 163-177
3. Dalton, D. R.; Todor, W. D.; Spendolini, M. J.; Fielding, G. J.; Porter, L. W.: “Organization structure and performance: A critical Review” in *The Academy of Management Review*, Vol. 5, No. 1, 1980, pp. 49-64
4. Paul, A. M.: “AIPPIMM Forum”, in *AIPPIMM Regulation and Control*, Bucharest, 2012, pp. 10- 18
5. Pierce, J. L.; Delbecq, A. L.: „Organization structure, individual attitudes and innovation“ in *The Academy of Mangement Review*, Vol. 2, No. 1, 1997, pp. 27-37
6. Pugh, D. S.; Hickson D. J.; Hinings, C. R.; Turner, C.: “Dimensions of Organization structure” in *Administrative Science Quarterly*, Vol. 13, No. 1, 1968, pp. 65-105
7. Tarabuta, A.: „Action plan related to the governmental strategy for the development of the SME sector“, in *General direction for industrial politics and business environment*, The Ministry of Economy, Trade and Business Environment, Bucharest, 2013, pp. 1-90
8. Tsai, W.: “Social Structure of 'Coopetition' within a multiunit organization: coordination, competition, and intraorganizational knowledge sharing”, in *Organization Science*, Vol. 13, Nr. 2, 2002, pp. 179-190

Legal documents:

1. Romanian Government, *Decree for the establishment and development of small and medium enterprises*, Bucharest, 2012
2. The Ministry of SME, Trade and Business Environment, AIPPIMM, *Regulation for organization and functioning*, Bucharest, 2009, pp. 1-72
3. The Ministry of Trade, Economy and Business Environment, AIPPIMM, *Manual for internal procedures*, Bucharest, 2005, pp. 1-45

APPENDIX

Lebenslauf

Persönliche Angaben

Diana Elena Rus

Ausbildung

- | | |
|-------------------|---|
| Ab September 2009 | - Universität Wien, Magisterstudium,
<i>Internationale Betriebswirtschaftslehre Studienprogramm;</i> |
| 09.2008 - 07.2010 | - Aurel Vlaicu Universität, Arad (Rumänien), Magisterstudium
<i>Öffentliches Budget und Staatskapital, Finanzmärkte und Bankwesen
Studienprogramm</i> |
| 09.2008 - 03.2009 | - Deutschkurs an der Wirtschaftsuniversität, Wien |
| 09.2005 -07.2008 | - Aurel Vlaicu Universität, Arad (Rumänien), Bachelorstudium,
Facultät für Wirtschaftswissenschaften ,
<i>Finanzierung und Bankwesen Studienprogramm</i> |
| 09.2005 - 07.2008 | - Aurel Vlaicu Universität, Arad (Rumänien), Bachelorstudium,
Sprachen- und sozialwissenschaften Facultät,
<i>English Language and Linguistics – Romanian Language and
Linguistics Program</i> |
| 02.2007 - 07.2007 | - University of Applied Sciences, Deggendorf (Deutschland),
<i>International Management Program, - exchange student –</i> |

Berufserfahrung

- | | |
|------------------|---|
| Ab Juli 2013 | - DAYS HOTEL & SUITES XINXING XI'AN
Xi'an, Shaanxi Province, China
Internationale Beziehungen Manager |
| 10.2012- 02.2013 | - TUTOR TIME AMERICAN SCHOOL
Internship in Bandung, Indonesien 2013 |

English Lehrer und Internationale Beziehungen Manager

07.2011 - 02.2012	- R.D.E.IMMOBILIEN, Wien, Oesterreich Immobilienmakler
10.2007 - 09.2008	- BCR, (Romanian Commercial Bank), Arad, Romania Marketing Manager
07.2007 - 10.2007	- BCR (<i>Romanian Commercial Bank</i>), Arad, Romania Praktikum ins <i>Finanzmärkte und Bankwesen</i>
10.2006 – 07.2007	- DIMITRIE TICHINDEAL SCHULE, Arad, Romania English Lehrer

Zusatzqualifikationen

Sprachen:

- Rumänisch - muttersprache
- Englisch - sehr gute Kenntnisse in Wort und Schrift
English Language and Linguistics Faculty, Arad
- Französisch - sehr gute Kenntnisse in Wort und Schrift
Sprachdiplom annerkant von die Französische Botschaft in Rumänien (Niveau C1)
- Deutsch - sehr gute Kenntnisse in Wort und Schrift
ÖSD Zertifikat Deutsch (Niveau B1)
Zeugnis über die Ergänzungsprüfung aus DEUTSCH (Niveau B2)
- Italienisch - gute Kenntnisse
- Spanisch - gute Kenntnisse
- Chinesisch - basis

Computerkenntnisse: - sehr gute Anwenderkenntnisse in Betriebssystem Windows, MS Office,

Führerschein: - Klasse B

Zusammenfassung

Um sich an dem immer ändernden Umfeld von einer Organisation anpassen zu können, müssen die Führungskräfte immer die Struktur, die Strategien, die Methoden und die Variablen einer Organisation ändern. Das Geschäftsumfeld ändert sich durch die Globalisierung, durch den starken Wettbewerb, die Änderungen in dem politischen Umfeld, die sozialen Faktoren, der Überlebensbedarf und die Kundenzufriedenheit. Diese Faktoren beeinflussen das Unternehmen so, dass sie ständig Änderungen und Anpassungsmassnahmen durchführen müssen.

Die kommenden Seiten behandeln das Veränderungsmanagement (orig. „Change Management“) in der Theorie und in der Praxis. Wir betrachten wie das Veränderungsmanagement in einer öffentlichen Institution oder in einem Umfeld, der von vielen politischen und sozialen Variablen beeinflusst ist, implementiert werden kann. Unser Ziel ist zu beobachten, wie eine Organisation bei der Einführung des Änderungsprozesses reagiert und was es bewirken kann

Das erste Kapitel behandelt die Dimensionen einer Organisationsstruktur. In diesem Kapitel wurde ein Literaturüberblick durchgeführt, um den Einfluss von Organisationsänderungen auf Organisationsstrukturen und die Beziehungen zwischen Struktur und Änderungsprozess festzustellen. Auch die Korrelation zwischen Strukturgröße und Veränderungsmanagement in Organisation werden behandelt. Wir haben für diese Studie eine öffentliche Institution untersucht. Das zweite Kapitel behandelt Veränderungsmanagement in Organisationen aufgrund von Theorien aus der Literatur. Am Anfang wird Veränderungsmanagement definiert, und es wird erklärt, warum in einer Organisation Änderungen notwendig sind. Wir werden auch die Änderungen betrachten, die einer Organisation am besten bei der Effizienzsteigerung helfen können. Diese Änderungen werden auch im vierten Kapitel eingesetzt.

Das dritte Kapitel zeigt die öffentliche Institution, die Änderungsbedarf aufzeigt. Es ist zu betrachten wie Veränderungsmanagement in der Praxis funktioniert. Eine öffentliche Institution aus Rumänien wurde untersucht, OTIMMC, die Behörde für Projektimplementierungen für Klein- und Mittelbetriebe. Sie ist ein Teilder AIPPIMM, die in Westen Rumäniens aktiv ist.

Das vierte Kapitel beinhaltet der Case Study selbst. Wir führen Veränderungsmanagement in Organisationen wie in Kapitel 3 beschrieben in OTIMMC ein. Erstens betrachten wir die

Organisation durch Interviews und Fragebögen für Angestellte. Dann ist festzustellen, ob die Institution Änderungsbedarf aufweist und es wird eine Strategie überlegt, bzw. an einer Lösung gearbeitet.

Dann werden die Änderungsstrategien eingeführt und die Ergebnisse werden analysiert. Wichtig ist, dass der Änderungsprozess neun Monate gedauert hat und in diesem Zeitraum wiederholt Änderungen eingeführt wurden.

Das Ende der Studie beinhaltet die Ergebnisse unserer Untersuchung. Eine Zusammenfassung wird gemacht, die beschreibt wie Theorie in der Praxis umgesetzt wird und die Bedeutung von Theorien im Geschäftsleben betont wird.