CHANGES-FORCE OF MANAGEMENT IN THE TRANSITION PERIOD

JOVANOVIĆ Dražen[1], NIKOLIĆ Milan[2], RADOJČIĆ Biljana[3], ĐAKOVIĆ Radmila[1]
[1]College of Health Care, Bijeljina, Bosnia and Herzegovina
[2]University of Novi Sad, Faculty of Engineering, "Mihajlo Pupin", Zrenjanin
[3]University of East Sarajevo, Faculty of Business Economics, Bijeljina, Bosnia and Herzegovina
e-mail:jovanovicdrazen@yahoo.com

Key words: increased, management, strategic management, transition.

Abstract: Today, in an era of technological revolution, transition and pervasive globalization, changes are happening at a breathtaking pace. They have far-reaching impact on society as a whole and there is almost no field of human activity which is not, in one way or another, influenced by these changes. Such drastic changes are reflected in the economic sphere of social life, primarily in the field of market economy. We are witnessing a dynamic business environment in the world and a constant struggle for survival in the market. Change management is important. Turbulent environments as well as growth of cognitive capabilities and ambition to make management changes are a constant in the life of the enterprise.

1. INTRODUCTION

As pointed out by I. Adizes, changes cannot be stopped, and all we can do is to adapt quickly. The condition for this is to learn how to quickly solve problems that they cause. The meaning of the changes is to enable the company to maintain and improve its position in new circumstances. Changes ensure survival and growth of the company.

Changes are the expression of learning and they are caused by reactions. Changes are taken in order to eliminate certain barriers, to reduce or eliminate interference between current and required performance of business enterprises.

Making changes is directly a result of audit and control of operations and almost regular companion of strategic management. Pressures and incentives for change can come from:

- Top management,
- Middle and lower managers,
- System Legislation,
- Competitive environment,
- Economic environment,
- technological development, etc.

There is a wide range of incentives, the direction and intensity of changes undertaken by the company in its efforts to preserve its vitality. From the viewpoint of the nature of incentives, is the reactions of companies, changes can be:

1. reactive
2. planned.

Observed through a common view of the company, it can be often talked about the changes in the following areas: strategy, technology, organizational structure and people. Strategic changes may relate to:

- reorientation of the business portfolio,
- revitalization of certain businesses or business units,
- turns involving the highest degree of change that the company can make in order to resolve serious crises [1]

This is similar to the division and grouping of strategic changes that relate to:

---

[1] Menadžment; Radojica Jojić; Srpsko Sarajevo 2002.
[2] Strategijski menadžment; Jovan Todorović, Dragan Ćuričin, Stevo Janošević; Beograd 1998

- Level of business units,
- Level of enterprise,
- the level of coalition and business networks [2].

2. EIGHT COMMON MISTAKES IN ORGANIZATIONAL CHANGE

John Kotter has defined eight common mistakes that organizations make when they apply changes. Making any of these errors during the transformation can have serious consequences. Following table presents these errors and their consequences:
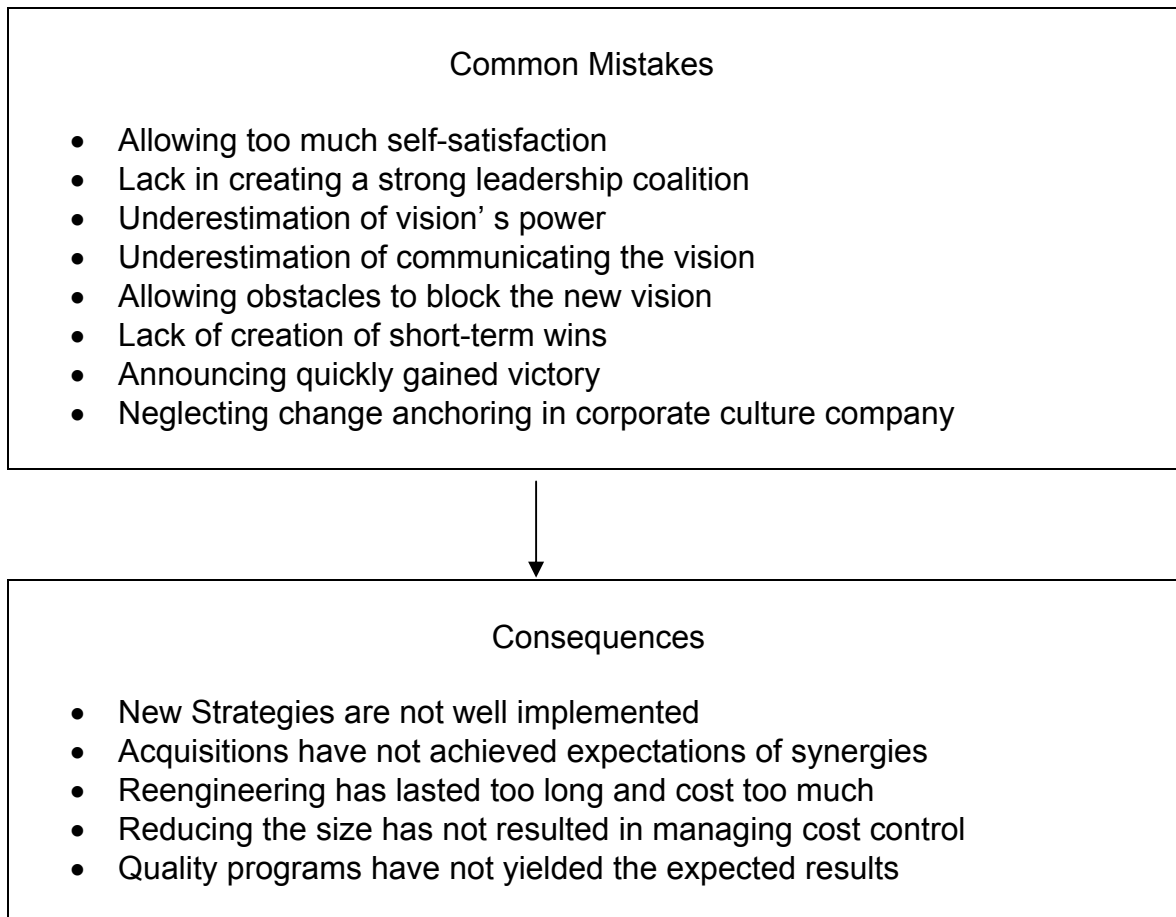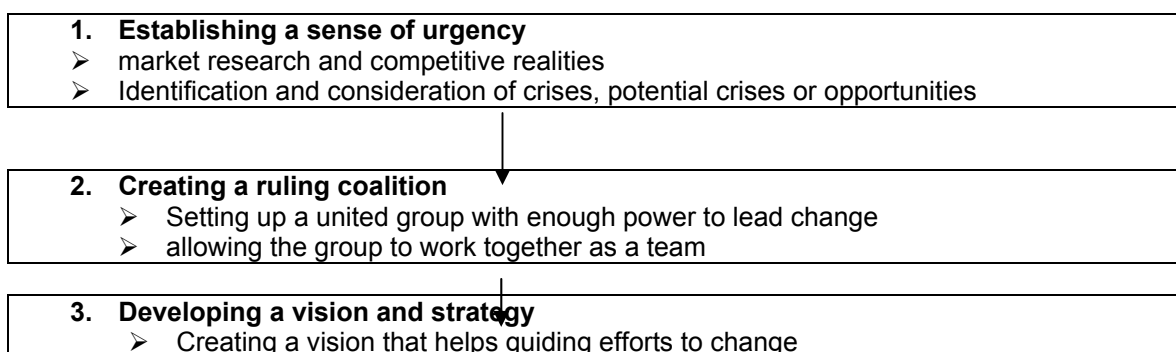
Common Mistakes

- Allowing too much self-satisfaction
- Lack in creating a strong leadership coalition
- Underestimation of vision' s power
- Underestimation of communicating the vision
- Allowing obstacles to block the new vision
- Lack of creation of short-term wins
- Announcing quickly gained victory
- Neglecting change anchoring in corporate culture company

Consequences

- New Strategies are not well implemented
- Acquisitions have not achieved expectations of synergies
- Reengineering has lasted too long and cost too much
- Reducing the size has not resulted in managing cost control
- Quality programs have not yielded the expected results

Figure 1.

2.1. THE EIGHT PHASES OF CHANGE PROCESS

The process consists of eight phases, each phase is associated with one of the eight basic errors that undermine the efforts of transformation.

1. **Establishing a sense of urgency**
   ➢ market research and competitive realities
   ➢ Identification and consideration of crises, potential crises or opportunities

2. **Creating a ruling coalition**
   ➢ Setting up a united group with enough power to lead change
   ➢ allowing the group to work together as a team

3. **Developing a vision and strategy**
   ➢ Creating a vision that helps guiding efforts to change

➢ Developing a strategy for achieving that vision

4. **Communicate the vision of change**
   ➢ Using every possible means for continuous transfer of the vision and strategy
   ➢ Support for the leading role of the coalition as a model of expected behavior of employees

5. **Enabling a broad base for action**
   ➢ release from obstacles
   ➢ Changing systems or structures that undermine the change of vision
   ➢ Encouraging risk-taking and non-traditional ideas, activities and actions

6. **Generating short-term wins**
   ➢ Planning visible improvements in performance or "wins"
   ➢ The creation of these victories
   ➢ Visibly recognizing and rewarding people who make the victory possible

7. **Consolidating gains and producing more changes**
   ➢ The use of growth changes in the credibility of entire systems, structures and policies that do not perform together and do not contribute to the transformation vision
   ➢ Engaging, promoting and developing people who can implement the changeof the vision
   ➢ Re-empowerment of process with new projects, themes and change agents

8. **The consolidation of new approaches to culture**
   ➢ Creating a better performance by consumers and production-oriented behavior, higher and better management and more efficient management
   ➢ articulating connections between new behaviors and success of the organization
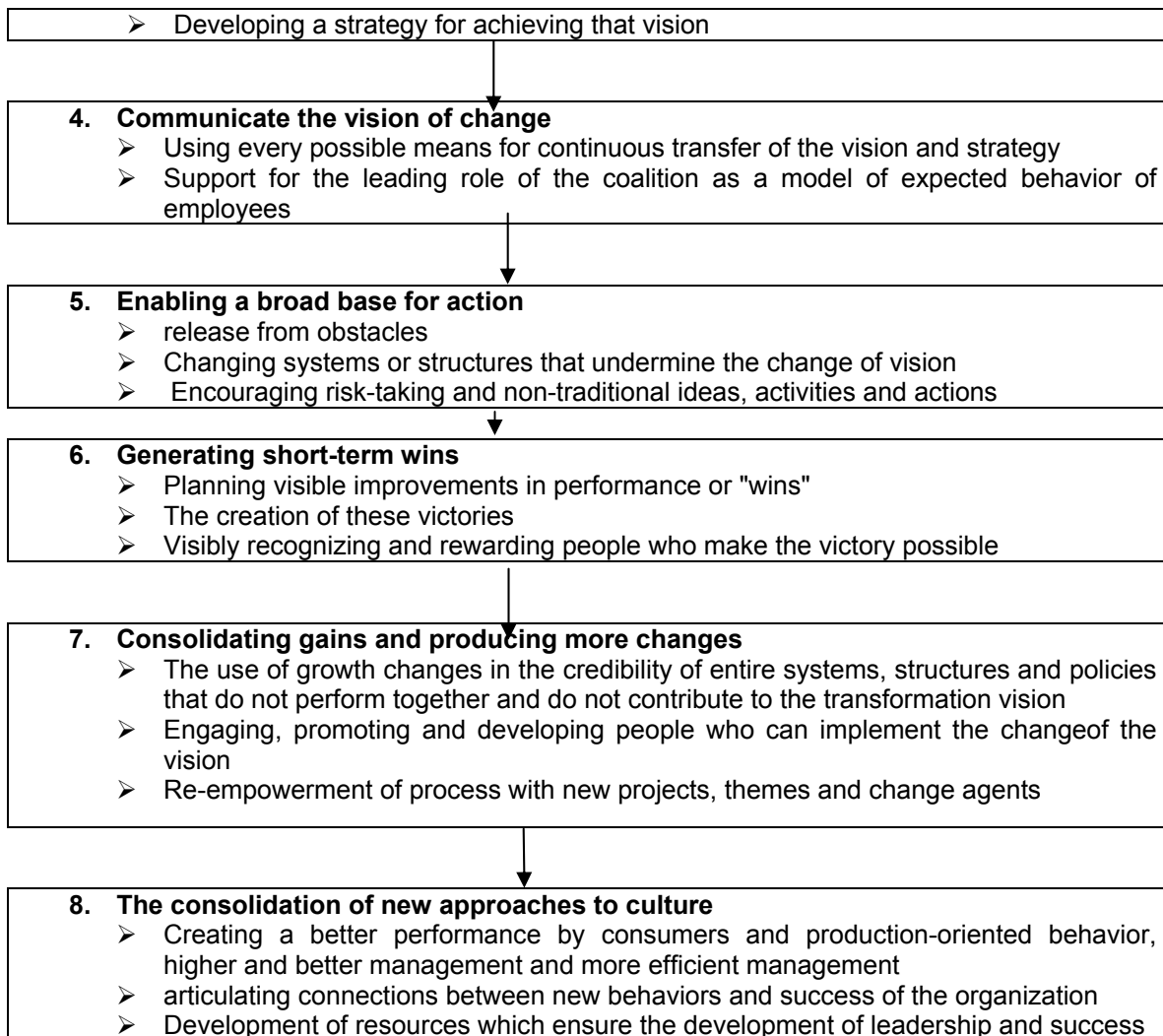   ➢ Development of resources which ensure the development of leadership and success

Figure 2.Eight stages of the process of creating major change

People will show results under pressure, often try to miss stages - sometimes several of them- of the main change effort. Without following all eight steps final line will never be created and firm change will never be done.

3. WHAT TO DO WITH THE RESISTANCE TOWARDS CHANGE
Resistance towards change varies between individuals, between organizations, between countries (culture, tradition, development, employment, labor mobility, etc.) The reasons for resistance can vary:
1. **previous and current liability -** employees are not ready for changes because they have invested energy and knowledge into the status quo, therefore, they think that nothing can be changed and that everything works exactly as it should.
2. **ego favoritism -** employees are not willing to admit that something is wrong with the current situation, especially that they have made mistakes or have had their own activities focused in the wrong direction
3. **defense of values -** there is a strong group or individual identity with the prevailing values, where it is irrelevant whether they are effective and required from the organizational point of view
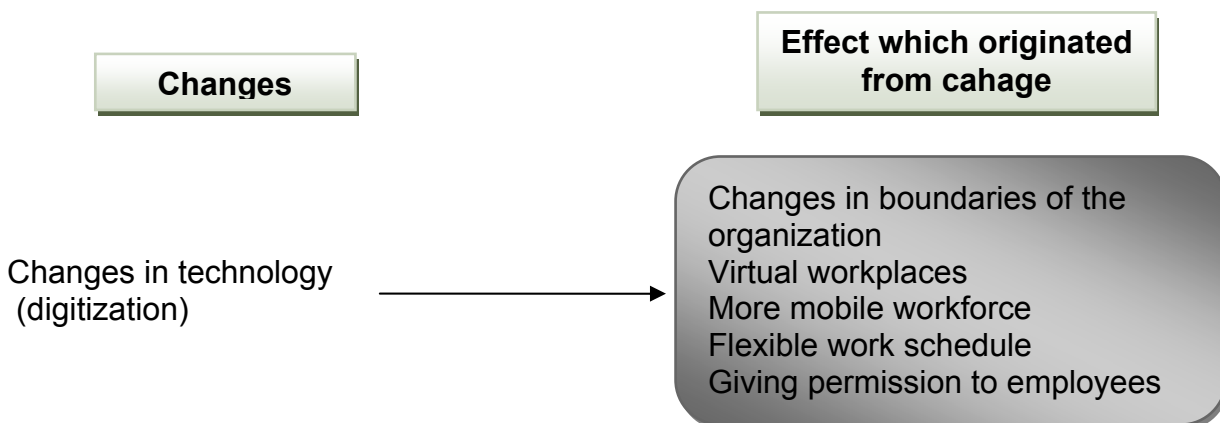
4. **Lack of information -** employees do not want change because they see no interest of their own in this change, due to lack of information about the purpose of the change and desired state

5. **fear -** fear of the unknown resulting in protective and defensive attitudes of those involved in change. Here, fear serves a dual role and so management must be given to it; on the one hand it represents a barrier to successful implementation of change, while on the other hand it can be the initiator of change.

6. **influence of individuals -** powerful and dominant people send messages about the necessity of changes

7. **effect of group -** strong groups send a message that changes are unnecessary. There is always a strong tendency to group thinking and group standards.

3.1. HOW TO REDUCE RESISTANCE TO CHANGE

Ways of reducing resistance towards change may be avoiding surprises, supporting real understanding of change, creating conditions for implementing the changes and testing the changes. Furthermore, given that the changes cause stress, stressful situation for employees, one must learn to manage stress and stressful situations in the enterprise, understand the stress and the effect of stress on the performance of employees, identify where the actual stress exists in the organization and help employees to keep it under control. Also, it is essential to provide the necessary information to employees, support the participation of employees, reward desired behavior (bonuses, raises, promotion-"They need to feel the reward that goes with victory - in their hearts as well as in their wallets," J. Welch.). Some companies have rooms for meditation, nutrition counseling, flexible working hours, personal services (transportation, dry cleaning, delivery ...).

Assistance in overcoming the resistance can be even participation (involvement), inviting employees to be actively involved in the process of change, communication in order to avoid misunderstandings, the introduction of educational programs for people who are affected by changes and negotiations with those who do not accept the change.

Managers have always had to deal with changes that have emerged within and outside their organizations. In today's world where managers are constantly dealing with global, economic and political uncertainties and technological progress, change is constant. Figure3[3] illustrates some of the most important changes with which managers are confronted. Two of such changes that have a significant effect on the business managers should be noted: *increase in customer interest and innovation*.
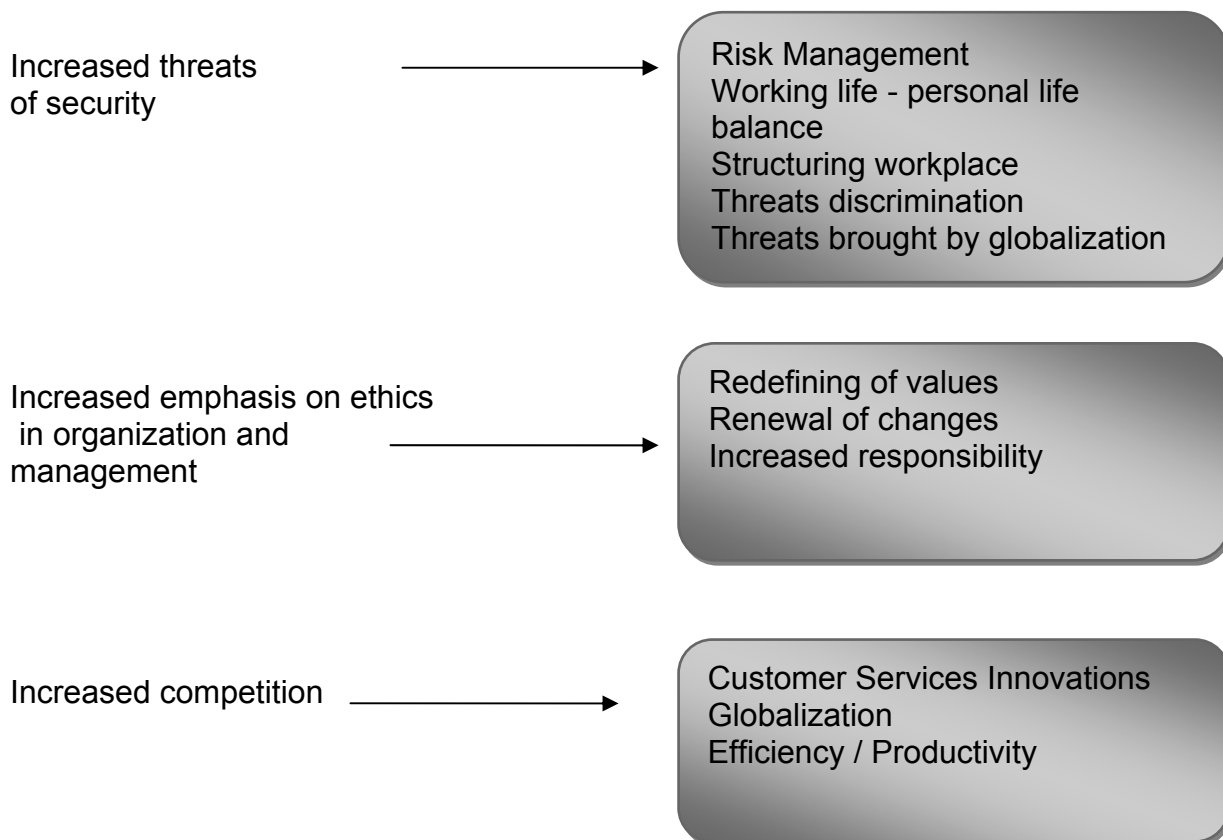
Changes	**Effect which originated from cahage**
Changes in technology (digitization) →	Changes in boundaries of the organization Virtual workplaces More mobile workforce Flexible work schedule Giving permission to employees

Increased threats
of security ———————→ Risk Management
Working life - personal life
balance
Structuring workplace
Threats discrimination
Threats brought by globalization

Increased emphasis on ethics
in organization and
management ———————→ Redefining of values
Renewal of changes
Increased responsibility

Increased competition ———————→ Customer Services Innovations
Globalization
Efficiency / Productivity

Figure 3

_____

[3]Source: Stephen P. Robbins / Mary Coulter, Menadžment, Beograd, 2005.

4. CONCLUSION

The thing that characterizes the transformational manager is the ability perceive the need for change. There is a small number of companies that directly or indirectly do not feel the consequences of the globalization process of world economy, and transition. Basic assumptions about the business orientation and functioning of enterprises must be reviewed. The performance of the organization must be measured in any other way than it was done until now. It is necessary to avoid consent for quick retrieval of existing state of affairs. It helps the employees to leave the old beliefs and values. True transformational manager takes on the responsibility for possible failure of the process of change. However, he increases the confidence of employees that the transformation process is being successfully implemented. In the modern economy one must undertake major changes with no guarantees for success. Manager has to motivate the others in order to be the initiator of change. The company is changing simultaneously with changes in thinking and action. The changes are not always clear and are always driven by a business idea, they always encounter some kind of resistance, and therefore their termination matters. Manager should not be hesitant, he must choose or not choose the course of action. In fact, management is a sort of making choices. If the manager decides not to make a decision, someone will make it for him.

Managers need to manage changes and crisis, and to create them themselves if it is necessary due to business strategy and increase of competitiveness.

BIBLIOGRAPHY:

[1] Adižes I.,*Upravljanje životnim ciklusima preduzeća*, PS "Grmeč"-Privedni pregled, Beograd.
[2] Adižes, I., *Kako riješiti krizu upravljanja*, Globus, Zagreb, 1989.
[3] Drucker, P., *Postkapitalističko društvo*, PS Grmeč, Beograd, 1995.
[4] Jobber, D., Fahy, J., *Osnovi marketinga,* Data status, Beograd, 2006.
[5] Jojić, R., *Menadžment*, Zavod za udžbenike, Srpsko Sarajevo, 2002.
[6] Jovanović, D., *Istraživanje optimalnih pravaca strategijskog delovanja top menadžmenta preduzeća*, Doktorska disertacija u izradi, Univerzitet u Novom Sadu, Tehnički Fakultet "Mihajlo Pupin", Zrenjanin, 2008.
[7] Kotter J., Schlesinger L., *Management,* Harper and Row, New York, 1985.
[8] Kotler, P., *Upravljanje marketingom*, Informator,Zagreb,1989.
[9] Ljubojević, Č., *Marketing usluga,* STYLOS, Novi Sad, 2002.
[10] Malešević Đ., *Rukovođenje, teorija i praksa*. Fakultet organizacionih nauka, Beograd, 2001.
[11] Mašić B., *Strategijski Menadžment*, Univerzitet "Braća Karić",Beograd, 2002.
[12] Mead, R. *Internationaл Management,* Blackwell Publishers, Ltd., Oxford, UK, 1997.
[13] Milićević V., *Međunarodni menadžment, novije tendencije*, FON, Beograd, 2002.
[14] Nikolić M., *Strategijski Menadžment*, Tehnički fakultet "Mihajlo Pupin", Zrenjanin, 2007.
[15] Nikolić M., *Metode odlučivanja*, Tehnički fakultet "Mihajlo Pupin", Zrenjanin, 2009
[16] Radić, R., *Savremeni koncept razvoja marketinga i menadžmenta u preduzetništvu,*UPS, Banja Luka, 2007.
[17] Ristić, Ž., Bošnjak, Z., Balaban, N., *Ekspertni sitemi*, Savremena administracija, Beograd, 1993.
[18] Robbins, S., Coulter M., *Menadžment* , Data status, Beograd, 2005.
[19] Sajfert, Z., *Strategijski menadžment* , Tehnički Fakultet " Mihajlo Pupin ",Zrenjanin, 2003.
[20] Sajfert Z., *Menadžment*, Tehnički fakultet " Mihajlo Pupin ", Zrenjanin, 2002.
[21] Sikavica, P., Novak, M., *Poslovna organizacija*, Informator, Zagreb, 1993.
[22] Todorović J., Ćuričin D., Janošević S., *Strategijski menadžment* , Institut za tržišna istraživanja, Beograd, 1998.