

## THE MANAGEMENT OF CHANGE AND THE HUMAN FACTOR IN A FIRM

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### Abstract:

The management of change, as it is perceived by any company, requires to have competent personnel, flexibility, innovative spirit, and ideas. The change process starts with the strategy of a certain business, implicitly the human resources strategy with all its components: people, organisation, systems, and culture.

### 1. Introduction

In a world in which the only constant is the permanence of change, the firms, mainly those activating in turbulent unstable environments, as our economy is now, have to continuously adapt, otherwise they disappear. The biggest problem any economic system is facing in a period of continuous turmoil is changing, and this causes big difficulties to managers.

The market economy requires a real managerial revolution, meaning that the managers have to master the mechanisms they operate. Change is a factor with a strong impact on management functions, especially on those of planning and organising.

### 2. Need of change

The simplest definition of change given in the Explicative Dictionary is: “*change* = the action of modifying and its result”. The change management represents the way in which we have to approach the change process, so that it will have the optimal results.

Change management is based in humans, i.e. the soft part of the firm.

The Romanian economic environment passed through many changes, which did not consider what was actually desired, what result the change should have.

Most managers agree that, if a firm wishes to prosper, it has to change continuously as a response to significant evolutions (technical progress, customers needs, etc.). People are the most affected, and they have to be supported during the change. The change is a continuous process which requires the involvement of all employees in assuming it.

H. J. Ansoff, the father of increasing turbulence thesis, states that in the 20<sup>th</sup> Century the changes in the environment became faster and faster, more unusual and more difficult to anticipate.

Under the technological, economic, political, and social changes, more and more firms will have to change or adapt their strategies, way of work, departments, services, products, etc., but to allow keeping the employees, in correlation with vigorous product development strategies to rapidly reply to market changes. The problem of optimal use of human resources will be highlighted, especially of managers, which will be required to be more flexible in the work methods, but also in forecasts.

The impact of the high speed political, together with technological, changes which we helplessly witness creates a very unsafe environment to any system.

Any change requires an investment in time, money, and human effort, and this change may face resistance from the employees.

### 3. The change process and the human factor in the firm

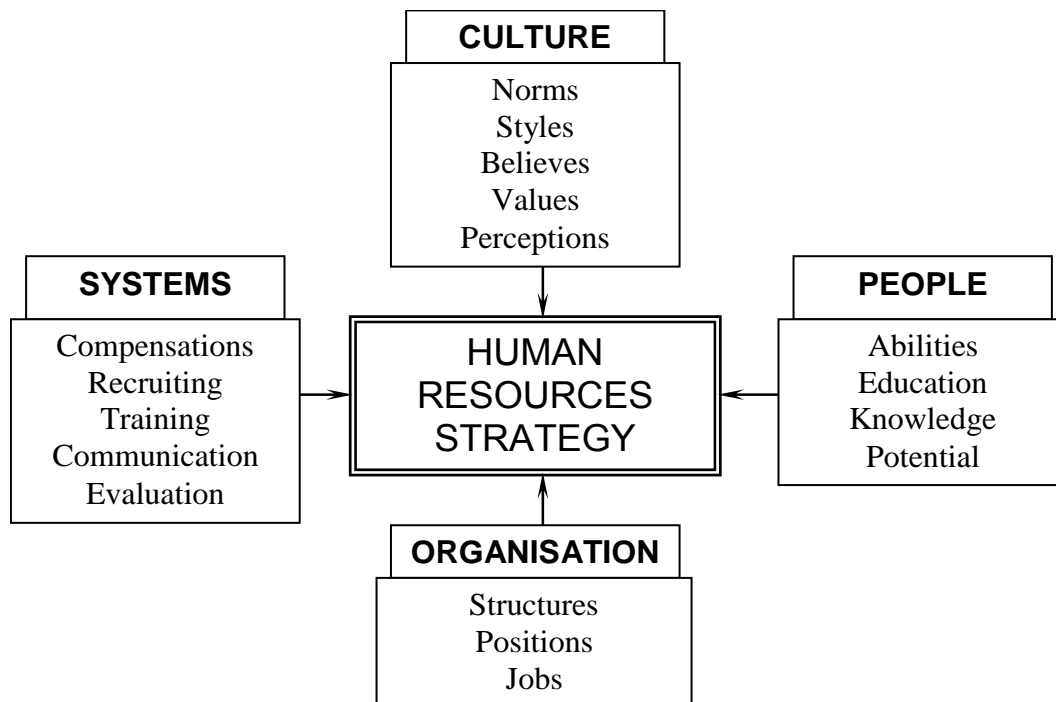
The business environment is continuously subject to competition and legislation changes which require the firm to adapt by changing its approach to its activity.

The change management, as it is currently perceived by any firm, implies quite the strict following of the definition mentioned in the beginning: carrying out the action with everything it assumes, aiming at obtaining the forecasted result.

The change management can be reactive, in which case the management reacts to macro-environment changes, or pro-active, in which case the management is the one that initiates the change for reaching an objective of the firm.

In order for the change to take place, the firm has to make sure it has:

- competent personnel;
- capacity to assuming responsibilities;
- flexibility;
- innovative spirit;
- ideas;
- dedication.



**Figure 1: de ale Human resources strategy areas of influence in the change process**

The change process has as starting point the firm's strategy. This will directly affect the human resources strategy, with all its components: CULTURE, PEOPLE, FIRM, SYSTEMS.

By identifying the firm's strategy, as well as its human resources strategy, the culture, people, firm and systems are reached, therefore the firm's desire to change.

The support and resistance to change factors are referring to:

- attitude to new of managers and executants, creative-innovative capacity of the personnel, favorable influences of the environment, superior level of knowledge the leaders have;
- preference for stability, inadequate organization of change.

The change aims the elimination of existing differences between the forecasted and the one desired to be reached by applying the business strategy. The basic element to start from, after defining the mission according to the new strategy, is the SWOT analysis (Strengths, Weaknesses, Opportunities and Threats). A good knowledge of the available resources, of its limitations, as well as of the environment to which it belongs, leads the firm to a well defined change process.

During the entire process, the human factor will have an important part, as they are those who can accelerate, slow down, or even stop the change. According to Alexander King [3], one of the leading principles of the possibility for a positive change resides in the motivations and values that determine our behaviour.

The steps that are taken in developing the change strategy are the following:

1. Establishing the firm's strategy, which represents the way chosen to face competition and implies defining the firm's objectives and the way to achieve them, being a determining factor, an important variable, even critical one may say;
2. Identifying the mission and the medium and long term objectives. The firm's mission is the formal basement of the firm's strategic plan, and the process of creating the firm's mission may play an important role in the development strategy. The firm's objectives comprise the targets that have been fixed for the firm's business, as a whole. The purpose of a business is to create a customer and to keep it. The most important step is the drafting of the firm's mission statement, and this has to work as a means of communication;
3. Carrying out the SWOT analysis. The SWOT analysis is a method of multiple analyses of internal and external factors of the firm, which consists of indentifying the strong and the weak points, the opportunities and the threats, to be used in the strategy process. The SWOT analysis helps in balancing the strengths, the internal weaknesses, the opportunities and the threats the firm is facing.

The combination of the four elements defining the analysis generates, in the specialists' opinion, four ways of analyzing the internal and external factors as basement for some strategies (Figure 2).

	<p><b>S</b> (forces, strong points)</p> <ol style="list-style-type: none"> <li>1. positions on the market</li> <li>2. professional competences</li> <li>3. advanced technology</li> </ol>	<p><b>W</b> (weaknesses, weak points)</p> <ol style="list-style-type: none"> <li>1. improper structure</li> <li>2. undersized selling force</li> <li>3. poor image on the market</li> </ol>
<p><b>O</b> (opportunities)</p> <ol style="list-style-type: none"> <li>1. participation in an international network</li> <li>2. market niche</li> <li>3. superior quality of services offered</li> </ol>	<p><b>SO STRATEGIES</b> (max. – max.)</p> <p>Utilization of strong points (strength)</p>	<p><b>WO STRATEGIES</b> (min. – max.)</p> <p>Elimination of weak points using opportunities</p>
<p><b>T</b> (threats, constraints)</p> <ol style="list-style-type: none"> <li>1. competence</li> <li>2. competent sale team</li> <li>3. legislation change</li> </ol>	<p><b>ST STRATEGIES</b> (max. – min.)</p> <p>Utilization of strong points for avoiding threats</p>	<p><b>WT STRATEGIES</b> (min. – min.)</p> <p>Minimization of weak points</p>

Figure 2: The SWOT matrix, (adapted after B. Băcanu, *Strategic Management*, {5})

In the firm's SWOT analysis, the focus has to be on the following elements:

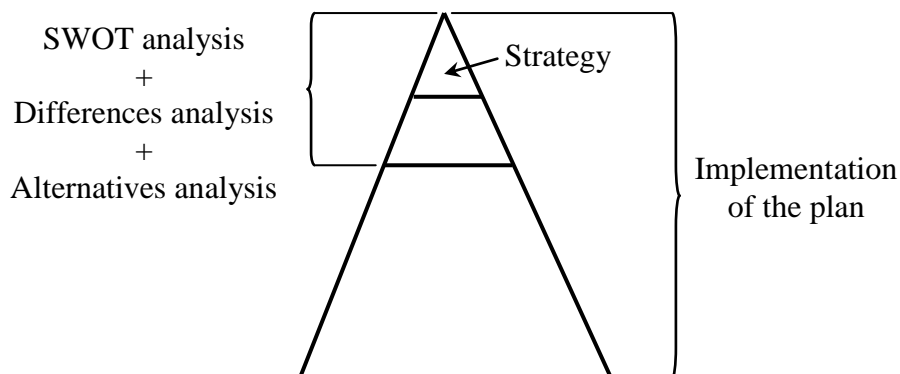
- *the firm's culture*, which means the influence on the behaviour of each member of the firm and represents a series of common values and beliefs of the firm's employees regarding the firm's operation and existence;
- *the firm*, which is in a continuous movement, both at the dimensional and functional characteristics level, significant mutation taking place, generated by internal and external factors;
- *people*, by attitudes, leading aptitudes, communication aptitudes, and all other characteristics of the firm's human resources;
- *system*, by using the managerial abilities as moving force of the firm (selection, recruitment, evaluation, formation, training, rewarding);
- *training and development*, by lifelong learning envisaging all personnel categories, and mainly those with leading positions;
- *evaluation systems*, internal and external evaluation of the firm;
- *internal and external communication*, by acquiring efficiency in communication and encouraging the free flux of formal communication in the firm;

4. Analysis of differences related to:

- the human factor (competences, abilities, potential) which lead to the firm's success;
- the technology, which is focused on using the information in carrying out the firm's activities;
- the systems, remodelling the firm's managerial systems, i.e. amplifying the innovative character of the firm's management;
- culture, which if well chosen may have a positive effect on the firm, or may become a barrier to its development.

5. Development of alternatives;

6. Identification of the most suitable option and development of the change implementation plan (Figure 3).



**Figure 3: The change process at different hierarchic levels**

#### 4. Conclusions

Many do not understand the change management and do not realise the fact that such a well done management acts as a traffic light which regulates the traffic of changes, and that this does not imply stopping the carrying out of changes. With a well planned and

carried out implementation process, safety measures can be taken for the changes not to affect the performance of a firm.

The change affects any type of a firm, and it is wrong to start from the premise that, if you are extremely well organised and you are already on a quite high position, you will not be affected by the change.

The justification for involving the entire firm in implementing the change may be summarised by the following two words: DEDICATION and RESPONSIBILITY.

Some ideas for a successful change:

- do not criticise the past;
- supply information;
- do not expect to have an easy and immediate success;
- generate trust and enthusiasm;
- observe deadlines;
- listen and ask;
- develop trust in the change and its result.

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