

## The Importance of Change Typology – a Key Element in the Enterprise's Organizational Dynamics

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**Abstract:** The paper entitled „The Importance of Change Typology – a Key Element in the Enterprise's Organizational Dynamics” focuses on the support given to the organizational dynamics.

Our study comes to support the organizational dynamics, by presenting the development of the concepts of „marketing” and „human resources”, by providing some relevant definitions for them, as well as the links that exist between them, in the context of small and medium enterprises (SME's).

**Key words:** organizational dynamics, enterprises, small and medium enterprises (SME's), human resources, quality, profit

## Introduction

The key focus of our paper is centred on the enterprises' main objective: achieving responsibility and/or profit. This implicates defining „social responsibility” and the „responsibility of the company” (the organizational level); defining the „role of the responsibility centres”; defining the „profit centres”; defining the role of „profit” and its importance for the enterprise.

In the same time, the enterprises should be constantly aware of the resources' use, the quality of their products and the profit. Our work focuses, under these circumstances, on the definitions and the importance of the resources for the enterprise, as well as the relationships between resources, quality, quality assurance and profit.

In order to be able to show the manner of achieving the organizational dynamics the study takes into consideration the following aspects:

► Clarifying the situation of small and medium enterprises (SME's) versus large and very large enterprises/profiles, the relationships that exist at this particular level, the types of activity developed according to the profile of small and medium enterprises (SME's):

- The definition of small and medium enterprises (SME's) and large enterprise and very large ones;
- A comparison between the small and medium enterprises (SME's) and the large and very large enterprises;
- The advantages and the disadvantages of the small and medium enterprises (SME's).

The importance of change typology – the processes of change at a pace never seen before

Nowadays, humanity finds itself in a time period in which the processes of change occur at a pace unknown before. Change itself happens in various fields – technological, economic, social, and environmental and at all the levels of the organization.

There is a broad paradigm-changing action that can clearly be distinguished. Some examples are necessary in this particular case: in the production processes the customer orientation is crucial and the main trigger of all the actions being taken, the prevalence of the processes with a great intellectual strength is also distinguishable; in the areas regarding the organizational and the managerial fields flexibility is a tendency belonging to the organizational and the management environment meant to promote cooperation and competition; human resources are sustained by intellectual labour actions, which means concentrating on efficiency, productivity and quality of work processes recognized by beneficiaries<sup>1</sup>.

For the implementation of these trends are used, primarily, both the managers and the management.

The following figure represents in a synthetic manner the involvement of the managers in the change process (see, in this case, Figure no. 1: „The managers and change”), are reflected the factors connected both with the need to change internal processes data, as well as the evolution of internal processes reported based on recent experiences at the national and the international levels. In its content, the scheme draws attention to the fact that during the processes of change it can generate certain factors able to generate resistance, such as the old attitudes, the lack of information and training, and the fear of new and others.

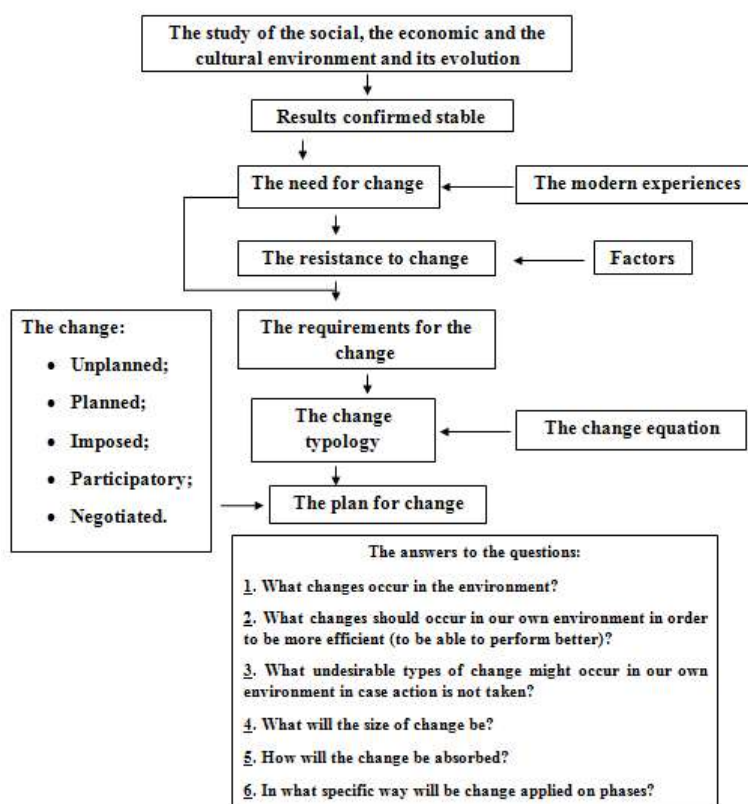
<sup>1</sup> Costache Rusu, „Managementul schimbării”, Editura Economică, București, 2003, pp. 24 – 25.

In our opinion, references to the importance of the change typology and the change plan are believed to be also extremely relevant<sup>2 3</sup>

<sup>2</sup> See also Colin Carnall, „Managing change in organizations”, Editura Prentice Hall, UK, 1990.

<sup>3</sup> The authors’ adaptation after Richard Hilti, Jean Neuman, „Schimbarea profesiilor și noile forme de organizare”, The Tavistock Institute, London, 1993, p. 21.

Figure no. 1: „The managers and change”



Source: The Authors’ adaptation after the ideas presented in Costache Rusu, „Managementul schimbării”, Editura Economică, București, 2003, pp. 24 – 25; Colin Carnall, „Managing change in organizations”, Editura Prentice Hall, UK, 1990; Richard Hilti, Jean Neuman, „Schimbarea profesiilor și noile forme de organizare”, The Tavistock Institute, London, 1993, p. 21.

The change equation ( $E_c$ ) can be written as follows<sup>4</sup>:

$E_c = f [I \times (K + P) \times D_g \times E_p]$  where:

- $D$  = the dissatisfaction concerning the existing situation;
- $K$  = the level of knowledge;
- $P$  = the level of practice;
- $D_g$  = the main direction of action generally accepted;
- $I_p$  = international standards for performance.

From this equation it can be deduced that the impact concerning the process of change ( $I_{ec}E_c$ ) should be higher than the costs of change ( $C_c$ ),  $I_{ec}E_c \geq C_c$ .

The evaluation can be done both by using the logic elements, as well as by benchmarking sized forms of analyses.

Especially in practice, by using the elements above, it was able to bring into discussion and point out the errors to be avoided in the process of change. These errors are formulated as follows: (1) avoiding to create a sense of urgency so powerful; (2) avoiding

<sup>4</sup> Mihail Dumitrescu, „Strategii și managementul strategic”, Editura Economică, București, 2002, pp. 170 – 172.

engaging in change without the support of a strong team; (3) the sets of targets being taken into consideration are not sufficiently clear and measurable; (4) neglecting the communication policy; (5) lack of concern for the removal of the main brakes of change; (6) the delay in the presentation of the first results and knowledge; (7) assuming the “victory” (the success) far too quickly; (8) not being able to implement change in the internal culture of the organization.

In essence, change requires a comprehensive restructuring process which should have the aim, in addition to the strict criteria of efficiency, of preserving the employees’ rights.

However, the priority given to the economic and the social efficiency should emphasize the efficiency features to which the organizations might add the managers’ contributions (see, in this case, Table no. 1: „The characteristics of efficient organizations and the managers’ contributions”).<sup>5</sup>

<sup>5</sup> Mihail Dumitrescu, „Managementul resurselor umane”, SNSPA, Curs, 2008 - 2009, București, pp. 25 – 26.

Table no. 1: „The characteristics of efficient organizations and the managers’ contributions”

No.:	The characteristics of efficient organizations:	The managers’ contributions:
0	1	2
1.	❖ The organization is flexible, powerful, focused on performance, self-renewable and it is capable of creative adaptation to a continuously changing environment.	<ul style="list-style-type: none"> <li>▪ The innovative attitude;</li> <li>▪ The ability to rejuvenate the organization.</li> </ul>
2.	❖ The organization as a whole, its units and the managers carry out their work in accordance with the objectives and the plan.	<ul style="list-style-type: none"> <li>▪ The ability to make predictions, as a main function of leadership.</li> </ul>
3.	❖ There are clear objectives belonging to the organization, to which the employees are devoted.	<ul style="list-style-type: none"> <li>▪ The widespread application of the method of leadership by objectives.</li> </ul>

4.	❖ The organization has internal mechanisms of self-motivation and a feedback on performance.	<ul style="list-style-type: none"> <li>▪ Sustaining motivation and a real scale of values;</li> <li>▪ Fluent communication.</li> </ul>
5.	❖ The communication is open, there is a high level of trust and a culture oriented towards solving problems.	<ul style="list-style-type: none"> <li>▪ Precision in tasks, duties and responsibilities;</li> <li>▪ Systems able to develop autonomy.</li> </ul>
6.	❖ The organizational structure and its systems are closely related to the objectives, the functions and the environment in which the organization is operating.	<ul style="list-style-type: none"> <li>▪ Flexibility in designing organizational structures.</li> </ul>
7.	❖ Taking decision in routine problems and in current issues belonging to operations is delegated to the lower end of the hierarchy.	<ul style="list-style-type: none"> <li>▪ The widespread application of authority delegation;</li> <li>▪ Modern working system.</li> </ul>
8.	❖ The managers and the controllers are rewarded for the short-term profits and for the production, growth and the development of the collaboration system by building an effective team.	<ul style="list-style-type: none"> <li>▪ The balance of shares on short, medium and long term;</li> <li>▪ Permanent/Constant performance.</li> </ul>
9.	❖ On one hand, the collaboration and the teamwork are both emphasized and on the other hand, the unfair competition is discouraged.	<ul style="list-style-type: none"> <li>▪ Reducing the influence of the hierarchical system/relations and assigning a greater role to cooperation;</li> <li>▪ Encouraging competition's growth and professionalism.</li> </ul>
10.	❖ There is an integration process of individual goals together with the objectives of the organization with a high level of self-direction and self-control belonging to the employees.	<ul style="list-style-type: none"> <li>▪ The development of independent working systems with different types of correlations of essential indicators in the organizations.</li> </ul>

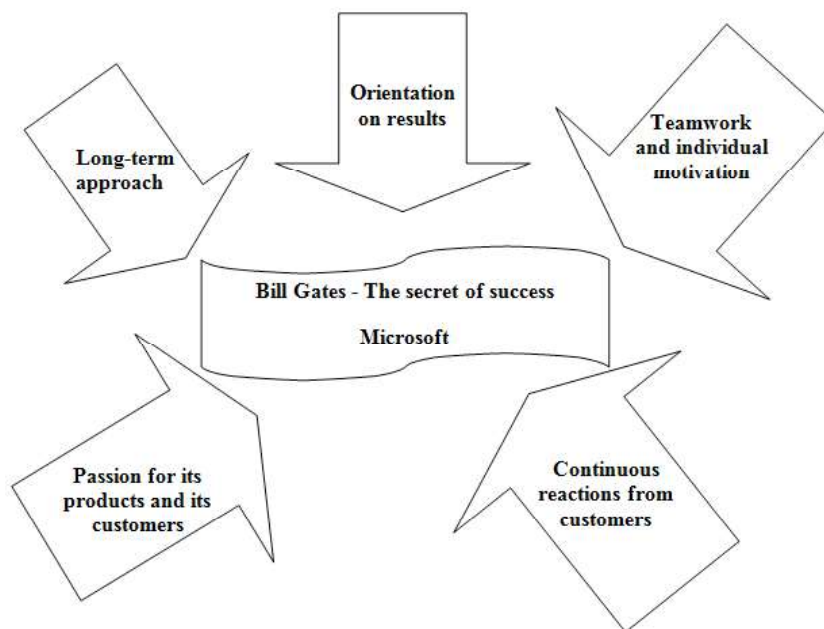
Source: The Authors' adaptation after Mihail Dumitrescu, „Managementul resurselor umane”, SNSPA, Curs, 2008 - 2009, București, pp. 25 – 26

The managers' efficiency is given by the organizations' results. These results are evaluated by quantitative, qualitative and social indicators (salaries, social welfare equipment level, unemployment, and so on and so forth) and psychological indicators (among which can be mentioned working climate, misbehaviour/misconduct, and so on and so forth).

The finality of the change processes should be reflected in the organization's success. Our belief is that the presentation by Des Dearlove's concerning the vision belonging to Bill Gates is extremely suggestive (see, in this case, Figure no. 2: „The managers and change”).



Figure no. 2: „Des Dearlove's ideas concerning the vision belonging to Bill Gates”



Source: The Authors' adaptation after the ideas presented by Des Dearlove, „Big Shots: Business Bill Gates Way. 10 Secrets of the World's Richest Business Leader”, Publisher: Capstone Publishing Limited (a Wiley Company), Second Edition, United Kingdom, 15 December 2001.

The concept of “New Economy” incorporates and combines successfully all these elements and, moreover, it places a particular emphasis on the issue referring to the role of information and communication technologies (ICT).

It has been shown that the information and communication technologies affect economic growth through a series of actions, such as making large investments in information and communication technologies, improving the quality and lowering the price of information and communication technology products, the external effects concerning the extension of the Internet and also, a particularly relevant aspect, simplifying organizational structures.

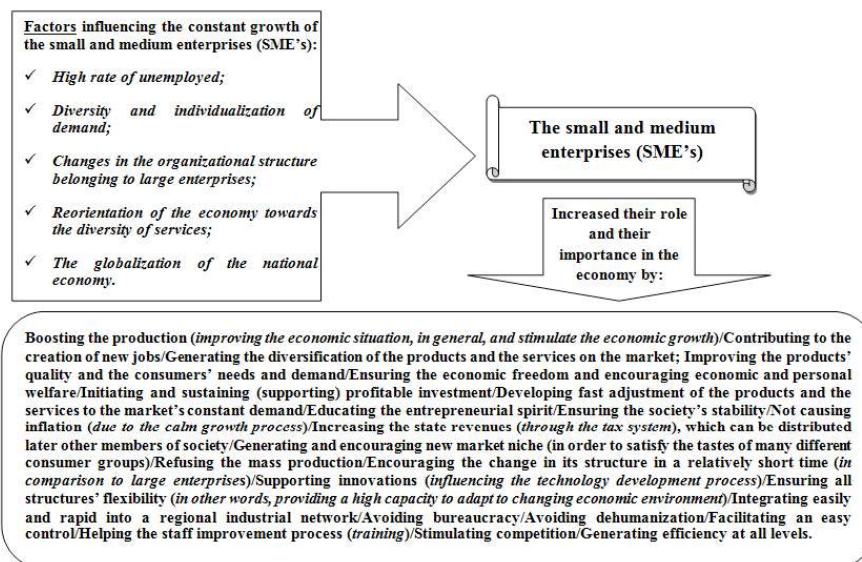
The New Economy stresses the following elements: the major trends in the growth

of the services' sector, the increased workload in the information and communication technologies and also increasing the future trends, among which can be found the globalization process.

### Conclusions:

The small and medium enterprises (SME's) constitute the most widespread form of business organizations and they represent the key trigger of the economic growth process, due to the fact that the development of this sector provides increased prosperity and higher living standards for the population (see, in this case, Figure no. 3: „The small and medium enterprises (SME's) – factors influencing them and their role and the importance in the economic growth”).

Figure no. 3: „The small and medium enterprises (SME's) – factors influencing them and their role and the importance in the economic growth”



Source: The Authors

In other words, the small and medium enterprises bring a crucial contribution to achieving the fundamental objectives of any national economy.

#### Acknowledgment:

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Mihail Dumitrescu is Certified Management Consultant (CMC) and senior researcher, consultant and expert in management programs for enterprises on general management, restructure management, human resources management, small and medium enterprises management and change management. His specializations are engineer (1954, Faculty of Electronics, Polytechnic Institute, Bucharest), economist – engineer (1962, Technical – Economical Faculty, Polytechnic Institute, Bucharest) and Doctor in Management (1972, Technical – Economical Faculty, Polytechnic Institute, Bucharest). As Professor PhD. he held lectures at the National University of Political Studies and Public Administration, The Bucharest University of Economic Studies,

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