

The Impact of Organizational Changes on Increasing Smes Competitiveness

Naim Mustafa¹, Leonid Nakov², Xhavit Islami³

Abstract: Nowadays, changes are compulsory for an organization in order to survive and stay competitive. This paper discusses the aspects of understanding the general framework for the effective and efficient implementation of organizational changes, as well as their multiple impacts on motivation, employment, responsibility, dominant abilities, and comparing the measurable units for capacity development for organizational change. Also, it will focus on creative dimensions and change management, new organizational knowledge, remuneration systems, managerial manifestations, a model of organizational culture as a fruit of change. The methodology used in this research paper is a combination of qualitative and quantitative data. Results of the research are processed data of 200 SMEs that implement their activity in Kosovo. These data were processed with the help of IBM SPSS software. A well-managed change helps SMEs to be more successful in relation with the competition. In modern terms, organizations must innovate and change, not to prosper, but rather, to survive in a world of growing competition. The biggest challenge facing any successful manager is constantly directing the organizational system towards highest phases in overall development. Also, results have shown that the change in organizational dimensions factors will increase the SMEs competitiveness and will decrease the firm's operating costs; as well change on organizational characteristics factors increase the SMEs competitiveness and decrease the firm's operating costs.

Keywords: organizational changes; small and medium-sized enterprises (SME); competitiveness; organizational dimensions, operating costs.

JEL Classification: L16; M21

¹ Faculty member, University Kadri Zeka, Faculty of Economy, Department Management, Republic of Kosovo, Address: Str. Zija Shemsiu no nr., 60 000 Gjilan, Republic of Kosovo, Tel.: +383(0)44376376, E-mail: naim.mustafa@uni-gjilan.net.

² Director of the Center for Economic Researches at Faculty of Economics-Skopje, Ss.Cyril and Methodius University in Skopje, Republic of Macedonia, Address: Blvd. Goce Delcev 9V, 1000 Skopje, Republic of Macedonia, Tel. +389 78 220 620, E-mail: lnakov@eccf.ukim.edu.mk.

³ Teaching Assistant, Department Management, Faculty of Economics, University Kadri Zeka, Republic of Kosovo, Address: str. Zija Shemsiu, no nr., 60000 Gjilan, Republic of Kosovo & PhD. Cand., Ss.Cyril and Methodius University in Skopje, Faculty of Economics, Program Organizational Sciences and Management (Management), Tel.: +383(0)45669399, Corresponding author: xhavit.islami@uni-pr.edu, xhavitislami@gmail.com.

1. Introduction

The globalized world market allows the appearance of small and medium-sized enterprises that become the driving force of economic development. The last decades of the 20th century have led to a change in the dominant business philosophy, even in the most developed countries of the world, and hence their actuality in the countries in transition, as well as the Balkan region as a whole. Nowadays organizations are more exposed to the increasing global competition, customer expectations and changes (Jakupi, 2008; Islami et al., 2015). To address these pressures, many organizations are in the situation either change or bankrupt (Beer & Nohra, 2000).

The dynamics of the global economic trends impose new forms of organizational changes, application of new knowledge for their management, particularly financing new technologies to provide competitive products on the global market, therefore, as key features for small and medium enterprises possession are imposed: flexibility; independence; rapidity in business relations; opportunities of creating new jobs; creativity of individuals, realization of their ideas and adaptation of the market needs. The importance of having these factors results from internationalization of the markets, which leads to an increase of complexity of factors in specific markets of different places as a consequence of dependence between global economies. In the meantime, the world has become more and more dynamic, as a result of information explosion and rapid communication in the whole world (Zeffane, 1996). The firm will lose its competitive abilities by not applying the organizational changes. Without presenting adequate changes in time and in ethic manner, organization will be faced with hard times and can decrease their chances of long-term survival (Christian & Stadlander, 2006).

Organizational changes are an acceptable process from managers as well as organizational employees. According to (Susanto, 2008) the effort of change supported from managers is an essential factor for organizational changes. Armenakis, et al. (1993) found out that the scale in which the policies and organizational practices support the change can be an important factor in understanding how ready the employees for the changes are. In complete accordance (Beckhardt & Harris, 1987; Schneider et al., 1992), the study of Eby et al., (2000), points out that for successful organizational changes must be included policies and flexible procedures, as well as systems and supporting logistics (for example the amount of equipment, machines and financial resources). McManus, et al. (1995) also found out that the scale of trust in management can feed the perception that the organization can face the rapid changes. Changes are accepted by the employees with more readiness if they are convinced that the change will be profitable for them (Susanto, 2008). Even though it is worth mentioning that the change is not realized to be profitable by a lot of employees. In such cases the employees are only

concerned about immediate results. On the other hand, the profits as a result of change can be enjoyed for a certain period of time. According to, Smith (2005) the development of understanding the nature and reasons of change in early stages can secure a healthy base for later changes and a higher steadiness to take risks even beyond limits. As a result decreases the operating costs of SMEs.

A huge number of research papers treat organizational changes in general aspect and are focused in the aspect of influence of outside environment factors. By noticing that there is a lack of existing literature that treats simultaneously organizational changes in two aspects: increasing competitiveness of SME-s as a result of organizational changes and the impact of these changes in operating the cost of the firm. The study is done exactly to contribute in literature enrichment for organizational changes by analyzing the abovementioned fields of changes. In order to clarify to the readers the term “employee” is referred to all employees in a SME, it includes managers of all levels and other employees that are directed from these managers. So, in this study employees are considered all the staff that helps in operating the work of SMEs. Also in the second part of this study session, 2.2 operating cost of the firms, is analyzed only the aspect of employees, since implementing the changes from employees is an important factor that increases the operating cost of the firm.

The contribution of this research paper is to create a theoretical-methodological and applicative understanding of the concept of organizational changes in the SMEs and its organizational development, as well as determining the degree of influence of the change on the SMEs competitiveness.

2. Literature Review

Change has become an important part of strategic management in many organizations, because leaders have understood that we live in a temporary society and by bringing constant changes they could give a competitive advantage to the organizations they lead, in both the domestic business environment and global business environment (Stadtländer, 2006, Islami et al., 2015). Woods & Joyce (2003), from the study of 267 firms, have found that organizations that use strategic management systems make faster decisions and successfully undertake the organizational change. Organizational change affects every part, area, or every component of the organization (Islami et al., 2015). However, the three general areas of an organization that must be adapted to change are: the structure of organization and projections, technology and operations, and the people (Griffin, 2005). According to Ashmarina & Zotova (2015) economic, political, social, regional, sectorial and contenders system are the main factors affecting the willingness of enterprises to implement changes. Organizations are continually confronted with the

need to implement changes in strategy, structure, process, and culture (Armenakis et al., 1993).

2.1. Methodology for Creating Competitive Capability in SME

Competitiveness, in essence, is the ability to achieve market success in order to increase living standards and survival over a longer period of time. In order to support SMEs in the environment in which they are located, in the developed and developing countries, a core should be created to create and use a competitive advantage in SMEs. According to (UNCTAD, 2001), the following areas which must change in order to increase the SMEs competitiveness are: a) Automation - involves the use of advanced technology that encompasses internal processes, just like e-business. All processes must be reviewed and adapted to achieve high efficiency and cost-effectiveness. b) Distribution - channels must be structured in order to meet customer needs and provide access to dedicated services. Also, the branch network must be differentiated according to consumption segmentation, and in particular the needs of a highly capable management. c) Marketing - must be based on an efficient sales culture; hence prices should be in line with the risk structure, which must take into account the needs of SMEs. d) Credit policy - must be supported by the achievement of credit stability, as well as the creation of methodological tools for its evaluation. Commercial banks in developing countries must alter these methodological techniques, in line with the environment and the development needs of SMEs. e) Top management - needs a clear vision of the business development model. In developing countries, management should take a clear position on the conditions of functioning of SMEs and must support this field.

The country's mission with regard to competitiveness is defined by (Directorate for Development of SMEs, 2011) as: Improvement (change) of the competitiveness factors that directly and indirectly influence the overall development of small and medium enterprises in terms of products and services.

Teece & Pisano, (1994) put the arguments in an advanced level by pointing out that strategic dimensions change of firms are managerial including organizational process, current position as well as the available ways. By managerial process is referred the manner of how the works are done in the firm, what is called its "routine", or actual practice models and learning. On the other hand, position refers to actual technology and intellectual property, as well as its base of consumers, also in relation with the supplier. Whereas, by available ways is referred the strategic alternative in firm's favor and its attraction of opportunities that are ahead (Teece & Pisano, 1994). It is thought that the advantage of competing firms comes from dynamics, abilities stamped in higher performance routines that operate inside firms, part of firm processes and conditioned by its history. Since the imperfect factors of the market or precisely not-showing the "soft" assets as cultural values and

organization experience, these abilities in general cannot be bought, they must be built (Teece & Pisano, 1994).

In environments that change rapidly, undouble that a huge value is given to the ability in understanding the need to reconfigure the firms' structure, in order to make the necessary changes inside and outside (Amit & Schoemaker, 1993; Langlois, 1994). This requires continuous observation of the market and technologies and a complete steadiness to adopt the best organizational practices. In this aspect, benchmarking is a considerable value as an organized process for realization of such endings (Camp, 1989). In dynamic environments, self-satisfied organization with their actual state happened to be damaged. The capacity to reconfigure and transform is a self-formed organizational ability. The more it is practiced the easier it is to realize.

The change is costly and the firms must develop processes to maximize the profit. The ability to measure the request of change and to realize the necessary regulation is depended from the ability: to analyze the environment; to evaluate the market, the competitors and to realize a rapid configure and transform before competition does. Decentralization helps these processes (Teece & Pisano, 1994).

2.2. The Impact of Changes in Smes on Employment and Firm's Operating Costs

According to (Susanto, 2008; Kotter, 1995) organizational changes must follow a vision and a clear perception of direction in which the organization wants to move. Without a clear vision, the efforts of the organization change can be adjusted in a confusing list and in unacceptable project and as a result the organization can take a wrong direction that will be more costly (Kotter, 1995). The people in an organization have the same aspiration for changes that is inevitable (Susanto, 2008). According to, Strebel (1996) a lot of efforts to change fail because the leaders and employees of the organization see the change as difficult. Employees as an object of change are essential for the success of attempts to change because attitude, abilities, motivation and their based knowledge includes an important component of organizational environment in which the change must be tried (Smith, 2005).

Moreover, the employees perception for readiness of organizational changes are identified as an important factor in understanding the meaning of the source of resistance toward change in a wider scale (Eby et al., 2000). These processes can relief or damage the effectiveness of an interrupted change (Armenakis et al., 1993; Lewin, 1951). McDonald & Siegal (1993), Iacovini (1993), and McManus, et al. (1995) suggested that the attitude of employees toward an expected change can influence in the moral, productivity and the distribution aims. Employees' perception for the scale in which their organization has the flexibility to reach the change and the scale in which they participate actively and really in the process are an important factor in reaching successful changes (Smith, 2005).

Through including actively, continuously and meaningfully in the process of change people can distinguish the connection in between their personal work, attitude and general organizational performance and employees can be encouraged to embrace their personal responsibilities in order to reach the change (Smith, 2005). Personal valence that clarify the inside and outside profits of change, can help in developing a moment of change. In special manner, where employees percept how they are going to profit from the change they'll start to seek other methods to improve transition (Bernerth, 2004). Even though, for a lot of employees, change can create feelings of anxiety and tension, and when the change starts to take form, the members of organization can feel insecure and confused (Bernerth, 2004).

All organization members must have the privilege to propose or to start the necessary changes. But in the end the organizational leader is the one that must decide and start the required changes. The organization leaders become leaders because of their abilities of planning and their abilities of predicting and communicating a better future (Zeffane, 1996). Although the people in the organization must be given the opportunity to be included in all aspects of project of change and must be given the opportunity to give feedback (Waddel & Sohal, 1998). This first step is essential because the start of a transformation requires the cooperation of a lot of individuals (Kotter, 1995).

Management support also can be a reflection of how is the change decided from the management through re-organizing of performance evaluation and employees compensation with the initiative program of change. Change requires sacrifices from employees. Through the process of change, employees must feel themselves comfortable in the new environment. So, sacrifices, participation and work from the organization members should be rewarded through performance evaluation and compensation. The action of management toward each obstacle in treating the process of change reflects the scale of management support. The trust that management has taken optimal steps to overcome obstacles mirrors the level of steadiness for the change (Susanto, 2008).

A well-planed change cannot be realized without the support of a clever and hard-working change agent. Beckard & Harris (1987) augmented that the abilities new-spread include knowledge, abilities and organizational abilities in general to fulfill the necessary request for successful application of changes (Jones et al., 2005).

Pardo del Val & Fuentes (2003) has identified five essential sources, concretely: direct cost of change (Rumelt, 1995); cannibalism costs, meaning, the success in one product brought by the change, but in the meantime brings failure for others, so it is required a kind of sacrifice (Rumelt, 1995); included is subvention because the need for a change is compensated through higher rate taken without change in another different factor, so there is not a real motivation to change (Rumelt, 1995); past failures that leave a pessimistic image to future changes (Lorenzo, 2000); and

different interest in between employees and management or lack of employees motivation that evaluate change and result less than the managers that evaluate them (Waddell & Sohal, 1998). If SME managers use the right techniques in particular moments, this offers the enterprise the opportunity to realize an effective change and to precede with competitor's enterprise or even to pass them in positive aspect in the market (Islami, 2015).

3. Survey Hypotheses

Based in the abovementioned literature in this section the hypotheses of the study will be presented. From testing the current study hypotheses a gap will be filled in the existing literature that deals with the relationship of organizational changes with competitiveness and operating costs of SMEs.

In setting up the underlying research hypotheses, the analytical approach are presented using the following tabular analytical assumptions: hypothesis on the usefulness of the investigated dimensions of change; research hypothesis for the demographic variables of change; research hypothesis about the function of the creative dimensions of the changes; research hypothesis for dependent variable variables, i.e. of operating costs and competitive advantage; a research hypothesis about the internal abilities to implement organizational changes, the hypotheses below have to be tested:

H₁: Change in organizational dimensions has a positive relationship with increasing of firm's competitiveness;

H₂: Change in organizational characteristics has a positive relationship with increasing of firm's competitiveness;

H₃: Change in organizational dimensions has a negative relationship with increasing of firm's operating costs;

H₄: Change in organizational characteristics has a negative relationship with increasing of firm's operating costs.

4. Methodological Approach

To realize this study, a methodology consisting from a combination of primary and secondary data has been used. The article has been prepared using the analysis of secondary resources (scientific publications and articles from specialized databases, such as Science Direct, Emerald and ProQuest) and primary resources in the form of results of the quantitative survey conducted in a sample firms that operate their business activities in republic of Kosovo. For the empirical analysis of the study, the

data were gathered from a self-administered questionnaire. The participants were randomly chosen. To measure the impact in between variables in this study SPSS program has been used. The research procedure is conducted over a representative sample of employees in: joint-stock companies, limited liability companies of one person, and partnership. The participant companies were not only of domestic capital but also and foreign capital; and entities of the SME sector that result from a partnership of the central or state government with a certain private interest.

In detailing the constituent elements for the development of the defined topic and theses, a complete instrumentation of research methods, used as tools and techniques of research, was used in order to obtain more complete and better data from the research. The very commitment of the deepest and pivotal elements of the functioning of SMEs aimed to collect very high quality data and information, in order to serve them in the process of making business decisions within the SME sector.

4.1. Data Collection

Empirical testing of the SMEs in Kosovo is of exceptional importance. It was conducted with a representative sample of 200 small and medium businesses.

The collected extensive statistical material has been processed in a qualitative and quantitative statistical manner, mostly using the E-views software package. In this sense, the basic intention of statistical determination is awareness of the following characteristics of the empirical sample of Kosovo SMEs, i.e.: setting up the hypothesis for research within the created model of dependence on the elements of the questionnaire; determining the dominant frequencies and correlations; regression analysis as well. The scale used in questionnaire is based on 5-point Likert scale. Likert scale (1- not at all, 2- low, 3- moderately, 4- to a large extent, 5- to a very large extent).

Table 1. The determination of the variation of variables by category is determined using the following variables

Dependent Variables		
COMPET		Firm's competitiveness
COST		Firm's operating cost
Independent variables		
INTCAP	d	Internal facilities for organizational change
MANAGKNOW	d	Knowledge and abilities of managers
EMPLOYKNOW	d	Knowledge and abilities of employees
USE	d	Degree of utilization of organizational changes
MANIF	d	Manifesting managerial behavior
OWNER	c	The owners have responsibility for the implementation of the changes
MANAG	c	Managers are responsible for the implementation of the changes
EMPLOY	c	The employees have responsibility for the implementation of the changes
AGENT	c	Responsibility for the implementation of changes has change agents

EXPERT	c	Experts have responsibility for the implementation of the changes
GOVERN	c	Responsibilities for implementing the changes have external stakeholders
CREATIV	c	Systematic management of creative initiatives
Control variables		
PRODUCT	c	The enterprise operates in the production sector
INCENTIV	c	Promoting reward systems
ORGST	c	Flexible organizational structure
EVAL	d	Evaluation and revaluation
IMPACT	d	The influence of the company in the environment

Note: d- dimensions; c- characteristics

Changes in organizational dimensions include the change in these factors: EMPLOYKNOW; EVAL; IMPACT; INTCAP; MANAGKNOW; MANIF; and USE.

Changes in organizational characteristics include the change in these factors: AGENT; CREATIV; EMPLOY; EXPERT; GOVERN; INCENTIV; MANAG; ORGST; OWNER; and PRODUCT.

4.2. Instrument Design

To make the regression analysis firstly we have to present the link between the independent variable. If the correlation between variables is within the limits (-0.7 to 0.7), from the general rule of correlation on the contrary if the value is outside these limits, variables have strong connection between them, that produces incorrect estimated results. We have multicollinearity when we have a high correlation between independent variables (Hair et al., 1998; Lind et al., 2002; Islami et al., 2018).

4.3. The Model Used and Variables

In the created research model, the following quantitative methodological analytical instruments are used to perceive the relationship of independent, dependent variables, and control variables:

$$y_i = \alpha + \beta_1 x_{1i} + \beta_2 x_{2i} + \dots + \beta_n x_{ni} + \delta_1 d_{1i} + \delta_2 d_{2i} + \dots + \delta_n d_{ni} + \ddot{e}_i$$

$$y_i = \alpha + \beta_1 * EMPLOYKNOW + \beta_2 * EVAL + \beta_3 * IMPACT + \beta_4 * INTCAP + \beta_5 * MANAGKNOW + \beta_6 * MANIF + \beta_7 * USE + \ddot{e}_i$$

$$y_i = \alpha + \beta_1 * AGENT + \beta_2 * CREATIV + \beta_3 * EMPLOY + \beta_4 * EXPERT + \beta_5 * GOVERN + \beta_6 * INCENTIV + \beta_7 * MANAG + \beta_8 * ORGST + \beta_9 * OWNER + \beta_{10} * PRODUCT + \ddot{e}_i$$

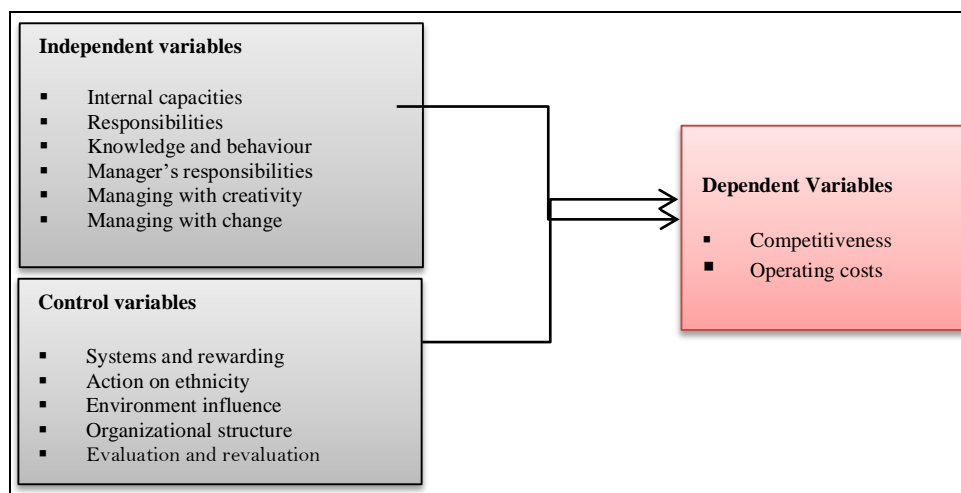


Figure 1. Conceptual model

4.4. Research Methods

The questionnaires were developed by emphasizing the categories of expected dimensions and tendencies, in order to elicit multiple responses that would clarify the need for formulating future recommendations, with the full use of one-way and multidirectional quantitative and qualitative analysis.

The basic research methods in this research paper include the methods of induction and deduction, analysis and synthesis, and the comparative analysis. The deductive method, in this research paper is used as a fundamental method of reasoning, on the basis of which is the necessity of setting the hypothesis of the investigated problem, but on the basis of causality in determining the basics of such research. The inductive method, or even more commonly known as the method of inductive logic, is set as the object of use when the applicative dimensions of the research hypothesis are tested. The main purpose of its use is to see the channeling of the conclusions. The method of analysis, aims to break down the individual dimensions of research in order to draw relevant conclusions, starting from the individual to the general. In contrast, the method of synthesis is used as an addition, that is, on the basis of general knowledge and conclusions approaching an individualized perception of the defined research problem. The method of comparative analysis is used to compare organizational changes in different stages of organizational development in order to determine the future of competitiveness and employment in the SME sector.

5. Results

The basic usefulness of the empirical data obtained has an initiation, i.e. general use value, as well as benefits that will be subject to quantitative and qualitative analysis of the sample.

The analyses of the so-called, general research parameters for the covered statistical sample refer to the following distributions, prepared according to the covered criteria: business category - micro, small or medium; the location of a small or medium business; his dominant, i.e. dominant activity as well; respondent category - owner or manager.

The initial categorization of covered and investigated SMEs was conducted according to the criterion of belonging in one of the subcategories within the SME segment, presented in the following tables:

Table 2. Distribution of the surveyed sample of SMEs by category (n=200)

Category	Number of businesses	Percentage participation
Micro businesses	124	62%
Small businesses	54	27%
Medium businesses	22	11%

Based on the Table 2, it is perceived that the dominant category of entities within the surveyed sample is micro businesses, with 62%, followed by small businesses with 27%, and the least represented are medium-sized business entities, with an overall participation of 11%.

Table 3. The scope of SMEs from the aspect of their dominant activity (n=200)

Category	Number of businesses	Percentage participation
Manufacturing activities	52	26%
Trade	80	40%
Services	48	24%
Construction	9	4,5%
Other activities	11	5,5%

It is evident from the Table 3, that the overall research structure is dominated by trade with 40% participation, followed by manufacturing activities with 26%, services with 24%, construction with 4.5% and the category containing other activities with 5.5%. Undoubtedly, in the future, this distribution should move in the direction of greater representation of manufacturing and services, especially those from high value-added areas, which are based on strong expertise.

Extremely interesting is the cross-sectional analysis of the territorial belonging together with the main activity, where extraordinary knowledge is extracted (relationship between Table 2 and Table 3): The category of micro entities is oriented

mainly towards trade, with 58%, followed by services with 34%, trade activities with 4% and other activities with 4%. Small business segment is focused mostly on production, with 43%, followed by trade with 33%, services with 13%, construction with 9% and other activities with 2%. And the category of medium-sized businesses is mostly oriented towards services with 38%, followed by production with 26%, trade with 21%, and construction with 6%.

And finally, from this general research approach, is categorized the analyzed SMEs according to the criterion of the category of the respondent - owner and/or manager, presented in the following table:

Table 4. Distribution of the surveyed sample of SMEs according to the respondent (n=200)

Category	Number of businesses	Percentage participation
Owner, not a manager	43	21,5%
Manager, not owner	21	10,5%
Owner and manager	136	68%

As, it is presented in Table 4, is evident that among the majority of Kosovo SMEs from the sample, the authorization to respond to the questionnaire is set for a person who is a personal union - at the same time a dominant owner and manager with 68% representation, followed by owners who do not perform the management function with 21.5%, and last are managers who are not dominant owners with a share of 10.5%, which speaks enough about the concentration of authorizations around the owner, while at the same time pointing to a lack of separation of ownership from management.

In order to analyze data and to test hypotheses it is used the regression analysis. To complete the regression analysis IBM SPSS statistical software is used. Despite, regression analysis, descriptive data have been presented. Empirical results are going to be presented below.

Based on the detailing of the elements of the responses in both segments of the Questionnaires, the following quantitative and qualitative insights are derived, which will be illustrated through the details of the following elements: the distribution of the highest frequency of individual responses; regression analysis of the impact of organizational dimensions and characteristics on both dependent variables: "firm's competitiveness" and "firm's operating costs".

Table 5. The largest distribution of individual factors that induce change (n=200)

Dimension of change	Number of answers	Frequency
Support in securing the placement of your products/services	117	58,5%
The need to build a high degree of independence from big businesses and not depend solely on their relationships	94	47%
All employees have the responsibility for quality management of organizational changes	109	54,5%
The dominant model of organizational culture is very little changed	92	46%
The increased number of employees partially possesses the necessary scope of knowledge, skills, experiences and abilities	113	56,5%
The degree of risk that organizational change has the greatest potential for quality management of them	125	62,5%

Based on Table 5, it is perceived that the leading factor that encourages change is the risk that the change brings with it as an impetus for its management with 62.5%, followed by the support of the employees in securing a higher ranking as a result of the change, with 58, 5%, followed by the dimension according to which the change is necessary because the increased number of employees partially possesses the necessary volume of knowledge, skills, experiences and abilities with 56.5%.

In this paper is presented the analytical dimension of the degree of mutual correlative utility in the investigated representative sample using the following table:

Table 6. Maximum descriptive relationships of change dependence, on the surveyed sample (n=200)

Categories of dependencies in change	Result in %
The dimensions of quality management of organizational change depend on the processes through which the organizational knowledge is exhausted	79%
Implementation of signals for consumer change depends on the utilization of the change in order to increase the competitiveness	84%
The motivation for increasing the competitiveness depends on the form of the awards for the employees	77%
The factors contributing to greater employment depend on the manner of valuation and assessment of the implemented changes	69%
Managers use changes to change processes and relationships depend on signals coming from consumers about the dimensions of change	91%

Based on the analysis of the elements in the Table 6, it can be seen the greatest dependence on the individual issues noted in managerial use of process changes and relations as the result of signals from consumers, with 91%, followed by the dependence of the implementation of signals for changes in use of the change to increase competitiveness with 84%.

5.1. Regression Analysis

In this part of the paper, it will be presented the representation of the competitiveness dependence on the organizational dimensions and characteristics.

In order to measure the impact of independent variables in dependent variable "firm's competitiveness" multiple regression analysis has been used. Regression analysis is presented in Table 7. According to regression analysis independent variables that enter in analysis explain 67.4% of dependent variable "firm's competitiveness".

As it shown in Table 7, measured with regression analysis the impact of change on organizational dimensions on SMEs competitiveness independent variables "EMPLOYKNOW", "MANIF", and "USE" are moved from further analysis because the significant values are larger than ($p= 0.01$; 0.05 ; or 0.10). Whereas, two other independent variables "IMPACT" and "INTCAP" are significant in value ($p=0.10$). And two independent variables "EVAL" and "MANAGKNOW" are within the significant level ($p=0.05$).

Independent variable "EVAL" is positively connected with dependent variable "firm's competitiveness" by predicting it for 36.5% ($b=.365$ & $p=.032$). Independent variable "INTCAP" is positively related with dependent variable "firm's competitiveness" by predicting it for 41.7% ($b=.417$ & $p=.050$). Independent variable "IMPACT" is negatively related with dependent variable "firm's competitiveness" by predicting it for -20% ($b=-.200$ & $p=.092$). As well independent variable "MANAGKNOW" is positively related with dependent variable "firm's competitiveness" by predicting it for 39% ($b=.390$ & $p=.009$). If it is analyzed closely Table 7 can be concluded that independent variable "INTCAP" has a higher impact than all other independent variables in firm's competitiveness.

Table 7. Regression analysis of the impact of change in organizational dimensions on firm's competitiveness (n=200)

Variables	Coefficients	Default error	t-statistics	Probability
Constant	0.222701	1.053745	0.211342	0.0333
EMPLOYKNOW	-0.010248	0.138125	-0.074196	0.9411
EVAL	0.365939	0.167196	2.188686	0.0321
IMPACT	-0.200924	0.117811	-1.705483	0.0927
INTCAP	0.417928	0.209564	1.994271	0.0501
MANAGKNOW	0.390796	0.146406	2.669261	0.0095
MANIF	-0.065991	0.110726	-0.595984	0.5532
USE	0.044076	0.105431	0.418055	0.6772

Based on Table 7, it is clearly perceived as a moderate right - a proportional influence on the internal capacities for changes, assessment and evaluation systems, as well as the knowledge and abilities of the managers, their competitiveness, and the weakly

inverse - proportional influence on the influence of the particular enterprise on the environment.

As is presented in Table 8, measured with regression analysis the impact of change on organizational characteristics on firm's competitiveness independent variables "EMPLOY", "EXPERT", "GOVERN", "ORGST" and "PRODUCT" are moved from further analysis because the significant values are larger than ($p= 0.01; 0.05; \text{ or } 0.10$). Whereas the other independent variables are analyzed with significant level by ($p=0.05$).

If it is analyzed closely Table 8, can be concluded that independent variable "OWNER" has a higher impact than all other independent variables in firm's competitiveness.

Table 8. Regression analysis of the impact of change in organizational characteristics on firm's competitiveness (n=200)

Variables	Coefficients	Default error	t-statistics	Probability
Constant	3.839383	0.333708	11.50521	0.0000
AGENT	-2.643732	0.983084	-2.689222	0.0091
CREATIV	0.530613	0.202380	2.621867	0.0109
EMPLOY	0.276241	0.258339	1.069298	0.2889
EXPERT	0.668581	0.850035	0.786534	0.4344
GOVERN	0.503231	0.320608	1.569612	0.1214
INCENTIV	0.600367	0.271027	2.215160	0.0303
MANAG	-0.547691	0.226812	-2.414738	0.0186
ORGST	-0.226810	0.265909	-0.852958	0.3968
OWNER	-0.739329	0.245788	-3.007995	0.0037
PRODUCT	-0.299249	0.209615	-1.427615	0.1582

The analytical perception of the Table 8, testifies to a significant right - a principled influence on the responsibility for the implementation of changes by experts, the system of rewarding incentives and systematic management of creative initiatives, in contrast to significantly vice versa proportional impact of the responsibility for implementing changes from change agents, as well as the same responsibility of the owners of the capital.

As it shown in Table 9, measured with regression analysis the impact of change on organizational dimensions on firm's operating costs independent variables "EMPLOYKNOW", "IMPACT", "INTCAP", and "USE" are moved from further analysis because the significant values are larger than ($p= 0.01; 0.05; \text{ or } 0.10$). While, two other independent variables "EVAL" and "MANAGKNOW" are significant in value ($p=0.10$). And independent variable "MANIF" is within the significant level ($p=0.05$).

Independent variable "EVAL" is negatively connected with dependent variable "firm's operating costs" by predicting it for -17.4% ($b= -.174 \text{ \& } p=.067$).

Independent variable “MANAGKNOW” is positively related with dependent variable “firm’s operating costs” by predicting it for 16.2% ($b=.162$ & $p=.052$). As well independent variable “MANIF” is positively related with dependent variable “firm’s operating costs” by predicting it for 13% ($b=.131$ & $p=.038$). If it is analyzed closely Table 9, can be concluded that independent variable “EVAL” has a higher impact than all other independent variables in firm’s operating costs.

Table 9. Regression analysis of the impact of change in organizational dimensions on firm’s operating costs (n=200)

Variables	Coefficients	Default error	t-statistics	Probability
Constant	-0.049494	0.591991	-0.083607	0.0336
EMPLOYKNOW	-0.017945	0.077598	-0.231253	0.8178
EVAL	-0.174730	0.093930	-1.860219	0.0672
IMPACT	-0.092192	0.066186	-1.392921	0.1682
INTCAP	0.063306	0.117733	0.537707	0.5925
MANAGKNOW	0.162440	0.082251	1.974943	0.0523
MANIF	0.131281	0.062206	2.110438	0.0385
USE	0.055434	0.059231	0.935893	0.3526

The deeper analysis of Table 9, indicates the elementary knowledge of low regressive relationships of dependence, whether rightly proportional or vice versa - proportional to the operating costs of organizational dimensions, in conditions of poorly-linear influence on assessment and evaluation systems, as well as knowledge and abilities of managers. As is presented in Table 10, measured with regression analysis the impact of change on organizational characteristics on firm’s operating costs all independent variables are moved from further analysis because the significant values are larger than ($p= 0.01$; 0.05 ; or 0.10), except independent variable “GOVERN” which is significant in value ($p=0.10$). Independent variable “GOVERN” is positively related with dependent variable “firm’s operating costs” by predicting it for 31.5% ($b=.315$ & $p=.075$).

Table 10. A regression analysis of the impact of change in organizational characteristics on firm’s operating costs (n=200)

Variables	Coefficients	Default error	t-statistics	Probability
Constant	-0.221983	0.181567	-1.222601	0.0259
AGENT	-0.520348	0.534884	-0.972825	0.3342
CREATIV	-0.094587	0.110112	-0.859001	0.3935
EMPLOY	0.049461	0.140559	0.351891	0.7261
EXPERT	-0.424921	0.462494	-0.918762	0.3616
GOVERN	0.315325	0.174439	1.807653	0.0753
INCENTIV	-0.188048	0.147462	-1.275230	0.2068
MANAG	-0.116167	0.123405	-0.941343	0.3500
ORGST	0.228644	0.144678	1.580366	0.1189
OWNER	0.126437	0.133730	0.945461	0.3479
PRODUCT	0.171088	0.114049	1.500131	0.1384

Based on the previous regression analysis from Table 10, a conclusion is drawn about the significant reverse - proportional influence of the category responsibility for the implementation of change from realtors for changes, versus moderate inverse - proportional influence of the category responsibility for the implementation of changes from experts, which speaks enough the limited impact of internal capabilities to implement the change-over operating costs.

6. Discussion

The contemporary categorization of the instigators of change usually takes into account the impact of the pressure on competition on the change, the tendencies of globalization, the international instability, especially the financial, growing needs for greater and clearly emphasized transparency and accountability, the sustainability of the development initiated by the change, the lack of confidence in the institutions of the system, productivity, technology, e-business, consumer revolution, social trends, responses human resources, increasing the relative importance of stakeholders etc.

Based on the results of this study, the firms should be focused on the fact that it is necessary first to determine the goals of the concrete changes, and only then to think about the mechanisms for their realization, because the organizational policy for their realization depends on the inner feeling that the employees will acquire for organizational changes. Wherever there is a necessity for the expertise of a larger number of employees, they should be consulted about the whole process of change management, not just in the implementation phase. So, systemic management of new creative initiatives, as well as attracting quality employees to implement change, should largely become rooted in the root causes of change management rather than the dominant cost reduction, especially operational ones.

Based on the identified trends in the development of SMEs in Kosovo, which were empirically rationally tested, is needed to clarify the specific modality of change that is most appropriate, according to the diagnosis of the stage in the life cycle in which they are located, as well as the internal and external conditions they face. Namely, in any organizational change, regardless of whether it is a current or planned change, the initial dimension is the awareness that its manifestation is to the greatest extent appropriate, from the following manifestations of the types: evolutionary (transactional) or revolutionary (transformational) (Connie, 1991).

The underlying dimension of diversity lies in the knowledge that the evolutionary project involves changing within the existing business model without substantial changes in the levels of authority and responsibility and is reflected in forms such as reconstructions, adaptations, moderation, etc. In contrast to the evolutionary, transformational organizational change presupposes the establishment of new,

organic relations, with the essential change of the dominant business model, as well as real improvement of the quality of processes and relations in SMEs.

Organizational culture, to a greater extent, provides effective change of employees' awareness of the potential of organizational changes, for transition to the ideal form of organization. Signals coming from consumers should be more relevant to the dissatisfaction of their real needs, motives and desires in the consumption of the product/service and the restriction of the post-sale support, rather than the dominant of the payment terms that the current SME owns.

Although most of Kosovo's SMEs would volunteer to engage in evolutionary changes, according to their diagnosed state, most of them, i.e. 65% must gradually face transformational changes as the only model for building their competitiveness. In this model, employee access to change is crucial, i.e. the way they see, feel and accept it. In the guidelines for the improvement of the organizational change management model, in the surveyed sample from Kosovo, the system for promotion and development of human resources has a separate meaning and influence.

The initial treatments of each employee in an SME imply the existence of their continuous and effective training and development. As a way to ensure the development of skills among people, that is to develop them from within, training should focus on facilitating learning, not just the inadvertent imposition of new functional knowledge. In addition to the training, emotional intelligence, sympathy, and integrity are considered as important, which in some situations are more important than the development of processes and skills. But, not always training, development and motivation of employees, as a conventional method of organizational change for human resources development, manage to yield the expected results. Unilateral imposition of new skills for human resource changes is not effective due to too great personal goals and employee preferences, in circumstances where some of their personal convictions may even be contrary to those of the organization. What will always apply to the development of human resources in SMEs is that employees will never comply with incomprehensible or inapplicable organizational goals, especially those that are not transparent to the majority of employees.

7. Conclusion

We can say that in general change management is relatively a new area. In this paper we analyze the effect of organizational changes in dimensions and characteristics on SMEs competitiveness and firm's operating costs. Results have shown that the change in organizational dimensions factors will increase the SMEs competitiveness and will decrease the firm's operating costs; also change on organizational

characteristics factors will increase the SMEs competitiveness and decrease the firm's operating costs.

First hypothesis: according to the statistical test results for individual coefficient control we get the result ($t_1=0.211$ and $p=0.033$) individual coefficients show that independent variables included in organizational dimensions have a significant contribution in this model. As seen by multiple regression equation, as well as without standardized β coefficients, change in organizational dimensions affecting firm's competitiveness. In this way we can say that the hypothesis H_1 : is accepted by showing that organizational dimensions have a positive relationship and is important statistically with firm's competitiveness ($H_1\uparrow$). The most important factor which has the larger impact on firm's competitiveness as is shown in Table 7, is "INTCAP" that has positive relationship, which would mean that if the "INTCAP" increase to 0.1 will increase the firm's competitiveness for 4.17 %, if other variables remain unchanged, it follows by reason that more internal facilities for organizational change are the easier to achieve SMEs competitiveness.

Second hypothesis: as is shown in Table 8, according to the statistical test results for individual coefficient control we get the result ($t_2=11.505$ and $p=0.000$) individual coefficients showed that independent variables included in organizational characteristics have a significant contribution in this model. As seen by multiple regression equation, as well as without standardized β coefficients, change in organizational characteristics affecting firm's competitiveness. In this way we can say that the hypothesis H_2 : is accepted by showing that organizational dimensions have a positive relationship and is important statistically with firm's competitiveness ($H_2\uparrow$).

Third hypothesis: according to the statistical test results for individual coefficient control we get the result ($t_3=-0.083$ and $p=0.033$) individual coefficients showed that independent variables included in organizational dimensions have a significant contribution in this model. As seen by multiple regression equation, as well as without standardized β coefficients, change in organizational dimensions affecting SMEs competitiveness. In this way we can say that the hypothesis H_3 : is accepted by showing that organizational dimensions have a negative relationship and is important statistically with firm's operating costs ($H_3\uparrow$). The most important factor which has the larger impact on firm's operating costs as is shown in Table 9, is "EVAL" that has negative relationship, which would mean that with the "EVAL" increase to 0.1 the firm's operating costs will decrease for 2.31 %, if other variables remain unchanged, it follows by reason that more evaluation and revaluation as a part of continued control will decrease the firm's operating costs.

Fourth hypothesis: as is shown in Table 8, according to the statistical test results for individual coefficient control we get the result ($t_4 = -1.222$ and $p=0.025$) individual coefficients show that independent variables included in organizational dimensions

have a significant contribution in this model. As seen by multiple regression equation, as well as without standardized β coefficients, change in organizational characteristics affecting firm's operating costs. In this way we can say that the hypothesis H₄: accepted by showing that organizational characteristics have a negative relationship and is important statistically with firm's operating costs (H₄↑).

This study makes a significant contribution to the scientific and academic value, by linking the organizational changes with SMEs competitiveness and operating costs in Kosovo, in the region and beyond.

8. Limitations of the Study

This study contributes in literature enrichment related to the relationship between change in organizational characteristics and dimensions with firm's competitiveness and operating costs, but it has its limitation. Study limitations are:

The size of selected SME that participated in the study is low (200). For this reason, a close attention must be paid in trying to generalize the data of this study.

Factors used in this study are not the only that influence in SMEs competitiveness and firm's operating costs. There are also other factors which are used.

The data gathered in a moment of time, not in different periods of time. The value of the study would have been higher if the data had been gathered in different periods of time with the purpose of observing.

9. Reference

- Amit, R. & Schoemaker, P.J. (1993). Strategic assets and organizational rent. *Strategic management journal*, 14(1), pp. 33-46.
- Armenakis, A.A. & Harris, S.G. (2002). Crafting a change message to create transformational readiness. *Journal of Organizational Change Management*, 15(Number 2), pp. 169-183.
- Armenakis, A.A.; Harris, S.G. & Mossholder, K.W. (1993). Creating readiness for organizational change. *Human Relations*, 46(June), pp. 681-703.
- Beckhardt, R. & Harris, R.T. (1987). *Organizational transitions: managing complex - 59 -* ISBN: 1307-1629, 2008, 2(1) change. Reading: Addison-Wesley.
- Beer, M. & Nohria, N. (2000). Cracking the code of change. *Harvard Business Review*, (3), pp. 133-141.
- Bienerth, Jeremy (2004). Expanding our understanding of the change message. *Human Resource Development Review*, 3(March), pp. 36-52.
- Camp, R. (1989). *Benchmarking: The Search for Industry Best Practice That Lead to Superior Performance*. White Plains, NY: Quality Resources.

- Eby, Lilian T.; Adams, Danielle M.; Russel, Joyce E.A. & Gaby, Stephen H. (2000). Perceptions of organizational readiness: factor related to employees' reactions to the implementation of team based selling. *Human Relation*, 53(March), pp. 419-442.
- Gersick, C.J. (1991). Revolutionary change theories: A multilevel exploration of the punctuated equilibrium paradigm. *Academy of management review*, 16(1), pp. 10-36.
- Griffin, R.W. (2005). *Management*. 8th ed. Indian adaptation.
- Hair, J.F.; Anderson, R.E.; Tatham, R.L. & Back, W.C. (1998). *Multivariate data analysis*. Fifth Edition. New Jersey: Prentice Hall.
- Iacovini, J. (1993). The human side of organization change. *Training and Development Journal*, 47(January), pp. 65-68.
- Islami, X. (2015). The Process and Techniques to overcome the Resistance of Change Research based in the Eastern Part of Kosovo. *International Journal of Multidisciplinary and Current Research*, Vol. 3, issue 6, pp. 1122-1130.
- Islami, X.; Mulolli, E. & Mustafa, N. (2018). Using Management by Objectives as a performance appraisal tool for employee satisfaction. *Future Business Journal*, 4(1), pp. 94-108.
- Islami, X.; Mulolli, E. & Skenderi, N. (2015). The Role of the Environment in the Organizational Change of the SME-s Research Based in the Eastern Part of Kosovo. *International Journal of Recent Advances in Multidisciplinary Research*, Vol. 2, Issue 9, pp. 1763-1766.
- Jakupi, A. (2008). *Marketingu*. Bazat. Prishtinë.
- Jones, Renae A.; Jimmieson, Nerina L & Griffiths, Andrew (2005). The Impact of organizational culture and reshaping capabilities on change implementation success: the mediating role of readiness for change. *Journal of Management Studies*, 42(March), pp. 361-386.
- Kotter, J. (1995). Leading change: why transformation efforts fail. *Harvard Business Review*, 73(March), pp. 59-67.
- Langlois, R. (1994). Cognition and Capabilities: Opportunities Seized and Missed in the History of the Computer Industry. Working Paper, University of Connecticut. Presented at the conference on *Technological Oversights and Foresights*, Stern School of Business, New York University, March 11-12.
- Lewin, K. (1951). *Field theory in social science*. New York: Harper and Row.
- Lind, D.A.; Marchal, W.G. & Mason, R.D. (2002). *Statistical techniques in business & economics*. 11th edition. New York, United States: McGraw-Hill Irwin.
- McDonald, T. & Siegal, M. (1993). Enhance self-efficacy. *Training and Development Journal*, 48(July), pp. 66-67.
- McManus, S.E.; Russell, J.E.A.; Freeman, D.M. & Rohricht, M.T. (1995). Factors related to employees' perceptions of organizational readiness for change. Paper presented at the annual meeting of the *Academy of Management*, Vancouver, BC, Canada.
- Pardo del Val, Manuela & Martinez Fuentes, Clara (2003). Resistance to change: a literature review and empirical study, *Management Decision*, 41(Number 2), pp. 149-155.
- Rumelt, R.P. (1995). *Inertia and transformation*. In Montgomery, Cynthia A. (Eds.). *Resources in an evolutionary perspective: towards a synthesis of evolutionary and resource-based approaches to strategy*, pp. 101-132. Norwel: Kluwer Academic Publishers.

- Schneider, B.; Wheeler, J.K. & Cox, J.F. (1992). A passion for service: using content analysis to explicate service climate themes. *Journal of Applied Psychology*, 77(October), pp. 705–716.
- Smith, Ian (2005). Continuing professional development and workplace learning 11: managing the “people” side of organizational change. *Library Management*, 26(March), pp. 152-155.
- Smith, Ian (2005). Achieving readiness for organizational change. *Library Management*, 26(June), pp. 406-412.
- Stadtlander, Christian (2006). Strategically balanced change: a key factor in modern management, *Electronic Journal of Business Ethic and Organization Studies*, 11(May), pp. 17-25.
- Strebel, P. (1996). Why do employees resist change? *Harvard Business Review*, 74(May), pp. 86-92.
- Susanto, A.B. (2008). Organizational readiness for change: A case study on change readiness in a manufacturing company in Indonesia. *WWW. IB-TS. ORG*.
- Svetlana, I. Ashmarina and Anna, S. Zotova, (2015). The Reasoning for Methodical Instruments of Evaluation of Organization Readiness, Possibility and Necessity to Implement the Organizational Changes. *Mediterranean Journal of Social Sciences*, vol 6, no 3, pp. 44-48.
- Teece, D. & G. Pisano (1994). The dynamic capabilities of firms: An introduction *Industrial and Corporate Change*, 3, pp. 537–556.
- Waddeal, Dianne & Sohal, Amrik S. (1998). Resistance: a constructive tool for change management. *Management Decision*, 36(Number 8), pp. 543-548.
- Woods, A. & Joyce, P. (2003). Owner-Managers and the Practice of Strategic Management. *International Small Business Journal*, vol. 21, (2), pp. 181-195.
- Zeffane, Rachid (1996). Dynamics of strategic change: critical issues in fostering positive organizational change. *Leadership and Organization Development Journal*, 17(Number 7), pp. 36-43