

Multidimensional and Multicausal Approach of Managerial Change inside Organisations

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Abstract

This paper focuses on the organizational change in the management field. In the first part there are revealed the main five causes of the management change increase and the evolution in its characteristics. Further, organizational changes are analysed from two points of view – amplitude and deepness. A special attention is paid to the identification and to the analysis of the eight essential dimensions of organizational changes: managerial, informational-gnosologic, human, economic-business, technical-material, methodological, ecological and temporal.

In the last part of the paper we propose a new typology of organizational change based on five criteria – importance and magnitude of changes, nature of changes and of the system inside organization, changes evolution in time, way to change manifestation and role of human factor in initiating and development of change.

Keywords: *organizational change, managerial change, change amplitude, change typology, competitiveness*

JEL classification: O33, L29

1. Importance, permanence and complexity of managerial changes

Without any doubt, change exists since forever. Man himself is a product of cosmic change. Change was the preoccupation of society's elite, philosophers since antiquity. For example, well known Greek philosopher Heraclit stated since 500 B.C. that "nothing is permanent except change". In spite of this only in the past few decades change became a central subject in most if not all fields of activity among which management is on one of the front places.

Given these circumstances, naturally, gives raise to the question why only lately this focus of management on change took place at society's level?

Answers to this question can be — and they really are — multiple. A synthetic answer which has a high correspondence with actual realities was offered by the well known American specialist in management Stuart Crainer. "changes faced today by managers are more significant, more far-reaching and more importunate than they were in previous period".

If we move to a more analytical approach through objectives and nature of organisations and management we can distinguish a more concrete **set of causes** for this evolution:

- Quasi-continuous modifications taking place in information, knowledge, human, technical-material and financial resources of the company impose changes also in their management;
- Quasi-continuous changes taking place in organisations' exogenous environment, in economic, technical, demographic, social, cultural, ecological, institutional, legal, political and managerial factors which compose it impose modifications also inside the company in order to capitalize opportunities and eliminate or diminish contextual threats;
- Performing pertinent changes in very short periods of time it is essential for organisations' survival itself, regardless of its characteristics;
- Maintaining organisations' functionality nowadays is possible only through a succession of modifications on multiple levels;
- Obtaining competitive performances by organisations decisively depends on their capacity to anticipate necessary changes, to project and to implement them with efficacy and efficiently.

Examining causes presented above, which of course are not exhaustive, it comes up that they refer to: a) inputs inside the organisations' framework, b) changes in endogenous resources and in its exogenous context, c) change in its outputs - of course the last ones with a strong endogenous determination.

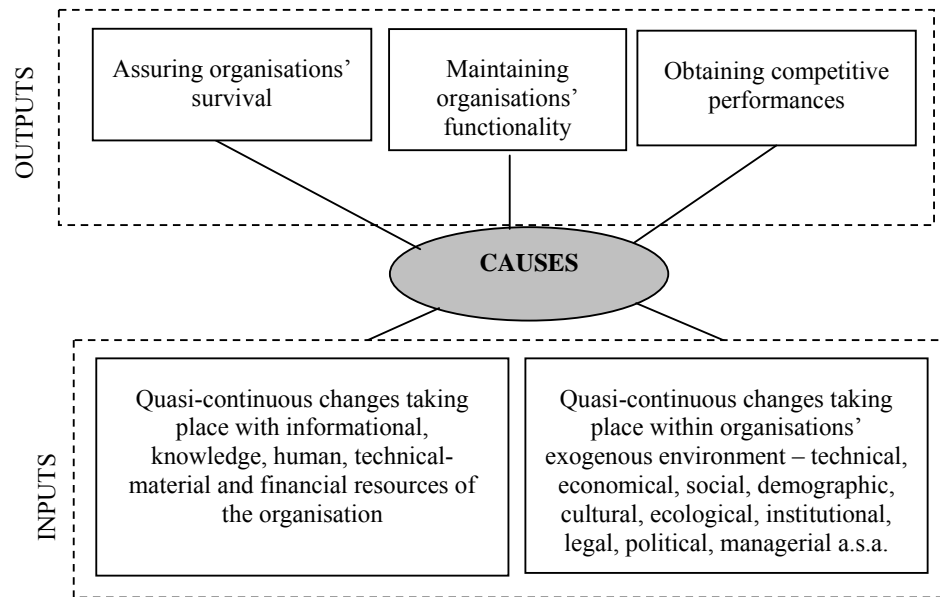


Figure 1. Main causes of managerial changes inside the organisation

Changes inside the organisation, especially the ones of managerial nature, record **spectacular changes of their characteristic parameters**. Synthetically, these can be summed up in the way presented in figure 2.

In the same time with afore mentioned evolutions, some specialists notice a modification of the **nature of changes**. This way, according to the well known North American specialist Richard Pascale, part of the **managerial changes become transformations**. In his opinion, change is a gradual improvement, step by step, while transformation means change, usually an improvement which implies discontinuities in organisations' capabilities. Transformations require an intellectual energy net superior compared to usual changes. Regardless if we accept or not the difference between change and transformation it is clear that in broad sense transformation is also itself a change which of course incorporates superior qualitative elements and with substantial effects.

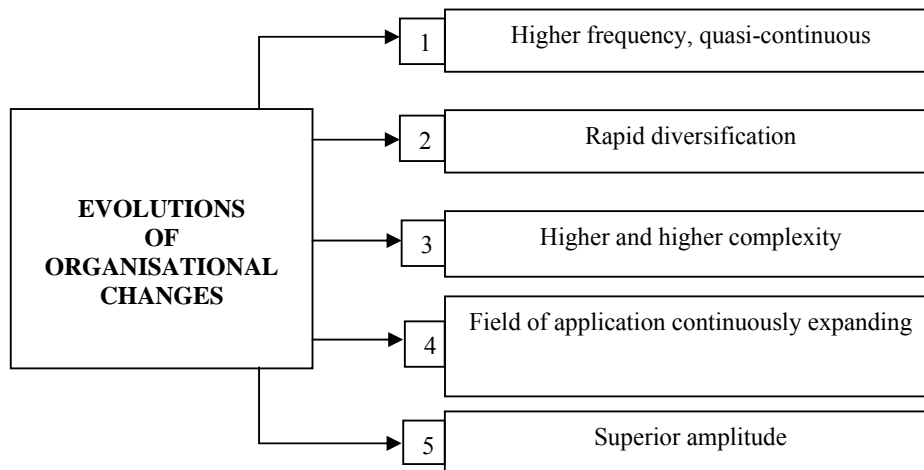


Figure 2. Evolutions in managerial changes

Changes moving to management spotlight reflect not only in managerial theory but also in organisational practice. From the numerous examples which can be quoted here we shall limit to only one which refers to the well known company **General Motors**. Its management gives to their employees “**a reflection list**” which has the purpose to encourage them in developing new ideas for organisational change and to remind them that changes are essential for General Motors to continue to have performance, to be successful in business. This list includes the following questions:

1. Equipment or a piece of machinery could be used to produce faster and/or better products?
2. Can we use the range of materials we currently use to produce?

3. Handling of materials and raw materials which you or the ones around you use could be improved?
4. A device to combine and realize better actual operations could be imagined?
5. The quality of the produced components can be improved by changing operations or their order?
6. Materials and raw materials could be cut and worked some other way which can generate savings or superior efficiency?
7. Could actual working operations be realized with higher security?
8. Some of the “papers” involved in your work could be eliminated?
9. Simplified work procedures could be established?

This list, destined mainly to workers and other employees from production departments has a major contribution to conception and putting into practice performance generating changes within General Motors.

Intense preoccupation lately for generating and capitalizing changes has its roots in the difficulty to fundament them and in their essential impact on the organisation. Well known teachers Beer and Nohria from Harvard University have established that about 70% of the changes initiated in North American enterprises fail with multiple negative effects. Such a shocking percentage is recorded in USA a country well known for its company managers’ skills!

Inside organisations numerous and frequent changes take place. Of course, management cannot deal with them all and we do not consider that it is necessary. Organisation’s management can and should manage significant changes which mean the ones who generate effects in the field of organisation’s and its components functionality and performance whose dimension justifies preoccupation and intervention from managers and specialists. More than this performance management anticipates the necessity for significant change, prepares and implements them in order to amplify useful effects at organisational level.

In conclusion, managerial changes are more and more frequent, intense, complex and diverse, conditioning company’s existence and performance given the movement towards knowledge based economy. More than this, a new category of changes based on knowledge is developing and their efficacy depends on the quality and degree of capitalization of knowledge generated inside and outside the organisation.

2. Organisational change and innovation field of applicability

Because change is omnipresent inside the organisation we can easily have the intuition that practically it is all-embracing inside the organisation, sooner or later each of its components changes. Role of this paragraph is to underline which are the essential elements which can and should form the object of change. **Changes and innovation inside an organisation are defined mainly from two points of view:**

- amplitude, which refers to their field of applicability

- deepness, which takes into account their intensity inside the organisation.

The first characteristic, **amplitude**, is the most visible being relatively easy to identify, analyze and manage. In table 1, inserted in the following, these elements are synthesized.

Essential elements of organisational change

Table 1

No.	Essential elements of change
1	Property
2	Vision
3	Mission
4	Leadership
5	Communications
6	People
7	Structure
8	Products and services
9	Technical-material resources
10	Activities
11	Systems and methods, techniques, procedures, instructions of any kind
12	Information and knowledge
13	Rewards and penalties
14	Results

Running through the table results in ample field of applicability of organisational change and innovation on one hand and on the other hand preponderance of managerial nature elements which represent more than half of the elements inserted in the table. In this context it is essential to remember that changes inside the company take into account the four subsystems which compose it — technical, economical, management and human — plus organisational culture which even though organically tied up to human subsystem presents numerous specific elements.

Regarding **change's deepness or profundity**, the second element taken into account, we notice that it is less visible and harder to identify and evaluate. Even though, it is not less important. Efficacy and efficiency of change depends often decisively by its profundity. Profound change means a modification which comprises the human factor, including aspirations, value system, individual and group behaviours etc. Profundity of change is conditioned mainly by managers' degree of involvement, by organisational capacity and by the leadership it displays.

In order to maintain and amplify a company's performance, its competitiveness, it is essential that change and innovation processes comprise — largely — all the elements having a major impact on the planned objective in the same time with deep implementation of changes.

3. Multidimensionality of changes

Characteristics of contemporary organisational changes is their **strong multidimensionality**, which tends to continuously amplify as they become more frequent, diverse, complex, intense, etc. We present in the following, synthetically, which are these **dimensions** and what they consist of:

a) **Managerial**, residing because directly – usually - or indirectly, changes take into account accomplishment of some objectives established by company's management and their operationalisation determines modifications in managerial relations and processes, decisions, information, managerial methods and techniques, organizational elements and managerial techniques etc. The more the managerial dimension is pronounced, the more the probability that change will have an beneficial influence on the organisation increases, it will generate performance in its priority fields.

b) **Informational-gnosiological**, because any change is grounded also on information and knowledge, processes and in the same time generates information and new knowledge. In terms of economic activities becoming more intellectual information and knowledge associated to change amplify and have a wider impact on its development thus determining an intensification of this dimension. Knowledge revolution which takes place nowadays, moving to knowledge based economy, company and management will constantly amplify the impact of this dimension on the company

c) **Human**, which consists in modification and emergence of new individual and group aspirations, values, behaviours, etc. Without modifications at human level there are no organisational changes regardless of how intense the other dimensions are. Essentially, managerial change signifies other behaviours and actions of the employees and groups inside the organisation.

d) **Economic or business**, as to any change requires spending employees' time and some resources which signify costs for the organisation. More than this, change affects directly or indirectly organisations' income. So any change has bigger or lower influence, direct or indirect to dimension and dynamics of costs, cash flow, income etc. The economic factor acts frequently as a restriction in designing, development and finalization of change.

e) **Technical-material**, because there are no changes where existing resources and means are not used thus determining modifications in their usage and on their state. When changes have a bigger amplitude, for them to take place, extra technical-material resources and means are called in, especially acquired inside organisation. Technical-material side of change is the most visible and commensurable, being easy to notice, fact which explains the importance given to it.

f) **Methodological**, because any change means something new at the level of approach, rules, procedures, techniques, methods, systems used to operationalize involved processes. In case of essential changes modifications of methodological nature are wide not rarely new methodologies are being implemented. In terms of

dominant nature of organisational change the methodological elements are of economic, technologic, organisational, informational etc. nature.

g) **Ecologic**, because very often changes inside the organisation have a more or less intense impact, mediated or not mediated, on some elements of the environment in which the organisation operates. For some types of organisations — mining, farming, metallurgical, oil, chemical etc. — ecologic influences are wide and easy to see. Nowadays a pronounced tendency to notice the importance of ecological dimension and of taking it into consideration manifests.

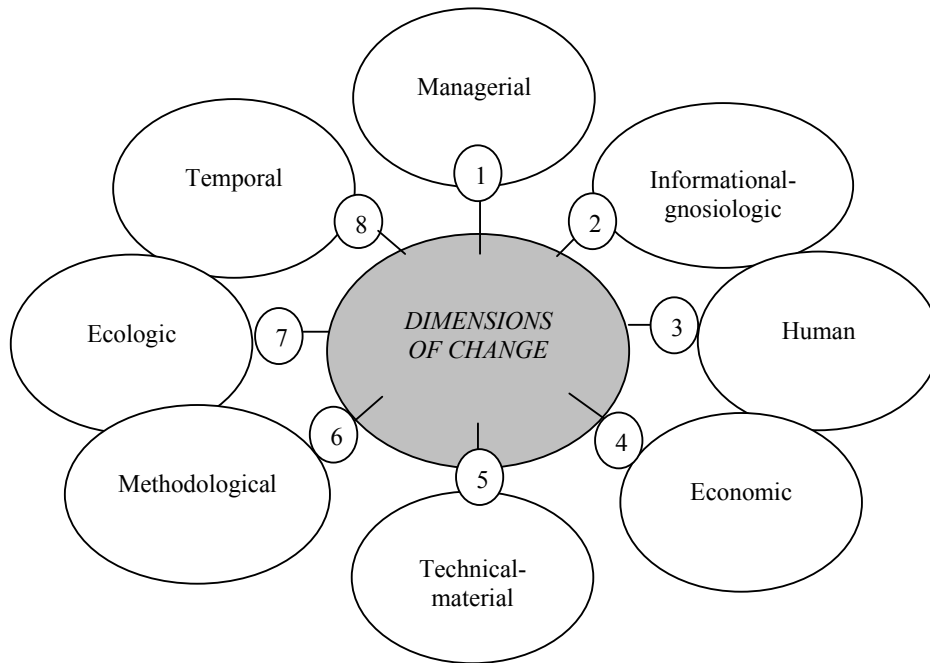


Figure 3. Multidimensionality of organisational changes

h) **Temporal**, which resides in development of change during a certain time interval, longer or shorter and in a specific order of operations, phases etc. through which change is operationalized. Because of technological, economic, informational, human etc. accelerated evolution the temporal dimension tends to become, on the ground of compressed involved periods, more and more important. Putting changes in optimal period conditions in a higher and higher measure performance generated at the level of organisation and its components.

Naturally, presented dimensions (see figure 3), which can usually be found within all organisational changes, manifest themselves with different intensities from a situation to another. Multidimensionality of change, complex interdependencies and the effects generated by the eight presented dimensions

explains why changes are so difficult to achieve and why they involve many uncertain elements regarding development and generated results. Well known philosopher, historian and diplomat Machiavelli noticed very well these aspects in 1500 by the following phrase: “Nothing is harder to manage, with more doubtful chances of success and more dangerous to introduce than change”. Let’s not forget that meanwhile, changes became more rapid, complex, wider, etc., which gives a higher value to Machiavelli’s statement. Becoming aware of this evolution of the essential importance of changes has been phrased very suggestively by the famous president of USA John Kennedy who, in a speech given in Frankfurt, in Germany, in 1963, stated: “Change is the law of life. Those who look only in the past will surely lose the future”.

4. Typology of changes

Inside organisations and as well inside the environment where they operate diverse changes take place. In order to facilitate understanding and especially in order to assure their efficacy and efficient management it is very useful to classify them taking into account relevant criteria. In table 2 we present synthetically the **typology of changes** inside the organisation, drawn up by us.

Typology of changes inside the organization

Table 2

No.	Criteria	Types of changes	Characteristics of the type of change
1	Importance and magnitude of changes inside the organisation	A. Strategic	<ul style="list-style-type: none"> - Refer to the whole organisation or to a significant part of the activities inside it - Determines substantial modifications within company’s resources and activities - Require, in order to be finalized a long period, usually a few years - Generate substantial modification in organisation’s functionality and performance
		B. Current	<ul style="list-style-type: none"> - Refer only to some of the company’s components, most often representing only a reduced weight inside the organisational framework - Determine a relatively low impact on company’s resources and activities - Finalize usually in relatively reduced periods, most often hours, days or weeks - Generate low amplitude modifications on company’s functionality and performance

No.	Criteria	Types of changes	Characteristics of the type of change
2	Nature of changes and of the system inside the organisation it refers to	A. Technical	<ul style="list-style-type: none"> - Refer to products, equipment, technologies, materials which form the technical system of the organisation - Are easily visible and controllable because they take the shape of material nature modifications - Based mostly on technical knowledge
		B. Economic	<ul style="list-style-type: none"> - Refer to costs, income, cash-flow etc., which forms the contents of the economic system inside the organisation - Are difficult to accomplish and control because of economic substance “invisibility” - Based mainly on economic knowledge
		C. Human	<ul style="list-style-type: none"> - Refer to persons and groups of persons inside the organisation, to their aspirations, value systems, behaviours, actions, etc. - Are the most numerous, most diverse and most dynamic inside an organisation - Present high fluidity - Are mostly quasi-continuous
		D. Managerial	<ul style="list-style-type: none"> - Refer to organisations’ managerial system - Are in most part, programmed - Generate, directly and indirectly, almost all of the previous types of changes - Conditions, in a determinant measure, organisation’s functionality, efficacy and efficiency
3	Changes’ evolution in time	A. Evolutive	<ul style="list-style-type: none"> - Develop during relatively long periods of time - Generate gradual effects usually with low amplitude - Do not determine, usually, spectacular consequences of high amplitude inside the organisation - Manifest themselves only in conditions where organisation’s stability is maintained
		B. Revolutionary	<ul style="list-style-type: none"> - Incumbent substantial novelty radically different from what exists inside the organisation - Develop during short or maximum medium term periods

No.	Criteria	Types of changes	Characteristics of the type of change
			<ul style="list-style-type: none"> - Determine “ruptures”, discontinuities in resources, activities, results etc. - Generate, often, spectacular effects, far-reaching inside the organisation - Manifest, usually, in conditions of instability during which intense conflictual situations appear and develop between promoters of change and the other components of the organisation
4	Way of change manifestation	A. Reactive	<ul style="list-style-type: none"> - Appear as immediate reactions to forces coming from outside and, seldom, from inside the organisation - Have a mainly current contents and most often low amplitude - Their frequency increases together with the turbulence degree of the environment inside which the company functions - Their frequency diminishes together with the amplification of the provisional capacity of company’s management
		B. Proactive	<ul style="list-style-type: none"> - Are conceived and analyzed by managers or specialists based on anticipation of opportunities and threats appearance inside organisation’s environment and on weak and strong points within the organisation - Are focused on accomplishment of specific objectives - Manifest, comparatively to the precedent type of change, with a lower frequency but with a growing tendency
5	Role of human factor in initiation and development of change	A. Programmed	<ul style="list-style-type: none"> - Are provisioned for and prepared in good time by managers and specialists - Their development is directed and supervised - Generate often an appreciable efficiency - Are characteristic to organisations competently managed
		B. Spontaneous	<ul style="list-style-type: none"> - Develop randomly, without being initiated and prepared previously - Present a very wide variety of manifestation forms - Generate heterogeneous effects, some surprising

Identification by managers of the type of change taking into account the mentioned criteria can contribute to the growth of their efficacy and efficiency, directly reflecting in organisations' overall competitiveness and performance. Given the conditions where field of application, diversity and rapidness of changes inside and outside the organisation amplifies, knowledge and usage of changes typology becomes more and more necessary and useful to organisations, being a precondition for competitiveness and sustainability.

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