

Theoretical Backgrounds of Organizational Changes Fulfillment in an Enterprise Management System

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Abstract. The entity of the notion of organizational changes in an enterprise management system has been developed in the given paper. The theories of organizational changes fulfillment have been considered. The process of the actualization of organizational changes in an enterprise management system has been formed. The importance of implementation of the organizational changes in the company was revealed. Were reviewed conceptual approaches to organizational development of the company. A number of suggestions for the successful implementation of organizational changes in the management were formed. Were analyzed different approaches of the implementation of organizational changes in the company. Were reviewed conceptual approaches to organizational development of the company. Certain features of the implementation of organizational changes in the management of the company were analyzed. Also were analyzed some problems that can occur in various management systems of the organization and developed some proposition to resolve them.

Key words: Organizational changes in an enterprise management system, organizational changes, process of changes management.

INTRODUCTION

The importance of changes within enterprise management system can't be overestimated today since one of the most essential vehicles of successful activity of any company is its management core. The interrelation between managerial links of a company should be extremely optimized and the staff being on managerial positions should be extremely competent in problems solutions which they face. The changeability of the environment a company exists in, the limit of resources and customers' needs make a company react

immediately making a company change and get accustomed to the given conditions. Managerial decisions play an urgent part in such changes and their timely adoption and advisability towards the given problems are the main constituent of a successful activity of any company.

MATERIALS AND METHODS

A large number of national and foreign scientists attached importance to the problem of organizational development of a company and organizational changes on it. It is worth considering the papers by K. Levin who described various theories of organizational changes fulfillment [2,6,7], O. Gaydey considered the definition of the reasons and methods of their management [1], O. Kuzmin and O. Melnyk considered theoretical backgrounds of a company management [3], I. Bagyn, G. Tarasyuk, O. Dashkevskaya and O. Grabchuk, who described the processes and methods of changes management at a company [6,7,8,9,10] and others. It is worth noting that organizational changes within the system of company management have not been investigated enough nowadays and demand further considering.

The development of modern enterprise is not possible without implementing changes for adaptation of its activity to the functional environment. Present ideas of implementing different changes and modifications of the enterprise are founded on development and leadership theories. Such theories provide for planned phased changes in order to achieve the objectives. Different theories and phases of organizational changes

management, including processes of planning and implementation of changes are the subject of scientific research of foreign and national scientists [7,8,9].

Organizational development, its aspiration of improvement cause new problems for the enterprise executives. As a rule, the major cause for changes is the external environment of organization. Its influence is not significant; however, afterwards the enterprises must implement changes into the production methods, employees' motivations, methods of competitors control and develop its new development strategies, having changed not only the objectives, but also the organizational target.

Scientists define three major phases of organizational changes, which took place in XX century and are of great importance. The first phase is the separation of administrative functions from the owners and establishment of the professional activity such as the management. Second phase is occurring, beginning from the twenties, of the command-and-control organizations with the vertical hierarchy and high level of solutions centralization. Third phase is the transition to organizations with the dominance of horizontal structures and relations, information technologies, which are based on widespread use of special knowledge and systematic methods of decision-making [6].

With the beginning of 60-ies of XX century a vast operation of conceptions of company management and organizational changes actualization started. The research in the direction of management process with the application of systemic methods of analysis led to the formulation of systemic approach in management. The essence of the process lies in the considering the company as a unified system with interrelated components, where the change of one leads to the alterations of others. The very process was made up for excluding all possible problems which can occur in different elements of a system as a result of changes implementations on one of them. We speak about managerial decisions coordination of all links of company management system with the aim of getting rid of the problems which occur as a result of organizational changes implementation.

Under the term "organizational changes" we imply any change in one or a few elements of a company (the level of occupation, the range of control, duties distribution and coordination mechanisms) at any stage of its life cycle which can occur in altering of a company power and in the change of size, range and aims of its activity[1].

According to Kuzmin O.Ye., Melnyk O.H., organizational changes are the totality of changes within the organization which cause the innovations implementation and can move in different directions: the change of a company goals, of structure, of responsibility, of the division into departments, services, subdivisions, committees and so on and so forth; the changes of machinery, of technological

processes, of production, the modification of possibilities or workers' behavior (the preparation to communication, the shift of positions, promotion, groups formation, work evaluation, etc); the change in production activity management[3].

Organizational changes are those in the management system which are included into documents of management system and are concerned with subordination, positional duties and staff responsibility of the company[4].

Concerning the notion of changes in the management system of a company, they are connected to a process which is directed to the improvement of activity and the interaction of management services of a company with the aim of receiving the goals of a company.

Kurt Levin is considered to be the founder of the theory of organizational changes at a company. In 1947 the entrepreneur projected the theory of organizational changes, according to which two groups of vehicles which support and contradict changes, contradict one another. According to that theory the notion of «changes» is compared to the notion of «stability». When these groups of vehicles are in balance, the company is in the state of stability and no changes occur [6].

According to the theory of organizational changes by K.Levin, an organization implements changes in three stages. The first stage – "Defrosting". At the given stage a company seeks problematic items which need changes and identifies changes. The second stage – "Movement" at this stage a company implements all necessary changes in a way of applying actual resources' and possibilities and making proper managerial decisions. The third stage is a final one or "Frosting", having taken into account the results of changes implementation and their evaluation a company fixes the given changes or returns to the first stage.

We differentiate between two conceptions of organizational development. The authors of these conceptions, respectively called "E theory" i "O theory", are prominent scientists, professors of Harvard School of Business Michael Beer and Nytin Norhia. "E theory" considers financial goals and is oriented on their effective achievement taking into account permanent pressure of share holders "O theory" considers an organization as a system able to self-develop and mostly oriented onto a corporation culture, goals and motive power of co-workers of a company.

The managers who follow the "E theory" apply rather hard methods as a rule, dwelling upon changes fulfillment up and down and attaching importance to the creation of certain structure, which means that mechanistic approach is applied.

The followers of "O theory" – are mostly oriented to the staff training and development, changes of corporation culture and the changes up and down. The characteristics of these theories are presented in Table 1.

Table 1. The Characteristics of “E theory” and “O theory”*

Characteristics	“Theory E” (authoritarian style of management)	“Theory O” (democratic style of management)
Changes Goal	Income Rise (economic goals)	The Development of Organizational changes
Leadership	Is spread according to the principle up and down	All Links are Involved
The Object of Changes	The Structure and System ("hard" elements)	Organizational structure ("soft" elements)
Changes Planning	Programmed Planned Changes	Spontaneous Changes(the reaction to possibilities which occur)
Changes Motivation	Financial stimulus	The Combination of Different stimulus
The Consultants Part	Consultants apply ready technologies and decisions	Staff Involvement into the decision making process
According to an approach to organizational changes fulfillment in the system of company management	The Formation of Measures for Organizational Changes in the System of management of higher link of managerial staff	All Management Links Involvement to form the measures concerning organizational changes in the system of company management

* Completed by the author on the basis of sources considered [2,7]

Having analyzed the above mentioned models and conceptions of organizational development, the essence of organizational changes, we can form the notion and the process of organizational changes fulfillment within the management system of a company.

RESULTS AND DISCUSION

The process of organizational changes within the system of management is an exact management function which is actualized through general management functions, planning, organization, motivation, controlling and regulating with aim of goals receiving, company purpose and effective further developing and functioning.

The efficiency of such changes implementation is evaluated according to the results of these changes and also according to possible perspectives which were created as a result of their implementation.

Generally, organizational changes appear under the influence of external and internal factors. That is why it is arguable, that influence factors both for organizational changes in enterprise management is the same. External factors are related to the environment specifics, where organization is functioning, more specifically – to the changes, occurring in such environment constituents: in economic situation; in technological component; in state regulation; in social and cultural components; in international aspects; competitors; suppliers; customers etc. The majority of such factors have small influence on the organization and do not cause significant changes in it, but the last, such as (competitors; suppliers; customers) are the key factors for the implementation of the enterprise organizational changes. As for internal factors, target, objectives, resources, technologies and structure of the organization should be noted [1,2,4].

All factors, influencing the organization should be grouped according to the following categories:

- Based on importance of influence on process of planning and implementing of changes (only those factors must be considered in the first place, which

significantly influence the process of organizational and administrative changes).

- Based on reaction immediacy (factors must be grouped into such, influence of which is currently immediate for the organization and such, which are not urgent for today).

- Based on the range of future changes-(factors must be grouped into factors of not significant, significant and radical influence, requiring accordingly minimum, average or extensive changes of organizational and administrative character at the organization).

- Based on changes object (groups here are divided according to the criteria of factor influence on changes in organizational, technological or financial plan of the organization).

The fulfillment of organizational changes within the management system of a company directly depends on keeping to the stages system the actualization of the changes process. It is not advisable to implement changes without previously analyzing of possible consequences and an evaluation of all possible alternatives, since further development greatly depends on it.

The peculiarity of organizational changes implementation at a company is a permanent process of cyclic type. As it is important don't stop the process of such changes to achieve new ones and improving the existing ones.

The process of organizational changes implementation is drawn on the picture 1and looks the following way(three stage model of organizational changes system by Levin and the conceptions of organizational development by Michael Beer and Nytin Noriah were taken as a basis).

It is necessary to note that to achieve effective results and such process implementing we need to make the following steps:

1) To identify the place at a company where the problems occur;

2) To form the process of organizational changes fulfillment within the system of company management for a particular problem solution.

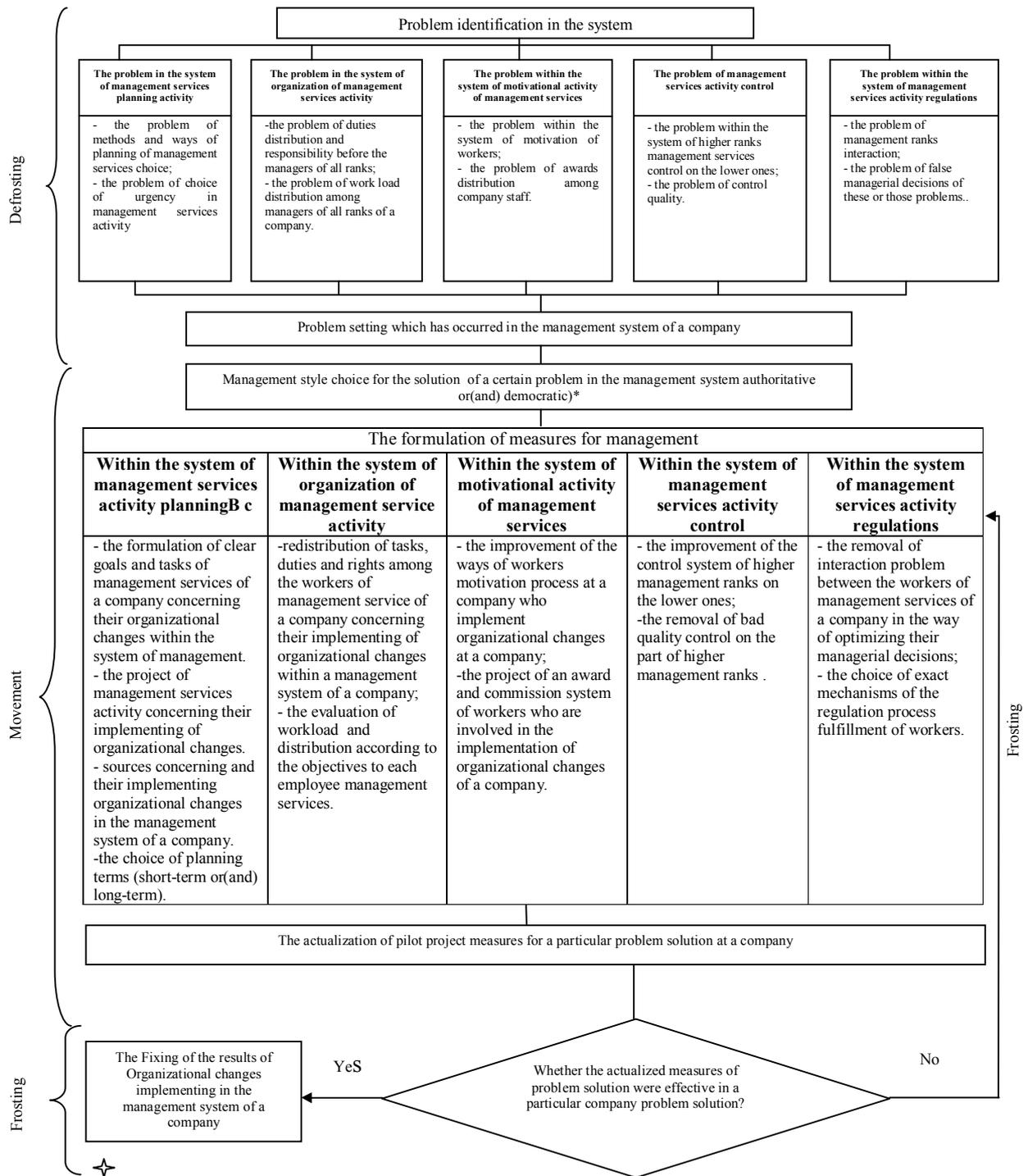


Fig. 1. The process of organizational changes implementation in the system of company management
 * The choice of style of management and whether its fulfillment depends on a particular problem to be solved.
 Projected by the author on the basis of analyzed sources [2,3,8,11,22]

An effective management of changes at a company is rather important element of company management. Any changes come across a number of factors which have negative or productive character of their implementation. From the point of view of changes in management system of a company, the main factor is human interests and perspectives.

CONCLUSIONS

Nowadays the life of a company is impossible without changes implementation which will ensure a long-term and stable development of a n organization on the whole. Technological progress development only makes companies implement new technologies and

methods of management. In the process of economics transformations in the countries crisis occurs, which is impossible to beat without company activity correction.

The suggestion in the process of organizational changes implementation lies in the dependence of such changes on the management style which is respectively actualized (according to "O theory" and "E theory" of authoritative or democratic) according to two directions:

- the formation of measures of organizational changes depending on management style;
- management choice of style for particular measures realization for certain changes implementation.

Each manager must understand the need for change. It is important to be in the company dynamic and constantly improve and develop. This should be carried out not only in the production unit, but also in the enterprise management system. Important wires rotate among managerial staff for bringing new views and ideas on solutions to problems that arise during the organization at all levels of management.

To the company could effectively exist in today's environment must be kept under control not only managed enterprise system but also the control system. This will more effectively to the impact of changes that occur during the existence of the organization. Change management staff or allow its rotation to form some leadership ability and character of the winners are not only higher levels of management staff and general managers in all organizations.

The manager must be able to correctly apply their skills, know the strengths and weaknesses as a team, managed, and himself. Constantly working to improve their skills and move forward without fear of making a mistake. Effective leadership can make the team better suited to the process of change to implement such a process without strong resistance from employees and as efficiently as possible, to introduce a new strategy for the organization and a new culture. Such activities should take into account the precise structure of the organization, defining the functions of the manager and the rights and obligations of its employees.

Further researches of the matter will allow to investigate the efficiency of organizational changes implementation at a company depending on management style (authoritative or (and) democratic), and also to investigate the practical value of received results of exact managerial decisions concerning problem solving which occur in the management system of a company.

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