
УПРАВЛІННЯ ПІДПРИЄМСТВОМ

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O. I. Garafonova, candidate of economic sciences, associate professor**THE MANAGEMENT OF THE CHANGES: CONCEPTUAL BASES
AND STRATEGIC WAY TO REALIZATION**

Abstract. *The features of the strategial ways to the definition of the concept «change» and classification of the changes are defined in the article.*

Keywords: *changes, change management, classification of changes.*

O. I. Гарафонова, к.е.н., доцент**УПРАВЛІННЯ ЗМІНАМИ: КОНЦЕПТУАЛЬНІ ЗАСАДИ
ТА СТРАТЕГІЧНИЙ ПІДХІД ДО ЇХ РЕАЛІЗАЦІЇ**

Анотація. *У статті розглянуто особливості здійснення стратегічних підходів до визначення поняття «зміни» та класифікація змін.*

Ключові слова: *зміни, управління змінами, класифікація змін.*

O. И. Гарафонова, к.э.н., доцент**УПРАВЛЕНИЕ ИЗМЕНЕНИЯМИ: КОНЦЕПТУАЛЬНЫЕ ОСНОВЫ
И СТРАТЕГИЧЕСКИЙ ПОДХОД К ИХ РЕАЛИЗАЦИИ**

Аннотация. *В статье рассмотрены особенности стратегических подходов к определению понятия «изменения» и классификация изменений.*

Ключевые слова: *изменения, управление изменениями, классификация изменений.*

Relevance of the research topic. After getting in the new conditions of the market economy many of domestic manufacturing organizations are facing the number of problems, the main source of which are factors of their external environment. Variable, dynamic and unpredictable environment requires constant management reaction to the changes to ensure the implementation of the existing portfolio and its continuous development, which are adequate to external changes. Today, when the answers to the question of change management must be found more and more often, it becomes a problem that requires implementation of appropriate management changes.

Liberalization and democratization of Ukrainian economy, the adoption of several laws that promote business development, expand the possibilities of the implementation of new approaches to the management of industrial enterprises. Despite the increased risk in business sphere, the owners are interested to invest their capital in innovation sector, science and technology. Successful implementation of these projects is possible only by using an efficient management. One of the main components of the effective activity of industrial companies is the management of changes in production systems.

Statement of the problem. Practical management of modern industrial enterprise requires understanding of the conceptual foundations of change management. In the process of enterprises functioning under the influence of numerous environmental factors formulates a mismatch between formed organizational mechanism and real needs. In these cases organizational inconsistencies become the sphere of management of organizational changes.

Typically, changes in the business caused by the reaction of enterprise to the development of the environment (communication, requirements and capabilities). Companies should constantly adapt to the environment, in which they exist. That's why, they also generate changes in the external environment, developing and releasing new products and technologies which become dominant and widely used.

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As the question of change management is extremely important, it is still not clear the definition of "change" and classification of changes.

Analysis of recent research and publications. Various aspects of the theory and the practice of change management, including the planning and implementation of changes is the subject of research of foreign and domestic scientists such as: L. Berger, E. Brooking, Vihanskyy A., J. Donaldson, P. Drucker, M.M. Yermoshenko, R. Katela, S.M. Klimov, S.V. Kozachenko, M.D. Kondratiev, F. Kotler, M. Kubr, V.A. Kulik, A.E. Luzin, I.I. Mazur, B.Z. Milner, E.G. Panchenko, I.I. Prokopenko, B. Tvis, R. Waterman, J. Ushanov, Alf. Chandler, V.D. Shapir, J. Schumpeter, S. Yang, F.O. Yaroshenko and others.

The global economic science and practice gained extensive experience in change management. The general principles and recommendations about behavior of management in a complex and unstable environment, as well as decision-making tools were produced. The methodology of change management is the methodological tool that enables the company to use their potential more fully and overcome the possible crisis successfully.

Main material. Industrial enterprises have to initiate the process of changes introduction to improve market position, increase equity value or to implement government strategies. The research of the activity of the Ukrainian industrial sector shows that the causes of organizational changes are: preservation of stability, support of balanced economic growth and continuous development.

Change Management is a process that makes possible for organizations to modify any part of its structure to maintain efficient functioning in the constantly changing environment. It includes actions designed to support, acceptance and approval of necessary and agreed modifications and changes.

The development of organizational and economic mechanism of change management in industrial enterprises requires a conceptual foundation of such administrative categories as "change", "organizational change" and "change management".

Based on earlier studies it could be selected three basic definition of change management. By definition of A.T. Zub and M.V. Laktionov change is a gradual or stepped process of company's transition on a new level using of existing ideas and concepts [1, p. 214]. Thus, according to the authors' opinion, the first and most obvious is that the term refers to the task of managing change. Change management process itself consists of at least two dimensions.

Its first dimension concerns the introduction of planned and controlled changes conducted in a systematic way. This approach is aimed at introducing new methods and systems in the current system of industrial enterprise in order to ensure its efficiency. The changes that need to be managed are part of the internal environment of the organization and are controlled by managers. But such changes can be initiated by external factors.

The second dimension of change management involves reaction to the innovation, over which management of the company has few instruments of control or cannot control them at all. These changes are the result of actions, such as legal, social and political transformations, changes in direction and phase of the economic process.

The first and second dimensions are determined by scientists as proactive and reactive accordingly [2, p. 115].

Change management can also refer to the sphere of professional practice and is a basis for another definition of the term. Independent consultants can act as agents for change introduction in order to help their customers cope with the changes facing them, or to help them to use proactive approach to the change by solving management tasks by providing the inevitable changes. In almost all cases, the process of change requires a peculiar approach to each situation. Professional agents of introducing changes carry the functions of managing change, working with managers of the company.

The third definition of change management is based on the content of the object. It mainly includes models, methods and techniques, tools, skills and other forms of knowledge that constitute the practice of change management. These components of knowledge structure are connected and integrated in number of concepts and principles that are called general systems theory.

Understanding of the concept of "organizational change management" requires research category of "the change."

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I.I. Prokopenko defines "the change" as the difference between current and previous condition, and indicates that "the change" is the replacement of one another, or so-called transformation. At the same time, processes which characterize the notion of "the change" have such ways as development and adaptation [178, p. 15-20].

The way of adaptation involves, firstly, the growth or reduction, by which changes occur, secondly, the substitution, that is replacing any part of the system without significantly improving the whole system, and thirdly, the improvement that is the change of some system elements without changing the principles and structure.

In turn, the process of development also touches three areas:

- Transformation - a metamorphosis of the structure and shape due to external influence;
- Restoration, innovation - change of the principles or the entire configuration due to external influence;
- Self-development - change of basic concepts, the model from within with using of their resources.

M. Kubr by the term "change" implies some differences between two consistent time points in a situation, a person, an organization etc. [3, p. 74-103].

Russian researchers in the field of project management I. Mazur and B. Shapiro interpret the change as a replacement of one decision by another due to the influence of various external and internal factors, particularly in the modeling and implementation of the project [4, p. 315-340].

However, the definition of "the change" that offer I.I. Prokopenko and M. Kubr does not allow to formulate this concept clearly that makes using of this term more complex in practice.

Performed researches allow to offer author's interpretation of the concept of "the change". So, "**the change**" is the transformation of a situation, person, work group, organization, or other phenomena in another condition that is different from the previous, by influence of various factors of external and internal environment.

Thus, **organizational change** is a replacement of one condition of the organization, its components and resources by new one, which is different from the previous condition under the influence of various factors of external and internal environment of the organization.

Research of the essence of organizational change is complemented by the study of its kinds. There are following approaches to their definition.

I.I. Prokopenko identifies the following **types of changes** [5, 6]:

- **Incremental changes** – changes are characterized as gradual, evolutionary. The implementation of these changes doesn't have a great effect for firms, but the resistance of personnel to change is low;

- **Significant changes**, which are characterized by fundamentally new changes in the internal environment of enterprise, for example in business strategy, in organizational structure, in technology, etc. In this case, the effect of changes is significant, but the resistance of the personnel to the change is high;

- **Reactive changes**, which are implemented in response to changes in the environment or to the pressure within the enterprise;

- **Proactive changes** - when the company expects any changes in the environment and makes organizational changes in advance;

- **Reorientation** - strategic, great changes caused by sudden or significant changes in the environment. In contrast to the significant changes reorientation provides more time for the change within the enterprise;

- **Reproduction** - changes are made in the crisis conditions, great resistance of personnel and lack of time. The risk level is higher than the one of reorientation. This situation requires a change in the main values of the enterprise or of senior management of the enterprise.

Another prominent scientist in the field of organizational change Lance Berger identifies four **types of changes** [7-9]:

• **Line change**. Change within the same market, product line or business issue, and change in another field.

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- **Geometric change.** This is change in the enterprise as a part of significant changes within the market.
- **Quantum change.** This change requires a transition on a related market or reorientation to an adjacent technology to maintain or expand its main business.
- **Metamorphosis.** The company is fully changing and leaves the field in which it previously operated.

L. Clark considers that **change management** is a special method which is used in parallel with the strategic method, or quality management. According to M. Bratnitskyi i K. Krupa change management is a key competence of enterprises in an environment that is rapidly changing. Such management should be seen as an interdisciplinary subject that combines elements of management theory, methods and technology of formation institutions and labor, and not only psychological and sociological knowledge, but also economic and technical.

K. Krupa, M. Hopeetai, E. Maslyk-Musyal believe that talking about organizational changes is not enough, it's necessary to give a practical example of successful solutions (case study). Specialists (agents of organizational change, who is often called their leaders) sometimes bring the analogy of "smoke and fire". Smoke – is not the change, but the fire must be obtained and maintained as the enthusiasm for everything new is maintained. Agents of change to achieve this goal are offering the following steps [10, c. 56]:

1. To create the understanding of importance, the necessity of change, new activity must break the old ways of thinking. It requires extraordinary patience and energy. The necessity and importance of the changes should be obvious and clearly understood.
2. To identify and describe the real forces those are favorable to make changes. They should be described in available way. Connected with changes tools must be clear as well as the coalition affect them. Especially useful here is the concept of **Levine's "force field analysis"**. In practical analysis are also used such diagnostic models as SWOT analysis, or unanimous models suitable mainly for the analysis of organizational behavior.
3. To identify the effects that can cause those who do not respond to new situations or to recent unacceptable experience.
4. To suggest new ways of responding to the changes identified as strategic. To allow groups to be involved in these changes, to debate on new ways of action.
5. To create a climate with a sense of synergy, in which would dominate the conviction that the new patterns of behavior are gradually replacing old ones.
6. To grant authority to those individuals who are responsible for implementing new ways of action and for practical application of new models of behavior. To convince people that there are some proper ways of activity that could be provided by identified tools. This means that the company supports such actions.
7. To assign people to change project, to provide them with the resources and time required for implementation. To create conditions for building teams focused around change project.
8. To approve the clear principles of activity of company and the list of useful items that can be obtained by following the new principles.
9. To respond to change quickly.
10. To strengthen the transfer of information required to generate specific models of behavior. To provide information that inspires the change and determines their needs.
11. To think prospectively, bearing in mind the organizational problems, and to implement the following stages of change showing their benefits for workers and for enterprise in general.
12. To avoid theoretical approach to change. To present practical example of change program that ended successfully.
13. To indicate the positive changes as soon as they appear. Almost "to win" the changes.

Organizational change is any change in one or more elements of the enterprise. Changes may relate to any part of the process (level of specialization, ways of clustering, control range, division of powers, coordination mechanisms).

The changes in the organization can be carried in:

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- **the basic structure** - the nature and level of economic activity, legal structure, ownership, sources of finance, international operations and their impact, diversification, mergers, joint ventures;
- **the tasks and activities** - range of products and range of services provided, new markets, customers and suppliers;
- **the technology** - equipment, tools, materials and energy, technological processes, clerical techniques;
- **management structures and processes** - internal organization, work processes, decision-making and management, information systems;
- **the organizational culture** - the values, traditions, and informal relationships, motivations and behavior, style of leadership;
- **staffing** - management and service personnel, their competence, motivation, behavior and work efficiency;
- **the effectiveness of the company** - financial, economic, social and other indicators to assess the relationship of the enterprise with the environment, the implementation of their tasks and using of the new opportunities;
- **the prestige of the company in the business community and society.**

Talking about management of organizational change, in modern practice is widely used this definition: **Change Management** is the process of forecasting and planning future changes, identifying all potential changes for a more detailed and thorough study, assessing the impacts, approval or rejection, and also of monitoring and coordinating implementers of changes in the organization.

In this sphere of management foreign researchers and experts use another definition: **management of organizational change** is a process that is necessary for organizations to identify new market needs and restrictions of the environment, type of business strategy or operational initiatives to maximize results, to plan, to implement and to estimate the initiatives according to new environmental conditions where the organization operates.

We propose simpler but wider concept of "organizational change management". It is an activity that provides planning, monitoring and implementation of changes in organizational, informational, communicational, intellectual and other resources and components of enterprises and organizations under constant monitoring, continuous evaluation and analyze changes if factors in internal and external environment of the enterprise.

To identify the features of change management in economic systems can be offered this typology of change:

- Changes as the response to the crisis;
- Changes as the implementation of the new strategy;
- "Silent" changes that occur mainly as a result of staff transfer influenced by personal characteristics of the staff (changes in the socio-psychological climate in the team, unspoken rules of behavior, organizational culture, management priorities that may significantly affect the strategy and results of the activity of organization).

Researching of theoretical aspects of change management we can identify the following aspects: technological, structural, methodological, human (**social**), psychological, political, and financial, etc.

It should be noted that the change in any element of enterprise, as a rule, influences other parts and the enterprise in generally.

Reasons that make changes necessary should be divided into two groups: external and internal.

External reasons are related to the general and the specific environment of business operation, or rather, to the changes in the components of this environment: in the economic situation, in the government regulation, in the technological component, in the international aspects, in the socio-cultural components, etc.

The impact of factors of specific environment on the need for organizational change is more intensive: competitors, customers, suppliers.

Internal factors may also be causes of organizational change. In this case: some of them may be due to direct and/or indirect effects of changes in the environment, others may be the result of the self-development of enterprise.

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Changes include the reorganization of the organizational structure, manufacture of new products and radical changes in the technological process. The need for the successful implementation of these changes is not in doubt. But the need for successful implementation of small changes that take place continuously is clear - changes in working methods, equipment placement, changes in office procedures, appointment of managers and professionals, change jobs, etc. Perhaps these changes are not important for the company as a whole, but they are important for those conflict people whom they directly affect. As individuals help to make company work, management cannot afford to ignore their potential response to change.

Changes in the company involve changing one or more internal variables in company goals, company structure, tasks, technology and human factors. Making changes to the company manager must remember that all the variables are interrelated. For survival of the company management should evaluate and modify their goals according to the changes in the external environment and in the enterprise itself. Changing goals for successful businesses is also needed because current goals are achieved.

Structural changes are one of the common forms of changes in industrial companies. They are necessary for considerable changes in goals and strategies, and significantly affect the human component that is causing the resistance to change. Changes in technology and tasks cause the change in the process and schedule of implementation of tasks, introduction of new equipment and working methods, changes in standards and the nature of the work. These changes usually cause the review of plans, require modification of the structure and workforce. Changes in people cover technical training, changes in group communication, motivation, leadership, evaluation of the quality of work, training management, the formation of groups. For a successful change in employees themselves, they must be coordinated with other changes.

Conclusion. The methods of change can be tough, which include restructuring and reshuffle of the personnel, and soft. An alternative to this method is the method of integral change management of organization. Together, this provides wide scope for managers' actions.

The current condition of Ukraine's economy is followed by severe general economic crisis. In such socio-economic conditions the appropriate level of production efficiency cannot be achieved, profits cannot be maximized and it's hard to be a leader in a market competition. The formation of steady economic conditions requires the development of effective mechanisms and approaches, implementation of changes that could help to improve production efficiency, to create favorable investment conditions, to ensure competitiveness in the consumer market.

The crisis is not only lost, but also new opportunities identify of disparities and inconsistencies in the economy and society and at the same time the possibility to overcome them. The crisis encourages implementing changes, gives chances for renovation that can be used or unused by public. In a crisis because of events that took place, the tactics of big business was changed: was taken into account an effective principle of free movement of capital and profits. Unfortunately, the implementation of this principle encourages mainly one-way movement, especially income.

Changes that occur need not only a statement of facts, but also the definition of the causes of their occurrence, the degree of impact and possible consequences.

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