

RESEARCH REGARDING CHANGE MANAGEMENT TOOLS ON EU SMES

Eduard Gabriel CEPTUREANU

The Bucharest University of Economic Studies, Bucharest, Romania
eduard_ceptureanu@yahoo.com

Abstract

Change management practices has so far been studied mainly in large companies (i.e. high-tech and multinational enterprises) because researchers could obtain relatively easy information regarding these processes and could explain easily the peculiarities of it based on case studies . However, in recent years a number of researchers focused on SMEs, because this type of organization account for over 90% of businesses all over the world, and there is a growing need to create sustainable SMEs, then developing and implementing change is highest in making progress towards sustainability. In this paper, we investigate change management tools on SMEs from seven different EU countries, in order to better understand the nature of practices and help develop best practices from SMEs on EU. Drawing on a database collected from 72 innovative SMEs, we explore peculiarities and trends on SMEs change management instruments, based on data base analysis from 2014-2015. The survey furthermore focuses on the motives and perceived challenges when SMEs adopt change management practices. Within the survey, we split instruments accordingly to change management methodology steps into planning, implementing and communication of change. We find that the responding SMEs engage in many change practices and have increasingly adopted such practices during the past years. As a limitation of our study, we investigate only medium enterprises, because was difficult to identify a coherent base of change instruments micro and small enterprises. The results are restricted to the sample which is small in size, but generate a good insight into the changes occurring within it. This study is one of the few study in its field to use data from seven different countries in order to analyze change management instruments and help to develop a common base of practice.

Keywords: Instruments of change, Change management, SME, Innovation, Innovative SMEs.

1. INTRODUCTION

Constant and rapid changes in the business environment generate additional work and stress for SMEs because it must adapt to internal and external factors in order to survive (Ceptureanu, 2015). It is widely accepted that SMEs are faced with limited resources in terms of time, financial and human capital. (Ceptureanu, 2010). During recent decades the business environment has changed dramatically and at an increasing pace all over the world (Kaplan et al., 2003). The latest change to have a big impact on companies was the collapse of major credit institutions in the USA, debt crisis in Europe and constant changes on Asian and Middle East markets with subsequent money market turmoil and government reactions (Yarrow et al., 2004). Such changes have forced companies (especially SMEs) to adapt all aspects of their operations – their structure, strategies, practices, processes and management practices

(Florida, 2002).

On the other hand, intense competition in the global market (Corbos, 2011) and the new technologies used (Plumb and Zamfir, 2008) are compelling SMEs to leverage their capabilities and competencies, differentiate themselves in the marketplace (Ceptureanu, 2015), and improve their competitive advantage and performance (Nicolescu et al., 2009). Many SMEs have generated sustained competitive advantage through a continuous stream of innovation and ability to leverage other capabilities of the company. Understanding how SMEs successfully perform and what factors positively lead to better performance than competitors is of interest to researchers. SMEs (Ceptureanu, 2010) are still largely ignored, consequently there is very limited understanding of how key potential, represented by change management tools affect the performance of SMEs. This study tries to fill this gap. Therefore, this paper shows:

- How change management tools have evolved during recent years in some EU countries,
- It describes the operational change management practices that have been introduced.

The empirical findings from this study are then presented and found to be in line with the findings presented in the literature. The paper concludes with final remarks. The data in this study is based on a study conducted in the years 2014-2015.

2. THE SAMPLE AND METHODOLOGICAL APPROACH

This paper examines how SMEs have reacted to the turbulent business environment by changing their improvement and/or management practices. The first objective is to investigate whether, and how, the companies changed their practices over the period from 2010 to 2015. This is done by using Friedman's test for non-parametric repeated measures comparisons. Data collections were provided by IT companies from seven EU countries. We intended to investigate 225 SMEs, but after data collection results 72 valid responses from entrepreneurs, for a total response of 32%, which is quite good in our opinion. The empirical part of this study is based on a survey conducted in Romania by professor Ceptureanu in years 2008-2010 (Ceptureanu, 2010) on a sample of 175 SMEs. This study was redone in 2014-2015 on a broader international base (seven countries) and conducted as follow-up studies of the first sample from 2008 with new questions regarding change tools. The questionnaire used in this study contained the same questions that were originally used in the 2008 study with new 8 questions regarding change tools. It contained 41 questions in the area of involvement of organizational structures on change, changes on the market by change management tools, macro and micro-economic factors

who influence change practices, determinants of change, leadership on change processes, main areas affected by changes, types of changes often used, changes objectives into SMEs, tools involved into change, effectiveness of change, subjects of change, resistance to change, tactics to reduce resistance to change, difficulties in implementing change, but 8 further questions were added in the areas of change tools, in order to better categorize, analyze and understand the companies and their changes. The answers were given on the Likert scale from one to five, but the numbers 1, 3 and 5 were indicated verbally in order to help the answering process and avoid confusion. This also gave better comparability between results. In the table below we present only answers to questions regarding change tools implemented in SMEs from these seven EU countries.

TABLE 1 - INFORMATION ABOUT CHANGE TOOLS IN INVESTIGATED COMPANIES (LIKERT SCALE- WE CONSIDER THE MOST COMMON ANSWER TO BE THE MOST IMPORTANT)

Variables (partial approach)	Romania	United Kingdom	France	Germany	Poland	Spain	Italy
PLANNING CHANGE							
Impact Analysis	1	4	3	5	2	2	1
Burke-Litwin change model	1	3	3	3	1	1	1
McKinsey 7S framework	1	3	3	4	2	2	3
Leavitt's diamond	2	3	3	3	2	3	3
Organization design	2	5	5	5	3	3	2
SIPOC diagrams	2	3	4	4	2	2	2
IMPLEMENTING CHANGE							
Kotter's 8-step change model	1	3	4	4	2	3	3
Training needs assessment	3	4	4	5	4	3	3
COMMUNICATING CHANGE							
Stakeholder analysis	3	5	5	5	5	4	4
Stakeholder management	4	3	4	4	4	5	5
Mission statements and visions statements	3	4	4	4	4	4	4

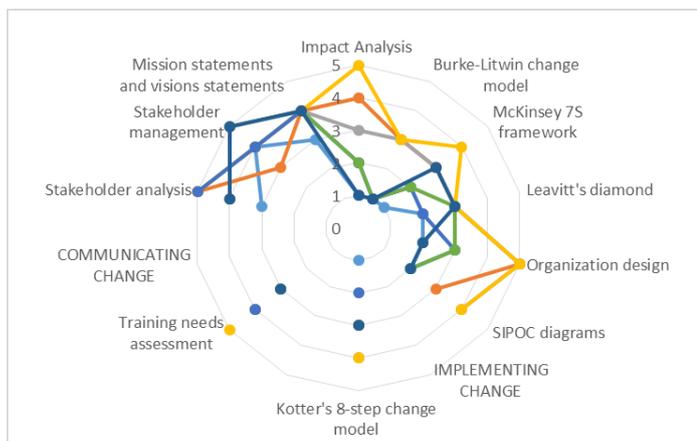


FIGURE 1 - FREQUENCY OF CHANGE MANAGEMENT TOOLS USED BY SMES

3. CONCLUSIONS

This research analyzed the evolution of some change management tools from the practical point of view. The empirical part analyzed and mapped the changes happening in some SMEs from seven EU countries in light of change management theory and practice. The focus of this paper was to examine how some SMEs have reacted to the turbulent business environment by changing their improvement and/or management practices. The objective was to observe whether there was any evidence that the use of different practices follows the Bass (1969) diffusion model. The results from the sample indicate that the lifecycle of some best practices is quite short, as Schonberger (2001) noted. Most of the practices adopted in the 2011-2012 were well on the growth path two years later. Towards the start of the second decade of the 2000s the use of most of the practices started to decline (Csikszentmihalyi, 2003). This may have been due to the lifecycle of particular practices, but was also partly due to the economic situation and the state of technological development. Nevertheless, the sample exhibited a pattern that may be common for adopted practices. Once they have served their purpose they may go. The second reason may be that the new era, the "new economy" as Hayes (2005) calls it, demands new practices and new ways of developing and improving operations. The practices measured were already well known or established practices and were further along the lifecycle curve (Walters, 2004). These results are restricted to the sample and no generalizations can be made based on them alone. However, the results seem to follow a pattern reported in earlier studies, but more research is needed to confirm these indicated results.

ACKNOWLEDGEMENT

This work was cofinanced from the European Social Fund through Sectorial Operational Programme Human Resources Development 2007-2013, project number POSDRU/159/1.5/S/142115 „Performance and excellence in doctoral and postdoctoral research in Romanian economics science domain”.

Această lucrare a fost realizată în cadrul proiectului POSDRU/159/1.5/S/142115 cu titlul "Performanță și excelență în cercetarea doctorală și postdoctorală în domeniul științelor economice din România", cofinanțat din Fondul Social European prin intermediul Programului Operațional Sectorial Dezvoltarea Resurselor Umane 2007 – 2013.

REFERENCES

- Alesi, P. (2008). Building enterprise-wide resilience by integrating business continuity capability into day-to-day business culture and technology. *Journal of Business Continuity and Emergency Planning*, 2(3), 214–220.
- Bass, F. (1969). A new product growth model for consumer durables, *Management Science*, 15(5), pp. 215-27.
- Ceptureanu, E. G. (2015). Survey regarding resistance to change in Romanian innovative SMEs from IT sector, *Journal of Applied Quantitative Methods*, 10, March 2015.
- Ceptureanu, E. G. and Ceptureanu, S. I. (2015). Change management survey on innovative ITC Romanian SMEs, *Quality Access to Success*, 16(144), February 2015.
- Ceptureanu, E. G., Ceptureanu, S. I., and Hotaran, I. (2010). *Romanian SMEs market: some facts*. International Conference "European Integration – New Challenges" 6th Edition, 28 - 29 May 2010, Oradea.
- Ceptureanu, S. (2014). Knowledge Based Economy in Romania: Comparative Approach, *Journal of Applied Quantitative Methods*, 9(4).
- Ceptureanu, S. I., Ceptureanu, E. G. and Tudorache, A. (2010). *Management in Romanian SMEs*, 17th International Economic Conference IECS 2010 „The Economic World’ Destiny: Crisis and Globalization?” Sibiu, Romania May 13-14, 2010.
- Corbos, R.A. (2011). Integration and Competition – Appropriate Approaches for Achieving Excellence in Management, *Business Excellence and Management*, 1(1), pp.67-73.
- Csikszentmihalyi, M. (2003). *Good Business: Leadership, Flow and Making of Meaning*, London: Hodder and Stoughton.
- Florida, R. (2002). *The Rise of the Creative Class and How It’s Transforming Work, Leisure, Community and Everyday Life*, New York, NY: Basic Books.
- Hayes, R., Pisano, G., Upton, D. and Wheelwright, S. (2005). *Operations, Strategy and Technology Pursuing the Competitive Edge*, New York, NY: Wiley.
- Kaplan, R.S. and Norton, D.P. (2003). *Strategy Maps: Converting Intangible Assets into Tangible Outcomes*, Boston, MA: Harvard Business School Press.
- Nicolescu, C. and Ceptureanu, E. (2009). Romanian Entrepreneurial Environment, Key Aspect in Investment Decision, *Economia. Seria Management*, 12(1S), pp. 234-239.
- Plumb, I. and Zamfir, A. (2008). Use of ICT in SMEs Management within the Sector of Services, *Annals of Faculty of Economics*, 4(1), pp. 481-487.
- Schonberger, R. (2001). *Let’s Fix It*, New York, NY: The Free Press.
- Walters, D. (2004). A business model for the new economy, *International Journal of Physical Distribution & Logistics Management*, 34(3/4).
- Yarrow, D., Hanson, P. and Robson, A. (2004). Made in the 21st century: how far have we come on the journey to excellence, *Total Quality Management*, 15(5/6), pp. 829-839.