PRESENT EVOLUTIONS OF ENTERPRISES, IN THE CONTEXT OF NEW ORGANIZATIONAL CHANGES

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ABSTRACT

Flexible model is formed as a response to changes in the environment and it is part of those scenarios that present enterprises as organizations capable of adapting to these changes. Extension of borders and growth in outsourcing practices affect production control and quality issues. These elements, as well as others related to them, are factors that lead to the idea that organizational environment is increasingly uncertain and uncontrollable. Therefore enterprises have to look for solutions to best adapt to existing conditions.

KEY WORDS: *enterprise, organizational changes, dynamics, strategy*

Presently, enterprises are in a constant evolution because of the numerous organizational changes, fact that lead to a profound change in their operating conditions. In this context there are many visible changes in terms of structure, where there is a genuine crisis of the Taylorian-Fordian model. Therefore, one should find solutions for an organizational functioning different from the one that exist, in the sense of implementing a discontinuous operational control, of some projects, of quality certification actions or in the sense of creating situations favorable for the evolution of the competencies. These developments can refer to increasingly profound technological changes and determine different attitudes related to management tools used in the enterprise activity.

1. Considerations concerning the current changes in enterprise and its evolution scenarios

Over time famous authors had different positions regarding the present evolutions in the enterprise. They serve as motivation to present and to implement a new method. Because of this, it is necessary to return to the term of model, more precisely to the fluent production model which is now of large actuality.

1.1 Cautious approach of the influence factors of the organizational changes

There is now a consensus about the factors that determine the evolution of the enterprise, but one should take caution when talking about organizational change. There are, in this case, two noticeable elements: first, past lessons which show that earlier forecasts and scenarios were often debunked, and on the other hand the complexity of the phenomenon revealed by a profound analysis of the change factors.

1.1.1 Shortcomings of classical models

Of course, it is quite risky to approach organizational forecasting. Often it was announced that bureaucracy will collapse, but now, one gives up all these ambitious

perspectives. Many authors have announced that SMEs will "ascend the throne". In the same context, in the 60's introducing the Swedish, Japanese, German and Korean models had a great audience.

However, approaches involving organizational changes do not miss. In addition, global analysis of the evolution of enterprises is based essentially on the example of large enterprises. SMEs which constitute the engine of economic development in all countries are less studied in this regard. In this case, technical and organizational innovations diffuse at different speeds and sometimes take different forms from those of large enterprises. In this way, in France in 2005, 22.2% of enterprises applied Just-in-time, 36.8% applied ISO standards and 25% practiced versatility. It can seem low if one takes into account the great speeches on organizational changes, but the analysis was performed on companies with more than 5 employees, meaning on a large number of small businesses.

1.1.2 The complexity of organizational changes

Without claiming a thorough analysis of the organizational changes, we have to take into account some ideas that are related to this phenomenon.

First, there is no continuous change without continuity. Some organizational changes appear as news, but often include results of the previous experiences. There is cohabitation between old and new forms of organization, even more than moving from an old form of organization to a newer one. News, in terms of organizational changes, can be found as an assembly of modern forms already known.

Also, the discussion about change is never neutral. This analysis may serve to promote an understanding. It may have sometimes a function of justification, or can serve to someone who wants to promote a certain change. Many cases are known in which the extolling of the flexibility and its advantages is made. If you want to avoid these phenomena, all new forms of organization should be considered in all respects, as a multifactor perspective.

1.1.3 The environment, in a profound change

There are divergences between the presented scenarios, but also, a strong convergence in the description of the environment in which the enterprises develop their activity. Political and economic environment is always regarded as a very unstable environment, enterprises are connected to a world scale (globalization) and new technologies change the traditional activities. The competition will start from the differentiation of products and services based on a rapid intervention in the market, and also on the accumulation of knowledge.

1.1.4 Dichotomy of the models

Analysis of organizational evolutions has been highlighted by a series of dichotomies, which manage to give a simple representation of the in course changes.

a. ***U model / M model***. Functional and unitary structures (U model) will be transformed into complex multi - divisions or matrix (M model) structures.

b. ***Hierarchy / Clan***. The hierarchical structure is transformed into a structure where integration is more powerful.

c. ***Model A / Model J.*** The *e*conomist M. Aoki, in his "Japanese Economy: information, motivation and bargaining" puts into opposition the model of organization based on individualized jobs - model based on a formalized information, the coordination of clear and precise rules (considered as inefficient models) and the model J (from Japan) less formalized, based on a collective search of solutions and a coordination based on a rigorous communication into the working group.

d. ***Functional Organization / Integration.*** Functional organization is deterministic and is based on cost objectives, while the integrated organization is adaptable and is based on the process.

e. ***Pyramid / Network.*** This dichotomy is common in many analyses which start with the transformation of a hierarchical and stable organization in a decentralized organization with multiple connections (hybrid and transactional enterprises).

f. ***Planned /Distributed Enterprises.*** This opposition is about the shifting from fixed operations, binding rules and strict enforcement of a determined plan, to the enterprise where employees are versatile and have less stringent obligations.

Summarizing, the strengthening of features of new enterprises will lead to a corresponding full panorama of post-industrial situations, called "postmodern". Thus, a new enterprise appears, more responsive, more integrated. Of course, this vision corresponds to trends, which are far from being convergent and consistent.

Characteristics of the new enterprises

Table 1

General Attributes	
Globalization Great flexibility and adaptability Continuous improvement and great creativity Orientation towards stakeholders Tolerance to uncertainty	
Structural Features	
Flat structure Decentralization -network -self-organization	Permeable borders -Absence of internal borders -Fluent external borders -Coherence between structure and processes
Information Processing	
Integrating communication technologies "Electronic" organization	
Designing jobs	
Empowering individuals and work groups (self-control) Lifelong learning Work team	
Enterprise Management	
Leadership without control: more communication and working facilities inside the network Tolerance for ambiguity, trust in individuals	

2. The flexible model

2.1 General Overview

The flexible model seems to dominate all other models, especially the Taylorian–Fordian model.

The concept of flexibility has several components:

- *Financial flexibility*, which aims to reduce the volume of investment and labor costs;
- *Technical flexibility* that allows the production of various goods and services at lower cost;
- *Function flexibility*;
- *Numerical flexibility*, which influences the number of workers.

The first look on the flexible enterprise, represented by a category of workers which resulted from the use in the company of different types of workers flexibility, was

presented in the '80s. In the case of the flexible production model, inspired from Toyota model, this is mainly made up of a technical and functional flexibility. This system of production and organization is seen as a Fordian model used not only in automobile industry, but also in other industrial activities. The central role of this model is Just in Time, which allows adapting production to customer demand and eliminating final and intermediate stocks.

"Organizational Revolution" of the production involves several elements:

- Decentralized management of the production organization (each unit commands a certain product to another unit);
- Constant monitoring of production quality, to help workers to detect anomalies in the production processes;
- Integrated curative and preventive maintenance;
- Quick change equipment techniques (SMED).

The flexible production model brings into discussion several conditions. First, the relationship with subcontractors, sometimes associated with the development of products, and in any case very informed about issues related to enterprise activities. On the other hand, flexible production model involves the requirement in the redevelopment space, in the sense of creating manufacturing cells to minimize the transport distances. A priority is also the existence of a production flow and of a high multi-qualification of workers, which will minimize the time of production.

In addition, it requires the fulfillment of technical conditions: the standardization of parts, performance information systems and rapid change of equipment. The objective in the field of production is to ensure the continuity in the movement of products. For this, production system must have the ability to quickly change the process because of the multifunctional machines and workers. Adapting production equipment requires that workers on jobs, to be not only performers of well defined tasks, but to be able to provide a continuous chained execution of various operations.

2.2 Overall logistics chain (supply chain)

This model sets new functions for enterprise, or sometimes re-evaluates the importance of old functions, the logistic function are situated on the first place. The importance of flow, both in production and in the distribution of products, is emphasized by the activities of supply, storage, transport and distribution of the enterprise.

This includes, first of all, a regularization of the physical flows of materials, but also regularization of the flow of information, in order to know quickly where products are manufactured and where there is demand for them. In this context the notion of global supply chain (Supply Chain) was developed. This expression involves integrating all the processes necessary for obtaining and delivering products to customers, or transport of materials from the original supplier to the final customer. The management of this chain requires first a global planning of the relationships of all involved factors (suppliers, workshops production, transmission, distribution, etc.) and on the other hand, the existence of an effective information system.

As reengineering, global supply chain requires a special approach to clients (what? when? where? how often?) and adapting the production processes to these requirements. For efficient use of such a chain, there is a computer product, which is available to enterprises, adapted to address a large number of specific issues (*SCOR - Supply Chain Operations Reference*), whose good results have been proved in many French companies. It is clear that by resorting to the use of such a model, there will be strong organizational repercussions (a strict planning of providers, a strict management of supply and production activities, etc.).

2.2.1 Example: Flexibility and Supply Chain at the company ZARA

European clothing sector is strongly represented by Zara company whose competitive advantage is due to its flexibility and logistics. Zara produces more than 70% in Europe and in Spain has 19 companies. Products are produced in limited product range which is constantly renewed, because of the 200 onsite creators of enterprise and complex production equipment that can run any product for any size.

A huge logistics center of 400 000 sqm, fully automated, at La Corogne manages, packs and ships products to 2000 Zara stores in the world, which can be supplied with new clothes every 3 weeks.

2.3 Other consequences of applying the flexible model

Taking into account the potential changes, quite numerous in the manufacturing activity, maintenance function is, in this context, of considerable importance. Developing relationships with subcontractors and suppliers in international markets are beginning to be increasingly widespread. In a globalized economy, the question “makes or buy" is most often solved by solution "buy". Large companies (especially those producing consumer goods, but not only), can get a little bit of everything they need by consulting the more and more international suppliers.

Another point of view of the model refers to looking for permanent improvement processes. Saving solution in the field of quality, less participatory makes Kaizen techniques have great repercussions. This model of production requires like other similar models, a specific social compromise: the importance of training is given in the context of stable working relationships.

In the West, one meets many situations of adapting this model, taking into account the specific organizational and social conditions. Such a hybrid model can be found in Japanese enterprises in Britain, but also the U.S. This large distribution of the Kaizen model, especially in the automobile industry (Toyota), has enough limits, especially in terms of labor relations in Japan. The Toyota model is fragile, because it insists on the need of coordination in time and space of a set of elements which must have high quality (a good product, a good time, good job, good repair, etc.). This model does not allow any errors. Additionally, stopping production in case of a failure is difficult. More and more authors discover that Toyota is a deceptive simplicity. In this case, the model is split from the Fordian model? In many situations it comes very close to the Taylorian model, because it maintains the essential element of division of labor and the increasing of working rhythm. Sure, the model invites employees to participate in improvements, but this is not sufficient for a fundamental change.

On the contrary, other authors see a real change in this model, which corresponds with the end of the labor division period. According to them, the participative management is developed and employees have increasingly more autonomy. Starting from this model and from the difficulties of implementing it we consider that the results of its application will differ, depending on specific features of each domain.

3. Organization and management of new enterprise

The flexible model of the new enterprises can not be understood without reference to the evolution of management. Generally, managing a company by managers, whose evolution has taken place since the beginning of the XX century until the 90s, begins to be replaced by the management shareholders. Managers and the unions organize autonomous

decision centers. Development of financial markets through collective investment undertakings changed the data of the problem; those who manage enormous funds exert very strong pressure on companies in which they have invested. Unfortunately, the diversity of international legal rules and view points cross the world; this is why we will encounter situations of independent directors on the board of directors, separation of powers between president and general manager of the board, the increased role of the board in the enterprises' strategy, etc..

Strategies influenced by these new shareholders, will seek to impose high levels of profitability, and this will lead to direct organizational consequences. Enterprises will be split into several divisions, to facilitate the transfer of assets and, at the same time, will focus on profitable activities and will outsource the rest.

Global enterprises use a global division of labor and specialization of production centers, which require coordination of activities on the distances. There will be a constant pressure on costs and therefore the enterprises will permanently change their microstructure, will outsource what is cheaper outside, and they will mobilize staff in an effort to obtain quality. The flexible network enterprises fits best with the new spirit of capitalism, in which rapid movement are as important as stability, and where ROE precedence before other targets.

4. Conclusions

The flexible model is formed as a response to changes in the environment. It is part of those scenarios which presents the enterprises as organizations capable of adapting to these changes.

Thus:

a) Development of communication will direct toward the enterprise management an increasing number of information, which will become useless very quickly and because of this decision makers will choose the best solution more and more difficultly.

b) Branch managers and decentralized units should take more and more important decisions. Results depend less on the information and more on local factors and the interests of everyone.

Frontiers expanding and outsourcing development affects the production and quality issues. These elements, as well as others, means that the organizational environment is increasingly unpredictable, uncertain and uncontrollable.

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