Reactions to Change in Romanian SMEs

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Abstract
The scope of this paper is to explore how organizational change influences SMEs employees' reactions to change. We identify some reactions based on individuals experience and explore conditions for developing such reactions. We rely on qualitative interview data from a study conducted in 2015 of reactions to planned change. We test employees' reactions to change and show how they differ depending on their intensity of experience. The findings indicate that experience generate opportunities for employees to develop their change skills, which leads to more constructive responses to subsequent change initiatives. Yet, negative experiences can lead to mistrust behaviour that is based on cynical attitudes. The findings contribute by identifying experience based skills among subjects of change. Main limitation of the study is threat of self-selection as employees who remain in the organization may be more susceptible to mistrust behaviour. When employees have extensive change experience, entrepreneurs must adjust their way of thinking about change. Entrepreneurs need to be alert to the prominence of more mistrust behaviour. They should recognize their own role in generating positive process experience, which is a prerequisite for developing change skills at the employee level. The study adds to the increasing focus on change perspectives during change and shows how change skills can be developed among employees.

Keywords: *change management, employees reaction, organizational change, SMEs, entrepreneurship.*

JEL classification: M10, L26, O12, O15.

1. Introduction

The ability to manage complex changes (Pettigrew and Whipp, 1991) and the aptitude to predict and handle different responses to change among employees are important challenges of change management. A rising pace of change is making employees more experienced with organizational change, still little is known about how experience with change affects employee's reactions to large-scale organizational change in SMEs. A growing body of literature focuses on

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change subjects and the reactions to planned change by those who carry out organizational interventions initiated by external factors (Bartunek et al., 2006) yet few studies are conducted regarding changes on SMEs (Ceptureanu, 2015). However, although organizations frequently initiate large-scale change projects, limited research exists regarding how reactions to change develop over time (Piderit, 2000) and the role that change experience plays. In this study, we address the influence of experience with previous organizational change on reactions to subsequent change initiatives on Romanian SMEs. In particular, we are interested in examining whether individuals develop change skills or whether there is a link between exposure to repeated change processes and negative outcomes. Previous literature has indicated that pursuing continuous change processes can create problems in terms of fatigue (Abrahamson, 2000), cynicism (Reichers et al., 1997), or burn-out (Lee et al., 1996). However, experience with continuous change processes can also provide conditions for learning, in which there is the potential to transfer knowledge and experiences (Ceptureanu, 2015). The empirical evidence indicating that experience with change processes can lead to more positive reactions to change is limited (Thornhill and Saunders, 2003), and the findings are inconclusive (Smollan, 2006). Our findings suggest that there are indeed distinctive differences in general patterns of reactions among employees based on their experience with organizational change. Employees with limited change experience exhibit strong behavioural and emotional reactions, while employees with extensive change experience use less effort to resist change and show more mistrust reactions to change (Ceptureanu, 2015). However, these behaviour takes on two different forms, and only one of these provides opportunities for developing change capabilities. One of the main contributions of this study is the focus on change skills at the employee level. While there exists an extensive literature on change capabilities at the organizational level (Teece et al., 1997) and how firms can develop dynamic capabilities through learning and experience transfer (Gavetti, 2005), few studies have focused on how capabilities for change are developed at the individual level on SMEs. Studies that address change capabilities tend to focus primarily on managerial change capabilities (Lopez-Cabrales et al., 2006) while research on change capabilities at the change subject level is virtually non-existent.

2. Theoretical background

A multitude of researches deals with reactions and responding to change by organization employees and managers. According to Piderit (2000), reactions to change involve affective, behavioural and cognitive components but research on reactions to change seldom covers all three components. Lines (Lines, 2004) focus on employee attitudes towards change while Perlman and Takacs (1990) maps feelings, thoughts about change (Armenakis et al., 1993), or behavioural intentions. Studies that examine what employees actually do in terms of behaviour focused on resistance to change (Guth and MacMillan, 1986). Undoubtedly, employee

resistance has been documented as the most frequent obstacle encountered by management when implementing change (Bovey and Hede, 2001). An important point made through the literature is that resistance to change must be handled differently depending on its reason. While the researches on resistance provides valuable insight and direction for managers who struggle with resistance, other studies indicates that constructive input from employees was wrongfully perceived by management as resistance (Bryant, 2006). Some studies on resistance neglected to address how experience with change might influence the level of resistance. Another stream of change studies has focused on developing typologies and categories of reactions to change (Stensaker et al., 2002; Chreim, 2006). While these studies serve to extend more general categorizations such as honesty, they do not specifically address different dimensions of reactions, hence they fail to sufficiently incorporate more ambiguous responses to change (Piderit, 2000). More, the categories appear rather static and have seldom been applied to understand or explain how reactions might shift over time or vary across different change efforts. Ultimately, most of these studies which map different behavioural or attitudinal reactions have been tied to specific types of change: downsizing, acquisitions, or change that was perceived as excessive (Stensaker et al., 2002), while a more general applicability has not been attempted. In summary, the literature on reactions to change has predominantly been concerned with identifying and explaining negative reactions to change that act as barriers to change implementation. Few is known about more supportive reactions among employees and differences in patterns of reactions over time. There is increasing evidence that employees react to change with cynicism (Bommer et al., 2005). Some specialists argue that cynicism is linked to personality disposition, while Wanous et al. (2000) argue it is a learned response. Past rebuffs in organizational change have been found to breed mistrust; this includes failure to keep people informed, not caring about employees and failure to try to understand employee's point of view (Wanous et al., 2000). Thornhill and Saunders (2003) found that those who felt negative about change were likely to be sceptic about how they had been treated by entrepreneurs. Generally, these studies suggest that as employees gain experience with change they draw on their previous experience to interpret following changes (Randall and Procter, 2008).

3. Methodology and results

The research was designed to supply insights on change subject reactions to change and how employees contribute to organizations capability to implement planned changes. The complete data set consists of 175 interviews at various organizational levels in 175 Romanian SMEs. Sampling and interview questions were informed by a briefing. A total of 349 of interviews was planned but only 175 were conducted due to lack of implication, entrepreneurial urgent problems, question misunderstanding (50% rejection rate). The task of interview was to discuss, based on their personal experience with change implementation, how they

reacted to frequent organizational change (Ceptureanu, 2014). Insights from interview lead us to believe that employee experience could be important for comprehension reactions to change. To find out what was the role of various categories of personnel in the planning of organizational changes, we used the following items:

- *Strategists of change* - are responsible for the design and management of organizational change. They are not necessarily responsible for the detailed implementation;
- *Implementators of change*: those who have a direct responsibility for achieving organizational change;
- *Change receptors* are those who receive program change with varying degrees of anxiety depending on the nature of change and how it is presented.

In the role of receptors change programs have been 26% of general managers - they simply have given permission for the plans to be implemented. (Figure 1). The highest proportion (45%) had a higher level managers in the role of strategists of change, her collaboration with external consultants (50%) being the called directly to the operationalization of this approach. Managers of mid-level and lower-level ones, with the team of consultants took part, more or less active, the design change and the role of receptors genuine changes have had other employees, especially performers.
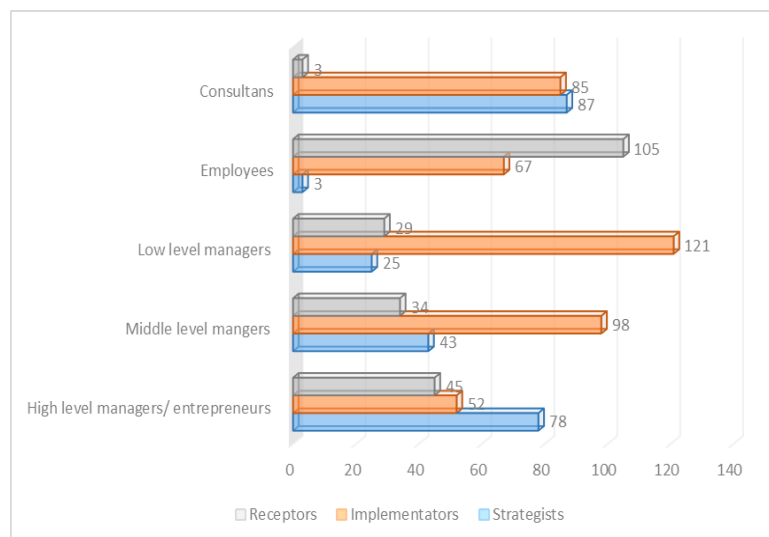

Figure 1. Sample perception regarding subjects of change

It would be interesting to note that:

➢ Mid-level managers and implementers have become receptors change in parallel;

> ➢ 25% of respondents mentioned that some middle managers were the role of strategists (see working with the team) and at the same time, almost all were seen engaged in the implementation of changes;
> ➢ Only 2% of respondents rated as minor changes in the design role of consultants.

Regarding change perception on employee category, we can say that by their very nature, people actually do not like change, but it would be wrong not to add that at that time, particularly everyone has different reactions which depend on age, personality and circumstances. It is asked to specify and what we like or do not like change, is clearly a negative reaction when we lost and one of excitement when change means opportunity. Any process of transition from something old to something new requires a waiver and therefore you should give up, and if not, then you learn to quit when you're dealing with change. Very few people have seen changes during start changing opportunity and many of them continuing the same line of conduct to date. When cutbacks change generated or required to meet a higher volume of work, as a requirement imposed formation of new skills and new knowledge possession, so many have reacted negatively associated with changing real or potential danger. In time, however, some changed their position, while others remained firmly previous positions. Seeing an opportunity means changing awareness of the advantages they can get, but that will have to put some effort. However, mere awareness of the importance of change and actuating not always mean to make some changes. Table 1 we see that in a positive light is seen more change in the higher-level managers and partly by the mid-level, lower-level managers and other employees have seen and see the change in priority risk. In an attempt to generalize the information obtained we faced challenges related to the succession of several persons in leadership positions in the period, and reduced age-related difficulties of some of the companies investigated. Some organizations have reached a state of decline under the same Manager- owner, while others under the supervision of four, five managers.

Even if the association has responded positively to the change, this is a recently formed the opinion, however, in my opinion, mean that in the best case, only surveyed companies believe that change offers opportunities, but they lack one very important thing - firm commitment so necessary in making the change.

The answers formulated in an attempt to associate the change shows that:
> o 60% of mid-level managers have positive reactions to change, the remaining 40% change associating with danger;
> o 56% of lower level managers have negative associations while only 44% associate with positive change;
> o Performers - in 58% of cases had only 42% saw negative combination of changing opportunities.

The results data can easily realize how many social problems faced by reformers group (few in number) compared with the number of people with a negative attitude.

The explanations they gave different reactions to motivate respondents were: the management team has had frequent opportunities to be convinced that change is an opportunity for success: from trips to collaborating firms abroad, and the opportunity to discuss with Successful people - positive and optimistic person, not privilege not enjoyed by other employees.

Figure 2. Change perception on employees categories

Regarding resistance to change entrepreneurs/managers usually use a set of tactics, selected depending on the situation, the type of change and the management option. Usually these tactics are:

1. *Stimulate and support in adapting change*: the expression of good will and understanding that senior management should constantly show towards our employees, not only to nurture trust and care, how to create and maintain a high The higher the motivation. This is possible by addressing a number of ways of behaviour: consideration and sensitivity to the needs and interests of employees, always acting to protect the interests of employees, acting without exploiting ideas, initiatives, and actions of people for personal benefit.

As we see in Table 1 the extent to which this tactic was used was as follows: 31% - have resorted permanent, 23% - sometimes, 19% - rarely and 27% - never.

2. *Attracting and involving employees on changes*: all mid-level managers were involved in programs of change, only the remaining employees were introduced to the program established.

3. *Negotiation- f*rom the table we see that this tactic was used permanent-31% of cases, sometimes - 24% of cases, rarely - in 16% of cases, and not at all - 29%.

4. *Training*: from all companies surveyed 36% said staff constantly under training, 25% - only sometimes, 21% - rarely, and 18% - ever, these efforts are not enough to meet new requirements.

5. *Dissemination of information regarding changes intended*. We find out that surveyed companies use a high proportion of this tactic to reduce resistance to change.

The organizations included in the research group found that: 40% said that they shall keep 40% - sometimes, 20% rarely - informing wearing a formal, superficial, auditorium absolute format not all those affected by change. Reasons for the low level communications management beliefs are companies that this is a real danger of leakage of information to competition and involves a lot of time too high. However, not all managers have qualities, knowledge and skills to effectively communicate with employees, especially in terms of conflicts between parties.

In conclusion we mention that the whole picture I have tried to frame the various aspects of the results of efforts to change and concisely convey a general message: organizations still "learning" how to deal with change, how it should be conducted and the cause of failures on efforts their being often lacking positive feedback and misdirected. Therefore, knowing the nature of change, to learn how to treat it and realize it would be a huge advantage for them to be able to operate successfully in today's business environment.

Table 1

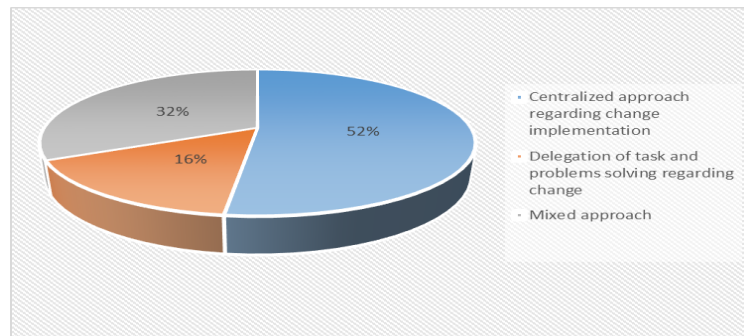| Tactics	Frequency			
	Permanently	**Sometimes**	**Rarely**	**Never**
Stimulate and support in adapting change	55	41	32	47
Attracting and involving employees on changes	78	79	18	0
Negotiation	54	42	27	52
Training	63	43	37	32
Inform the employees of changes intended	79	62	34	0
Job rotation	26	43	21	85

Top managers actions regarding change

Figure 3. Top manager's actions regarding change implementation

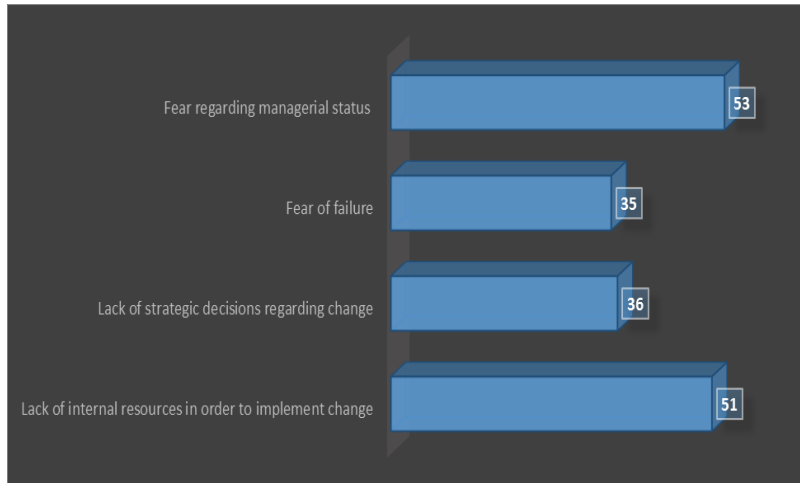*Causes of resistance to change from managers perspective*

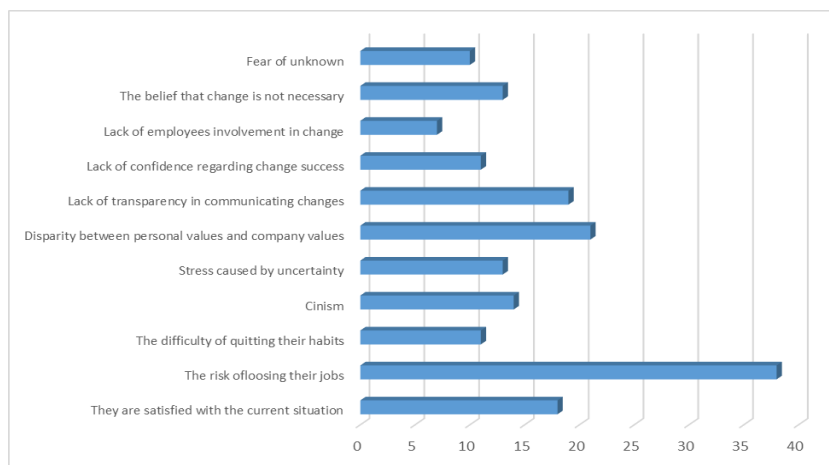**Figure 4. Causes of resistance to change from managers perspective**

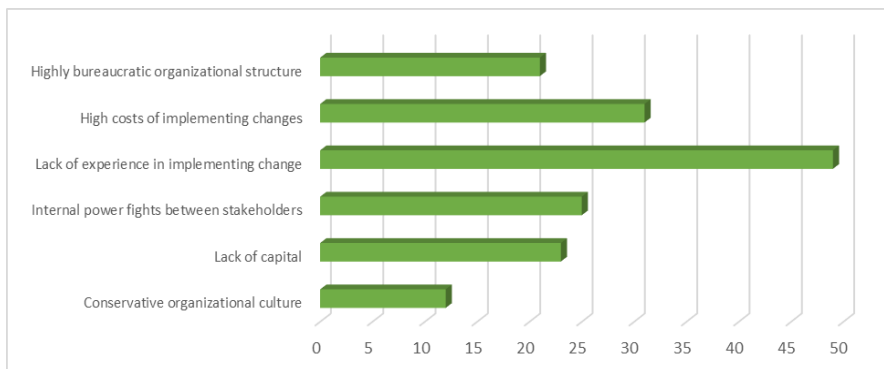**Figure 5. Causes of resistance to change from employees perspective**

Figure 6. Causes of resistance to change from organization perspective

4. Conclusions

Our findings suggest that some employees develop skills to cope with fast-paced change initiatives. However, the picture is not one-sidedly positive. While one group of employees effectively implemented change by drawing on experience-based capabilities, another group of employees implemented change in a passive manner without any enthusiasm, because their experience suggested that this was the least conspicuous way to react. Our study extends recent researches indicating that experience is an important factor for understanding employees and managers reaction to change (Thornhill and Saunders, 2003; Bryant, 2006). Previous literature has concentrated predominantly on explaining reactions based on individual personality factors, type of change, or characteristics of the change process. Our study reveals that experience matters for employee reactions to change. Thornhill and Saunders (2003) reported that change experienced employees felt both more secure and became more resigned. Our findings point to the important role entrepreneurs plays in terms of planning and organizing the change process and hence providing a colloquial structure on the activities that take place during implementation of change. We also identify some change that are developed at the employee level. Previous literature has emphasized dynamic capabilities at the company level as well as entrepreneurial capabilities for change. Our study shows that positive experience with change can contribute to the development of change capabilities also at the employee level, by generating an ability to cope with the uncertainties of change, maintaining control and increasing one's own market value. Managers play an important role in facilitating the development of employee change capabilities. There are some limitations to our findings. First, it is a risk that employees respond what they believe is politically correct. One way in which we attempted to handle this was to probe employees about other people's reactions as well as their own reactions. The variety in the responses suggests that employees are not only reiterating what they believe management wants to hear. On the other hand, in focusing on general change process experience rather than a specific type of change, there is a risk of undermining effects based on specifics about the change contents, such as whether the changes involved structural or cultural changes or both, or specifics about the change process, such as whether hard or soft levers were used to implement change. Finally, the cultural context of our studies may have influenced our findings. All of our studies took place in Romania, in a national context based on short traditions of work-place democracy, an instable workforce, and hard power in balance between employer and employee. On the other hand, one might therefore have expected much more active employee reactions, regardless of their experience. The findings we have presented have inferences for change managers, as they will need to adjust their change management approach depending employees change experiences. Especially in organizations with a long track record of change implementations, management should be cautious of relying on classic techniques in order to reduce resistance, as reactions will likely be passive. While

the literature has emphasized the importance of analysing change content in order to inform about process and understand reactions (Stenskaer et al., 2002), the change capabilities seem to be tied to changes in general and not to any particular kind of change initiative. As suggested by Chreim (2006) it appears that process capabilities can be applied across a large variety of changes. Future studies are needed in order to test the extent to which these capabilities can be applied across a wide set of change initiatives.

Acknowledgements

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