Eduard Gabriel CEPTUREANU
The Bucharest University of Economic Studies

CHANGE PROCESSES IN ROMANIAN SMES

Empirical study

Keywords
Change management
Entrepreneurship
SMEs
Change process

JEL Classificasion
M10, L26, O10

Abstract

Literature considers that it is necessary to continuously change and improve SMES in order to be more sustainable and provide innovative products and services to the market If SMEs 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. Therefore, this article intents to demonstrate that change management processes are fundamental to create performant SMEs. This study is based on a research conducted on over 800 entrepreneurs from Romanian economy. This article demonstrates that sustainability in SMEs will be enhanced by the ability to embrace operational aspects of change management, while entrepreneurs must pay attention to long-term planning and intense communication in order to generate proactive changes. We try to demonstrate the usability of the presented findings in practice in order to contribute to the development of SMEs in Romania.

Introduction

The business environment which is constantly changing requests rapid response for entrepreneurs to adapt to the future. While it is not possible to predict the future, the SMEs can adapt to the turbulence ahead, in order to attain sustainability (*Hamel andValikangas, 2003), (Moore and Manring,2009), (Nicolescuet al.,2011*). In this context, we must notice that SMEs in Europe contribute to the economic development by their sheer numbers and increasing share in employment and gross domestic product (*Van Gils, 2005*). Although the importance of SMEs to the wider economy is now widely understood, their needs to sustain their businesses are often underrepresented (*North et al., 1998*). Sustainability is not a reachable end state, rather it is a fundamental characteristic of a dynamic, evolving system. Indeed, sustainability will result not from movement along a smooth trajectory, but rather from continuous adaptation to changing conditions (*Verboncu et al, 2011*). SMEs' organisational behaviour and characteristics are important drivers in the evolution towards sustainable enterprises (*Tonge, J., 2001*), (*Moore and Manring, 2009*). It is widely recognised that SMEs, in general, have limited resources in the form of time, money and human capital (*Van Gils, 2005), (Ceptureanu S and Ceptureanu E, 2009*). In particular, they lack the necessary skills and capability in pursuing long-term strategic change due to their stiff management style. Change in SMEs seems to be largely motivated by pressures from the external environment, particularly from the customers (*Hudson-Smith and Smith, 2007*). Therefore, most SME managers accept their environment as given and install the mechanisms to react to its forces rather than leveraging internal capabilities for proactive change (*Bergman et al., 2006), (Trim and Lee, 2008*). As *Hamel and Valikangas* (2003) stated that there is a need for innovation that signifies capability leverage. In other words, sustainability of organisations depends on their ability to change concerning the future development (*Burnes, 2004*). The methodological approach taken in this study is based on exploring the change management process in 800 Romanian SMEs through interviews. A comparison between the change management framework representing the best practice and the activities observed in practice suggests that inadequate planning, lack of external orientation and limited attention to people, organisational aspects seem to hinder SMEs' sustainability. In doing this, this article contributes to an existing body of knowledge on entrepreneurship by bringing change process perspective in the context of SMEs.

The impact of SME on change management

For economic sustainability, SMEs are increasingly playing a key role being the engines of employment, according to *Nicolescu (2014*) and *Ceptureanu (2010)*, in Romania SMEs represent over 95% on total enterprises, contribute to 66, 2% of employment and 57, 9% on turnover. During 2010-2012 innovation in SMEs has been declining compared to the three preceding years, from 40, 1% in 2010 to 19, 8% in 2012. Unfortunately, only 2 out of 10 SMEs have introduced or significantly improved new products,process or organizational/marketing methods (*Nicolescu and Ceptureanu, 2009*).It is, therefore, not surprising, particularly in the recent economic downturn, that sustainability of SMEs is vitally important for the global economy (*Mikhailitchenko and Lundstrom, 2006*). Such facts have led to the conception of sustainable SMEs that should be 'robust … in face of anticipated and unanticipated economic, environmental and social challenges' (*Moore and Manring, 2009*). Hence, the development of sustainable SMEs that are able to change and adapt to a turbulent environment is a concern for SME managers, policy makers and practitioners alike. Entrepreneurship, strategy and SME literature identify that SMEs can be classified into two groups according to their attitude to strategic change and willingness to implement it. According to and *Casillas (2008)* there are Lifestyle SMEs and Growth oriented SMEs. A lifestyle SME may have limited interest in development and growth, so they willingly choose not to grow but are rather mainly concerned with survival to support the lifestyle of their owner managers (*North and Smallbone, 1996*). On the other hand, growth-oriented SMEs aim to increase their market share, sales and profitability in a continuing growth path (*Ceptureanu et al., 2010*). In the context of this article, the focus is on growth-oriented SMEs which are attempting to change and adapt in a volatile environment to be competitive. SMEs are characterised by a number of patterns of behaviours which may hinder their ability to become more sustainable (*Jennings and Beaver, 1997*). For example, SMEs tend to think and plan in the short term, thus mainly reacting to internal or external stimuli. This becomes more prominent as their core business objective becomes survival. This characteristic makes SMEs less able to deal with strategic long-term developments (*Laverty 2004, Bergman et al. 2006*). Strategic decision making in SMEs is often described as being implicit or even as a process distinguished by reactive, short-term oriented, incremental behaviour (*Bergman et al.,2006*). Moreover, change strategy in small business is considered to be enacted in a highly personalised manner and is strongly influenced by the actions, abilities and personality of the key

people in the company (*Beaver and Prince, 2004*). Hence, a central, directive decision making, top-down, stiff type of management style is prevalent (*Dean, 1986*). This kind of behaviour is encouraged due to the fact that SME entrepreneurs often own the company or have personal investment in the business (*Duchesneau and Gartner, 1990*). Customer pressure in supply chains for low-cost-based competition and the need for rapid, innovative responses, as well as new product development, are important drivers for change in SMEs (*Sheffi, 2005), (Sheffi,2005,2006), (Hudson-Smith and Smith, 2007*). Also, increased competition based on overall product and service quality and increasing demand for just-in-time delivery, flexibility and responsiveness are among other key drivers for change in SMEs (*Sheffi and Rice, 2005*). Thus, literature suggests that SMEs must evolve from a largely internal, technical orientation towards external, customer and service orientation, where management increasingly dedicates its attention to the needs of the customer and the marketplace *(Sarkar, M. and EchambadiR. and Harrison, J.S., 2001).*(*Zhang et al., 2006*). In summary, we can identify the following characteristics having an impact on SME behaviour in change management: (1) Lack of strategic planning. (2) Hasty approach to solve day-to-day problems. (3) Greater focus on operational and technical issues. (4) Stiff organizational culture. (5) Tacit knowledge and informal decision making. (6) Poor management skills as the SME grows. (7) Entrepreneurial orientation and opportunity seeking.

Change process and sustainability

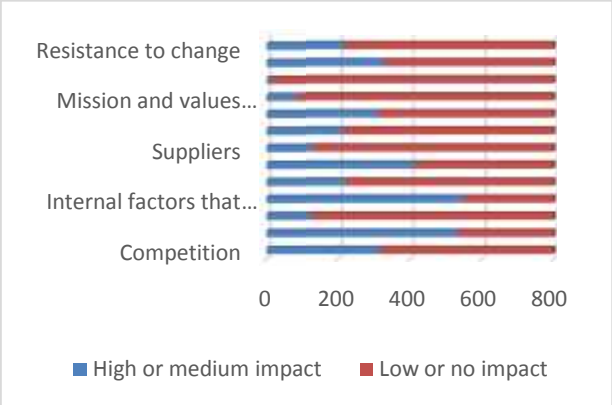
Sustainability of SMEs is important for a healthy economy. To achieve business sustainability, it is important that change management capability should be integrated into the normal course of business (*Alesi, 2008*). Adaptation to new market forces through an ability to change rapidly can lead to creating sustainability on SMEs (*Fiksel, 2006*). SMEs should absorb change gracefully to remain stable in a turbulent environment. Indeed, *Hamel andValikangas (2003)* clearly confirm the significance of change management in creating sustainable organisations. Any company that can make sense of its environment, generate strategic options, and realign its resources faster than its rivals will enjoy a decisive advantage. These will prove to be the ultimate competitive advantage in the age of turbulence where companies are being challenged to change more profoundly, and more rapidly, than ever before. Organisational sustainability is defined as the ability to anticipate key opportunities and events from emerging trends, constantly adapting and changing, rapidly bouncing back from disaster and remaining stable in a turbulent environment *(Fiksel, 2006), (Stewart and O'Donnell, 2007), (Marcos, 2008)*. The literature suggests that there is a need for constant, proactive and ever quicker approaches to change *(Bolton, 2004)*, before the case for change turns out to be urgently inevitable (*Hamel and Valikangas, 2003*). In effect, sustainability is an organisation's level of preparedness to change by rapidly redeploying and reconfiguring its technical and organisational resource base, thus enabling a quick response to unpredictable changes within its operating environment (*Sine and David, 2003*). Consequently, it is agreed that sustainability is a distinctive organisational capability (*Barton and Christianson 2006, Bergman et al. ,2006*) that is underpinned by an organisation's ability to change timely, rapidly and easily (*Vickers and Kouzmin, 2001*). However in most organisations, change is still problematic; studies have shown that two out of three change initiatives fail (*Sirkin et al., 2005*). Consequently, how change is managed in SMEs becomes critical to creating sustainability. Literature on change management has evolved from a planned view through the emergent to process views. Primarily, planned change is intended rather than occurring by accident or impulse (*Lewin, 1951*). Emergent change is complex and continuous, based on responses to emerging opportunities and threats and results in learning by doing between the top and the bottom of the organisation. A process view to change recognises the characteristics of both planned and emergent views and suggests that there is a purposeful (i.e. planned or intended) set of activities in change projects that leads to the content of change to emerge (*Pettigrew and Whipp, 1993*). The process view, as suggested by *Whittington (2006)*, rather than rejecting the planned approach, places the emphasis on injecting craft directly into the process where the outcome emerges. *Pettigrew and Whipp (1993)* define change management as: ... an iterative process of assessment, formulation and implementation of strategic and operational changes that are depicted by five central factors, which are: environmental assessment, leading change, linking strategic and operational change, human resources as assets and liabilities and coherence. Since one of the objectives of this article is to explore how change is managed in SMEs thus creating sustainability, clearly a process approach to studying change becomes relevant for the purposes of this article. From a change management perspective, as the content of change can emerge, the process itself can be rationalised into distinct phases. From a sustainability perspective, there is a growing recognition that research needs to focus on processes rather than only characteristics of the individual organisations or practitioners (*Reinmoeller and Van Baardwijk, 2005*).

Furthermore, these authors highlight that organisational sustainability can be conceptualised as a process, rather than a static state, through which organisations develop abilities instrumental in overcoming barriers to change and in developing multiple sources of competitive advantage. Also, as the process view deals mainly with the organisational activities and practices, a change process framework would provide a basis for better understanding the patterns of behaviour that instil change in SMEs. In exploring change management as a process, literature identifies different processes and frameworks. These are mainly normative processes providing guidance on how change should be managed (*Garvin, 2000*). The classical process of change is *Lewin's (1951)* unfreeze, move and refreeze processes. In order to change behaviours, the conditions that cause it need to be changed, because behaviour and culture are supported by a complex field of driving and restraining forces. These forces need to be destabilised before new behaviours can be learnt. This is the unfreeze phase of *Lewin's (1951)* process. This involves recognising the need to change, identifying what changes need to be made, preparing for the change and analysing the forces of resistance. The change is implemented in the move stage. This is where new behaviours, values and attitudes are developed through changes in organisational structure and processes. This is an iterative learning based approach, where options are identified, implemented and evaluated on a trial and error basis *(Lewin, 1951*). In the refreeze stage, changes must become embedded in the organisation. The change needs to be anchored in some way, otherwise any benefits will be lost and people will slip back into the old ways of working. Consequently, the new ways of working need to be stabilised and positively reinforced until they become habitual. However, some argue that companies can no longer refreeze due to rapid change in the business environment (*Dawson, 1994*). Some other researchers have expanded on *Lewin's (1951)* process (*Pettigrew et al., 1992), (Garvin, 2000), (Paton and McCalman, 2000), (Mento et al., 2002*). Probably, the best known process is *Kotter and Cohen's (2002)* change model: create a climate for change; establish a sense of urgency; form the guiding team; create a vision; engage and enable the whole organisation; communicate for buy-in; empower the workforce, create short-term wins; and do not let up and make change stick. These researchers highlight the key role of people and organisational dimensions in managing change projects and suggest that change strategy must be sensitive to people and context. Managers often overlook the need for training employees in new methods and procedures and communicating in an ongoing and consistent way (*Mento et al. 2002, Ceptureanu et al. 2012*). Therefore, it is important to explore the nature of change management process and activities. *Beer and Nohria (2000)* describe the nature of practices within the change process by hard and soft aspects. For example, the hard aspect of change deals with operational activities such as resource allocation, action plans, short-term wins and performance indicators to mention a few. On the other hand, the soft aspects of change deal with people, attitudinal and organisational aspects that include motivation, communication, developing new behaviours and changing attitudes, building coalition and training.

Research methodology and results

In order to understand the patterns of behaviour to manage change in SMEs, extensive qualitative data were collected from structured interviews with 800 entrepreneurs. Data were analysed carefully using descriptive statistics and qualitative data analysis techniques. The interviews were intended to allow free-flowing conversation between the entrepreneur and the researcher about their roles and responsibilities within the organisation, and the practices that they were engaging within organisational change projects. Throughout the interviews, the emphasis was on capturing what the entrepreneurs did (i.e. the practices) and for what purpose they undertook these practices (i.e. the outcome).

Figure 1. SMEs practices around organizational and influence to change



In Figure 1, we present SMEs practices around organizational and influence to change. These would lead to the following findings: (1) business goals and organizational objectives and SMEs internal factors seems to be key factors of practice who trigger changes; (2) change management practices mainly focus on implementation and rewards; (3) change management practices are primarily internally focused as evidenced by the limited relationship management with external stakeholders such as customers, suppliers and competitors; (4) little or no attention is paid to communicating with customers, competitors and

suppliers in managing change.The overall focus of this article was to explore how change management capability drives survivability in SMEs. Hence, we identified what SME managers do to manage change, and compared SME practices to the literature-based change management process. We observe that when SMEs manage change, they do not appear to pay attention to vision and values. This particular finding suggests that SMEs view change management as any other project management task, evidenced by the focus on hard activities with little attention being paid to softer activities. Lack of attention to the soft aspects, associated with human factors, may create resistance to change which may also hinder SMEs' survivability (*Seville et al., 2006*). However, as *Seville et al. (2006)* stated that soft managerial practices such as effective communication and relationships within the organisation and with key customers and stakeholders are all fundamental to enabling firms to be competitive. This pattern of behaviour could be explained by the command and control nature of how SMEs are managed (*O'Regan and Ghobadian, 2005*). The literature on SMEs suggests that they may be more entrepreneurial and quicker to react to changes (*Zhang et al., 2006)*. In contrast, our findings suggest that, due to a tendency towards centralised decision making caused by the command and control culture, the entrepreneur may be a constraint to quick decision making or implementation of change. Instead, in order to achieve SME survivability, employees must possess a feeling of ownership in the business and the freedom to make decisions according to their responsibility area (*Alesi, 2008, Berman, 2009*). Related to the above points, one of the interesting aspects coming out of this research is that underlying competitiveness issues are often driven by the fact that SMEs launch themselves into change initiatives without due consideration to planning and preparation phases of change. The entrepreneurial orientation, lack of long-term planning, resource limitations and operational focus that seem to characterise most SMEs could be contributing factors to this behaviour (*Hudson-Smith and Smith, 2007*). Nevertheless, literature suggests that successful SMEs are well prepared for change and have adopted a more formal approach to planning (*Voss et al., 1998*). Organisations with a clear long-term plan that are well understood and communicated find it easier to approach a crisis situation to stay stable (*Seville et al., 2006*). By adopting a proactive approach through well-thought plans, SMEs can become more creative and innovative and this is underpinned by the firm's vision, value system and leadership (*Tompkins,2007), (Trim and Lee, 2008*). Consequently, this pattern of behaviour in SMEs along with a lack of consideration to readiness for change result in reactive conduct and crisis development such as unsatisfied employees and customer complaints (*Bolton, 2004)*, (*Webb and Schlemmer, 2006*). The above patterns of behaviour, together with the command and control culture and lack of emphasis on softer aspects in change management, seem to reinforce the belief that little attention needs to be paid to embed changes into organisational culture for long-term sustainability. Consequently, evidence suggests that many change initiatives in SMEs fail to stick *(Pearce and Robbins 1994*). A critical reason, underlying failure of change projects, is the lack of understanding regarding the forces of resistance to change (*Jansen 2000, Bolton 2004*). Furthermore, in the SMEs examined, change management activities seem to be primarily crisis driven and reactive (such as customer complaints, in response to a threat in the market or changes in regulation) rather than being proactive (*Bergman et al. 2006, Moore and Manring, 2009*). This finding is consistent with the literature that characterises SMEs with short-termism approach. This pattern of behaviour along with lack of attention to regular communication with external stakeholders constrains SMEs' ability to change proactively (*Vickers and Kouzmin 2001), (Coutu 2002*). However, as *Seville et al. (2006)* point out that a shift is required from a directive to a more inclusive decision-making process to stand back from firefighting and to avoid reacting to external stimuli so as to build survivability. It is also suggested that competitive organisations should build planning teams typically including members from all functional areas as well as suppliers and key outsourcing providers to manage vulnerabilities in turbulent times (*Tompkins, 2007*). In other words, these findings are in direct contrast to the characteristics of organisations where a key feature of survivability is that any change should be proactive against a well thought out and prepared plan (*Hamel and Valikangas, 2003), (Allenby and Roitz, 2005), (Sheffi, 2005, (Seville et al., 2006), (de Vries and Shields, 2009*). It therefore appears that what SME managers do to manage change is serving to undermine their resistance. Furthermore, limited interaction with the customers, competitors and suppliers may have a negative impact on SMEs' ability to interpret early warning signals (*Bergman et al., 2006*) and to anticipate changes, as a result negatively affecting their survivability (*Hamel and Valikangas, 2003*). Instead, as suggested by *Sheffi and Rice (2005),* a SME is driven by its ability to respond quickly to disruption through building capabilities that can sense threats. Consequently, it appears that the characteristics of SMEs, as identified earlier, are not mutually exclusive but represent a self-reinforcing system of drivers that limit SMEs' ability to change by: (1) reactive approach to

change rather than proactive; (2) focusing on implementation of change while paying limited attention to planning and preparation phases; (3) little or no attention to manage relationships with key partners and stakeholder. This research represents an initial step towards developing a more complete understanding of how change management capability drives survivability in SMEs. It appears that SMEs' ability to change effectively and efficiently, and therefore their actions is constrained by their behavioural and organisational characteristics. SMEs, in order to develop competitiveness in an unpredictable and ever changing environment, need to ensure that they place greater emphasis on: (1) planning, preparation and embedding phases of the change process whilst maintaining their focus on harder operational aspects of change management; (2) taking a more strategic and long-term view of change and drive change internally and proactively rather than waiting until change is imposed on them from external sources and becomes desperately inevitable; (c) paying more attention to relationships and communication with key customers, suppliers and competitors to anticipate change and get prepared for change proactively. We suggest that, in order to achieve a more balanced and confident approach to managing change, SMEs need to recognise their characteristics that constrain their ability to change effectively and efficiently. Recognition of these characteristics as a self-reinforcing system should allow SMEs to develop better change management capabilities leading to greater levels of competitiveness (see Table no.1 from Annex 1)

Conclusions

This study confirms the tendency of SMEs to dedicate most of their attention to operational, hard and internal aspects of change management with a short-term, reactive behaviour, whilst neglecting strategic, long-term requirements of organisational change process. Clearly, the lack of coherence between hard and soft aspects of change significantly limits the ability of SMEs to change efficiently and effectively. Based on the discussions presented earlier, we conclude that in SMEs survivability is undermined by a system of forces that are driven by the very characteristics of SMEs. To build organic growth, SME managers should understand the interdependencies among these forces, and anticipate and plan changes around them (*Starr et al., 2003*). In this article, we used a consistent methodological approach to collect change management practices from 800 SMEs from Romania. Having identified how change is managed in SMEs, the main drawback of this study is the limited longitudinal dimension. Consequently, future research should focus on exploration of a smaller sample of SMEs over a period of time. However, despite this limitation, this study provides an initial theoretical framework that explains the impact SME characteristics have on their ability to manage change. In this article, we did not search for an abstract definition of change, but a practical meaning in use in the context of SMEs. From a theoretical perspective, we demonstrated that change management capability is an essential element for building survivable SMEs and this research provides a framework for future research.

Acknowledgements

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".

References

[1] 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.

[2] Ates Aylin, Bititci Umit Bititc (2011). Change process: a key enabler for building resilient SMEs. *International Journal of Production Research,* Vol. 49, No. 18, 15 September 2011, 5601–5618

[3] Barton, M., Christianson, M. (2006). *Organizational resilience: a social mechanisms perspective*. Symposium presented at the 2006 annual academy of management meeting, 11–16 August, Atlanta, GA.

[4] Beaver, G. Prince, C. (2004). Management, strategy and policy in UK small business sector: a critical review. *Journal of Small Business and Enterprise Development*, 11 (1), 34–49.

[5] Beer, M. Nohria, N. (2000). Cracking the code of change. *Harvard Business Review* (May–June), 133–141.

[6] Bergman, J., et al. (2006). Managing the exploration of new operational and strategic activities using the scenario method - assessing future capabilities in the field of electricity distribution industry. International *Journal of Production Research*, 104, 46–61.

[7] Bolton, D. (2004). Change, coping and context in the resilient organisation. *Mt Eliza Business Review*, 7, 56.

[8] Burnes, B. (2004). *Managing change: a strategic approach to organisational dynamics.* 4th ed. Harlow: Financial Times/Prentice-Hall.

[9] Ceptureanu Sebastian Ion, Ceptureanu Eduard Gabriel, Zgubea Filip, Tudorache Alina (2012). Economic Survey On Knowledge Based Management In Romanian Companies. *Review Of International Comparative Management*, Vol. 13 No. 2 / 2012, ISSN 1582-3458

[10] Ceptureanu Sebastian; Ceptureanu Eduard (2009) Human Resources Management in Knowledge Based Organization, *Marketing - Management Review*, Vol.1-2/2009(109-110), ISSN 1222 – 9105

[11] Ceptureanu Sebastian, Ceptureanu Eduard, Tudorache Alina (2010), *Management in Romanian SMEs*, 17th International Economic Conference IECS 2010 „The Economic World' Destiny: Crisis and Globalization?" Sibiu, Romania May 13-14, 2010

[12] Ceptureanu Eduard, Ceptureanu Sebastian, Hotaran Ilinca (2010), *Romanian SMEs market: some facts.*International Conference "European Integration – New Challenges" 6th Edition, 28 - 29 May 2010, Oradea

[13] Ceptureanu Sebastian, (2010), Knowledge Management Model for Romanian Companies, Volume 11, Issue 1, March 2010 *Review Of International Comparative Managemen*t, ISSN 1582-3458

[14] Coutu, D. (2002). How resilience works. *Harvard Business Review*, 80 (5), 46–51.

[15] Dean, B.V. (1986). The project-management approach in the ''systematic management'' of innovative start-up firms. *Journal of Business Venturing*, 1 (2),

[16] De Vries, H.Shields, M. (2009). *Entrepreneurial resilience: an analysis of the resilience factors in SME owner-managers* [online]. Christchurch, New Zealand.

[18] Duchesneau, D.A., Gartner, W.B. (1990). A profile of new venture success and failure in an emerging industry. *Journal of Business Venturing*, 5 (5),

[18] Fiksel, J. (2006). Sustainability and resilience: toward a systems approach. *Sustainability: Science, Practice and Policy*, 2 (2), 1–8.

[19] Garvin, D.A. (2000). *Learning in action: a guide to putting the learning organization to work.* Boston, MA: Harvard Business School Press.

[20] Hamel, G.A., Valikangas, L. (2003). The quest for resilience. *Harvard Business Review*, 81 (9), 52–63.

[22] Hudson-Smith, M., Smith, D. (2007). Implementing strategically aligned performance measurement in small firms. *International Journal of Production Economics*, 106 (2)

[22] Jennings, P., Beaver, G. (1997). The performance and competitive advantage of small firms: a management perspective. *International Small Business Journal*, 15 (2), 34–58.

[23] Kotter, J.P., Cohen, D.S. (2002). *The heart of change: real-life stories of how people change their organizations*. Boston, MA: Harvard Business School.

[24] Laverty, K.J. (2004). Managerial myopia or systemic short-termism? The importance of managerial systems in valuing the long term. *Management Decision*, 42 (7/8), 949–962.

[25] Lewin, K., (1951). *Field theory in social science*. New York: Harper & Row.

[26] Marcos, J. (2008). *Organisational resilience: the key to anticipation, adaptation and recovery* [online].

[27] Mento, A.J., Jones, R.M., Dirndorfer, W., (2002). A change management process: grounded in both theory and practice. *Journal of Change Management*, 3 (1), 45–59.

[28] Mikhailitchenko, A., Lundstrom, W.J., (2006). Inter-organizational relationship strategies and management styles in SMEs - The US-China-Russia study. *Leadership and Organization Development Journal*, 27 (6), 428–448.

[29] Moore, S.B.,Manring, S.L. (2009). Strategy development in small and medium sized enterprises for sustainability and increased value creation. *Journal of Cleaner Production*, 17, 276–282.

[30] Moreno A.M., Casillas, J.C. (2008). Entrepreneurial orientation and growth of SMEs: a causal model. *Entrepreneurship: Theory and Practice*, 32 (3)

[31] North, D., Smallbone, D. (1996). Small business development in remote rural areas: the example of mature manufacturing firms in northern England. *Journal of Rural Studies*, 12 (2), 151–167.

[32] Nicolescu Ciprian, Ceptureanu Eduard (2009), Romanian Entrepreneurial Environment, Key Aspect in Investment Decision.*Economia Review. Management Series*, Bucharest, Romania, Vol. 12

[33] Nicolescu Ovidiu, Verboncu Ion, Popa Ion, Ceptureanu Eduard Gabriel, Ceptureanu Sebastian Ion (2011), *Added value in Romanian SMEs*, ISBN 978-605-505-516-2, ASE Publishing House

[34] Nicolescu Ovidiu, Nicolescu Ciprian (2014), *White Book of Romanian SMEs*, Sigma Publishing House

[35] O'Regan, N., Ghobadian, A. (2005). Innovation in SMEs: the impact of strategic orientation and environmental perceptions. *International Journal of Productivity and Performance Management*, 54, 81.

[36] Paton, R.A., McCalman, J. (2000). *Change management: a guide to effective implementation*. 2nd ed. London: Sage.

[37] Pettigrew, A., Ferlie, E., Mckee, L. (1992). *Shaping strategic change. London*: Sage.

[38] Pettigrew, A. Whipp, R., (1993). *Managing change for competitive succes*s. Oxford, UK: Wiley– Blackwell.

[39] Reinmoeller, P. Van Baardwijk, N. (2005). The link between diversity and resilience. *MIT Sloan Management Review*, 46 (4), 61–65.

[40] Sarkar, M., Echambadi, R., Harrison, J.S., (2001). Alliance entrepreneurship and firm market performance. *Strategic Management Journal*, 22 (6/7), 701–711.

[41] Seville, E., et al., (2006). *Building organisational resilience: a summary of key research findings* [Online]. New Zealand.

[42] Sine, W.D. David, R.J., (2003). Environmental jolts, institutional change, and the creation of entrepreneurial opportunity in the US electric power industry. *Research Policy*, 32 (2), 185–207.

[43] Sirkin, H.L., Keenan, P., Jackson, A., (2005). The operational side of change management. *Harvard Business Review*, 83 (10), 109–118.

[44] Sheffi, Y.(2005). *The resilient enterprise: overcoming vulnerability for competitive advantage*. Cambridge, MA: MIT Press.

[45] Sheffi, Y. (2006). Resilience reduces risk. *Logistics Quarterly*, 12 (1), 12–14.

[46] Sheffi, Y. Rice Jr, J.B. (2005). A supply chain view of the resilient enterprise. *MIT Sloan Management Review*, 47 (1), 41–48.

[47] Starr, R., Newfrock, J., Delurey, M. (2003). *Enterprise resilience: managing risk in the networked economy*. Strategy and Business, 30 (1), 1–150.

[48] Stewart, J. O'Donnell, M., (2007). *Implementing change in a public agency: leadership, learning and organisational resilience*. The International Journal of Public Sector Management, 20, 239.

[49] Tonge, J., (2001). *A review of small business literature part 1: defining the small business*. Manchester Metropolitan University Business School Working Paper Series, November, ISSN 1471-857X.

[50] Trim, P.R., J. Lee, Y.I. (2008). A strategic marketing intelligence and multi-organisational resilience framework. *European Journal of Marketing*, 42 (78), 731–745.

[51] Van Gils A., (2005). Management and governance in Dutch SMEs. *European Management Journal*, 23 (5), 583.

[52] Verboncu Ion, Nicolescu Ovidiu, Popa Ion, Nicolescu Ciprian, Ceptureanu Sebastian Ion, Ceptureanu Eduard Gabriel (2011), *Organizational change by reengineering*, ISBN 978-605-505-513-1, ASE Publishing House

[53] Vickers, M.H., Kouzmin, A. (2001). 'Resilience' in organizational actors and rearticulating 'voice': towards a humanistic critique of new public management. *Public Management Review*, 3 (1), 95–119.

[54] Whittington, R. (2006). Completing the practice turn in strategy research. *Organization Studies*, 27 (5), 613–634.

[55] Zhang, M., Macpherson, A., Jones, O. (2006). Conceptualizing the learning process in SMEs: improving innovation through external orientation. *International Small Business Journal*, 24 (3), 299.

Annex 1

Table 1. Analysis of findings

Change process phase/Practices based on conceptual framework	Nature of practice	Findings
Preparing phase		
Recognize the need to change	People/organizational	Positive results
Develop a shared assessment of problems and opportunities	People/organisational	Negative results
Define and develop new behaviours, values and attitudes	People/organisational	Negative results
Create a sense of urgency	People/organisational	Positive results
Define the change initiative to prepare people	People/organisational	Positive results
Environmental assessment/explore options and solutions	Operational	Negative results
Evaluate options and solutions	Operational	Negative results
Plan		
Develop an implementation strategy and action plan	Operational	Positive results
Plan for short-term wins	Operational	Positive results
Establish goals and objectives	Operational	Positive results
Formulate success criteria/identification of performance indicators	People/organisational	Positive results
Develop a control system	People/organizational	Negative results
Understand the forces of resistance	People/organisational	Positive results
Show a problem exists	People/organisational	Positive results
Develop a picture of the future (vision)	Operational	Negative results
Identify change agent(s)	People/organisational	Positive results
Persuade decision makers and power sources	People/organisational	Positive results
Build a coalition	Operational	Negative results
Implement		
Gain support and commitment for the change	Operational	Positive results
Monitor and improve on changes	Operational	Negative results
Schedule change, allocate resources	People/organisational	Positive results
Collect and assess information	People/organisational	Positive results
Communicate	People/organisational	Negative results
Reduce the forces of resistance	People/organisational	Negative results
Embed		
Anchor the changes	Operational	Positive results
Decrease the reliance on the change agents/delegations to employees	Operational	Positive results
Review		
Evaluate implementation and feedback results	Operational	Positive results

(Based on *Aylin Ates and UmitBititci (2010)* and *Ceptureanu Sebastian (2010)* research's)