CHANGE MANAGEMENT IN MICROFINANCE INSTITUTIONS IN KOSOVO

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ABSTRACT

Change management is an important issue in today's business environment, which changes constantly. Change has become a constant for business organizations and microfinance institutions, which need to change in order to remain competitive in the market. Meanwhile, the ability to grasp manage this change is seen as a core capability of successful organizations. However, in reality many change initiatives fail in achieving their objectives. This fact encourages interest to recognize those factors that affect the successful implementation of efforts to change organizations and microfinance institutions. Therefore, the aim of this study is to identify the factors that affect the success of the change in microfinance institutions in Kosovo. Showing organizations in the form of various sizes, they offer a variety of products and services and face many challenges. "Perhaps the only common factor for all organizations is changing. Organizations change because the environment around them never remains the same. Three of the most important challenges for management in the 21st century are: changing, technology and globalization. Change is the challenge more stable, more widespread and more powerful with which to confront every manager in every type of organization and in each geographic area. Organizations and microfinance institutions must anticipate and respond to environ- mental changes in order to remain competitive and survive. Therefore, need more information about how to run, managed and in particular how to change organizations.

Keyword: Management of change, competition, technological developments, organizational cultures.

INTRODUCTION

Organizations are shown in the form of various sizes; they offer a variety of products and services and face many challenges. "Perhaps the only common factor for all organizations is change" (Burnes 2009: 397). Organizations change because the environments around them never remain the same (Hitt et al., 2009). Making changes and management of this process have been important for organizations all the time, especially in today's environment. 'Organizational change is as old as the organization itself.

Three of the most important challenges for management in the 21st century are: changing, technology and globalization (Hitt et al., 2009). Change is the challenge more stable, more widespread and more powerful with which to confront every manager in every type of organization and in each geographic area. No matter if they are young managers in the task or experienced, they will face both the need and opportunity for change. The environment in which organizations operate is changing faster than themselves (organizations). Organizations need to anticipate and respond to environmental changes in order to remain competitive and survive (Goll et al. 2007). Therefore, need more information about how to run, managed and in particular how to change organizations.

Today more and more managers are faced with new government regulations, new products, increased competition, technological developments and changing work force. In response to these changes most organizations realize that they should undertake moderate organizational changes at least once a year and major changes every four or five years (Kotter & Schlesinger, 2008: 132). Few attempts to change can be regarded as a total failure as a few of them can be considered as a full success. Most of the attempts to change face problems such as: often longer than anticipated, they often cost more in terms of time that managers spend or effects on emotions and morality.

Given the importance that has taken the management of change in today's business environment, Hitt et al. (2009) in four points summarize the reasons why it is important to understand the difference in the organization:
• High failure rates of change. About 70% of change efforts fail.
• Nature of change. A part of the changes can be planned, while the rest are unforeseen changes. Of course it's easier modifications contemplated treatment than those contingencies. But a good part of the change is unexpected. This poses managers need to be more flexible in managing change.
• The rate at which change is occurring is increasing. Given the fact that some changes are unpredictable it is necessary to improve the skills to respond to changes.
• Managerial competencies for leadership change. Based on some studies, it appears that the demand for effective managers for changes exceeds supply, increasing the value of this managerial skill. This is one more reason to focus on the management of change.

In today's business environment organizations face the changes of various kinds. The ability to manage change is considered as an important component of the organization's ability to compete successfully. The process of change is a natural process and organizations will continue to change in order to remain competitive in the market (Gambrel & Stevens, 1992). But seeing high rates of failure, more information is needed for the successful implementation of change to help managers in the change process. As a result, the paper will focus on the study of the factors that are important to the success of the change.

The purpose of the study

This paper aims to answer several research questions related to the management of change in organizations. The main goal is to show the factors that influence the success of the change in business organizations in Kosovo. To achieve this goal a review of several models of change to understand who are the main factors affecting the process of changing his success. In most of the change process models of different authors define the activities and factors in the form of recommendations for successful implementation of change. The study aims to determine how related these events / factors to successful change. However, following these patterns doesn't necessarily guarantee the success of the change. Change agents need to consider other factors that are specific to the organization that changes. Organizations implement changes of various kinds and operate in different environments. Given this, the paper tends to indicate whether there is a link between the type of changes implemented in the organization and success of the change; and the effect that the past history of change in the organization and the organizational ability to change (as factors context / environment) to the success of the change.

The importance of the study

Why was elected management of change?
- Today change is everywhere. Even more static organizations are changing. Looking at the speed at which this change is happening, strategic challenge remains the management of this change.
- Pressure for change will continue to grow. According to Kotter (1996) the change will happen fastest rates in the business environment in the future and the pressure on organizations to transform will increase. However, a high percentage of change efforts fail in achieving their goal. So the question naturally arises: what are the factors that lead to successful change?

Through this work is aimed firstly, to provide a contribution to the literature on change management in microfinance institutions in Kosovo. Despite that in Western countries there is a wide literature on the management changes and a series of studies on various factors influencing the results of change in our country this field of study is still new and unexplored. Economies in transition provide an environment of interest to the research-oriented process, which clarifies the interconnections dynamic environment with the process of organizational change (Meyer & Gelbuda 2006), as well as to highlight differences between the organizations operating in institutional settings (Peng & Heath, 1996). According Alas (2007) doesn't change the generally accepted theory for transition. The development of specific theories about organizational change in the post-socialist countries is not necessary, but the existence of the specific characteristics of the process of transformation of these countries can't be ignored (Alas 2007). As a result early on changing views can be used to explain it, although some specific features of the transition should be taken into account when theories 'western' countries in transition apply. Change in level of organization rather than particular reflects the specifics of the transition and allows the use of Western contributions to the organization about the change in former socialist economies (Liuhto 2001).

Secondly, this paper aims to help expand the knowledge about the factors that affect the success of the change in business organizations in Kosovo. Studies show high rates of failure of efforts to change. Of interest would be the recognition of several factors affecting the level of success, as a result of the failure rate reduction effort for organizational change. In this context, the paper also aims to help business executives and managers at various levels to understand the importance of change management in their organizations and the factors that contribute to the successful realization of this process.

Thirdly, this paper aims to show the effect of process factors, the type of change and environmental factors to the success of the change. There is a wide literature on the changes, but rare are cases when studying the effect of these factors simultaneously. As a result of the simultaneous study of these three factors affects modestly in bridging the 'gap'.

Fourth, this paper may serve as a starting point for more in-depth studies in this field, by expanding the range of factors taken into study or change any of them.

Literature review on management changes

Change management studies show that the changes come in all forms and the ability to manage these changes is seen as an important component of the organization's ability to compete successfully (Burnes 2009). The purpose of this paper is to explore the literature on change management, to create the basis on which is built the model proposed. Review of literature begins with the definition of change and management changes, the kinds of changes and the reasons for the resistance, and continuing on the second main stock theories of change.

What is the management of change?

Change management is an important issue in today's business environment, which changes constantly. Today leaders are working in one of the most dynamic environments we have ever seen, where change is rapid and frequent (Robbins 2008). 'An indisputable fact that characterizes organizational life is that change is inevitable "(Metcalfe & Metcalfe, 2005: 27). Increased competition in markets, globalization, the reduction of barriers to entry in certain markets as a result of the internet and electronic business, the need to respond quickly to customer needs, sales and acquisitions, innovation, technology, reorganization, or sales decline market share, etc., are some of the factors that promote change. Organization will change because everything around them is changing. According Rieley & Clarkson (2001: 161), two of the concerns heard in organizations are: performance is not at the required level and the belief that constant change is made. In real change is not something new, it is a natural part of microfinance institutions and business organizations. But what is more important is the increasing speed of change (Nadler & Tushman). Risks of treatment change were not so high at the time of the Industrial Revolution and "many traditional organizations have understood, at least in theory that they must change or die. Relying on studies of other authors shows that many of them agree on two important issues: "First rate of change has never been greater than in the present environment of business, and secondly change which is caused by internal factors or external comes in all forms of measures and affects all organizations in all industries.

But what is the difference? Change 'involves moving from a condition known to a new state, a state that is unknown to some extent' (Smith, 2005: 519). In order to change the function people should follow a plan to move from the current situation to the future situation. But 'future state' is where the organization should be in order to survive. As a result, organizations change is not optional, it is essential (Bridges & Bridges, 2000). All organizations need to change in order to remain competitive in the market and satisfy the growing needs of their customers and other pretenders to the organization. To survive in such an environment where competition is very aggressive, organizations must learn to manage change (Okumus & Hemmington, 1998). Native ability to manage it is seen as a core capability of successful organizations.

For Dooley & O'Sullivan (1999) greater cost to the organization that comes from failure is the moral decline in employee future plans of the organization. According Boonstra (2004) many of the explanations why change programs fail not pay due attention to the complexity of the processes of change. There are five angles in which obstacles to change are explained as (Boonstra 2004):

- Freehand policies and inadequate strategic management, policy reason for the failure is related to problems with implementation or lack of support for the policy meters. But the failure of many policies is due to the nature as well as the organization of the policy-making process itself.
- Existing organizational structures, existing technologies and the division of labor constitute the main causes of problems in bringing organizational change.
- Power and politics in organizations, organizational change implementation is difficult due to existing power relations in the organization. Various interest groups focus on protecting the interests and position in the organization.
- Organizational culture, existing standards and values within the organization become the reason for resistance to change.
- Individual insecurity and psychological resistance to change, in the process of changing problems are largely the result of people's desire for security and stability.

According Boostra (2004) problems should be seen more change in the way the change process is implemented than in the existing organizational context. According to many supporters of the management changes, the first change speed from the perspective of the occurrence, organizations need to change as much as possible and as soon as possible in order to remain on top of the competition (Abrahamson 2000). But this advice as wrong is not so much over generalized. Organizations as people have different needs to change: those that have consistently avoided it can take rapid change and great; while those which have been changing quickly have to learn to slide towards milder changes which Abrahamson (2000) calls 'tinkering'1 and' kludging'2. By Leana & Barry (2000) organizations implement changes to improve their competitive advantage and adapt to unstable markets. But at the same time they aim to reduce uncertainty and preserve the inimitable resources that they provide stability. As a result, stability and change are both present in the organization and are both necessary for the effective functioning of the organization in the long run.

Seeing the high failure rate of change initiatives, the question naturally arises: is it manageable this change? According to Palmer & Dunford (2002) answer to this question depends on the different images that people have on management and change. There are two images on management, operations management as control and management capabilities that gives shape. In the first case treated as machine organizations, where managers tell people who have roles in the organization and allocate resources between units in order to 'cars' to produce the necessary products and services. While in the second case we are dealing with a participant management style where people are encouraged to be involved in decisions. The main goal is to give shape human behavior so that organizations benefit from their actions. Also exist and three images on the results of the change: deliberate (the results of deliberate change can be achieved), partly deliberate (result of deliberate changes are not all accessible) and unintentional (results unintended change can achieved as a result of a number of forces that hinder the achievement of those intentional).

By combining their authors have created six images on management changes: leading, navigator, guardian, coach, performer and feeder / development (Palmer & Dunford, 2002; Palmer et al, 2009). In the case of the image of 'leaders' of the manager is on hand to guide the organization to change in certain ways to achieve the required change. In the case of 'navigator' management we

have again image as control actions, but what distinguishes him from the first image is desired results.

1 Tinkering- refers to small changes remedial (Abrahamson 2000)
2 Kludging- is similar to tinkering with the distinction that has to do with knowledge; it has wider reach and include more parts of the organization (Abrahamson 2000). They are partially accessible as a result of a variety of external factors. A number of factors internal and external to constrain the ability of managers to exercise control and may lead to unintended results in the case of the image of 'guardian'. Manager change in the role of 'guardian' shaping capability in the organization in order for it to be successful in competitive situations, namely to achieve the desired results. In the image of the 'performers' manager change is in a position to help members of the organization to make sense of events and actions in the organization. And finally, the image of the manager change as a 'feeder / development' presupposes that organizations affected by small changes and managers are not able to control the results of these changes.

According Mercurio (2006) change should be managed in the best possible way by: communicate frequently and honestly, to clarify the purpose of the change, providing a detailed implementation plan and monitoring plan share the facts. Leadership and effective communications are critical determinants significantly change process and change management is a core competence at all levels of the organization.

In order to change the managed strategically by Tichy (2007: 57), 'levers of change' below should be ready to use equally:
• External environment: since the external environment is becoming more complex, the identification of pressures forecast in this environment becomes more difficult to understand. As a result of the new skills required for environmental scanning and information processing.
• Mission: when the environment is relatively stable organizations can operate effectively with its priorities and goals. But when economic pressures, political and social environment, grow the same thing happens with the need for a clear mission statement to guide the organization in strategic decisions.
• Strategy: very important for the organization is that it develops a strategic plan with targets for all managerial levels. The realization of such a process requires new techniques and procedures.
• Management of the organization's mission and strategy processes, while planning and decision-making become more complex, it will be necessary to develop more sophisticated processes involving stakeholders.
• Task: a change in strategy could include new tasks and technology organization. They may be required as a result of new professionals in the organization or training and development of existing staff.
• Network recommended: to implement new tasks necessary adjustments in communication networks and authority. Introducing a new task requires the management to plan the necessary communication network such as. Who reported, with whom they work, etc.?
• People: any organizational change involves changing individual behavior. As a result motivation of people becomes part of the change management process.
• Emergency Networks (embryonic taking place), part of the process of organizational change management is informal communication networks and influence that exist in the organization.

Coalitions or groups in these networks can facilitate or hinder efforts to change and as a result require attention.

The eight levers represent the agenda for managing strategic change. According to Tichy (2007), organizations today face major changes that make strategic management more complex. To be successful in today's environment, organizations need to pay attention to technical systems, political and cultural organization. These three 'systems' are seen as strands of a rope that must be kept together in order to provide managers the tools necessary strategic changes.

Types of changes

The first step in managing the change is to understand what type of changes needs to be implemented in the organization. In the 21st century and ambiences organizations where they operate have become increasingly complex (Almaraz 1994). As a result the types of changes required to achieve these organizations have become more complex. Managers need to understand the types of change in order to develop effective implementation plans (Price & Chahal, 2006).

Resistance to change

As mentioned above, management of change is becoming increasingly important in today's business environment. According to Kirkpatrick management of change has double meaning: first, what changes need to be made and secondly to secure the acceptance of those who engage in change. While under Coetsee (1999: 204) Change management has to do with acceptance of the amendment and its results from all those involved and affected by it, as well as effective management of resistance to change. According to various researchers, wherever there is change there is resistance. Its presence is normal during and senior management changes face resistance (however small it) even when change is well planned previously taken the necessary measures for his good management.

"Resistance to change in itself is neither good nor bad", it can be the basis or not, but always it is an important signal that requires further investigation by the management (Lawrence, 2001: 6). It is important to understanding the true nature of resistance. People can't resist technical change, but the change in human relationships that accompany technical change. Some important moments about the resilience during changes should be considered are:

• Resistance conveys a message; it is a way of saying that a person has needs that are not met.
• Resistance is a sign to understand that the process of change has started.
• Resistance is often misinterpreted as if people do not want to change. In fact people want to grow and develop within the organization. But how change is managed brings distress to people and they show resistance.
• Open resistance is 'healthy' because people understood the concerns and is easier to work with. While unspoken resistance is more difficult to treat because as long as the problems are not expressed can't be treated.
• The way we treated resistance will affect whether it will become an obstacle to change or not (Gregory 2003).

Ford & Ford (2009: 100) consider the resistance 'as an important form of feedback. According to them if attention is paid to understanding and learning the behaviors that are perceived as threatening then eventually will be better results. 'If you learn how to accept / include resistance, you can use it as a source and find your way to a better solution.

Organizations that work to reduce the resistance are likely to manage the change process more effectively. Resistance can be overcome if attention is focused on the human side of change (Mowat 2002). If people feel threatened by the change then they will expend more effort to overcome this problem than to carry out their duties in the organization. Resistance can turn into an obstacle, but if they hear managers who resist change (they understand the reasons for resistance, not simply try to overcome resistance), then have an opportunity to include them in the process and can turn resistance in a reach advantage of better long-term results (Smith 2005).

CONCLUSION

Changes faced by various organizations are ranked from small changes to major changes / transformation. Resistance is a phenomenon that accompanies change, and its mismanagement or misunderstanding of the causes of resistance can make it turn into an obstacle to change.
Three of the most important challenges for management in the 21st century are: changing, technology and globalization. Change is the challenge more stable, more widespread and more powerful with which to confront every manager in every type of organization and in each geographic area.

In today's business environment organizations face the changes of various kinds. The ability to change management is considered as an important component of the organization's ability to compete successfully. Change management is an important issue in today's business environment, which changes constantly. Today leaders are working in one of the most dynamic environments we have ever seen, where change is rapid and frequent. 'An indisputable fact that characterizes organizational life is that change is inevitable.

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