



Application of change management methods in the transition process of Hungarian agricultural enterprises

G. Juhász, A. Máthé, T. Mach

Pannon University of Agriculture, Faculty of Animal Science, Institute of Economics and Organisation
Kaposvár, H-7400 Guba S. u. 40. Hungary

ABSTRACT

The socio-economic transition in Hungary has made agricultural enterprises change their organisation pattern to enable them to incorporate themselves into the new context of the market economy, particularly when the idea of joining the EU becomes more a fact than simple speculation. Alterations in the inner and outer environment have forced such enterprises to change their organisational structure and behaviour patterns; however, the changes required do not occur spontaneously, so it is a prerequisite that organisational development methods and experts be involved. The system of changes induces a complex web of multilevel and multidirectional sets of modifications – all pushing the enterprises towards a turning point at which they can become real beneficiaries of the changes. Organisation development – a process and a method – may also present a possibility for the agricultural enterprises to turn their handling of actual changes into a process within which they can develop both their organisational and their human structure in a manner as desired.

(Keywords: organisation development (OD), organisational behaviour)

ZUSAMMENFASSUNG

Anwendungen von Veränderungs-Management-Methoden bei sich in Umgestaltung befindlichen Agrarunternehmen

G. Juhász, A. Máthé, T. Mach

Pannon Agrarwissenschaftliche Universität, Fakultät für Tierzucht, Institut für Ökonomie und Organisation
Kaposvár, H-7400 Guba S. u. 40. Ungarn

Durch die gesellschaftlichen-wirtschaftlichen Umgestaltungen in Ungarn sind auch die Agrarunternehmen gezwungen, sich organisatorisch zu verändern, um den Anforderungen der Marktwirtschaft gerecht zu werden, besonders dann, wenn der EU-Beitritt auf der Tagesordnung stehen wird. Aufgrund der Veränderungen im inneren und äußeren Umfeld sind auch Veränderungen in ihre Organisationsstruktur und ihren Verhaltensformen vorzunehmen. Diese Veränderungen treten jedoch nicht spontan ein, so daß es notwendig ist, die Methoden des Veränderungs-Managements anzuwenden. Organisatorische Veränderungen bedeuten Veränderungen eines Komplexes vielseitiger Prozesse, durch die die Organisation befähigt wird, auch Nutzen aus diesen Veränderungen zu ziehen. Organisationsentwicklung kann – als Prozeß und auch als Methode – im Falle der Agrarunternehmen ein wirksames Mittel sein, ein Mittel, das

durch Umwandlung der Veränderungen in Prozesse eine große Hilfe bei der Verbesserung der organisatorischen und humanen Struktur der Unternehmen bedeutet.
(Schlüsselwörter: Organisationsentwicklung (OD), Organisationsbetragen)

INTRODUCTION

The socio-economic transition of the early 90s in Hungary has induced radical changes in both the sociological and the economic context.

Political changes, alterations in the pattern of property ownership, the restructuring of the economy to a market-oriented one, and substantial modifications in the structure of society have all forced organisations involved in agricultural production to reshape their organisational structures to fit the modified socio-economic conditions. Matching the requirements of the new conditions brought by the transition assumes a new approach, more effective attitude patterns and the modification of strategies.

Agricultural organisations are closely connected to the rural areas of the country, to the local and regional communities and also to the local economy. As the European integration of the country is becoming more a fact than simple speculation the problems related to rural development are becoming increasingly emphasised: these include the regional development programmes as well as the agricultural organisations and institutions themselves taking an active role in such programmes.

Agricultural organisations, however, need to be restructured in order to take an active part in improving their economic efficiency and consequently in improving the life quality of inhabitants and in strengthening the population-keeping ability of the given region.

The study briefly outlines the necessity and the characteristics of applying the organisational development approach in the case of agricultural enterprises.

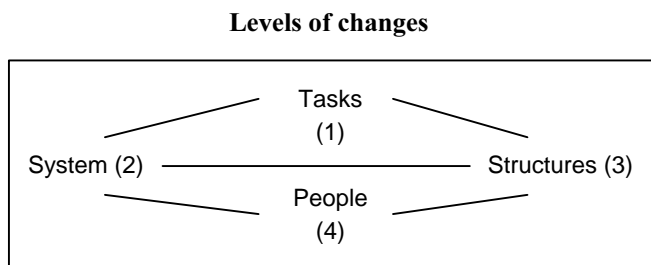
Necessity of applying change management methods in agricultural enterprises

Permanent changes in the outer, mainly economic environment of an enterprise raise the continuous requirement of acclimatisation through the solving of the problems connected with organisational changes. In certain cases these changes are unavoidable; they occur as a direct result of external effects, so they cannot be influenced or planned. However, more attention should be paid by experts and managers to desired, conscious and planned changes that can give relevant answers to both externally and internally generated challenges (*Farkas et al.*, 1994).

Planned changes represent the will of the enterprise management and staff to develop the flexibility of the enterprise and to modify the individual behaviour patterns in the desired direction. The two aspects, i.e. the organisational and the individual aspect, at the same time represent the basic fields of impact (levels) of any change. The organisational level can, of course, be divided into several parts, as shown in *Fig. 1*.

Planned changes therefore constitute a sequence of actions, a well designed process, where changes affect the individuals, the groups, the organisational structure and the tasks involved. Transition, as a result, is a process covering a space between the initial and the final states.

Fig. 1



1. Abbildung: Veränderungsebenen

Aufgaben(1), Systeme(2), Strukturen(3), Menschen(4)

Changing the culture

When discussing organisational changes one aspect must be always borne in mind: that is, an organisation always consists of people with their own values, beliefs, attitudes and expectations, together forming a certain organisational culture. Behavioural rules, the way language is used and situations are handled, the effective norms, dominant values, the philosophy of the organisation, the 'rules of the play' (if accepted then you are a member) and feelings 'broadcast' towards the external environment can all influence the operation of the enterprise (Schuller, 1992). Basically, every kind of organisational culture can give an answer to the following questions: 1. how the organisation react to external changes, and 2. how it organises internal integration.

Organisational changes are always accompanied by cultural changes. The more drastic the former, the more radical the latter. In the countries of central Europe, including Hungary, it is possible to trace clearly where political changes have been (and are) followed by significant changes in the economy. Changes in the pattern of property ownership, privatisation, the appearance of multinational companies and the future EU integration put Hungarian managers under unprecedented stress which forces them towards changes. In sectors where profit capacities are lower cultural changes raise even more serious problems. This is particularly true of Hungarian agriculture, which, due to its unclarified situation can hardly meet the requirements for urgent changes (Nógrádi, 1997).

Resistance to changes

The introduction and/or conducting of changes is an operation full of risks. The organisation, due to the necessary inflexibility of its members, will face a certain degree of resistance. Therefore one of the most important tasks of the staff managing the changes is to measure the extent of this resistance and to find appropriate ways and means to overcome the problem.

According to previous experience the reactions to any change follow a well defined route which can be divided into the following 7 steps: 1. paralysis, 2. negation, 3. depression, 4. acceptance, 5. trial, 6. consciousness and 7. fixation.

Due to organisational changes the power status of individuals and the structure of the organisation (jobs, information flow etc.) are 'endangered', so there is a reaction against the changes. Competition for limited resources among the organisational units,

previous investments, and formal and informal agreements within the organisation all enhance the inflexibility of the organisation; hence, the changes are blocked even from the side of the organisation itself.

For the purpose gaining the capacity to overcome resistance a series of tools and strategies are available to management staff. The proper application of these depends on correct assessment of the nature and importance of the given resistance factors.

Framework of change management

The present situation of an organisation can be taken as a resulting vector of forces pointing toward and against the given changes. Changes begin when the equilibrium between the forces is distorted, i.e. progressive forces strengthen or regressive forces weaken. The process itself takes place within a steady framework containing the following steps: 1. realising the necessity for changes, 2. setting aims, 3. analysing the relevant alternatives, 4. the taking of a decision on appropriate strategy, 5. planning the change process, 6. practical implementation and 7. monitoring, evaluation and follow up.

In its traditional sense change management requires a systematic approach, a scientifically based series of actions. According to a quite recent approach change management is a new-born kind of art which endeavours to find pathways in the unmappable set of organisational (structural, information and individual) fields by giving prompt answers to problems as they arise.

The planning and conducting of changes will unavoidably lead to conflicts. In the case of an organisation the conflicts emerge between individuals but can spread to groups or even to the whole organisation when another organisation enters the power field.

Organisation development model

If it is necessary to define what is meant by organisational development as a concept, it can be described as an approach of change management that covers the entire organisation through a top-to-down controlled, planned process of complex interventions focusing on intra-organisational interactions to enhance overall efficiency (*Szedlár, 1998*).

The aim of the concept is the harmonisation of individual and community aims and interests and the summarising or integration of these into a complex system to ensure the operation of the organisation in a 'healthy' way as well as improving the satisfaction level of individuals.

Process and intervention methods of organisation development

The most effective participation of management consulting in organisational development can be ensured by certain interventions carried out through the creation and operation of training groups (*Lewin, 1951*).

During so-termed process-consulting, and due to its supportive approach, previously unexploited or not properly exploited reserves can be opened and organised and then turned into real capacities. The application of training groups means that the staff involved transfer the knowledge required for OD via the active involvement of the participants. Group training focuses on individuals and also on the entire group. It constitutes simultaneous knowledge transfer and the improvement of skills and abilities. Such knowledge, having been transferred during the training sessions, is to build up skills and to be included in the development process of organisational culture.

Change management in agriculture

A special form of intervention is so-termed 'task-based development' training sessions, supporting team building at the same time as fulfilling the actual task in order to strengthen the quality of co-operation among the participants.

A type of task-based training is 'action-defining or target-defining' training. This is used widely within the framework of rapid response projects aimed at the improvement of regional development. The general concept of this type of training is, in addition to business development, to push into motion the human and material infrastructure available in the given region in all its complexity. This intervention is process-based, so besides maintaining existing enterprises it also supports the formation of new business units along with the improvement of the related social and economic institutional system in order to create a local 'brain reserve' which could elevate participants to a position from which they would be able to execute progressive activities. Among potential participants in regional development projects are the local agricultural enterprises. These enterprises also previously played a dominant role in the maintaining of the population keeping ability of the regions, partly through presenting sources of income for the local communities.

The development of agricultural organisations requires a multidirectional and multilevel process. Such a process can reach its maximum efficiency when it is integrated into a regional development project.

A good example of such a project is the USDOL Rapid Response method, particularly fine-tuned for agricultural and/or rural regions. Its basic aim is to maintain existing enterprises, to urge new ones to be established, to create a mental base for development and to encourage participants to develop themselves on their own initiative. In particular, it uses the existing material and human resources for development, and can therefore strengthen the endogenous aspect of development.

CONCLUSIONS

Accelerating modification tendencies in the external and internal environment, as well as in the expectations, values and knowledge of the personnel, create special development conditions for enterprises. This is particularly true of Hungary, where social and economic transition is still in progress.

To overcome the problems raised by the transitional period and to clarify and handle appropriately the forces acting against the changes is a task representing quite a challenge for managers, regardless of the management level at which they actually work. Awareness of the features of the changing processes and the application of the aspects of change management and organisation development described above can be useful tools for the handling of the necessary steps towards the alterations desired at individual and organisation level.

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Corresponding author (*Adresse*):

Gábor Juhász

Pannon University of Agriculture, Faculty of Animal Science

H-7401 Kaposvár, P.O. Box 16. Hungary

Pannon Agrarwissenschaftliche Universität, Fakultät für Tierproduktion

7401 Kaposvár, Pf.: 16. Ungarn

Tel.: 36-82-314-155, Fax: 36-82 320-175

e-mail: juhaszg@atk.kaposvar.pate.hu