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YESTEKOVA GULZIRA BULATOVNA

Organizational change management in corporations

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Research consultants:
Doctor of economical sciences,
Professor, PhD
Yanovskaya O.A.
Professor, PhD
Dababrata Chowdhury

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NORMATIVE REFERENCES

In this thesis the following normative were used:

ГОСТ 7.1-2003 – Bibliographic records. Bibliographic description. General requirements and rules of compilation.

ГОСТ 7.32-2001 – Scientific research paper report. Structure and rules of preparation.

ABBREVIATIONS

ADR	– American Depositary Receipt
FIG	– Financial-industrial group
HR	– Human Resource
GDP	– Gross Domestic Product
JSC	– Joint-stock company
LLP	– Limited liability partnership
MNF	– Multinational corporations
NC	– National company
TNB	– Transnational banks
TNC	– Transnational corporations
TSA	– Transnational strategic alliances
RK	– Republic of Kazakhstan
ROA	– Return On Assets
R&D	– Research and Development (НИОКР)
ROI	– Return on investment
ROS	– Return On Sales, Net Profit Margin
USA	– United States of America
UK	– United Kingdom
WTO	– World Trade Organization

INTRODUCTION

The Relevance of the research. Transformation of world economy is characterized by huge changes in all areas of national economy. Society as a system is being subject to continuous movement, modification and shaping. All social elements of the system are also being transformed: economy, technology, social surrounding, politics and others. Significant reasons for such changes are fluctuations in the economy. Consequences of such changes are not always favorable for most subjects.

Global practice have shown that the biggest success in winning external markets is being achieved by transnational corporations (corporate leaders) [1].

Successful development of domestic economy is being largely determined by the ability of large, medium and small enterprises to promptly response to changes in external environment. Reasons for Kazakhstani industry crisis lie not only in its low technological maturity, incompliance of the manufactured goods with global standards and overstated costs of production and consumption which do now allow domestic products competing with similar foreign goods at the international and domestic markets, but in larger extent it is incompliance of domestic companies with global companies' standards, their low capacities conditioned by personal factors, absence of market infrastructure and unpreparedness of organizations to transition towards modern state.

Oil and gas industry renders a significant influence on country's social and economic development and development of its particular regions; in essence, it is being a locomotive for the whole state economy and contributes to development of other economy sectors. Operation of oil and gas enterprises helps to bring to life the most significant social programs within the scale of regions and of the whole state [2].

Changes, strategically planned response to existing and future threats and opportunities is urgent for most enterprises notwithstanding their size and business area. There is no such industry sector where companies and other economic subjects would not worry for their future and would be fully protected from future financial instability. Processes of their formation on the territory of countries with transformed economy vary because conceptual inconsistencies emerge preventing the stable dynamic economic development.

According to statement of "Kazakhstan-2050" Strategy: "Kazakhstan must implement a triple modernization: build a state and implement a breakthrough towards the market economy, build up a social state and transform the mindset of society. Transformation in Kazakhstani economy will allow ensuring a more rapid growth and realization of companies' development potential" [3].

Most managers admit the significance and necessity of strategic vision, future changes but do not always have clear answers to which action plan shall they choose, which methods must be applied, which periods shall be passed and which resources must be attracted in order to minimize the risk of failures of projects with high investment including personnel and time and prevent such outcomes as finding out

that the scheduled changes does not occur, expected result was not achieved and crisis phenomena only increase. Top management of corporations now sees in practice that common sense, business instinct, previous experience and market performance are no longer a reliable basis when conducting transformations: specialized knowledge and qualification required the use of which significantly increase the possibility of reaching the transformations' purposes. All this leads to rise of significance of rational, scientific planning methods of planning and implementing organizational changes developed by management theory.

The level of the topic scientific development. Organizational changes management has a long history of theoretical research, mainly in foreign publications. In economic literature, issues of corporate cultures development and methods of effective changes management were mainly being reflected in English scientific literature and periodical publications since the middle of XX. However, there is no common theory of organizational changes management. In 1950–1970 a number of foreign authors have developed concepts of organizational changes that were of dominant nature within the literature publications on organizational changes and preserved their pertinence till now (K. Lewin, R. Blake, J. Mouton, L. Greiner, C. Bell, W. Freeh). The greatest popularity of papers on organizational changes management with the point of view of total control of the manager was evidenced in the end of XX and beginning of XXI centuries (M. Tushman, E. Romanelli, A. Van de Ven, A. Pettigrew, K. Weick, D. Stace, D. Dunphy, R. Marshak, I. Palmer, B. Lichtenstein, Q. Huy). Nevertheless, in our opinion, one of the solutions of theoretical analysis in the area of organizational changes is the prevailing conservatism of conclusions and recommendations ignoring the specifics of the industry, business organization life cycle, national and corporate culture, certain situation, etc. Also, in their research they do not take into account the specificity of functioning of corporations in the national economy's transformation environment.

In Kazakhstan, in the area of corporate management within the environment of changes the most known are works of R. Alshanov, I. Beisembetov, U. Baimuratov, N. Isingarın, A. Koshanov, M. Kenzheguzin, K. Kazhymurat, B. Khusainov, O. Sabden, O. Yegorov, N. Nikiforova, A. Nurseyit, N. Mamyrov, K. Okayev, R. Satova, K. Sagadiyev, S. Satubaldin, O. Yanovskaya and some other economists in which the financial and industrial area of corporate management are being considered, and the issues of transformation of external and internal environments and its influence on activity of the corporations are almost not covered at all.

Poorness of scientific research in this area increases the pertinence and timeliness of the research subject selection, and its connection to state objectives and anti-crisis programs of the Republic of Kazakhstan.

The aim of the research is revealing main conceptual directions of research in the area of organizational changes management and defining the areas of its best application in corporations.

In accordance with this aim the following objectives were set:

- 1 Defining the essence and notion of organizational changes process in companies.

2 Considering prerequisites and conducting system analysis of organizational changes management process development.

3 Conducting complex analysis of problems and assessment of organizational changes management process results.

4 Developing methodology for organizational changes management in corporations according to the existing dynamics of external and internal environments.

5 Substantiating the choice of instruments and conducting analysis of state of enterprise human resource management within the changing conditions of economy management (based on example of JSC National Company “KazMunaiGaz”).

6 Developing generalized system for reformation of corporate management process within the scope of organizational changes by creating a simulation model of changes in corporation and prerequisites for improvement of human recourse management within the fluctuations environment.

Object of study is corporation of oil and gas industry of Kazakhstan within the organizational changes period.

Subject of study is a set of theoretical and scientific and methodological provisions of complex economic analysis of organizational changes as an integral part of corporate activity, and actions of companies aimed on their implementation.

Theoretical and methodological base of the dissertation research are during the implementation of set objective dialectic and system methods and approaches of economic research were used: comparison, generalization, methods of multi-criteria economic modeling, estimative and analytical, expert, statistical and other methods.

Basis for qualitative analysis was made by responses of experts and HR managers to open questions of questionnaire and materials obtained during round tables and expert interviews on issues of theory and practice of organizational changes.

The scientific novelty of the results of dissertation. Paper allowed obtaining theoretical and practical results defining the scientific novelty of research and its separate components:

1 Possibilities of change process system approach are substantiated which allows viewing and designing of corporation as an open and modern business form adapting to its competitive environment the relationship with components of which also change during the process of corporate changes.

2 A substantiation of authors wording of organizational change as a process of acquiring by organization of new or loss of old features as a result of micro-influence of market transformation. Taking into account the cause-and-effect relationship between corporate management and changes in external and internal environment studied by author.

3 Influence of various change directions in organization on development and improvement of economic activity of corporation was defined. Corporation as a system creates barriers for external changes and this confrontation may increase up to a certain limit after which the balance is lost and a qualitative change happens both to corporation and to all of its components.

4 Methods of research of change process in corporation were systematized. Strict or flexible management methods can be effectively used for diagnostics of solutions and planning of changes.

5 On the basis of complex analysis of changes process in corporation the main problems were revealed which are represented by inefficient assessment of internal and external organizational conditions; problems of data collection and analysis; inadequate setting of change objectives; dependence of successful changes implementation on opinion of external experts; inefficient assessment of results and fixing of changes.

6 A model of changes designing in corporation was offered which will allow making it possible to determine the influence of project factors of transformation and obtaining aggregated assessment of readiness of organization for changes implementation.

The main provisions for the defense are as follows:

– Application of system approach to implementation of changes in corporation taking into account the competitive surrounding which is also subject to transformation processes;

– Author wording of organizational changes. This clarification allows expanding the research horizon of this matter and determining the specifics of changes depending on the industry sector;

– Influence of possible directions of changes in corporation on improvement of organization performance. Corporation functions as an open economic system being regulated by balance laws. In case of destabilization of balance in organization a transformation occurs;

– Methods of corporate changes process studying. Strict methodology of organizational changes management is effectively applied in situations when human factor is of low significance for changes. Flexible methodology is efficient in cases when the success of changes depends on personal attention of top managers, specialists, employees of the organization participating in planning and conduction of changes;

– The most significant issues of general assessment of changes management in organization;

– Corporate changes design model. In case of full operational readiness there is a possibility to develop recommendation on the most efficient method for implementation of improvements within an organization. If a negative assessment was obtained, that is, a company is not ready for changes implementation, then the company objectives' feasibility must be analyzed.

Theoretical significance of research. Main conclusions and statements of thesis research may be used during development of methodological and methodical basis for study of organizational changes in Kazakhstan. Also, there are possibilities for practical use in corporate management during organizational changes both by Kazakhstani and foreign specialists at rendering of consulting services in management area.

The practical significance of the research (connection of the dissertation

topic with national state programs as well as target republic and regional scientific and technical programs). Practical recommendations can be used by: state governmental institutions and management bodies during development of oil and gas sector development programs in the Republic of Kazakhstan and concept of industrial and innovational development of the Republic of Kazakhstan, such as “30 Corporate Leaders of Kazakhstan” Program, oil and gas sector development program of the Republic of Kazakhstan for 2014–2018 and others. Scientifically based suggestions and recommendations of thesis research were used in practice: during revision of corporate management principles in JSC National Company “KazMunaiGaz” and its subsidiaries author’s suggestions on improvement of organizational climate were used. In addition, these were applied in HR Department and Corporate Security Department.

Materials of thesis research and its scientific results were also used in educational process during development of educational programs on the following disciplines: “Corporate Management”, “Human Resources Management”, and “Organizational Behavior”.

Main results obtained during conduction of thesis research: it is assumed that analytical research and practical studies conducted may be useful for specialists in oil and gas sector in their work on improvement of organizational changes management and for corporate adapting to market economy management conditions.

Approbation and implement of the research results. The main propositions and results of this study were reported at international scientific and practical conferences: Международная научно-практическая конференция «Наука в современном мире» (Москва, 2012), VIII mezinárodní vědecko-praktická konference «DNY VĚDY – 2012» (Praha, 2012), V международная научно-практическая конференция «Экономическое развитие страны: различные аспекты вопроса» (Москва, 2012), VIII mezinárodní vědecko-praktická konference «Achievement of high school – 2012» (София, 2012), X международная научно-практическая конференция «Новые технологии в образовании» (Москва, 2012), Международная конференция «Взаимодействие государственных и корпоративных учебных заведений как ресурс повышения качества профессионального образования» (Казань, 2013), Международная научно-практическая конференция «Актуальные проблемы образования, науки и экономики «Казахстан-2050» (Алматы, 2013), 5th international scientific & practical conference “Innovative development problems in oil& gas industry” (Almaty 2013), IX mezinárodní vědecko-praktická konference «Moderní vymoženosti vědy – 2013» (Praha, 2013), IX mezinárodní naukowi-praktická konference «Strategiczepywania swiatowej nauki – 2013» (Przemysl, 2013), XVIII международная научно-практическая конференция «Актуальные вопросы современной науки» (Москва, 2013), 5th Conference “Applied Sciences and technologies in the United States and Europe: common challenges and scientific findings” (New York, USA, 2014).

Publications: There are 25 publications including 6 articles in journals, recommended by the Committee for Control of education, 3 in international journals

and 1 in Kazakhstan journal, 2 articles in International Congresses, 12 in the proceedings of International Conferences, 1 in journal indexed by ISI Web of Knowledge and Scopus,

Thesis research structure and size. Thesis research consists of introduction, three sections, conclusion and bibliography with sources and appendices.

1 THEORETICAL BASIS OF RESEARCH ON ORGANIZATIONAL CHANGE MANAGEMENT OF CORPORATIONS IN MODERN CONDITIONS

1.1 Corporations as a modern form of business

Modern stage of the world economy is characterized by internationalization and globalization, i.e. the emergence and deepening of relations between the national economies of different countries.

The combination of automation and integration processes is not only a characteristic of the modern world economy, but also an irreversible process of its development.

Currently, the main factor in the world economy is a direct international manufacturing economic association basing on the international movement of entrepreneurial capital.

Capital is characterized by a high degree of international mobility, its movement occurs during the movement of financial flows, between lenders and borrowers of different countries, owners and their businesses which they own abroad. The effect of international capital movement is not fundamentally different from the effects of foreign trade or labor migration. International capital flows are moving to where the implementation of investment projects provides a better return.

The theoretical premises of globalization of the European market, determining modern economic trends in the development of enterprises of the Union of are as follows [4; 5]:

- Globalization occurs in the industrial sector in order to reduce labor costs and open markets for a greater number of manufacturers, at the same time there is a transformation of the concept from “competitor” to the “partner”.

- The financial markets have become increasingly integrated, which facilitate transactions between transnational companies.

- The emergence of a “virtual” market has expanded the horizons of activities of almost each company; reduced actual and potential trade barriers.

- There is an opportunity to minimize costs while mergers and acquisitions of competitor companies.

Transnationalization is a crucially important element of the global economy of the twentieth century. It is based on growing interdependence of national economies and ever closer integration. That causes global systems of infrastructure (transport network, the Internet, etc.). The significance of today’s global problems increases, the solution of which requires the cooperation of all countries of the world. Process of globalization affects not only the level of inter-state relations but also all levels of the economy.

Internationalization, globalization of economic life is the process of emergence and deepening of relations between the national economies of different countries where national isolation labor goes beyond the individual country [6]. Objective basis for the internationalization of the productive forces is the deepening of the international division of labor, a high degree of socialization of production.

The implementation of different combinations and proportions of these basic strategic directions gave rise to diversity of strategies and organizational structures of modern corporations.

A corporation – is the collective formation, organization recognized by legal entity and based on consolidated capital (voluntary contributions) which provides share ownership, engage in any socially useful activity and is characterized by a significant concentration of management functions at the top level of the hierarchy [7].

This form of organization of business activities is widely spread in developed countries. The main function of corporate management is the organization of activities of the corporation in the interests of shareholders, as of sources of financial resources.

The corporation as an organization is an artificially created social group which performs certain social function (production, storage, distribution and structured distribution of funds) and focused on the achievement of specific and interrelated goals in a certain area of human activity.

Based on the fact that the corporation is a collective formation, organization with status of legal entity, formed by consolidated capital (voluntary contributions) and engage in any socially useful activities, certain features that characterize such corporate entities can be highlighted:

1 Association, union of individuals, organized team subordinate to group interests.

2 Consolidation of capital (contributions), the size of which can be strictly defined.

3 Various areas of corporate activities (manufacturing, finance, creation of goods, trade, raw materials and processing industries).

4 Legal entity status, confirm registration by a national authority.

Among researchers there is no common understanding of international economic associations. In the foreign literature [8; 9] on international economics is accepted to use the terms “multinational firms” (MNF) and “multinational corporations” (MNC) which are used as synonyms. In national literature [10; 11; 12; 13; 14] they are called international, global, supranational, etc.

However, the most widespread term is “corporation”.

The beginning of the process of globalization is associated with qualitatively new era in the development of international entrepreneurship when multinational companies and multinational banks come first (TNC and TNB) [14, p.44].

The rapid growth of foreign direct investment, the output of technological division of labor outside firms, sectors and national boundaries is accompanied by the emergence of giant international scientific and industrial complexes with branches in different countries and on different continents. Transnational corporations transform the global economy into the international production providing the acceleration of scientific and technological progress in all its directions – technical level and product quality, production efficiency, improvement in management forms and enterprise management.

International corporations own or control their production facilities or service outside of the country in which these corporations are based having an extensive network of branches and offices in different countries and occupying a leading position in production and marketing of a particular commodity.

In the foreign literature [15; 16; 17] the following features of transnational corporations are highlighted:

- the company sells manufactured products in more than one country;
- the company and its subsidiaries are located in six or more countries;
- its owners are residents of different countries.
- annual turnover is not less than 1 billion of US dollars.

In order to fall under the category of transnational corporations' actual functioning firms should respond to any of these features. Many large companies have all these features simultaneously.

Kazakh transnational companies represented a new phenomenon for the national economy, their characteristics differ from their Western analogues. Let us introduce definition of the Kazakh corporation.

Corporation – is a complicated system of interdependent and complementary elements that differently react to change. Impact of elements within corporation on the implementation of organizational changes has indirect character.

According to some experts [11, p.15; 18; 19] in order to get into an elite list of transnational companies, it is enough to place 20% of business abroad, according to others – place ADR on world stock exchanges and according to the third – become an export-import oriented [20].

In general the formation of transnational corporations relates to the 60-th of XX century when the leading companies of Western countries have started implementing a massive outflow of capital [21; 22; 23; 24; 25]. Deepening of the social division of labor and the implementation of new technologies have created opportunities for the spatial separation of the individual technological processes and the emergence of new means of transport and communication contributed to the realization of these opportunities. Unified manufacturing process became segmented and spread with taking into account differences in national prices of factors of production. The spatial decentralization of production on a global scale at a concentration of capital began developing.

According to some authors [7, p.30; 26; 27; 28; 29] there are three stages of development of corporations:

- In the first stage of transnationalization of large industrial companies share of investment of foreign countries prevailed in the primary sector, and the establishment of their own distribution and sales division. The creation of such own overseas units demanded significantly less investment than the development of overseas manufacturing plants, as well as regulated the possible negative impact of new production facilities on the ability to maintain an effective capacity utilization in the domestic enterprises of the company. This influence was particularly strong in the production of the same or slightly differentiated products (for instance, this factor restrained the growth of productive investment of metallurgical companies, while

companies of food and other industries, producing certain trademarks, were likely to invest in the creation of manufacturing plants abroad).

– The second stage of the evolution of the strategy of transnational corporations associated with the strengthening role of foreign production units of transnational corporations and international integration of production and marketing operations. At the same time manufacturing overseas offices specializing mainly in the production of goods which were carried out by parent company in the previous stages of the production cycles. As the differentiation of demand and strengthening of integration processes in various regions of the world the production subsidiaries of multinational corporations increasingly reoriented to production of goods other than those manufactured by the parent company, and sales divisions will be reoriented toward servicing the emerging regional markets.

– At the present stage of the strategy of transnational corporations is characterized by aspiration to form networks of intra firm relations on regional and global scale which integrates research and development, logistics, manufacturing, distribution and sales. There is a tendency to spread innovation activities of transnational corporations which had previously been based in parent firms to host countries. This occurs through the creation of research centers and technology parks in other countries as well as the absorption of local firms with high innovation potential. According to international statistics [30; 31] share of innovations relating to foreign affiliates of transnational corporations is constantly growing.

As a result, the corporation, the development of which was stimulated by the process of regional economic integration, becomes an increasingly important factor of its further deepening.

The priority spheres of capital investment is changing under the impact of scientific and technological progress. In recent decades, activity of transnational corporations in the service sector increased, in the late 80s they accounted more than 40% of direct investment. The manufacturing sector faded into the background. The main part of the industrial assets are concentrated in four sectors [30, p.2]:

- oil;
- automotive;
- chemical;
- pharmaceutical.

Business activity of corporations in the primary sector (i.e., in the mining industry) after the global financial crisis of 2008 has declined sharply.

By now a system of world pattern basically developed in which corporations control up to half of the world's industrial production more than 60% of foreign trade, as well as about the majority of patents and licenses for new equipment, technology and “know-how”. In Great Britain their share reaches 80% and 90% in Singapore. Most of the payments related to the transfer of new technologies, is carried out within the corporations in the United States – their share is 80%, in the UK – 90%.

The core of the world economic system is about 500 corporations possessing almost unlimited economic power [30, p.17]. At the same time in developed countries every industry is dominated by only two or three supergiant, mutually competing in

the markets of all countries.

Corporations provide the need for constant innovation, changing technologies and scientific and technical progress. Multinational companies are creating the skeleton of the global economy, which – medium and small company. It is important to emphasize that the laws of free market do not work inside corporation where set domestic prices are defined by corporations. If we recall the size of corporations, it turns out that only a quarter of the world economy is functioning under free market conditions, and three-quarters – in a sort of “planned” system. Thus, there has been a transition to a converged economic system that combines planning and market principles.

According to the organizational structure transnational corporations tend to be multispectral concern. The Head Company serves as the operational headquarter of the corporation. Based on extensive specialization and cooperation it provides techno-economic policies and control over the activities of foreign companies and branches. Recently, the structure of transnational corporations undergoing significant changes, the most important of which are related to the implementation of the so-called comprehensive strategy.

Today there are completely new mechanisms of transnational strategic alliances (TSA) through which the boundaries of companies and industry groups are blurred, or take the form of “constellations”, including connected among themselves, but to a certain extent independent companies of various sizes and industries.

The most common forms of corporate alliances until recently were presented by joint segment alliances, mergers and acquisitions. A review of available literature [5, p.22; 11, p.255; 14, p.241; 32; 33; 34; 35; 36; 28; 37; 38; 39] on the subject leads to the following definitions:

Union – is the simplest partnership in which companies are partners in a particular market segment, i.e. implement a common advertising campaign, financial planning and reporting, sales of products under the common brand name. Because this is not the full cooperation of all departments of enterprises, firms remain competitive and fight for a place in the market even within the union which often leads to negative results.

Acquisition – this is a purchase, reception of the rights of profitable competitor by a larger company. Usually a trademark of both companies is retained, but in a new quality, all resources are being used, market share increases sharply, the end user does not lose its priorities, furthermore acquire a wider range of goods and services.

Merger – is the most modern form of cooperation, as it represents a union of competitors, resulting in strengthening the position and enlargement of market share.

Currently is accepted to allocate the following types of transnational corporations:

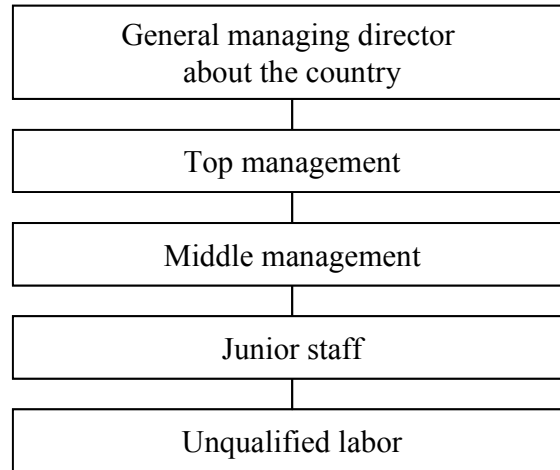
- Horizontally integrated corporation with enterprises which produce most of the products.

- Vertically integrated corporations uniting under one proprietor and under the unified control of the most important spheres in the production of the final product. In particular, in the oil industry extraction of crude oil is often carried out in one

country, refining – in another, and sale of final products- in third countries.

– Diversified multinational corporations which include national companies with vertical and horizontal integration.

When combining or merging several corporations, there is a shift in managerial staff and cancellation of the leading positions of the countries (look figures 1, 2).

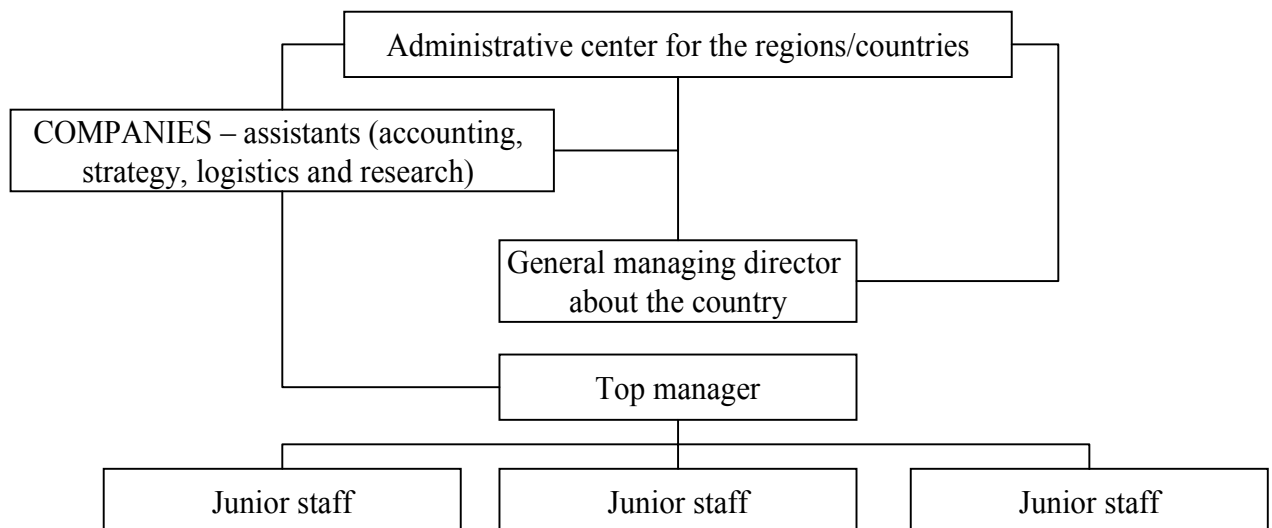


Note – Developed by author based on materials of [40].

Figure 1 – Organizational chart of the standard concern within the country / region (vertical control)

Also the selection of firms-assistants in the narrow directions such as accounting, planning of strategic decisions, etc. is carried out.

In the process of merging the reduction of production costs as well as reducing transaction and administrative expenses is especially attractive for corporations [41].



Note – Developed by author based on materials of [40].

Figure 2 – Administrative center for the regions/countries

The centers of financial statements usually are rendered outside of the company:

- market share and the number of segments increases.
- the importance and influence of trademark is strengthened and brings greater income while overcoming the transition period;
- strive to recoup the costs of expensive research and development;
- necessity of overcoming protectionist barriers;
- aspiration to integrate the separate inventions within the new systems of industrial or consumer use;
- development of common standards and norms in the earlier stages of development processes or product to avoid the need of their matching in the later stages which requires additional resources.

As it is seen from this list, most of the factors that stimulate strategic alliances fall within the scope of organization and use of research and development results. Statistics is also evidenced this tendency. The number of agreements related to research and development and technology transfer is growing in very high rate and in the early 90s of the last century has reached more than half of all agreements, whereas twenty years ago it was less than 30% [29, p.42]. This is quite natural in an era when innovation has become the main competitive advantage of firms.

Due to the necessity to meet the requirements of competition, transnational corporations are the main players in the international market of new technologies both suppliers, buyers and researchers of new systems of scientific and technical cooperation.

The traditional model of corporate behavior, in which innovative products are designed mainly in the country of origin, and then exported to foreign branches, giving way to a more rational territorial location of research with the transfer part of developments in the country, where better conditions for their implementation or where there is a cheap and sufficient qualified personnel. The White Paper of the Agency for Science and Technology of Japan notes that over the last five years companies of the country open their foreign laboratories approximately once a week. Total abroad research centers operated in Japan at the beginning of the 90s is 276 – half of them – in the United States and the third – in Western Europe.

Last years' along with the traditional export of capital in the form of direct investments corporations more and more practice export of organizational technologies, know-how and the whole fragments that have developed in other host countries or corporations originated and developed in the bosom of the TNK informal institutions in the field of organization and management. Gradually leaders of advanced corporation began to realize that innovation is only the visible top of the iceberg of social and cultural institutions, and for their continued and successful production is necessary to learn how tolerate large institutional units in the “host” country.

The uniformity of mechanisms to ensure success, as well as globalization and internationalization of the world economy led to demand for the formation of civilizational identity. States that will be able to use ideological means to form the most productive informal institutions as on the basis of their own and world

experience, receive substantial competitive advantage and will enter the number of countries forming the “rules of the game” of modern civilization. In the new century, the leading role will be played by the countries that will be able to find mechanisms for rapid and cost-effective integration borrowed from other countries and adapted within their own ideological system of large individual institutional models as well as their practical application in economic life. The ideological factor of achieving economic efficiencies should be one of the foundations of new industrial policy of Kazakhstan.

Transnational capital, represented first of all by transnational corporations (TNC) and transnational banks (TNB) and supported by the other aforementioned actors of the world economy, due to the objective laws of the development seeks to expand primarily economic, but also more and more clearly the political and ideological power [42; 43; 44; 45]. This leads to a situation of dual power and the dynamic equilibrium established between the transnational capital on the one hand, and the national states – on the other.

Today there is a specific transnational economy, which is a kind of “global chessboard” [6, p.41], where the leading international companies compete. The competition between these companies is often more acute than at the national level when principally different methods of competition are used. Corporations transformed into an independent force, which forces national governments to consider their impact and – in some cases, foreign companies are converted into a kind of “power pole” in the world economy.

The economic aspect of competitiveness consists in qualification of corporation’s own economic activity as a type of competition corresponding to the type (model) of the markets where it is present [26, p.88].

Four basic market models are characterized by the number of firms in the industry [46; 47; 48]. By definition corporations exercise monopolistic and oligopolistic competition.

Common assessment of oligopolies, i.e. large national and transnational corporations by theorists – economists by value for the future of the market economy and scientific and technical progress diverge. Economists – ultra liberals defend the ideals of pure competition, i.e. leadership and benefit forms of small and medium-sized businesses [6, p.45].

Theorists of industrial and postindustrial society [15, p.1; 36, p.3; 49; 50] J. Galbraith, D. Bell [50] give leadership to oligopolistic transnational companies due to the inclusion in their own organizational structure unit, providing research, development, technological innovation, training and retraining, as well as gain a leading position in a global economy.

Theorists of strategic management [18, p. 4; 51; 52; 53; 54; 55; 56; 57] by corporations generalize the advantages of both forms. In particular, the synergistic characteristics of the various aspects of corporation functioning, i.e., strengthening of any effect under the combined action of several factors [58; 59].

Different schools and approaches do not always come to unambiguous conclusions, but in a complex can quite successfully complement each other.

More complicated are the relations of transnational companies with less developed states which include Kazakhstan. Here the interests of multinational corporations are often in contradiction with the national capital, and through it with the state [60].

By investing in “receiving” countries (about \$ 200 billion dollars annually), corporations need guarantees of their safety and from a purely selfish interests are trying by all available means to ensure stable environment in these “receiving” countries. For this purpose, international organizations, methods of media pressure, as well as economic and even coercive measures with using military power of international police forces are used. Military conflicts arise precisely in those places (Iraq, Bosnia, etc.) where transnational corporations could not retain power by economic means or their interests had been violated.

Kazakhstan in the group of countries with economies in transition has got a special place. On the threshold of reforms our country, its scientific and technical potential and the economy were above the other developing countries. Along with the old-fashioned forms of bureaucratic command economy viable and quite powerful industrial and financial groups have collapsed. Meanwhile, it would be natural to form new market institutions such as multinational corporations on this basis. Only by having own effective and competitive corporations it becomes possible on equal terms to enter in the world which has become “the world of corporations”.

Such corporations need to have an effective management apparatus and operate using global skills, including corporate management systems. To date, the international developments in the field of information technology is much more successful than Kazakhstani developments.

Let's emphasize main points of negative impact of transnational capital on the development of new technologies in countries with economies in transition, including Kazakhstan:

- corporations create strong competition for local companies preventing them from development in the domestic market;
- free movement of transnational capital may undermine the stability of the national currency and pose a threat to the national security of developing countries;
- cosmopolitanism inherent to transnational capital is able to inhibit immature statehood of developing countries and impose an ideology contrary to the interests of national business;
- corporate capital protecting its interests can have a powerful political pressure on host countries in a direction which is not always coincide with their national interests.

Formation of corporate system occurred in Britain and Holland, and under their influence – in France and Germany. With the development of industry and commerce governments of Western European countries were increasingly involved in the formation of corporations, adjusted their internal and external relations.

In North America in XVIII century big corporations were uncommon, but by the end of the XIX century their number had increased. By the beginning of XX century with the strengthening of the process of production concentration the role of big

corporations had increased and they became the dominant factor in the American economy, receiving extensive rights in the implementation of its activities.

Currently, corporations built embody the principle of joint stock companies, limited liability of holders of securities issued with the aim of uniting the large capital. The process of consolidation of corporations necessitates regulation of domestic relations through corporate regulations. Integration of legal entities into corporations has made it possible to create super stock companies. Thus, there are associated capitalists: in Germany more common are cartels and concerns, in France – syndicates, in England and USA – holding companies. Some of them are leading entire industries.

In the United States all corporations are divided into four groups [61]:

- public;
- quasi-public;
- business;
- non-profit.

American scientists (D. Rechmon, M. Meskon, C. Bowie and D. Thill) use a slightly different terminology:

- public corporations (organized by the federal or state government for specific purposes);
- quasi-public corporations (commercial enterprises, have a monopoly on the provision of basic public services);
- private corporations (profit and nonprofit).

Public – state and municipal. Authorities of cities, counties, towns and villages. Are subdivisions of the state apparatus and carry out management activities.

Quasi-public – serving the needs of the general population (in the field of supplying the population with gas, water, electricity, irrigation, railway), as well as defense enterprises, and space complex. Exist on taxpayers' money, in some cases are exempt from taxes. All other corporations are private, the state is not involved in their creation. They are divided into non-business (religious organizations, educational, charitable foundations) and business created for profit, dominating in the economy of the USA and having political influence.

Modern corporations are very complex in their structure. For example, within the group horizontal and vertical combination is carried out, science and technology center is created. In recent years diversification processes are developing and associations which are grouped under the unified leadership of the company relating to the different sectors of the economy, i.e. conglomerates are appearing.

Quite often various associations of organizations – systems of companies are created. The result is a new system of management the main feature of which is the control without the burden of ownership, domination without economic risks.

Tendency to form large corporate organizations is partly explained by lower costs of production and marketing. Large size of corporations is caused by a desire for efficiency. Only a large corporation is able to apply modern technology and advanced inventions, create research laboratories, involve scientists, engineers and technicians. Thus gaining control over a large part of the market is achieved a direct

impact on the price level, the impact on the size and distribution of the national product, employment and purchasing power of the population.

Corporate structure of the industrialized countries at the present stage is characterized by the following features [62]:

1. The principle of private ownership in the enterprise is supplanted by principle of collegial ownership (public companies, state);

2. Gradual whittling down of private property entailed the weakening of the incentive to make a profit. Besides retaining the right to dispose their investments, now there is an incentive from categories of intangible (moral ideal) features: degree of influence on the government, the possibility of new beginnings and public recognition;

3. Society from one center is divided into two centers: formal (government) and the actual (corporate);

4. Transition from decisions dictated by the free market, to the decisions made by the administrative group (not necessarily the government) becomes more noticeable.

As a result of economic reforms in Kazakhstan, the terms “corporation”, “management corporations” became increasingly used in the media and in literature forming an idea of the control system adopted by corporations, as one of the ways to effectively control and output Kazakh enterprises out of the crisis. Along with this, active cooperation with foreign partners provided an opportunity for Kazakh leaders of various ranks to study the experience of advanced foreign corporations and developing domestic legislation has generated many questions and doubts about this.

The successful operation of corporations should have the following basic conditions: development of the economy, entrepreneurship among population, the coexistence of different forms of ownership (state-protected and trusted by the population) and a sufficient number of professional managers. Without implementing these conditions and until necessary legislation and economic preconditions for successful functioning of corporations are not created it is premature to discuss about effective implementation of corporate governance principles.

1.2 Organizational changes as the system adaptation of corporations to the external environment

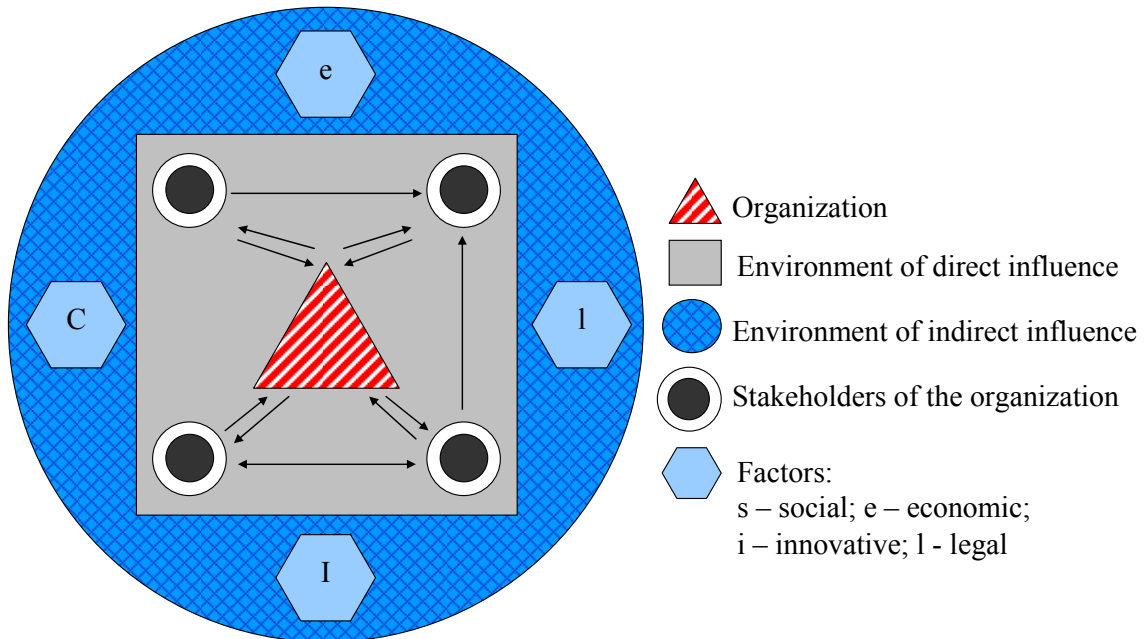
To consider organizational changes in business structures is necessary the terms “organization”, “company”, “firm” use as synonyms, understanding them as organizations of commercial sphere of activity. On example of studies of socio-technical systems is needed to show how the relative independence of the subsystems of the organization can be determined.

In the modern literature on the methodology of organizational changes the direct impact and indirect impact of the environment on the organization are defined (figure 3), which generates in their entirety a complex open system. In this case difficulty refers to the high degree of uncertainty and the number of connections between the elements of “the relationship of the organization and the environment” system that does not allow building simple (in the cognitive sense) models of the

system, based on the unambiguous cause – effect relationship.

This system is open, as it implies quasistability of dynamic balance of the organization and environment which is ensured by the constant exchange of substance, energy and information between the organization and its environment.

External environment represents set of factors that affect the organization, change the conditions and the effectiveness of its functioning. Relations between two subsystems of environment – direct and indirect impact – and the organization are different. This distinction is determined by means of interaction of the organization with the factors affecting it by both subsystems.



Note – Compiled by author.

Figure 3 – The relationship of the organization and environment

A common characteristic of the environmental factors of indirect impact is the fact that the organization is not able to manage them. These factors can be summarized into the following groups: [63; 64; 65; 66]:

Political and legal (for example, changes in tax laws, customs policy, the relationship between business and government, legislation on environmental protection, the state budget, monetary policy, the value of the stabilization fund and foreign exchange reserves of the country, patent, antitrust, labor legislation, and many others).

Economic (Central Bank refinancing rate, exchange rates, economic growth rate, inflation rate, changes in GDP per capita, trends in the securities markets, the trade balance, the level of labor productivity by industry and others).

Social and cultural (demographic indicators educational standards, the level of public health, attitude toward labor changes in consumer preferences, the problem of inter-ethnic relations, the welfare of different groups of the population, etc.).

Innovative (appearance of new technologies, machinery, mechanisms, etc., new opportunities provided by IT-industry, new forms of communication, transportation, storage of products, new technology in logistics, marketing, advertising, etc.).

Main difference of this group of factors is the ability to manage them from the organization. These factors characterize the market environment of the organization, ultimately its competitiveness.

The most famous model of “five forces of competition” which appeared in the late 1980s. and characterized factors of near external environment belongs to M. Porter. He has identified five subsystems, which together define the level of competition in the industry enabling to forecast the changes in the market [67]. In particular, M. Porter has identified the following powers:

- 1 threat of new competitors;
- 2 threat of substitutes;
- 3 bargaining power of suppliers;
- 4 bargaining power of buyers;
- 5 level of competition between existing forces.

There is no necessity to consider in detail the features of this model in the thesis as it is done in numerous publications. It is only necessary to note that in the last decade the dynamics and scale of change of these forces are rapidly growing. Thus, in particular, change of industry leaders in the dynamic sectors occurs every 3-5 years, technological progress leads to a reduction of the life cycle of goods and technology which is an existential threat to producers market power of suppliers and buyers unprecedentedly because of the growing dominance of transnational corporations imposing worldwide pricing and trade policy. These becoming complicated conditions of competition inevitably require organizations to change.

The theory of stakeholder organizations arises in 1990s which allows creating more complex and more accurate system model of interaction between the organization and its immediate surroundings.

Stakeholders – is a group of individuals and organizations, some individuals and organizations both commercial and non-commercial sphere of activity, directly or indirectly, to a greater or lesser extent are interested in achieving their goals. They are making active steps to influence the policy of the company’s management in order to obtain greater benefits for themselves, other corporate resource allocation in their favor, the impact on the process of making important decisions. Not necessarily stakeholders are only economic partners of the company. These can be social institutions, public and other civil society organizations with distinct and even conflicting goals. There is a vivid picture of intertwined interests affecting organizational development.

Acceptance on the influence of stakeholders on change has not been made by accident in the 1990s. Precisely at that time there was a saturation of almost all of the world markets, in many cases a sharp reduction in the life cycle of technologies, projects, products and services require a refusal of rigid, command management and transition to decentralized governance, greater freedom in decision-making, more flexible and rapid response to change.

When talking about “change” in 80 cases out of 100 it comes to change in the relationship with stakeholders – suppliers, customers, investors, shareholders, top management and other public institutions.

Stakeholder theory has a systemic nature since considers the system of interacting stakeholders,

Analysis of system of stakeholders includes the identification and systematization of key stakeholders, assess their goals, gathering information about them and use this knowledge in the corporate governance process. The problem is to determine the interests of stakeholders, their perceptions of the desired direction of the company.

Managing stakeholders involves communication, negotiation, communication and relationships with stakeholders, motivating their behavior in order to determine the greatest benefits for the company. In contrast to the analysis of stakeholders conducted in order to better adaptation to the corporation environment – management is a direct interaction with stakeholders. In fact, these two processes intersects.

American sociologist G. Vintep proposed a methodology for analyzing the types of stakeholders that can have practical application and involves the following steps [68]:

- identify the relationships between the stakeholders;
- identify groups of stakeholders;
- identify the nature of interest of each stakeholder;
- assess the nature of power each of the stakeholders;
- find out what threats or opportunities they potentially present to the company;
- monitor changes in the groups of stakeholders;
- define what is responsibilities of company to stakeholders – economic, legal, ethical;
- determine what strategies provide the best management of a particular group of stakeholders; whether the company's response is adaptive, negotiating, manipulative, resistant, or a combination of several strategies.

Stakeholders behavior is defined by their interests. These interests are relatively stable over time, and different groups are willing to make various efforts to exert pressure on the corporation, for the purpose to adjust organizational behavior in accordance with these interests. The classification of stakeholders can be represented as follows (table 1).

From this list, can be seen that each group of stakeholders has specific interests and there are some areas where these interests intersect.

Theoretical studies of stakeholder focus primarily on the study of the identification of stakeholders in accordance with the uniting them goals and interests and on the discussion of possible and acceptable methods of achieving these goals.

As a methodological basis of research is the concept of resource dependence of the company, according to which firms’ need in resources provides opportunities for stakeholders to gain control over it. J. Frooman suggests for defining the mechanism of dependence use a simple model of “input-output” (or “contribution-return”) which describes the flow of resources of corporation [69, p.48].

Table 1 – The typical interests of some stakeholder groups

№	Stakeholders	Goals and interests of stakeholders
1	Shareholders	Shareholders (or members of the company), as those who have invested money in the company expect a financial return. They are interested in the growth of the company's profit and its annual dividends. If shares were purchased for speculative purposes the shareholders may be interested in increasing their prices to the further resale of shares to make money on the difference in cost of buying and selling.
2	Institutional investors	Institutional investors are the ones who also invested their money in a company and somehow have financed it. They are interested in profits and balance of their investment portfolios. They are also very concerned about the risk of investments
3	Top management of the company	Top management as well as any employee is interested in his salary, bonuses and premiums. Such a thing as a status is also important for them. Occupying a high position manager gains weight in society and in his own eyes. Besides that any manager concerned about area of his responsibility.
4	Other employees of the company	Any employee is interested in his salary and bonuses, opportunities for personnel growth, social guarantees including health insurance. Another important interest: the level of authority and responsibility, as well as the level of job satisfaction.
5	Consumers	Those who purchase and use the products of the company as end users or enterprises that use the company's products for further processing. Their interest is to get necessary goods at affordable prices and in good quality. The consumer is interested in receiving goods as soon as possible and wishes to choose.
6	Distributors (dealers, partners)	These are the organizations that represent the company and sell its products. Their interest is in the regular supply of high quality product. Service support and after-sales service is another kind of interests of distributors.
7	Suppliers	Firms that supply raw materials or semi-finished products as well as providing some services are interested that the company orders from them regularly and properly pays in accordance with the terms of the contract. Also any supplier is interested in closer contact with the company, for example, entering into an exclusive agreement.
8	Financial corporations	As structures which have provided loans to the company they are interested in timely repayment of funds and interest. They can monitor performance of the firm in order to determine whether it effectively uses the funds and is able to pay.
9	The power structures	Authorities are interested in tax revenue and as a consequence in the formation of the city budget. They also expect the firm's employment as well as the legality of its activities.
10	Social groups	This could include both political associations and other groups of people. They want the company takes into account their opinion. Some groups may be interested in obtaining sponsorship.
Note – Developed by author based on materials of [69].		

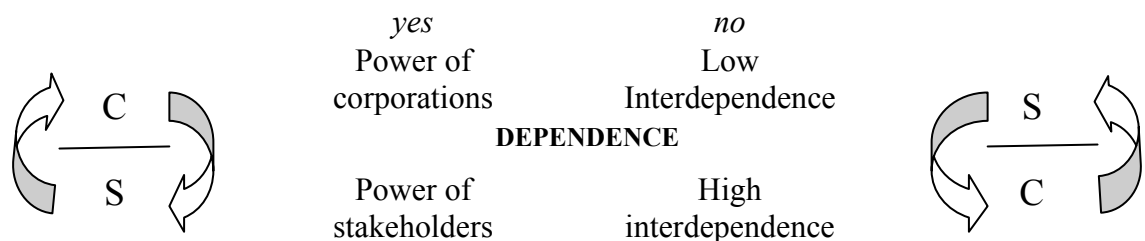
Out of this model it follows that there are two ways of control the company:

- stakeholders seek opportunities decide whether the company will receive the resources (resources control strategy);
- stakeholders determine whether the company can use resources properly (strategy of resource utilization).

A control strategy of resources assumes that stakeholders have the ability to interrupt the supply of the corporation resources, if it does not change its behavior in a desired for them direction. For example, the threat of a trade union to declare a strike or threat of a creditor to refuse issuance of credit. The second type of strategy – the “strategy of resource utilization” – assumes that stakeholders determine how the corporation will use the resources, thereby also affecting the behavior of the corporation.

In order to determine rational principles of stakeholder influence strategies J. Frooman proposes a typology of relations “stakeholders – company”. Resulting determinant of this relationship is the power in situations where stakeholders and the corporation have conflicting interests. How different types of resource relations can be characterized in terms of dependency? If the network of products exchange between the organizations is asymmetric then network power increases in the direction of less dependent organization.

This power may serve in order to modify the behavior of a dependent organization. If the exchange network is symmetric, and both organizations are equally dependent on each other, neither one has a powerful advantage. This typology is presented in figure 4.



Note – Compiled by author.

Figure 4 – Matrix of interdependence of corporation from stakeholders

Based on these considerations, J. Frooman offers the following typology of selection by stakeholders its impact strategies:

- If the relationship is characterized by low interdependence, stakeholders will choose indirect strategy of “restrain” the resources to influence the company.
- If the relationship is characterized by the power of the company they will choose the indirect strategy of using resources to influence it.
- If the relationship is characterized by the power of the stakeholders they choose a direct strategy of “restrain” the resources.
- If the relationship is characterized by highly interdependence stakeholders choose direct strategy of using the resources [69, p.201].

The resource model of the influence of stakeholders is convincing, the most developed, but not unique one. These relations can be investigated not only from positions of economic efficiency but also in sociology, psychology and business ethics positions. This has prompted researchers to develop a methodological foundation of “hybrid” or “converged” theory of stakeholders.

This theory is offered by American researchers T. Jones and Wicks which they believe should unite all theories of stakeholders. According to the authors, the convergent theory must be based on the following theoretical and methodological bases [70]:

1) Limiting conditions of creation of the theory:

- the company has public support and operates in a competitive market;
- important corporate decisions are made by professional managers;
- value of instrumental theory is supported by the prescribed behavior

Convergent theory does not depend on behavioral assumptions, but suggests that:

- human behavior is both a varying (i.e., based on self-interest, trust and co-operation) and variable (i.e., sometimes based on self-interest, and sometimes in “respecting others”);

- human behavior is pliant – it often depends on the context and circumstances (organizational structure and culture affect people’s behavior);

This is the theory of relations (in the broad sense, i.e., the theory of the contract or transaction).

It is both normative and instrumental providing both normative standards of behavior and arguments on how compliance with these standards will lead to results that are both normative and practically acceptable.

Normative base (“core”) of this theory is explicitly and consistently and also explicitly should be protected by moral categories. Tools are inapplicable to both immoral behavioral attitudes as well as the achievement of immoral purposes.

Its instrumental binder “means – goal” convincingly argued and demonstrated the practical applicability of the requirements of the “core”. It is targeted at managers and advice them regarding:

- the way in which relationships of corporation with its stakeholders can be structured (means of achieving corporate objectives);
- the moral basis for structuring these relations in a certain way;
- results expected from a certain way structured relations (corporate objectives), and how to achieve these results (binder “means – goal”);
- moral justification (defense) of purposes if exact targets are not stereotyped.

The central question addressed convergent theory of stakeholders can be formulated as follows: what kind of relationship is both morally healthy and practical? In the theory there is a standard component in which both applied means and goals have to be morally healthy. It also has a tool component in which the purpose and means have to be combined logically and theoretically correspond each other and, as far as possible, be empirically viable.

The proposed convergent theory belongs to the class of transformational

theories, which tend to have an “educational” force, and not so much for researchers as for managers. Managers who are looking for a mission that is both moral and practical can try to look at their organization differently. They can and should create a moral environment and then make it work for the achievement of organizational goals.

It should be noted that in the aggregate effect on the organization, as a rule is not additive, but multiplicative. This pattern is typical for complex systems: with a linear increase in the intensity of the impact of any environmental factors effect is not cumulative, but may increase (decrease) non-linearly. For example, new opportunities allowing doubling the financial means could lead to a fivefold increase in output and income due to the opportunities opened by technological upgrading. Conversely, due to administrative errors increased funding will not allow the growth of output.

One of the most important research findings from positions of system approach is understanding of that change in one of subsystems has impact on all other subsystems. This statement is one of the central methodological rules for the development of the theory of organizational change. Such “side” changes do not necessarily have a positive effect on the efficiency but rather is a dilemma: a planned change designed to improve the functioning of any organization subsystem (e.g., quality control systems, motivation, planning, and etc.) almost always leads to a deterioration of performance by other parameters (for example, to more conflicts or increase the payroll). Results of conducted researches by the international research institute Research International [6, p.48] showed that there is a direct link of satisfaction of the employees received from work and quality, service provided by them.

Behavior of organizations as systems is revealed through the concepts of the role, causality, balance, operation, boundaries, diversity goals, functions and tasks [71].

The role concept. An important feature of open systems is associated with the concept of activity. Everyone within the organization has its own set of psychological, professional, motivational characteristics, and its role provides a building block, or link, between the individual and the organization. Famous American theorists of management D. Katz and R. Kan, giving to concept of a role the central place in the theory of the organizations, claim that an activity or set of behavioral actions are the basis of organizational life. The role therefore consists in “one or several actions which in combination give what is called organizational behavior” [72]. In other words, the role of the individual – is a set of powers that an individual is planning to make and which make up the psychological link (connection) between the individual and the organization. D. Katz and R. Kap use analogy to a fishing net in which each knot is presented as department (or a set of planned actions, roles); thus each thread of a network is presented as functional relationship between departments. If you raise the net pulling for any node you can easily see the relationship between a single node (department) and other nodes (departments).

This behavior depends not only on the characteristics of the individual but also what other people expects from him. It could be said that the social system is a set of

partially overlapping and interconnected powers both inside and outside the system. In other words, “role” is the amount of actions expected from the individual and defined by managers, employees, vendors, customers, and others with whom the individual interacts.

R. Kan and co-workers have studied the concept of roles and two related concepts such as role conflict and role ambiguity. Role conflict occurs when a manager knows what is expected of him, but is not able to cope with it. Role ambiguity on the other hand, occurs when a person does not know enough about what is expected of him.

These assumptions were tested in practice with managers of the organization, which produces equipment for a heavy industry. The most important finding is that role conflict and role ambiguity strongly influence behavior, perceptions, attitudes; in the study of this problem in the future should pay more attention to the ambiguity and less role conflict. Researchers found out that the role ambiguity is closely connected with such factors as nervousness of the employee, satisfaction from work, efficiency of the organization, a tendency to going away from work. From a position of system approach reduction of the role ambiguity has to increase an efficiency of the organization and increase a personal satisfaction.

One-causal thinking. The criticism of one-causal thinking from positions of the system approach was offered by the English researcher J. Seiler [73]. Emphasizing that the majority of people looking for one reason of this or that behavior, J. Seiler uses the analogy of a car accident to demonstrate this one-causal thinking. When there is a car accident people tend to believe that it happened because of “punctured tire” or “falling asleep driver” or find another reason. Seiler points out that the accident could have been avoided if no roads, no driver, no motor, no car simply did not exist. Could be described as an infinite number of reasons for the analysis of a single case of a car accident.

According to Seiler, way out of this dilemma is following: to admit that events occur as a result of the actions of many forces in a complex system of relationships.

Indeed, the word “system” includes an idea of multi causality and complexity of relationship of many forces. However as the human mind is unable to understand the infinite set of operating forces, it is necessary to distinguish subsystem for conducting an analysis. It is easier for manager to understand what happens to the certain person as a subsystem, than to understand what occurs in group.

Using a systematic approach, it is possible to determine the limits and the level of organizational change. However exploring the local and relatively small area should not forget that it is part of a large and complex system, and therefore, also has systemic properties. Therefore nothing prevents to consider some element as rather independent and self-sufficient system.

Balance. An important feature of a systematic approach to the analysis of social organization is the balance concept. In all organizations, there is a tendency to maintain a balance and preserve stability. For this reason, from the positions of system approach balance is necessary to avoid sharp and unexpected fluctuations of system. However, if the system will not change its conditions from time to time it

will not be able to fully develop and progress. There are two approaches to solving this kind of problems: let us call them radical and systemic.

“Radical” way of solving suggests that you need to take the problem all solve it once and for without thinking about the consequences. this approach is based on the priority of one-sided (“one causal”) thinking that does not allow any alternative solutions.

The “systemic” solution of organizational problems assumes that on the basis of the analysis of the organization as a system the relevant subsystems will be allocated, relations between this subsystems system model of relations and interdependencies is constructed and all negative and positive effects of organizational change are predicted and measures at reducing negative effects and enhance desirable are provided.

According to Seiler tendency of the system to ensure the balance is a fact, desire to ensure an optimal balance is not. Not a system but the manager will strive to find the optimal balance between components of the system [73, p.15].

Studies and field observations have shown that the majority of individuals or working groups do not feel negative emotions to their managers. Consequently smooth, positive relationship between management and staff constitute one of the possible balances between the subsystems of the organization.

Functioning. Another point in the understanding of social organization as a system is the concept of system functioning. Often in solving the problem such abstract, superficial judgments as a “bad” result or “good” are used and there is absolutely no attention to research of such important category as interdependence of system forces. In this approach, the vision of the problem is clearly more complicated: simultaneously both objective and subjective views are required, as in the analysis of the interaction of systemic forces is necessary to determine value systems of each affected subsystem. In this case the concept of functioning can be useful.

Functioning of systems will be different if the value and amount of change differ from each other. However, an abstract characteristics of the system as a “functioning” is of little use beyond the scope of the objective function. It is necessary to add what and for what purpose is functioning, and how the system and its every element works.

As Seiler notes, analyzing functioning of system it is possible to face two difficulties traps [73, p. 19]:

It is very easy to get caught into the first “trap” because human behavior always involuntarily is aimed at achieving a particular goal.

The second “trap” is that a certain type of behavior which would seem to be “effective”, “productive” for an individual subsystem may not necessarily be effective in relation to the system as a whole.

Thus, at the system analysis is important to consider not only that is profitable for each subsystem separately, but also that successful functioning of individual elements can reduce the efficiency of the entire system.

Borders. Another feature of the organization as an open system is the concept of setting borders. Moreover, the border must be defined for both the entire system and

for its constituent components.

As any system requires outside resources and energy to maintain its “life force” then to set this kind of boundaries sometimes can be problematic. This is due to the fact that in nature there is an ongoing exchange of energy and matter between system entities and the environment.

Inside the system consisting of the most complex subsystems, border mostly set arbitrarily. In this case, the boundary of one subsystem may be different in size with the boundaries of other subsystems.

But it is necessary to set border even arbitrary. First of all it helps to identify the system from the environment and separate from each its subsystems; and secondly qualitatively and in more detail consider a component which we are interested in.

But it is necessary to note that the boundaries used for the analysis of behavior in a group or for the examination of trends of leadership are much different from the boundaries established, for example, to develop and implement a marketing strategy. Or for example, if the intention is to investigate the flow of information passing through the organization then established for this borders would differ significantly from those used in the analysis of the structure of the organization or attitudes, values and norms of behavior in the working group.

The variety and the ratio of objectives, functions and tasks. Another characteristic of an open system is the variety of objectives, functions and tasks. Starting with the individual as the basis of any organizational subsystem, it is possible to investigate needs, objectives, and expectations. And since not all of the individual requests are consistent with the objective of the organization as a whole, it is necessary to expand the scope of research before revising the divergent that have arisen on the basis of mismatch targets. And then going to a higher level of analysis and taking into account the results of previous studies it will be possible to make the following conclusion: person in the organization is an independent subsystem with his own rights, connections and interests, is a part of a larger subsystem – a group or collective, which also has its own specific set of expectations and goals. Moreover the group expectations and goals are either fully or partially, or not at all coincide with the mission and goals of the organization.

At the highest level of this complex research is an analysis of the relationship and interaction of the system with other surrounding it social organizations. At the same time the described system can be represented as a separate unit which is a part of a larger system – the “super system”, which may be any society or country. Natural that at the highest level trend is repeated: the objectives and expectations of the social system can either be the same or radically different from the objectives pursued by the “super system”.

Based on the foregoing, it is possible to come to the following conclusion: system approach to research of organizations allows to analyze, examine the activities of the system and its components and predict changes in various subsystems of the organization at the planned impact on one of subsystems. System methodology avoids many of the failures associated with the “sudden” appearance of the negative effects of changes in the subsystems which, at first glance, are not involved in the

change process.

A huge amount of research on the relative independence of sub-systems of the organization as a system has been done in the Tavistock Institute in London. In this section will try briefly to describe some of the studies that have been conducted at this Institute under the direction of a social psychologist E. Trist [74].

E. Trist and J. Seiler (former miner) have been researching how changes in the technology of coal mining reflect on human resources [75]. They found that with the emergence of coal mining machinery and mechanical conveyors, the degree of technical complexity of coal production has risen to a higher level. Mechanization allowed producing one large plot instead of a series of short ones, but technological changes have had a number of social and psychological consequences for the organization of work and conditions of the worker in the organization which has been little attention until the innovations. Part of an organization with a short elaboration was based on a small working group consisting of an experienced man and his companion who were assisted by one or two workers. The base model, which organized a working relationship with the production of long elaboration, is a group of 40–50 people, their leader and controllers. So the basic unit in coal mining acquired characteristics of size and structure of a small factory and it destroyed the traditional degree of autonomy in work and a close working relationship which was accompanied by a number of unpleasant effects.

The mass character of production method with a long production requires large-scale mobile development schemes throughout the stratum, the main specialization of tasks in accordance with the work shifts, and a very specific role in working with the various methods of payment on each shift. Under such conditions there are significant problems of maintaining effective communication and good working relationships between 40 workers spatially distributed through the tunnel 200 yards length, and distributed within 24 hours through 3 working shifts. In terms of performance engineering productivity is not difficult to calculate, but there are psychological and social problems of a new order when the organization of works is beyond traditional performance of all tasks by a small group. Social integration of the previous small groups was broken by new technology, and very few attempts to reach new integration were accepted, there were many symptoms of social tension. The informal associations arising for the help to each other could appear only on small sites of work, inevitably leaving some people isolated; people react protectively, using small deception concerning the accounting of time and the reporting about work; everyone accuses others of discrepancy of quality of work (since in the new system with reduced autonomy any person usually cannot be convicted of guilt, blaming absent shifts becomes infinite and nothing solving). Absences become for miners means of compensation for difficulties in work.

Researches of effects of technological changes led Trist to creation of the concept of the working groups, not as technical or social system, but as interdependent socio-technical system.

He wrote: “Thus, the interrelation of the person with technology that as a whole is called as *socio-technical system* and is a work object of research presented in this

book shows how alternative models of the production organization can be applied to identical technologies, giving thereby opportunity of an organizational choice". Production requirements impose restrictions on type of the possible organization of work, but the organization of work has its own social and psychological properties which aren't depending on technology.

Social and technical requirements interact and they must be economically feasible, which is the third interdependent aspect. Achieving optimal conditions for one of these aspects does not necessarily lead to the optimal conditions for the system as a whole, as there are complications if others do not comply with the required values. The goal has to consist in the joint optimization because "actually there are social, technological and economic subsystems which are interconnected among themselves, but each of them is independent" [76].

Upon further study of the mines, E. Trist found that it is possible within the same technological and economic boundaries use different organization of work with various social and psychological effects what provides significant opportunities for choice of organizational solutions available to managers, allowing them to take into account the social and psychological aspects. The third form of work known as "a method of a compound long wall" was created, which allowed getting advantages of new technology, and at the same time allowed existence to some characteristics of "a method of a short wall". In compound system groups of people are responsible for all tasks, distribute themselves on shifts, and receive payment for the group work. So problems of super specialized roles, task distributions between shifts with the subsequent search of "scapegoats" and a lack of group unity can be bypassed. For example, for subgroups it becomes a commonplace having finished work in shift before the fixed time, to undertake the following type of work to help the members of the group working in other shifts. The method of a compound long wall is very comparable with technology of a usual method of a long wall but it leads to greater productivity, lower costs, significantly lower absenteeism and accidents, and greater satisfaction with the work since it is – socio-technical system that is better focused on the social and psychological needs for autonomy and work in a close working relationship.

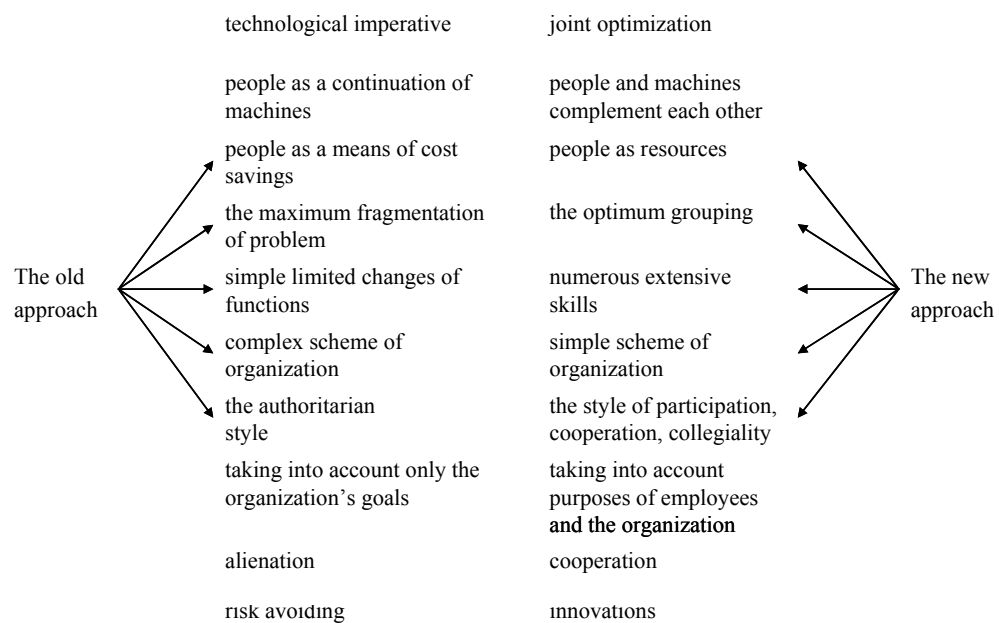
These and other studies of Tavistock Institute have led F. Emery and E. Trist to the concept of the company as an "open socio-technical system" [77].

"Open" because it is the system connected with receiving initial products from its environment and transfer production to the environment as well as with the conversion substance, information, energy between the input and the output.

Famous British management theorists D. Pugh and D. Hickson evaluate Tavistock's works as follows: They consider the organization not from the point of view of the closed physical system, which can achieve a stable balance of power according to the biological concept of open systems (according to L. von Bertalanffy) in which the organism or the organization reaches essential dynamic balance in the process of continuous exchange with its environment. Indeed, they consider the main task of the company's management as the correlation of the entire system and its environment through regulation of the boundary exchange, but not due to domestic

regulation. The management by accepting the environment as given and concentrating on the internal organization for achievement of the greatest efficiency is accepting a dangerous course [78]. Certainly, it does not mean that the top management should not concern internal problems, but such inclusion has to be focused on opportunities and requirements of the environment.

The problem is that the environment is changing with an increasing speed and in the direction of increasing complexity. Environmental factors that the organization cannot control, or may not even be aware of them, can interact causing significant changes. F. Emery and E. Trist classified environment according to its degree of complexity, from the tranquil environment prone to accidents, to “turbulent field” where significant options occur not only due to the competition of the participating organizations, but also due to the field itself (i.e. market) [79]. These ideas were developed in the theory of organizational chaos, which will be discussed below (figure 5).



Note – Developed by author based on materials of [79].

Figure 5 – Features of the old and new approaches by F. Emery and E. Trist [79]

F. Emery and E. Trist give the organization's history, which failed to appreciate that its environment changes from a relatively quiet on a relatively turbulent. This company in the British canning industry for a long time had 65% of the market for its main product – canned vegetables. On this basis the company had invested in a new automated factory and that created the tough need for its long-term work. But when the factory was constructed, there were some changes in an environment which were not controlled by the organization. The emergence of frozen food products and increasing welfare allowed to a large number people to buy them, provided an alternative to customers. More direct competition arose due to the presence of excessive harvest of vegetables that American manufacturers of frozen products sold

very cheaply because of their unsuitability for freezing, and also because of the seasonal nature of import of fruits, due to the development of supermarkets and chain stores in order to sell more products under their brand names. Since small firms supplied extremely cheap goods (no marketing costs and use of cheaper raw materials) in three years they were able to capture 50% of a shrinking market through their own channels of super markets. This is an example of how the interaction of environmental factors directly creates significant disturbances in organizations which, in the case of a factory for canning vegetables, demanded serious redefining goals of the firm, the market and the products moved before entering the new equilibrium.

F. Emery and E. Trist claimed that the companies create their own organizational structures corresponding to a simpler environment than complex perturbing with which they actually meet. The new principle of creation of structure is required. The organizations usually need that in the theory of systems and the theory of information is called as “redundancy”. In this case it means duplication, interchangeability; exchangeability and these resources are needed to reduce errors when encountering changes. Traditional technocratic bureaucracy is based on redundancy of components. Parts are distributed so that final elements were so simple as far as it is possible; so unskilled worker engaged in specialized activities, whom is easy to move and do not train for a long time is seen as an ideal for the planned work. But this approach requires reliable control systems – often cumbersome and expensive.

The alternative approach based on redundancy of functions corresponds to the perturbing or turbulent environment. In this approach, people and departments have a wide range of activities to cope with change also they are self-regulating. For people they create roles, instead of simple types of works; for the organizations – systems. Autonomous work groups, cooperation instead of competition (between organizations, as well as within them), and reducing the number of levels in the hierarchy are some of the requirements of effective work in a turbulent environment. Achievement of this approach requires continuous development of the corresponding values associated with improved quality of life of workers by minimizing technological factors that determine the behavior of workers in order to meet social and psychological needs. Figure 5 shows the key features of the old and new approaches.

Approach in terms of socio-technical systems to achieve effective co-operation in a turbulent environment and to increase the quality of working life has also been applied to a wide “macro-social” level. For example, working together with the Norwegian social psychologists E. Torsrud, P. Emery and P.J. Gerbst, the Tevistoksky group studied the Norwegian Sea industry. In the cargo ship many difficult technological decisions [80] were used. On the selected ship which best satisfied social and psychological needs of the team – a small community on board who had to live together in isolated conditions, 24 hours a day, significant intervals of time, but effectively fulfill work tasks. The general companion cabin and recreation room were created; deck and motor teams were integrated, distinction in position of officers and the ordinary personnel were reduced and even nullified due to the

opening of opportunities for career and the organization of teams where “all are officers”. Also training for the future work on land may be started in the sea.

Without these improvements in the quality of life of workers, Norway would be unable to maintain its sea trade, which is crucial to its economy. Poorly educated and trained foreign crews cannot handle technically complex vessels, and at the same time alcoholism is often dangerously high. It cannot be effectively provided by only one team. All companies in the industry, several associations related to marine activities and a number of organizations involved in the regulation of navigation all should be incorporated into the work required to ensure the development of a macrosocial system.

Works of E. Trist and the Tavistock group are more in line with the application of system thinking to a wide range of objects – main working system, system of the whole organization and macro social system. Researchers have highlighted the dynamic nature of organizations and their functioning, the critical importance of boundary control, and the need for a new approach to organizational design, which must adapt to changes in the environment.

Socio-technical system in the concept of E. Trist and the work of Tavistock Institute is a social and technical subsystem as a relatively independent which can be studied on methods of those sciences that explore the social and technical, but in order to achieve management effectiveness harmonious interaction of these subsystems should be ensured. For providing the last it is necessary to investigate the production technology, identify a relatively independent functional cycles within it and create separate independent “cyclic groups” on the principle of “compound long development” within the allocated “production cycle”. In this sense social at Trist acts as setting external restrictions for the organization, and technological – as internal.

In more general sense the methodological achievement of Tavistock studies is that they have identified the nature of relations between the subsystems of the organization: these links were not “mechanical” but “organic” in nature. Subsystems (elements) react to changes in the neighboring, associated with them subsystems, but the response to such changes is nonlinear and often aims at deterring, mixing effects arising out of neighboring subsystems which generally maintains a state of homeostasis. Metaphorically speaking, the organization as a system “resists” disturbing influences from the outside, and this resistance can increase to a certain limit after passing of which there is a qualitative change in the organization in greater or lesser extent of all its subsystems (components).

In this regard, in our opinion it is possible to give the following definition: *Change* – it is an acquisition of new or loss of previous properties of the object as a result of any influence or under the impact of the process of self-development. Change is rather widely used term.

It is known that genesis of any phenomenon, process or an event is its origin, emergence. In this regard when determining genesis of a definition of “organizational change” it is necessary to start from the concept of “change” which is considered above.

Thus, “*organizational changes*” category can be presented as logical and consecutive result of various changes on the following criteria: by volume, source, type, level, scope and functional areas.

It is appropriate to consider organizational changes in the management system according to the main business functions:

- production management;
- financial management;
- marketing management;
- material support management;
- human resources management.

1.3 System methods of design of organizational changes

Design or planning of changes is a responsible task. This can be the method of “trial and error” based on the positive experience and further application to similar situations or on the basis of application of special techniques which are urged to fence off the head of changes from mistakes, and give to process of using resources an optimum character. Rational systematic approach to design changes is intended to contribute to it. It will be presented in this chapter at first as the description and an assessment from methodological positions of system methods of modeling of changes, and then as diagnostics of the problems demanding changes from positions of “rigid” and “soft” system approaches.

As it was already noted the change is the system process. First of all, it means that changes in one part (organization division, organizational procedure) directly or indirectly influences other parts. In this case effects of such influence not necessarily have to be positive, i.e. have to increase the overall organizational performance. In real practice it often happens that the negative effects of changes are complete surprise to its planners and organizers. This applies to changes (reforms) in the macro-level and changes in the scope of the company, corporation.

In this paragraph the attention is paid to opportunities of use of system methods of modeling, first of all, for diagnostics of a condition of the organization and anticipation of the hidden system communications providing a response of the organization on intervention. They are intended to answer the question, what kind of strategy is necessary to select to realizing change (including strategy “leave everything unchanged” – when for implementing the changes is necessary to pay an unacceptable price). These methods were developed by representatives of different schools in different years, and were combined by reductionist approach, i.e. the reduction of the complex system of relations to a relatively simple model. Further we will proceed from the following ideas of system [81]:

- system is a set of components (elements, subsystems) between which connection and the relations are established;
- components are influenced by the system that unites them, and the behavior of the system changes with the exclusion of any of the components;
- the ordered set of components functions, i.e. performs some activity;
- this set is defined from the standpoint of some stakeholders.

Latter means that the subject considers and models the system in accordance with its own interest shown to the subject, which it considers the “system”.

To illustrate the last point, consider a system as a telecommunication company. From the perspective of the client it is the system organized in such a way that allows transferring voice calls, sending text messages, and receiving additional communication and information services. From the perspective of the employee is an organization that provides employment, salary, social status and career opportunities. From the perspective of the economist the company can be considered as sub-system of a complex system of national and international cash flows relating to payments of both physical and legal persons. Such a view is necessary in order to get a relative freedom in modeling systems and to some extent protect themselves from accusations of philosophical subjectivism.

It is necessary to consider modeling methods which allow:

- describe the situation preceding the change;
- analyze the situation, allowing to determine:
- need, nature and urgency of the changes;
- appropriate strategy to changes.

Systemic approach to the description of the situation prior to the change, primarily involves the correct choice of the boundaries of the system. As the boundaries of analyzed system is not always appropriate to consider the organization as a whole. Although the principle that a change in one of the components entails a change in the system as a whole remains true, it is expedient to consider part of the organization, for example, department or service. Here method of “helicopter view” may be useful [16, p.8]. This method assumes that, for example, if there is any problem at the level of the group / department / service / directorate then investigator of the problem mentally is raised by helicopter over the organizational landscape at low altitude, so he sees only the group / department / service / directorate. Visibility is defined by units’ “boundaries”.

If the helicopter rises above, the division which includes the considered division will come into the view. Thereby managers can determine the importance of the problem, gradually considering it within the group / department / service / management and the organization as a whole.

In regions regional services which share according to the territorial principle are organized. Assume that the head operational group of customer service has a significant staff turnover in his group. The head decided that this problem is urgent and important, and requires an immediate solution. The head of the group is posing the question to the head of department. Who in turn, observing the general trends in groups which are at his command, see that the situation is not critical, since in other groups turnover is 10% higher.

Summarizing, we will note that the level from which the problem is considered, defines borders of system and having moved on other level and having changed border of consideration of system, the subject adds or deletes components of the system. Hence the conclusion that in organizational investigations is difficult, and perhaps impossible to establish the “objective” borders of system consideration of the

problems causing changes. For different problems such borders can significantly differ.

Solving the problem of the level of consideration the system automatically defines the environment of the system. The external environment of the system does not necessarily coincide with the organizational environment, but it contains the factors causing the necessity of changes. In this regard, it should be noted that when we spoke about the importance of the organizational environment for the study of change, it was mainly about the necessity and the inevitability of change. But such a general answer to the question of the relationship of environment and organization most often is insufficient for making specific decisions on changes. And there is a need for a more detailed description of the impact of environmental factors on organizational subsystems. Schemes of influence are used for this purpose.

In the analysis of the current state of the system is always desirable to allocate or design feedback wherever possible. However it should not be an end in itself: there is no need for feedback for simple cases, when results of management on each step are known in advance, and external indignations are practically absent. In these cases management is exercised without an analysis of the effects of management actions on the object.

A particular challenge to the control system is a positive feedback at which the management influence leads to an increase in a deviation from desirable level but not to reduction, as at negative feedback. In some cases this can occur because of delays in time when the influence of change in the input parameters is not found promptly, either due to the fact that the ratio of input and output has not been understood sufficiently deeply. However positive feedback is not always the adverse phenomenon. In certain cases, for example such as the increase in volume of sale and profit owing to growth of quality of services or production, causes the following round of growth of quality. It should be noted that the presented methods of the analysis of the current situation are useful tools actively used in administrative practice and allowing managers to know better both management process, and its strong and weak places.

Changes can be carried out quickly having broken any resistance however this requires an almost unlimited access to the resources (human, financial, technological, information and so on.). In rare cases with the exception of the threat of crisis and bankruptcy managers take such measures. Optimization of costs of change – considerably more frequent problem. However, when evaluating the situation preceding changes is necessary to imagine that any rational construction of change must necessarily pass through three stages and analysis of resources required for change should be differentiated according to these stages. Otherwise, at the crucial moment organizational innovation may fail.

These steps, as well as the associated analysis of the field of forces (it will be discussed below) are offered by the American management sociologist K. Levin [82]. In particular, he highlighted the following steps:

- unfreeze;
- change;

– refreeze.

At a stage of unfreezing the situation in the organization is discussed, it becomes clear why changes are inevitable (and whether they are inevitable?), and people psychologically prepare for changes. In the course of a directly change people are convinced to abandon the old ways of working and try new ones. During the period of freezing new ways of working are fixed or developed into a new adopted system.

Each of the three stages has its own set of features. At the first stage the main problem is to identify and overcome the initial resistance and the ability to get people to adopt a new way of thinking (belief system) needed to make a change. At this stage as practice shows, it is important to create feeling of a problem at employees. It becomes crucial how the communication goes both to employees and managers.

The main problem of the second stage consists in change implementation, and it demands very careful planning. At this stage as it will be shown below the choice between two key approaches for implementation of changes is carried out – the strategy of system intervention and the strategy of organizational development.

The challenge of the last stage consists in providing that change became constant. At the third stage change has to be formally and informally fixed, i.e. it is necessary that the interested people sincerely have accepted it and that it has become part of culture of the organization. At the third stage the innovation is exposed to the greatest risk. And what if there are difficulties, the enthusiasm will decrease and sympathies of people will come down to an old convenient system? Then freezing may take place without fixing an innovation, and it occurs rather often.

Besides the described stages of the changes developed by K. Levin it is necessary to pay attention to the work which is carried out after freezing. It is monitoring of changes and feedback. After a sense that changes are necessary has been created and necessary actions have been taken to carry out the changes and official fixing of an innovation has passed it is important constantly monitor the correct operation of innovations and give feedback to both managers and employees about what has changed, whether expectations have been implemented.

After defining the solution to the problem, the head appoints those responsible for the implementation of actions that contribute to resolve the problem and improve the situation. The made decisions, terms of realization and roles are fixed in internal system which is called "Plans of action" and is monitored by managers. Semiannually the head reports to superiors about the changes. The head reveals the status on changes the company's employees at his own discretion. However, the next year, when receiving results of re-questioning, the head will be obliged to announce new results to employees and compare reached with the planned. All this is necessary to reduce the resistance to change.

There are many reasons why people may resist on the first and third stages. For example, the following:

- those whom affected by changes may not be able to cope with them;
- some aspects of innovation cannot live up to expectations;
- there can be insufficient organizational support.

Let us consider in more detail the maintenance of the stages of changes and

mechanisms of resistance to change.

Stage 1 – unfreezing. At this stage, the initiators of the changes are trying to convince of the need of approval and implementation changes. Satisfactory accomplishment of this work is the most important; however this is where most likely they encounter resistance to change. The reasons of resistance to changes are the following:

- narrow proprietary interest;
- misunderstanding or lack of confidence;
- different assessment of the situation;
- low tolerance for change.

J. Kotter and L. Schlesinger define ways when it is possible to overcome this resistance [83]. The accepted methods have to correspond to the general strategy of change. For example, resistance of directive strategy of change probably can be caused by widespread wrong understanding or insufficient trust to initiators of change. Within directive strategy of change the manager in order to deal with resistance, most likely will use manipulation and coercion, rather than education and communication.

However many situations connected with change demand other strategy, than directive. J. Kotter and L. Schlesinger emphasize importance of communication and education, help and support as well as participation, and involvement. Possibly, thus employees will need new skills, and it is necessary to organize training of the personnel prior to change implementation. Otherwise investments into new equipment and technology can be vain. Those employees who will be working with new technologies, must confidently know them. It is extremely important to conduct some serious work with line managers, since as practice shows they are not ready to understand the proposed new ideas which are clear and understood by senior management, and are a major obstacle for change. Considering their indifference and lack of initiative, employees neither believe in change initially or disillusioned in their implementation because of helplessness to change anything without the support of the head.

Stage 2 – change. At the second stage – a stage of implementation of the change – correctness of a choice of strategy will be checked. At this stage it is necessary to understand that the directive strategies (constructed on the basis of the order) can be used only when other strategies are not suitable. But in order to be effective, it must also be understood that there is a need for a rapid implementation of changes. Thus it is necessary that the person conducting the changes possess a considerable power and strength (authority) to implement this change.

Changes affecting the entire organization or its greater part, requiring a long time for their implementation, attract the attention of the researchers who conduct the corresponding generalizations. Thus, in particular the American explorer L. Alexander studied 93 organizations of private sector in order to determine what problems occur most often when trying to implement strategic changes. The most common problems were [84]:

- the implementation of changes which took much longer than initially was

planned;

- the emergence of serious problems in the implementation of changes that were not foreseen or analyzed before;
- coordination of the activities (for example, from the main group on the implementation of the tasks, committees, managers) was not effective enough;
- the emergence of a crisis situation, and other types of competition which diverted attention from the implementation of changes;
- opportunities (skills and abilities) of the involved employees were insufficient;
- the level of training and explanations did not meet the requirements;
- uncontrollable factors outside the organization (e.g., competitive, economic, governmental changes, and other reasons) had an adverse effect on the implementation of the changes.

In summary, we note that even perfect plans can fail on the second stage of the change process due to a variety of reasons.

Stage 3 – Freezing (fixing change). It would be naive to expect that the third stage of the change has no problem. Things can go bad. Again, the resistance may arise. Therefore, it is necessary to control change and to make efforts on control as the need arises. The third stage simply is not completed without the support, close monitoring and good governance of the manager. The situation may be frozen, and the change is not performed. There are many reasons why this can happen.

First, the innovation can be changed by employees on whom it shall make impact. They can change your plan to a greater extent than you demanded. Redistribution of responsibilities can “influence their way of thinking” to such an extent that they will assume unexpected roles, or the new reporting system can be adopted in form but not in spirit. Thus, employees may perceive the situation as it is not expected, or they can “act” within the framework of innovation, but not actually changing their way of thinking.

And what is even more frustrating that there may be reasons due to which the change cannot be realized at all. Changes can be tedious or unacceptable and lead to the emergence of resistance, even if the employees are initially set up kindly to the changes. The organization of weekly progress reports can be an example of such changes. On the one hand the staff can make such a decision themselves for the purpose of greater awareness of what colleagues from other units of one block do. However, due to improperly set timing and forms of the report they themselves can block these solutions to be implemented.

Therefore there is a need to control the third stage of the process of change, in order to identify errors or identify arisen dissatisfaction in the early stages. As we have already suggested above, is necessary to add more emphasis on the stage of monitoring the implementation of decisions and monitoring of internal changes. Internal systems which promote the convenient form of monitoring of changes at the different levels and fast reports generation for higher executives and employees can be constructed in the companies for this purpose. Also there are many companies that are actively seeking to the best practices in conducting internal corporate changes,

pay attention to the “celebration” progress with employees.

The systemic nature of the change process convinces us that all these steps are interrelated, and success in the following step depends on the success of the previous one. In this regard, special attention is given to the first stage of change. According to how thoroughly the initial parameters of the organization as a system and tendencies that lead to change are investigated, preparation and implementation of changes are going to be successful.

In this regard the method of the analysis of the field of forces offered by K. Levin is useful one. Levin describes his method as follows: “The construct force characterizes the direction and power of trends to change for a given point of living space. This construct does not imply any additional assumptions about the “cause” of this trend. The combination of several forces acting in the same point at a given time is called a *resultant* force. Relation between the force and the behavior can consequently be summarized as follows: whenever there is a resultant force (different from zero) there is a movement in the direction of this force, or a change in cognitive structure equivalent to such movement. Opposite is also true: whenever there is a movement or change in the structure, there are resultant forces in this direction” [82, p.281].

Even if the amount of the driving forces is greater than constraining forces, it does not mean anything, because not the quantity but the relative power of forces is important. Besides, there are “reserves of changes” can be hidden [82, p.253] which can be used for support of the offered changes, for example it is possible to try attracting labor union on your side.

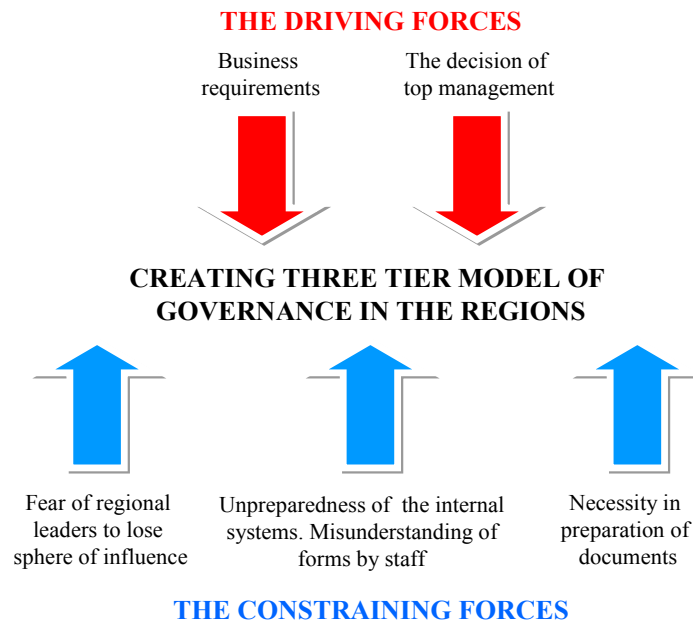
In the considered model interest of certain employees in changes implementation, advance of new model among employees and creation of additional advantage (for example, connection to additional information resources) for regional employees can be “reserves of changes”.

As long as the effects of these two groups of forces are equal, changes of the current status are improbable. The shift will occur if the following takes place [83; 84]:

- The capacity of the driving forces is increasing or new forces are adding to them (reserves of changes).
- The capacity of restraining forces is reducing or some of them are eliminated at all.

In either case there is a resultant of operating forces which leads to change (figure 6) and the system reaches new equilibrium point. However, as Levin notes strengthening some forces without the simultaneous weakening of others can lead to conflicts and frustration in the organization.

The weakening of the resistance forces (restraining forces) can reduce the level of conflict. Whereas excessively high strengthening of some force can lead only to an increase in the intensity of the resistance, emotionality, aggression, and low constructiveness. Thus, the weakening of the resistance forces, of course is a perspective approach [85].



Note – Compiled by author.

Figure 6 – The process of change under the influence of the resultant force

The weakening of the resistance forces (restraining forces) can reduce the level of conflict. Whereas the excessively high strengthening of some forces can lead only to an increase in the intensity of the resistance, emotion, aggression, and low constructiveness. So that the weakening of the resistance forces, of course, is a more promising approach.

Tactics of reduction of the constraining forces usually is more preferable. In case of opposite approach the organization can undergo damage due to too powerful influences. However it is necessary to warn against temptation of “instant problem-solving” and against hasty conclusions [86]. For instance, the manager trying to raise the level of performance, can see that workers are becoming more aggressive, resistance level increases.

M. Hughes gives an example from the experience of observations over behavior of group of high school pupils who worked part-time in hospital, helping in kitchen. New person has been put in charge of the kitchen. To “improve performance” he reduced the lunch break, coffee breaks and strictly watched the workers. Instead of increasing the performance pupils have begun to perform worse and become perform the tasks much longer that they supposed to. As a direct result of pressure in the direction of increasing the productivity of labor the average level of performance decreased.

The famous theoretician of soft system approach P. Checkland published “Systems thinking, systems practice” monograph in 1981 [87] which was primarily based on the management practices of large corporations (which devoted the most of the examples in his monograph) and made the following principles of the system approach subsequently named as the “soft”:

First of all meeting with “soft” [86, p.31] problems in the organization, the analyst should not use the system terminology, as “premature use of system ideas can lead to a distortion of the problem and unwarranted conclusions”. From positions of soft system approach the analysis must be enclosed in compiling complete picture of the problem, rather than trying to present it directly in terms of the systemic formalisms.

Secondly, considering that it is not known which particular system needs to be changed, it is more convenient to make the analysis of a number of systems that are relevant to improve the situation in a corporation; each of these systems reflect the private point of view on the problem. This idea of P. Checkland can be interpreted as follows: it is necessary in addition to all-corporate system models to make (i.e. independently design, not derive!) models and other (first of all, managing directors) systems important for understanding of the processes of self-organization proceeding in corporation. And there can be several models. Latter does not mean that only one of them is “true”, and the rest – “false”. All of them are “relatively true” – taking into account the inevitable subjectivity in the construction of models that P. Checkland displays in the term “world view”.

Third, system thinking is based on the idea of “emergence”, i.e. the notion that the whole has properties which cannot be withdrawn as a consequence of the properties of the individual parts. Hence it follows that to “think systematically” means to oppose system models to the real world of organizations in order to obtain more accurate knowledge about the real organizational world.

Fourthly, in system thinking there are two competing approaches: “rigid” approach considers the organizational reality as a system, “soft” considers as system the process of cognition. Therefore, it is natural that original data on the organization as the system are updated, changed, opponents advance all new critical arguments, and it is incorrect to reject them from a threshold as “false”: any system model “distorts” the reality.

Fifth, the soft system approach is a systemic process of cognition based on the use of system models. The rigid systemic approach merely a special case of the soft one, which has a condition of having a certain agreement regarding the investigated system. Thus the main task of system designers is to create conditions for achieving such an agreement [87, p.88].

Sixth, organizational models of soft systems approach are constructed as a “system of human activity”, i.e. some inter-related set of actions that form the integrity, the activity of which is aimed at achieving the stated goal, and which has the basic system characteristics – the emergence, multi-level structure, communicative processes and control procedures.

Seventh, in practice when studying management situations at which there is a purposeful activity, always more than one system model of the situation is formulated, as people in the organization tend to interpret and evaluate its activities from different perspectives. This “system of human activity” allows to create several models of organizational reality, assess them in terms of correspondence to reality.

These principles provide methodological basis for the use of soft system

methods in organizational research. Moreover they can and should be considered not only as a scientific and philosophical approaches, but also as practical recommendations for solving problems of identification and management of soft problem situations and tasks. This is very important, as some problems of corporate governance have mainly “soft” character, in particular problems of strategic human resource development of corporations [88].

For example, the problem of changing the system of employees’ bonuses will rather refer to tough problems, since there are numerous methods and recommendations (the task is consolidated only to a choice to the most appropriate specifics of the performed works), and another thing – rewarding management personnel of the corporation, where the frequency and the value of bonuses is the evaluation of the real status of the head in the administrative hierarchy, his impact on the process of making important decisions, and a “hint” on the possible career prospects.

Most of the executives sensitively react to such signals and therefore to achieve “objectivity” in an assessment of the offered systems of awarding is extremely difficult.

At last, let us note that both rigid and soft system methodology for designing and implementing the changes are within the scope of a rational approach that is based on the analytical abilities of the person, his logic and critical thinking; judgments within a systemic method allow empirical testing, not a dogma, and basically allow the correction and the revision.

1.4 Investigation of the influence of different types of organizational change on the development of corporations

In the theory of comprehensive management of corporations there are four types of radical organizational changes (reforms): functional, managerial (restructuring), institutional and evolutionary reforming [89].

The reforming at work is understood as set of organizational changes at the enterprise leading to irreversible processes of essential transformation of system and to violation of its dynamic balance and transition to other state, i.e. to organizational development.

Functional reforming implies organizational changes associated with the change of external conditions. These include:

- change of functioning strategy;
- change of involved production factors (change in consumed resources);
- change of markets and market segments;
- change of products, processes and services.

Managerial reforming (restructuring) includes the following organizational changes:

- change of the ownership structure, assets, including reorganization (mergers and acquisitions, association, split or separation);
- change of organizational and legal form;
- change of the organizational capacity of the system, including organizational

structure, management systems, human resources management and development systems, etc.;

- change of the productive capacity of the system;
- re-engineering of business processes and management functions of the organization.

Institutional reforming of the enterprise includes:

- improvement of an external infrastructure;
- change in the composition and functions of intra institutions.

Evolutionary reforming of the enterprise consists in change of mechanisms of functioning and evolutionary replacement of system of intra firm institutes of the enterprise.

All types of reforming of the enterprises, in our opinion, are closely linked, have strict logical sequence (functional – administrative – institutional – evolutionary), the general forms of realization at the enterprises have a certain impact on its development (represent one cycle of development).

Changes in the environment are the source of organizational development. It determines the strategy of the company for choosing the range of products, the composition and number of involved factors of production and operation of the business areas (markets).

“Product – market” strategy – is the choice of the business environment, the definition of ties between the company and the environment and the field of activity of the company. There are four types of “product – market” strategies: the choice of the range of products, vertical integration, management of foreign affiliates, and competition.

Market selection is incorporated in the range of products, i.e. the benefits that the company intends to provide to the consumer. The vertical integration establishes a boundary between the company and the market: the degree of control over the production process. Management of foreign affiliates – is conducting production activities in other countries through the transfer of improved methods of management and technical skills. Competition strategy is an activity undertaken to maintain or increase the share of the market.

These four strategies complement each other, but with certain limits, they become independent and compete for resources.

“Product – market” strategy has a strong influence on the functioning of the company. When demand for the product decreases, the growth becomes impossible, no matter how sophisticated is the organizational structure.

A nomenclature (range of products) is a set of products, the production of which has a positive effect on the growth of the company and which are selected in such a way that company achievements are not dependent on the life cycle of the product. The demand for one product rises and falls. If the demand for one product continues to grow for many years, the company can begin to specialize in the production of this product and continue to grow [90].

According to the nomenclature all companies are classified as follows:

- a single-product;

- with the dominant product;
- with technologically related products;
- with production connected by sale;
- с продукцией, связанной сбытом;
- with production connected by sale and technology;
- with unrelated products.

The single-product company is considered to be a company that has a single product accounted for more than 95% of all sales (for example, “Toyota”). A company with a dominant product is a company where a single product accounts for less than 95% but more than 70% of total sales. Company with technologically related products is characterized by the fact that the sale of one product is less than 70% of sales, but technologically related product groups account for more than 70% of total sales (the use or purpose of the products are different). The company which manufactures products related to sales is the company where sale of one product is less than 70%, and related to products sales more than 70% of total sales.

For the company that produces products related to sales and technology, it is characterized that the share of one product is less than 70%, but the share of products related to sales and technology reaches more than 70% of sales (eg. “Canon”). Group of products related to sales, is not necessarily the same as a group of technology-related products. Company producing unrelated products sells less than 70% of products related sales, and less than 70% of technologically related products.

The key feature of the nomenclature is an application or designation of the product, because its life cycle varies depending on the application. If the products of one company have a very narrow application, the company is the specialized one. If they find various applications, it is the diversified company. If products find various application, but are connected by sale or technology, the company can draw the synergetic effects increasing its competitiveness. Diversification is associated with a variety of product applications and makes efficiency of the company functioning in general independent from the product life cycle.

Described classification applies only to the currently issued product and does not affect changes in products. The nomenclature is the state of existing products. The main goal of the nomenclature strategies is the use opportunities of growth by selecting a product with the rapid growth of production or product in the early stages of their life cycle. In order to grow, the company needs to change assortment and for this purpose the product should have a high potential to expand output and the share of the market should be high.

There are two types of diversification: related and unrelated (conglomerate). Related diversification can be vertical and horizontal. Diversification of the company's business is performed for opportunity implementation: fixing in growing industries, or in industries with high rate of return; reduction and risk sharing; the use of management experience; acquisition of tax benefits, taking control of the supply and marketing channels.

The vertical integration is the process of acquiring or obtaining control over the enterprises belonging to the technological chain of the product release to the stages

before and after the production process. The essence of vertical integration is to create the necessary production process of goods and services within the company (enterprise) instead of market purchases from other firms. This strategy is justified in the case of increasing the profitability of the company through the control of strategically important links in the chain of production and sales. The vertical integration is implemented in two basic forms: direct and reverse.

In direct integration service, transport services, distribution channels are acquired, i.e. the company joins the functions previously performed by distributors. Ensuring control over sales of products and desire to be closer to the consumer can be the purpose of direct integration. This strategy is acceptable for the company which has a strong competitive position and a considerable share of the market in attractive branch.

In the case of reverse integration company acquires or establishes control over sources of raw materials, manufacturing of components, semi-finished products, i.e. incorporates the functions previously performed by the suppliers. Protection of strategically important source of raw materials or access to the new technology important for primary activity can be the motive of such integration. The essential difference in the level of prices for raw materials and finished goods can be the cause of a selection of the return integration strategy. Control over raw materials is directed on its reduction in cost and ensuring the guaranteed access to sources. This form of control provides a competitive advantage due to lower costs. However, the reverse integration can reduce the strategic flexibility of the company, since it is related to the acquisition of expensive assets that are difficult to realize what creates barriers that hinder exit from the industry.

Horizontal integration is the process of combining enterprises and companies operating and competing in the same field of activity. The main objective of horizontal integration – strengthening the company's position in the industry by acquiring competitors or control them. Often one of the causes of horizontal integration is the geographical expansion of markets: combined companies producing similar products but operating in different regions.

Unrelated diversification is the acquisition or creation of such activities, which do not have a straight direct connection to the main activity. Unrelated diversification is performed in the following cases: opportunities for integration are limited or non-existent; positions of competitors are very strong; market of basic production is located in a stage of decline. There can be no common markets, material resources and technologies at unrelated diversification. This is the diversification of capital rather than production, i.e. conglomerate diversification. The benefits of conglomerate mergers can be achieved through the exchange or sharing assets, areas of activity, optimization of cash management and investment resources [91].

Quasi-integration (formal integration) or creation of a group. Full quasi-integration is the creation of an integrable production by an independent company under the control of the leading company. Control is provided by long term contract and a set of services provided by the latter, is not necessarily that integrable company is a subsidiary company, but it trades only with a leading company. The integrating company provides

the most important key manufacturing process. Therefore, it has the controlling authority. At partial quasi integration company engaged in primary production, controls prior or subsequent technological steps of the reproductive cycle of the goods using the long-term contracts or services. The firms integrated this way are not a property of leading company and can trade with other firms. However long-term contracts allow to control. The source of the power of leading company consists in transfer of services, technology and experience. The power consists in possession of resources and in an inequality of an exchange in the process of use of these resources.

Thus, as a result of the functional reforming the production system changes its relationship with the environment, or adapts to it (by changing range of products and services, nomenclature or the level of consumption of resources), or changes its characteristics (by selecting or creating other markets and market segments).

Change in operating conditions leads to the need to change the internal environment, i.e. to the managerial reforming of the organization (restructuring). Any organizational changes and in particular restructuring of enterprises require an adequate organizational and legal registration of the planned activities.

Having made the decision on the need of corporate growth, the company must choose the ways of implementing this strategy: the acquisition of an existing company or a part of the business with further use of its financial, manufacturing and human resources to achieve the objectives (external development) or the internal development of own company. Internal development is the search for internal resources for implementation of development projects.

External development strategy can be implemented in the following ways: a merger; accession; purchase of property; rental of property; leasing of property; privatization. Internal development can be performed in the following ways: the organization of a joint venture; participation in investment projects; venture capital investments; licensing; marketing agreements; technological participation; franchising.

As a result of integrative restructuring changes the organization can have one or more firm, combined by the so-called system of participation. Here the following options are possible: concern, syndicate, cartel, holding, financial and industrial group, association, strategic alliance and union.

The strategy of the business reduction can be performed by: separation; allocation; sale of property; reduction in shareholders' equity; leasing of property; creation of a subsidiary; gratuitous transfer of assets; transfer of property to offset obligations; conservation of the property; liquidation of the company.

Change of the organizational – legal form of the enterprise (the reorganization of the legal entity in accordance with Art. 45 Civil Code of Republic of Kazakhstan) can be performed in the form of a merger, accession, division, separation and transformation [92].

The structure of ownership and assets can be changed by privatization, joint ventures, branches and representative offices, property renting, leasing, and franchising.

The most widely used method of development the organization is a merger or

acquisition which are resorted to by even successful companies.

Traditionally, in the literature on corporate finance there are three methods of acquisitions: voluntary merger on the basis of negotiations with the management of the acquired company and the subsequent purchase of (exchange) shares; hostile takeover through a tender offer to purchase shares directly to the shareholders of the company; gaining control over the board of directors without buying. The progressing globalization of world economy and acceleration of technical progress plays a huge role in the current trend of mergers.

There are the following main motives of mergers and acquisitions: obtaining a synergistic effect, information effect, management system improvement, risk diversification and investment opportunities of surplus resources, the acquisition on favorable terms for resale, personal motives of managers.

Obtaining a synergistic effect (value of the company formed by the merger, exceeds the sum of its constituent parts) may be caused by: economy at scales of activity, obtain complementary resources, reduce competition (the desire to monopolization). Economy at scales of activity. One source of such economy is the allocation of fixed costs to a larger number of units.

Obtaining complementary resources. The merger can be expedient if each of the companies has necessary resources and receives them at a lower cost than at their independent creation. Often small enterprises as they are capable to introduce missing components for successful activity of the large company become an object of the acquisition.

Reduction in competition (the desire to monopolization). Merger (primarily horizontal type) gives the chance to reach or strengthen a monopoly position and to reduce the price competition. In conditions of a rigid competition the redemption and subsequent liquidation of the competitors is more profitable option than the decline in prices below average variable costs.

Improvement of management quality. Many businesses suffer having an ineffective management apparatus, whereby they receive less high profits than they could. Increase of management efficiency often requires downsizing or reorganization activities. Change of management apparatus is an internal function of the enterprise. However in practice, restructuring might be necessary, as shareholders do not always have the opportunity to influence the decision about how to manage the company, and managers themselves are not interested in these changes in the case of poor management.

The information effect. In the case of underestimation of the shares on the stock market, the announcement of the merger may cause a positive shift – increase in the value of the company. In some cases, the very fact of merger or acquisition convincing than many other arguments demonstrates that investors underestimate the potential profitability of the company.

The impact of taxation. The motive for many mergers is the possibility of tax cuts and tax benefits. Profitable company, which carries a high tax burden, may acquire a company with substantial tax benefits that can be used after the merger for the entire company.

Difference in market price of the company and its balance cost. The market cost of the company is based on its ability to generate revenues. When the market cost of the property complex of the target company is much less than the replacement cost of its assets, it is easier to buy a company than to build a new one.

The possibility of purchasing on favorable terms for further resale, which occurs when the liquidation cost of the company is below its current market cost can also be a motive for acquisition of the company. Further the acquired firm can be sold both entirely and in parts with obtaining the considerable income.

Risk diversification. The possibility of using the surplus resources. The diversification into other businesses helps to stabilize the flow of income and reduce risks. Another motive for mergers may be the appearance of temporarily free resources that can be profitable investment in another business.

Personal motives of managers (the hypothesis of arrogance). The practice shows that in some cases the decision on mergers and acquisitions is not based on considerations of economic expediency, but on the personal motives of managers, expanding the boundaries of power and increasing the level of wages which are to some extent related to the size of the organization. Self-confidence of managers in their own correct assessment of another's business may result such transactions.

Another area of corporate restructuring is the reduction of business. There are several main ways of reduction: the allocation or transfer part of the assets to the newly formed company, the sale of part of shares; deinvestment (partial reduction and sale part of the company to obtain additional benefits received as a result of the sale, concerning continuation of the activities); complete elimination (the sale company assets) [93].

Mainly the following schemes of structural changes have spread in the Kazakh economy [94].

Lease agreements with the structural units. As a result of this trend all the assets of the company remain in its possession. Advantages of this option are: sufficient ease of implementation; implementation as units become available; the ability to control the activities of organizations renting property, by making appropriate provisions in the contract; increase the interest of the tenant to increase the efficiency of operations; opportunity to generate income by renting unused property appropriately. The disadvantages are: the lack of real opportunities of operational control over firm-tenants activities. Another major drawback is the lack of interest of the newly created firms in maintaining competitive status and efficiency of the enterprise as a whole.

This option in general is accepted for medium-sized enterprises if it is possible rather easily to allocate structural divisions from their structure and if the enterprise remains the owner of property. This option can be used as a preparatory stage at holding creation.

Creation of subsidiaries. Within this option on the basis of a number of divisions (usually uninvolved in production of the main production) independent subsidiaries in the form of joint-stock companies or limited liability companies are created. At creation of subsidiaries, on the one hand independence in the solution of operational

issues is provided, on another – the uniform production system remains. The advantage of such transformations is the possibility of shifting the burden of financing of non-core units to the newly created structures. At the same time, the disadvantage of this option is the existence of a danger of loss of control and the emergence of preconditions to the collapse of an integrated production system. It is possible to reduce these risks by establishment of rigid control over the movement of the property rights to property of subsidiaries.

In many cases this option is accepted when restructuring large and medium-sized enterprises. It is expedient to transform the serving divisions to subsidiaries; and create new firms for production of new types of production on the basis of scientific and technological development of the main enterprise.

Creation of holding. This option provides transformation of the large enterprises to the holding company with creation of several independent joint-stock companies and the head company which serves as the owner of shares of joint stock companies created, responsible for the strategic management and coordination of all activities. It allows to increase degree of independence of structural units, increase their interest in the results of activities, keep the integrity of the production, bring together all departments for solving common problems, create favorable conditions for attracting domestic and foreign investment into the development of promising areas and implement the concentration of the parent company on strategic tasks. The disadvantages of this option are: the complexity of the formation of the holding company, need to develop a new system of cooperation between enterprises included in its structure with each other and with the parent company, possibility of application such an option only at the enterprises where one can allocate separate workflows. It is expedient to implement transformation of the enterprise to holding at the large enterprises which structural divisions are located on various platforms and represent almost independent productions.

The creation of financial-industrial groups (FIGs). One of the organizational forms of integration is the creation of FIGs. Advantages of this form of transformations are: participation of the interested financial credit institutions, probability of receiving the state support, existence of the special legislation in this sphere.

In order to ensure control over the joint-stock companies and other financial and credit institutions, improve the ranking in the eyes of foreign investors and foreign partners, strengthening cooperation with federal and local authorities successful businesses become a part of the FIGs. Other enterprises enter into FIG for receiving resource state support, for implementation of large-scale programs of reorganization and modernization the production, developing partnership with commercial banks, receiving additional opportunities for consolidation of the financial resources of the group members and implementation of the general investment projects.

The creation of associations. Creation of associative structures, based on the development of internal contractual relations, is the cheapest and quickest way to check the feasibility of working together. This option is most suitable in the case when the companies are focused on the development, and do not want to obligate

themselves with the registration of FIG or rigid controllability in holding structures.

Selecting the direction of organizational development of the company depends on the overall strategy of its activities in the marketplace. Among the factors determining the preference for association with this or that organization, the size of the business stands out. Larger firms tend to unite with various financial and credit institutions, particularly banks. Small businesses are being integrated with sales structures.

Change in the ownership structure, corporate control, capital of the enterprises is reflected in changes in the composition and structure of the owners (partners, shareholders) as well as in restructuring the debts of the enterprise. Change of structure of owners is carried out by transformation of the enterprise, its sale or sale of shares, actions and by bankruptcy of the enterprise. Change in the capital structure is made through the implementation of schemes for control over the enterprise and prevention of takeovers, sale or purchase of shares, and also due to the conversion of shares.

Horizontal ownership structure is characterized by the fact that one person or entity owns controlling stakes of a number of organizations that are under control and not holding each other shares.

Vertical ownership structure is characterized by the fact that each subsequent organization is under control of the previous one. Thus, the controlling entity directly holds a majority of only the first organization, and owns and operates others indirectly.

Mixed ownership structure is characterized by that it has elements of both previous structures. Some organizations are at different levels of ownership relative to each other, the other – on one. The controlling entity directly holds a majority of only the first organization, and owns and operates others indirectly.

This method of assessing the ownership structure clearly shows the advantage of holding-type structures in terms of capital management of the company. Such structure allows most flexibly adapt to external conditions and reduce investment risks.

One more important direction of development of the enterprise within restructuring is change of its *organizational capacity*, including organizational structure, a control system, system of development of the personnel, etc. Organizational capacity, in our opinion, is the company's ability to respond appropriately to environmental impact. It includes organizational culture, a system of authority distribution, organizational structure, management system, competence of the organization, system of management and development of staff, the range of reactions, etc.

Holding fundamental reforms in the corporation is a very difficult task. Difficulties of its solution first of all associate with the fact that any change encounters resistance. With the beginning of the implementation of restructuring the company is faced with the contradictions between the new strategy and former traditions of management.

For these purposes in the organization it is recommended to use soft factors of development – the tools influencing behavior of the personnel. These include:

personnel development and organization of the trust relationship [95].

The main directions of the managerial reforming and the results of its influence on the development of the company are presented in the table 2.

Table 2 – Organization reform factors

Directionofchanges	The results of the organization’s development
Typeoforganization	Business – systems, networks, virtual organizations
The basic principle of the organization	Horizontalintegration, intellectualcollaboration
Factorofcompetitiveadvantage	Intellectualassets (knowledge)
A key factor in the effectiveness	Time
Thecompany’sgoals	Satisfaction of a particular consumer
Theexternalenvironment	Complexunstable, turbulent
Sizeoforganization	Hybrid of large and small firm
Authority	Professional external control, market regulation
Technology, resource-technicalsystem	The rapid spread of new technologies. Possession of key resources. Flexible strategies for attracting other resources and their management.
Strategy	Mutualgrowth
Organizational management structure	Flexible, horizontalstructures
Staffexpectations	Qualitative growth of staff
Guide	Targeting
Leadershipstyle	Coordination, democratic
Thesourceofpower	Knowledge
Activities	Group
Guality	Achieving an effective level possible
Organizationalculture	Settoconstantchange
System of accumulation and transfer of knowledge	Thelearningorganization
Values and mental features of actors	Accumulation of personal and specific professional knowledge enhances the role and self-esteem of the individual. This provides a basis for the migration of professionals globally to find “their” organization. Leaders should create a favorable internal environment in the organization to attract quality staff.
Note – Developed by author based on materials of [95].	

One of the most important directions of reforming in Kazakhstani companies, as mentioned above is the institutional reforming.

The institutional reforming of the enterprise implies the following directions of organizational change: improving the external infrastructure; changes in the composition and functions of intra institutions. The main directions of the institutional reforming and the expected results of their influence on the development of the company are presented in the table (Appendix A).

The main task of the institutional reforming of Kazakhstani industrial enterprises

is to align the scope of the rights and responsibilities of each of the participants and the interests of each of them in the adoption and implementation of decisions.

Trends in the development of Kazakhstani business groups relate to the dynamic process of competition rules. The greater role state enforcement plays (law enforcement) in the economy, the less will be the need for the private enforcement of rules and regulations. The ratio of costs of coordination of hierarchical and hybrid type in business groups and on market coordination behind their framework will change. In general, the speed of this process depends on the pace of development of the state enforcement in the economy.

Post-industrial economy can amaze with its apparent contradictions. A new phenomenon – the decline in labor productivity growth while accelerating the pace of scientific and technological progress – does not fit the canons of the industrial economy to meet the needs of society. The post-industrial economy is an economy of quality of life and most likely labor productivity here can hardly act as criterion of efficiency. Although there is a direct link between productivity growth rates and wage growth, but rather it does not apply to the whole society, but only to needy layers. In maintaining their level of quality of life the social role of the state should be manifested.

In the conditions of industrial economy the role of the person as an element of the business system of the commercial enterprise is defined by its property on material and financial factors of production. From insignificant number of owners of physical and financial capital there were allocated entrepreneurs and investors, who became the “soul” of commercial enterprises. The rest of the majority of the society turned into employees. Post-industrial economy makes to include an intellectual capital in the number of necessary factors of production and this is fundamentally changing the balance of social forces.

Apart from the mechanism of interaction with the external environment other mechanisms of the system have a significant effect for the development of corporations. Since production systems are dynamic, their functioning and development is determined by non-linear mechanisms. Non-linear mechanisms responsible for the unpredictable dynamics of innovative and evolutionary change of the enterprise.

Non-linear mechanisms of the production system are result of special configurations of processes and elements of the system that may affect its behavior [96].

Mechanisms of mutual influence of elements of the system act as non-linear mechanisms [97; 98]:

- “mutually reinforcing loops”: favorable or unfavorable;
- “restriction loops”: mechanisms of control, restrictions on capacity and performance of operation, coercion;
- “locking mechanisms”: the company itself, other stakeholders, such as customers and competitors;
- mechanisms of time delays: in “negative feedback loops”: due to the large time deviations of used processes;

- selection mechanisms: government, the market, the company itself;
- mechanisms of development and implementation of organizational changes: the creation the system of the basic values, reward system, system of agreement on objectives, monitoring and evaluation, the system of relations with stakeholders, communication systems in the production system, the system of creation and accumulation of knowledge.

Thus the evolution – is the result of three main mechanisms: selection, “locking”, and creation of innovations and adjustments to it [99]. Understanding the essence of nonlinear mechanisms can be very profitable for the company. Realizing how the processes occurring during the development of new products and businesses interact, it is possible to create “mutually reinforcing loops” that improve the quality of products, the speed of its implementation and at the same time reduce costs. Companies can benefit from reducing the duration of time delays in the “feedback loops” and from the development of other “feedback loops” having a shorter cycle.

The main conclusions of Chapter 1

Based on the research of the theoretical foundations of organizational change management of corporations in modern conditions a definition of “corporation” was proposed, which revealed the influence of elements of corporation on implementation of organizational changes. The change is quite broad term. In this regard a definition of the category of “organizational changes” is given – logical and consecutive result of various changes on the following criteria: on volume, source, type, level, scope and functional areas.

2 COMPREHENSIVE MANAGEMENT OF ORGANIZATIONAL CHANGES OF CORPORATIONS UNDER MARKET TRANSFORMATIONS

2.1 Technique of research changes in the corporation

The perspective of research of changes in corporation is very many-sided; however there are a number of reasons which in this or that form mention the majority of authors. These are the basic requirements which must be satisfied by any study of organizational change:

- Comprehensiveness. A number of authors note that any study of organizational change which claims to the theoretical validity and practical utility, and has to include a context of changes, the content of changes, the process of its realization and temporary interrelation [100].

- Duration and accounting of the temporal characteristics. As changes have a considerable dynamic, process component, any research applying for complexity has to cover some interval of time and reflect at least some of temporary characteristics of process such as duration, speed, frequency, the period, etc. Thus it should be noted that the accounting of duration does not necessarily mean a significant duration of the study [101].

- Accounting of different points of view. Changes in the organization are at least partially socially constructed phenomenon [102]. This means that when studying the changes the limitations imposed on the vision of the situation and the position of the personal characteristics of each of the study participants need to be considered, and whenever possible to use various sources of information reflecting various points of view.

- Integrated evaluation of results. Evaluation of the results of organizational changes and its impact on the effectiveness of the organization is a complex theoretical and methodological problem. Most of authors suggest that for increase the objectivity of an assessment of these factors it is necessary to use the comprehensive approach considering different parameters of productivity [103].

Certainly, these requirements are important not only for research of organizational changes, but also for studying of the most of the phenomena in the organizations. However, according to many authors, in case of organizational changes they are most relevant.

When developing methodology of the empirical research meeting the mentioned requirements, the scientist should face a number of methodological problems, which have no the unambiguous decision, however made choice has serious impact on further work.

Let us discuss some of them, the most relevant, in our opinion:

- 1) Choosing between the depth and breadth of research. One of the major questions which the researcher should solve is a choice between the depth of the research (i.e. a detailed study of the issue) and the breadth of its coverage (which is closely linked with the power of generalization of received conclusions) [104]. Due to a number of resource restrictions possibilities of the researcher are limited and usually insufficient to direct equally efforts on studying details, and on collection of

information on very broad selection of objects.

As the most part of research projects on changes in the organizations is concentrated only on several parameters of changes it seemed to us important and interesting to try to construct the complex model covering the whole range of characteristics of changes (content, process, characteristics of the organization and its environment). Such a choice immediately imposed a limitation on the breadth of the research. Due the general policy of secrecy of Kazakh companies and limited possibilities of the researcher working on the project, it is impossible to collect detailed information on a large number of companies. However, in our opinion, this choice in favor of the depth of investigation has not lowered its scientific value, because the main objective of the study is to identify the set of situational models that are most effective in a given context.

Nevertheless, taking into account the sources of information for this study and the methods of its collection, we have tried to find ways to increase the breadth of research and generalize its conclusions. In our opinion such a solution has been found in a survey of experts – consultants.

2) The problem of limited resources [105]. The researcher is always limited to a specific time frame, while the change – a multi-level multifactorial phenomenon which normally has no clear time limits.

Collection and analysis of publicly available quantitative information can be accomplished in a relatively short period of time. However, such information may not necessarily reveal the underlying causes and logic of implementation of the processes occurring in the company. The detailed qualitative analysis which allows answering these questions, assumes detailed studying of cases in long-term prospect. For example, Pettigrew points out that from experience of the research center of the University of Warwick, sufficient quality of cases, describing the processes of organizational change can be achieved when one experienced researcher studies and describes no more than 4–6 cases over a three year period [101, p.276]. Factors of limited resources such as the formation of an empirical model for the research (at the operationalization of hypotheses stage), the choice of a source of information and instrument for information collection have had a serious impact on some of the parameters of our research methodology.

3) The problem of influence on the social system [106]. In natural sciences, there is so-called “Heisenberg principle” which states that if the researcher acts on the system, he can no longer observe the system in its natural state – he observes the behavior of the system which experienced the interference. In social sciences this principle also is used though it is less obvious. Indeed, if the social system feels presence of the researcher, he becomes its part, and being part, he makes influence on it.

There is a question – whether it is the “natural behavior” or a reaction to intervention that the researcher observes in the organization? Thus it is necessary to understand that for impact on social system it is not obligatory to undertake actions directed on it. For example, questions in interview with the director of the company, can guide him to a new judgment of a situation, or new ideas which will cause any

further organizational actions.

In our research, respondents selected as a source of information definitely had an impact on the organization during the period of receipt the information on it. However it is a natural process which is one of the factors considered in our factorial model of changes.

4) Selecting the source of information. Another key dilemma is to choose the participant of events or outside observer as a source of information on changes [107]. In any case, the researcher is faced with the problem of the limitation of individual perception and cognition, as well as the absence of the information about some of the key events. In addition, each approach has its own “pitfalls”. If you are using participants of the events as informants there are problems of choosing the most appropriate respondents and ensuring proper understanding of asked questions and the correct interpretation of their responses.

If the researcher himself plays the role of an observer, there is a risk of his influence on studied system and wrong interpretation of the observed events. In our opinion the choice of external experts as a source of information allowed to overcome the specified problems.

The researchers studying organizational changes, most often are not present at the organization while there are major changes. Thus, collecting qualitative and reliable information about events and processes which occur without him become the main challenge to the researcher [104, p.58]. In our case, this problem was solved by choosing qualified and well-informed about the situation respondents.

Qualitative information is very sensitive to initial assumptions on which it's collecting and the analysis is based [105, p.166]. Therefore, these assumptions and their possible influence on quality of the information and its interpretation should be clearly described in the methodology of the study.

There is a problem of analysis of the huge amount of information. Regardless of the methodology of the study of organizational change and methods of data collection, over time, the volume of information grows to the sizes which are beyond the capabilities of its processing even by trained professionals [105, p.178]. Naturally this problem concerns long-term research projects, which include observations over many organizations for several years. In this situation is no longer possible to rely on the logic of the analysis of qualitative data. However, there are a number of recommendations and procedures that allow us to overcome this problem [108]. We tried to use some of them when working on our research.

Since the evaluation of organizational change is closely connected with the question of how they affect the performance of the company as a whole, shall first discuss what is meant by organizational effectiveness.

The most common definition of effectiveness is as follows: “In the context of organizational behavior the effectiveness is the optimal ratio of production, quality, efficiency, flexibility, satisfaction, competitiveness and development” [109]. However, this definition only reflects the intuitive idea of effectiveness. In fact, there is no consensus on what is meant by effectiveness in theory, and, accordingly there is no consensus about its practical and specific terms.

The most common division into three basic approaches of evaluating the effectiveness [109, p.512–521]:

- model of achieving the objectives;
- model of satisfying the interests of stakeholders;
- system or process model.

Idea of the approach of achieving goals is quite obvious from its name – higher the degree of achievement of the goals of the company, the more effective it is. The second approach is in some way an extension of the previous model because it again comes to the goals, which are interpreted more broadly, including the numerous associated with satisfaction of interests of different groups.

The third model is based on the theory of systems and considers the organization as closely connected with its environment. It highlights the flexibility, the ability to adapt to the demands of the situation as performance indicators. To sum up, it can be noted that none of them allows formulating the obvious quantitative indicators to measure organizational performance, and every scientist can build his own parameters.

However, the effectiveness of the classification presented above is not unique. For example, in organizational science division between two types of organizational efficiency is rather widespread: in English they are designated as “efficiency” and “effectiveness” [110]. Chester Barnard was the first one who differentiated these two concepts in his work “The functions of the executive” [111].

“Productivity” is closest to “efficiency”. Efficiency – is a comparative, operational indicator which is understood as a certain ratio of results, output to the resources spent for its production. Thus, the productivity refers to the internal organization processes of the company, in general can be characterized by profit of the company, as it can be represented as the difference between revenues and costs aimed at obtaining these revenues. However in practice the profit often is an accounting, settlement indicator, and thence cannot reflect real interrelation between the income and expenses. Therefore productivity is most often measured in terms of relative indicators of return on the invested resources (for example ROA and ROI, or as suggested by Z. Lydeka, J.Kavaliauskas [112] ROS – the Return On Sales, Net Profit Margin), which is close to the model of achievement the goals or rather the absolute index of the acquisition of resources or achievement of results (Ostroff and Schmitt).

Many researchers note that increase of two indicators of efficiency – productivity and performance respectively often demands various organizational actions [113].

Moreover, due to the difference in strategies required to increase efficiency and effectiveness, the concentration of only one of the parameters may result in a reduction of the second. Nevertheless, results of practical researches show that the most successful companies are able to find balance between multidirectional tasks and to reach good results in both directions. This once again confirms the importance of multilateral criteria for the study of organizational effectiveness.

As for the specific organizational indicators to evaluate effectiveness and

performance of the company, there is no consensus. [114] Davis and Pett, for example, consider the company growth by an indicator of performance of decisions made in the company, and as indicators of the growth they use sales growth and growth of staff.

Romanelli and Tushman use the dynamics of the market share with annual intervals to assess the performance of the company [115]. However, in our opinion, their proposed performance indicators can be used only with regard to a number of reservations – for example, on the stagnant market or when introducing a radically new production technology is incorrect to expect growth in sales and number of employees, in spite of the fact that the objectives set by the management can be achieved. Besides, growth of number of the personnel, in our opinion, is not always can be considered as a positive indicator of development of the company.

Concerning productivity indicators, Barnett and Carroll note that the use of financial ratios (ROA, ROI) complicates a correct explanation of interrelations between the phenomena. Since the same change in this indicator can be caused by a change in either the denominator or the numerator, we can assume a variety of underlying causes of the resulting changes [116]. Agreeing with Davis and Pett that financial accounting indicators may also vary due to a variety of reasons not related to studied changes, nevertheless Barnett and Carroll believe that if they are used to compare companies within the same industry and within a short period of time, these errors can be ignored.

Different problems of measurement of organizational performance can be found in the work of Richard Steers [117]. The author divides all existing models into one – and multiple-factorial, noticing that a significant amount of parameters which influence productivity of the company does not allow to think that some one of them can have so strong impact on efficiency, that it can be considered as its only indicator.

For researcher it once again confirms that the measurement model of organizational effectiveness must be multifactorial, and factors are formulated for specific purposes and objectives of the study.

The productivity of organizational change. Question of measuring productivity of changes is less complex than the issue of measurement of organizational effectiveness. Most modern foreign studies of organizational change use parameters measuring productivity of changes such as profit, market share, growth in the value of shares, level of absenteeism and turnover, etc. However there is a number of restrictions on a validity of these indicators for measurement of results of changes. There are three main issues: the potential omni directional effects caused by the changes; influence of exogenous factors on the selected indicators; and the potential variability of the object of study.

1) Omni directionality of effects. A.G.Bedeian, reflecting on the results of the organizational changes, write about such a problem as the separation of the effects caused by changes in the content and the very process of change [118].

Multidirectional effects may occur in the case when the process of implementing changes is held properly. Due to increased uncertainty associated with the changes

and the process of redistribution of power, functions and roles the part of organizational resources instead of production is used on fight against uncertainty, the analysis of alternatives and training in new structure. Naturally, it has to lead to temporary deterioration of a ratio of release to the resources spent for its production, i.e. to decline in production. Based on the premise about conscientious behavior of managers, it is supposed that managers start these distracting serious resources of changes when counting on a return in the future, which should compensate temporary losses, associated with the changes. Following this logic, the “performance” changes should be evaluated by comparing the costs of change and later received additional (compared to the current situation) profit.

However, changes can be launched to improve the organization, when the head assumes that lack of changes in the company will cause bankruptcy in the future. It means that a comparison of the future (after the change) and the current (before changes) profit is not correct [119]. Perhaps profit after change minus expenses of changes will be less than the current, but this figure is still greater than zero (attempt of preservation of the current situation could lead to zero).

1) Let us explain these reasoning’s in the following conditional example: companies originally have the same 100% profit, after applying the changes company's income varies, but it is non-negative (table 3).

Table 3 – Example of an assessment of productivity of changes

Company	Expenses on change	Profit in future period	Net profit in future period
Applies changes	20	90	70
Does not apply changes	0	50	50
Note – Developed by author based on materials of [119].			

Net benefit from carrying out changes is positive and amounts 20 conventional units. As can be seen from the example, a comparison of net profit in a future period after implementation the changes with current returns is not correct in case the development scenario in the absence of change assumes decrease in profit of the company under pressure of environment. The numerical assessment of productivity of changes by such method allows considering possible multidirectional effects, however it is quite difficult in practice, since requires expert evaluation of unrealized scenarios (i.e., “what would be the results of the company, if the management has not taken the decision to implement a program of change?”).

2) The influence of exogenous factors. This influence is most obvious when it comes to indicators such as profit or market share, the dynamics of which can be attributed to market conditions, rather than the results of organizational change. However, this problem exists when using internal criteria which are in the minimum dependence on external environment and therefore readily perceived by many members of the organization as a criterion for evaluation of their activities. For example, the level of productivity, absenteeism, staff turnover. Armenakis consider

that “pitfall” is connected with lack of direct one-factorial dependence between the specified criteria and results of changes [120].

Analyzing the performance in the long term can be seen that in most organizations it tends to be a gradual increase, regardless of major organizational changes. Therefore, attributing a serious performance boost after the change is affected by these changes, we distort reality. One of methods of the solution of this problem is studying of the organizations over a long period of time and application of mathematical model of the analysis of temporary ranks, which allows adjusting the indicators received as a result of research.

3) The potential variability of the object of research. To minimize the influence of exogenous factors, many researchers tend to use more qualitative than quantitative, internal organizational settings directly associated with the ongoing changes. However, even here there is a “pitfall” associated with the possible variability of the research object. Armenakis and his colleagues suggest distinguishing three types of the changes observed in organizational researches to avoid this problem: gamma, beta and alpha changes [121]. Gamma – change is observed when the subjects over time change their understanding of the factors which are changing. For example, “production division” at time X1 and “production division” at time X2 are easy to compare. However is not easy to compare the “leadership” or “cohesion of groups” at different times since their understanding may vary over time, especially if occurred organizational intervention was intended to change this understanding. Beta – change is observed when subjects overestimated the scale of evaluation of the object over time. For example, in the absence of change in leadership at various times it can be estimated in different ways, which precisely means change of evaluation scale. Alfa – change – is a change detected at a constant scale of assessment and within a single understanding of the object (i.e., with the absence of gamma – change).

Understanding the differences between these types measuring changes is important for researchers because it makes the most correct assessments to determine the effects of changes, and enables managers to set goals more clearly and evaluate whether these objectives have been achieved.

Relying on the general principles of formation of research of organizational changes stated above, in this work the technique of research of organizational changes – algorithm was developed.

Point 1. The choice of method of data collection. From all variety of methods of research, we needed to choose those, which will most accurately assess the robustness of the proposed hypotheses in terms of existing restrictions. In the course of development of the scheme of our research, we considered the following criteria [5, p.22]:

- the effectiveness of methods of data collection (the ability to gather the necessary information in the context of limited resources);
- time limitations of the research;
- the opportunity to involve a sufficient number of research objects;
- the opportunity to study organizational changes as a complex phenomenon (which is necessary to achieve the goals of our work);

– the opportunity to draw valid conclusions on the basis of collected information.

Considering these criteria, it is necessary to eliminate the use of long-term method of studying changes in its original form as a collection of information in the organization for a long period of time (e.g., three years), despite the fact that a number of scientists consider these methods are most suitable for the study of process aspects of organizational change [101, p.268].

Among the general information-gathering techniques used in the study of organizations that include the following [122]:

- interview (varying degrees of structuredness, with different respondents)
- questionnaire (anonymous and non-anonymous, different groups of respondents)
- observation (incorporated and third-party – by participants of the events and external observers)
- analysis of organizational documents
- group discussions,
- analysis of secondary data.

It is clear that the last three techniques in the study of organizational change can only be used as auxiliary, because do not allow to identify the key change events and the causal relationships between them.

Butler and his colleagues [104, p.59] distinguish four methods that are most suitable for the collection of information precisely about organizational change. In fact, this is a variation of the basic techniques of gathering information about the organization, as interviews, questionnaires and observation:

- direct observation;
- “diaries of” members of the organization;
- panel study;
- retrospective reports.

Direct observation allows collecting a maximum of information which exactly satisfying the conditions of research, because it does not have the problem of different respondents’ understanding of concepts, wording of questions, etc. However, direct observation requires the introduction of a researcher in the organization that immediately limits the study by a scope of a small number of companies. Furthermore, since changes occur simultaneously and unpredictably in different units of the organization, such a method requires the presence of several of researchers in organization at the same time.

The method of “diaries” of members of the organization is based on the fact that members of the organization monitor the situation in the company, and record the information on the changes occurring in the organization into the “diaries”. The advantage of this approach is that it allows recording all details of significant events practically at the moment of their implementation and obtaining an estimate of these events from different points of view within the organization. However, the implementation of the method of diaries requires special training of respondents to ensure compliance of fixed information with the requirements and scope of the study

(common terminology and a common understanding of the terminology). In addition, this approach requires serious distractions of staff time, and therefore the majority of managers are negative to this method of collection of information about their company that, in turn, also strongly limits potential selection for studying.

Panel research in fact is similar to the photographing which is carried out with a certain interval of time – this method fixes a momentary condition of the organization through certain periods, and then analyzes changes on the basis of comparison of “pictures”. On the one hand, panel approach more effective in case an interval between “pictures” is small (for example one month) then information minimum is lost, and there is an opportunity to receive a continuous picture of development of dynamic processes in the organization. However this method does not allow to record serious organizational changes directly, since they can happen between "pictures". And if any of the processes develop faster than the interval between the measurements in the organization, the accurate assessment of causal relationships between variables becomes impossible. On the other hand, reducing the interval between the “snapshots” can lead to an increase in the “noise”, i.e. to obtain a large amount of information that is not essential to the framework of a particular study, and the method of data collection grow in almost direct observation. In our case research of various types of the changes which are occurring in different speed, it is difficult to choose an adequate interval for panel research – on one hand, rather small to record all essential processes, and on another – rather big to provide possibility of involvement of many organizations and their research by one researcher.

Retrospective reports represent reports on important events and the processes which have happened for some expired period. These reports can be received both through interview, and through questioning. The advantage of this method is that it allows fixing the key events and processes regardless of at time they occurred, and whether they are in line with the time intervals of collecting information as in the panel study. Using open-ended questions in an interview or questionnaire of such research also allows the respondent directly tell about the events and processes which he considers the key that cannot coincide with initial model of the researcher. On the one hand, it allows the researcher to go beyond the limiting scope of the model, and fix the facts about which he had no idea. On the other hand, open-ended questions allow each respondent to use his terminology to describe events which complicates the subsequent comparative analysis of data collected in different organizations. Researcher has to encode and / or interpret this information in accordance with his understanding, which can distort the original data. But the main problem of retrospective reports is the risk of the influence on the information, the so-called "errors of remembering" when respondents may selectively lose some important event or focus on not important factors. Moreover, it is natural that the most recent changes are remembered firstly.

As the general method for our research we chose retrospective reports (i.e. studying of changes which have already occurred in the organization through an assessment of their participants and observers) because this method:

- allows to collect detailed information about the changes in many

organizations by the same researcher, it is important for providing a sufficient breadth of research;

- provides collection of information about events, significant for the researcher without demanding his presence at the organization while these events occurs.

For minimization of shortcomings of a method of retrospective collection of information we used the following techniques [122, p. 121]:

- respondents were involved or close observed those events and processes;
- within the retrospective analysis questions were set about the most recent changes and on what the respondent is informed in the best way.

Point 2. Selecting the source of information. The method of retrospective reports implies that the source of information is not a researcher. However among participants and observers of events we could choose from rather large number of options – owners, managers, employees of various levels, counselors, etc. Let us justify the choice.

The main criterion of a choice of key respondents is the expected validity of the description provided by them and phenomenon estimates. Therefore, the ideal respondent has to possess the following characteristics [123]:

- knowledge of the maximum possible range of organizational changes and its relative importance;
- knowledge of the causes and consequences of organizational changes;
- ability accurately and precisely describe the changes, and their causes and consequences;
- desire to describe these changes quickly and accurately.

In our opinion, two potential groups of respondents most satisfy to all these criteria: executives and management consultants who have worked with these companies. Executives of companies, due to their position in the organization are the most informed about most of the changes, its causes and consequences, etc. Also, most managers are able to evaluate the significance of the events, its nature which is important for the research. Experience has shown that employees who are in the company on more functionally specialized positions are inclined to focus attention on the changes concerning their field of activity and influence. On the other hand, manager may overestimate occurring in the organization as considers that it indirectly assesses his ability as a manager.

Initially, we planned to use it executives as the key informants of the study. However, had started to work in this direction, found that in a situation of information secrecy of many Kazakh companies, high employment of most ceos and their unwillingness to spend a lot of time on research not related to the commercial benefit for their company, as well as under the existing time and resource limitations of the study, we would not involve the number of respondents sufficient to obtain valid conclusions. Therefore, were involved: Head of HR management department or HR Director, HR specialists, senior managers, managers (deputy managers) of different ranks, and the company's staff.

Obtained during these retrospective interviews information was helpful to better understand of the phenomenon and some of its trends in Kazakh companies, but

insufficient for general conclusions. Therefore we thought of alternative sources of information.

Alternative to managers as the key source of information may be external experts, in our case these are the management consultants. Since customer of consulting services basically is the head of the company, and consultants often are in close cooperation with him, the same level of information is available to them (at least if it is a question of the most important events and processes). Moreover, quite often consultants possess more objective and complex information on a situation in the company, since it comes from a variety of sources within the organization, and they do not have a political interest in filtering or accentuation of certain information. Consultants also tend to give a more adequate assessment of current events, since are not responsible for it (this is not always related to the estimation results, since depending on the situation, the consultant may be responsible for the results).

Thus, we used only one source of information for each concrete situation of changes. Naturally that the use of multiple sources within a company would allow a more objective evaluation, however within this research it was inaccessible. However, considering that external experts during work in organization receive information from different points of view it is possible to assume that it made their answers rather objective and reliable.

Another disadvantage of using a single source of information is the impact of individual worldview and value system on the answers given by the respondent. Regardless of the actual awareness of certain facts, any respondent tends to present these facts within his closest model of the functioning of the organization and emphasize what seems to be important to him. Cultural environment, education, experience, etc. also influence the answers.

Point 3. Selection and development of the instrument of information collection.

For this research we chose a questionnaire as the main instrument of collecting information, because it allows capturing a larger number of respondents by one researcher what is important to ensure the validity of the study results. Besides, questioning allowed involving a wide range of experts from various cities of Kazakhstan.

In comparison with a personal interview, the disadvantage of questioning is that it does not allow the researcher and respondent to clarify the terms used; and also in limitation of collected information by the conceptual framework set by drawing up the questionnaire. To reduce these drawbacks, a pilot survey of a number of experts was undertaken. We describe it in detail later in this section.

Since the survey was intended to create a database of “mini-cases” for further analysis, then questionnaire had to be very detailed to collect enough information about the companies and occurred changes. Obviously, the longer the questionnaire, the smaller the number of respondents are ready to spend time on its filling. Therefore, initially it is necessary to take into account that the percentage of respondents to the questionnaire is going to be low. Since quality and detail of information are the keys for the solution of the tasks then principal decision not to reduce the profile and include all matters that are essential to the goals and objectives

of the study was taken. As a result there are 35 questions which in the sum with sub questions made 45 substantial questions, only 5 of them open in the questionnaire were allocated.

The developed questionnaire consists of several semantic blocks of the questions devoted respectively:

- block I: information on the expert and his position in relation to the described company;
- block II: characteristics of the company;
- block III: content of the changes carried out in this company;
- block IV: characteristics of the process of implementation of these changes;
- block V: evaluating the results of the implementation of changes in the company;
- block VI: generalization of expert experience.

Full version of the questionnaire as well the theoretical basis for each of its issues is available in Appendix B.

In developing the questionnaire the specificity of the selected sources of information and interaction with them was also taken into account.

Experts – the practicing consultants conducting vigorous consulting activity are usually very busy and have a negative attitude of questionnaires in general and in particular to taking a substantial time to fill them. Therefore, besides separately developed invitation letter, urged to interest experts the following techniques were used:

- semantic blocks were allocated that tasks and research structure were clear to experts.

- the vast majority of the questions were formulated in a closed form of multiple choice questions. Complex open-ended questions were taken to the last block to the end of the questionnaire, as we understood that not all experts would willing to spend time thinking over the issues, and similar questions at the beginning of the questionnaire could lead to that a number of experts would generally refused to complete the questionnaire. In addition, it is proposed to abandon the continuous numbering of questions and number the questions within blocks of the questionnaire. It would reduce psychologically perceived time and effort filling out the questionnaire

Point 4. Carrying out the pilot questioning.

To make sure that the formulated questions and terms used in them are unambiguously understood by respondents and also to be convinced that there were no significant questions beyond the scope of research, we carried out the pilot questioning of experts with the subsequent interview discussion which allowed revealing inexact formulated questions and not clear formulations.

According to the results of a pilot study we refused to examine such situational characteristics as management style of the leader and corporate culture of the company, because the ambiguity of interpretation of the proposed classification within the questionnaire inevitably had to lead to measurement errors and conclusions. High-quality studying of these parameters demands the separate research directed on these parameters that did not meet our goals of complex study of

the phenomenon of organizational change and accounting of a large number of its characteristics.

Experts participating in the pilot study gave us valuable feedback on the visual design of the questionnaire. For example, for the questions B4, B6, G1 we offered a single table for filling as all these questions contain the same list of organizational elements. Thus were guided by that such arrangement of questions reduced number of pages of the questionnaire, and therefore, the bigger number of experts would be ready to fill it.

However within the pilot research experts noted that such configuration confuses the respondent and the difference in volume of the questionnaire for those who became interested in research, is not so essential, in comparison with the increased complexity of filling. As a result we divided the specified questions in the questionnaire, providing the list of organizational elements anew each time.

Besides, within the pilot questioning our assumptions of that partition into blocks of content and not sequentially numbered questions increase the credibility of experts and psychological ease of filling out the questionnaire were confirmed. In our view, the resulting questionnaire contains unambiguous, understandable (considering prepared audience – expert – management consultant) questions which suggests that collected through its data can be used to solve the problems of the study.

Point 5. Formation of selection of respondents for mailing of questionnaires. In general, within the study considering specificity of methods of data collection is possible to speak about two samples: one direct (primary) and one indirect (secondary). Direct sampling is generated by us (the selection of experts), and indirect – sampling of companies, which was formed as a result of a survey of experts. Let's consider a sample of experts, which was carried out by sending questionnaires

As the key source of information for our study are the management consultants it was important for us to make the most heterogeneous sample so any counseling “school” had no impact on the results of the survey.

Therefore our selection included the consultants specializing on organizational development, human resource management, strategy, marketing, finance, restructuring of the enterprises, both representing various consulting companies, and independent consultants specializing in area of the oil industry.

Furthermore, for filling questionnaire we selected an electronic form for ease of delivery to the experts, filling and subsequent processing, then the circle of the experts included in our selection was limited by those experts who have access to e-mail. 18% of the invited experts responded to the invitation, but some had expressed interest in the study ultimately did not send the completed questionnaire. As a result from the moment of mailing we received 50 completed questionnaires, i.e. total return of questionnaires was 15,6%. Among the questionnaires received none was rejected as incompletely filled. In our opinion, the percentage of the “return” of completed questionnaires can be appreciated as a good considering that vast majority of experts are not familiar with the author of the study and agreed to participate only because they were interested in the topic and content of the research project. In our view

additional positive role in improving the response rate was the fact that mailing consisted of personal invitations with the personal appeal to the expert and justification, that personal participation in this research can be interesting to him.

Point 6. The analysis of received information.

The first stage of data processing was the transformation of personal data to spreadsheet in Microsoft Excel for further processing. During this transformation we converted qualitative data to any numerical expression scale. In addition to indicators measured directly during the survey in the analysis we used number of additional calculated variables.

Proceeding from specificity of methods for measuring data, we used a number of different methods of analysis. For the analysis of open responses, we used a qualitative expert analysis. For data analysis, that is amenable to statistical analysis, we used methods such as descriptive statistics, frequency analysis, contingency tables analysis, rank correlations, and analysis of variance [124; 125]. For the calculations we used the program for statistical data processing of SPSS 12.0.

The results of the analysis of information – the conclusions of the main trends of organizational changes in the Kazakh oil companies are shown in table 4, which describes the characteristics of the final sample of experts.

Table 4 presents some additional characteristics of our final sample of experts. The vast majority of experts are constantly working in the business, and only around 7% combine consulting work with teaching at the university. If the overwhelming number of experts also conducted teaching work, it would be possible to assume that the detailed knowledge of theoretical concepts had impact on their vision of a situation in the field of management, including management of changes. Therefore low value of this indicator for our research meant that experts in the answers relied mainly on the practical experience of interaction with the real organizations.

In addition, only 17.2% of Kazakhstani experts were internal consultants of companies which they provided information about. There is no doubt that the position of an internal consultant implies a greater degree of independence of assessment of the situation than the regular employees of the company. However, the position, external to the organization, means greater independence and impartiality of evaluation – and such position is taken by the vast majority of the experts who have taken part in our research.

As for the experience, most of the experts (64.4%) have more than three years of experience as a management consultant what also allows to assert that selected consultants have the experience to adequately assess the situation in the company.

Also we tracked the role that experts play in the change process of the company, whether they participated in the development of the content of the change program, or in the process of its implementation.

We assumed that the consultants involved in the design or implementation of the changes may give biased estimates to some results of changes and therefore separately checked the assumption of existence of such interrelation.

Such interrelation is not revealed, i.e. the estimates given by our experts can be considered impartial.

Table 4 – Sample of experts

	Characteristics of experts	Amount	%
1. Primary place of employment			
	Higher education institution	2	8
	Consulting company	20	80
	Private consulting company	3	12
2. Position in the consulting company			
	head of the consulting company	6	24
	consultant	19	76
3. The position of consultant to the company			
	internal consultant	5	20
	external consultant	18	72
	outside observer	1	4
	different	1	4
4. The role of the consultant			
	participation in the process of implementing the changes	14	44
	participation in development content of changes	11	56
5. Experience in consulting			
	unknown	5	20
	less than 1 year	8	32
	1-3 years	12	48
	more than 3 years		
Note – Compiled by author.			

In our opinion, the structure of sampling and its characteristic provide reliability of opinions of experts and possibility of their use for further conclusions.

As a result of questioning of experts we received secondary sampling – the sampling of companies with a detailed description of the situation of organizational change. Let us consider characteristics of the sampling of companies in more detail – they are presented in table 5.

In our opinion, according to the main characteristics this sampling is similar to the studied general aggregate of Kazakh companies. So our sampling is dominated by companies with domestic capital, which run by domestic managers. At the same time many of them are the owners of these companies, and even if the owner is not formally involved in the management, he intervenes in most cases. The provided analysis of characteristics of the companies shows on the one hand, that companies with various characteristics are presented, and on the other – the greatest share belongs to companies with the features that occupy a large share in the market as a whole (for example, there are more companies with the private local capital than companies with the foreign or state capital). In our opinion, it allows to claim that in general information about this sample can be used to identify major trends in the study area.

Table 5 – Characteristics of the companies included into the research

	Characteristics of the company	Amount	%
The nationality of management			
	only local managers	8	80
	foreigners are involved in the management	2	20
	in management mostly foreigners	-	-
History of development of the company			
	new company (created after 2005)	6	60
	the company (created till 2005)	4	40
	former “Soviet” enterprise	-	-
Number of employees			
	less than 500	-	
	500–1 000	4	40
	1 000–5 000	3	30
	5 000–10 000	1	10
	10 000–50 000	1	10
	more than 50 000 employees	1	10
Age of the company			
	3–5 years	3	30
	6–10 years	3	30
	11–15 years	1	10
	16–20 years	1	10
	more than 20 years	2	20
Stage in the life cycle			
	childhood	3	30
	adolescence	6	60
	maturity	1	10
	decadence	-	-
Interrelation of property and management			
	the top manager – the key owner	-	-
	the top manager – the minority owner	5	5
	the top manager – the hired employee	5	5
Influence of the owner on management			
	the owner intervenes in the management	9	90
	the owner does not intervene in the management	1	10
Note – Compiled by author.			

Moreover, in the process of the research we asked all experts a question about how, in their opinion, the situation described is typical for the Kazakh companies. And in most cases experts designated the described situation of changes in the organization as a typical for Kazakh companies. And since our experts are competent in the field of management, then this fact can be considered as an additional argument in favor of the validity of our data.

The only restriction sampling is the fact that the majority of companies in the sample anyway worked with management consultants. On the one hand, this restriction can be considered as a direct consequence of the method of collecting information about this sample as many consultants told in the questionnaires about the companies which they directly worked with. We provided and considered also other options – for example, when an expert is a bystander in relation to the company described (such experts represent about 5% of the sample). The interrogated experts also can be the consultants of the companies for the questions which are not connected with organizational changes. We know that 74.6% of our sample “mini-cases” were the companies who had used the services of consultants in order to implement organizational changes and not necessarily in all cases precisely those experts who had answered questions were involved as consultants.

In our view this restriction does not affect the conclusions of our research because companies attracting external consultants to solve any problems do not have common organizational characteristics.

Firstly, demand for consulting services is great today. This is due to the economic specialization in which in order to effectively address many problems is economically more advantageous to involve experts for the temporary projects. Secondly, the content and the cost of consulting services today are very different, which makes it interesting and accessible to a wide range of companies.

For example, the cost of the same services provided by consulting firms and private consultants can vary by tens of times. Obtained limited sample and its representativeness regarding its general aggregate of the companies that have experienced any changes, does not lead to a serious reduction in the validity of the conclusions drawn on the basis of the information gathered.

2.2 Assessment of the main tendencies of organizational changes in the Kazakhstan oil companies (on an example of JSC National Company “KazMunaiGas”)

JSC National Company “KazMunaiGas” – Kazakh national operator for exploration, production, refining and transportation of hydrocarbons, representing the state’s interests in the oil and gas industry of Kazakhstan. 100 percent of the shares of the Company owned by National Welfare Fund “Samruk – Kazyna”. JSC “KazMunaiGas” represents the interests of the Republic of Kazakhstan in the strategically important oil and gas sector. Is the representative of the state to implementation of its privileges concerning the private companies in projects on exploration and production of oil and gas sector. JSC “KazMunaiGas” has the right to

acquire 100% of all new projects or licenses in relation to the development of land and 50% – in relation to the development of offshore fields.

At the beginning of 2014 NC “KazMunaiGas” provides more than 26% of oil production in Kazakhstan, more than 83% of oil processing and about 67% – oil transportation. The company plans – increasing oil production from the current 21 million tons to 35 million tons. The development program assumes an increase in reserves to 1.4 billion tons of oil, compared to the current 800 million tons.

JSC NC “KazMunaiGas” – is highly efficient, competitive and integrated oil and gas company complying with the highest safety standards of industrial activity.

The structure of the company, including departments, subsidiaries, dependent organizations, affiliates (SDC) shows the organizational interrelations between them (Appendix C).

According to JSC “KazMunaiGas” structure activity of corporation is carried out in 5 directions [126]:

- exploration and extraction (14 companies);
- transportation of oil (6 companies);
- gas projects (4 companies);
- refining and marketing of oil (4 companies);
- service projects (10 companies).

JSC NC “KazMunaiGas” seeks to create a continuous chain of production; gradual, covering all aspects of the oil and gas industry. The share of the processing sector in the combined revenue is the largest – 64%, then follows the share of extracting companies – 21%, the share of transport companies is the lowest. When comparing the proportion of SDC in operating income the ratio changes. The main part is made by the extracting companies – 61%, the transport sector makes 26%, and the smallest contribution is rendered by the companies of processing sector. It is connected with low profitability of processing sector in comparison with extracting.

All companies of JSC NC “KazMunaiGas” has been involved in the evaluation process [127]. As mentioned above questionnaires were sent to top management of companies and external consultants.

Analysis of the origin of changes determines the characteristics of the process of consideration of these changes, motives which pushed the company to change, generalized results of frequency of mention various reasons which prompted the management to change. The ratio of the total number of changes is identified in their causes (table 6).

As can be seen from the table, the reason pushes management to changes in organization for more than half of Kazakhstan companies are low results of its activity (55,9%). Following on importance degree are market factors, such as pressure of competitors and change of market conditions. It is interesting that such reasons as change of the owner and change of the management of the company received the last places in a rank, in a counterbalance to a popular belief that the domestic companies are inert and capable to change only in case of radical change of property and/or the management.

Table 6 – The reasons which have induced the management to changes

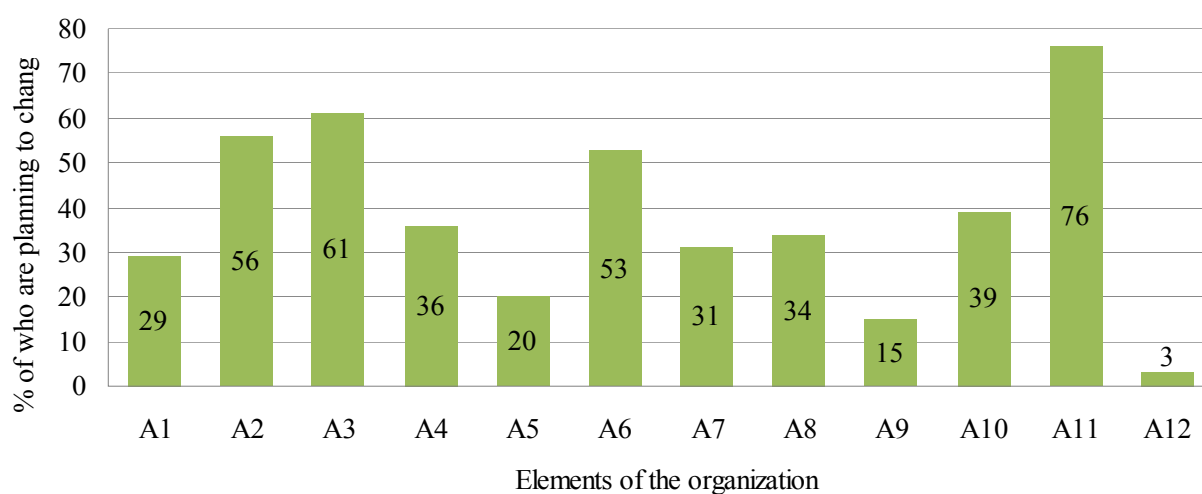
Reasons of changes	% of sample	Rank
change of the owner	15,3	7
management change	16,9	6
new technology	20,3	5
poor performance of the company	55,9	1
pressure of competitors	39,0	2
change of market conditions	27,1	3
entry into the new markets	22,0	4
another	11,9	8
Note – Compiled by author.		

Substantial characteristics of changes. Within studying of the content of the changes in companies we were interested in the following questions:

- on what elements of the organization the planned changes were directed?
- how adequate the decision about what should be changed to the situation in the organization and the requirements of the environment?
- what changes actually happened and how they differed from initial plans?

Let us consider what answers to these questions we have received.

The planned changes. Figure 7 gives an idea of what elements of the organization were planned to change more often.



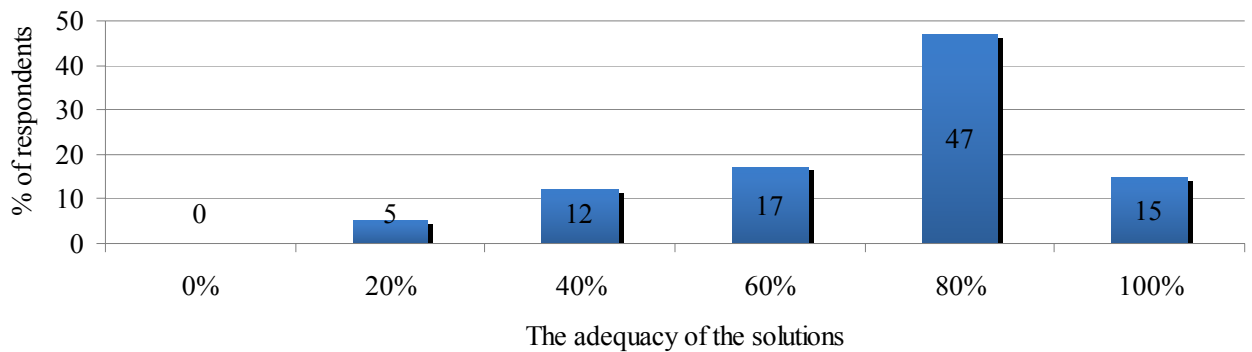
Note – Compiled by author.

Figure 7 – Elements of the organization that was planned to change

As is evident from the figure, for the vast majority of Kazakh companies (76.3%) the greatest interest was the change in functional systems (all), which include the control system of marketing, sales, finance, personnel management, etc. The additional qualitative analysis of questionnaires showed that among functional systems Kazakhstani companies are more focused on transformation of functions of marketing, sales and management of finance. Next in importance are the organizational structure changes (A3) and strategy (A2).

These data are generally in common with the results of other studies [123], which address the most pressing topics for Kazakh companies' challenges. Among the elements of the least interest to managers are corporate culture (A5) and technology (A9).

Another important characteristic of the content is the assessment of adequacy of substantial decision to the situation in the organization and the requirements of the environment. Generalized results of the experts' answers to this question are presented in figure 8.



Note – Compiled by author.

Figure 8 – Degree of adequacy (compliance) of the made substantial decision to environment requirements and situation in the organization

Apparently from figure 8, more than half of the experts tend to assess taken solution high enough. We assumed that internal consultants or the consultants who were actively taking part in development of the content of the program of changes could give exaggerated estimates.

Thus, we can consider these estimates as no prejudiced, and judging by them, assume that in most of the cases quite right decisions about what changes were necessary company were taken.

Actual changes in the organization. Let us consider how actually realized changes coincided with plans of the management. In order to get the maximum clarity of the results we conducted two stages of studying this question. First, we simply divided the company into those where this option is actually changed, and those in which it has not changed. In the next step, we turned to the details – to what extent a particular actual change corresponds to the initial plans.

Now examine the results the first stage. Table 7 shows that for Kazakh companies is difficult to claim unambiguously about priority tendencies of the actual changes. Changes in technology and in the company's mission touched less than 50% of the organizations surveyed, and the difference between the first seven organizational elements on the rank does not exceed 8.5% of companies in the sample.

Nevertheless, note that the change in the company's strategy is the latest in the group of seven. It is preceded by internal organizational and political elements, such as organizational structure, control system, distribution of the power and authority, structure of key persons, rules of operational work and functional systems.

On the majority of organizational elements the actual changes exceed the planned. It means that for a number of the companies some changes are unplanned surprise. For example, our research shows more than 30% of companies (the difference between columns) were surprised by the change of corporate culture (AD5), the distribution of power and authority (ad4) and the composition of the key persons of the company (AD7).

Table 7 – Actual changes in the organization

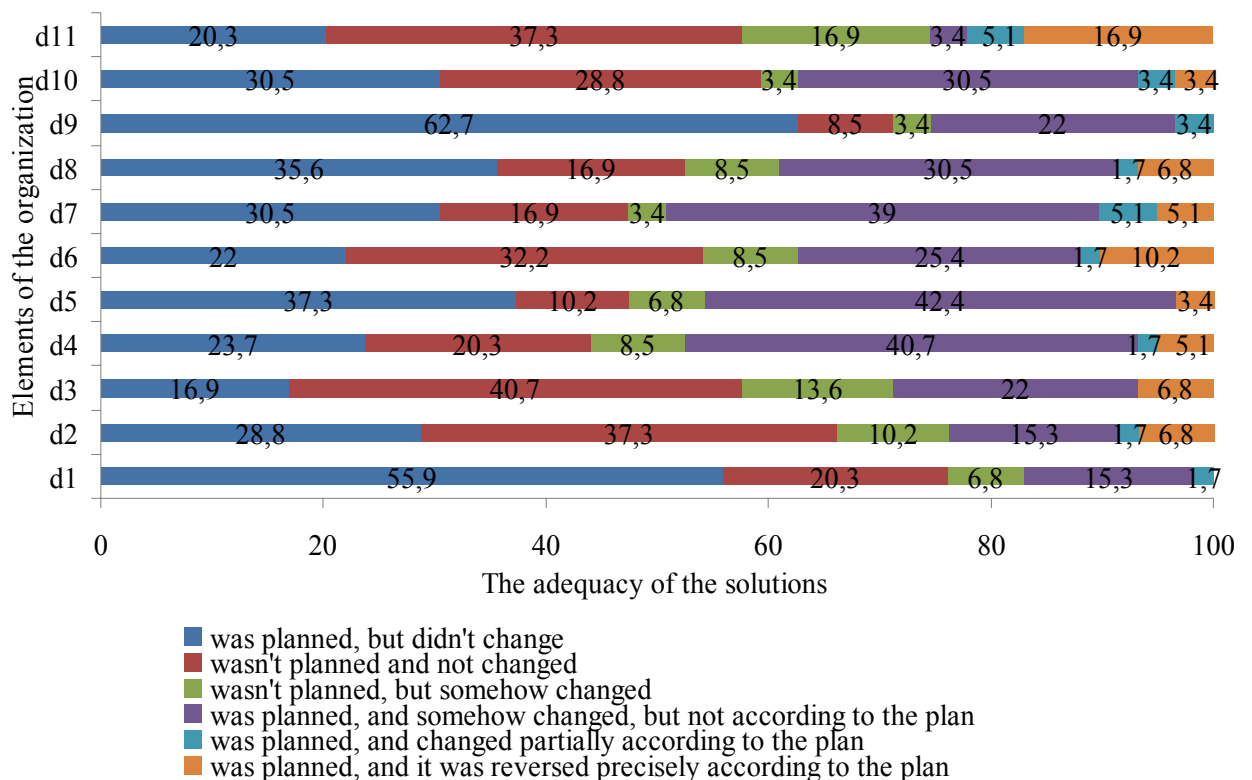
The element of the organization	code	% of sample	Rank
mission	d1	33,3	11
strategy	d2	61,0	7
structure	d3	69,5	1–2
distribution of power and authority	d4	67,8	3
corporate culture	d5	55,9	8–9
control system	d6	69,5	1–2
structure of key persons	d7	66,1	4–5
personnel structure	d8	55,9	8–9
technology	d9	33,9	10
operational work rules	d10	66,1	4–5
functional systems	d11	62,7	6
other	d12	3,4	12
Note – Compiled by author.			

Let us estimate the degree of coincidence of the actual changes to the plan in more detail. The following data is more indicative as comparing planned and actual changes we are talking about all of the companies at once without taking into account

the dynamics of each individual company. For example, when the total sample is about 40 organizations, comparing 10 companies that had planned some change with 17 companies, which had got it we did not know in which 17 the change had occurred, i.e. whether there are those 10 that it initially planned the change among them. It is possible that this result is unexpected for everyone – since companies planned changes did not receive it, and vice versa.

Therefore, we conducted a more detailed analysis, taking into account the dynamics of the plans and the facts of each particular company. From six gradation of degree of a planning the first two (counting from left) mean complete coincidence with the plans (“not planned – has not changed” and “was planned to and changed according to plan”). Everything that is more to the right of them means a particular mismatch with the plans.

From figure 9 we can see that the distribution of power and authority (d4), corporate culture (d5) and the composition of key individuals (d7) changed inappropriately plan most frequently – in more than 50% of the cases included in our study. However, the most “manageable” were (in descending order) changes in mission (d1), technology (d9) and strategies (d2), which coincided with the plans of the leaders in 70–80% of cases.



Note – Compiled by author.

Figure 9 – Degree of preplanned character of obtained changes

Among the elements that did not changed despite the plans, functional systems (d11), as well as among those which have not changed according to the plan or only

partially under the plan (in 16,9% of cases) were leading. Further the organizational structure and strategy which didn't change in 13,6% and 10,2% of cases respectively follow. This could happen both because of changing priorities and objectives, and due to the fact that the effort did not lead to the desired changes. From the perspective of an executive who planned changes, this result is not positive, however, at least, the organizational elements were in the sphere of his attention from the very beginning, that already means control (even partial) over the situation.

However, analyzing the variability of the objectives of the program of changes, we found that they were changed in 27,1% of cases.

In our opinion more dangerous for the executive are those organizational elements, which have not originally planned, but which are "self" changing. Among these are previously mentioned corporate culture (d5, 42,7% of cases), the distribution of power and authority (d4, 40,7%) and the composition of key individuals (d7, 39%). Further are the composition and skills of the staff (d8, 30,5%) and operational rules (d10, 30,5%). Having started these or those changes and expecting to receive a certain result, after a while the head may find, for example, that a number of key people have filed a letter of resignation, or began to exert such a strong resistance to change that he was forced to fire them. Perhaps the success of the running program of changes was dependent on these people.

Having summed up, it is possible to say that data on Kazakh companies shows that domestic executives pay insufficient attention to the "soft" organizational elements, connected with the human factor, resulting in the development of these elements occurs in unpredictable way for the executive. On the other hand, local leaders overestimate their ability to manage such controllable organizational elements as functional systems or organizational structure.

In our opinion, the main conclusion of the data discussed is that it convincingly proves high degree of uncontrollability of organizational processes. Perhaps on the basis of the information collected is too early to draw firm conclusions about what organizational elements are the most "managed", and what – most "unmanageable", and this issue requires further detailed study. Nevertheless, in our opinion, the received results are of high scientific value, since substantially disprove deterministic approach to the organization and the vision of management based on control, also confirm the latest ideas in the field of the creative and developing approach to management.

Process characteristics of changes in Kazakh companies. Within studying of process of changes we were interested in the following questions:

- what are the time parameters of the studied changes: how long is the period of implementation of the program of changes? what is the perceived speed of the implementation process, and how it relates to the actual time of implementation? what proportion of change is usually started at the same time?
- who most often acts as the leader of changes?
- whether employees are involved in making decisions on various aspects of changes in the organization, and if yes, employees of what level?

Data on duration of the program of changes is provided in table 8.

Table 8 – Duration of implementation of the program of changes

Duration	% of respondents
up to one month	1,7
1–3 months	6,9
4–6 months	20,7
7–9 months	17,2
10–12 months	17,2
1–1,5 years	10,3
1,5–2 years	13,8
more than 2 years	12,1
Note – Compiled by author.	

It is seen from Table 8 that programs of changes, implemented for less than 3 months, among Kazakhstani oil companies are very seldom – in 8,6% of cases (6,9+1,7).

In case of using larger time intervals for group of results, we will see that 63,7% of changes are completed within a year. These data are important since there is an actively discussed question in the literature – what is “fast” or “gradual” for the program of change, and what period should be chosen for the study of changes in the organization.

As we remember, Tushman and Romanelli initially believing that the boundary between fast and gradual changes is in the point of “1 year” as a result had to use a two-year interval in their study [114, p.36]. Based on our data, we can assume that they have included almost 90% of all possible program changes in the organization, not just the second-order.

On the other hand, a number of researchers [128] advocated the long-term program of the research of changes. This certainly is very useful but not always possible due to various resource constraints.

The obtained data allow assuming that in the presence of rather big selection of the companies, research of changes in the organization for 1–1,5 years allows to trace the number of changes sufficient for valid conclusions.

Data regarding leaders of the change is represented in Table 9, which shows that in more than a half of the Kazakh companies the owner acted as the leader of changes.

High role of the owner in realization of changes in Kazakh companies can be explained by taking into account low value of the change of ownership as a cause of launch changes and high participation of owners in the management of companies in Kazakhstan. In turn, this can be explained by insufficient development of institutions to protect property, entrepreneurial temperament of many Kazakhstani owners and

lack of professional hired managers.

The most important characteristic of the process of implementation of changes in the organization is the involvement of employees of different levels in various decision-making regarding changes in the organization. We researched this parameter using the four questions reflecting different, but contiguous aspects of the problem, so first let us present the results of answers to all these questions.

Table 9 – Distribution of leaders of changes on positions in the organization

Position in the company	%	Rank
the owner	59,3	1
the head	47,5	2
team of top managers	37,3	3
middle managers	10,2	5
consultants	33,9	4
other	1,7	6
Note – Compiled by author.		

Non involvement in decision-making even the top managers talking about extremely authoritarian management style of the executive or authoritarian actions of the owner. Nevertheless, such responses take from 5 to 10% in each group. Ordinary employees are involved in decision-making process less than 20% of companies.

From the analysis of organizational change, we can see that the actual authority of decision-making is highly concentrated on the “upper” level of organization; the share of delegation of authority downward is very small. The used gradation of a scale of measurement does not allow us to determine exactly where an “average” of concentration of power level begins and ends, and more clearly to compare these data with the answers to the previous questions. However such decision on a scale, in our opinion, is substantiated since the issue in the development of the methods of collecting information pawned to a certain extent as a “screening” to the previous one, and consequently do not have to contain newly mentioned gradation.

Nevertheless, we can assume that the high level of concentration of power, most likely does not imply involvement in decision-making even the key specialists leaving this authority in the hands of top managers. If it is true, then we can see that, for example, about 80% of Kazakhstani companies declare involvement of key experts to decisions both about the contents, and process of changes. However thus only 42,2% of the companies have the level of concentration of powers below high, i.e. implying the involvement of key experts. Perhaps the revealed shift in emphasis itself does not affect the effectiveness of implemented changes, for example if an opportunity for employees to express their own opinion is equally important factor as the direct participation in development of the program of changes.

It is necessary to assess the impact of the results of changes in the performance

of the company. Using correlation analysis, we found (table 10) that performance changes in Kazakh oil companies affect the productivity of the company.

Table 10 – Influence of effectiveness on labor productivity in the company

Kendall rank correlation coefficients		Performance indicators of the company			
		profit	market share	sales volume	productivity
effectiveness of changes	achievement of the goals	0,17	0,16	0,17	0,25*
	cost-benefit	0,06	0,16	0,21	0,30**
Note – Compiled by author. * – level of significance $p < 0,05$. ** – level of significance $p < 0,01$.					

In our opinion, this result has a logical explanation – from all parameters of efficiency of the companies considered (a share of the market, sales volume, profitability, productivity) the productivity is most caused by internal organizational factors, while others are under strong external impact. The revealed interrelation confirms the importance of management of organizational changes for maintenance of competitiveness of the modern companies, as well as relevance of this research.

Adequacy of the made substantial decision on change of a situation in the company and environment and the chosen approach to process of introduction of changes have the strongest impact on productivity of organizational changes. Can be divided into two statements:

a) among characteristics of the contents, only adequacy of the decision on “what to change” has the strongest impact on productivity of changes.

b) many characteristics of process have impact on productivity of changes.

Productivity of changes for the Kazakhstan companies has impact on labor productivity in the company. In our opinion, this is explained by the fact that labor productivity is more likely caused by internal organizational factors and does not depend on market conditions, political situation, and other external factors.

It is revealed that some characteristics of the content of changes have impact on their productivity. So, it is revealed that adequacy of the made decision has strong positive impact on both indicators of productivity of changes. Perhaps, it occurs because decision perceived as the adequate causes bigger support of the personnel of the company.

Besides, the degree of change in the planned strategic level has a negative impact on the effectiveness of the changes in terms of achieving the goals. We think that this can be explained by inertial forces within the company that hinder simultaneously significant change in strategic management, and consequently, lead to the fact that goals are realized fully less frequently.

Regarding the influence of the concrete content of changes on productivity, the essential influence only of one parameter – corporate culture is revealed. In case of change of this element, effectiveness of changes in both parameters is estimated

higher than in those programs where corporate culture has not changed. In our view, this can be explained by the fact that the corporate culture is “binding” organizational element which is changing in unison with other organizational elements, and providing coordination of efforts, and therefore enhancing the resulting effect.

2.3 Analysis of the human resource management of JSC NC “KazMunaiGas” in terms of organizational changes

The analysis of a condition of the mechanism of human resource management at the studied enterprises is carried out according to the offered management technique in the conditions of the organizational relations with the purpose of the subsequent development of actions for its improvement.

In the previous paragraph the analysis of the reasons, motives, and degree of adequacy of environment to emergence of organizational changes was carried out and on its basis was revealed that in the conditions of organizational changes human resource management played the leading role. The assessment of organizational changes was made on the basis of research of the relation of consultants to the companies. That is a look from outside, and it is necessary to conduct research of human resource management in the conditions of organizational changes on the basis of the data of the personnel directly related to management of corporation.

The studied aggregate is the oil corporation – JSC NC “KazMunaiGaz”. In structure of corporation there are about 40 companies with various share of possession [129].

As has been noted as a primary research method – the survey in the form of individual questionnaires and individual and group interviews is selected. The material of diagnostic research were 539 questionnaires, 18 interviews, 5 focused group interviews .

During the survey, information about the attitude of the staff to the changes, the reasons for changes, expectations of changes and the degree of staff awareness of the changes was received.

Moreover, express interviews made it possible to evaluate the personnel policy of the company, identify the core values of management system and the effectiveness of information security in terms of organizational change. This allowed revealing problems occurring in HR Management caused by organizational change in the analyzed companies.

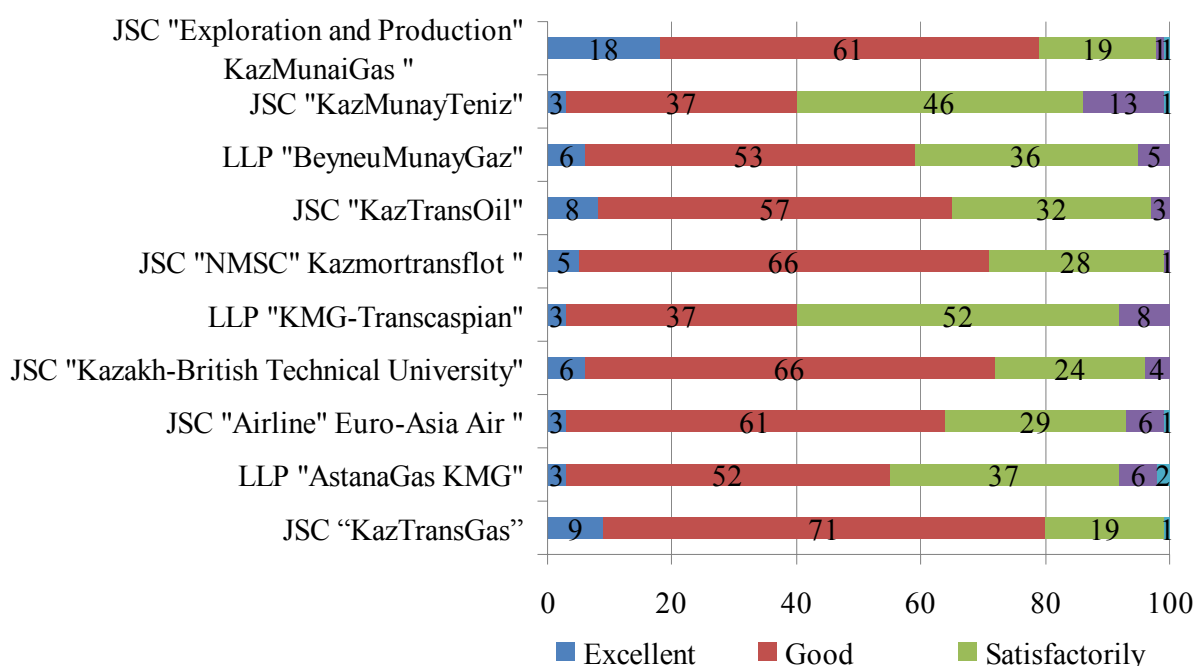
Questions in the questionnaire provided in Appendix D, were grouped into 5 blocks, reflecting the most essential elements of human resources management mechanism: personnel policy, organizational culture, staff adaptation, motivation and staff incentives, operational management. Each of the elements analyzed the mechanism of human resource management was assessed on all surveyed enterprises.

The first block is designed to assess the policies of the JSC NC “KazMunaiGas”, forms and methods of HR management, the value management system, and management style. The second block of the questionnaire focused on a detailed study of organizational culture as an element of human resources management mechanism, including values of interpersonal relationships, ethics and principles of mutual

relations in the collective and willingness of the staff to change. The third block of the questionnaire is devoted to the analysis of problems of personnel adaptation to changes, for example overcoming the resistance of organizational change, socio-psychological climate in the company. The fourth section presented the issues related to personnel motivation in terms of organizational change, in particular, economic and moral-psychological incentives and motives of implementing a new system of rewards and punishments. The questions in the fifth block related to information about personnel future vision of the corporation JSC NC “KazMunaiGas”; their awareness about the association, which is an integral part of operational management.

As a result of the diagnostic study of personnel policy of JSC NC “KazMunaiGas” some uncertainty in the estimates of current chief executives of companies was established: newly appointed; less democratic than before.

Figure 10 shows how respondents characterize the management of the company in terms of the performance of their duties.



Note – Compiled by author.

Figure 10 – Attitude to the management of the company

Apparently from the figure 10, from 3 to 18% of the respondents gave an “excellent” mark to the management of the companies, and “poor” mark – from 1 to 13% of recipients. In general, staff attitudes towards the management of plants for all enterprises in terms of the organization of the management and performance of duties was mainly characterized as “good” and “mediocre”.

The ratio between the marks for the companies of JSC NC “KazMunaiGas” is different but the characteristic “good” is more prevalent.

Credibility of staff to senior management of JSC NC “KazMunaiGas” corporation is shown in figure 11.

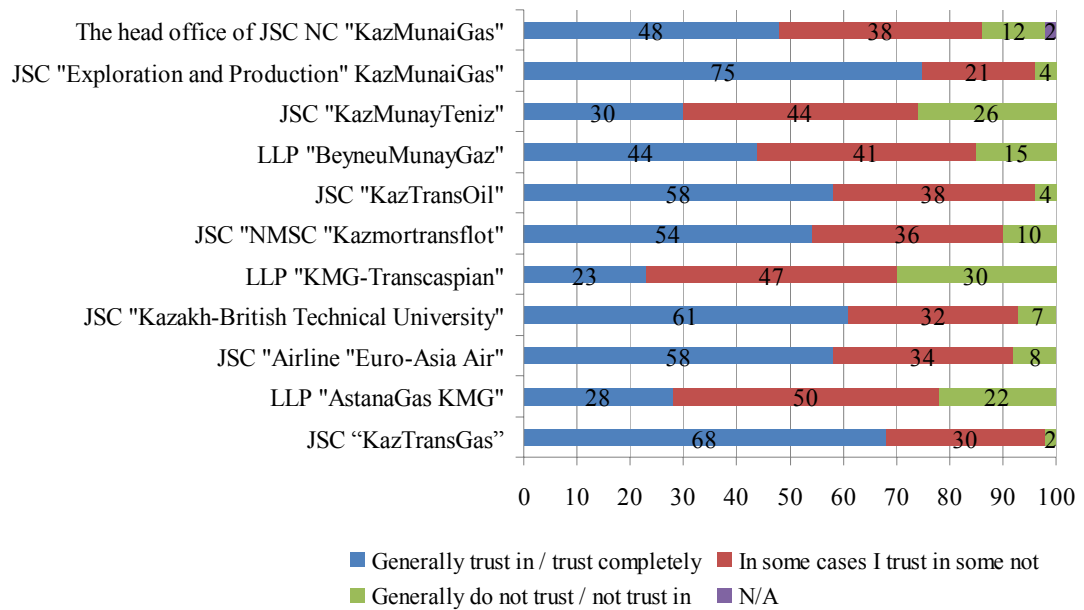


Figure 11 – Attitude to the management of corporation

In total more than 50% of respondents trust their management, however, from 44% to 50% of the respondents JSC OOC “KazMunayTeniz”, LLP “KMG-Transcaspian” and LLP “AstanaGaz KMG” at some extent trust their management. From 2% to 31% of the workers and specialists do not trust at all. This situation is largely explained by low level of awareness of staff about their management. As for personnel policy of the surveyed enterprises, results of diagnostics of the mechanism of human resource management showed existence of the following general estimates: individual approach; personnel turnover (rotation); staff reduction. However concerning some elements of personnel policy there are opposite opinions at the certain regional enterprises. In particular, both positively and negatively opportunities for professional and career development, system training are evaluated; or there is no idea about this system. In JSC NC “KazMunaiGas” organizations the following specific features of the personnel policy identified: high requirements to the discipline; strict requirements in hiring (figure 12).

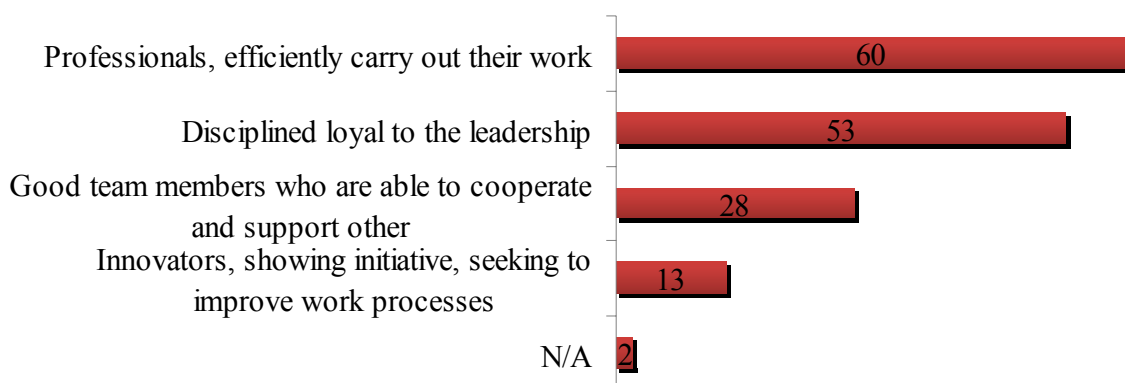
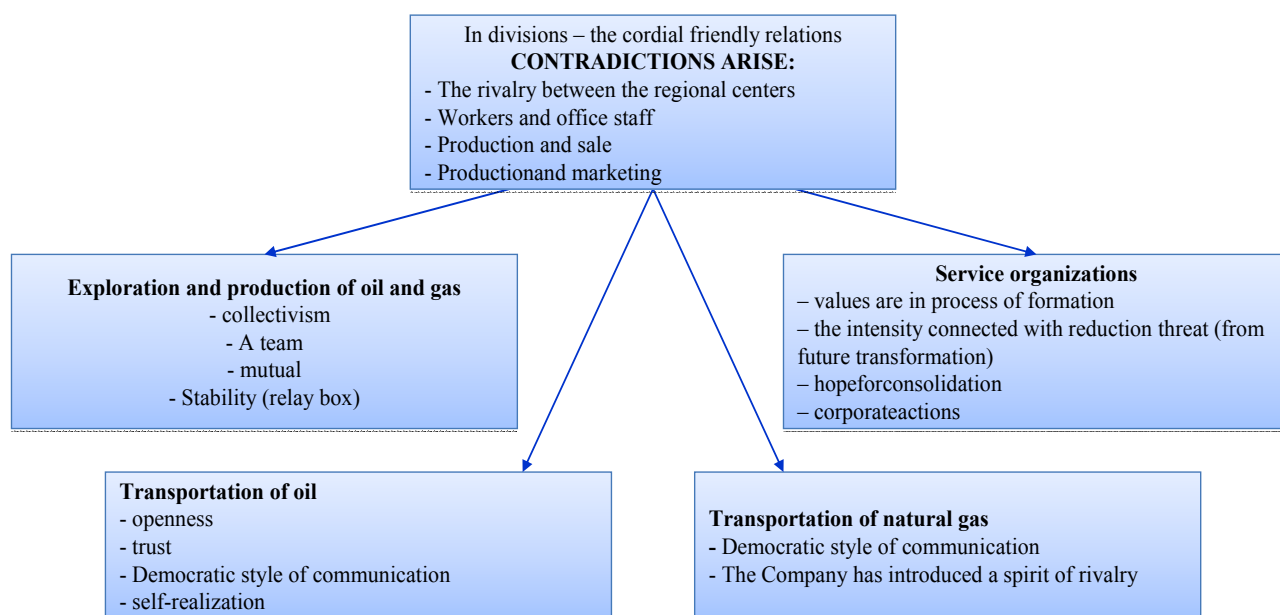


Figure 12 – Assessment of personnel policy of the company

As a result of the analysis, we can conclude that there is no general idea of the nature and content of personnel policy in JSC NC “KazMunaiGas” group of companies. In our opinion this can be explained by the imperfection of mechanism of human resources management and lack of awareness of employees about the forms and methods of management in accordance with present state of corporate management in the conditions of reorganization.

In terms of organizational change most relevant elements of personnel policy should be the following: requirement for the discipline; system of staff rotation; strict requirements in hiring; professional and career growth; system of employees training, and development of related professions.

Values of management system at JSC NC “KazMunaiGas” enterprises identified during the diagnostics are shown in figure 13. Among the values that prevailed prior to the reorganization, the corporation subsidiaries of JSC NC “KazMunaiGas” are the following: rigid hierarchy of management; authoritativeness; “the Soviet style”; discipline; restriction in manifestation of an initiative.



Note – Compiled by author.

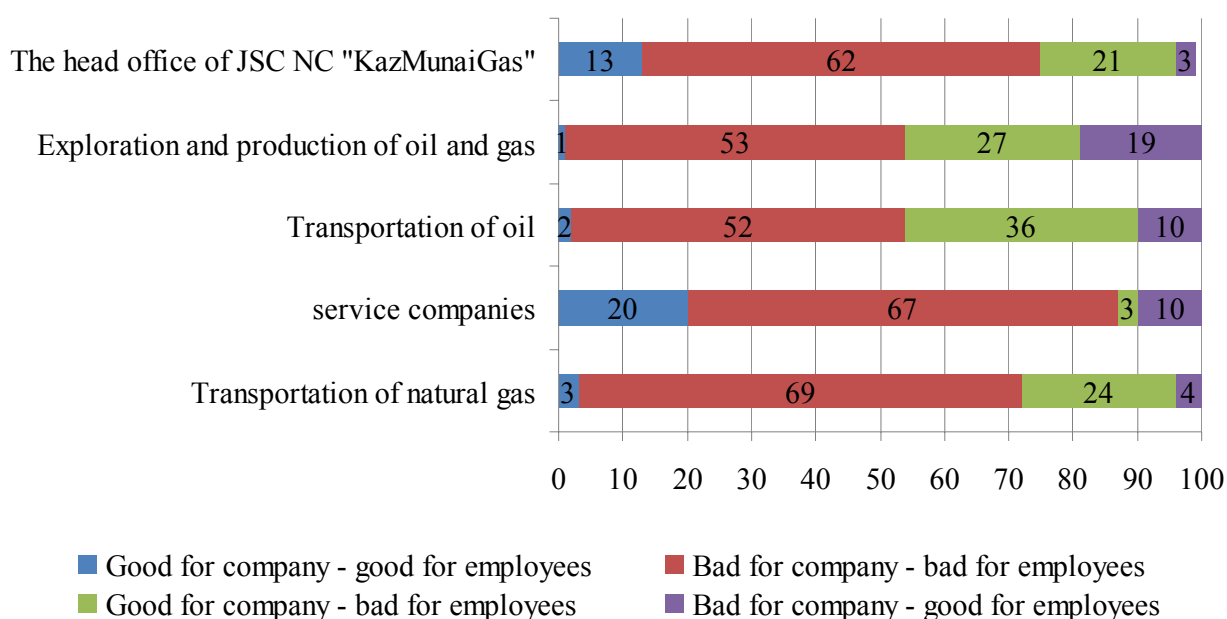
Figure 13 – Values of interpersonal relations in the organization

Respondents of service companies (JSC “KBTK” and JSC “Euro-Asia air” Airline) on the contrary note democratic style in management, mutual respect and politeness, encouragement of an initiative, orientation to development. As for a current state of affairs after organizational changes there is similar, rather inconsistent idea of the administrative values taking place in JSC NC “KazMunaiGas”. On the one hand some organizations at the same time note strengthening administrative pressure, incorrectness in communication, and from the another hand – expansion of initiative, collegiality and autonomy in decision-making, delegation of responsibilities, the acceleration of the decision-making process. From the survey

results, it was concluded that the past management policy usually was determined by the director and was largely dependent on his individual characteristics, hence such a broad “gamma” of value characteristics of personnel management, and in the process of merger management system of values to be finalized.

Further it is necessary to figure out how the organizational culture in the corporation JSC NC “KazMunaiGas” is developed; in particular, what rules and principles of ethical relationships, values, interpersonal relationships predominate in collectives.

Figure 14 shows the percentage that characterizes the core values of the group of companies.



Note – Compiled by author.

Figure 14 – The values of the corporation

The analysis of the obtained data showed that there are valuable contradictions between regions and head enterprise. They are caused by the fact that in regions largely formed request to the moral values of the plan:

- cooperation;
- consideration of the individual characteristics;
- aspiration to achieve mutual understanding, etc.

At the head organization values of the material nature predominate:

- leading positions in the market;
- mobility;
- innovation, etc.

Furthermore, the analysis of primary data showed that the contradictions in interpersonal relations had arisen in connection with organizational changes.

Thus, formed value attitudes existed at enterprises before the organizational

changes: teamwork, mutual aid, stability (Exploration and extraction of oil and gas), openness, trust, democratic style of communication and self-actualization (Transportation of crude oil, Service Companies). Organizational changes partly destroyed organizational values. Employees of “Exploration and production of oil and gas” direction noted that there were signs of alienation, employees of the “Oil Transportation” direction established the fact of a great influence of the “Exploration and Production of Oil and Gas” direction, brought spirit of rivalry that entailed loss of own values. Respondents of “Gas transportation” direction believe that the values are in the process of formation, and organizational changes have brought elements of tension associated with the threat of reductions.

Thus, in JSC NC “KazMunaiGas” there are no general ideas of ethical standards on uniform understanding about corporate ethics: norms of behavior, rules of business communication and universal ethical standards. Despite the fact that, according to employees, there have never been global ethical conflicts, they still exist. Ethical conflicts have come out of organizational change and related, according to the regional employees, with disrespect from the part of head organization: rudeness, lack of information, certain attitude to people.

It can be stated that there is no unified resolution practice of ethical conflicts in the group of companies of JSC NC “KazMunaiGas”, the possibility of resolving them should be considered at the level of direct management.

As diagnostic research has shown, an important component of organizational culture as an element of human resource management is the willingness to change. The willingness of staff to change caused by:

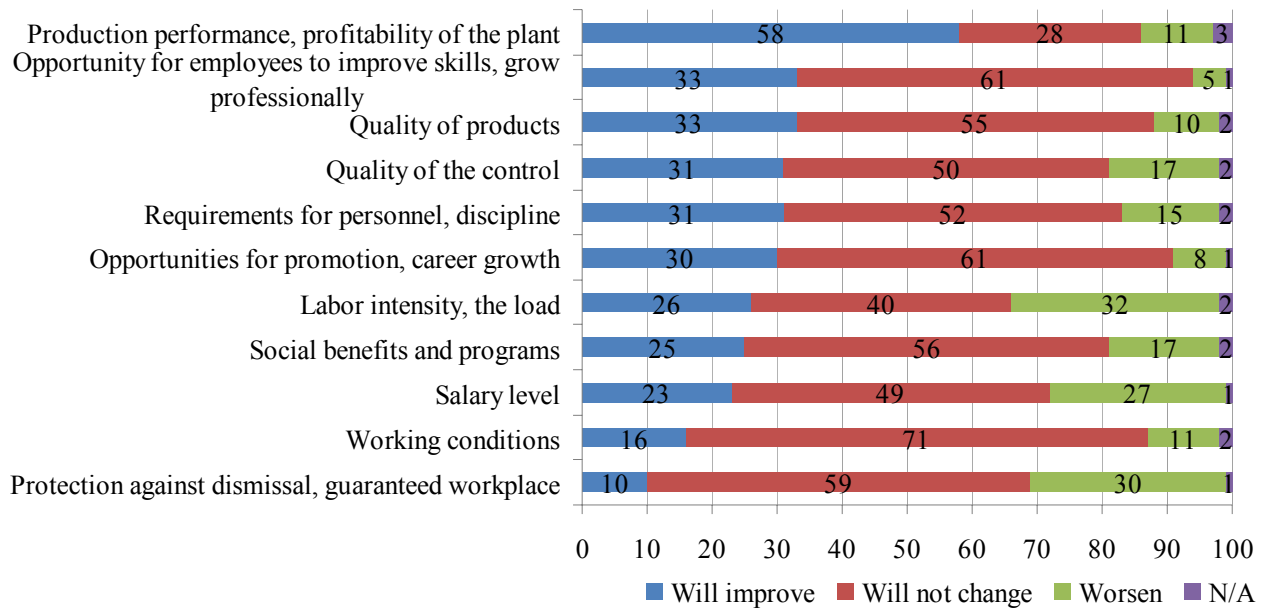
- Increasing opportunities for employees to improve skills, and grow professionally (33%);
- Quality of Human Resources management (31%);
- Requirements to personnel and discipline (31%);
- Opportunities for advancement, career development (30%).

Other substantial elements relate to technical and economic indicators (profitability of the plant, product quality, conditions and labor intensity), which to a lesser extent characterize the activity of human resources management mechanism.

Apparently from figure 15, most of respondents considers that organizational changes will not change economic and social indicators of the company to the best, leave them in the same condition (28% to 71%) and deteriorate in some cases (from 5% to 32%). Such statistics allows speaking about the problems of human resources management mechanism in terms of organizational change, associated with the inefficiency of management of enterprises on training companies to reorganize.

Let us consider another important element of human resources management mechanism, which is of great importance in the conditions of organizational change – adaptation of personnel to change. Substantially this element includes the following concepts: adaptive period, social and psychological climate, resistance to change and management of it.

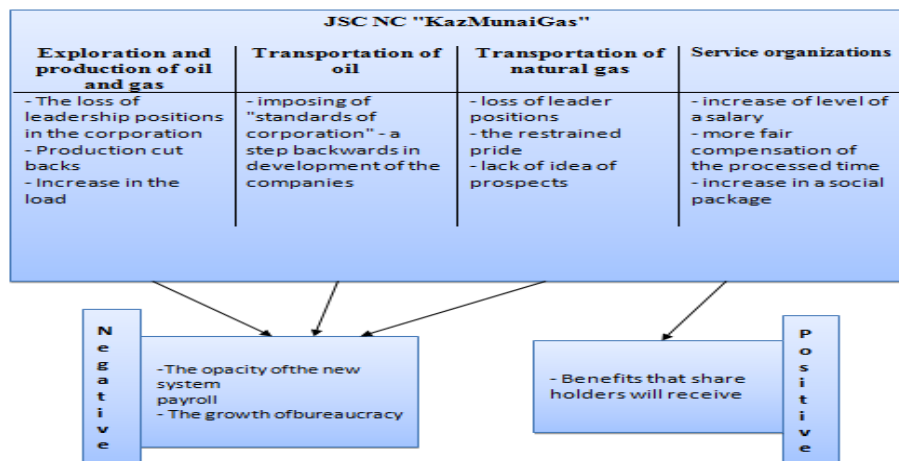
To make the process of adaptation of the most painless, in the first place, you need to figure out what is personnel attitude to these changes.



Note – Compiled by author.

Figure 15 – Personnel expectations due to changes

Thus it was found that the attitude to ongoing changes in different companies is different. As follows from the diagram shown in figure 15, more positive attitude towards changes is in regional companies and more negative in head companies. What is the reason? The analyzed materials of the focused express interviews helped to answer this question. Attitude to the changes is shown in figure 16.



Note – Compiled by author.

Figure 16 – Relation to organizational changes of staff of corporation

The positive attitude is associated, first of all, with the hope of benefits which shareholders will receive. This reason has been put on the first place in 8 out of 10

companies (figure 17). Among other positive attitudes are: increase in social benefits (6 out of 10 companies), increase in wages (7 out of 10 companies), more fair compensation of time worked (4 out of 10 companies).

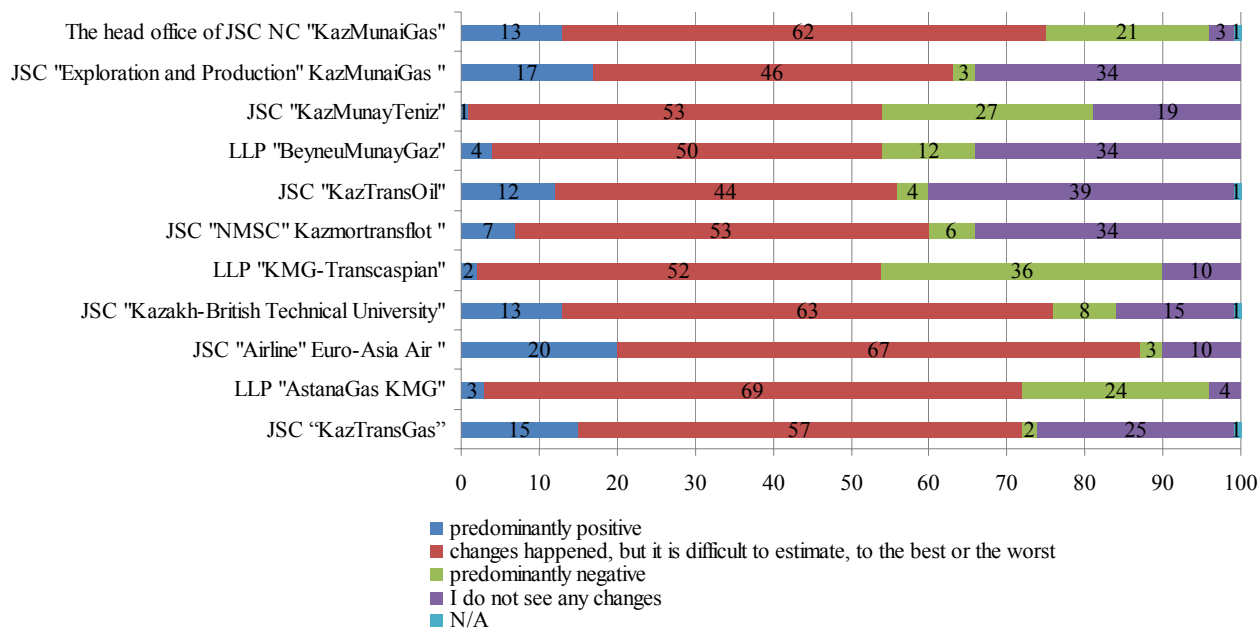


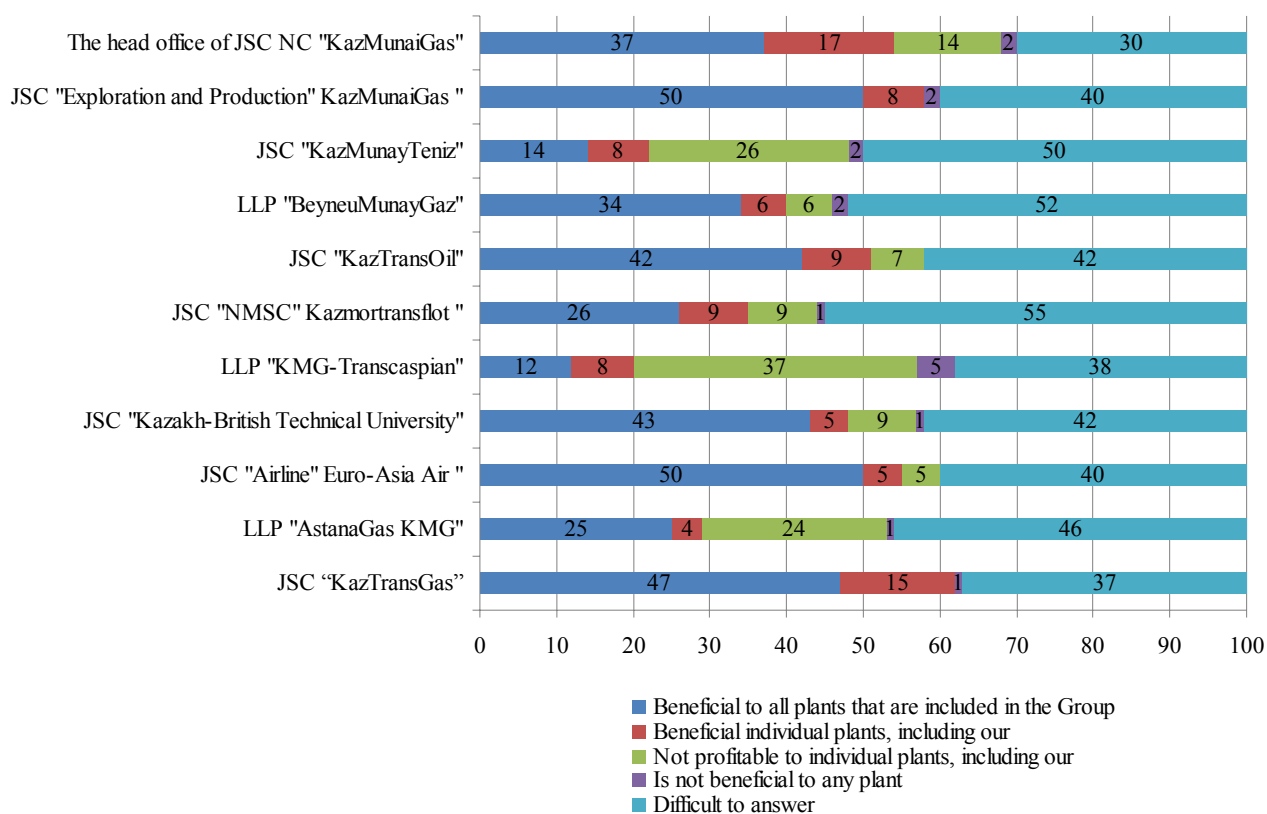
Figure 17 – Attitude of the personnel to changes in the company

There is more negative attitude to changes in enterprises of western Kazakhstan. The personnel clearly formulates the reasons for the negative emotions which it experiences due to ongoing changes in the company. This negative is directed on the opacity of new payroll system, downsizing, and the growth of bureaucracy. Negative attitudes in different directions of corporation (exploration and production of oil and gas, transportation of oil, service companies, and transportation of natural gas) got a different substantial content.

Thus, the negative consequences in "Exploration and production of oil and gas" company are:

- loss of leadership positions;
- reduction in the volume of production;
- increase in loading.

In "Transportation of oil" companies imposing of "Chinese standards" came into the first place, which in the opinion of employees is considered as a backward step in the development of "Transportation of oil". In "Transportation of gas" company loss of leadership positions is also featured in the first place, and then such negative phenomena from their point of view, as the restrained pride and lack of idea of prospects are noted. Service companies positively to the changes reacted, without mentioning the negative phenomena. The clear idea of possible benefits from organizational changes helps the personnel to adapt with new conditions. In addition, the staff should have clear idea of the possible losses too, in order to get ready for it and painlessly overcome it (figure 18).



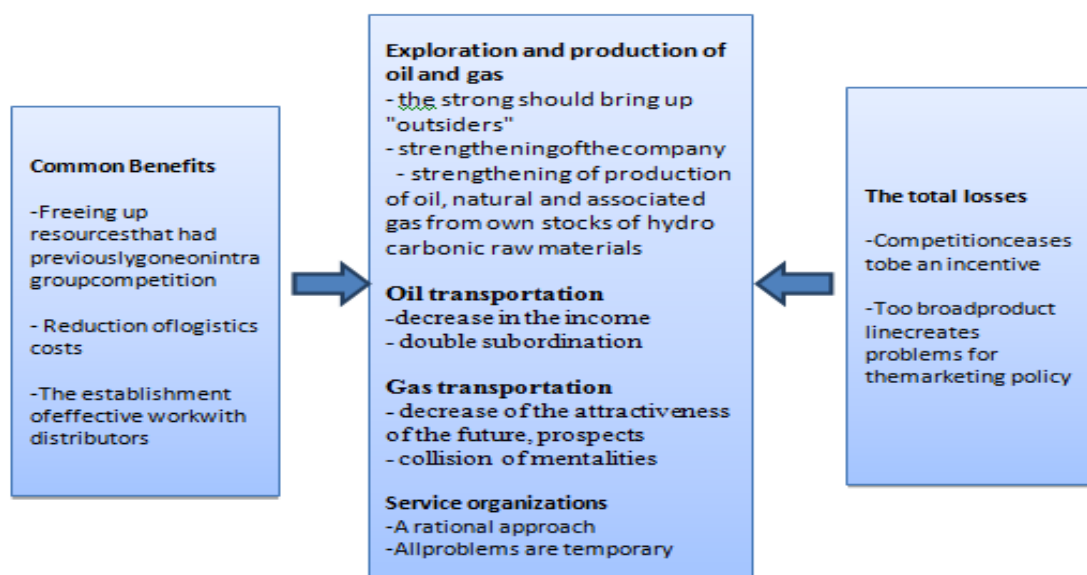
Note – Compiled by author.

Figure 18 – Benefits and losses from the organizational changes

The analysis of data showed that the head companies have consistently negative attitude towards change, seeing more losses than gains. From 8% to 13% of the interviewed staff considers changes beneficial. About 50% of the respondents in subsidiaries consider changes beneficial to the company.

Personnel of the companies see the overall benefits that will free up resources previously spent on intragroup competition. Besides, logistic expenses will decrease and an effective work with distributors will be adjusted.

Regions see benefit that organizational changes will lead to strengthening of the company and as a result will strengthen their plant. Total losses that may be caused by organizational changes are associated with too broad product “line”, which creates problems for the marketing policy. Possible loss of the competition can be one of the reasons which caused the general losses (“the competition stops being incentive”). As the possible loss regions named lower income (LLP “AstanaGaz KMG”); dual subordination (“KazTransGas”); reduce the attractiveness of future prospects, the clash of mentalities (JSC “KBTU”). The most positive attitude towards possible losses in the implementation of organizational changes has JSC “Euro-AsiaAir Airline”. They believe that all the problems associated with the reorganization of the company are temporal. This approach can be considered as the most rational in terms of organizational change (figure 19).



Note – Compiled by author.

Figure 19 – The benefits and losses from ongoing organizational changes in the organization

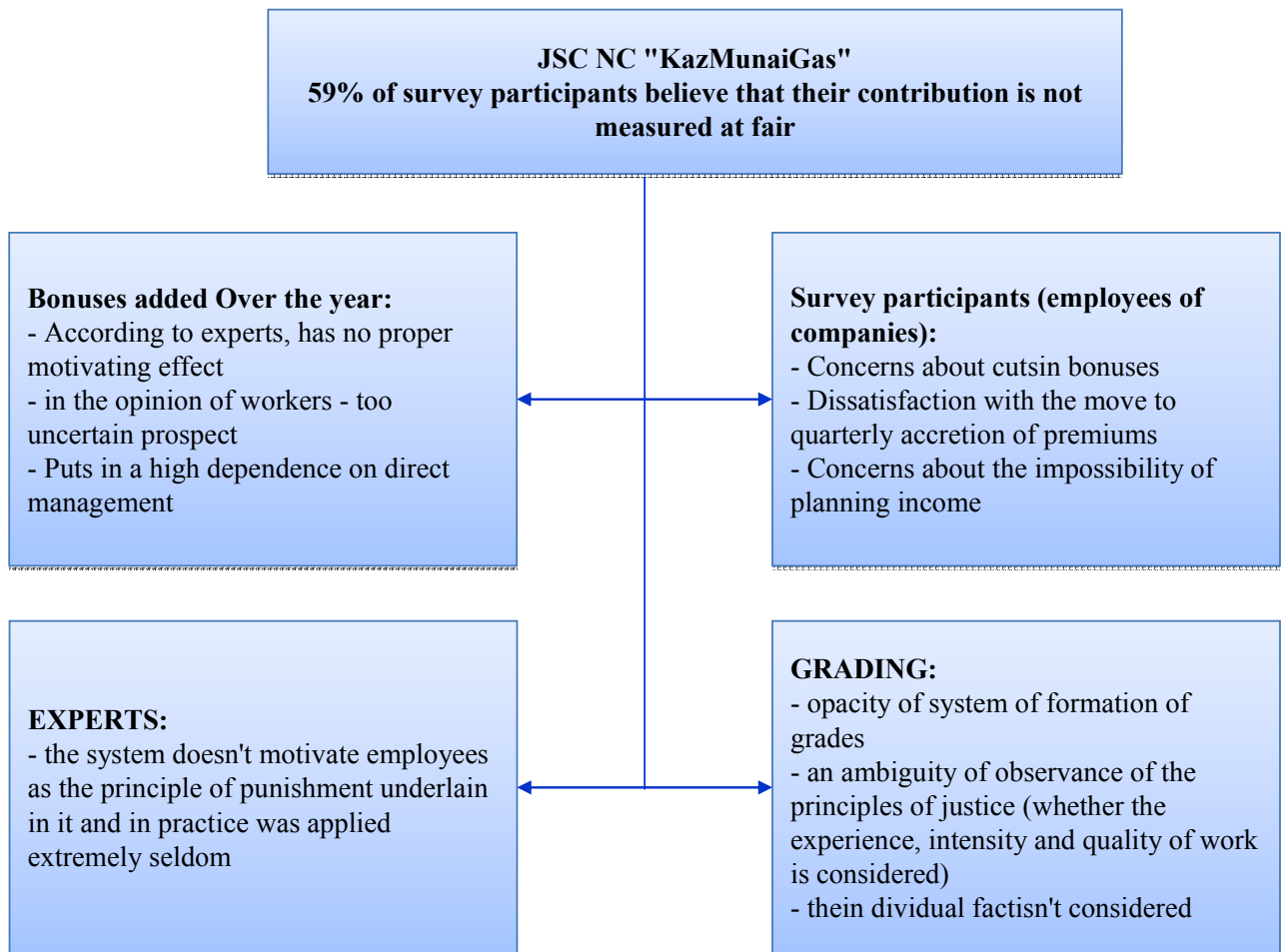
Any changes cause resistance of the personnel. Process of adaptation begins after the management of the company overcome resistance to changes, therefore the HR department needs accurately understand how the ordinary personnel of the company perceives process of organizational changes.

The analysis of the primary material has shown that the greatest resistance is associated with the subjective perception of the change process. Employees consider it as mechanical connection, as absorption, causing an automatic translation of the "Baltic" standards, "top-down" planning and change in management style. Plants of centerline platform have demonstrated greater resistance to change, fearing that they lose their leadership positions (loss of status), and have to pull the "outsiders". Regional platforms have shown lesser resistance to changes, having shown the quiet relation to it as to working process.

An important element of the mechanism of human resources management in terms of organizational relations is the motivation of the staff to conduct the reorganization. Personnel motivation is higher, the higher the economic and moral-psychological incentives and motives. As far as personnel motivation and stimulation to changes is concerned, the studied aggregate of enterprises, i.e. the availability of material and moral incentives and motives, then 63% of survey participants have indicated that their contribution to the company has not fairly valued.

Figure 20 shows the results related to the evaluation of the system of rewards and punishments in "KazMunaiGas" corporation. Respondents highlighted the following weaknesses of the system of labor motivation in the group of companies: lack of proper motivational effect; uncertain prospect of bonuses; accrual of bonuses is in rigid dependence on the management of the companies; opacity of system of

motivation; ambiguity of observance of the principles of fairness in system of motivation; compensation often is defined by the factors which are not depending on the worker; principle of punishment inherent in the system of motivation, in fact, is rarely used; concerns about cuts in premiums; dissatisfaction with the move to quarterly accretion of premiums; concern over the inability of revenue planning. Only LLP “KMG-Transcaspian” respondents have noted positive moment in the new system – binding employee remuneration to the results of the company. Thus, the most sensitive issue is the discussion of new job evaluation system and the system of encouragement corresponding to it.



Note – Compiled by author.

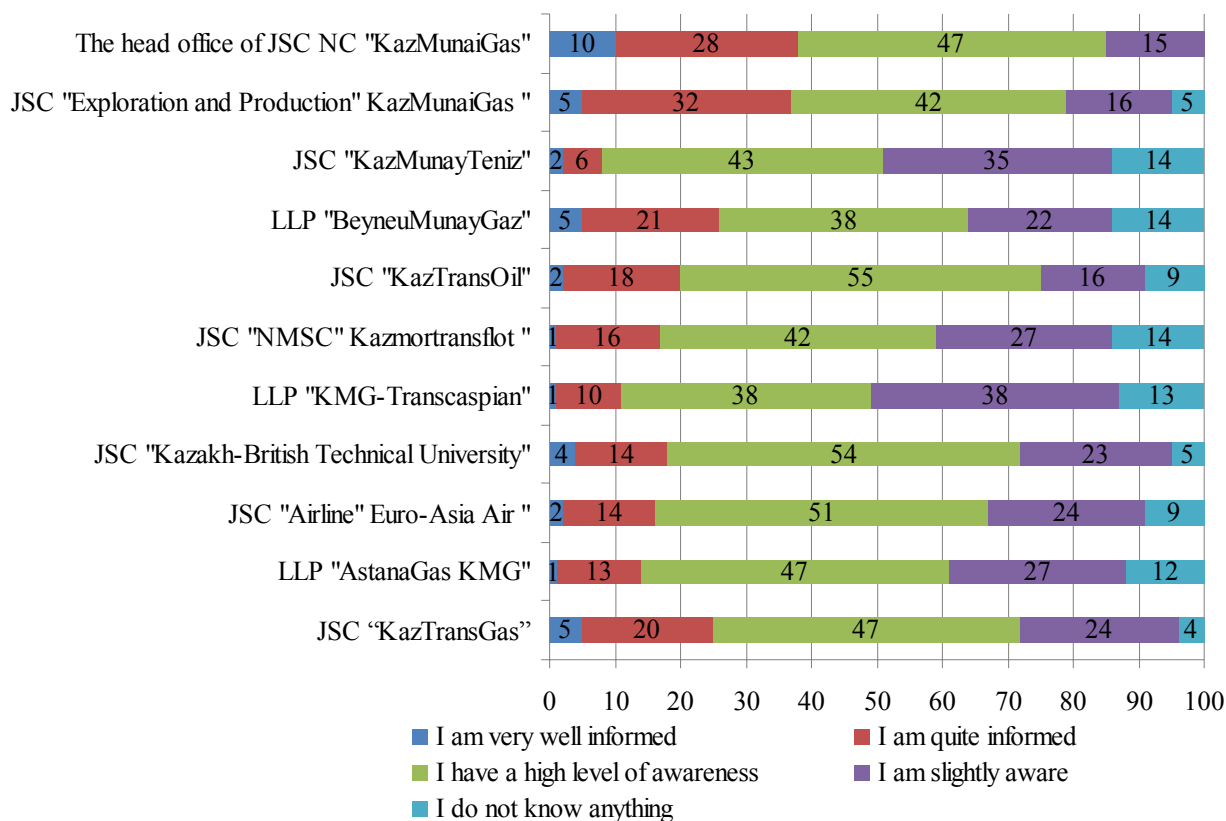
Figure 20 – System of encouragement and punishment in the organization

As is evident from the survey, the majority of experts and focus group participants have noted the shortcomings of this system that is caused, according to the author of the dissertation, by imperfection and poor quality of human resources management mechanism in JSC NC “KazMunaiGas”.

Let us consider another equally important element of the mechanism of personnel management – operational management including the ability to make the necessary management decisions, organize information support, and introduce

technologies of effective activities. Thus, the study on functioning of the mechanism of operative personnel management, in particular, staff awareness about the association, has led to the conclusion that the situation with informing gradually improves in comparison with the initial stages of association. However some problems still remain, for example, there are no messages which would give employees confidence in tomorrow; only positive information is alarming, there are no answers to the most burning questions — strategy and the plan of corporation, compensation policy and reduction. Respondents rated their awareness of the goals, process and prospects of the business association as follows:

- not more than 9% of the respondents are extremely aware;
- the majority of respondents showed an average level of awareness (38 to 55%);
- the number of respondents knew nothing about the reorganization is from 5 to 15% of the respondents;
- the diagram with the results of the survey is shown in figure 21.



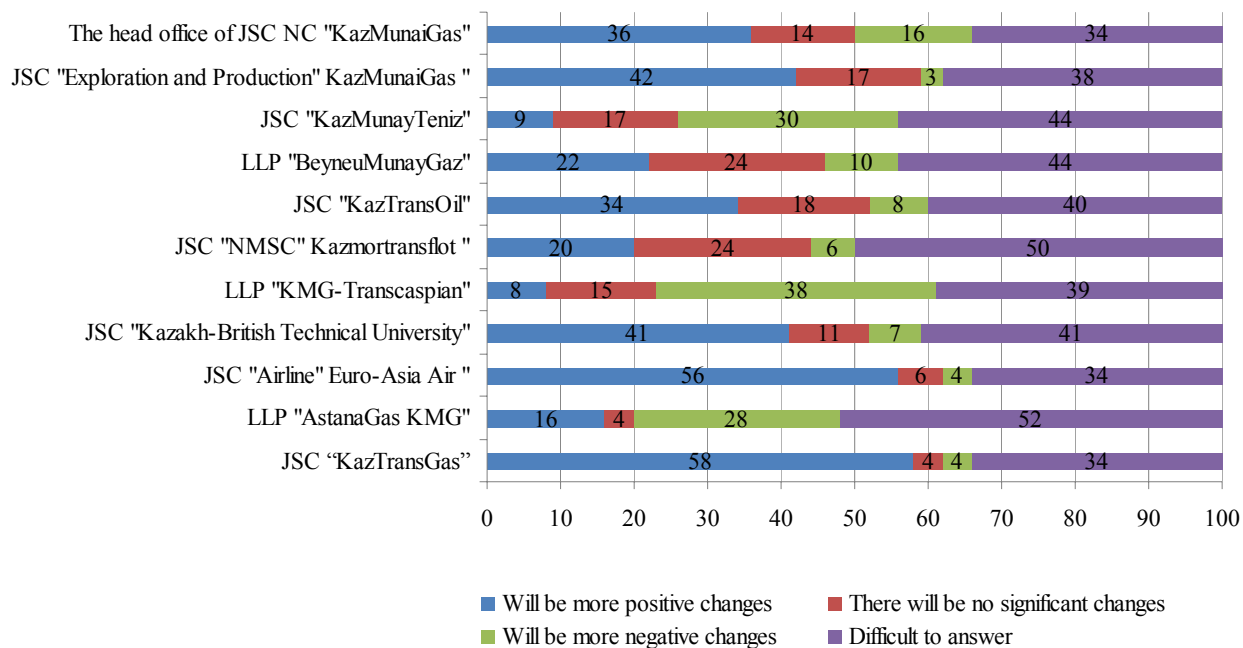
Note – Compiled by author.

Figure 21 – Staff awareness about the changes

The survey showed that both management and staff are familiar with the general plans of shareholders regarding the merger, however strategy of the new company is not known, long term perspective is foggy (there are rumors about a possible sale of

the company).

Perception of the personnel of the future (figure 22) became result of such weak awareness. On a question how improvement of performance of headquarters of JSC “KazMunaiGas” affect a situation in your company in the future, received the following answers: rapidly growing companies have the most positive attitude to change.



Note – Compiled by author.

Figure 22 – Perception of the personnel of the company future

As can be seen from the diagram, there is no clear answer to these questions. In the companies expectation of changes is positive, since the staff hopes for increase in production, welfare growth and stability (JSC “KazTransGas”, JSC “Euro-Asia Air”), prospects of growth of the oil market, increase in profit, expansion of the range of production (JSC “KazMunaiGas “Exploration and Production”, JSC OOC “KazMunayTeniz”).

In the companies which are based in the western Kazakhstan, changes are perceived negatively. The staff experiencing some anxious expectations, as it believes that being the most powerful enterprise has to support “outsiders”, and competition cease to be an incentive.

The main conclusions of Chapter 2

The assessment of management of organizational changes has to meet the requirements of complexity, accounting of duration of temporary characteristics, different points of view and complex assessment of results of changes.

In theory there is no unified model of measurement the effectiveness of the organization, and productivity of changes in general. Therefore the optimum model

of measurement of these parameters has to be created within concrete research. One of the most important requirements for any model is multifactorial pattern which allows aligning problems associated with the measurement through a single parameter.

As the instrument of collection of information the detailed questionnaire is offered. It has been tested on a group of external experts of JSC NC “KazMunaiGas” and allowed to collect information on numerous parameters of organizational change.

Adequacy of the made decision has strong positive impact on both indicators of effectiveness of changes. It occurs because perceived as the adequate decision causes a great support of the personnel of the company.

The structure of human resource management in conditions of organizational changes is a set of its elements which are substantially allocated on a functional basis. Structural elements of human resource management can be differentiated on three levels which correspond to stages of organizational changes. Each structural element of human resource management in conditions of organizational change has its substantial filling.

The attitude towards changes in the content of the change process is significantly influenced by the position of the organization, its status. Subsidiaries perceive changes with hope for improvement of organizational and administrative processes. Analysis of survey results showed that in all organizations, regardless of their status, location, existing management system, the most complicated is overcoming the resistance of ordinary employees. Executives consider this aspect of the enterprise activity most difficult to resolve in the implementation of organizational changes.

3 ORGANIZATIONAL AND ECONOMIC ASPECTS OF IMPROVING THE MANAGEMENT OF JSC NC “KAZMUNAIGAS” IN TERMS OF ORGANIZATIONAL CHANGES

3.1 Application of design models of changes in corporation

The concept of development assumes the reasoning and actuation of some of the basic principles of activity, which can become the leading element in the transformation of business practices. Special attention in the activities of JSC NC “KazMunaiGas” is given to developing a marketing strategy of the company on the diversified emerging markets. The main criterion for determining the market is its ability to maximize return on investment.

The more complex the organization and larger the coverage of changes – the stronger is the impact of the environment. It is especially difficult to apply system approach to the changes which are characterized not only by softness, but also limitlessness of a problem. For example, requirement the rapid growth of initiative, creativity, and ingenuity of employees, which is critical for the company JSC NC “KazMunaiGas” can be vital for the organization.

Restrictions on the use of system methods are targeting a rational approach to the study of changes in the socio-psychological aspects of the changes.

Due to the complexity (extreme comprehensiveness) of impact on the organization of internal and external factors, socio-psychological concept, and the most famous among them – organizational change – have essentially situational character: a set of methods that are most suitable for the implementation of changes depends on the individual characteristics of the organization, its unique past experience in solving problems, the nature of (often changing) tasks, style of leadership, organizational culture and climate, and many other variables.

The structure of JSC NC “KazMunaiGas” shifts the emphasis from the content of organizational changes to the area of the broader context and the processes of creation psychological scenarios of change. Rejection of the idea that the change is only a matter of analytical or rational planning is typical for corporation.

However, the latter does not mean that rational methods of analysis and planning the changes may experience any difficulties. There concept of paradigm introduced by T. Kuhn which combines internal and external, rational and irrational at the changes is successfully used. This feature of the paradigm as a methodology of changes is pointed out by Sheldon, and some time later by A. Pettigrew [130]. In the researches of organizational development they have defined set beliefs, changing over time, which determines the views of managers on the external environment, the management style in the organization, the image of the head, routine procedures to ensure success, and so on.

The general scheme of changes is based on the management of organizations as systems and subsystems in changing external and internal environment. In particular, it is based on the concept of an open system, according to which the organization is seen as a transformation of the input elements (raw materials and needs) to elements of the output (goods and services). This point of view explained is in more detail in

the article by D. Nadler “The Concept of Organizational Change Management” [131].

Change management is a reminder of the need to develop a strategy of initiation and control for the process of change. As D. Pugh and D. Coleman fairly noted, in the absence of a common scheme attempts to manage organizational change in a certain desired direction can cause three unsatisfactory effects:

- nothing will change;
- superficial changes will occur, but underlying situation does not change, or very quickly return to their original state;
- unintended adverse effects outweigh the gains [132]

R. Bekhard specifies that at any changes of the organization it is necessary to consider three so-called “states”:

- future state which defines where members of the organization would like to be;
- the real state characterizing a situation before changes;
- transition state which specifies in details how to move from the present state to the future one [130, p.701].

Each of these three states includes certain activities that represent different stages of the overall process of change. It is an iterative and cyclical as changes occur continuously, and check of the organization's ability to respond effectively to changes also must be continuous.

Change management as a process of transformation of the enterprise under the influence of external factors is the most important component of strategic management.

The concept of organizational change management being the most important condition for the future success of companies and their survival in the face of uncertainty and unpredictability of the external environment, has led to the need to incorporate not only the top management of enterprises, but also concrete executors into the implementation of strategic change. This concept covers all planned, organized and controllable changes in strategy, processes, structure and culture of any socio-economic system. Organizational change management deals with specific issues of corporate governance including economic, technological, organizational, personnel, communication and information aspects.

One of the main objectives of management of the company is the development of strategic concept that will determine the long-term policy of JSC NC “KazMunaiGas”. The concept is based on the irreversibility of market processes in Kazakhstan, resource and production potential of the company; it defines priorities and reflects selection of the most important factors for success of the company.

On its basis the development of the system of the actions for management of corporation directed on achievement of the objectives and actual tasks will become possible.

As a reference point in a conceptual choice – the design of “Kaleidoscope” model is offered by V. Hope-Hailey and J. Balogang [133]. In Kazakhstani practice models which became classics are generally applied (for example, SWOT analysis, BCG matrix, etc.).

However, the management of the corporation does not stand still; many new developed models of organizational changes are rich and diverse. Organizational change management is one of the most important stages in the process of planning and implementation of the overall strategic development.

The model includes an outer ring of the strategic context. This is the first stage – managers developing strategies determine why and where conversion is necessary.

The middle ring highlights the characteristics of organizational changes – both internal (culture, competence and current situation) and selected from the strategic management (the second and third stages), and *the inner ring* which contains a menu for the selection of the main design factors of changes (a kind of ranking options required for the optimal course of action – the fourth stage).

Using the “Kaleidoscope” model it is possible to determine the impact of design factors of transformation and obtain an aggregate assessment of the readiness of changes in the organization. In case of a positive readiness it is possible to make recommendations on the best way in the implementation of improvements in the organization. If the negative assessment is received, it is necessary to analyze the purposes of the organization regarding their approachability. The purpose, unreal for achievement, leads to loss of a reference point that negatively affects company’s activity in general. Goals of the corporation must be adjusted according to the results of a comprehensive analysis of the external environment and its internal capacity.

The proposed approach allows through the establishment of the gap between the intended target, actual performance and the projected changes in the system to identify problems of the development of the organization and assess the possibility of transformations. The model allows reviewing and evaluating options for the strategic planning and risk reduction in the development of new projects in the period of change.

The movement of JSC NC “KazMunaiGas” will be implemented through the selection of appropriate strategies, one of which determines the development of the company, the other – the improvement of management. Conditions and rates of successful advancement to the standards of world-class companies depend on the general economic situation in Kazakhstan and the world oil markets, as well as the activity of the company in increasing its competitive advantages. Accordingly, the company's competitive advantages can be formed by: the efficient use of resource potential; coordination of functional services; implementation of scientific and technological progress; clearly oriented marketing strategy and number of other measures to ensure the long-term successful growth of the company.

The external environment of the direct impact on JSC NC “KazMunaiGas” is a set of factors that directly affect the operations of the organization and experiencing the direct impact of the organization’s operations, as well as direct business environment of the organization.

In particular:

- suppliers of material resources, equipment, energy, capital and manpower;
- public authorities and laws;
- consumers (individuals and companies, government agencies);

– competitors – persons, group of persons, firms, companies, competing to achieve identical goals, seeking to have the same resources, benefits, take position in the market.

Organizational changes are determined by strategy through the goals and objectives are defined not only from domestic premises but may be dictated by the environment. Respectively the formulation of the main research objective in this area consists in an assessment of readiness of the organization for conducting transformations when the prevailing factor of changes at a certain stage of its development are the requirements and restrictions from environment.

The model of organizational changes “Kaleidoscope” of JSC NC “KazMunaiGas”, presented in the appendix E is focusing on the interaction of external and internal environment. In this case the emphasis is placed on the “Preferences and Style of the Agent of Changes” area, that is taken into account the fact that the change agent has the requisite managerial and personal skills.

Manager through special procedures and technologies finds a way to the concept and further – to clarify the relevant approach to change.

In practice, where using the “model of better (best) practices” change manager passes through two stages – the choice of strategy and the ratio of the environment. with a conceptual tool refers to a belief system manager of changes resulting from their understanding the specifics of the context and process of change. The conceptual tool is understood by the belief system of manager of changes resulting from his understanding the specifics of the context and process of change.

You can use a two-stage model:

Firstly, there is an issue of why and what we need to develop strategically?

External and internal contexts are studied only from the perspective of “why” it is necessary to change. In addition to this, policymakers decide questions on the content of changes in what area it is important to achieve a change. Secondly, the change manager designs the process of organizational change, looking for the decision of similar problems in the past, in other words, it goes through a number of case studies.

There are at least five sources of using existing solutions. However that might happen if the manager decides on the basis of one of the sources, unfortunately, is not expected. This, of course is negative.

Advantages of past experience and previous training are very important and valuable, but you should only enter one addition: the past must be examined from the perspective of the current today context of organizational change. Assessing the experience of past decisions, change manager should ask himself questions: "Why is this method worked well then? What was the reason for the success? What was the structure of the organization and its external environment and market position? What factors made the process of changes successful in that situation? What is the difference between that and today organization, where I work?

At such approach the manager works with tasks decision of which is due to effective management of organizational changes, by means of search of answers to the questions posed, it allows to choose the corresponding approach to changes:

radical or evolutionary; top-down or bottom-up; participative or directive. If the manager ignores the context in the long term there is a big probability of losses and troubles.

For application the design model of changes at JSC NC “KazMunaiGas” first is necessary to use a four-phase model:

Step 1. Top management resolve issues regarding the content of change and in what area it is important to achieve these changes. Here changes in scales of the market, competitive shape and the purposes are reflected, i.e. these are the facts found by top managers and defining why and where transformations are necessary.

Step 2. Top management undertakes analysis of the context of organizational change, studying the characteristics relevant to the case, such as the scale of the required changes, the time limit, the possibility of managers influence their course, the degree of diversity in the staff, the potential for change within the organization, etc. The company’s management identifies as internal characteristics of organizational change, as well as selected design factors of change. By moving from the outer to the inner ring manager performs ranking of project factors of changes necessary for optimal method of action. Their adaptation to the specifics of the transformed organization, thereby forming the program changes.

Step 3. Change manager judges the most critical characteristics in the current situation of organizational changes (in some organizations, the characteristics are not equal – some may be more important, others – less important).

Step 4. Change manager, performing a peculiar selection makes the most favorable, pertinent the present case selection (design choices) of project factors of change. Information taken from the analysis of steps (steps 2 and 3) will be considered as the initial information, or starting point, in which some design options seem to us as non-working, while others, on the contrary, possible or the most important. For instance, the organization has only a small amount of money to invest in change, while some of the most expensive training methods of changes will not be feasible.

Key questions that need to stand before the company's management in the application of the “Kaleidoscope of change” model:

Time: How rapidly should changes be conducted? Is this anti-crisis measures and long-term strategic development?

Scale: How deep must be the change? Is this change of the basic values or only processes? Do they affect the entire organization or just part of it?

Safeguarding of assets (Preservation): What assets and characteristics of the organization you want to save? Do you expect to optimize personnel or sale of subsidiaries?

Diversity of the staff: How diverse are categories of personnel in their values, competence, commitment to the company? Does the company have a subculture (by the nature of the activities, regional or professional)?

Competence (Capability): Do the executives have (top management, middle link) experience and skills necessary to manage change?

Resources (Capacity): How much resources the organization can afford in order

to use changes (financial, human, time)?

Readiness for change: How great is the resistance of personnel to changes? Do the employees consider its necessity? Do they understand the ultimate goal? How well do they imagine the next steps?

Power: In whose hands power in the organization is concentrated? Are change agents enough influential to the authority and powers?

One of the most important competences of the manager of tomorrow is the ability to manage organizational changes.

In business schools, this discipline is usually given from a position of management consultants and organizational development that is an emphasis on the study of organizational pathologies using special diagnostic techniques.

Then the problem field of organization is constructed, the root problem is identified and strategic planning session is scheduled, which together with customers develop an exit strategy from the current state

There are several variants of work of the consultant within the company, which has its original findings and knowhow. The great value is attached to the methods of organizational development as planned, usually initiated by the top management

In general without abandoning this or about this approach, we propose a slightly different interpretation of the field of organizational change management.

The basic premise of the proposed approach is that change management is presented as an integral part of strategic management. The study of organizational changes is a study of the processes of mutual penetration of mental constructs that make up the plans and forecasts of organizational changes in the behavior of people realizing these plans, taking into account the world view of each person, his deep-seated beliefs and feelings about the ongoing organizational transformation.

Organizational changes consist of three main components: context, content and process. The context of changes can be divided into external and internal. Political, economic, social, technological and competitive areas in which the organization operates are included to the first one. To the second – structure, culture, capabilities and potential of the organization and its internal political model, i.e. a system of distribution of power and influence. Content of changes in the strategic management – is primarily a regular evaluation and selection of the markets in which the organization competes with rivals, it is a choice of products, substantiation of prospects, forecasts and definition of goals and their characteristics.

Content often depends on the context changes. The process of change which is the main subject of study of strategic renewal – is the data on how they are implemented and what it does. In the course of change management is necessary to deal with the issues being handled in strategic analysis and the choice of strategies, but in this case it is rather a reaction to the existing state of affairs that must be used when moving the organization from its current state to the desired. Because, all of our mental constructions help to catch only the general trend.

The qualification requirements to changes agents, diagnostic studies of organizational models and ratios of catalysts and barriers to transition to a new state, the analysis of samples of changes which have stood the test of time can be attributed

to the main block of studying the process of changes.

Change managers of JSC NC “KazMunaiGas” should acquire the skills necessary to analyze rather than memorize the “Top 10 steps to manage the change program” by heart. They need to develop the ability of deep analysis of the organization, while recognizing the features of its culture, employee motivation and other important characteristics. Besides, ability to analyze means possession of subtleties of system approach. The ability to judge critically the situation analyzed.

Finally, the management of change is a practice, actions. There are two key aspects of the implementation of strategic change that give rise to two important questions: what interventions to use and in what order, and in what sequence to perform the intended actions? For example, the manager has discovered that is necessary to change the system of remuneration, redesign the job and retool the production line in organization. It is possible to refer ability to cope with difficulties, to develop keenness, clarity of perception and consciousness to personal skills. The ability to overcome difficulties allows the manager on the basis of the simplest skills to prepare the foundation for strategic change.

These skills give the opportunity to coordinator of changes not to be confused with the symptoms of the true causes of problems, clearly understand the consequences of their actions. Reorganization of the various kinds offends people. Of course, in modern conditions difficult decisions (for example large-scale reduction) in business are accepted, but the consequences of their use must be taken into account, especially in the long term. In addition to these abilities and skills managers need to know how changes affect people in the organization, understand the organizational game, force fields and mechanisms of coordination of interests. An important individual skill is the ability to self-consciousness that understands other people's opinions, prejudices, biases, preferences and experiences. It is necessary to learn how to understand personal paradigms through which the employees look at their surrounding organizational reality.

In order to maintain the company's mission postulates in JSC NC “KazMunaiGas” – e-learning course which explains the meaning and importance of all the components of the mission of the company has been developed for new employees of the company.

Effective vision or mission in its wording reflect the balance of various parameters: the picture of the "idyllic" future is given, but the future is derived from real-life present; external factors are consistent with the understanding of the internal strengths and weaknesses. The wording is sufficiently general to inspire people, but at the same time specific enough to reflect the specific nature of the goods or services is the organization. Once it is determined where it is desirable to see the organization, it is necessary to find out where it is now. This procedure is known as the *diagnosis of current state*.

Regular professional development of managers of various levels is necessary; it will allow revealing problems at an early stage, to find out their reasons and adequately to react to changes.

The effective catalyst stimulating changes is the analysis of data made by the

management of the organization. It is risky to entrust this work to consultants, since the analyzing the data “external” experts inevitably bring their values and prejudices to the process of researching. In order to simplify the analysis, it makes sense to hold two-or three-day on-site seminar on change management. In this workshop managers (advisable the presence of representatives of all departments and levels of the organization most of which would have already been interviewed) analyzing the data, diagnose the existing culture of the organization and make decisions about proposed changes in the future. Despite the apparent simplicity of this event, it requires a great effort of top managers and often their personal courage to question their own beliefs, values, norms and style. Similar seminars are often an ordeal for managers. To bring changes in attitudes and behavior of their subordinates, managers must show them change of their own attitudes and behavior. It is important not only to gather information about the organization's ability to implement the changes at the level of problem solving, but also to assess the emotional readiness for change, the quality of existing relationships and potential agreement on new ways of working. Even if all of these indicators are positive, there is still a difficult task – the top management decision to sacrifice the existing and model the desired values, norms and work style.

This stage begins with efforts to ensure that management and staff in the change process. The famous English theorist D. Pugh in his article “Understanding organizational changes and management” offers a valuable way to achieve this stage.

He notes that “one of paradoxes of organizational life is that situations and problems in which changes most sharply are required, at the same time are characterized by the most persistent resistance to these changes” [134].

However, an effective manager is able to withstand these difficulties, as he:

- foresees the need for change, rather than react to danger after its occurrence;
- diagnoses the nature of the required changes and carefully considers the possible alternatives that could enhance the effectiveness of the organization, instead of going along the way of a speedy solution to the problem;
- manages the process of change over a certain period of time in order to make it effective and acceptable instead of rushing from one crisis to another.

Certainly, changes in the external environment may be such that initially it is necessary to start with a very strong interference. However it is necessary to be at first convinced of it. Is necessary to avoid the syndrome of “changes for its own sake” [135], having got in a trap of own enthusiasm to initiate ambitious program of change.

Trying to convince the organization that it needs change management, in fact we suggest top management to become the sponsor of changes, managers – to be coaches for employees in the change process, and project managers – to develop projects taking into account the needs and conditions of change management. Thus, we suggest not only use the “Kaleidoscope” model of changes but also take an active part in the process of change management, as well as make adjustments to the design model.

The advantage of change management for the organization is in contributing more complete implementation of the strategy and thus the execution of the mission.

In the personal sense change management for each employee allows achieving greater personal success, in case facilitating change at his own work and the work of others.

Considering all these aspects it is necessary to create convincing reasons of necessity of change management. The message should make different sense for different people and match their specific criteria of success.

For the top management it would sound like this: “Your strategic initiatives can be realized more fully since we help to bring the necessity and importance to the people in order to overcome their resistance and secure the acceptance and support for change”.

For project teams: “Your projects will achieve goals in time and within the budget; we will provide the best implementation of your decisions, we will increase the speed of acceptance of changes and we will assume operation with people”.

For middle managers: “We will bring you out of the fire, explaining your employees the need and benefit of change and help them to work well”.

The analysis of the conducted research revealed that even if people precisely know that changes benefit them, in the early period of change they still resist them.

In order to make changes at organization activity it is necessary to achieve changes in behavior of each certain employee. Therefore, managers cannot do without the appropriate knowledge and skills that can help achieve this goal.

The evaluation of changes in the corporation has revealed that the head of the company discusses on improving business efficiency, optimization of its size, the implementation of total quality management programs or improving corporate culture, and waits for approval from his subordinates and active participation in the work. However, these expectations are not met. All changes are not perceived by employees, lead to complaint, counteraction and even to the hidden sabotage. As a result plans for implementation of the strategy collapse, and the final results are not impressive.

The central problem of any change in the company - is not an existing strategy, structure, or corporate culture. The main question is behavioral change. Research proves that people are extremely reluctant to change. Only two out of ten patients, who underwent heart surgery, thereafter begin to live a healthier lifestyle, although each of them is aware that it affects their lives. There is the same thing in business: even if employees logically understand the favor of the upcoming organizational innovations, still it is difficult for them to adapt and begin to behave in new ways.

There is a common pattern: the longer time person works at one place getting used to certain functional responsibilities, then it is more difficult to switch and learn new things. Longer he worked is more difficult to retrain. However, it is customary for ordinary employees. The situation is completely different for the top - managers. There are other requirements for the top - managers of the analyzed companies with strong corporate culture and working on the Western model. The top-managers initially are more flexible, more trainable and able to respond quickly to changes. For people of such level process of acceptance of changes occurs without any problems.

Instead, they often wonder why what they do is relatively easy is given to other employees with great difficulty.

Evaluation of organizational change of subsidiaries and affiliates of the corporation has revealed that employees resist only the changes that are not clear, and threaten their condition and plans. If the sense of change and its methods of implementation at least are understandable then the resistance is removable or minimized. But the best option is ensuring involvement in the change. This also applies to executives - the authors of the changes and personnel - performers. If one can be involved in the conception or method of implementation, then experience of change and even some deterioration of the current situation are perceived as normal.

One of the primary causes of difficulties in the implementation of reforms in the company is that the top - managers and employees differently embrace the change. Both know that the guarantee of successful transformation is the corporate vision and competent management. Nevertheless, the heads cannot imagine how to convince subordinates in the necessity of change and inspire the desire pursue reforms. There is no universal recommendation. Lot depends on the style of leadership. However the more people take part in the discussion of the situation is the better for the change. There are different forms of implementation of organizational change. For the analyzed organizations is possible to recommend the application of effective gaming technology.

3.2 Assessment of the success of personnel management in terms of organizational changes

The organizational changes as one of the necessary components of competitiveness of the organization on the market of goods and services predetermine fixing of their condition on the personnel management level. In other words, the quantitative expression of the willingness of employees to the new content and organization of labor, their resistance to change and other factors are becoming increasingly important for businesses. In accordance with this relevance of search of mechanisms that allow evaluate the success of human resource management in terms of organizational change is increasing. Depending on the analytical sphere and role of the appraiser four methods of measuring the success of personnel work in the organization can be used. For example, according to the expert evaluation of the famous German scientist Vunderer measurement of success of human resource management can be implemented at two levels – employees working in the organization, and service of the personnel [136]. Therefore, process of measurement of success of personnel management can include two stages: 1) measurement of success of work with the personnel at the level of the staff of the organization; 2) measurement of success of work with the personnel at the level of service of the personnel.

1 stage. Structurally it consists of the following substages:

- personnel assessment;
- survey of employees;
- an interview with leaving workers.

Personnel assessment has two main objectives: to assess the success of employees and their potential; within the framework of diagnosis it should be determined by the estimated propensity to self-development in the future. During the assessment the base for decision-making as well as at the level of the specific individual and also collective in general is formed. Besides, the assessment is an important stage for definition the policy for providing the organization with the personnel, the organization of compensation and personnel development.

To form the scenario and procedure of the employee survey, it is important to pay attention to the following aspects summarized in table 11.

Table 11 – Components for the preparation and interviewing employees of the company

Components for the preparation and interviewing employees of the company	The content of the components for the preparation and interviewing employees of the company
General totality	The staff of the enterprise can act as the general totality. If it is impossible to interview all the employees, in this case management personnel can be general totality.
The aggregate sampling	From a psychological point of view it is necessary to conduct continuous research, ie survey of all employees.
Form of obtaining the result	The form of conducting may be the survey during which the workers fill questionnaires. Employees of the branches have possibility to send responses by e-mail, which, of course, simplifies and speeds up the receipt and evaluation of the results.
The degree of coercion	Participation in the survey is voluntary.
Anonymity	Anonymity of the respondents is set by the scenario of workers survey.
Assessment of data	The assessment can be conducted either neutral external institutions of public opinion research, either through internal services company.
The length of the questionnaire	Questionnaires should be short enough to motivate filling it and long enough to be able to provide the relevant data.
The degree of standardization	Questionnaires mostly should be standardized to facilitate processing and comparability of data. In addition, the sheets must contain some open-ended questions to provide employees an opportunity to provide a response in free form.
Options for obtaining results	In order to reflect the real situation at the head office and its branches questions specific to the organization can be included in questionnaires.
The comparability	In order to measure the success of human resource management in terms of organizational changes it is necessary to conduct the survey at different stages of its changes. The comparison with previous surveys, comparison with other organizations (external benchmarking), and comparison between the branches within the company can also be useful.
Note – Compiled by author.	

The effect of human resource management is achieved through the assessment

of results and assessment of potential. Thus, when assessing achievements (results) there are measurement of potentially caused effect with orientation on last or real and potential assessment – with orientation to the future.

Questionnaire survey of employees is also important for measuring the effect of human resources management and can serve as a method of analysis and dialogue between addressees of the survey and interested in it structures. As a rule, it consists in conducting structured and most often irregular survey. As a rule, a survey of employees is conducted to determine the overall climate in the organization and, therefore, job satisfaction. It allows judging employees assessment of corporate culture, organization and strategy.

For measurement the effect of human resource management, it is important that the survey is regular and this make it possible to compare the obtained results with the previous ones. In accordance with this the structure of evaluation sheets (questionnaire forms) should not often change.

Well-established method is a mini-survey at short intervals. It gives the chance to receive rather detailed picture about the attitude of workers to these or those actual problems, without waiting for a large-scale questioning.

Another version of the questionnaire can be so-called family survey. It can be conducted in two ways: in the first case, the employee is responsible for questions about the attitude of the company where he works, and his family members. In the second – these issues are the subject of questioning his (her) spouse.

Being at the stage of significant organizational changes JSC NC “KazMunaiGas” includes employee satisfaction issues into the questionnaire which on the one hand are traditional and can be transferred to the questionnaires of other companies. On the other hand, the questionnaire allows receiving specific information about this business entity, concerning the status of the staff during organizational changes (mergers and acquisitions). The questionnaire is developed for the survey of JSC NC “KazMunaiGas” employees and consists of 15 basic headings, each of the questions is detailed with specific issues (see table 12).

According to practice, the effect of working with personnel is also formed in the course of interviews with employees who leave the company. The peculiarity (and the benefit) of this interview from the customary interview with workers is that it allows to obtain more open view of the company because the link between company and interviewee is lost.

2 stage. The survey of workers can be performed in order to determine employee satisfaction not only by the company in general, but also its divisions, such as satisfaction with the work of Human Resources department.

In order to measure the quality of service of staff activities the survey can be focused on the key (linear and functional) positions of organizational management.

At the level of the organization in general, this approach is hardly appropriate, since many employees are quite rare contact with personnel managers and therefore cannot give the exact specifications of their work. Because of this, is possible to get general idea without specification staff satisfaction by this subdivision. Satisfaction with personnel service, however, may be directly connected with the “contacting with

the client”, for instance through the oral survey which is appropriate for the final phase of communicating with him. Inappropriateness of written questionnaire in this case, however, does not mean that the survey is optional.

Table 12 – Questions of the questionnaire developed for the survey of employees of corporation JSC NC “KazMunaiGas”

1	Involvement of employees in the process of organizational change
2	Strategic directions of change
3	Management of the company
4	The immediate supervisor
5	Information and communication
6	Powers and employee participation in the implementation of organizational changes
7	Working conditions and efficiency;
8	Attitude to organizational change in the collective;
9	Personal development;
10	Evaluation of activity / results of labor;
11	Awards and recognition/encouragement;
12	Image of the company and the position taken in the market;
13	The reaction to the survey;
14	The reaction to the merger;
15	Business communications.
Note – Compiled by author.	

According to the practice, "design of quality" should be based on some personnel service, on the basis of which a questionnaire specifically developed for this unit (appendix F).

In the future it is also possible to estimate separate central functions of personnel management. At the same time it is advisable to conduct the assessment of focus groups: HR Manager, heads of departments, top management. Applied to JSC NC “KazMunaiGas” will assess the individual functions of personnel management in order to identify the most important ones in terms of organizational change. The quality of performance of these functions determines the success of personnel management of organization as a whole. In order to solve this problem one of the methods of expert evaluation – the method of ranks is used. Methods of expert evaluation serve as a means of group choice. An expert evaluation is the complex of logical and mathematical procedures to obtain information from the experts, its

analysis and synthesis for the preparation and development of rational decisions. Expert evaluation methods can be divided into two groups: methods of collective work of the expert group (“brainstorming”, “scenarios”, “business games”, “meetings”, and “the court”) and the methods of obtaining the individual opinions of the members of the expert group.

The author of dissertation involved representatives of JSC NC “KazMunaiGas”- heads of departments and personnel managers consisting of 10 persons. The experts were asked to set priorities by giving appropriate rank to the individual functions of personnel management. The examination was conducted in seven administrative functions of HR department.

The method of ranks as one of the techniques of expert evaluation allows when comparing personnel management functions very easy get the number that expresses the importance (rank) of each function. Whereby the minimum rank corresponds to the most preferred function among the compared and the maximum corresponds to the least desirable function. Shortcoming of the method is the number of compared objects, criteria, properties, etc. should not exceed 7 (typically 5 ± 2). This restriction is caused by human opportunities of comparison.

The results of the experts ranking in JSC NC “KazMunaiGas” are shown in table 13.

Table 13 – Results of personnel management functions ranking in JSC NC “KazMunaiGas”

Functions of HR department	1	2	3	4	5	6	7	8	9	10	Cumulative rank $\sum_{S=1}^d r_i$
1 The organization of activities	1	3	1	1	1	2	2	1	1	1	14
2 Organizational culture formation (corporate ethics)	4	4	3	4	3	4	2	4	3	4	35
3 Hiring, reduction and movement of personnel	5	6	5	5	6	4	5	6	5	6	53
4 Personnel training and development	4	5	4	6	4	5	4	5	4	5	46
5 Qualification and performance appraisal	2	2	2	3	2	1	1	2	2	2	19
6 Personnel adaptation and motivation to the new conditions	3	1	3	2	3	3	3	3	2	3	26
7 Informational support of activity	6	7	6	6	5	6	6	7	6	7	62
Note – Compiled by author.											

Examination procedure is as follows:

- 1 Experts are invited to compare functions of personnel management.

2 The expert has to put in compliance of each function of management sequence numbers from 1 (rank). Where 1 represents the best variant among the compared, 2 – variant worse than 1, but better than 3, etc.

3 It is allowed to put the same ranks in a row if alternatives, according to experts, are equal.

4 The ranks received from experts for each function of human resource management are summarized and on the received sums total ranks are exposed.

5 The function which receives the smallest total rank is the most significant of compared.

6. Obtained ranking estimates personnel management functions we line up in ascending order of their values, and get the final results of the ranking of personnel management functions (table 14).

Table 14 – The rank estimates of personnel management functions in ascending order of their values

Functions of HR department(1)	Experts (s)									
	1	2	3	4	5	6	7	8	9	10
1 The organization of activities	1	1	1	1	1	1	1	1	1	1
2 Organizational culture formation (corporate ethics)	2	2	2	2	2	2	2	2	2	2
3 Hiring, reduction and movement of personnel	3	3	3	3	3	3	2	3	2	3
4 Personnel training and development	4	4	3	4	3	4	3	4	3	4
5 Qualification and performance appraisal	4	5	4	5	4	4	4	5	4	5
6 Personnel adaptation and motivation to the new conditions	5	6	5	6	5	5	5	6	5	6
7 Informational support of activities	6	7	6	6	6	6	6	7	6	7
Note – Compiled by author.										

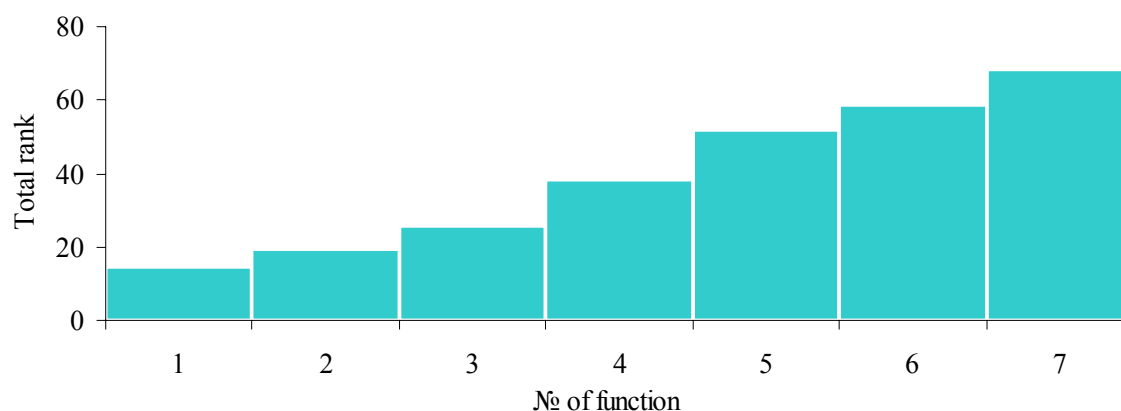
7. Then in table 15 we will replace values of the ranks exposed by experts with numbers of places corresponding to them in the table 3. If the value of the rank is not repeated, then the rank is equal to the corresponding number. For the case of “associated ranks” (where the expert cannot distinguish from two functions the most significant one) there is a rule of “normal ranking”: is necessary to attribute objects with the same rank, the rank equal to the average value of the places that these objects are divided among themselves.

8. According to table 15, we construct histogram of ranking personnel management functions in order of decreasing their importance in terms of organizational change. It is visually presented in figure 23.

Table 15 – Total results of ranging of functions of the personnel management

Functions of HR department	Experts										Cumulative rank $\sum_{S=1}^d r_i$
	1	2	3	4	5	6	7	8	9	10	
1 The organization of activities	1	3	1	1	1	2	2,5	1	1	1	14,5
2 Organizational culture formation (corporate ethics)	4,5	4	3,5	4	3,5	4,5	2,5	4	4	4	38,5
3 Hiring, reduction and movement of personnel	6	6	6	5	7	4,5	6	6	6	6	58,5
4 Personnel training and development	4,5	5	5	6,5	5	6	5	5	5	5	52
5 Qualification and performance appraisal	2	2	2	3	2	1	1	2	2,5	2	19,5
6 Personnel adaptation and motivation to the new conditions	3	1	3,5	2	3,5	3	4	3	2,5	3	25,5
7 Informational support of activities	7	7	7	6,5	6	7	7	7	7	7	68,5
Note – Compiled by author.											

Reliability of the decision received by an expert method depends on degree of coherence of opinions of experts. Therefore after examination let us check degree of coherence opinions of the experts involved to an assessment of success of personnel management in JSC NC “KazMunaiGas”. In the analysis of the estimates obtained from the experts using rank method, the consistency of their opinions is considered.



Note – Compiled by author.

Figure 23 – Histogram of ranking personnel management functions in JSC NC “KazMunaiGas”

Measure of coherence of opinions of the group of experts is the dispersive coefficient of a so-called consent (coefficient of concordance) [137].

Let us consider the matrix of ranking results of personnel management functions by group of d experts ($i = 1 \dots m$; $S = 1 \dots d$).

Where r_{iS} – rank, assigned by S -expert of i -th function.

A justification for this result relies on a permutation argument [138].

For value W calculation at first the sum of r_{iS} ranks is determined for each function of human resource management, data is presented in table 15.

$$r_i = \sum_{S=1}^d r_{iS}, \quad (1)$$

The concordance coefficient is calculated according to the formula proposed by Kendall and Smith [139]:

$$W = \frac{1_2 S}{d^2(m^3 - m)}, \quad (2)$$

where S – the sum of squares of deviations of total ranks from average value of a rank;

d – number of experts;

m – number of features.

$$S = \sum_{i=1}^m \left(\sum_{S=1}^d r_{iS} - r \right)^2, \quad (3)$$

Average rank is calculated by formula [9]:

$$\bar{r} = \frac{1}{m} \sum_{i=1}^m r_i, \quad (4)$$

In our case:

$$\sum_{i=1}^m r_i = 277$$

$$\bar{r} = 39,6$$

$$S = 2580,2$$

Putting the values obtained, we calculate the coefficient of concordance:

$$W = \frac{12 \times 2580,2}{10^2(7^3 - 7)} = 0,92$$

The concordance coefficient can vary from 0 to 1; its equality of 1 means that all the experts give similar estimates and equality of 0 means that there is connection between the estimates have obtained from different experts. Usually if $W > 0,8$ it is considered that the degree of coherence permissible [140].

In our case, the value of the concordance coefficient corresponds to the recommended limits.

Thus, using the method of ranks as one of the methods of expert evaluation allows making the ranking of personnel management functions of organization in the conditions of organizational change; the quality of the implementation of which directly depends on the success of HR management [141]. Received number of managerial functions constructed on the reduction degree of significance for the overall assessment of quality of HR management has the following form:

- the organization of activities;
- qualification and performance appraisal;
- personnel adaptation and motivation to the new conditions;
- organizational culture formation (corporate ethics);
- personnel training and development;
- hiring, reduction and movement of personnel;
- informational support of activities.

Personnel management in terms of organizational changes should be reformed in order to comply with the new requirements defining the orientation of the company to achieve maximum outcomes in the process of reorganization. Important condition of the solution of an objective is development of complex system of reforming human resource management mechanism which has to correspond to the following principles:

- Systemacity – human resource management is considered as system. Then the elements of personnel management are its subsystems.

- Objectives – the main goal of a comprehensive system reforming of personnel management in terms of organizational changes is differentiated for the purposes of its subsystems, which in turn are brought to the level of the specific tasks of personnel at various levels and specialized personnel management services.

- Complexity – developed system covers all types and summands of management activities; the relationship and interaction between all employees and all structural units of the organization (corporation, company, and department).

- The program – designed and planned decision of interrelated tasks necessary to achieve the objectives, as well as the systematic implementation of appropriate measures to reform human resources management for achieving these goals.

In a basis of a comprehensive personnel management system in the conditions of organizational changes the following main provisions have to be put:

- the formation of general development strategy in terms of staff of organizational changes;
- accelerated self-development of personnel management;
- increase in the degree of adaptability of the system in the applicable operating conditions;

- evaluation of staff performance by the criterion of achievement of the set objectives;
- division of activities to ensure and improve the efficiency of the mechanism of personnel management;
- the organization of stimulating the process of change;
- overcoming of resistance to changes by systematic information support.

Human resource management in the conditions of organizational changes includes the following elements: complex diagnostics of human resource management; comprehensive plan of reforming of human resource management; set of the standards, methodical materials and recommendations defining forms and methods of management of the personnel in the changing conditions; system of the measures providing participation of the personnel in the process of organizational changes.

To show and justify the connection of change management with the results which business brings - this is one of the major challenges the top management of corporations has faced. Their professional demand directly depends on it. Changes in the organization are frequent. The statistical correlation studies reflect direct link between change management and better business results.

The collected data in the analysis of the survey of the employees has revealed the importance in the direction of change. The calculated coefficient of concordance has revealed the degree of consistency across the expert group. In particular, we can conclude that in terms of organizational change the top management of JSC NC “KazMunaiGas” should pay more attention to the overall organization of personnel management: motivation, personnel attestation and corporate culture. For this purpose it is necessary:

- Motivate employees for training. There are large number of trainings and seminars in the corporation, but the management of subsidiaries is reluctant to release staff for training;
- Teach subordinates to measure the degree of success of the work done. The best example is the creation of an evaluation scale of labor productivity;
- Monitor the level of motivation. In most of the analyzed organizations the heads have no idea about the actual level of motivation of their subordinates. Studies of the degree of employee job satisfaction do not include an assessment of motivation;
- Explain subordinates the adopted reward system. Since the analyzed organizations use the system of incentives and awards and in most cases it has led to a decrease in motivation. It is necessary to explain employees the details of the program of incentives; its goals and objectives. Give clear answers to the staff questions how the current system of incentives can affect their current activities;
- Create ideas. The survey has showed that the majority of employees believe that anyone does not care about their ideas. However, most managers wish that the subordinates share their ideas and fresh thoughts with them;
- Reward individual employees for a total contribution of the organization. In the era of teamwork people often feel that their individual merits remain

unaccounted. Companies are more willing to recognize the successes of the group as a whole. However, the head needs to encourage team members at the individual level. Managers should strive to ensure that immediate supervisors and colleagues note the contributions of individual employees to the common cause;

– Maintain a positive exchange of information between subordinates. The corporate culture that supports the effort to give each other the positive assessment on the results of each completed task raises the level of motivation and productivity. For example, culture of mutual recognition of merits of subordinates can be developed that would entail rewarding employees in a survey of their peers. When employees begin to recognize and reward each other's successes, their level of motivation will increase dramatically;

– Make the tasks more clear. It shall be clear to the subordinate what he does why he does it, and how well he performs his work. Studies have shown that the clarity of objectives more intensively affects the motivation of sales department than their experience or the size of commission charge;

– Strive to become the bearer of the corporate culture. Often happens that the high goals are declared, employees are called managers, new ideas and breakthroughs expected of them, but the workers are not involved in decision-making, do not know the basic information about the company and not involved in the internal life of the organization. It is very important to break such a formal attitude toward people.

The main conclusions of Chapter 3

The analysis of organizational and economic aspects of improving the management of JSC NC “KazMunaiGas” in terms of organizational changes conducted in the third chapter of the thesis, led to the following conclusions.

Quantitative expression of willingness of employees to the new content and the organization of labor, their resistance to change and other factors according to the practice are becoming more significant for businesses.

In accordance with it the relevance of search of mechanisms to measure the success of human resource management is increasing. The model of design of organizational changes “Kaleidoscope” is applied in the research. This model has been used in a new way – as a tool to assess the feasibility of implementing a change for a given plan, and the influence design factors and characteristics of the context changes to this possibility. In conducting the research this tool has been extended to the entire industry, rather than a separate entity. However, it can be considered acceptable since as a result of transformations there is a uniform economic entity. In general the “Kaleidoscope” model has shown its adequacy in the new use and in the finalization of certain issues it can take place in the toolbox of managers and management consulting professionals.

Evaluation of functions of personnel management in order to identify the most significant ones in terms of organizational change has been conducted in JSC NC “KazMunaiGaz”. Quality of performance of these functions determines the success of personnel management of the entire organization. In order to solve this problem we used the method of ranks – one of the techniques of expert evaluation. The author of

dissertation involved representatives of JSC NC “KazMunaiGas” – heads of departments and personnel managers consisting of 10 persons.

The use of the method of ranks allowed making the ranking of personnel management functions in terms of organizational change. Success of HR management directly depends on the quality of the implementation of changes.

As a result there are number of managerial functions which can be built on extent of decrease of their importance for the general assessment of quality of human resource management: the organization of activities, organizational culture formation (corporate ethics), hiring, reduction and movement of personnel, personnel training and development, qualification and performance appraisal, personnel adaptation and motivation to the new conditions and informational support of activities.

The basis for developing a comprehensive action plan on reforming personnel management in terms of organizational change are the results, conclusions and suggestions received during the diagnosis of management of JSC NC “KazMunaiGas”.

Comprehensive plan for reforming the personnel management in many ways is the foundation of effective activities of the personnel, instrument for the implementation of planned activities, providing control of their performance and ensuring the effectiveness of organizational change.

CONCLUSION

The present stage of world economy is characterized by internationalization and globalization, which is emergence and deepening of communications between national firms of various countries.

The combination of processes of automation and integration is not only a characteristic feature of modern world economy, but also an irreversible process of its development.

In this way, the researcher has highlighted basic issues, raised in thesis of PhD:

1. Based on the research of the theoretical foundations of organizational change management of corporations in modern conditions a definition of “corporation” was proposed, which revealed the influence of elements of corporation on implementation of organizational changes. The change is quite broad term. In this regard a definition of the category of “organizational changes” is given – logical and consecutive result of various changes on the following criteria: on volume, source, type, level, scope and functional areas.

2. The assessment of management of organizational changes has to meet the requirements of complexity, accounting of duration of temporary characteristics, different points of view and complex assessment of results of changes.

In theory there is no unified model of measurement the effectiveness of the organization, and productivity of changes in general. Therefore the optimum model of measurement of these parameters has to be created within concrete research. One of the most important requirements for any model is multifactorial pattern which allows aligning problems associated with the measurement through a single parameter. Relying on the general principles of formation of research of organizational changes stated above, in this work the technique of research of organizational changes – algorithm was developed.

3. For this research we chose a questionnaire of experts as the main instrument of collecting information, because it allows capturing a larger number of respondents by one researcher what is important to ensure the validity of the study results. Questioning allowed involving a wide range of experts from various cities of Kazakhstan. Within the questioning of experts our assumptions of that partition into blocks of content and not sequentially numbered questions increase the credibility of experts and psychological ease of filling out the questionnaire were confirmed. In our view, the resulting questionnaire contains unambiguous, understandable (considering prepared audience - expert - management consultant) questions which suggests that collected through its data can be used to solve the problems of the study. The provided analysis of characteristics of the companies shows on the one hand, that companies with various characteristics are presented, and on the other – the greatest share belongs to companies with the features that occupy a large share in the market as a whole.

4. Adequacy of the made decision has strong positive impact on both indicators of effectiveness of changes. It occurs because perceived as the adequate decision causes a great support of the personnel of the company.

The structure of human resource management in conditions of organizational changes is a set of its elements which are substantially allocated on a functional basis. Structural elements of human resource management can be differentiated on three levels which correspond to stages of organizational changes. Each structural element of human resource management in conditions of organizational change has its substantial filling.

The attitude towards changes in the content of the change process is significantly influenced by the position of the organization, its status. Subsidiaries perceive changes with hope for improvement of organizational and administrative processes. Analysis of survey results showed that in all organizations, regardless of their status, location, existing management system, the most complicated is overcoming the resistance of ordinary employees. Executives consider this aspect of the enterprise activity most difficult to resolve in the implementation of organizational changes.

5. Analysis of the origin of changes determines the characteristics of the process of consideration of these changes, motives which pushed the company to change, generalized results of frequency of mention various reasons which prompted the management to change. The reason pushes management to changes in organization for more than half of Kazakhstan companies are low results of its activity. Following on importance degree are market factors, such as pressure of competitors and change of market conditions. It is interesting that such reasons as change of the owner and change of the management of the company received the last places in a rank, in a counterbalance to a popular belief that the domestic companies are inert and capable to change only in case of radical change of property and/or the management.

Data on Kazakh companies shows that domestic executives pay insufficient attention to the “soft” organizational elements, connected with the human factor, resulting in the development of these elements occurs in unpredictable way for the executive. On the other hand, local leaders overestimate their ability to manage such controllable organizational elements as functional systems or organizational structure. The main conclusion of the data discussed is that it convincingly proves high degree of uncontrollability of organizational processes.

6. As the instrument of collection of information the detailed questionnaire is offered. It has been tested on a group of external experts of JSC NC “KazMunaiGas” and allowed to collect information on numerous parameters of organizational change.

The most important characteristic of the process of implementation of changes in the organization is the involvement of employees of different levels in various decision-making regarding changes in the organization. We researched this parameter using the four questions reflecting different, but contiguous aspects of the problem, so first let us present the results of answers to all these questions.

From the analysis of organizational change, we can see that the actual authority of decision-making is highly concentrated on the “upper” level of organization; the share of delegation of authority downward is very small. The used gradation of a scale of measurement does not allow us to determine exactly where an “average” of concentration of power level begins and ends, and more clearly to compare these data

with the answers to the previous questions. However such decision on a scale, in our opinion, is substantiated since the issue in the development of the methods of collecting information pawned to a certain extent as a “screening” to the previous one, and consequently do not have to contain newly mentioned graduation. The degree of change in the planned strategic level has a negative impact on the effectiveness of the changes in terms of achieving the goals. We think that this can be explained by inertial forces within the company that hinder simultaneously significant change in strategic management, and consequently, lead to the fact that goals are realized fully less frequently.

An important element of the mechanism of human resources management in terms of organizational relations is the motivation of the staff to conduct the reorganization. Personnel motivation is higher, the higher the economic and moral-psychological incentives and motives. As far as personnel motivation and stimulation to changes is concerned, the studied aggregate of enterprises, i.e. the availability of material and moral incentives and motives, then 63% of survey participants have indicated that their contribution to the company has not fairly valued.

7. Quantitative expression of willingness of employees to the new content and the organization of labor, their resistance to change and other factors according to the practice are becoming more significant for businesses. Evaluation of functions of personnel management in order to identify the most significant ones in terms of organizational change has been conducted in JSC NC “KazMunaiGaz”. Quality of performance of these functions determines the success of personnel management of the entire organization. In order to solve this problem we used the method of ranks – one of the techniques of expert evaluation. The author of dissertation involved representatives of JSC NC “KazMunaiGas” – heads of departments and personnel managers consisting of 10 persons. The use of the method of ranks allowed making the ranking of personnel management functions in terms of organizational change. Success of HR management directly depends on the quality of the implementation of changes.

As a result there are number of managerial functions which can be built on extent of decrease of their importance for the general assessment of quality of human resource management: the organization of activities, organizational culture formation (corporate ethics), hiring, reduction and movement of personnel, personnel training and development, qualification and performance appraisal, personnel adaptation and motivation to the new conditions and informational support of activities.

The basis for developing a comprehensive action plan on reforming personnel management in terms of organizational change are the results, conclusions and suggestions received during the diagnosis of management of JSC NC “KazMunaiGas”.

8. In accordance with it the relevance of search of mechanisms to measure the success of human resource management is increasing. The model of design of organizational changes “Kaleidoscope” is applied in the research. This model has been used in a new way – as a tool to assess the feasibility of implementing a change for a given plan, and the influence design factors and characteristics of the context

changes to this possibility. In conducting the research this tool has been extended to the entire industry, rather than a separate entity. However, it can be considered acceptable since as a result of transformations there is a uniform economic entity. In general the “Kaleidoscope” model has shown its adequacy in the new use and in the finalization of certain issues it can take place in the toolbox of managers and management consulting professionals.

We suggest not only use the “Kaleidoscope” model of changes but also take an active part in the process of change management, as well as make adjustments to the design model.

9. The more people take part in the discussion of the situation is the better for the change. There are different forms of implementation of organizational change. For the analyzed organizations is possible to recommend the application of effective gaming technology.

10. The collected data in the analysis of the survey of the employees has revealed the importance in the direction of change. The calculated coefficient of concordance has revealed the degree of consistency across the expert group. In particular, we can conclude that in terms of organizational change the top management of JSC NC “KazMunaiGas” should pay more attention to the overall organization of personnel management: motivation, personnel attestation and corporate culture. For this purpose it is necessary:

- Motivate employees for training;
- Teach subordinates to measure the degree of success of the work done;
- Monitor the level of motivation;
- Explain subordinates the adopted reward system;
- Create ideas;
- Reward individual employees for a total contribution of the organization;
- Maintain a positive exchange of information between subordinates;
- Make the tasks more clear;
- Strive to become the bearer of the corporate culture.

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APPENDIX A
Direction of organizations institutional reform

Table A1

№	Direction of change	The results of the organization's development
1	2	3
1	Creating an internal strategic planning organizations and management organization based on strategic plans	Ensuring the integrity of the organization in space. Ensuring the completeness and effectiveness of the implementation of its functions.
2	Establishment and strengthening of reproductive structures in the organization	Ensuring continuous development and the integrity of the organization, as indefinitely continue its activities subject
3	Reorganization of personnel management services enhance their function by controlling the processes.	Improving the quality of management, inheritance and evolution of technology. Ensuring the integrity of the internal environment of the organization
4	Upgrading the system for certification and career development of employees by combining the processes of certification of personnel, review of processes, strategic monitoring and strategic planning of the organization	Ensuring the integrity of the organization in space. Ensuring the completeness and effectiveness of the implementation of its functions
5	Increasing the responsibility of the General Director of the performance of the organization	Ensuring the integrity and internal consolidation organization. Functional organization's motivation. Social responsibility of the organization.
6	Expansion of CEO responsibility (including personal property) for acts that cause short-term damage to the organization or deferred	Ensuring the integrity and internal consolidation organization. Functional organization's motivation. Social responsibility of the organization. Enhancing the impact of market signals to the organization's strategy
7	Creation of a public institution to identify effective and honest leaders of organizations	Ensuring the integrity and internal consolidation organization. Functional organization's motivation and so forth.
8	Establishment of a similar institution for the formation of negative public attitudes to loss of reputation managers	Ensuring the integrity of internal consolidation and organization, and so on
9	Creating a system of representation of organizational and technical management in the decision-making structure.	Improving the quality of management, the evolution of technology. Ensuring the integrity of the internal environment of the organization
10	Representing the interests of employees in the decision-making process through the organization of a permanent body that represents the strategic interests of the workforce.	Improving the quality of production, inheritance and evolution of technology. Ensuring the integrity of the internal environment of the organization, organization's social responsibility

Continuation of the table A1

1	2	3
11	Strengthening of labor unions in the organizations	Ensuring the integrity of the internal environment of the organization
12	Creating a system of liability of owners of large industrial capital of the organization for the effectiveness of the companies owned by them. Development of state institutions such responsibility large owners	Provision of social responsibility of business
13	Create patronized by the state training system of industrial management and exchange of experience on the basis of successful restructuring and reforming existing organizations	Improving the quality of a transfer of advanced management of organizational and production technologies
14	Strengthening the integration of the organization	Improving the efficiency of the relationship of the organization as whole systems.
15	Increasing the responsibility of the newly created organizations. Creating a network or clusters of leading industry organizations	Improving the efficiency of relationships organizations as integrated systems (the integrity of market integration environment)
16	Promote the establishment of the institute of “popular organizations”. Equal competitive development of all types of organizations in the economy	Ensuring the integrity and completeness of the internal market. Social responsibility of business. Efficient use of labor resources
17	Change in bankruptcy legislation in the direction of a more complete and complex account of the adoption and implementation of the decision of the bankruptcy of social and economic interests of all stakeholders operating and financial activities of the organization and its creditors, the region’s industry and state	Social and economic stabilization of the internal market, the social responsibility of business
18	Unification of tax and other conditions of the organization in different regions	Strengthening the foundations of competitive production. Reduction in the degree of fragmentation of the internal market
19	Development of corporate stock market, expansion of the competitive field for investors, and to activate the actions of state and regional agencies as participants in the stock market	The growing influence of market signals to the organization. Social responsibility of business
Note – Compiled on the basis of [98].		

APPENDIX B

Research questionnaire (for external expert)

We would like to invite you to take part in the survey on the research of JSC NC “KazMunaiGas” corporation. Please select the organization and the situation of organizational changes, which can be judged by its results, i.e. that company, which you most thoroughly informed about and were participant of changes.

The questionnaire consists of several conceptual blocks: general characteristics, the content of changes, the process of their implementation and the results achieved. Last set of questions relates to your experience in general without regard to assess the situation.

In the majority of questions if you consider it necessary, you can choose more than one answer. Completing the questionnaire will take about 25 minutes. Please send the completed questionnaire to gylzira11@gmail.com

Thank you again for your participation!

Block I. Please answer a few questions about yourself:

1.1 Please describe your position in relation to the organization and to the situation of changes

- You-an external consultant, while you are –
- private consultant
- working in a consulting company
- other

and your experience in consulting is

- Less than 1 year
- 1–3 years
- More than 3 years

You – internal consultant, while you are working in this company

- Less than 1 year
- 1–3 years
- More than 3 years

And your experience in consulting in general is

- Less than 1 year
- 1–3 years
- More than 3 years

Outside observer, keeping in touch with the organization and who is informed of developments

Another (please specify what)

1.2 If you are a consultant of that organization then you:

- actively participated in development of the program of changes about which there is a speech (their contents);
- actively participated in process of introduction of these changes;
- you were attracted to the single consultations connected with these changes;
- worked with the organization, but on the questions which aren't connected with changes about which there is a speech.

Block II. Please describe the organization about which you will answer the questions:

2.1 *This company is:*

- In Kazakhstan;
- In the CIS countries;
- in other country (specify, please, where).

2.2 *On "nationality" of the capital it can be characterized as the company*

- from 100% local private capital;
- from 100% foreign capital;
- with prevalence of state ownership;
- joint venture.

2.3 *On "nationality" of management it can be characterized as the company:*

- which is operated only by local experts;
- with participation of foreign experts
- which is generally operated by foreign experts;

2.4 *By the development history, it can be characterized as joint venture.*

- New enterprise company (created after 2005);
- the company (created till 2005);
- Former "Soviet" enterprise.

2.5 Number of employees is (specify how many)

- Less than 500;
- 500–1 000;
- 1 000–5 000;
- 5 000–10 000;

- 10 000–50 000;
- More than 50 000.

2.6 How many years company exists?

- 3–5 years
- 6–10 years
- 10–15 years
- 16–20 years
- More than 20 years

2.7 At what stage of the life cycle, in your opinion, is it?

- Childhood*
- Youth*
- Maturity*
- Oldage*

2.8 Please, characterize branch in which the company about which there is a speech works _____

	For the consumer	For business
Production of the goods	<input type="checkbox"/>	<input type="checkbox"/>
Services	<input type="checkbox"/>	<input type="checkbox"/>
Trade	<input type="checkbox"/>	<input type="checkbox"/>

- Another (specify, please).

2.9 How would you describe the environment in which the company exists:

a)

- As rather stable and predictable
- As turbulent, unpredictable, constantly changing

b)

- it is rather as favoring to growth of the company, its development
- it is rather as the difficult, hostile, interfering development companies
- another (specify, please, characteristics of the environment)

2.10 How you would characterize competition level in branch in which the company works (number of players in branch and their force)? (if the company works

in several branches, give, please, the generalized assessment of the competitive environment of the company)

Low competition, company monopolist	1	2	3	4	5	6	7	High competition, great number of players
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

2.11 How you would characterize the level of compliance of strategy of the company and its internal mechanism to restrictions and opportunities of environment at the time of start of the program of changes?

Full discrepancy to environment	0%	20%	40%	60%	80%	100%	Full compliance to environment
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

2.12 Characterize, please, relationship of property and management in the company:

- Top manager = main owner
- Top manager = minority owner
- Top manager = hired employee thus:
- The main owners don't interfere with company management
- The main owners interfere with company management

Block III. Characterize, please, the content of those changes:

3.1 What main objectives were set by the head of the company (the key initiator of changes) before changes?

3.2 Whether these purposes in process of introduction of changes changed? (choose, please) (If yes, specify that, please how)

3.3 How do you consider, what pushed the management of the company to thought of need of changes?

- Change of the owner
- Change of the management of the company
- Introduction of new technology
- Low results of activity of the company
- Pressure from competitors
- Change of market conditions
- Entry into the new markets

- Another (specify that)

3.4 On what parameters organization focused change program at the beginning of its run (i.e., that the planned change in the beginning?)

- mission, ideology of the company
- business strategy of the company
- organizational structure
- distribution of the power and influence in the company
- corporate culture, key values
- control system in general
- structure of key faces of the company
- qualitative structure of the personnel of the company (skills, knowledge, etc.)
- the used production technology
- rules and procedures of operational work
- functional systems, specify, please, which:
- human resource management;
- productions;
- marketin gandsales;
- economies and managements of finance,
- another
- another (specify, please)

3.5 How would you characterize the changes:

- as quantitative (for example, change of number of businesses, the markets, the personnel, etc.)
- as qualitative (for example, change of model of management of businesses, the principles of work in the existing market, the principles of human resource management, etc.)

3.6 How would you describe the changes in their quality content: _____

	as cardinally changed these parameters of the company (i.e. You could call them substantial revolution)	as improving the existing system of work (i.e. You could call them substantial evolution)
The same for all parameters	<input type="checkbox"/>	<input type="checkbox"/>
Differently for different parameters		

Mission, ideology of the company	<input type="checkbox"/>	<input type="checkbox"/>
Business strategy of the company	<input type="checkbox"/>	<input type="checkbox"/>
Organizational structure	<input type="checkbox"/>	<input type="checkbox"/>
Distribution of the power, influence	<input type="checkbox"/>	<input type="checkbox"/>
Corporate culture, key values	<input type="checkbox"/>	<input type="checkbox"/>
Control system in general	<input type="checkbox"/>	<input type="checkbox"/>
Structure of key faces of the company	<input type="checkbox"/>	<input type="checkbox"/>
Qualitative structure of the personnel	<input type="checkbox"/>	<input type="checkbox"/>
Production technology	<input type="checkbox"/>	<input type="checkbox"/>
Rules / procedures of operational work	<input type="checkbox"/>	<input type="checkbox"/>
Functional systems	<input type="checkbox"/>	<input type="checkbox"/>
Another	<input type="checkbox"/>	<input type="checkbox"/>

3.7 How do you think, how adequate to the situation and the requirements of the external environment was the decision on the content changes (deciding “what to change”)?

The decision is not true in this situation it was necessary to do something completely different	0%	20%	40%	60%	80%	100%	It is completely true, the most effective in this situation
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Block IV. Characterize, please, process of realization in the company of those changes:

4.1 *The changes specified by you were started rather at the same time (within less than 2 months) or is rather consecutive (with a gap in time more than 2 months)?*

	Were running at the same time:
Changes in all parameters which it was planned to change	<input type="checkbox"/>
Changes only in some of the specified parameters, including:	
Mission, ideology of the company	<input type="checkbox"/>
Business strategy of the company	<input type="checkbox"/>
Organizational structure	<input type="checkbox"/>
Distribution of the power, influence	<input type="checkbox"/>

Corporate culture, key values	<input type="checkbox"/>
Control system in general	<input type="checkbox"/>
Structure of key faces of the company	<input type="checkbox"/>
Qualitative structure of the personnel	<input type="checkbox"/>
Production technology	<input type="checkbox"/>
Rules/procedures of operational work	<input type="checkbox"/>
Functional systems	<input type="checkbox"/>
Another	<input type="checkbox"/>

4.2 *During what period of time the program of changes took root (i.e. all changes named by you in total)?*

- _____ less than 1 month
- _____ 1–3 months
- _____ 4–6 months
- _____ 7–9 months
- _____ 10–12 months
- _____ 1–1,5 years
- _____ 1,5–2 years
- _____ more than 2 years (specify, how many _____)

4.3 *How do you consider, in general process of introduction of changes happened:*

- generally quickly enough
- generally rather slowly

4.4 *Who, in your opinion, was the leader of changes in the described situation?*

- Owner
- Head of the company
- Team of top managers
- Middle managers
- Consultants
- Some one another (specify, please)

4.5 *In your opinion, whether key groups of influence in the organization at the time of start of the program of changes supported idea of changes?*

- Rather yes, than no
- It is rather not, than yes

4.6 *Whether external consultants over these changes were employed?*

- yes*
- no*

4.7 *If external consultants were attracted in what their work consisted of?*

- Single consultations (according to the contents and/or process of introduction of changes)
- Development of the program of changes (i.e. their contents)
- Participation in process of introduction of changes (if yes, specify that in what it consisted)
- Another (specify, please)

4.8 *Does the company attract any employees in decision-making*

a) about the content of the planned changes?

- no
- yes

if yes, which groups of employees:

- top managers
- key experts
- middle managers
- ordinary employees

b) the process of implementing change?

- no
- yes

if so, which groups of employees:

- top managers
- key experts
- middle managers
- ordinary employees

4.9 *Was there in the company of an internal task force to carry out a detailed study and implementation of changes?*

- no
- yes, and this group included employees of the following levels:
- top managers

- key experts
- middle managers
- ordinary employees

4.10 How you would characterize level concentration of powers on development of the plan of changes and its realization?

- High (everything is concentrated on the level of the highest management)
- Middle (a number of decisions is delegated to average management, heads of divisions, etc.)
- Low (the wide range of employees is involved in preparation and decision-making)

4.11 Were there any problems in the field of personnel management in the process of implementing the changes?

- no
- yes

if yes, that on what tasks the special accent in the course of introduction of changes was put?

- The rewere not specialaccents
- Certification of the personnel
- search of new employees from the outside of the organization
- carriers of new values and search of potential leaders in the company and their development
- removal from the organization of "excess" employees
- training in specific practicalskills
- training in universal skills,
- general professional development
- development in employees of skills of team work
- development of intra firm communications
- help to employees in overcoming of a stress
- development of new systems of remuneration of the personnel
- others (specify, please, what)

4.12 Have there been anynegative and/or positive factors during the implementation of the changes

negative	positive
<input type="checkbox"/> decrease in motivation to work <input type="checkbox"/> the increased stress level at employees	<input type="checkbox"/> increase of enthusiasm, interest, motivation to work <input type="checkbox"/> increase of loyalty of employees

<input type="checkbox"/> their creased conflictness level decline in production	<input type="checkbox"/> increase of productivity
<input type="checkbox"/> growth of anabsenteeism	<input type="checkbox"/> decrease in anabsenteeism
<input type="checkbox"/> growth of turnover of staff	<input type="checkbox"/> strengthening of team
<input type="checkbox"/> falling of profit, sales volume, etc.	<input type="checkbox"/> increase of profit, sales volume, etc.
<input type="checkbox"/> other factors	<input type="checkbox"/> other factors

4.13 If you noted any negative factors in the previous question, specify, please other factors

a) What, in your opinion, was the reason?

b) Are there anything for "mitigation" of these consequences?

no

yes, (if yes, specify, please, what was specifically undertaken)

4.14 If you didn't note any negative consequences in the course of realization of changes, specify, please, what, in your opinion, factors provided such situation?

Block V. Please, estimate results of the carried-out program of changes

5.1 Specify, please, what actual changes resulted from the program of changes in the organization, and estimate degree of their planning:

Is it planned? What has change das a result?	It was planned initially	partially it was planned	It wasn't planned (inadvertent)
Mission, ideology of the company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Business strategy of the company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Organizational structure	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Distribution of the power, influence	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Corporate culture, key values	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Control system in general	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Structure of key faces of the company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Qualitative structure of the personnel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Production technology	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rules/procedures of operational work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Functional systems	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Another	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

5.2 *The realized changes in result concerned generally*

- the strategic*
- the functional*
- operational level of management in the company?*

5.3 How do you assess the results of organizational change?

a) from the point of view of achievement of the objectives, put before changes by the head of the company

the objectives aren't achieved at all	0%	20%	40%	60%	80%	100%	the objectives are achieved in full
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

b) from the point of view of efficiency of a ratio of expenses and results (costs of carrying out changes and negative effects caused by them to the reached positive results)

inefficiently, expenses considerably exceed a positive effect	1	2	3	4	5	6	7	effectively, the positive effect considerably exceeds expenses
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

c) from the point of view of influence of changes on results of activity of the company (if you have no exact information, estimate, please, a tendency)

	decreased	increased
profit	<input type="checkbox"/>	<input type="checkbox"/>
Share in the market	<input type="checkbox"/>	<input type="checkbox"/>
Sales volume	<input type="checkbox"/>	<input type="checkbox"/>
Productivity	<input type="checkbox"/>	<input type="checkbox"/>

5.4 How would you characterize the reversibility of the changes?

- the realized changes in big degree are irreversible
- the realized changes are rather reversible, the situation can be returned to an initial state

5.5 If you happen to be a consultant for such changes,

- a) what you surely would recommend to use from the seen experiment?
- b) what you would try to avoid?

5.6 Is the situation you described above, fairly typical for changes in Kazakh companies?

- Yes*
- No*
- Another*

Block VI. Try to generalize, please, your experience of interaction with various organizations, as the employee/head/consultant.

6.1 How do you consider, whether gradual, stage-by-stage, minor changes in each this time point are capable to lead to considerable changes in strategy of the company as a result?

- Rather yes than no
- Rather no than yes
- Another

6.2 What factors influence on the efficiency of organizational changes? Specify, please, three most important factors:

- personal characteristics of the leader of changes
- corporate culture of the company
- size of the company
- the previous history of development of the company
- stage of life cycle of the company
- commitment of the management of the company in achievement of goals
- adequacy of the content of changes ("what to change?")
- situations in the company and its environment
- correctly organized process of introduction of changes
- compliance of methods of introduction of changes of a situation in the company
- involvement of the qualified external consultants
- involvement of staff of the company to decision-making
- openness of the management to new ideas and offers from the personnel
- the correct accents in human resource management during introduction of changes
- ability of the management of the company to work with resistance of the personnel
- hiring of new employees – carriers of new values, skills, knowledge etc.
- adoption of the program of changes by the main groups of influence in the company (i.e. lack of bitter political struggle in the company in connection with changes)

another (specify, please, that)

If you have time and desire, we will be grateful if you are able to share your experience concerning management of changes in the company, including:

6.3 How (by what tools, approaches, methods, etc.), it is possible to achieve the maximum productivity of organizational changes?

	Methods of implementing change?
In the evolution of the situation (rather quantitative change)	
In the situation of the revolution (rather qualitative leap)	

6.4 What emphasis in personnel management should be?

	Accents in the sphere of human resource management?
In the evolution of the situation (rather quantitative change)	
In the situation of the revolution (rather qualitative leap)	

6.5 If you have any thoughts on the most effective introduction of changes in the organizations which, in your opinion, didn't find reflection in the questions offered by us, we will be grateful if you share them

***If you like to receive results of this research, specify, please, your contact information: Your name: _____
and e-mail: _____***

APPENDIX C

Organizational structure of JSC NC “KazMunaiGaz”

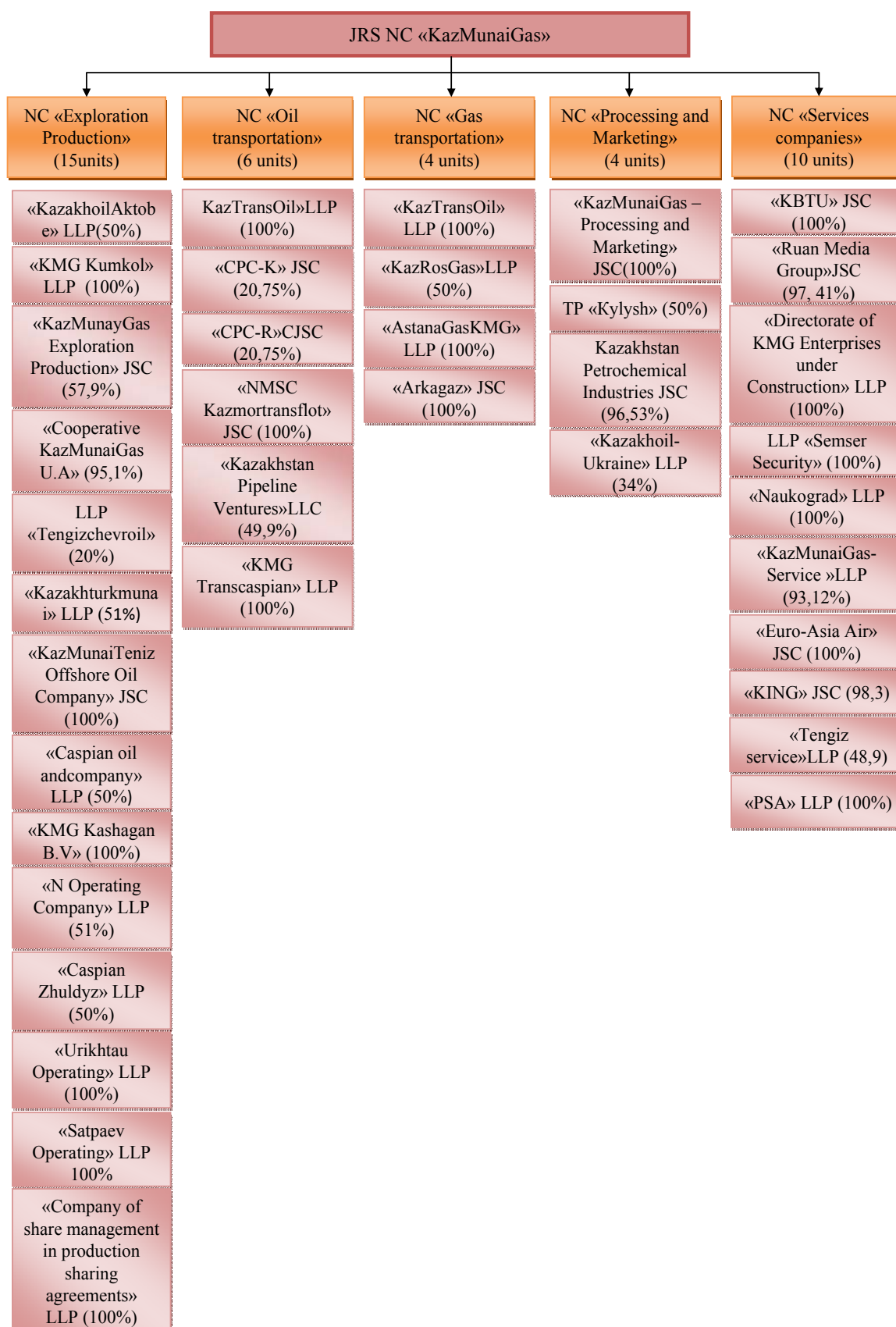


Figure C.1

APPENDIX D

Research questionnaire (for employees of subsidiaries)

We would like to invite you to take part in the survey of JSC NC “KazMunaiGas” on employee opinion. This will give you the opportunity to express your personal opinion about the company you work for and the organizational changes taking place in your organization.

Identification employee opinion and subsequent concrete actions on the basis of the information received are one of the ways to achieve success in business.

The obtained information is anonymous and strictly confidential.

– PLEASE ANYWHERE IN THE QUESTIONNAIRE DO NOT WRITE YOUR NAME.

– NONE OF YOUR COMPANY WILL NOT SEE THE COMPLETED QUESTIONNAIRES.

Profile is divided into two parts: **THE INFORMATION ABOUT YOURSELF**. In this section, you will be asked questions of a general nature in order to make reports on the different groups of workers. *All answers to the questions are anonymous. Persons who do not respond to the questions cannot be identified.* **YOUR OPINION**. This section includes questions and statements according to which you need to express the opinion, having noted one of the offered versions of the answer. There is no right or wrong answers. All that is required is your opinion based on your personal experience. You always may answer “?” or “Do not know” if it is difficult to determine the opinion or the statement or question does not concern to you.

Completing the questionnaire will take about 25 minutes. Please send the completed questionnaire to gylzira11@gmail.com

Thank you again for your participation!

I. INFORMATION ABOUT YOURSELF

1. Where do you work? (options) (Please tick only one answer)

- 01. At the head office of JSC NC “KazMunaiGas”
- 02. JSC “Exploration and Production “KazMunaiGas”
- 03. JSC OOC “KazMunayTeniz”
- 04. “BeyneuMunayGaz”
- 05. “KazTransOil”
- 06. LLP “KMG-Transcaspian”
- 07. JSC “Kazakh-BritishTechnicalUniversity”
- 08. JSC “Airline Euro-Asia Air”
- 09. LLP “AstanaGaz KMG”
- 10. JSC “KazTransGas”

2. In what area do you work (Please tick only one answer).

- | | |
|---|---|
| <input type="checkbox"/> 01. Administrative and social services (Secretariat, home center, dining room, medical center) | <input type="checkbox"/> 09. Logistics / Warehouse |
| <input type="checkbox"/> 02. Communications / Public Relations | <input type="checkbox"/> 10. Production, Technica Service |
| <input type="checkbox"/> 03. Construction | <input type="checkbox"/> 11. Marketing |
| <input type="checkbox"/> 04. Finance | <input type="checkbox"/> 12. Purchases |
| <input type="checkbox"/> 05. Top management | <input type="checkbox"/> 13. Petrochemicals |
| <input type="checkbox"/> 06. HR department | <input type="checkbox"/> 14. Quality |
| <input type="checkbox"/> 07. IT | <input type="checkbox"/> 15. Labor and the environment safety |
| <input type="checkbox"/> 08. Service maintenance | <input type="checkbox"/> 16. Sales |
| | <input type="checkbox"/> 17. Legalissues |
| | <input type="checkbox"/> 18. Security |

3. How do you work? (Please tick only one answer).

- | | |
|---|--|
| <input type="checkbox"/> 1. The standard working week | <input type="checkbox"/> 2. Replace mentschedule |
|---|--|

4. Which of the following items corresponds to the position occupied by you? (Please tick only one answer)

- | | |
|--|--|
| <input type="checkbox"/> 1. Top management | <input type="checkbox"/> 3. Managers without employees and professionals |
| <input type="checkbox"/> 2. Heads of departments and divisions | <input type="checkbox"/> 4. Workers |

5. How long have you worked for the company? (cumulative work experience in companies corporation JSC NC “KazMunaiGas”) (Please tick only one answer).

- | | |
|---|--|
| <input type="checkbox"/> 1. Lessthan 1 year | <input type="checkbox"/> 4. From 5 to 10 years |
| <input type="checkbox"/> 2. From 1 yearto 3 years | <input type="checkbox"/> 5. More than 10 years |
| <input type="checkbox"/> 3. From 3 to 5 years | |

6. Indicate your gender (please tick only one answer).

- | | |
|------------------------------------|----------------------------------|
| <input type="checkbox"/> 1. Female | <input type="checkbox"/> 2. Male |
|------------------------------------|----------------------------------|

7. Enter your age (Please tick only one answer).

- | | |
|--|---|
| <input type="checkbox"/> 1. Youngerthan 25 years | <input type="checkbox"/> 4. From the 45 to 54 years |
| <input type="checkbox"/> 2. From 25 to 34 years | <input type="checkbox"/> 5. From the 55 to 60 years |
| <input type="checkbox"/> 3. From 35 to 44 years | <input type="checkbox"/> 6. Older than 61 years old |

II. YOUR OPINION

This section includes statements relating to various aspects of organizational change. Here there is no right or wrong answers. All that is required is your own opinion based on personal experience.

1. What are the values of HR management system becomes a priority in terms of organizational change?

- | | |
|--|--|
| <input type="checkbox"/> 1. Authoritarianism (increased administrative pressure) | <input type="checkbox"/> 4. Collegiality |
| <input type="checkbox"/> 2. Democraticity | <input type="checkbox"/> 5. Independence |
| <input type="checkbox"/> 3. Enhancing management decision making | <input type="checkbox"/> 6. Encouraging initiative |
| | <input type="checkbox"/> 7. There are no changes |

2. Which phrase best describes the situation in the company in connection with the implementation of organizational change?

- | | |
|---|--|
| <input type="checkbox"/> 1. Good company – good staff | <input type="checkbox"/> 3. Bad Company – Good staff |
| <input type="checkbox"/> 2. Good company – bad staff | <input type="checkbox"/> 4. Bad company – bad staff |

3. How do you assess the ongoing changes in the organization?

- | | |
|--|---|
| <input type="checkbox"/> 1. Predominantly positive | <input type="checkbox"/> 4. No significant changes |
| <input type="checkbox"/> 2. Predominantly negative | <input type="checkbox"/> 5. Changes have occurred, but it is difficult to estimate, for better or worse |
| <input type="checkbox"/> 3. Difficult to assess | |

4. What do you see the negative effects of changes in the organization?

- | | |
|--|--|
| <input type="checkbox"/> 1. Downsizing | <input type="checkbox"/> 6. Change of functional responsibilities |
| <input type="checkbox"/> 2. Growth of bureaucracy | <input type="checkbox"/> 7. Lack of understanding of the prospects |
| <input type="checkbox"/> 3. The loss of leadership positions | <input type="checkbox"/> 8. Other |
| <input type="checkbox"/> 4. Production cutback | |
| <input type="checkbox"/> 5. Increase in the load | |

5. What do you see the positive impact of changes in the organization?

- | | |
|--|--|
| <input type="checkbox"/> 1. The increase in income to shareholders | <input type="checkbox"/> 3. Increase in the social package |
| <input type="checkbox"/> 2. Increased knowledge | <input type="checkbox"/> 4. Strengthening the company |

6. Who benefits from ongoing organizational changes?

- 1. Beneficial to all participants
- 2. Not benefit individual plants, including our
- 3. Benefit individual plants, including our
- 4. Does not benefit anyone
- 5. Difficult to answer

7. How do you assess the information support of ongoing organizational change?

- 1. I am very well aware
- 2. I am slightly aware
- 3. I am quite knowledgeable
- 4. I do or do not know anything
- 5. I have a high level of awareness
- 6. No Answer

8. What are the elements of personnel policy are the most relevant in terms of organizational change?

- 1. The requirement to discipline
- 2. Stringent requirements for employment
- 3. System of staff rotation
- 4. Professional and career growth
- 5. Reducing staff
- 6. System of training employees, the development of related professions

9. How do you perceive the process of organizational change?

- 1. Calm perception of the process as a worker
- 2. As an emergency measure
- 3. How extremely unpleasant measure
- 4. As a positive expectation of a new

10. How do you assess the social policy in your company?

- 1. As worthy
- 2. I do not agree that social policy worthy
- 3. No Answer

11. What values interpersonal relationships come to the fore in terms of organizational change?

- 1. Broadcast values (stability)
- 2. Loss of values
- 3. The formation of values
- 4. No specific values

12. Is it fair to use a system of rewards and punishments in terms of organizational change?

- 1. Fair
- 2. Not taken into account individual factors
- 3. The vagueness of the principles of justice
- 4. The opacity of the system of rewards and punishments
- 5. Other

13. How, in your opinion, the management of your company to perform its duties in terms of organizational change?

- 1. Excellent
- 2. Good
- 3. Middling
- 4. Bad
- 5. No answer

14. To what extent do you trust the top management in the implementation of organizational change?

- 1. Generally I trust / completely I trust
- 2. Generally I don't trust / I don't trust at all
- 3. In some ways trust in some no
- 4. No Answer

15. How the personnel management system in the conditions of organizational changes will change?

- 1. Will improve
- 2. Will worsen
- 3. Will not change
- 4. N/A

16. What changes in a personnel management system you are waiting for?

- 1. Increase in a salary
- 2. Change of working conditions
- 3. Quality management
- 4. Workplace guarantee
- 5. Possibility of career growth

17. How organizational changes will affect the human resource management mechanism?

- 1. Positively
- 2. Negatively
- 3. There will be no essential changes
- 4. I find it difficult to answer

18. In my opinion, as a result of organizational changes these aspects of our work changed as follows:

	Changed to the best	Didn't change	Changed for the worse
Opportunities for professional growth, professional development	<input type="text" value="1"/>	<input type="text" value="2"/>	<input type="text" value="3"/>
Opportunities for advancement, career development	<input type="text" value="1"/>	<input type="text" value="2"/>	<input type="text" value="3"/>
Stability, guaranteed work place	<input type="text" value="1"/>	<input type="text" value="2"/>	<input type="text" value="3"/>
Salary level	<input type="text" value="1"/>	<input type="text" value="2"/>	<input type="text" value="3"/>
Social benefit sand programs	<input type="text" value="1"/>	<input type="text" value="2"/>	<input type="text" value="3"/>
Working conditions	<input type="text" value="1"/>	<input type="text" value="2"/>	<input type="text" value="3"/>
Operational performance	<input type="text" value="1"/>	<input type="text" value="2"/>	<input type="text" value="3"/>
a. Quality of products	<input type="text" value="1"/>	<input type="text" value="2"/>	<input type="text" value="3"/>
Labor intensity, the load	<input type="text" value="1"/>	<input type="text" value="2"/>	<input type="text" value="3"/>
Requirements for personnel, discipline	<input type="text" value="1"/>	<input type="text" value="2"/>	<input type="text" value="3"/>
Quality of management of my plant / my region of sales / my function	<input type="text" value="1"/>	<input type="text" value="2"/>	<input type="text" value="3"/>

19. I use the following sources for obtaining information on organizational changes.

	Always	Often	From time to time	Rarely	Never
Corporate newspaper of JSC Oil Company KazMunaiGas	<input type="text" value="1"/>	<input type="text" value="2"/>	<input type="text" value="3"/>	<input type="text" value="4"/>	<input type="text" value="5"/>
Corporate Dialogue portal "KMG"	<input type="text" value="1"/>	<input type="text" value="2"/>	<input type="text" value="3"/>	<input type="text" value="4"/>	<input type="text" value="5"/>
Electronic mailings in LotusNotes	<input type="text" value="1"/>	<input type="text" value="2"/>	<input type="text" value="3"/>	<input type="text" value="4"/>	<input type="text" value="5"/>
Announcements on the message boards	<input type="text" value="1"/>	<input type="text" value="2"/>	<input type="text" value="3"/>	<input type="text" value="4"/>	<input type="text" value="5"/>
Direct head	<input type="text" value="1"/>	<input type="text" value="2"/>	<input type="text" value="3"/>	<input type="text" value="4"/>	<input type="text" value="5"/>
Colleagues	<input type="text" value="1"/>	<input type="text" value="2"/>	<input type="text" value="3"/>	<input type="text" value="4"/>	<input type="text" value="5"/>
Working meetings, planning meetings	<input type="text" value="1"/>	<input type="text" value="2"/>	<input type="text" value="3"/>	<input type="text" value="4"/>	<input type="text" value="5"/>
Quarter information meetings with the president	<input type="text" value="1"/>	<input type="text" value="2"/>	<input type="text" value="3"/>	<input type="text" value="4"/>	<input type="text" value="5"/>
Information meetings with top managers the headquarters/director on my branch	<input type="text" value="1"/>	<input type="text" value="2"/>	<input type="text" value="3"/>	<input type="text" value="4"/>	<input type="text" value="5"/>

20. Make rankings, set the importance of elements of the mechanism of personnel management in terms of organizational change.

№	Elements of human resources management mechanism	Points
1.		
2.		
3.		
4. etc.		

APPENDIX E
The model of organizational changes of JSC NC “KazMunaiGas”
“Kaleidoscope”

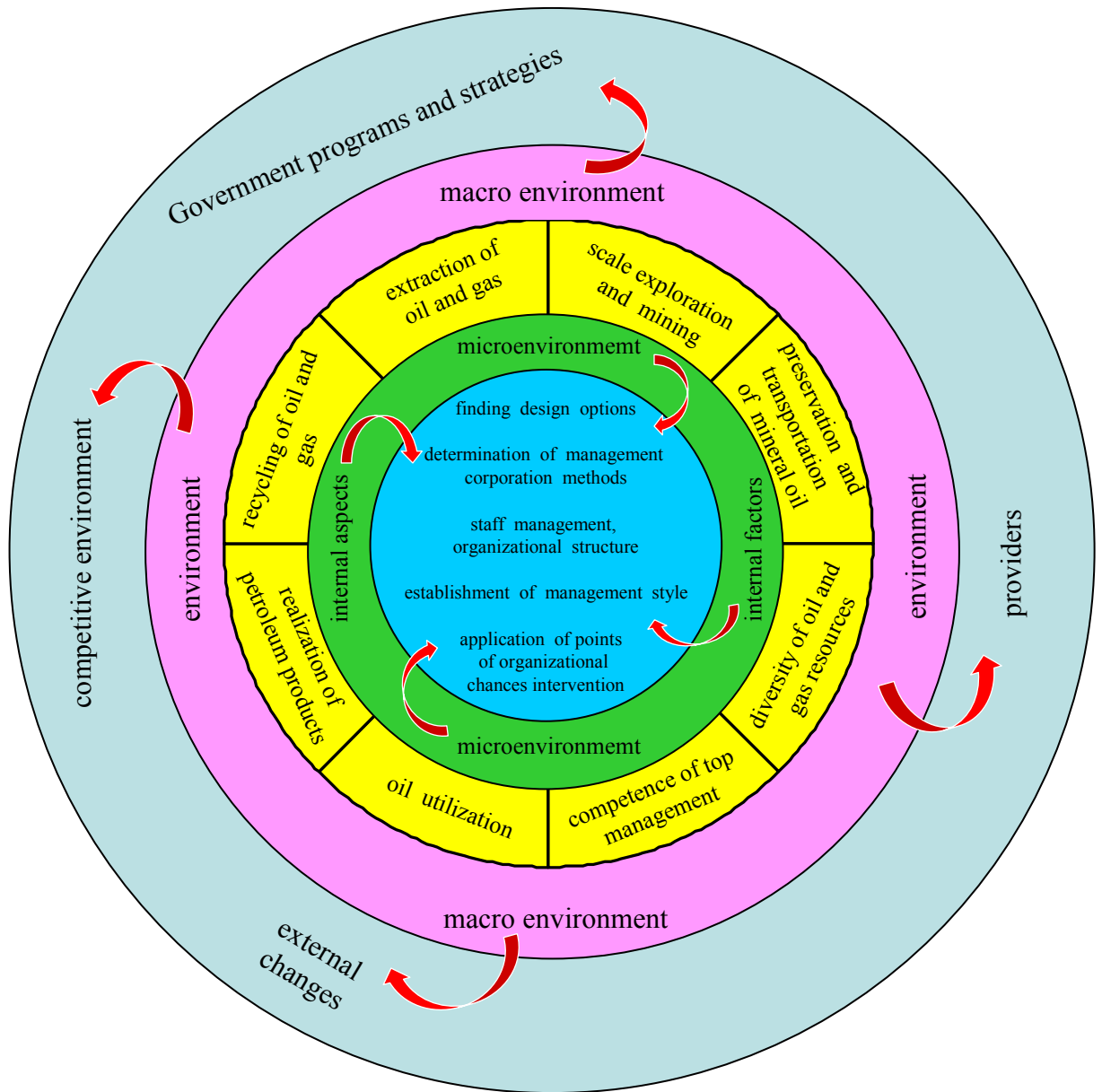


Figure E.1

APPENDIX F
QUESTIONNAIRE TO MEASURE THE
QUALITY OF HR MANAGEMENT

1. The quality of the work performed

How much you satisfied with the work and support from the HR Department

	very dissatisfied	rather dissatisfied	rather satisfied	very satisfied
1 Ability to establish trusting relationships	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 willingness to listen and communicate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Awareness and Conflict Resolution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Reliability / availability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2. Quality of performance of profile activity

How much you are satisfied with perception of the following professional tasks:

1. Understanding of the company's interests	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 The professionalism of HR management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 The development of staff and the organization	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Social Partnership	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3. Quality of human resource management

How do you estimate quality of personnel management? Note each position an assessment from 1 to 4, from very bad to very good.

1 Controlling staff	<input type="checkbox"/>	<input type="checkbox"/>
2 Interviews with staff	<input type="checkbox"/>	<input type="checkbox"/>
3 Training Program	<input type="checkbox"/>	<input type="checkbox"/>
5 Electronic job market	<input type="checkbox"/>	<input type="checkbox"/>
6 Evaluation of managers	<input type="checkbox"/>	<input type="checkbox"/>
7 Other	<input type="checkbox"/>	<input type="checkbox"/>

1. Additional questions on the perception of the functions

1. By means of what task (Quality of performance of profile activity) and what decision (Quality of human resource management) you wait irrespective of external circumstances _____

2. For what additional activity you wait from HR management? _____

3. in what field of activity it is possible to reduce work of HR management? _____

Do you have any other ideas?