In the Quest of a New Model of Strategic Change

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ABSTRACT: *This paper provides a glimpse of the two opposing change approaches i.e. Revolutionary change (discontinuous) and Evolutionary change (Continuous) from the writings of established management thinkers and endeavors to outline Revolutionary change in contrast to Evolutionary change. It also emphasizes on the fact that in addition to the mere preference of the strategic change approach by the organizational management there are a number of other external factors like the opportunities, threats, culture along with some internal factors like culture and capability which designs the path of the change. Hence, a model is proposed, which can be empirically tested in subsequent studies to find its significance in the field of strategic management.*

Keywords: strategic change, hybrid model, revolutionary change, evolutionary change, continuous change, discontinuous change
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Time has transformed major cultural trends comprising of societal, economical, technical and other imperative facets, thus consequently changing the nature, complexity and the situations in which business is carried out. Strategists had accepted this truth, eons ago that change is the only constant in the world and business companies shall face more dynamic environment in the coming years because in a world of varying expertise, changing markets, shifting preferences, and impulsive circumstances, business firms have to adjust, improve and reinvent strategies to maintain their competitive advantages (del Val & Fuentes, 2003) which ultimately results into strategic change of their businesses.

These strategies and their corresponding changes appreciably augments the endurance of an organization in today's highly competitive business environment (Ulrich, 1991). Changes can be minor or even bigger which may alter the objectives, behaviors and the ways in which the business was done previously. All strategists although have a consensus over the fact that organizations should change but the direction and the way they should change, is a topic that has been much discussed and debated (De Wit & Meyer, 2010).

Revolutionary Change VS Evolutionary Change

Revolutionary or discontinuous change is an innovative change in its aspects, which frequently alters the organization's business framework and involves instantaneous modifications in its strategy, formation, procedures and culture (Tushman & O'Reilly III, 2006). Such changes are the fundamental conversions, where the firm completely transforms its vital model (Blumenthal & Haspeslagh, 1994); (Ghoshal & Bartlett, 2005), by affecting the critical potentials of the organization (Ruiz Navarro, Gómez, & Daniel, 1999) anticipating usually for a novel competitive advantage (Hutt, Walker, & Frankwick, 1995).

The continuous change on the other side is more long term in its momentum, its expansion is steady and stable, but as it is persistently maintained over a long phase of time, the cumulative mark of change can still be momentous. It involves regularly adjusting or acclimatizing the business so that it develops in balanced relation with the transformations in its surroundings. Organizations which are exhibiting such changes are said to be evolving and self managing in a very persistent manner (Weick & Quinn, 1999).

The proponents of revolutionary change further elaborates discontinuous change perspective by elucidating that organization after a radical change enters a phase of steadiness to stabilize its change, they emphasize on the fact that humans and business organisms display a natural unwillingness to change (Abrahamson, 2000); (Kegan & Lahey, 2001). Once broad strategy has been identified and implemented, most organizations tend to stabilize themselves into a set way of working (Carlson, Mintzberg, & Stewart, 1991). A state of calmness is necessary for competent and effectual working of the organizations (J. G. M. H. A. Simon, 1958); (Thompson, 2003). This approach helps organizations to think big, as the lifelong model of organizational transformation is not steady but periodic. Phases of relative constancy are broken by small but striking eras of unsteadiness, during which innovative and discontinuous changes take place (Greiner, 1997). This outline of progress has also been identified in many other sciences and aspects of life (Gersick, 1991).

Unless the organizations are not falling prey to the downside of stability that is inertia this approach works very well for the businesses, even if the organizations are trapped in inertia and change is intensely desirable, the solution shall only be a radical change because a chain of small bumps will not be adequate to get the business association into the desired action. A gigantic thrust will be needed for strategic change to really occur and the proceeding events must be wide-ranging and far-reaching in order to achieve desired results, for example, businesses like *Ford* Motor Company and *Mutual Benefit Life* Insurance in times of crises have *redesigned* their procedures by revolutionizing their companies and have accomplished the desired competitive leadership as an outcome (Hammer, 1990).

Whereas on the contrary evolutioners believe that the major setback with revolution is that it generally directs the organization towards the necessitate of another revolution at some later point of time because the enormous, organization wide endeavors to realize revolutionary changes can frequently only be maintained for a short phase of time after which the energy and the required swiftness falls down. The supporters of the persistent change perspective considers that a fondness with revolution usually reveals a detrimental obsession with the short-range quick myopic phase (del Val & Fuentes, 2003). They believe that evolutionary changes are a better approach for organizations which incorporates in itself a better understanding and urge of continuous improvement and proactive learning (Masaaki, 1986). For the strategists with evolutionary preferences, are of the point that a less dramatic and more continuous perception on change gives rise to the concept of incrementalism which brings long lasting results for businesses while maintaining its stable growth and development. Consequently it involves all the employees in a combined journey to improve something in every coming initiative with each passing day (Masaaki, 1986).

On the other side, opponents of evolution states, in a competitive atmosphere, it becomes inevitable for many organizations to try increasing their benefits over their competitors by revolving radically and creating novel

strategies. Staying ahead of rivals in the vibrant surroundings by technical or managerial uniqueness is considered as a crucial success factor. Brazilian Cia Hering company is a good example of rejuvenating a conventional company by changing its structural layout. intending to enhance its capability & consequently positioning the business towards the business leadership (Rodrigues & Bisland). Organizations that can successfully create and implement major radical innovations in a small time are going to be the conquerors in the competitive arena. Such creativity is discontinuous; producing new products, procedures and business methods requires a quick break from the outdated rules (Hammer, 1990) because gradual enhancements while competitors reinvent the trade is like fiddling while Rome burns (Hamel & Prahalad, 1996).

Strategic Change: A Proposed Model

There are certain pros and cons associated with both the evolutionary as well as revolutionary change processes, but in spite of merely debating on their significance levels, there is another aspect on which the path of the strategic change depends that is the context of the change (Julia Balogun, 2001), i.e. the dominant factors present in the external and internal organizational system, which constitutes the circumstances in which the change is being carried out. Thus a proposed model of such forces and their impacts, is included in this study, which can further be empirically tested to reveal whether it plays a significant role in the understanding of the context of change or not.

According to the model organizations have to keep harmony with the pace of change present in the environment by identifying its internal pace of response towards the external change. The pace of change of the environment is dependent on the following factors:

- External Culture
- Opportunities
- Threats

Whereas the pace of response of an organization is a result of its;

- Internal culture
- Organizational capability

The above mentioned terms are the consequence of certain other factors that shall be elaborated further. This proposed model helps in the formation of Figure 1 for the resulting strategy that shall appear as a consequence of the interaction between the pace of change and pace of response.
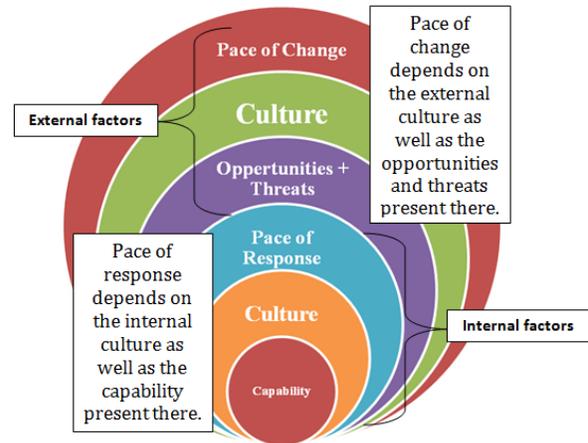
Figure 1: Pace of change versus Pace of response

The figure elucidates that whenever pace of change and pace of response are in synergy whether they are in the low paced bottom left quadrant or top right quadrant with the highest paced quadrant, the organization can easily evolve and implement small incremental strategic changes (evolutionary change), on the other hand when the pace of change and pace of response becomes unequal, the organizations generally have no other options than to revolutionize their strategies in order to cope up with the crises or to tap the untapped opportunities present in their environment.

This proposed model emphasizes on the fact that the assessment of circumstances is an important step while formulating the strategies. This environmental evaluation consists of the identification and evaluation of appropriate information from the environment i.e. threats and opportunities in the external surroundings and weakness and strengths within the inner settings so that the significant facets won't be ignored in the formation and modification of strategic changes (Hunger & Wheelen, 2003).

Many other authors have also underlined the influence of internal and external issues like opportunities, organizational size, culture and resistance to change on an organization's efficiency in responding to external changes through formulating valuable strategies. (Kelly & Amburgey, 1991); (Haveman, 1992); (Fox-Wolfgramm, Boal, & Hunt, 1998). These external factors can be gathered under one umbrella named as the pace of change.

Pace of Change

The environmental pace of change is dependent on the following factors: Opportunities Threats External Culture

External Culture: Political changes, economic trends, technological factors, societal predilections in addition

to the consumer preferences and the competitors of the organization are the major constituents of the culture outside the organization which needs to be analyzed by the management of the organization before taking any steps regarding the strategies of the organization. (Stucki). Organizations should observe the way in which external markets are changing, consumer's preferences are transforming, the patterns in which suppliers, competitors and society are altering itself. Once they start working in resolving the pattern in which the future is going to unfold itself, the managements shall be able to make better strategies (Teece, 2008).

Opportunities and Threats: In order to achieve success businesses should be well aware of their strengths and external environment; if they can evaluate their surroundings and know where they are best suited, they can go a long way by making proficient strategies and huge differences towards the prosperous development (Chaharbaghi & Willis, 1998). Companies should be responsive towards the upcoming trends and approaches which shall reveal the prospects for the companies to strike when the time is right for them, thus they can choose the needed strategic changes that are going to be suitable with the demands outside their organizations.

Pace of Response

The organizational pace of response by an organization, like pace of change, depends on a number of internal facets, which themselves are the product of some further rationales.

Internal Culture: The culture of the organization consists of the related stories, symbols, routines, paradigms, power structures, controls and organizational structures being shared by the members of that particular firm. (J. Balogun & Hailey).
These shared beliefs, perceptions and even the unspoken rules which depict that this is the way things are done here, results in the formation of the overall culture of the companies. A supportive culture can yield fruits for the organization; on the contrary a resistive culture might impede the process of change. Once an organization is able to form the desired culture it can bring about the revolutionary and evolutionary changes according to the context and with the desired results for example, General Motors worldwide decreased the rates by 77% and lost-time damage rates by 89% since 1994 and Lawrence Livermore National Laboratories reduced the injuries by 80% and saved 3 million dollars annually (S. I. Simon, 2001) only by forming a supportive culture that played a crucial role in the accomplishment of its goals.

Capability: The capability of the organization emerges as a result of the leadership, shared vision, shared purpose, conceptual models of the employees, the resistive and facilitative forces in the company in addition to the capacity (Finances and time) of the firm (Rashid, Sambasivan, & Rahman, 2004). Thus the organizational culture and capability has a substantial effect on strategic change, it is as important as is the financial issue of the company in the implementation of change (Vosburgh, Resorts, & MIRAGE, 2007). An Organization which can develop fine capability to deal with the external market changes, with the suitable required pace by the market, can keep itself active in the race of survival.

Shared Vision and Shared Purpose: A shared vision, purpose and shared rationale helps in the achievement of appropriate amount of change because the absence of a common purpose transforms the strategy into a worthless notion(Kazem, Robert, & University of London, 1998). Correspondingly, the change will happen when there is a common vision in the top down and bottom up procedures, this social construction helps in the adoption of concurrent ideas and strategies. (Rogers, 1995)
Even if the organization is going for the innovation of its current methods, this newness can be perceived differently by individuals or various groups of the employees based on their perceptions of those concepts and visions, thus these issues shouldn't be overlooked and are worth spending time on them.

Leadership: Shared visions and purposes can only be formulated when the leadership is there to play a significant role in the process, it is vital that leaders look forward to changes in the business surroundings before they become a threat to their businesses.(Bateman & Crant, 1999) recommended that leaders should enthusiastically create change instead of simply waiting for the change to happen (Rogers, 1995) because there is a gigantic need of a leader in the strategic change process. Other writers have also emphasized on it as an imperative factor for the success of companies going for changes in their organizations (Alexander, McKenzie, Geissinger, Teaching, & Development, 1998), (Sheasley, 1999), (Lester, 1998) because Leadership and valuable communication are vital parts of the change progression (Victor & Franckeiss, 2002).

Employees: The extent of resistance and facilitation from the employees of the business in the strategic change process also needs to be analyzed. Successful leaders involve their employees in the process of creating and changing their strategies so that employees can become equipped with the required skills and are always able to cope with the change in a fine manner

(Appelbaum, St-Pierre, & Glavas, 1998). They understand the fact that the process of the development of skills and the improvement of capabilities is as crucial as the intention and the target of the strategy (Allport, 1955).

The employees provide the notions and thoughts which forms the foundation of strategy, providing businesses with a novel course to be implemented and followed. Changers are the symbols of the organization's bravery for they alter the system and the environment of the business in order to make certain the actions that competitive endurance requires. They make dreams happen and turn them into wonderful realities (Chaharbaghi & Willis, 1998) for the subject of strategy is too much important to be left to the groups, outside the organization, it must evolve from within the firm.

Organizations must understand that a successful change in strategy can be brought by bringing change in people and not the organizations alone (Julia Balogun, 2001) because if the people are going to resist the strategic changes the initiatives taken by the management won't be able to produce the desired results (Hutt et al., 1995). Resistance initiates expenses and impediment into the progression (Ansoff & McDonnell, 1990) that are hard to foresee but must be taken into thought (Maurer, 1996).

Conclusion

Organizations are dealing with a continuously dynamic and changing environment, which consequently involves the businesses in devising methods for responding to its surroundings in a well equipped manner. Thus, they exhibit both revolutionary and evolutionary types of changes, depending on the benefits and detriments related to these change approaches and the context in which change takes place. The proposed model suggests that it is also vital to consider the external opportunities, threats and culture as well as the internal culture and capability for adopting the right kind of approach. Organizations must understand that strategic changes when are being adopted either small or large are neither simple nor normal, thus they need to be adopted with care and proper analysis of the situation. Therefore it is advised that the employees and management should focus upon learning the diagnostic, interpersonal and appropriate leading skills for the identification of imperative factors in the context and effective accomplishment of their strategic change targets.

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