

Strategic Change: The Influence of Managerial Characteristics and Organizational Growth

Asma Chaudary¹, Aima Fatima², Dr. F. Zafar³

Abstract: Strategic change in the organization is best seen as a Multidimensional observable fact comprises of environmental configuration and internal knowledge. After matching this conceptualization of change with a model of organizational knowledge, we achieve a better perceptible about the types of change strategies that firms will pursue, the processes they should use to execute strategies and the expected performance outcomes from these strategies. This study examined how top management and chief executive team characteristics cooperate with firm performance to influence strategic change. Results indicate that poor performance, long chief executive and top management team tenures, and high diversity in top management team tenure are associated with greater levels of strategic change. In addition, poor performance moderated the relationship between managerial characteristics and strategic change, increasing the likelihood of the latter.

Keywords: strategic change, organizational growth, Managerial characteristics, performance, Success, Initiative, development.

1. LITERATURE REVIEW

The study of change and development is one of the vast themes in the social sciences. A modern practice of research in the different fields of the organizational sciences has also combat with organizational change and development (Van de Ven & Poole, 1995; Woodman, 1989; Weick & Quinn, 1999). The velocity of change that firms visage has sustained at an growing rate over the last 50 years in the course of advances in technology since 1960s and more newly through the globalization of supply chains. The issues and challenges in front of organizational leaders, organizational development experts and researchers relate to the rapidity and intricacy of change that is mandatory today. Robert Kriegel and David Brandt converse the significance of effective change management in their book, *Sacred Cows Make the Best Burgers* (1996) during their assertions that, overcoming resistance (to change) is about neutralizing negativity. Motivation is about lighting a fire. When employees are blazing with enthusiasm, they'll take risks, go the extra mile, and fully commit themselves to change. The pre-eminence of strategic adaptation put emphasis on the task that managers cooperate in monitoring environmental changes and changing organizational strategy to better go with environmental contingencies (Child, 1972). Theorists proclaim that organizations are coerce in their propensity to adapt, and

wide-ranging inclination for strategy to be conserve rather than extensive changed (Hannan & Freeman, 1989). Vested interests and Political resistance in an organization can also persuade inertia and mould change strenuous (Tushman & Romanelli, 1985). Researchers argued that executive change, especially, change in a company's CEO and top management team, is an imperative mechanism for overwhelm political resistance (OcasJo, 1993). As Romanelli and Tushman noted, "Merely executive leadership has the position and probable to commence and employ strategic change" (1985: 209). The performance of an organization is one of the coherent indicators of the feasibility of its strategy and an essential interpreter of whether it will change the markets (Zajac & Kraatz, 1993). Poor performance alert top management that the existing approach of operating is inapt and that organizational and strategic change may be required (Boeker & Goodstein, 1991).

This study examined how CEO and top Hierarchy "characteristics intermingle with organizational performance to influence strategic change. Results show that high diversity, long chief executive and top management team tenures, and poor performance is allied with different levels of strategic change. Additionally, poor performance moderated the relationship between managerial characteristics and strategic change.

2. INTRODUCTORY NOTE

Now a days change is constant and leaders of organization who foresee change and respond quickly, therefore, they are successful. On the other hand, leaders who predict and discover future are even more successful for the reason

-
- 1Mphil Business Administration, Kinnaird College for Women. Lahore
 - 2Mphil Business Administration, Kinnaird College for Women. Lahore
aimafatima13@gmail.com
 - 3(Corresponding Author) University of Derby currently working in GCU Lahore, Pakistan dr.f.zafar@gcu.edu.pk

that, those who conceive the game are the leaders in their industry. Other firms are followers that acclimatize to change. At a standstill, there are some other organizations that do not endure. Losers strive to organize and master change in the environment. It is important for organizational leaders to recognize and use a model for transformations that will assist their organizations live to tell the tale and prosper in the next century and further than...

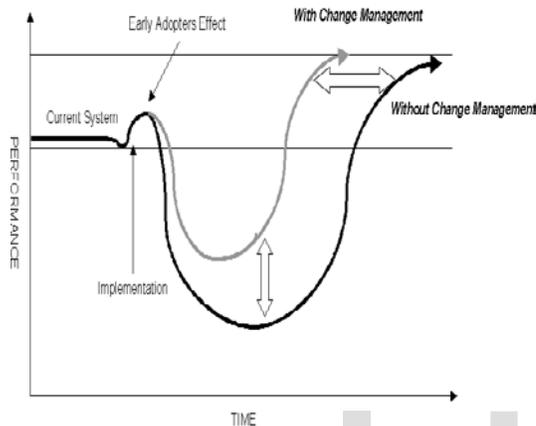


Figure: 1 strategic change and performance

All organizations are predestined hence to depart their life through business malfunction from being left following by the competition or to acknowledge that undertaking change is an ordinary element of business life in order to be in line upon with the want for improvements.

At present in riotous economy, most organizations don't know how to organize their workforce to grip these change initiatives. Indeed, only 25% of respondents to a recent poll run by Right Management approved that their employees efficiently responds to change. On the contrary, 31% told their employees was not capable to become accustomed to change, reported that their workers was survive with change, but that morale was agonize.

TABLE 1: RIGHT MANAGEMENT SURVEY

| | | |
|---|--|-----|
| Is your workforce able to adapt to change and increase their effectiveness on the job? | | |
| RIGHT | | |
|  | No, employee engagement and Productivity are a major risk | |
|  | Somewhat, our workforce gets the job done, but morale suffers. | |
|  | Yes, our workforce is very agile and responds to new challenges. | |
| 31% | 25% | 44% |
| Right Management survey of 117 senior human resource professionals across North America conducted between 2/16/09-3/19/09 | | |

2.1 Strategic change

Strategic change is defined as "changes in the content of a firm's strategy as defined by its scope, resource deployments, competitive advantages, and synergy" (Hofer and Schendel 1978)

Strategic change is defined as a difference in the form, quality, or state over time in organization's alignment with its external environment (Rajagopalan & Spreitzer, 1997 Van de Ven & Pool, 1995)

2.2 The Phenomenon of Change

Lewin (1951) produced the 1st feasible model of change in his force ground model. In this, change was distinguish as a position of inequality stuck between motivating forces and preventive forces. If these forces were in equilibrium, no change could happen. Change is natural in every perspective and is a comparative concept. "Every observable fact is subject to change, though it sounds as if stable its nature," (Wilson, 1992). That change prevailing in a conventional perception. "In each industry and business, change ebbs and flows in persistent cycles that to at slightest scope can be described and consequently predictable and oversee," (Nadler & Nadler, 1998, p.45). Change is disrupting, chaotic, and complicated. Even though the preeminent laid plans, events seldom take place alike as they were foreseen. "Real change in organizations is

extremely personal and immensely political," (Nadler & Nadler, 1998). Change processes involve not only structures and way of doing tasks, but also the, perceptions, performance and expectations of all concerned groups. Change has grow to be pervasive and erratic, but still controllable.(Bainbridge, 1996). A natural feature of change is that it is risky, especially when it is encircle by numerous diverse sectors within an organization.

3.0 KNOWLEDGE AND THE PROCESS OF STRATEGIC ORGANIZATIONAL CHANGE

We squabble that strategic organizational change is inclined by internal conscious awareness, an organizational knowledge and environmental structure. Particularly, environmental configuration and internal conscious awareness merge to persuade strategy formulation (strategic organizational change). Strategy formulation, in order, effect organizational performance but this relationship is moderated by the kind of knowledge-based strategies that firms use all through implementation. Even though managers concurrently believe both the process and outcome elements allied with strategy formulation, synthetically segregation the strategy process from strategy outcomes permit us to consider some of the diverse sound effects that structure, internal conscious awareness and knowledge have on strategic organizational change.

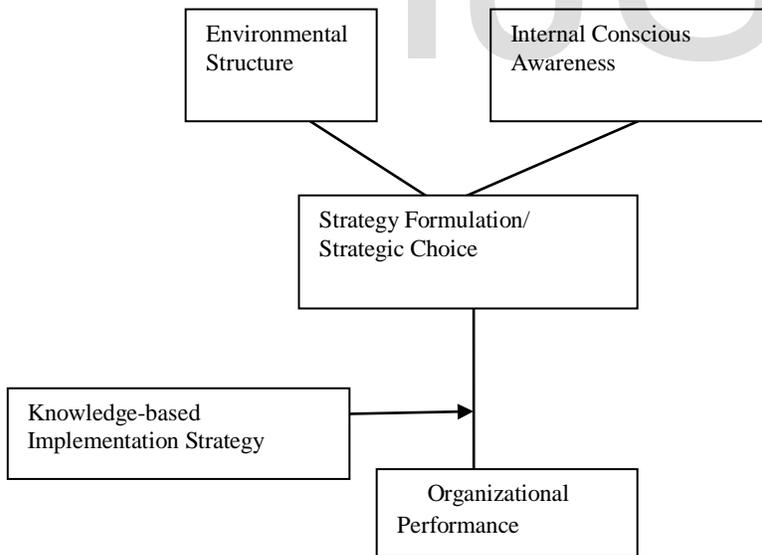


Figure 2: Strategic organizational change and firm performance

3.1 Effects of change on organization

To effectively adapt a change, organizations have a overwhelming task ahead. Processes need to be redefined and redesigned according to specific cultural and geographical settings. The personnel must be retrained to be ready for accepting the changes and learn what skills and knowledge is considered necessary, and how to narrate to global associates and customers. Culture of an organization must be reshaped which support the new processes that are introduced. Structures, appraisal measurements, reward systems, roles and responsibilities need to be redefined. Management procedures and Leadership styles need to be shifted and adapted, and ways of connecting with suppliers, customers, and stakeholders must refining. Technological advances need to be introduced, and training of the employees to work with the new IT structures is considered necessary. Change is constant. In order to survive, organizations should have a design process with guidelines and strategies for thriving amongst a multitude of changes. "Real change is an incorporated process that stretch-out over time and communicate every aspect of an organization," (Nadler & Nadler, 1998, p. 6).

3.2 Leaders Feel the Need for Speed

Leaders are the one who experiencing the need for effective and rapid organizational changes. Leaders at a recent North American Food Manufacturing Summit were asked to recognize the 5 "most vital challenges" facing their organizations from a list of 17 possibilities.

The challenges they identified as the most pressing were:

- Increasingly competitive, complex markets 87%
- New product development

| | |
|--------------------------|-----|
| • Operational excellence | 73% |
| • Implementing strategy | 60% |
| | 43% |

Challenges identified less often included

| | |
|--|-----|
| • Strong leadership/succession | 30% |
| • Information management | 30% |
| • Managing growth | 30% |
| • Merger/acquisition integration | 27% |
| • Talented, engaged workforce | 27% |
| • Talent management | 27% |
| • Increasing regulation | 17% |
| • The economy | 10% |
| • Globalization | 10% |
| 7% • Corporate ethics and governance | 7% |
| • Rapid technology changes | 7% |
| • Other – “moving from commodity to brand” | 3% |

4.0 CHANGE ACCELERATES

There are numerous factors involved in system change, acceleration lies in:

1. Purpose: connecting all change to a convincing shared purpose, driven by strategy and an approach to evaluate success.
2. Shared Strategy: Thinking entire system at each moment.
3. Leadership: Aligning and building leadership for change
4. Critical Mass: Engaging People to accelerate Change.
5. Roadmap: Creating an ordinary change journey that is observable to all who are taking it and that reflects whole system and integrates all change/strategic initiatives
6. Infrastructure: Creating an infrastructure to Lead, Manage, and Sustain the Change

7. Sustaining Momentum: Sustaining momentum by linking the change to organizational values and culture.

4.1 Accelerator No.1 – Purpose: Connecting all change to a convincing shared purpose, driven by strategy and an approach to evaluate success.

Purpose is the answer of "why" change takes place. It guides people what is happening and how it is significant to position the organization for success in the future in some way. it is necessary that the leader sponsoring the change can clear the link to purpose. Make the employees able to See the world that leader sees. It is based on change formula that is referred as DVF described in fig

$$D \times V \times F > R$$

The Change Formula tells that to overcome the natural resistance (R) to change, three things must be present:

D = Dissatisfaction with the existing state that is public and shared. The more information people have, the more they are to be dissatisfied with the status.

V = Vision: There must be a persuasive and ennobling image of the future.

F = First Steps taken in the direction of the change that will bring abrupt evidence of progress

The formula multiplies these factors. If anyone of them is absent or very small, there will not be adequate energy to overcome the resistance.

$D \times V \times F > R$ Model is best one than simply a model for change. For sure, purpose must not only be uncovered, it must be shared. When every person in the organization has had their own DVF exploration and decided that the outcomes of this change effort matter to them and that they are worth fighting for, then everyone will have wisdom of urgency to get to the future state they desire.

4.2 Accelerator #2 - Shared Strategy: Thinking Whole System at Every Moment

Two models are The Star of Success and The Strategic Planning Model.

4.2.1 The Star of Success describes the association between five parts of an organization's guide of success. (See fig. 3) It is used for diagnosing problems and planning . When things are going sound, all the parts are in sense of

balance and hold up one another. When things get out of balance, the pattern of success is disrupted and change is considered necessary.



Figure 3: The Star of Success

4.2.2 The Strategic Planning Model

The Strategic Planning Model is seen as a constant action learning project in which the system is responsive and responds to changes over time. It guides a clear and simple set-up for communicating strategy across the organization and is used as a "Plan on a Page" for the period of change engagements.



Figure: 4 The Strategic Planning Model

change process. Leaders can focus both on long-term vision and short-term operational fineness.

Leadership plays an vital role in the change process because:

- Leaders have the authority to assemble the change process
- Leaders supervise the process
- Leaders are eventually accountable
- Leaders empower others

Leading a considerable organizational change effort requires a shift in thinking for many executives. The change effort needs a significant time commitment. Often 50-60% of a leader's time is used for working on issues related to the change. In order to engage leaders beyond their functional role, it is essential to maintain a dedicated leadership team. The roles and responsibilities of the leadership team define its charter. The leadership team does:

- Guide and Lead the Change Effort
- Provide the Strategic course for the Business and define the need for Change
- Define Boundaries, Outcomes and Measurement for Change Process
- Set the Behaviors and Values of the New Culture
- Decide the configuration for the Change Process
- Approve and permit Recommendations for Change
- Model the New Behaviors of the New Culture
- Guide, Monitor and Oversee Employee Participation
- Recognize core Organizational Issues
- Synchronize all key Activities across Change Initiatives
- Make sure that all Change Initiatives Support the Strategy
- Assessment of Progress toward Outcomes.

4.3.1 Building the Leadership Team

Leaders are always in a state of formation, going repetitively through three stages as they work together. These stages are called Membership, Control and Goals.

4.3.2 MCG Model of Team Formation

The process starts with ENTRY, at each stage; members of the group ask different questions. The answers to those questions decide whether they will settle on to continue to

4.3 Accelerator #3 – Leadership: Aligning and Building Leadership For Change. Without excellent and devoted leadership, change efforts have slight or no chance of success. The leadership team shows a significant role in the

participate. With the completion of every task, the members of the team assess how things are going. If there is positive energy, trust builds and membership goes deeper. If not, things start to disentangle. In building the Leadership Team, the focal point is on building a wisdom of membership around the strategy. If everyone commits to the strategic direction, the team will have a solid foundation for working. To successfully lead strategic change, a Leadership Team must also be associated around Membership (who we are and our role in leading change), Control (how decisions will be made and by whom along the change journey), and Goals (what results we must achieve). MCG model is both a tool which the organizations can use with any team to diagnose itself, and a framework for designing the conversation that any team must have to work together, to lead and sustain change.

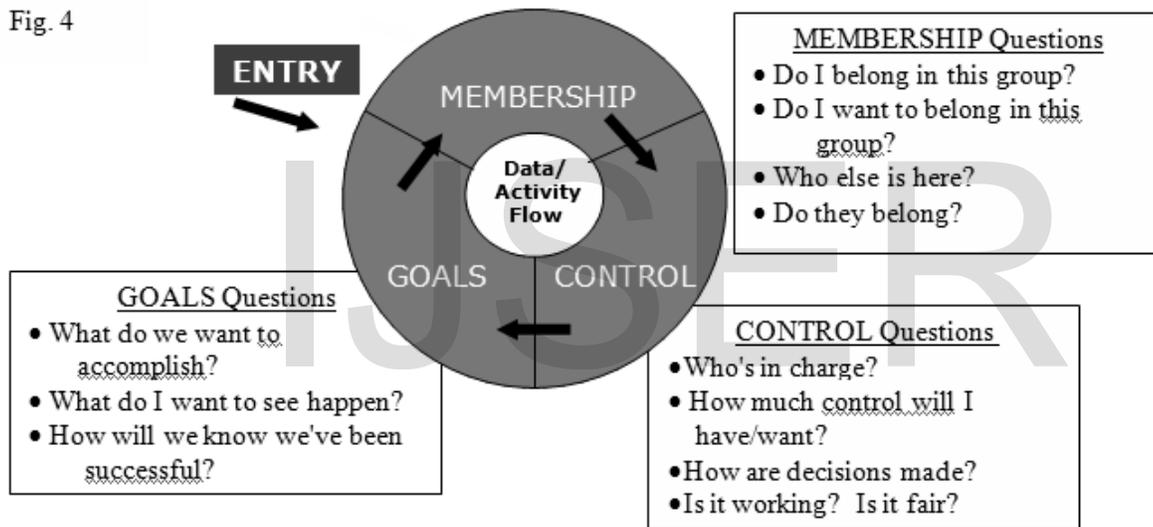


Membership

4.4.1 Large group meetings like the one pictured here

busy in a critical mass of the firm to accelerate change at a critical moment in the process. These meetings may include 50 to 1,000 people or more. At each table, people from all levels and functions in the firm work together to form a

Fig. 4



Control Goals Model

4.4 Accelerator #4 - Critical Mass: Engaging People to Accelerate Change.

Critical mass proceedings can be used to "launch" a strategy initiative, to speed up a particular change step such as redesigning work processes or to evaluate deployment efforts and plan what should happen next.

shared picture of reality and solutions that show the knowledge of the whole system.

4.5 Accelerator #5 - Roadmap: Creating a common change journey

Developing a roadmap for Change means considering the change effort as a journey that all the people of the firm must travel if the goal is to be achieved. Generally speaking, change roadmaps can be divided into four phases:

- Strategy development and leadership alignment
- Organizational Alignment (Launch)
- Deployment (Action Learning)
- Evaluation and Renewal

While every change engagement is different, the generic Change Roadmap below illustrates the flow of the work through the various stages.

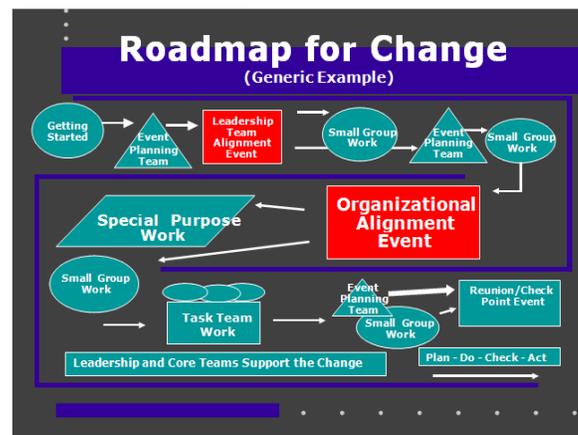


Figure 6: Roadmap for change

This process map provides guidance for the change effort. By creating a change roadmap, employees also gain an understanding of key principles of a whole system, that how to change and how to relate these ideas for a positive change in their own organizations.

4.6 Accelerator #6 - Infrastructure: Creating an Infrastructure to Lead, Manage, and Sustain the Change

Structures and systems are needed to accelerate strategic performance. Four kinds of teams and three infrastructure systems they could consider:

Teams

- Leadership Teams
- Core Teams
- Task Teams
- Event Planning Teams

Systems

- Measurement Systems
- Communication Systems
- Rewards & Recognition Systems

4.7 Accelerator #7 - Sustaining Momentum:

Look at different ways to sustain strategic implementation of change initiatives. Many initiatives start well but lose steam over time.

Some of the ways leaders might consider:

4.7.1 Include Sustaining Thinking in Initial Planning

Conversations about sustaining momentum start on the 1st day. Leaders must have to understand that the change effort will require their attention and time on ongoing basis.

4.7.2 Link the Change to Culture and Values

Change can be seen as a disloyal against loyalty of organizational heritage and values. Make a credible and sincere case for change which ensures that values will be sustained. Frame the change in language that matches with organizational culture. Leaders who recognize and honor the culture will be better capable to implement the change.

4.7.3 Keep the System Whole

For a sound flow of information about what is happening in the organization, it is an excellent idea to create a "Change Report Card" that records progress and lets everybody be acquainted that good things are happening. The report card is most effective if it is published so everybody has a sense of the momentum and enthusiasm that progress creates.

4.7.4 Keep Leaders In Touch

Keep leaders in touch by encouraging employees to meet them. By sitting down for lunch with five or six people

from across the organization can assist the leaders keep “a finger on the pulse” of the organization

5.0 FINAL THOUGHTS

Executives around the world are facing issues that are both unique and common. The common issues we call “working the Star” meaning creating a system based on strategy that optimizes work functions and organizational form and then deploys people and resources in an environment that creates information that is the basis of action.

6.0 CONCLUSION

Leaders are accountable for setting the framework for change within an organization. A vision and culture must be cultured that can maintain the planned changes, and compact with unplanned change. Envisioning, enabling and energizing all important strategies for that support a change initiatives. Leaders must be able to counsel, coach, teach and reward employees as they adopt and move through the change process. Habits, attitudes, and values at all levels of an organization must be harmonizing with the vision and goals inbuilt in the process. Change has become the name of the game, and the wise leader embraces it with open arms. The success of the corporate entity and the people within it depends on it.

REFERENCES

- [1] Boeker, W., & Goodstein, J. “ Organizational performance and adaptation: Effects of environment and performance on changes in board composition”. *Academy of Management Journal*, (1991)34: 805- 826.
- [2] Bainbridge, C. “Designing for change: A practical guide for business transformation”. New York: John Wiley (1996).
- [3] Dannemiller Tyson Associates, “ The Whole-Scale Change” Toolkit, San Francisco, Berrett- Koehler, (2000).
- [4] Hannan, M. T.. & Freeman, J. “Organizational ecology”. Cambridge, MA: Harvard University Press. (1989).
- [5] Lewin, K., “ Field Theory in Social Science”. New York: Harper & Row (1951).
- [6] Nadler, D. A. “Champions of change: How CEOs and their companies are mastering the skills of radical change”. San Francisco: Jossey-Bass (1998).
- [7] Oster, S. “ Intraindustrial structure and the ease of strategic change”. *Review of Economics and Statistics*, (1982) 64: 376-383.

- [8] Tusbman, M. L., & Romanelli. E. “Organization evolution: A metamorphosis model of convergence and reorientation. In B.M. Staw & L. L. Cummings (Eds.)”. *Research in organizational behavior* (1985), vol. 7: 171-172. Greenwich, CT: JAI Press.
- [9] Wilson, D.C. “A strategy of change: Concepts and controversies in the management of change”. New York: Routledge (1992).
- [10] Zajac, E. J.. & Kraatz, M. S.” A diametric forces model of strategic change: Assessing the antecedents and consequences of restructuring in the higher education industry”. *Strategic Management Journal*, (1993) 14; 83102.
- [11] *Organizational Effective Preparing Your Workforce for Change* Deborah Schroeder, Saulnier, D.Mgt .