



TITLE: STRATEGIC MANAGEMENT CHANGE

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ABSTRACT

This Paper is a desk research through critic of three journals that is how effective leadership can facilitate change in organization behaviour through improvement and innovation by Moo Jun Hao & Dr. Rashad Yazdanifard, the impact of Leadership and change management strategy on organizational culture by Dimitrios Belias Athanasios Koustelios and Managing Change by Nancy M. Lorenzi, PhD Robert T. Riley. I intends to explain how strategic management change in organizations bring positive change that helps the organization to improve and be innovative in the current business environment. I will discuss Strategic management change in this paper and also how it affects other factors, for instance trust, culture and clear vision, in the organization as it facilitates the change. I will also discuss about effective leadership and management strategic change as it is not possible to discuss strategic management change without leadership. Leadership is one of the main factors in bringing positive change to the organization; if there is no leadership in the organization they will not be able to change in the direction they desire and could experience negative change instead. The nature of this paper is explorative and theoretical, aiming at providing a bibliographical tool for further research. Thus, aim of this paper is a critical bibliographical review of the already stated journals. Finally, with this paper, I offer managers and researchers a model on emphasizing the importance of strategic management change.

KEYWORDS: *Strategic management change, Leadership, improvement and innovation.*

INTRODUCTION

In our current environment of global communication, rapid change and instant access to information can be important to an organization's survival. The rapid growth of the economic environment as well as the emergence of the internet made it easier to communicate with countries around the world. This in turn changed the business environment in every country, causing a competitive ness in the market that increases with each passing year (Friedman, 2007). In order to keep their business afloat, business owners discovered they had to offer better quality products at a lower cost, employ strategies that



were uniquely suited for the organization to adapt according to current business trends and also flexibility in facing the rapid change of the business environment.

Change is a constant in both our professional and our private lives. Our children grow up taking for granted such things as powerful personal computers that we could not envision at their ages. The idea that human beings naturally resist change is deeply embedded in our thinking about change. Our language (e.g., “resistance to change”), our assumptions, and our mental models about change all seem to imply that something in our natures leads us to resist change. However, it is easy to find examples of human beings, from childhood on through old age, actively seeking out change of all sorts. Human beings do not necessarily resist change automatically; however, many people do resist being changed, i.e., having changes imposed on them.

Organizational change normally involves some threat, real or perceived, of personal loss for those involved. This threat may vary from job security to simply the disruption of an established routine. Furthermore, there may be tradeoffs between the long and short run. As an individual, I may clearly perceive that a particular proposed change is, in the long run, in my own best interests, and I may be very interested in seeing it happen, yet I may have short-run concerns that lead me to oppose particular aspects of the change or even the entire change project.

1.Strategic Management Change

Strategic change management is the process of managing change in a structured, thoughtful way in order to meet organizational goals, objectives, and missions. A change management strategy is a plan for how to make something different. In business, a change management strategy describes specific ways in which an organization will address such things as changes in the supply chain, inventory requirements, scheduling or project scope.

Currently, organizations obtain benefit from strategic change, so they must adjust themselves with new condition if they want have profits. The challenge for managers in current business climate is learning to manage change successfully. To stay competitive in the long term, enterprises are required to assume compound changes with increasing speed, effectiveness and success.

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Change management in an organization can be defined as an approach to deal with change in two different areas - the organization and the individual, with individuals and the overall organization adapting to change

For example, an employee usually starts work at 9 a.m.; if the supervisor suddenly requests the employee to begin work at 7 a.m., she will be late to work because force of habit keeps her waking up late. The same thing applies to the organization, if the employee’s normally does their work following the sequence of A to Z, suddenly changing the sequence of work from Z to A, may be difficult to adapt the change. The time taken for the process of change management in an organization is hard to determine, due to the difference in individual employees’ ability to adapt, as some might rapidly embrace change, while others might take a longer time to engage in the change. Just like some employees will be happy with the change, and some might not. The leader should communicate and work together with the group of employees to sustain the long term process changes (Wuestman and Casey, 2015).

In my own opinion I agree with them that Change is definitely hard for humans to accept as it is something that pull people out of their comfort zones, which forces them to change their habits and makes them highly uncomfortable. I therefore suggest that the management of the organization should ensure that they prepare the employees and take them through the change to be successful in strategic management change.



Barriers of strategic change

Theorists have realized numerous challenges and barriers in strategic change such as culture and management, technology, strong competition, environment, structure, labor and employees and political issues. The chief obstacle in organization versus strategic change is culture. In the organization, people come from diverse cultural background and they have different outlook. Culture has a strong effect on organization's strategy and also decision making between managers. Culture refers to attitude of employees and top managers in the organization that shows how they behave and carry out the business. Culture can completely destroy everything in the firms. It is observed that the indulgence of the employees, their response and reaction to the new change is always had been the main trouble that the firms has to face.

New technology and product development required for strategic changing that is very expensive for an organization therefore it creates hurdle in growth of organization. Strong competitors also create problems in strategic change management. The company should have a strategic plan for competing among it its competitors. Environment is another factor that plays a challenging role in organizations. It can be said that uncertain strategic direction, insufficient concept of business environment, not to share the knowledge and problem among each other, poor vision and mission and goal setting, high speed of external change are factors that create environment hurdle. Structure of organization is also a major challenge that limited performance, inadequate creativity and imaginative power, different moral patterns and competitions are the most dominant elements in the structure.

Examples of Core Theories from Other Disciplines

In 1974, Watzlawick, Weakland, and Fisch published their now classic book, *Change: Principles of Problem Formation and Problem Resolution*.⁷ Theories about change had long existed. However, Watzlawick et al. found that most of the theories of change were philosophical and had been derived from mathematics and physics. Watzlawick et al. selected two theories from the field of mathematical logic on which to base their beliefs about change. They selected the theory of groups and the theory of logical types. Their goal of reviewing the theories of change was to explain the accelerated phenomenon of change



that they were witnessing. Watzlawick et al. concluded that the earlier theories explained first-order and second-order changes. These were explained as follows:-

First-order change is a variation in the way processes and procedures have been done in a given system, leaving the system itself relatively unchanged. Some examples are creating new reports, creating new ways to collect the same data, and refining existing processes and procedures.

Second-order change occurs when the system itself is changed. This type of change usually occurs as the result of a strategic change or a major crisis such as a threat against system survival. Second-order change involves a redefinition or reconceptualization of the business of the organization and the way it is to be conducted. In the medical area, changing from a paper medical record to an electronic medical record represents a second-order change, just as automated teller machines redefined the way that many banking functions are conducted worldwide.

These two orders of change represent extremes. First-order change involves doing better what people already do, while second-order change alters the core ways people conduct business or even the basic business itself. This is very true though any change depend with the influence of the manager or leader.

1. Effective Leadership

Leadership is a kind of power where one person has the ability to influence or change the values, beliefs, behaviour and attitudes of another person (Ganta, and Manukonda, 2014). A person with strong leadership ability will be a good example or role model to their employees, because the leader who is able to effectively achieve some good result or achievement gains the trust and admiration of their employees, and inadvertently changes their values, beliefs, behaviour and attitudes, for mimicry is the sincerest form of flattery (Grint, 2007). This statement is also supported by North house (2009), who states that leaders who possess strong leadership have the strength to influence others to achieve the goals and objectives of the organization.



Other than that, there is also another way to define a leader that has strong leadership. A characteristic of effective leaders is that they give a clear direction to their employees, and also lead their employees to commit to their jobs and to work as a group to achieve the organization's goals and objectives (Wasim, and Imran, 2010). This also tells us that good leaders usually have a clear vision for the company and therefore can easily identify the problems and obstacles that currently stand between them and the aims of the organization. In this way they are able to effectively and efficiently bring about the necessary reforms that will bring the company into the future while keeping abreast with contemporary changes in the business world.

According to Jackson and Parry (2008), leadership is a process where leaders use their skills and knowledge to lead and bring a group of employees in the desired direction that is relevant to their organization's goals and objectives. Additionally, an effective leader that has strong leadership skills should also be in possession of certain characteristics, such as, passion, consistency, trust and vision; for only leaders who own these characteristics are able to build trust in employees.

Leadership and management are two different aspects, management is more like the traditional way of managing business, which the owner of the business has complete control of the organization, and will singlehandedly establish a direction and direct their employees to do their work in accordance to the owner's instruction and plan. On the other hand, leadership is when the leader guides their employees towards the organizational goals, all the while trying to communicate and motivate their employees in order to make sure their employees are in the right position to use their talents and commit to their jobs. Leadership strategies also will change according to the current trends when necessary, unlike management that merely follows its old, traditional rules. (Graetz et al., 2010)

I totally agree with the above information that leadership influences strategic management change in the organization. My advice is that any organization should check its leadership first if it is influential enough before introducing strategic management change in the organization.



1.Types of Change

Changes in an organization can often be identified as one of four types, with the definite possibility of overlap among them: -

Strategic change: - Strategic changes occur in the strategic business direction, e.g., moving from an inpatient to an outpatient focus

Operation change: - Operational changes affect the way the ongoing operations of the business are conducted, such as the automation of a particular area.

Cultural change: - Cultural changes affect the basic organizational philosophies by which the business is conducted, e.g., implementing a continuous quality improvement (CQI) system.

Political change:-Political changes in staffing occur primarily for political reasons of various types, such as those that occur at top patronage job levels in government agencies.

These four different types of change typically have their greatest impacts at different levels of the organization. For example, operational changes tend to have their greatest impacts at the lower levels of the organization, right on the firing line. People working at the upper levels may never notice changes that cause significant stress and turmoil to those attempting to implement the changes. On the other hand, the impact of political changes is typically felt most at the higher organizational levels. As the name implies, these changes are typically made not for results-oriented reasons but for reasons such as partisan politics or internal power struggles. When these changes occur in a relatively bureaucratic organization, as they often do, those working at the bottom often hardly notice the changes at the top. Patients are seen and the floors are cleaned exactly as they were before. The key point is that performance was not the basis of the change; therefore, the performers are not much affected.



1.Strategic Management Change Factor Lead by Leadership

In terms of leadership, it is defined as the ability to influence a group of employees' values, beliefs, attitudes and behavior. (Ganta, and Manukonda, 2014). A leader with strong leadership skills can easily motivate and influence the employees of the organization and apply effective changes to the organization. According to Atkinson, if there is no effective leadership in an organization no Strategic management changes will be made, because there are no leaders that motivate and lead the organization's employees as well as provide a clear direction for the organization (Atkinson, 2015). Adaption of strategic management changes will depend on; trust, organization culture, learning, team work communication and leading.

a) Trust

Trust is an essential issue in leadership for leaders, as gaining the trust of group members or employees could help to improve the overall performance and commitment of the group members or employees (Lee et al., 2010). If the employees or the group members trust in their leaders, it reflects that they are good, effective leaders. Only when the employees trust in their leader will change be brought about, because people will only follow a person that they trust to lead them to the correct path; not a leader that only talks but without action to back up their words (Stacey, Paul and Alice, 2011). If the employees trust their leader, this relationship will bind them together and improve their own pace and style (Rouse, 2014). Change management allows the organization to catch an opportunity to gain a competitive advantage, if the organization effectively and efficiently implements and adapts to the change of the market (Du Plessis, 2007). There are three stages in change management, which are adapting to change, controlling the change and lastly effecting the change. The first stage, adapting to change, is determining the individual readiness to adapt to the changes and their willingness to commit to the change. The second stage involves controlling the change and implementing it in daily life. Lastly, effecting the change, is to sustain the change and to get used to it in life. (Hritz, 2008) overall performance and commitment of the employees; if it happens conversely, the performance and commitment of the employees will go downhill and could cause a high employee turnover rate in the organization.



b) Organizational Culture

Leadership can shape a good culture. A culture is shaped within the trust between the employees and the leaders of an organization, or it can be defined as a culture that needs trust to be able to form. Employees and leaders in the organization need to trust each other in order to shape a positive organizational culture. Leaders with strong leadership skills are able to shape a positive culture in the organization (Ionescu, 2014), due to them being able to inspire trust from their employees. A positive organizational culture not only improves performance, but also influences the behavior and attitude of the employees in the organization for the better. In addition, it motivates employees and gives them a sense of belonging to the organization, which inspires loyalty and commitment to the company (Schein, 2010). A good organizational culture not only improves the performance and reduces the turnover rate of the organization, it also facilitates the solution of internal issues in the organization. When a good organizational culture is established, that does not discriminate based on races, religions and etc., it provides a pleasant environment to work in, thereby reducing internal conflict and encouraging discussion and cooperation in order to work through any internal employee issues that crop up. In addition, good organizational culture encourages a sense of healthy competition, motivating employees in the organization to be more innovative. Therefore, a strong organizational culture can change the overall performance of the organization.

c) Learning

An effective leader can encourage employees in the organization to learn through certain types of motivators, such as rewards or position (Azzam, 2014). Continuous learning is one of the ways to improve the overall performance of the organization. It is not only the employees that need to improve but even all segments of the leadership levels of an organization, if only to set a good example to the bottom line to motivate them to learn. Leaders should join leadership training programs in order to strengthen their skills and knowledge, making them more effective in their strategies and execution (Freifeld, 2013). The same goes for employees, as sending employees for further training will improve their ability to do their job as well as help to facilitate the effective implementation of the desired changes. This helps the organization to increase the productivity and performance of the



employees (Abou-Moghli, 2015). Since learning does not have an end, leaders need continuous improvement of their leadership skills and knowledge to be competitive in the business market nowadays (Park, et al., 2014). If an organization or leader stops improving and as a result find that their skills and knowledge are insufficient, their company will surely find itself deteriorating. The organization, Nokia, is a very good example, Nokia was once one of the best cell phone brands in the world, but Nokia did not continuously improve their skills and make changes in order to adapt to the new trends and needs of the market, and Nokia dropped from the one of the best to a brand that not many people pay attention to (Lee, 2013).

d) Teamwork, Communication and Leading

teamwork and rapport that is necessary for the birth of innovative ideas, leaders need to cultivate a positive culture where the employees trust each other, are allowed to do their own jobs without too much interference and have the freedom to establish a dialogue with one another (Malloch and Melnyk, 2013).

Leaders that wish to facilitate effective change in the organization should encourage employees to collaborate and communicate with each other, for this is how people are able to create and discover new ways to think (Gilley, Dixon and Gilley, 2008), which produces a greater outcome for the organization and also encourages them to learn from different people the ways to improve themselves. Even high ranking management can learn from the strong points of their employees, which they might find themselves lacking.

Communication helps people to get to know each other, and also could help to create more new ideas by sharing opinions with each other. It is also one of the best ways to gain each other's trust and bond the whole employees in the organization together.

Lastly, leadership not only influence the employees in the organization, but also provides a clear direction to the employees according to the organization's vision and mission.

Effective leaders set strategies to help the employees to achieve the company's target and objectives. Leader also play a role in monitoring the direction of the employees to make sure the employees are on the right path to achieve the goals according to the strategies. This is only possible with effective leadership that inspires employee trust, as employees are unwilling to follow someone who has little to no idea of what they are doing and who wastes too much time and resources on the unnecessary.



1.Dialogue

Effective leadership plays an important role in managing a business in the current business environment, for the old ways of business management are not enough to sustain a company in the modern market. Although leadership and management are two completely different systems, an organization might be surprised to find that there is no one system that completely suits their needs, so it is advisable that they focus on the skills that are suitable for their organization.

Management is a system that is based more on planning, budgeting and controlling. The organization emphasizes following the plan that is set by the upper rank executives in the organization, and following their orders to solve problems. Leadership focuses more on guiding the employees, leading them in the desired direction, according to the organization vision and mission while communicating with and motivating them to complete their tasks. Under leadership, the boss guides and works together with their employees to produce their desired outcome; while old style management orders employees to follow directives while the upper management is focused on planning and both are separate and do not work together.

Besides that, the current business environment requires organization to make changes in order to keep up with the rapid changes in the business environment. If the organization fails to make changes in order to adapt to the market they will fail to survive and will face bankruptcy. Leadership is in charge of providing a clear vision and a systematic way to effectively achieve that vision, for if there is no leadership there is no change in organization management (Atkinson, 2015).

Although leadership can bring lots of changes and increase the organization's performance, but in reality there are more factors to consider that might affect the possibility of the changes to occur. Every employee's behavior and attitudes are different, some employees might be able to easily adapt to the change but some will resist the change; some might accept the ways of their leaders and learn from the action of their leaders but some will become jealous of their leaders and refuse to cooperate. This would drag the performance of the organization down. Effective leadership is the best way to managing changes though



it must be remembered that there are no problem solving solutions that are perfect and that issues will still be faced that cannot be fixed.

1. Conclusion

From the critic of the three journals I found out that as usual, change is hard for people, people will feel uncomfortable because of change and even sometimes deny the change, continue as they are and be eliminated by the society. However, leadership can be a factor to motivate and encourage people to continuously make change and push them to change. Therefore Leadership plays a role in an organization to motivate and encourage the employees to change in order for the organization to be able to sustain and adapt to the business environment, to make sure the organization will improve and be innovative. The case of Nokia, the giant that fell from the top to the bottom, is a cautionary tale on the dangers of failing to improve and should be remembered. Effective leadership skills can help leaders to gain the trust of employees, making other tasks easier to operate because the employees trust their leaders. This could make other parts of business management easier too, such as shaping the culture in an organization. A positive organizational culture can bring lots of benefit to the organization, as the positive culture can encourage and motivate the employees in the organization to learn, communicate and work with each other. A good culture in the organization not only provides a good working environment for their employees, but also gives a sense of belonging to the employees and increases the commitment of employees to continue working in the organization. Innovative ideas will be produced when leadership motivates the employees to communicate with each other and share their thoughts with each other.

Leadership skills also enable the leaders to lead their employees into the correct direction, in accordance to the organization vision and mission. When an organization's leader leads the employees in the correct direction and motivates them to continuously improve and innovate, the organization's performance will surely increase and be able to sustain the organization in the current complex business environment. Hence, effective leadership is the main factor that brings change to the organization, if there is no leadership in the organization there will be no chance at all (Atkinson, 2015). The challenge will be to implement the strategic management changes as smoothly as possible, without wasting the precious opportunities and resources.



In a nutshell the first is in the nature of this paper, which is explorative and theoretical. The paper has resulted in hypotheses regarding the relations between leadership and strategic management change which are yet to be empirically proven. Without empirical testing the findings of this paper are not entirely valid. Also, the paper is limited to investigating strategic management change and organizational leadership effects on just one aspect of organizational change management that is strategic management change. It does not examine the other aspects of organizational change like operational, cultural and political changes in details that would complete the picture.

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