Strategy and Change

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Abstract: *In the age of uncertainty change represents one of the most important challenges for all types of organizations. Changeability constitutes today a key competitiveness factor for any company. The aim of our paper is to show that strategy and change are two related concepts in the business literature. The methodolog¬ical approach is literature review. As companies around the world are facing hyper-competition in all industries and markets, they often initiate strategic changes in order to improve their competitiveness.*

Key words: strategy, change, strategic change, company, competitiveness
JEL Classification: L1, M1

1. Introduction

After the fall of the European communist regimes the global business environment has evolved very rapidly in an unpredictable way. In the age of uncertainty change represents one of the most important challenges for all types of organizations. Change occurs often daily and either the organization keeps up with it or becomes obsolete and doesn't survive (Palmer et al., 2008). In fact, 'the pace of change has never been greater than in the current business environment, affecting all organizations in all industries' (Fenton, 2007, p. 104). This is why 'competitiveness of enterprises in hard international competition depends on ability to react and adapt to changes in close and wider environment' (Sujova and Rajnoha, 2012, p. 1286). In other words, changeability constitutes today a key competitiveness factor for any company. As companies around the world are facing hyper-competition in all industries and markets, they often initiate strategic changes in order to improve their competitiveness.

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Our paper is divided in four main sections. The next section deals with the literature review. The definitions of strategy and change are presented in the third section of the paper. The fourth section outlines the relationship between the two above mentioned concepts. Our paper ends with conclusions.

2. Literature review

There are several studies in the business literature regarding the relationship between strategy and change. As today's companies are facing a multitude of changes (e.g., political, economical, social, technological, environmental, legal) they cope with increasing uncertainty. In this respect, 'underestimating uncertainty can lead to strategies that neither defend a company against the threats nor take advantage of the opportunities that higher levels of uncertainty provide' (Courtney et al., 2000, p. 1).

Companies have to have 'the ability to drive and sustain large-scale change and to anticipate and adapt to an increasingly volatile environment' (Bhalla et al., 2011, p. 3). As maintaining its competitiveness in the market environment outlines a continuous pressure on permanent adaptation, the company needs to design and implement strategic changes within its processes and activities. This is why 'sustainable competitiveness can be achieved only if changes in enterprises are ahead of the changes in environment and reactions of competitors' (Sujova and Rajnoha, 2012, p. 1286). This means that 'whatever form of strategy is adopted, it will require the organization to achieve a fit between its external environment and internal structures, culture and practices' (Burnes, 2004, p. 245).

3. Defining strategy and change

The importance of the concepts of strategy and change is generally accepted all over the world in the business environment. There are many definitions of them, but none is universally valid.

The English word 'strategy' derives from the Greek word 'strategia', meaning generalship. Strategy:
- 'is the means by which individuals or organizations achieve their objectives' (Grant, 2013, p. 15).

• 'is the system of value creation that underlies a company's competitive position and uniqueness' (Montgomery, 2012, p. 4).

• 'describes the way in which the firm will accomplish the vision it has established and… is the theme incorporated in a set of strategic decisions' (Fitzroy et al., 2012, p. 28).

• 'is concerned with the establishment of a clear direction for the organization and for every business, product and service, and a means for getting there which requires the creation of strong competitive positions' (Thompson and Martin, 2010, p. 13).

• 'outlines the means by which a firm intends to create unique value for customers and other important stakeholders' (Carpenter and Sanders, 2009, p. 10).

These definitions reveal that strategy is a multidimensional and complex concept that evokes the relationships of an organization with both its internal and external environment.

On its turn, the English term 'change' derives from the Latin word 'cambiare'. Change:

• 'is an alteration of the way something is done or of the way work is carried out' (Collin, 2007, p. 60).

• 'is the way people talk about the event in which something appears to become, or turn into, something else, where the something else is seen as a result or outcome'

(Ford and Ford, 1994, p. 759).

• is 'making or becoming different' (Swannell, p. 85).

• 'involves the crystallization of new action possibilities (new policies, new behaviours, new patterns, new methodologies, new products, or new market ideas) based on the reconceptualized patterns in the organization' (Kanter, 1984, p. 279).

Therefore, the concept of change expresses the idea of something different.

4. From strategy and change to strategic change

As change is mandatory in today's business world, it is seen as a feature of companies at all their organizational levels (e.g., strategic, operational). It is said that 'the fruitfulness of changes can be conceptualized as a function of two dimensions: (1) the degree to which the change enhances competitiveness and (2) the extent of commitment the change is likely to receive from key stakeholders such as customers, employees, and suppliers' (Pangarkar, 2015, p. 298). Without any doubt the company's ability to identify, adapt to and manage change is essential in order to survive and succeed in the age of uncertainty. Thus, strategy cannot be separated from change and vice versa (Scheme 1).

Scheme 1. Strategy and change: two interconnected concepts
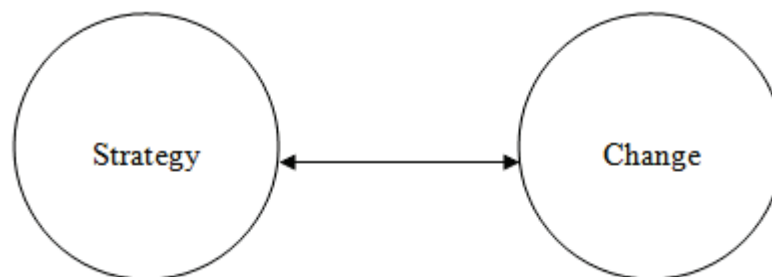
There are a multitude of forces driving change within all types of companies, including both the external and internal environment. Some of the main external change drivers are the following:

- globalization,
- advances in technology,
- political events,
- economic and financial crises,
- government laws and regulations,
- pressure groups (e.g., ecologists),
- demographic growth,
- hyper-competition,
- new customer demands,
- fluctuations in trade,
- developments in transport, etc.,

and some of the main internal change drivers are the following:

- organizational growth or decline,
- new management initiatives,
- lack of financial resources,
- new leadership,
- organisational culture,
- use of outsourcing,
- search for innovation,
- new administrative structures,
- personnel fluctuation, etc.

All these changes lead to the emergence of a need for continual improvement that means that an important task of the strategic management of a company is 'to introduce as much change as the firm can stand' (Fitzroy et al., 2012, p. 459). Consequently, strategy involves a 'set of analytical tools to frame organizational change' (Jaynes, 2015, p. 97). Only by connecting strategy with change the management of the companies achieve its objectives through various strategic changes (Scheme 2).

Scheme 2. Types of strategic changes
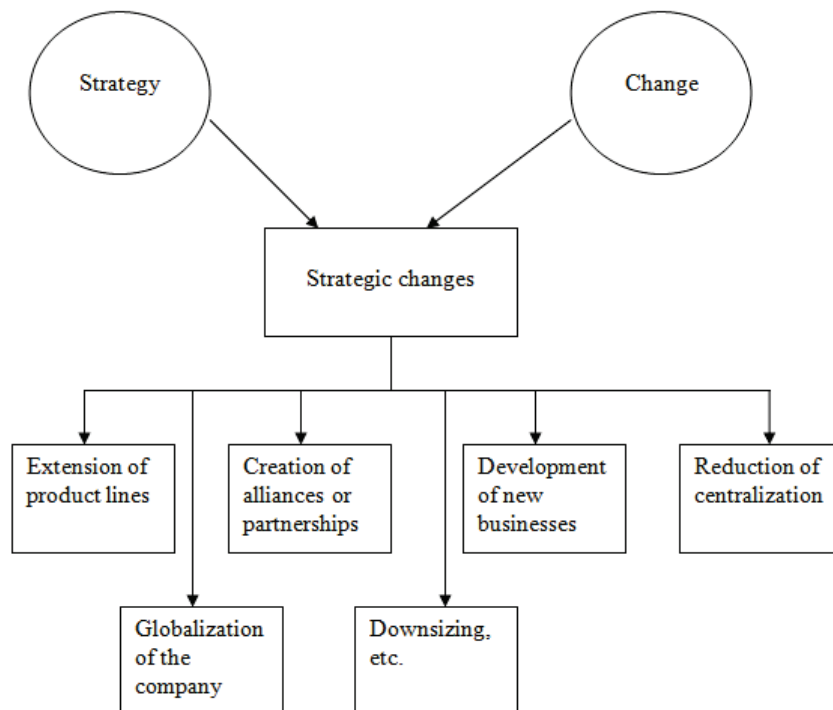
In essence, as a dynamic process, strategic change occurs within the company as a result of the managers' analysis of external and internal events (Dominguez CC et al., 2015). That is why in order to design and implement strategic changes managers need to use strategic methods and techniques such as benchmarking, SWOT analysis, or PESTLE analysis.

Conclusions

In the last decades, strategy and change has become two debated concepts in the business literature. Our paper shows that they are two interconnected concepts that lead to the initiation of strategic changes by the management of a company. In a highly competitive business world where change is the only certainty, strategic changes have become more necessary than ever before. They allow companies to adapt to an evolving environment and may enhance their competitiveness.

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