Strategically Balanced Change:
A Key Factor in Modern Management

By: Christian T. K.-H. Stadtländer
JMPSTADTLANDER@AOL.COM

Abstract

Organizational change is a much discussed topic in the management literature. It is an important issue because proper change management significantly increases the survival of an organization in today's hyper-competitive global business environment. Yet, all too often transformational change programs fail due to a variety of reasons. The purpose of this paper is to describe change from different angles (e.g., themes and types of change, importance of change, resistance to change, and change lessons) and to utilize the literature information to identify key components of organizational change in order to develop a "Model of Strategically Balanced Change". I argue that transformational change is a balancing act and should involve the entire workforce (i.e., leaders, managers, and workers). This review article is essentially an information guide about organizational change that can be used by decision makers in industry and nonprofit organizations, by business consultants, and by business educators and students in academia.

Keywords

Change, organization, communication, values, business ethics, strategic management, scanning, leadership, followership, global business

Introduction

In light of fundamental gross and incremental changes constantly occurring in the internal and external environment of organizations, leaders need to realize that their organizations can only survive if they anticipate, recognize, strategize, plan, and implement adequate change in a timely manner. Today, organizations face a variety of challenges, including competition from global markets, managerial restructuring by down-sizing or up-sizing, mergers, acquisitions, and break-ups of companies, increased business regulations, heightened media scrutiny, employees' desire to take a more significant part in the decision-making process, and a disturbing decline in business ethics resulting in increased employee and shareholder activism. Such a changing and increasingly unpredictable business environment requires leaders to ensure their organizations are constantly and properly aligned with the new business realities. It is important that leaders anticipate changes in the business environment before they become a threat to their organizations. Bateman and Crant (1999) suggested 'proaction', which means, actively creating change, not merely anticipating it. Moreover, it is important to redefine the ethical framework for proper business conduct of an organization in a global business setting. Without introducing adequate change in a timely and ethical manner, organizations will face difficult times and significantly reduce their chances of long-term survival.

This review article has two broad objectives. First, organizational change is described from a variety of angles, including different themes and types of change, importance of change, and resistance to change. I also included a section called 'Change Lessons from Microbiology'. Second, the information compiled from the published literature sheds light on the most critical components of organizational change with a main focus on transformational change. The knowledge of these components is then used to develop a "Model of Strategically Balanced Change". It is important to note that organizational change has been typically associated with leadership. I argue in this paper that identifying alterations in the internal and external environment as well as introducing change should not solely be the responsibility of leaders but rather of all employees in an organization. I believe that the "Model of Strategically Balanced Change" will be of value for decision makers in industry and nonprofit organizations, for business consultants, as well as for business educators and students in academia because it emphasizes that change is not static in nature but rather a dynamic and natural process linking all members of an organization (i.e., leaders, managers, and workers) together like a spiral that is kept under a positive, creative tension. This paper is essentially an attempt to convey a more balanced view of transformational change, one that can be initiated by any member of the organization. To my knowledge, no similar model of organizational change with inclusion of all members of the organization has been suggested before and no such comprehensive and structured review article about organizational change has ever been published.

Themes and Definitions of Organizational Change

MacKechnie (1978) reviewed the different themes of organizational change that arose from the business literature over the years. He noted that the theoretical constructs and methodology of organizational change were derived primarily from social psychology. Earlier studies were mainly directed at understanding the basics and importance of change in organizations and at attempts to overcome resistance to change. Later, the emphasis shifted toward seeing change as something that can be actively planned, created, and influenced. Behavioral scientists became an important part of change programs by acting as consultants or change agents who could facilitate the change process. In more recent years, extensive research has been done on multiple aspects of organizational change, including on the effects of change on the organizational culture, structure, communication, performance, and survival. Today, change has become an important

part of strategic management in many organizations because leaders realized that we live in a 'temporary society' and that constantly introducing change can give an organization a competitive advantage in both the domestic and the international business environment.

At first glance, one might believe that it is relatively easy to define organizational change. However, the business literature is full of definitions of change, each of which describes a different characteristic. The earlier definitions of organizational change are rather simple. For example, Spencer and Sofer (1964) define three basic types of change: Change in the amount of flexibility of the organization; change in the degree of centralization; and change in the lateral distribution of power between different departments. Schein (1970) defined organizational change as an induction of new patterns of action, belief, and attitudes among substantial segments of a population. DeBettignies and Boddewyn (1971) see change as the process of adaptation by the organization to changing internal and external circumstances. Bigelow (1980) discussed organizational change more in terms of the time it requires: Evolutionary change may occur through a series of intermediate incremental changes extending over a period of years or decades, while revolutionary change may occur rapidly, over a period of months or days. Kanter (1983) acknowledged the elusiveness of change and emphasized the idea of innovation. She believes that change involves the crystallization of new action possibilities (e.g., new policies, behaviors, patterns, methodologies, products, or market ideas) based on reconceptualized patterns in the organization. Thichy (1983) defined organizational change as strategic change. This type of change is a nonroutine, nonincremental, and discontinuous change which alters the overall orientation of the organization and/or components of the organization. When strategic change is properly managed, the organization is led through uncertainty via the decisions of leadership in the technical, political, and cultural areas.

Ackerman (1986) defined organizational change in three categories: Developmental change, transitional change, and transformational change. While developmental change leads to improvements of the currently existing status quo (the aim is to do more or to do things better), transitional change leads to the implementation of a known new state and requires rearranging or dismantling old operating methods. Transformational change goes much further in that it leads to the emergence of a new state, unknown until it takes shape. This type of change is more profound and traumatic. Jick (1993) believes that change in its broadest sense is a planned or unplanned response to pressures and forces, in particular technological, economic, social, regulatory, political, and competitive forces. He sees organizational change as an important issue because simultaneous, unpredictable, and turbulent pressures have become more the norm than the exception. Moreover, on a global scale, these forces multiply. Jick (1993) believes that pressures that provoke change can be considered either obstacles or challenges, either threats or opportunities. They can elicit shocking and paralyzing frustration and despair or mobilize great energy that leads to renewal and growth. It appears that the reactions solely depend on how people in organizations interpret the forces and pressures surrounding them, and how they react to them.

Duck (1993) sees an organization as a web of interconnections, similar to a mobile. If change is introduced in one particular area, it throws a different part off balance. Managing these 'ripple effects' is what makes managing change a dynamic proposition with unexpected challenges. Duck describes managing change as an art of balancing, similar to balancing a mobile. She believes that change is intensely personal and for change to occur in any organization, each individual must think, feel, or do something different. Quinn (1996, 2000) identified two different types of change: Incremental change and transformational (or deep) change. Incremental change is usually limited in scope, typically happens within normal expectations, and is often reversible. This type of change usually does not disrupt our past patterns but is rather an extension of the past. Transformational change, on the other hand, requires new ways of thinking and behaving. This type of change is major in scope, is discontinuous with the past, and is generally irreversible. Transformational change can cause a feeling of great uncertainty and ambiguity because this type of change lies outside of our normal expectations, is intensely personal, and carries significant risks. Deep change means essentially surrendering control. Quinn (1996) believes that we need to undergo personal change prior to being able to introduce organizational change. Furthermore, change can be either a top-down process (i.e., initiated by leaders) or a bottom-up process (i.e., initiated by empowered members of the workforce). Wagner (1995) discussed change by analyzing views of Greek philosophers. She wrote that Aristotle realized that a change process is not only the responsibility of leaders but should rather involve everyone in the organization.

Sullivan and Harper (1997) observed that change has a dual nature: It is both a condition and a process. While change as a condition describes what is happening in our surroundings, change as a process describes the leadership and managerial actions we take to transform our organizations. These authors noticed that change can be either evolutionary or revolutionary in that it can take place either gradually within an existing paradigm, or it can come in the form of a more dramatic shift to create a whole new paradigm. Sullivan and Harper recognized that change as a condition can influence us profoundly although it takes place externally, while change as a process is what we foster internally. It is interesting to observe that people who seek change appear to have very different goals in mind. Senge (1999) noticed that some leaders seek the accelerating, visionary, or intelligent organization, while others seek the innovative, living, adaptive, or transformational organization. Thus, it appears that the type of change is greatly influenced by the personality of the change agent. Despite the fact that these different goals exist, all change agents seem to have one thing in common, i.e., they all attempt to respond quickly to changes in the internal and external environment and think more imaginatively about the future. Finally, Kerber and Buono (2005) examined three types of organizational change: Directed change that is driven from the top of the organization, relies on authority and compliance, and focuses on coping with people's emotional reactions to change; directed change that reflects a quick, decisive approach to introducing change which can have significant pitfalls (e.g., change denial, anger, sadness, or loss), if introduced improperly; and planned change that arises from any level in the organization but is ultimately sponsored from the top.

Importance of Organizational Change

Change itself is a natural process and is important for the development of people as well as organizations. Without change people and organizations would remain the same over time. Attempting to maintain the status quo is thus unnatural and inhibits the evolution of people and organizations. I believe that we need to start seeing change as something natural which can help people to grow and organizations to develop.

The continuous process of development and growth is important for companies in both the domestic and the international business environment. However, the forces and pressures in a global business environment are immense and much stronger than in a domestic business environment. According to Jick (1993), the reason for this is that competition in a global setting greatly intensifies and companies establish more complex relations with each other. Kanter (1999) described that the clash of global and local ideas produces new concepts in which local companies need to respond to international competitors, while foreign companies attempt to accommodate to local practices. I believe that this adaptation process must also include the definition of the proper ethical framework suitable for both the national and the international business environment. It appears that the number of strategic choices increases in global business almost exponentially and decision makers need to be very careful about what kind of changes to make at what time and in what quantity in order for their organizations to survive (Jick, 1993). In the past, the business environment was less turbulent and organizations were smaller and simply organized. In contrast, today, companies are more complex and the internal and external business environments change constantly. For example, changes occur in technology, markets, competition, customers, diversity of the workforce, management, and societies (Heifetz & Laurie, 1997; Jick, 1993). There are changes in the corporate culture, that means, in the collection of beliefs, expectations, and values learned and shared by the members of an organization and transmitted from one generation of employees to another (Wheelen & Hunger, 2002). There are also changes in the availability, educational level and attitude of our workforce, as well as changes in the availability of finite economic resources. All this indicates that organizations need to be constantly adapting to new business conditions and that change needs to be strategically balanced and seen as a key factor in modern management.

Resistance to Change

Change is for most people uncomfortable and can cause pain (Abrahamson, 2000; Kegan & Laskow, 2001). The reason is that it gives us a feeling of uncertainty, not knowing where to go, what to expect, what the future will look like, how we can reach the future, and what kind of person we will be after the change process is completed. Many of us are afraid of change because we fear losing control of the known status quo and enter into an unknown territory and an unpredictable future. Thus, a change process is immensely personal and involves our emotions (Duck, 1993; Quinn, 1996). It is therefore understandable that humans fear change. However, without change people and organizations will not develop further and risk becoming obsolete.

Bolman and Deal (2003) define the barriers to change in four different frames. In the human resource frame, barriers to change include anxiety, uncertainty, and feelings of incompetence and neediness; in the structural frame, barriers include loss of clarity and stability, confusion, and chaos; in the political frame, barriers of change include disempowerment, and conflict between winners and losers; and in the symbolic frame, barriers include loss of meaning and purpose, and clinging to the past. Bolman and Deal believe that restructuring, recruiting, and retraining can be powerful levers for change. They suggest the following strategies to overcome barriers of change: For the human resource frame, training to develop new skills, participation and involvement, as well as psychological support; for the structural frame, communicating, realigning and renegotiating formal pat-

terns and policies; for the political frame, creating arenas where issues can be renegotiated and new coalitions formed; and for the symbolic frame, creating transition rituals by mourning the past and celebrating the future. The research by Bolman and Deal clearly shows that change touches many different aspects affecting people in organizations and that one has to consider all of these frames in order to be successful with change programs.

Strebel (1996) noticed that many change efforts fail because executives and employees see change differently. For example, for many leaders, change means opportunity – both for the business and for themselves. But for many employees, change is seen as disruptive and intrusive. Jick (1993) wrote that change agents will face resistance, no matter how needed a change program is, and no matter how closely involved they are with the change process and the employees. Resistance can essentially come from anywhere, even from the leadership. Change can make leaders as well as managers uncomfortable because it often leads to a redistribution of power. In addition, change programs cost time, effort, and significant financial resources.

Unfortunately, resistance to change is often seen as something negative that must be overcome. However, resistance can often help all people in organizations to understand the change process in more detail because resistance often leads to strong intraorganizational discussions. Senge (1999) wrote that fear and anxiety should not be seen as problems which need to be cured. Instead these feelings are natural and essentially healthy responses to change. Openness and discussion of these feelings is important in order to move the change process forward. Quinn (2000) suggested that we should think of resistance as a feedback loop in which the change agent and the resisting system are joined in a creative tension.

Crucial Factors of Organizational Change

Many organizations recognize the need for change, introduce it, and their efforts initially seem quite successful. However, not all organizations succeed with their change programs over time. During the past decades, many business researchers have investigated the reasons, importance, strategies, and effects of organizational change in relation to company performance, employee work satisfaction and workforce retention. These research studies are extremely useful for identifying components of change which play a crucial role for the development of change models and successful change programs. Organizational change consists of many factors. Depending on the point of view, some factors may be considered more important than others. In this section, I review the management literature for different factors of change and identify those I believe are the most crucial.

Leadership and Organizational Change

Tichy (1983) noticed that leaders often focus only on small components of the overall change. This can be critical as it may lead to a fixation on tactical concerns which, in turn, can have a profound impact on the overall change process. Henderson (1979) believes that small changes are often grossly inadequate and insufficient when decisions have a strategic nature and result in major irreversible consequences for the organization. Kotter (1995) investigated more than 100 companies (including the Ford Motor Company, General Motors, British Airways, and Bristol Myers Squibb) in regard to change initiatives (e.g., total quality management, reengineering, right-sizing, restructuring, cultural change, and turnarounds). He observed that many leaders often lack experience introducing organizational change

and made crucial mistakes. Those mistakes included: A lack of establishing a sense of urgency for change; not creating a powerful enough guiding coalition; a lack of a clearly defined vision; under-communicating this vision; not sufficiently removing obstacles to the new vision; a lack of a systematic plan for and the creation of short-term wins (which is important for maintaining the momentum during the change process); an unfortunate willingness to declare victory of introduced change before it becomes apparent whether or not the change process is successful; and forgetting to anchor changes in the organization's culture. The research by Hall, Rosenthal, and Wade (1993), who analyzed over 100 companies, revealed that the success of change efforts depends on how broadly the change process is defined, to what depth the change takes place within the organization, and to what degree leaders are involved in the change process. Goss, Pascale, and Athos (1993) showed that executives are often unwilling to think rigorously and patiently about themselves or their ideas. The authors often found executives "perched like a threatened aristocracy, entitled, aloof, and sensing doom". Thus, when confronted with leading an organization into the future, executives are often reluctant. Kiely (1995) observed that change programs often fail due to poor structuring. This occurs when the wrong leaders are selected to head the project, when people concentrate on too narrow objectives, when important information is excluded from human resource specialists, or when there is a general lack of a positive attitude. Goold and Campbell (2002) pointed out that organizations today need to be well designed in order to survive, and that a change process can help improve the design of organizations.

These research data clearly indicate that leaders play an important role in organizational change. However, the data also show that leaders are often only partially effective and that crucial mistakes can be made because organizational change is a very complex process affecting all members of the organization. Consequently, change management should not solely be the responsibility of leaders but should rather involve all members of the organization.

Organizational Culture and Change Management

Many research papers are concerned with the role of the organizational culture during change. For example, Collins and Porras (1996) studied successful companies, such as Hewlett-Packard, 3M, Johnson and Johnson, Procter and Gamble, Merck, Sony, Motorola, and Nordstrom, and observed that the leaders in these companies understood how to preserve a core purpose and core values throughout the change process while the strategies and practices of these companies were adapted to changing environmental conditions. The authors believe that a crucial factor for success of change programs is to balance continuity and change which is closely linked to the ability to develop a vision. Hannan and Freeman (1984) wrote that resistance and detrimental consequences can be expected in organizations if changes are made to core features (i.e., mission, form of authority, technology, and marketing strategy). Hannan, Pólos, and Carroll (2003) advanced this theory by describing a framework (defined as a code system) in which a change is considered significant if it creates violations of architectural codes and if the efforts to resolve the violations triggers cascades of other changes in the organization. Slater (1995) emphasized that change should be a continual process and not a short-term program. He views organizational change as a continuum that runs from genesis (with little stability present) to paralysis (where stability is highly valued and changes are minor). He also described a balance point, called synthesis, in which the firm's leaders

seek to match stability with change. Bouchikhi and Kimberly (2003) also believe that preserving the company core is important and that a change process that is in conflict with this core identity often fails. Terry (2001) wrote that company values are so central that to violate them would destroy the organization. Clement (1994) identified three key factors for organizational change. These are the prevailing corporate culture, the kind of leadership used to make changes, and the forces behind internal politics and the organizational power structure. Finally, Voelpel, Leibold, and Streb (2005) believe that organizations need to develop an innovation culture and to produce replicators of innovation thinking which should be disseminated and embedded in the organization. This so-called "innovation meme management" provides innovative excellence (e.g., uniqueness, relevance, or speed) and helps an organization to survive in today's complex, networked, unstable, and chaotic business environment.

Based on these research data, it appears that culture is the foundation of any organization and that change needs to be linked to this core. Culture contains certain beliefs, ethics, values, and behavioral patterns that distinguish one organization from another. If a change program is not properly aligned with the cultural framework, which means, change does not fit to the core purpose and to the core values of an organization, a change program will not be successful. However, this does not exclude the possibility that a change program can ultimately lead to changes in the political, structural, and cultural framework over time.

The Role of Communication and Ethics in Organizational Change

Spector (1989) believes that if leaders communicate and convince employees that the status quo is not satisfactory the change process is greatly facilitated. Kouzes and Posner (2002) observed that leaders often cut themselves off from critical information sources because they are often too busy trying to lead the organization through the change. Also Larkin and Larkin (1996) emphasized that communication during the change process is important. Interestingly, they believe that changes should be communicated to employees by their immediate supervisors and not by senior managers who unfortunately often rely on the use of video presentations and poorly written company handbooks instead of on personal communication. Thus, it appears that person-to-person communication is much more effective in change programs because it engages more people, it is usually more convincing, and it provides specific and immediate answers to questions relevant to the change process. Kanter (1999) believes that change is everyone's job and that new skills, new behaviors, and new roles are needed to support initiative and imagination, create trust and foster communication, as well as build human connections between internal networks and external alliances.

Communication is also important for discussing personal and organizational ethics issues. Organizations as an entity have ethical responsibilities and so do employees as individuals. In today's global business setting, many organizations have subsidiaries in foreign countries and employ a cultural diverse workforce. Global and domestic multicultural organizations face many challenges (and opportunities), including cross-cultural communication, an evolution to open industry standards, and a requirement for ecological and social sensitivity (Prahalad & Oosterveld, 1999). In international business environments, there are fewer commonly accepted norms, international guidelines, and regulations (Cavanagh, 2004). Adler (2002) emphasized that managing across cultures demands adherence to the

highest standards of integrity while making and implementing culturally appropriate decisions. I believe that ethics need to play a major role in all organizational change programs and ethical guidelines need to be properly communicated cross-culturally. It is important that ethical issues are discussed before they become a threat to the organization and the individual. Ethical business behavior positively impacts a company's reputation and can give an organization a significant competitive advantage (Wheelen & Hunger, 2002; Cazalot, 2005).

It appears that authentic communication (i.e., the kind of communication that conforms to fact) is a crucial factor in organizational change management. It generates trust among employees and keeps them informed about what is happening during the organizational restructuring. Communication, in particular personal communication, means that the three groups of employees (i.e., leaders, managers, and workers) must work closer together. In order to achieve this, there has to be some kind of a constant communication linkage that holds these three groups together. I believe a spiral best describes this communication linkage because it symbolizes a connection between two points that increases or decreases in distance, depending on the tension of the spiral. For example, the more compressed the spiral is, the more authentic, person-to-person communication takes place among all members of the organization; if the spiral is more relaxed, communication among organizational members is insufficient which, in turn, can negatively impact the outcome of a change program.

Environmental Scanning and Organizational Change

According to Wheelen and Hunger (2002), environmental scanning consists of the monitoring, evaluating, and disseminating of information from the environment. The purpose of scanning is essentially to identify factors in the external environment (opportunities and threats) and internal environment (strengths and weaknesses) that can be used for strategy formulation.

Research indicates that there is a positive relationship between environmental scanning and profits. For example, Thomas, Clark, and Gioia (1993) analyzed 156 hospitals and observed that attention to external information is associated with higher profits, and attention to internal information is associated with higher hospital admission levels. Muralidharan (2003) sees environmental scanning as a critical element of strategic decision making, in particular for multinational corporations because they operate across a multitude of different cultural environments. Moen (2003) believes in the importance of environmental scanning as a search tool for cues about how the world is changing and how these changes are likely to affect an organization. Albright (2004) emphasized that environmental scanning is vital to an organization's strategic planning in that it helps identifying and understanding the complex issues facing the organization. It is essentially an early warning system designed to help identifying potential threats to the organization.

Lauzen (1995) examined the formality of environmental scanning in 16 organizations. She observed that companies with formal environmental scanning systems tend to monitor a larger number of issues in their environments for shorter periods of time, when compared to organizations with informal environmental scanning systems. Lauzen found that culture (i.e., participative culture) is more strongly related to scanning efforts than is environmental complexity. Choudhury and Sampler (1997) pointed out that it is important to consider not only what kind of information is needed by which activity, but also the nature of such information. Finally, Kumar, Subramanian, and Strandholm (2001) believe that environmental scanning itself is not enough; the information gained must be used by the organization in some relevant manner.

Most of the research indicates that environmental scanning has a positive impact on an organization's survival. It seems important that relevant information is fast and reliably transmitted within the organization. This requires that all members of the organization actively participate in the scanning process. Environmental scanning is considered one of the most significant tools in strategic management today because it can ensure the long-term health of an organization by avoiding strategic surprises (Wheelen & Hunger, 2002). Therefore, environmental scanning is a crucial factor before, during, and after organizational change.

Persistence and Flexibility in Organizational Change

Persistence in organizational change means refusing to give up or let go before the change program is completed. Flexibility, on the other hand, means not being rigid; it relates to the ability of an organization to react to unexpected alterations in the environment while undergoing an organizational change program. Goss, Pascale, and Athos (1993) believe that changing an organization requires both persistence and flexibility. Persistence is important because no change program can be completed overnight. Flexibility, on the other hand, allows decision makers to adapt to even those changes in the environment which occur during the change process. Martin (1993) described what can happen when flexibility is lacking. He identified a four-stage syndrome in troubled companies undergoing organizational change. In the first stage, companies articulate their vision. Then steering mechanisms are developed to operationalize the vision and guide the company through the change (second stage). Unfortunately, these steering mechanisms are often too rigid so that the focus is more on the vision than on the changing environment. The unfortunate result is that feedback deteriorates (third stage) and important information relevant to achieving the change is not properly used (fourth stage). Martin (1993) as well as Terry (2001) pointed out that a vision is an important part of a change process but leaders of organizations need to be aware that a vision should only give a direction to employees and should not make a company inflexible. Also, Kanter (1983) sees flexibility as an important factor in organizational change. Flexibility allows organizations to be more "surface" exposed to the environment through sensing mechanisms for recognizing emerging changes and their implications. Finally, Tichy (1983) believes that injecting too much formality into the system can lead to a significant lack of flexibility, looseness, simplicity, and creativity.

Persistence is an important driving force in organizational change. Quinn (2000) observed that committed people are those who act while facing uncertainty; they persist in the face of opposition and drive change through the external sanctions and institutional barriers. Kouzes and Posner (2002) noticed that proactive people tend to work harder and persist in achieving their goals; in contrast, others tend to give up, especially when faced with strong objection or great adversity. Change is a dramatic process for all members of an organization. Persistence and flexibility are crucial factors in organizational change but it appears that they need to be well balanced or a change program may not be successful.

Total Employee Engagement and Market
Orientation (TEEMO) Change Management

Argyris and Schön (1978) view an organization as an organism consisting of many cells, each with a particular, partial,

and changing image of itself in relation to the whole organization. They argue that people have mental maps with regard to how they plan, implement, and review their actions. If we understand that organizations are not static entities but rather dynamic because they are made of people with different mental maps, it becomes clear that organizations have the capability to learn. Argyris and Schön pointed out that "organizational learning" can occur when learning agents, discoveries, inventions, and evaluations are embedded in organizational memory. Senge (1994) believes that people in modern organizations should continually expand their capabilities and become masters in the following five disciplines: Systems thinking, personal mastery, mental models, building shared vision, and team learning. This would set apart traditional organizations from what he called "learning organizations".

Organizational change has significant effects on all employees. Jick (1993) described that recipients of change experience dramatic emotions in that they often feel angry, betrayed, shocked, unappreciated, anxious, and confused. He wrote that no organization can institute change if the employees do not help in the effort and accept the change internally. He is convinced that any organization that believes change can take hold without considering how people will react to it is in deep delusion. It appears that too many companies focus today on reducing the workforce and fail to consider the qualifications and morale of the employees (Marshall & Yorks, 1994).

It is interesting to observe that most of the literature about organizational change links change directly to leadership. There is no doubt that leaders matter greatly when it comes to organizational change. However, organizations consist not only of leaders, but also of managers and workers. Any type of organization cannot function properly without the presence of each group. Kelley (1988) is one of the few business researchers who wrote about the importance of followers in organizations. He said that "Organizations stand or fall on the basis on how well their leaders lead, but partly also on the basis of how well their followers follow". The author identified four qualities in effective followers: They manage themselves well; they are committed to the organization and to a purpose, principle, or person outside themselves; they build their competence and focus their efforts for maximum impact; and they are courageous, honest, and credible. I believe that organizations of the 21st century should pay much more attention to followers because they can play significant roles in organizational change, such as scanning the internal and external environment for alterations, proposing and initiating changes, engaging managers and leaders in a more active form of communication, and helping to ensure that the organization acts ethically. I strongly believe that leaders of today's organizations simply cannot afford to treat followers as being inferior. We should think of followers as being equal human beings and important for the organization's survival.

Nordin (1989) wrote that "Kelley has verbalized what is needed to develop productive, engaged, energized organizations of human beings". I fully agree with this statement and believe that followers need to play a much more active role in today's and tomorrow's organizations, in particular in regard to organizational change efforts. Therefore, I propose a change management of "Total Employee Engagement and Market Orientation" (TEEMO). This type of change management utilizes all employees with a focus on the market. It requires that all employees are more actively involved in the making of strategic management decisions. Duck (1993) suggested that organizations should teach employees to think strategically, recognize patterns, and anticipate problems and opportunities before they

occur. Thus, employees should receive training in strategy skills in addition to their administrative, service, and technical skills. Duck's plan would allow creating in organizations a powerful pool of people who think ahead of time and recognize changes in the business environment before they become a threat. The TEEMO change management goes further than only creating a "pool of strategists" within organizations; it would essentially provide strategy training for everyone in the organization with the final outcome that every employee would actively participate in the strategy formulation and organizational change process. TEEMO change management can be initiated either by leaders, managers, or by members of the workforce. It can be a top-down, middle-range, or bottom-up process, depending on the situation and threats identified in the business environment.

Change Lessons from Microbiology

We can learn an important business lesson about change from microbes. Microorganisms are exceptionally diverse and can be found almost everywhere; they are real experts in dealing with change. Lederberg, Shope, and Oaks (1992) described that, in order to survive, most microbes must be well adapted to a particular ecological niche and must compete effectively with other microorganisms. For example, microbes must develop mechanisms which help them in the survival of extreme environmental conditions (e.g., high temperatures or high salt concentrations), in cell surface attachment and invasiveness, in countering or suppressing host immune responses, in persisting or surviving inside and outside a host organism, in transmission from one host to another, and in resistance to antimicrobial drugs. Furthermore, they are experts in using mechanisms such as mutation, recombination, and gene transfer. Microbes clearly demonstrate that they are "well trained" in strategy and able to adapt to any kind of environment which is required for the successful competition and evolutionary survival (Lederberg, Shope, & Oaks, 1992). This example shows that microbes are not only willing adapters to change but also quick responders to adverse environmental conditions.

I believe that we can learn the following lesson from this microbiology example: In order to remain competitive and survive in today's global business environment, all employees in organizations must frequently make significant changes and reinvent themselves. Augustine (1997) cited a statement made by Charles Darwin who developed a theory of biological evolution: "It is not the strongest of the species that survives, nor the most intelligent; it is the one that is most adaptable to change". Employees in organizations who do not fear change have a tremendous strategic advantage over those who attempt to hold on to the past. We need to realize that change is being demanded with more frequency today than in the past because of globalization and increasing competitiveness.

The Model of Strategically Balanced Change

The comprehensive review of the management literature allowed identifying the key elements of organizational change. Using this knowledge, I developed a model of "Strategically Balanced Change" (SBC model). This model is unique in that it combines crucial factors of change in a way that the dynamic of the change process becomes evident. In addition, the model contains all levels of employees of an organization. To my knowledge, no other investigator has attempted such an approach be-

fore. The SBC model is displayed in Figure 1.

Figure 1
Model of Strategically Balanced Change (SBC Model).
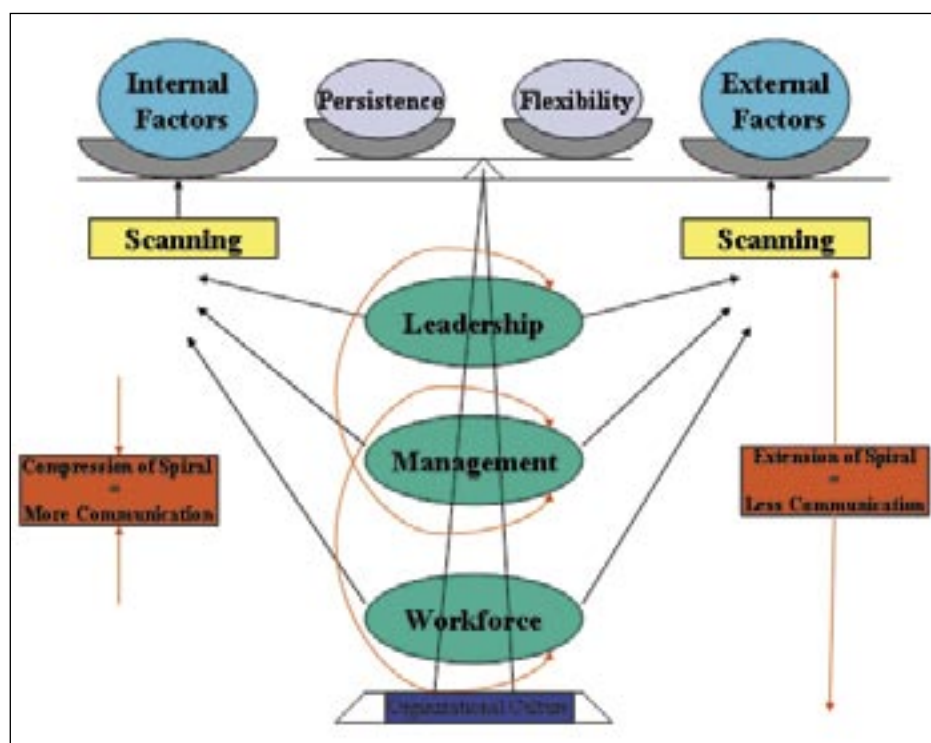
The SBC model shows that organizational change is a dynamic process which requires a balancing act between several components. These components are leadership, management, and workforce, which all together create the organizational structure in form of a balance. The foundation of this balance is the organizational culture. Internal and external factors are located on each end of the arms of the balance. There is a second smaller balance in between these environmental factors which carries two additional crucial factors for organizational change, which are, persistence and flexibility.

Leadership, management, and workforce are connected via a spiral because their interrelationship is highly dynamic as it keeps the organization in a creative tension through authentic communication. The more positive tension exists in the spiral the better the communication is between leadership and management, management and workforce, and leadership and workforce. The further the spiral is extended, the less positive connection exists between these three groups of employees. Leadership, management, and workforce are positioned in a way that allows rotating the formation so that the organization can introduce change either through leaders, managers, or members of the workforce, depending on the situation and data from the environmental scanning.

The model shows that the organization essentially needs to decide how to balance between the internal factors (e.g., corporate structure, culture, and resources) and the external factors (e.g., economic, technological, political, legal, social, and cultural factors). Ideally, all employees (i.e., leadership, management, and workforce) are participating in scanning the internal and

external environment for changes which might affect the organization. This requires that organizations train all employees to think strategically in their specific area of expertise such as administration, technical, and service. Even if all internal and external factors are scanned properly and if it is decided that change is warranted, there are two more factors which need to be considered; these factors are persistence and flexibility. The organization needs to balance persistence and flexibility throughout the change process in order to be successful. If the communication spiral of the organizational structure is extended too much and/or if the internal and external factors as well as persistence and flexibility are not balanced properly, the organization will not be able to operate to its full capabilities and risks its survival.

Conclusions and Future Directions

In this review, I attempted to provide a comprehensive overview about organizational change and to utilize information from the published management literature in order to develop a dynamic model of strategically balanced change. Since today every organization is confronted at some point with the necessity to introduce some sort of change, I believe that this model can help industry companies, academic institutions, as well as other nonprofit organizations to improve their change programs by recognizing the importance and the individual key elements of change. I described that the main purpose of change in a constantly changing environment is to learn to adapt quickly to new business conditions with well developed and balanced strategies. Since every company has to confront different internal and external challenges, each organization will need to introduce change in its own way by considering its size, circumstances, and goals.

Furthermore, I believe that focusing on implementing positive change should become a primary goal of every organization because it would give back to an organization its original purpose. This purpose is to employ highly stimulated, committed, active, happy, ethical, and loyal employees in form of workers, managers, and leaders who have one goal in mind, which is to produce and deliver innovative and high quality products and services in order to satisfy customers' needs and wants.

Finally, the present study showed the importance of research to the topic of organizational change. Although numerous research studies have been conducted and published about this subject, I believe that more research is warranted, in particular about the role of workers and their relationship to managers and leaders in organizations. This, in turn, would allow business researchers to develop more comprehensive action plans for organizational change and to periodically up-date and fine-adjust currently existing models of change.

References

Abrahamson, E. (2000) "Change without pain", Harvard Business Review, Vol. 78 No. 4, pp. 75-79.

Ackerman, L. (1986) "Development, transition or transformation", OD Practitioner, December, pp. 1-8.

Adler, N. (2002), International dimensions of organizational behavior, South-Western, Cincinnati.

Albright, K.S. (2004) "Environmental scanning: Radar for success", The Information Management Journal, Vol. 38 No. 3, pp. 38-45.

Argyris, C. and Schön, D. (1978), Organizational learning: A theory of action perspective, Addison Wesley, Reading.

Augustine, N.R. (1997) "Reshaping an industry: Lockheed Martin's survival story", Harvard Business Review, Vol. 75 No. 3, pp. 83-94.

Bateman, T.S. and Crant, J.M. (1999) "Proactive behavior: Meaning, impact, recommendations", Business Horizons, Vol. 42 No. 3, pp. 63-70.

Bigelow, J. (1980) "Strategies of evolutionary and revolutionary organizational change". Academy of Management Proceedings, pp. 205-208.

Bolman, L.G. and Deal, T.E. (2003), Reframing organizations: Artistry, choice, and leadership (3rd ed.), Jossey-Bass, San Francisco.

Bouchikhi, H. and Kimberly, J.R. (2003) "Escaping the identity trap", Sloan Management Review", Vol. 44 No. 3, pp. 20-26.

Cavanagh, G.F. (2004) "Global business ethics: Regulation, code, or self-restraint", Business Ethics Quarterly, Vol. 14 No. 4, pp. 625-642.

Cazalot, C.P.Jr. (2005) "Creating competitive advantage through business ethics", Executive Speeches, Vol. 19 No. 5, pp. 30-34.

Choudhury, V. and Sampler, J.L. (1997) "Information specificity and environmental scanning: An economic perspective", MIS Quarterly, Vol. 21 No. 1, pp. 25-53.

Clement, R.W. (1994) "Culture, leadership, and power: The keys to organizational change", Business Horizons, Vol. 37 No. 1, pp. 33-39.

Collins, J.C. and Porras, J.I. (1996) "Building your company's vision", Harvard Business Review, Vol. 74 No. 5, pp. 65-77.

De Bettignies, H.C. and Boddewyn, J. (1971) "Introduction: Organizational change". International Studies of Management and Organization, Vol. 1 No. 3, pp. 219-221.

Duck, J.D. (1993) "Managing change: The art of balancing", Harvard Business Review, Vol. 71 No. 6, pp. 109-118.

Goold, M. and Campbell, A. (2002) "Do you have a well-designed organization?", Harvard Business Review, Vol. 80 No. 3, pp. 117-124.

Goss, T., Pascale, R., and Athos, A. (1993) " The reinvention roller coaster: Risking the present for a powerful future", Harvard Business Review, Vol. 71 No. 6, pp. 97-108.

Hall, G., Rosenthal, J., and Wade, J. (1993) "How to make reengineering really work", Harvard Business Review, Vol. 71 No. 6, pp. 119-131.

Hannan, M.T. and Freeman, J. (1984) "Structural inertia and organizational change", American Sociological Review, Vol. 49 No. 1, pp. 149-164.

Hannan, M.T., P los, L. and Carroll, G.R. (2003) "Cascading organizational change", Organization Science, Vol. 14 No. 5, pp. 463-482.

Heifetz, R.A. and Laurie, D.L. (1997) " The work of leadership", Harvard Business Review, Vol. 75 No. 1, pp. 124-134.

Henderson, B.D. (1979), Henderson on corporate strategy, Abt Books, Cambridge.

Jick, T.D. (1993), Managing change: Cases and concepts, Irwin McGraw-Hill, Boston.

Kanter, R.M. (1983) The Change Masters: Innovation & Entrepreneurship in the American Corporation, Simon & Schuster, New York.

Kanter, R.M. (1999) "Change is everyone's job: Managing the extended enterprise in a globally connected world", Organizational Dynamics, Vol. 28 No. 1, pp. 7-22.

Kegan, R. and Laskow, L. (2001) " The real reason people won't change", Harvard Business Review, Vol. 79 No. 10, pp. 85-92.

Kelley, R.E. (1988) "In praise of followers", Harvard Business Review, Vol. 66 No. 6, pp. 142-148.

Kerber, K. and Buono, A.F. (2005) "Rethinking organizational change: Reframing the challenge of change management". Organizational Development Journal, Vol. 23 No. 3, pp. 23-38.

Kiely, T.J. (1995) "Managing change: Why reengineering projects fail", Harvard Business Review, Vol. 73 No. 2, p. 15.

Kotter, J.P. (1995) "Leading change: Why transformation efforts fail", Harvard Business Review, Vol. 73 No. 3, pp. 59-67.

Kouzes, J.M. and Posner, B.Z. (2002), The leadership challenge. (3rd ed.), Jossey-Bass, San Francisco.

Kumar, K., Subramanian, R., and Strandholm, K. (2001) "Competitive strategy, environmental scanning and performance: A context specific analysis of their relationship. International Journal of Commerce and Management, Vol. 11 No. 1, pp. 1-32.

Larkin, T.J. and Larkin, S. (1996) "Reaching and changing frontline employees", Harvard Business Review, Vol. 74 No. 3, pp. 95-104.

Lauzen, M.M. (1995) " Toward a model of environmental scanning", Journal of Public Relations Research, Vol. 7 No. 3, pp. 187-203.

Lederberg, J., Shope, R.E., and Oaks, S.C., Jr. (1992), Emerging infections: Microbial threats to health in the United States, National Academy Press, Washington.

MacKechnie, G. (1978) "Organizational change: Strategy and complexity". International Studies of Management and Organization, Vol. 8 No. ½, pp. 22-37.

Marshall, R. and Yorks, L. (1994) "Planning for a restructured, revitalized organization", Sloan Management Review, Vol. 35 No. 4, pp. 81-91.

Martin, R. (1993) "Changing the mind of the corporation", Harvard Business Review, Vol. 71 No. 6, pp. 81-94.

Moen, R.S. (2003) "Environmental scanning makes planning possible", Association Management, Vol. 55 No. 8, pp. 65-66.

Muralidharan, R. (2003) "Environmental scanning and strategic decisions in multinational corporations. The Multinational Business Review, Vol. 11 No. 1, pp. 67-88.

Nordin, J.L. (1989) "Misleading followers", Harvard Business Review, Vol. 67 No. 1, p. 152.

Prahalad, C.K. and Oosterveld, J.P. (1999) " Transforming internal governance: The challenge for multinationals", Sloan Management Review, Vol. 40 No. 3, pp. 31-39.

Quinn, R.E. (1996), Deep change: Discovering the leader within, Jossey-Bass, San Francisco.

Quinn, R.E. (2000), Change the world: How ordinary people can accomplish extraordinary results, Jossey-Bass, San Francisco.

Schein, E.H. (1970), Organizational psychology (2nd ed.), Prentice-Hall, Englewood Cliffs.

Senge, P. (1994), The fifth discipline: The art and practice of the learning organization, Doubleday, New York.

Senge, P. (1999), The dance of change, Doubleday, New York.

Slater, S.F. (1995) "Learning to change", Business Horizons, Vol. 38 No. 6, pp. 13-20.

Spector, B.A. (1989) "From bogged down to fired up: Inspiring organizational change", Sloan Management Review, Vol. 30 No. 4, pp. 29-35.

Spencer, P. and Sofer, C. (1964) "Organizational change and its management". Journal of Management Studies, Vol. 1 No. 1, pp. 26-47.

Strebel, P. (1996) "Why do employees resist change?", Harvard Business Review, Vol. 74 No. 3, pp. 86-92.

Sullivan, G.R. and Harper, M.V. (1997), Hope is not a method: What business leaders can learn from America's army, Broadway Books, New York.

Terry, R. (2001), Seven zones for leadership: Acting authentically in stability and chaos, Davies-Black, Palo Alto.

Thomas, J.B., Clark, S.M., and Gioia, D.A. (1993) "Strategic sensemaking and organizational performance: Linkages among scanning, interpretation, action, and outcomes", Vol. 36 No. 2, pp. 239-270.

Tichy, N.M. (1983), Managing strategic change: Technical, political and cultural dynamics, John Wiley & Sons, New York.

Voelpel, S.C., Leibold, M, and Streb, C.K. (2005) "The innovation meme: Managing innovation replicators for organizational fitness", Journal of Change Management, Vol. 5 No. 1, pp. 57-69.

Wagner, C.K. (1995) "Managing change in business: Views from the ancient past". Business Horizons, Vol. 38 No. 6, pp. 8-12.

Wheelen, T.L. and Hunger, J.D. (2002), Strategic management and business policy, Prentice Hall, Upper Saddle River.

Christian T. K.-H. Stadtländer

Ph.D.
3267 North View Lane
St. Paul
Minnesota, 55125-8402
U.S.A.
Email: jmpstadtlander@aol.com or ctstadtlande@stthomas.edu

Christian Stadtländer received his Ph.D. from the University of Hanover, Germany, and his M.B.A. and M.I.M from the University of St. Thomas in Minneapolis-St. Paul, Minnesota, U.S.A. His current research interests include business ethics and leadership, strategic management, and organizational behavior.