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Strategic Change and Firm Performance: A Theoretical Review

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Abstract

The business environment has become very dynamic that even predicting the future of a business is becoming difficult. To be able to stand out of the rest means that firms must be able to serve their customers more effectively and efficiently than competitors. Change is important in every organization because it helps them compete with other organizations and lead them to company goals. The main aim of this study was to evaluate the impact of strategic change on the performance of firms, with the objectives of looking at the comprehensive review of extant conceptual literature on strategic change and firms performance, comprehensive review of relevant theoretical literature underpinning the constructs and the corresponding phenomenon, review of previous empirical work on the constructs, identify conceptual, theoretical and empirical gaps with implications for future research and finally propose a suitable theoretical framework based on the identified gaps for future research. The study was also based at a review of relevant literature and theories to establish a relationship between the concept of strategic change and firm performance. A review of published studies and theories was used to provide relevant information. Based on the review results, the main findings indicate that strategic change has an impact on the firm performance. Based on the findings, it shows that strategic change in firms is necessary. It is worth mentioning that the underlined aim of any change initiative is to enhance economic and shareholders' value as well as maximizing profit. Because of this, managements of change and transition need to be taken as a core activity in achievement of firm's survival and growth. To crown it all, strategic change is likely to improve on the performance of any firm as it will lead to better efficiency and effectiveness.

Key words: *Strategic Change, Firms Performance, Resisting Forces, Leadership.*

1. **Introduction**

Organisations must be competitive and all the more so for quite a while, for such to happen they need to embrace varied changes, about achievement and proficiency (Lolyd, 2012). Generically, the term strategic management describes the often managerial processes of identification and implementation of a firm organisation strategy (Bowen, 2014). Management of strategic change is a method, or process of facilitating change and development in culture, structure, process, people, and technology in use, leadership styles and even the physical aspects of the work environment. The strategic change process should aim at successful implementation of a strategy. Successful implementation of the strategy includes setting up the system and getting individual and association submits to approach executing their part of the key strategic plan. (Gambler, 2008).

Walkme, (2017) studies highlighted the following types of change. Organization wide change, Transformational change, Personnel change, unplanned change, Remedial change. Many factors affect the need for change. These may vary from social trends, a weakened economy, nature, regulatory forces, technology or even political reasons. Therefore, for effective change to take place, acknowledging the gruelling process of change is the first step in implementing the most functional system possible then the next step is to create a strategy to ease the process. Paul Cole-Ingait, (2019) Strategic management is the systematic process of analysing, coordinating and implementing decisions and action plans to achieve sustainable competitive advantage. Factors influencing changes in strategic management may be internal or external to the business organisation. Some of these factors include management functions, structural transformations, competition, socio-economic factors, laws, and technology.

Kay Greasley, Paul Watson, Shilpa Patel, (2009)Their empirical study indicated that whenever a new initiative is introduced in an organisation, this involves change which impacts on employees and there needs to be a management response to this challenge to ensure that initiatives are successful. Notably, there needs to be a move from a quick fix, early-win outcomes as new programmes take time and effort.

Unfortunately, not every change process leads to the expected results. There are multiple reasons for potential failure: Typical barriers to change are unexpected changes in the external conditions, a lack of commitment in implementation, the resistance of people involved, or a lack of resources. The implications of failed change projects go beyond missed objectives. More important is the negative symbolism and the de-motivation of people involved. People within the change team may become dissatisfied with their performance or with the lack of support they received. In the result, some of them will probably never again be willing to commit themselves to change initiatives. Similarly, people affected by the change effort will develop growing scepticism.

They might perceive future change projects as another fancy idea from management, which brings a lot of work and few benefits (Rosabeth, 2012). In light of the many problems and risks associated with change projects, the change agent has a very important function. As the successes and failures of companies have enumerated, it is clear that any organization that needs to succeed in the 21stcentury and beyond must have systematic and well-lubricated change management strategies in place. Given the frequency and potency of change, the system is no frill but a radical life support network (Berger, 2014).

Organizations have nowadays been under intense pressure to fundamentally change how they do business if they have to ensure their survival and competitiveness. Organizations are strongly influenced by their environment which consists of forces of an economic, political, or social nature. The environment also provides key resources that sustain the organization and lead to change and survival. Because the performance of firms is dependent on the fit between firms and their external environment, then change in the external environment requires firms to adapt to these changes. As a result, firms would change their strategy in response to environmental changes. The pace of global, economic and technological development makes change an inevitable feature of organizational life. Strategic change management is undertaken to achieve the desired results within a specified time frame (Burnes, 2009).

Strategic change management has been linked to the organisation's competitiveness and response to changes in the environment. Ansoff (1999), state that strategic changes arise out of the need for organizations to exploit existing or emerging opportunities and deal with threats in the market. It is crucial that organisations seek to create a competitive advantage and wherever possible innovate to improve their competitive positions.

Effective change requires sophisticated effort – diagnosis, conceptualisation, planning, implementation, etc. Yet it is the very features of organizational life that protect them from the intrusion of primitive processes – its social defence system – that are at the same time being dismantled. Just as Menzies-Lyth has shown how an important source of resistance to change is the reluctance of members to give up features of organized life that help keep painful anxieties at bay, organizations undergoing major change can lose the capacity to contain primitive emotional states as social defence systems are dismantled. Consequently, efforts to innovate confront organizations with a paradox of change: change undermines features of organizational life that foster the very qualities of functioning required to make change succeed.

This dilemma takes on an even sharper meaning in light of the amplified psychic challenges posed by the change. Adding to the pre-existing sources of regressive anxiety and the inherent pulls toward primitive defences, the anticipation and reality of change can be experienced as catastrophic (Bion, 1970) because it disrupts established modes of behaviour, traditional attitudes, and established relationships. Both loss of the familiar, with its containing functions, and prospects of a more uncertain future, with its new adaptive requirements, elicit profound anxiety. Among the most distinctive challenges of managing change involves that of creating conditions that help people cope with distressing transitional states that change efforts create and, in particular, doing so in a way that protects the ability of the organization, and its members, to function effectively. Special measures and steps are required to provide appropriate containment during the transition from one approach to another. Since the more overt disarray and disorientation is accompanied by, as it were, an interim phase between the containing capacity of one social defence system and its successor system, organizations are well served to develop approaches to containment that are specific to the transitional period of change.

1.1 Statement of the Problem

Even though calls are emerging for firms to consider adaption of strategic change management as a viable strategic option that will lead to sustainable performance, it is observed that this call faces a number of issues that strategic change needs to respond to; the state of theoretical literature, the context of application of strategic change, conceptualization of relevant constructs that underpin the phenomenon and finally application in real life situation.

Also, Strategic change has turned into a steady sensation which must be taken care of and oversaw appropriately if an association is to endure. Changes in innovation, the commercial centre, data frameworks, the worldwide economy, social qualities, workforce socioeconomics, and the political condition significantly affect the procedures, items and administrations delivered. The perfection of these powers has brought about an outside domain that is dynamic, flighty, requesting and frequently decimating to those associations which are ill-equipped or helpless to react (Burnes, 2014). Plainly if associations are ever to encounter a more prominent dimension of execution, chiefs are required to commit a superior structure while articulating issues about key change for enhancing authoritative execution as far as efficiency, enhanced productivity, an increment in piece of the overall industry, quality generation of merchandise and enterprises and increment in client base.

Local studies focused on the management of strategic change in organizations. For instance, Kenani (2013) did a study on the outsourcing strategy and performance of outsourced activities in cement industry in Kenya and found out that the need to focus on core competencies and enhance efficiency were the factors influencing outsourcing strategy adoption. Ndope (2010) also investigated the strategic change management process at the Nairobi Stock Exchange. Kamau (2013) carried a study on the relationship between strategic change and organizational performance for large printing firms in Nairobi and found out that strategic change influences achievement in organizational performance in the printing firms.

In any case, a survey of every one of these researches demonstrated that there are inadequate exact investigations on the impact of strategic change on firm performance. Due to the wide spectrum of strategic change, all the above studies did not capture the relevant theories and models that seem to support the current dynamics that influence change in a modern business model.

Therefore this study sorted to provide relevant models and theories that offer direction for practice and empirical work, also carried out a comprehensive review of extant conceptual literature, relevant theoretical literature underpinning the constructs and the corresponding phenomenon. It also reviewed previous empirical work on the constructs, finally identified the conceptual, theoretical and empirical gaps and made recommendations for future research with a proposed suitable theoretical framework based on the identified gaps for future research.

The current paper contributes to the existing literature in several ways, first the paper responds to the existing gap in the understanding of strategic change and its outcome (Hofer & Schendel 1978) which in our view stands better explained upon identification of the key components of strategic change. By application of a multidisciplinary based set of literature, the paper consolidates diverse pieces of knowledge to propose several components of the construct of strategic change.

Secondly, the phenomenon brought about by strategic change is something of interest to strategic thinkers and managers' a like (Moldoveanu, 2009). In this paper, we explore the phenomenon to demonstrate how it is constructed as well as how it stands to interact with the reality of the context that TMTs find themselves making decisions to steer their firms forward. Lastly, the paper documents the phenomenon through a proposed theoretical framework. We observe that such a move stands to not only benefit scholarship through conceptualization and future empirical work but also the field of practice that stands a better position of understanding the constructs in the phenomenon and their operation indicators.

2. Conceptualization of Key Constructs

2.1 Strategic Change

Strategic change can be attested as the realignment in the condition of a firm after some time (Nedrbergur 2015). This arrangement with the exogenous condition is essential of the present and future asset dispersion by the company's destinations. As the strategic change adjusts itself to different industry techniques, upper hand and cooperative energy should be utilised (Hofer, 2008).

Balogun and Hailey (2008) introduced in their review typology of strategic change in identifying the types of change required. The nature of change in an organization can be incremental or big bang one. Incremental change is built on skills, routines and beliefs for bringing in efficiency. While the big-bang approach to change might be needed on occasions, for example, if the organization is facing a crisis or needs to change its direction. The scope of the change means whether change can occur within the current paradigm that is, current organizational beliefs and assumptions, and can be classified further as a realignment of strategy rather than a fundamental change of strategic direction. They outlined the following types of strategic change. Adaptation change which is a change that can be accommodated within the current paradigm and occur incrementally and it is the most common form of change in organizations. Reconstruction change, which is concerned with rapid change and upheaval in an organization. For example, organization may make structural changes like major cost-cutting programmes to deal with difficult or changing market conditions. Evolution change, which is a change in strategy and it requires paradigm change but over time. Evolution can also be explained in terms of taking organization as a learning system continually adjusting their strategies with the changing environment. Lastly is Revolution change, which also is a change that requires rapid, major strategic and paradigm change, or where strategic drift has resulted in developing extreme pressures for change.

Change is a permanent phenomenon. It is necessary due to external forces like technology, systems, and social changes interacting with the internal variables of the organization. To implement change Kurt Lewin's model of unfreezing the situation, implementing a change and refreezing must be implemented. Individual, group and organizational changes takes place continuously. Individual change refers to change in attitude, perception and also acquiring new skills to cope up with external environment. Group is the important unit of organization. In the present scenario, group undertakes work. It is completed because of group norms and groupthink. Organizational level changes can be implemented by clearly defining objectives and plans for change. Driving forces and restraining forces must be evaluated while implementing change. Change is structured when planned and unstructured when change is implemented as a reaction to some situation.

The ability of an organization to anticipate and respond to opportunities or pressures for change, both internal and external, is one of the most important ways in which its productivity are ensured. The nature and effectiveness of organizational responses vary in part with how top management triggers and interprets strategic issues. Management role in defining the developments and events has the potential to influence the organizations current or future strategy, providing a major link between a firm and its external environment.

Strategic change is willingness to take risk which is important because changing firm strategy involves risk; Established ways of conducting business are abandoned in favour of making commitments to strategic directions for which the payoffs are not guaranteed. Therefore change, result from a creative, innovative decision making style.

A study by Kamugisha (2013) on the effects of strategic change management in an organization; a case study of National University of Rwanda (NUR) sought to find out the effects of strategic change management in National University of Rwanda. This study found that there are changes in the management of faculties. There are also changes in the requirements and performance of the staff, where administrative staffs are now to have at least a bachelor's degree about the positions they occupy. These changes were found to affect the organization human resources in terms of downsizing, outsourcing and recruiting more staff to fill some new posts. Technological changes in terms of enhanced internet bandwidth in the university have considerably had a significant impact on the operations of the university both in academic and administration.

Osei-Bonsu (2014) carried out a study to assess the extent of employee involvement in the change management processes, assess the impact of change management on employee job satisfaction and thirdly, the attitude of employees after organizational change. A descriptive survey research design was employed to administer a self-designed questionnaire consisting of open and closed-ended items to one hundred and forty respondents using simple random sampling. Descriptive statistics was used to analyze the data. The main findings indicated that employees' involvement in the process was limited to the provision of adequate information. It was also revealed that generally, the change had a positive impact on employees' job satisfaction. Finally, employee attitudes after the change were found to be positive and these improved the overall firm performance.

A study by Dauda and Akingbade (2011) examined how employee relation could be employed for technological change management. It also sought to determine an effective method of using technological innovation for improved performance in the Nigerian manufacturing industry. Question-based on the hypotheses were formulated,and 1256 questionnaires were distributed to select 30 manufacturing industry in beverages, textile, steel, cement and chemical industry in Nigeria. Findings revealed that employee relations do not have a significant relationship with technological change. An empirical study by Abbas, Muzaffar, Mahmood, Ramzan& Rizvi (2014) examined the effects of changes in information technology on the performance of Allied Bank employees in Pakistan. The data was gathered through unstructured interviews. It was figured out that technology greatly escalates the productivity of employees along with time-saving. It greatly affects the workload on employees and ensures control over mistakes and frauds. Quick access to information and ease of use enables the bank employees to deliver quality service. The study recommended that organizations which implement new technology should provide proper training to its employees to increase their performance.

Kute and Upadhyay (2014) examined the relationship between technological changes and its impact on firm performance in the commercial printing industry. The study found that technological changes affect employee‘s performance in various ways like redundancy, employee turnover and the level of motivation at work which in turn affects the firm performance. It was noted that technological changes affected the skills and performance of the employees, and ended up affecting general performance of the commercial printing industry.

The dominance of oneself, staff advancement together with firm qualities is the aspects of learning responsibility (Camarata, 2012). The authority of oneself suggests digging into the development of the individual and growing in the capacities of the individual to almost certainly fundamentally reframe issues (Senge, 2016). The after portrays workers who have aced oneself; they claim things up, safeguard stuff, are persistent, are adaptable, are energetic and so on Commitment to enhance is deep-rooted and expects the capability to certain levels(Senge, 2006). Employees who have improved their lives and have procured abilities both now and again the activity are generally given an empowering domain by a strategic change in organizations

(Barker &Camarata, 1998). Responsibility possession and strengthening of representatives is a dimension of an organizations pledge to development (Senge, 2006).

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2.2 Leadership

Participation is expected to have a higher positive effect on people's emotions and paves the way to accept the change (Lines, 2004; Hayes, 2007). Because it leads to commitment (e.g. Burke, 2002Hayes, 2007, Lines, 2004), trust (Lines *et al*., 2005, Pugh, 2007) and attenuation of resistance (e.g. Hayes, 2007) Lines, 2004; Self and Schraeder, 2009).Lines (2004) asserts that participation will most likely have higher positive effect when changes are less congruent with organizational culture. He further notes that the level of job multiplicity is important for the staff; if they feel that change will reduce the level of job variety, they can show negative attitude towards change, so in this case, but not when change has no or positive influence on job multiplicity, applying an approach that allows higher level of staff involvement can be useful to appease the negative attitudes. This has well been well outlined in the reviewed literature in the study, where it has been well argued.

This participatory approach also shows that managers trust their staff in decision-making which will basically create trust towards management (Lines *et al*., 2005). This is important, because when the staff does not trust managers they will very probably show resistance Hayes (2007). He also states that participation can either involve representatives of groups or all group members.

On one hand there is higher productivity when all group members are involved instead of only one representative, because for people who are not involved, it is harder to understand and endorse the new practices. However, on the other hand involving many people can be time consuming and expensive.

Today's dynamic organizations require equipped leaders with good communication and planning skills to supervise the interaction between strategy, people and systems (Zeffane, 1996). The required change cannot be achieved unless there is strong leadership (Beer, Eisenstat& Spector, 1990b). Zeffane (1996) notes that top managers can adopt change by exemplifying it in their own behaviour and efficient leadership is required to blend system, employees and procedures.

It should be noted that leadership is not same with management, but both are needed to realize the change. Recall form the study according to Senior & Fleming (2006) managers tend to focus more on "strategy, structures and the systems", whereas leaders give more attention to „soft‟ issues such as people issues, shared purpose, communication and motivation. They define the role of leadership as: "leadership is about influencing others in pursuit of the achievement of organizational goals" (Senior & Fleming, 2006).

Managing or leading strategic change can only be carried out in the existence of competent leaders and in an environment where there is trust an encouragement for organizational learning (Zeffane, 1996). Managers can create a motivational environment by getting to know the employees within the organization and determining critical factors in motivation (Pugh, 2007). Pugh further states that leading change requires some special skills such as communication, motivation, interpreting uncertainty and guiding decision behavior when there is uncertainty, as well as practical skills like the ability to achieve the desired status and to deal with anxiety about the performance and responsibilities .

2.3 Resisting Forces

There is a human tendency to resist change, because it forces people to adopt new ways of doing things. In order to cope with this recurring problem, leaders must understand why people resist change. The most powerful impediments to change include uncertainty, concern over personal loss, group resistance, dependence, trust in administration, and awareness of weaknesses in the proposed change (Fullan, 2009; Spector, 2011).

Keller & Aiken (2009) talks about some stereotypes which are prevalent about change management. They based their research on John Kotter research which was published in 1995. They basically identified some of the mistake which managers in all the organizations make when they are administrating change in the organization. They concluded that what motivates you asa person might not motivate most of the employees in the organization and therefore special attention should be given to the things that motivate the employees. Secondly they identified that the leaders/ managers who are bringing about the change should not believe that they are “the change” and just because a manager/ leader is influential you cannot guarantee effective change within the organization. They also went on to point out that good intentions of the managers are not enough to ensure that the change management will be effective. Employees all need some kind of monetary reward to ensure maximum compliance.

Ash (2009) in his article basically talks about how change can be managed efficiently. He talks about the time lag between when the decision is made and when it’s implemented and the results in the firm performance. According to him this is due to more resistance than expected by the top management from the side of the employees. He goes on to explain why organizations generally fail to minimize the negative consequences of transition. According to him most organizations do little to allay such fears and concerns which results in slow change process. Therefore People will resist change that the uncertainty change creates.

Therefore, workers in the organization must be educated, trained, made party to change and benefit of change must be divided between the employees and the organization. It is handling of employee emotions and making them psychologically ready to implement changes that will ultimately work. The fear must be removed from the minds of people. Change must be taken in the positive manner for the growth of the organization. It is difficult to predict which strategy will succeed in implementing the change.

2.4 Organization performance

There is vast knowledge on strategic change and performance. Kaplan and Norton (1992) developed a system in which measurements are meant to drive performance where they cited productivity, employees’ motivation and cost efficiency as the rightful measure of performance. Davenport and Harris, (2007) on the other hand, suggest that organizations will determine the level of performance by the overall organizational performance. They argue that the frontier for using data is not just in measurement but also in identifying the most profitable customers, determining the right price, accelerating product innovation, optimizing supply chains, and identifying the true drivers of financial performance (2007).

Aucmen (2016) asserts that the outcomes against the set targets should measure an organization's performance. Although performance can be measured using productivity, effectiveness, profitability, and quality amongst others Profitability being whether an organizationcan earn profits for a long time and it's expressed as a fraction of the gross profit to sales (Woodward 2010). While the ratio of output and input termed as productivity (Stoner, 2007).This productivity measures the conversion of input resource in the form of services and goods that have been made by industry, organization and the individual.

Richard *et al*. (2009) noted that organizational performance should be related to factors such as profitability, improved service delivery, customer satisfaction, market share growth, and improved productivity and sales. Organization performance is therefore affected by a multiplicity of individuals, group, and task, technological, structural, managerial and environmental factors. He claims that there can be no change management without a modicum of information as to performance information in basis period and, ideally, a targeted performance in a future period. He refers to four dimensions of evaluating performance in hotels; the customer dimension, employee dimension, internal process dimension, and the financial dimension. Different approaches used in managing change will result in either a decrease or increase in the variables under each dimension. Telecoms should therefore aim to ensure the effective management of change to improve the overall organizational performance.

Another performance measure is the balanced scorecard which is more robust than other performance measurement systems. The balanced scorecard as a noble idea has developed over time to become a strategic management system. It determines the position of the firm both the financial and non-financial aspects (Mchenzie, 2015). When more strategic objectives are designed there is bound to be an increase in the indicators of performance (chang, 2016).In the balanced scorecard, customer perspective, growth and learning are measured as indicators of financial details. Financial performance depends on the satisfaction of customers (Zendedel, 2006).

High levels of performance in firms may result in strategic change, as a strategic change in organization strategies allows for change of taking a different course of action to ensure achievement of organization goal (Welch, (2000). Mintzberg (2004) puts it "only rich organizations can afford planning or at least planners. While Rhyne (2005) in his study found that firms which adopted strategic change were found to exhibit superior long-term performance, both relative to their industry and in absolute terms, he concluded that "strategic change resulted in superior performance, increased profit, increased market share, customer base and increased asset base (Rhyne, 2005) .

2.5 Theoretical Review

The study reviewed theories and models relevant to Strategic change including; Contingency Theory which is my lead theory, Organizational Change Theory**,** ADKAR model, Kotter's change management theory, Kübler-Ross Five-Stage Model, and Kurt Lewin's Change model.

2.5.1 Contingency theory

Contingency theory is a behavioural theory that claims that there is no single best way to design organizational structure. The proponent of the contingency theory was Joan Wood (1956) who argued that technologies directly determine organizational attributes such as span of control, centralisation of authority, and the formalization of rules and procedures to be followed by employees. She found that there are many variations in organization structure associated with differences in manufacturing techniques which bring considerable change to employees' performance and firms' performance at large. Contingency theory is based upon various constraints in an organization. The constraints may include the size of the organization, how to adapt to its environment, differences among resources and operations activities, managerial assumptions about strategies.

Contingency theory turns away from the classical organization theory assuming that there are general principles which make organizations run effectively (Doch, 2009). Instead, Contingency theory argues that the best structure for an organization varies with respect to their environment. In detail, the efficiency of each structural aspect would depend on "contingency factors" like – size, technology, human resource and strategy (Donaldson 1996). These contingency factors are characteristics of an organization and reflect in turn the influence of Organizations. Contingency theory identifies each contingency factor of which the structure under consideration is dependent upon (Donaldson, 1996).

Task uncertainty is the most studied contingency factor. The factor is a focal point since it involves employees for meaningful change to be realized. Pennings (1992) argues if the organization is concerned with a lot of uncertain tasks than the organization is less centralized and instead more richly joined structures are necessary to generate and communicate the larger amount of knowledge and communication to employees‟ remarkable performance. In contrast, if an organization is very certain about their tasks, the tasks get more centralized. Another contingency factor is size. Pugh *et al*. (1969) assume that small- sized organizations with few employees are optimally productive and efficient hence easy to change. These factors result in changes in organizations that require sensitivity in managing the changes emanating from the new structures. According to the theory, it's evident that changes that are experienced in organizations during restructuring can well be explained in the concept of the theory.

This study was, therefore, be anchored and based on the contingency theory to expound on the relationship between the theory and the strategic change on firms performance concept as a constraint.

2.5.2 Organizational Change Theory

Businesses have been changing at a breakneck speed, so managers must reorganize their firms to gain a competitive advantage. According to the organizational change theory, change is of utter necessity in an organization. The theory explains that change of organizational culture, structure, and design would help an organization to adopt efficient and effective change strategies. Indeed, according to McDonald (2000), Darwin's theory of survival for the fittest, has been continuously applied to the organizational theory. In this light, Vaill (1989) points out that organizations have to implement change, when it is inevitable, or risk elimination from the competition. The theory also stipulates that organizations have to put in place change that is results driven, and an important result for businesses in a competitive environment is profitability.

2.5.3 Adkar change management model

Adkar is a goal-oriented change management model that allows change management teams to focus their activities on specific business results. The model was initially used as a tool for determining if change management activities like communications and training to employees had the desired results during organizational change for employee's performance. The model discusses: awareness of the need for change, what is the nature of the change, why is the change happening? And the risk of not changing. The ADKAR model can help to find out why changes are not functioning and help the organization take the essential steps to make the change successful. Organization will be able to break down the change into parts that can understand where the change is not functioning and address that impact point (Change Management Learning Center, 2007).

The limitation for ADKAR model fails to see the macro level of programme management (Warrilow, 2010). The author points out that the business environment now the restructuring, refocusing and re-engineering is only the start. Business leaders have to face the equally as it will have more problems of getting the staff to deliver their new vision that achieve the revenue forecasts. The fact is that people are not similar in the ways they behave.

2.5.4 Kotter's change management theory

Kotter developed a model, which can be used at the strategic level of an organization to change its vision and subsequently transform the organization. Studies using this model have shown that the change process goes through a set of phases (Kotter, 1996 & 1998). This model proposes transforming organizations must create an artificial void for establishing a sense of urgency for a change to be accepted and driven by the people.

This dynamic model is comprised of eight stages that can be organized into three phases. The first phase is "creating a climate for change" and includes establishing a sense of urgency, creating a guiding coalition, and developing a vision and strategy. The second phase is "engaging and enabling the organization" and includes communicating the vision, empowering action, and creating short-term wins. The final phase is "implementing and sustaining the change" and includes consolidating gains and producing more change and anchoring new approaches in the culture.

2.5.5 Kübler-Ross Five-Stage Model

The model was first introduced Kübler-Ross 1969. Kübler-Ross noted that the stages are not a linear and predictable progression and that she regretted writing them in a way that was misunderstood. "Kübler-Ross originally saw these stages as reflecting how people cope with illness and death," observed grief researcher Kenneth J. Doka, "not as reflections of how people grieve. The stages, popularly known by the acronym **DABDA**, include; **Denial** – The first reaction is denial. In this stage, individuals believe the diagnosis is somehow mistaken, and cling to a false, preferable reality, **Anger** – When the individual recognizes that denial cannot continue, they become frustrated, especially at proximate individuals. Certain psychological responses of a person undergoing this phase would be: "Why me? It's not fair!"; "How can this happen to me?"; "Who is to blame?"; "Why would this happen?"**, Bargaining** – The third stage involves the hope that the individual can avoid a cause of grief. Usually, the negotiation for an extended life is made in exchange for a reformed lifestyle. People facing less serious trauma can bargain or seek compromise. Examples include the terminally ill person who "negotiates with

God" to attend a daughter's wedding or an attempt to bargain for more time to live in exchange for a reformed lifestyle., **Depression** – "I'm so sad, why bother with anything?"; "I'm going to die soon, so what's the point?"; "I miss my loved one; why go on?". During the fourth stage, the individual despairs at the recognition of their mortality. In this state, the individual may become silent, refuse visitors and spend much of the time mournful and sullen, **Acceptance** – "It's going to be okay."; "I can't fight it; I may as well prepare for it." In this last stage, individuals embrace mortality or inevitable future, or that of a loved one, or other tragic events. People dying may precede the survivors in this state, which typically comes with a calm, retrospective view for the individual, and a stable condition of emotions. This model has been widely used by various strategic change scholars in their studies to explain the adaptation of change in the organization.

2.5.6 Kurt Lewin's Change model

Kurt Lewin (1951) introduced the three-step change model. This social scientist views behaviour as a dynamic balance of forces working in opposing directions. Driving forces facilitate change because they push employees in the desired direction. Restraining forces hinder change because they push employees in the opposite direction. Therefore, these forces must be analysed, and Lewin's three-step model can help shift the balance in the direction of the planned change.

According to Lewin, the first step in the process of changing behaviour is to unfreeze the existing situation or status quo. The status quo is considered the equilibrium state. Unfreezing is necessary to overcome the strains of individual resistance and group conformity. The use of the three methods can achieve unfreezing. First, increase the driving forces that direct behaviour away from the existing situation or status quo. Second, decrease the restraining forces that negatively affect the movement from the existing equilibrium. Third, find a combination of the two methods listed above. Some activities that can assist in the unfreezing step include: motivate participants by preparing them for change, build trust and recognition for the need to change, and actively participate in recognising problems and brainstorming solutions within a group (Robbins,2005). Lewin's second step in the process of changing behaviour is movement. In this step, it is necessary to move the target system to a new level of equilibrium. Three actions that can assist in the movement step include: persuading employees to agree that the status quo is not beneficial to them and encouraging them to view the problem from a fresh perspective, work together on a quest for new, relevant information, and connect the views of the group to well-respected, powerful leaders that also support the change.

The third step of Lewin's three-step change model is refreezing. This step needs to take place after the change has been implemented for it to be sustained or "stick" over time. It is highly likely that the change will be short lived and the employees will revert to their old equilibrium (behaviours) if this step is not taken. It is the actual integration of the new values into the community values and traditions. The purpose of refreezing is to stabilise the new equilibrium resulting from the change by balancing both the driving and restraining forces. One action that can be used to implement Lewin's third step is to reinforce new patterns and institutionalise them through formal and informal mechanisms including policies and procedures (Robbins, 2005). Therefore, Lewin's model illustrates the effects of forces that either promote or inhibit change. Specifically, driving forces promote change while restraining forces oppose change. Hence, change will occur when the combined strength of one force is greater than the combined strength of the opposing set of forces (Robbins, 2005).

3.0 Proposed Conceptual Frame Work

In light of the theoretical and empirical gaps in the review, this study presented the following theoretical model that will assist in finding out the influence of strategic change on firm performance.

The conceptual framework developed here to categorize the change management is drawn from contingency theory, the thematic concerns, the philosophical foundations of the concept, academic and management perspective of the concept as captured in the study. The conceptual framework provides means to analyze change on firm performance in a holistic approach. It has observed that forces need to be internal as well as external (Beckhard& Harris 1987) to the organization or system in order to have sufficient impetus to drive effective change in organization. The conceptual framework for any meaningful change to be realized the following variables according to the study form strong pillars to understand the change management on firm performance concept, namely: strategic change, resisting forces, leadership**,** firm performance.

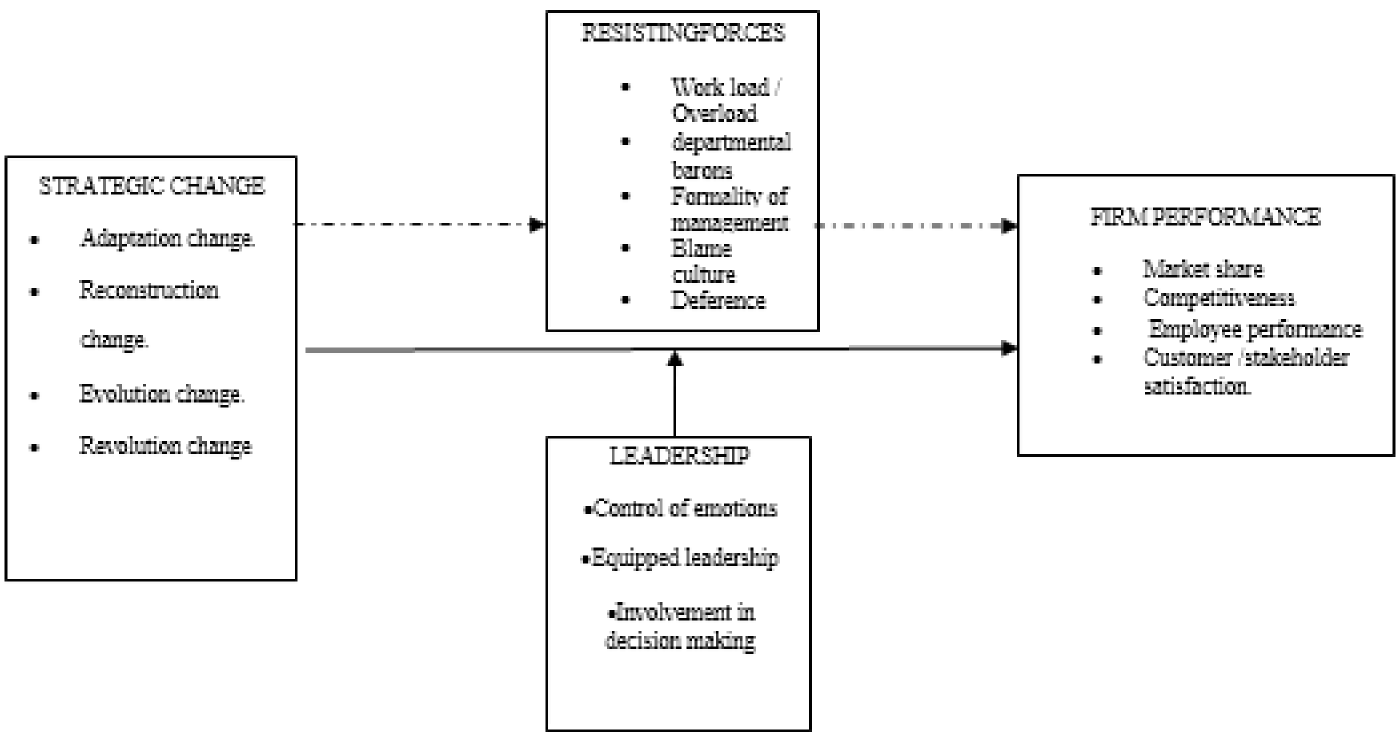

Figure 1: *Theoretical model linking Strategic Change, Leadership, Resisting Forces and Firms Performance***.**

3.1 Strategic change and Firm performance

Change introduces a high degree of uncertainty (Lines *et al*., 2005), and the degree of uncertainty is even higher when the change is radical (Buchanan & Badham, 1999,). The reviewed literature in study attests to this concern and introduces this to be a crucial variable in the study.

Change is a permanent phenomenon. It is necessary due to external forces like technology, systems, and social changes interacting with the internal variables of the organization. To implement change Kurt Lewin's model of unfreezing the situation, implementing a change and refreezing must be implemented. Individual, group and organizational changes takes place continuously. Individual change refers to change in attitude, perception and also acquiring new skills to cope up with external environment. Group is the important unit of organization. In the present scenario, group undertakes work. It is completed because of group norms and groupthink. Organizational level changes can be implemented by clearly defining objectives and plans for change. Driving forces and restraining forces must be evaluated while implementing change. Change is structured when planned and unstructured when change is implemented as a reaction to some situation.

There is vast knowledge on strategic change. Kaplan and Norton (1992) developed a system in which measurements are meant to drive performance where they cited productivity, employees' motivation and cost efficiency as the rightful measure of performance. Davenport and Harris, (2007) on the other hand, suggest that organizations will determine the level of performance by the overall organizational performance. They argue that the frontier for using data is not just in measurement but also in identifying the most profitable customers, determining the right price, accelerating product innovation, optimizing supply chains, and identifying the true drivers of financial performance (2007). More high-performance studies are likely to emerge in the future, partly because the business environment continues to shift and partly because the science of analysis continues to improve.

Preposition 1: There is a correlation between strategic change and firm performance.

3.2 Leadership

Participation is expected to have a higher positive effect on people's emotions and paves the way to accept the change (Lines, 2004; Hayes, 2007). Because it leads to commitment (e.g. Burke, 2002Hayes, 2007, Lines, 2004), trust (Lines *et al*., 2005, Pugh, 2007) and attenuation of resistance (e.g. Hayes, 2007) Lines, 2004; Self and Schraeder, 2009).Lines (2004) asserts that participation will most likely have higher positive effect when changes are less congruent with organizational culture. He further notes that the level of job multiplicity is important for the staff; if they feel that change will reduce the level of job variety, they can show negative attitude towards change, so in this case, but not when change has no or positive influence on job multiplicity, applying an approach that allows higher level of staff involvement can be useful to appease the negative attitudes. This has well been outlined in the reviewed literature in the study, where it has been well argued.

It should be noted that leadership is not same with management, but both are needed to realize the change. Recall form the study according to Senior & Fleming (2006) managers tend to focus more on "strategy, structures and the systems", whereas leaders give more attention to „soft‟ issues such as people issues, shared purpose, communication and motivation. They define the role of leadership as: "leadership is about influencing others in pursuit of the achievement of organizational goals" (Senior & Fleming, 2006).

Preposition 2: Leadership has a moderating effect on the relationship between strategic change and firm performance.

3.3 Resisting Forces

From the literature review, various writers have talked about resistance. Keller & Aiken (2009) talks about some stereotypes which are prevalent about change management. They based their research on John Kotter research which was published in 1995. They basically identified some of the mistake which managers in all the organizations make when they are administrating change in the organization. They concluded that what motivates you asa person might not motivate most of the employees in the organization and therefore special attention should be given to the things that motivate the employees. Secondly they identified that the leaders/ managers who are bringing about the change should not believe that they are "the change" and just because a manager/ leader is influential you cannot guarantee effective change within the organization. They also went on to point out that good intentions of the managers are not enough to ensure that the change management will be effective. Employees all need some kind of monetary reward to ensure maximum compliance.

Preposition 3: Resisting forces has a mediating effect on the relationship between strategic change and firm performance.

4. Conclusion

In conclusion, strategic change on firm performance is a concept that is likely to be more sustainable over the long term if the process is constructed systematically, Dolny, Helena (2001). A conceptual framework is developed in order to facilitate analysis of strategic change on firm performance. This framework incorporates a number of facets of strategic change on firm performance with a view to promoting a holistic approach to analysis. Change management on firm performance has been explored in terms of the context of complexity, resistance to change, and principles transformation. The study was able to identify the following variables as ideal in conceptualizing strategic change on firm performance: Strategic Change, participatory leadership, resistance to change, firm performance.

The forces driving change are categorized as internal and external to the organization or system (Kotter 2008). Further categorization of these forces into social, political, technological, legislative, and economic dimensions has been undertaken using a framework modified from Fahey (1994). In addition, the ADKAR model has been analyzed and focused on.

Contingency theory has also been brought forward to ascertain the crucial elements in strategic change and performance. Empirical gaps diagnosed are shown and presented, giving room for more scientific research to be done in the identified areas. Various research methods used are well presented as well as data analysis tools used clearly shown.

4.1 Recommendation and Proposed Future Research

The study established that there is a relationship between strategic change on firm performance and the general environment affecting change. Journals reviewed pointed to the direction that strategic change on firm performance is an all-inclusive phenomenon. Conceptualizations of strategic change on firm performance vary depending on the perspective and position taken by the researcher. A well-informed conceptualization is vital and critical to facilitate proper and in-depth insight in regards to the strategic change in modern organizations. Considering that drivers influencing strategic change on firm performance directly affects employees and organizations differently, therefore strategic change on firm performance is therefore a broad-spectrum initiative that requires more emphasis.

To ensure the success of the change program it is appropriate to focus on organizational structure, human relations and technology, and there must be balance between these aspects to improve the employee performance and this in turn reflects the quality of productivity thus influencing firm performance.

Training courses for managers about change and how to manage this change and the necessary steps to be followed for change to be realized. The need to activate the informal means of communication to communicate with employees and find out glitches in action, and get new ideas that may contribute to performance. Upgrading more researches and studies should be carried towards achieving a commanding threshold as regards the concept. Strategic Change therefore contributes a great deal in determining the level of performance of many companies and firms.

More researches and studies should be carried towards achieving a commanding threshold as regards the concept. Strategic Change therefore contributes a great deal in determining the level of performance of many companies and firms.

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