IMPLEMENTATION OF STRATEGIC CHANGE BY BELIEF-DRIVEN AND ACTION-DRIVEN PROCESSES

HRUSKA, D[omagoj]; RASIC, S[anda] & BAKOVIC, T[omislav]

Abstract: *In order to achieve strategic leadership companies have to go through the process of continuous change. Although change has many faces it always begins as a cognitive construct of decision maker. In order to implement strategic change, decision maker needs to convince other members of the organization that his mental representation of change is in best interest for the organization. In that attempt decision maker can use different rhetorical approaches. This paper argues that implementation of strategic decisions can be belief-driven or action-driven process. Furthermore, paper identifies circumstances in which the one or another approach is used.*
Key words: *strategic change, decision making, rhetoric, strategy implementation*

1. INTRODUCTION

Constant changes influence nature of society, economy, industry, business functions and personal attitudes. Change usually comes about fast and unexpected and organizations are usually not ready for the consequences it brings. Change management implies set of actions needed to ensure flexibility in such business environment.

Focus of the paper is investigation of nature of strategic change that influences fundamental determinants of the organization. Specifically the paper addresses two key questions concerning the relationship between ideas and action that make it important for managers to deal with issue of implementation of strategic change. First question concerns with adequate pace of strategic change and second with approach to the change process. On the basis of the findings from qualitative case study, researchers want to explore both the rhetoric, as represented by the literature, and the reality of way in which strategic change initiatives are developed and executed.

2. IMPLEMENTING STRATEGIC CHANGE – EMPIRICAL EVIDENCE

Strategic decision making process begins with cognitive construct of decision maker which is in its fundamental characteristics different than the present situation. Radical mental representation in next step has to be introduced to organizational context. That fact leads us to the conclusion that implementation of radical decisions is rhetoric of decision maker is of crucial importance

The nature of factors that influence implementation plans are embedded in experience, culture and context what mean that it would be realistic to suggest that they can be overcome or removed by means of rhetoric. If sense-making and learning are social as well as individual processes, and dialogue is seen as critical in effective change interventions, then a shift of focus in relation to evaluation may be called for (Weick, Quinn, 1999).

To help understand the problem we need a more in-depth understanding of the organizational culture and the processes by which it develops. In our analysis of process of implementation of strategic change we need to introduce two generic models used in the research. These models are used together in attempt to analyze and guide the process of strategic change in complex organizations. First is the strategy model which is based on the idea of an open system approach (Paton, MacCalman, 2006). That approach views organization as a series of interlinked and interdependent elements and components of system and subsystems. Second model is strategic change process model which focuses on the complex set of events, activities, language practices, emotions and reactions that help explain successful change and why change initiatives are rarely successful in embedding change in organizations (Martin, Beaumont, 2001).

In order to investigate nature of implementation of strategic changes we have conduced qualitative research on strategic decision makers in number of the largest Croatian companies. In the research we use interpretative approach which focuses on perspective that human understanding and activities are based on interpretation of information and events out of which human experience is formed. Theoretical sample was made of out managers that have significant experience in strategic decision making. In the research we conducted in-depth interviews with 24 top managers. Interviews were conducted in the period from April to November of 2009.

In order to investigate processes of strategic decisions implementation in complex organizations from aspects of rhetoric, we firstly need to explain two possible approaches – belief driven and action driven processes of change management

3. BELIEFE DRIVEN PROCES OF CHANGE MANAGEMENT

Strategic planning and ideas about future are tools with which organizational members want to focus on the future. In thinking about what can happen, expectations of members of organization are becoming better articulated, stronger and more potent in its validation. Beliefs influence events in a way that cause self fulfilling prophecies. Discussion or argumentation is one of two major forms of belief driven process of sense making (Weick, 1995). Members of the organization can discuss and argument their position only if the world is relatively stable and when it can be expected that reasons which support their case will be valid in the future. In unstable world, what organization members need are small areas of security. They can be achieved by selective attention, selective modeling and series of self fulfilling prophesizes with which they developed and that construct social context in which people can worry about efficiency instead of stability. When accent is on efficiency, self fulfilling prophecies seize to be governing

metaphor in its sense making process. They can be replaced with arguments which have a goal to preserve sense created trough expectation (Weick, Quinn, 1999).

Beliefs are imbedded in frames such as ideology or paradigm which determine the way in which people observe events and define their development. Weick states that beliefs present system of selected observation (Weick, 1995). Rhetoric based of beliefs can take form of argumentation or form of expectation setting. In the case of argumentation, connection suggests contradiction while in the case of expectations connection includes reaction of confirmation. Since beliefs differ between organizational members usual way of reconciliation of different beliefs is argumentation (Billig, 1989.). One way of looking at organizational sense making is based on description of organization as „set of procedures for argumentation and interpretation as well as for problem solving and decision making. " (Weick, 1995).

Our research supports rhetoric of belief as important way of implementation of radical change. Specifically, evidence suggests that rhetoric of belief should be used on narrow circle of most important members of organization, which have biggest weight in the process of implementation of change. After narrow circle of organizational members validates decision maker's cognitive representation of strategic change its implementation begins.

4. ACTION DRIVEN PROCES OF CHANGE MANAGEMENT

Rhetoric of implementation of strategic change can come out of focus on what people do, not only from what they believe in. On contrary, sense making process usually has its origin in activities and not beliefs. Organizational members cannot ignore activities because they are responsible for it. Activities can be foundation of sense making on the same premises which we described for argumentation and expectation. It is the connection of belief and action what defines conceptual frame for sense making as adequate tool for description of complex world (Weick, 1995). Way of directing of interpretation is trough mechanism of behavioral *commitment*. Commitment focuses processes of search towards three issues: activities, socially acceptable justification of the activity and other potential activities that confirm justification (Weick, 2001).

Commitment is passed on trough instructional setting of the organization. In the research one of the managers said the following: "…direct example (of action driven sense making) is sick leave period curve; we have set the bylaws that worker has to spend 80% of time in observation period… if it is above that – if he has more sick leaves, he automatically looses right to stimulation… Sick leaves curve today is on much lower level." Sense which is developed from commitment is source of order and value. Commitment directs perception towards organized patterns. Before obligation is taken, any sort of perception, expectation and understanding are loosely connected with the situation which is formed trough "non-obligatory" activities. However, when organizational members are committed for specific activities cognitive apparatus focuses on demarcation of the things those backup activities to which she is committed to, things that confronts these activities and things which are irrelevant for fulfillment of commitment (Weick, 1995).

Explicit behavior as well as irrevocable decision defines area around which cognitive apparatus must be activated. Once when it becomes harder to change behavior than it is to change belief about that behavior, belief is selectively turned on in order to justify behavior. With beliefs we build sense out of

irrevocable activities and circumstances within which those activities take place. Main idea is that people do most work to find sense in activities which have strongest fulfillment commitment. In other words, commitment is element which focuses sense making towards activities.

5. CONCLUSION

Organizations are in it self social systems. People in these systems have their own personalities, relations, communities, attitudes, feelings and division of responsibility. When such a system is about to be changed, all these parts of the organization also have to be changed. Successful change management is primarily concerned with members of the organization that is their interpretation of reality.

Main problem this paper is that process of strategic change has two faces – it can be conducted as belief and as action driven process. The results of our research show that managers use both action-driven and belief-driven rhetoric in their implementation of strategic change. However, their approach differs in respect to members of organization that they are approaching. The research shows how managers in our sample use rhetoric of belief when they face that small group of organizational members that are most important for implementation of certain phase of strategic change. For other members of the organization action based rhetoric is usually used.

The research has showed how implementation of strategic decisions comprise both – belief-driven and action-driven processes, but the implementation of one of these strategy has its origins in socially constructed situation by decision maker and members of the organization. In other words rhetoric of decision maker can be observed as activity based or as belief based. This research is based on theoretical underpinnings of rhetoric in decision making process. However, we do accept the fact that the implementation of decision making initiatives unfolds in numerous iterations which might have different origins.

Limitation of the research mostly can be found in the fact that processes of strategic change usually are too complex to tackle in one momentum – it usually takes several loops or interpretations and reinterpretations until new organizational enactment is constituted.

Focus of the future research should be on identification and elaboration of the key elements that influence implementation of strategic decisions by belief driven and action driven processes such as organizational power and resistance to change.

6. REFERENCES

Billing, Michael (1989). *Arguing and Thinking: A Rhetorical Approach to Social Psychology.* Cambridge: UK: Cambridge University Press

Cohen, D., Michael., March, G., James, Olsen P., Johan (1972). A Garbage Can Model of Organizational Choice. *Administrative Science Quarterly*, 17, 25

Martin, Graeme., Beaumont B., Phil (2001). Transforming multinational Enterprises: Towards a Process Model of Strategic HRM Change in MNEs, *International Journal of Human Resource Management*, 10 (6), 34-55

Paton, Robert, MacCalman, James (2006). *Managing Change, A Guide to Effective Implementation*, 3rd ed. London: Sage.

Weick, E., Karl (1995). *Sensemaking in Organizations.* Thousand Oaks: Sage Publications

Weick, K. E. (2001). *Making Sense of the Organization.* Oxford, UK: Blackwell Publishers

Weick, K., Quinn, R. E. (1999). Organizational change and development. *Annual Review of Psychology*, 50: 1, 361-386