Implementing strategic change through projects:
Identifying CSFs within the setting of SMEs
TITLE
Implementing strategic change through projects:
Identifying CSFs within the setting of SMEs

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ABSTRACT

Strategic change projects allow companies to align their strategy to the turbulent external environment in today's marketplace and are therefore crucial for retaining the competitive advantage of the firm. The identification of the critical success factors for these projects has become increasingly important, because of the reported high failure rates in the implementation of such projects. The important role of SMEs for the social and economic development of a country is well-known. However, SMEs as an area of study are not often discussed by researchers and an appropriate set of critical success factors for them is lacking. Therefore, it is vital to identify the critical success factors for the implementation of strategic change projects in SMEs to ensure the success of their efforts.

This study, which seeks to determine the critical success factors for the implementation of strategic change projects within the context of SMEs makes use of a multiple-case study strategy. The cases are based in two companies where semi-structured interviews were conducted in order to obtain the primary data required. The information retrieved from the selected cases was analysed using a qualitative approach. For the elaboration of the conclusion, an iterative process was followed, moving from the data collected, to the theoretical background and to the development of theory.

At the end of the study it was possible to identify a set of eleven critical success factors that answers the research question of this thesis. In addition, a conceptual model was derived from the theoretical and empirical studies of this work, outlining three dimensions that are considered to influence strategic change project success in the SME-setting. The present study would be beneficial to the practitioners of SMEs as the identified set of critical success factors can be used as a checklist of points to concentrate on when implementing strategic change projects. This will assist them in ensuring that the crucial factors and issues are addressed during implementation. For academics, the study contributes new knowledge to the field and offers a common language for discussing the critical success factors of strategic change projects in SMEs.

Key words: Critical success factors, strategic change projects, SMEs.
Throughout this thesis, we have benefited from the help and support of many people. We would like to give a big thanks to all these people who have, altogether, made this thesis possible.

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<td>Full Form</td>
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<tr>
<td>APEC</td>
<td>Asia-Pacific Economic Cooperation</td>
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<td>APM</td>
<td>Association for Project Management</td>
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<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
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<td>CSF</td>
<td>Critical Success Factor</td>
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<td>EU</td>
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<td>GDP</td>
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<td>IT</td>
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<td>MHBP</td>
<td>Mass House Building Project</td>
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<td>PMI</td>
<td>Project Management Institute</td>
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<td>PIP</td>
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CHAPTER 1
INTRODUCTION

This introductory chapter provides the reader with a general understanding about the research context of this thesis by giving a description of the topic’s background and clarifying the purpose of the study. Further, delimitations within the area of research are mentioned as well and finally the disposition of the thesis is described to present a clear overview of the chapter in this study and their related content.

1.1 Background of the study

During the last years, the importance that SMEs play as a catalyst for the social and economical development has been recognised (Murphy and Ledwith, 2007). In numerous territories, the SMEs comprise the majority of the companies in the economy and many of them represent a large amount of the exports in their countries (McDougall and Oviatt, 2000; European Commission, 2003; OECD in George et al., 2005). Overall, they provide a large amount of jobs and as they are key to the economy, there is the fundamental need to improve their competitiveness and increase their business success (APEC, 2003a; Temtime and Pansiri, 2005).

Alike the large corporations, SMEs struggle to keep up their competitiveness and a way to deal with this is with the help of a good strategy. Strategy will provide these enterprises with the direction that they should take in order to build and sustain their competitive advantage and how to achieve their objectives and goals (Davies, 2000). As of today, strategy requires constant rethinking and reformulation followed by the implementation of the subsequent strategic decisions taken as the environment is ever changing (Harvey, 1988).

In order to implement strategic decisions, change is required and more specifically strategic change, which encompasses the change initiative that is being made within an organization, be it in terms of its form, state, quality, structure, business activities or use of its resources, in order to reach strategic organizational alignment with its external environment (Dufour and Steane, 2006; Rajagopalan and Spreitzer, 1996). Although there are different factors that can cause a company to take the strategic decision to change (Goodstein and Burke, 1997), such fate is now commonly accepted as an ever present constancy by most companies since change is considered as something good that must be constantly implemented (Parish et al., 2008). However, it is well-reported in the literature that the implementation of change initiatives are characterised by high failure rates and mostly result in a catastrophic end (e.g. Beer and Nohria, 2000; Burnes, 2004; Dufour and Steane, 2006).
In response to this problem, it has been advocated that the project management approach could enable organizations to implement strategic change in a more successful way by using projects, and strategic change projects are now a common feature in today’s environment (Grundy, 1998; Longman and Mullins, 2004; McElroy 1996). Researchers have also pointed out that in addition to project management practices, change management practices are necessary for implementing strategic change projects because these projects have the typical nature of a change project (Bresnen, 2006; Slusarenko, 2004).

To increase the likelihood of project success, research advocates the need to address critical factors during periods of change implementation (Chrusciel and Field, 2006). Understanding those factors that are critical to the success of strategic change projects can therefore greatly benefit organizations. There are many authors who have contributed to the literature with numerous lists of critical success factors (CSFs) for various types of projects (Jugdev and Müller, 2005). However, success factors are considered to be context-specific and might not be applicable to all types of projects and contextual conditions (Pinto and Prescott, 1987). Therefore, defining a set of CSFs for strategic change projects requires careful consideration of the specific context in which these projects are conducted.

To date, most of the existing literature concerning CSFs for implementing change projects has focused on the context of large organizations (By and Dale, 2008). Interestingly, the perspective from small and medium-sized enterprises (SMEs) and the role of their distinct context in developing a set of CSFs for strategic change projects have not really been within the interests of the academics. This indicates that the current CSFs lists have actually not been devised to accommodate for the needs and contextual conditions of the smaller firms.

This study therefore recognises the importance of the SMEs and the lack of research information available surrounding this subject and aims to focus its efforts in this particular area. Additionally, it is important to mention that this research will be exclusively concerned with the implementation of strategic change projects. All in all, the purpose of this research is to provide a contribution to this research gap, by examining the critical success factors for strategic change projects within the context of small organizations (SMEs).

1.2 Research problem formulation

Accordingly, the following research question has been formulated:

“What are the critical success factors for strategic change projects within the context of small and medium-sized enterprises?”

1.3 Aims and objectives of the study

The main aim of this research is to identify the critical factors that lead to success in the implementation of strategic change projects within the SME-context. For this
reason, the objective of this research is concentrated on developing a thorough understanding on the following subject areas:

- The importance of the strategic change projects
- The critical success factors for projects in general, change projects and change management
- The context and characteristics of SMEs
- The difficulties of implementing strategic change projects in SMEs

In order to achieve the identification of the critical success factors for the implementation of strategic change projects in SMEs, and therefore to fulfil the main aim of this study, a conceptual model has been created to identify and highlight the dimensions and factors that influence and contribute to the success of strategic change projects.

1.4 Scope and delimitations of the study

The scope of the research is limited to provide an answer to the research question and to fulfil the aims and objectives established for the study. The study will be based on the information gathered from the semi-structured interviews with the owners and employees of Horus and Barcode (the two empirical cases) about the implementation of strategic change projects. This study does not intend to generalise the findings across all the SMEs, as the particular background, context and situation of the studied SMEs and their projects may differ among other SMEs.

1.5 Structure of thesis

This thesis is organised into six chapters. The first chapter provides an introduction to the research topic and presents the objectives of the study. A review of the literature is given in chapter 2, covering the relevant concepts and theories for this research. This comprises an overview of the context and definition of strategic change, the concept of strategic change projects, the critical success factors that determine the success of change projects, and the characteristics and context of SMEs. This chapter is also utilized as a foundation for developing a theoretical framework for strategic change project success in the context of SMEs in chapter 3. Chapter 4 describes the chosen research methods to conduct the study and clarifies the research approach, the collection method of the empirical data and the way of analyzing it. Chapter 5 presents an analysis and discussion on the findings of the research, where the authors attempt to provide possible explanations for the results of the study. Finally, chapter 6 concludes the study by presenting the study’s conclusions, showing the contribution, indicating possible areas for further research and discussing the study’s limitations. This chapter also mentions the impact of the results on the theoretical framework and gives a refined version as part of the overall conclusion. An illustration of the structure of the thesis is shown in figure 1.1.
Figure 1.1  The structure of the thesis
This chapter presents a review on the current literature most relevant to this research and forms together with the empirical cases the basis for the eventual analysis and conclusions of the study. To provide the reader with a clear overview of the concerned literature areas, this chapter has been further divided into four sub-chapters, including an overview of strategic change (2.1), projects as a tool for implementing strategic change (2.2), critical success factors (2.3), and the context of small and medium-sized enterprises (2.4). This chapter will be developed into a framework in the next chapter (3).

2.1 An overview of strategic change

This sub-section introduces strategic change and the complex context in which this happens. First, strategy is explained followed by defining and describing the concept of strategic change. Strategic change is then considered within the context of change where the discipline of change management is elaborated as well as important issues to consider during the implementing stages of change.

2.1.1 Introducing strategy

Throughout the years, the domain of strategy has received increased interest both in the business and academic field. The word strategy is now well-established and often defined as “a plan to achieve successful outcomes in line with an organization’s goals” (Wright et al., 1992, p.3). However, strategy can not simply be described by one simple definition, mainly because of its conceptual nature (Mintzberg et al., 1998, p.9). As of today, many definitions and views exist on strategy which have complicated the stipulation of a clear-cut understanding of what strategy is and hence there is no single agreed-upon definition that is able of covering all aspects of strategy (Davies, 2000).

Despite the varying perspectives and definitions, the contents and core of strategy are fundamentally based on the same thing, that is, they principally address the question of how an organization should build and sustain competitive advantages and achieve its stated goals and objectives (Mintzberg et al., 2003, pp.3-29). Strategy outlines what operational or business units will be utilized to reach the organization’s goals and objectives and how they will be structured as well as the amount and type of resources that will be needed and how they will be acquired and used (Davies, 2000).

The literature on strategy also describes the existence of different levels of strategy within an organization, depending on the company’s size and structure though. In general, organizations that are operative in different business markets with special
business units devise separate strategies for each unit, called the business level strategy. Combining the different business level strategies together then forms the organization’s overall strategy, the corporate level strategy (Johnson et al., 2008, p.7).

Strategy is therefore at the heart of the enterprise, but requires continuous rethinking and re-formulation of the current practices in today’s turbulent environment followed by the implementation of the subsequent strategic decisions. Strategic decisions are the essence to give the direction to a firm and good use of them will allow the company to reach its future objectives and finally achieve a competitive advantage over its competitors in the face of a changing business environment (Harvey, 1988, p.7). Inherently to the implementation of strategic decisions is change and particularly strategic change, since these decisions translate into initiatives which require the implementation of something that radically or incrementally changes the way of doings things (Dufour and Steane, 2006).

2.1.2 Strategic change

Strategic change is often described by most practitioners and scholars as “making strategy happen”, “turning strategic decisions and ideas into practice” or “translating strategies into marketplace reality” (Dufour and Steane, 2006). In more official jargon, strategic change is defined as the alteration that is being made within an organization\(^1\), be it in terms of its form, state, quality, structure, business activities or use of its resources, in order to reach organizational alignment with its external environment (Rajagopalan and Spreitzer, 1996). An organization’s alignment in the face of its external environment is referred to as achieving the organization’s goals and objectives whilst continuously accommodating for environmental interactions and looking for a fit with them (Rajagopalan and Spreitzer, 1996). Recent work of Fiss and Zajac (2006) also state that strategic change does not only relate to a shift in processes and structures but can equally encompass a cognitive organizational reorientation, involving changes in organizational behaviour such as the priorities, goals or even the company’s overall purpose.

Notion should be taken that strategic changes are not only the result of adapting to the external environment for competitive reasons or other macro-environmental influences. In fact, there are numerous drivers behind the strategic changes in an organization, with changes in the environment just being one of them. Tichy (1983, p.18) also points to new people, innovations in technology, and an organization’s diversification into new markets as key triggers for strategic change. Moreover, strategic change then basically emanates from two main sources; one being the change that stems from the external environment\(^2\) and on the other hand the change that originates from within the organization\(^3\) (Appelbaum et al., 1998).

In view of the above, it can be inferred that strategic change entails the change initiatives that stems from the implementation of the company’s new strategy involving significant changes in the organization, its structure, processes and

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1 The alteration or change originally stems from the content of an organization’s strategy (Rajagopalan et al., 1996).
2 Examples can be changes in economic conditions, government regulations, competitors’ moves, and technological innovations (Appelbaum et al., 1998).
3 For instance, a new corporate mission/vision or the acquisition of new resources (Appelbaum et al., 1998).
behaviour. These changes can occur at the collective, business, and corporate levels in the organization (Rajagopalan and Spreitzer, 1996) and are often inter-related with each other (De Wit and Meyer, 1999, p.148). As strategic change can happen at various levels within the organization and encompasses different forms it gets occasionally confused with organizational change and is sometimes even recognized as similar to it. Authors use both terms interchangeably without distinguishing between the two concepts and often referring to organizational changes as being all “strategic”. By (2005) points out that organizational change involves changes at both the operational and strategic levels which underlines the importance of identifying where the organization wants to be in the future and what changes are needed to get there. This suggests that organizational change and organizational strategy are interlinked concepts and can not be separated from each other (By, 2005). The reasoning shows the close relationship that exists between strategy and organizational change and explains why organizational changes might therefore be seen as being “strategic” or even referred to as strategic changes.

Recognizing this inconsistency in the literature, it becomes important to clearly distinguish strategic change from organizational change. Basically, “organizational changes that do not result in changes in the content of a firm’s strategy are not included within the domain of strategic change” (Rajagopalan and Spreitzer, 1996, p.50). Moreover, De Wit and Meyer (1999, p.148) make a comparable distinction by stating that organizational change is “concerned with changing the state of the organization” whereas strategic change “is concerned with changing the direction of the organization and the way the firm does business”, more or less the organization’s strategy.

2.1.3 Change management

The strategic change in organizations evidently takes place within the broader context of change, which occurs when there is a new condition which is not the same as the old one, or when something starts or stops to happen (Bridges, 1986). Change is a feature that is ever present in most organizations (Fenton, 2007; Balogun and Hailey, 2008, p.1) and can be intentional or unintentional, as a response to environmental circumstances or internal ones (Leifer, 1989). Over the years, one can observe that the perception of what change consists of has changed. Previously, people believed that it was not possible to be effective and to achieve improvements in the organization if they were changing all the time (Rieley and Clarkson, 2001). The common thought was that in order to attain their objectives of effectiveness and improvements, it was necessary to establish routines (Luecke in By, 2005). This reluctance to change is different today, at least in most companies, which have come to recognise the importance of undergoing continuous change in organizations (Rieley and Clarkson, 2001; Parish et al., 2008).

What is commonly agreed among several academics is that the pace of change has never been as fast as it is today (Moran and Brightman, 2001). With the frequent changes that a company has to deal with everyday, it is important for them to have the ability to identify the place where they need to be in the future and how to manage that change needed in order to meet that place (By, 2005). However, as O’Shea et al. (2007) mentioned, implementing and dealing with changes within a company is a
difficult task. Statistical evidence even shows that around 70 per cent of the change projects initiated by companies fail (Beer and Nohria, 2000). For this reason, managing change via the discipline of change management has turned into a highly necessary and important issue (Fenton, 2007).

Change management can be described as the process where the change must be implemented as efficiently as possible, allowing a company to reach its full potential (Mattsson and Wikström, 2008). A more formal definition of change management is the one given by Moran and Brightman (2001); they describe it as the continuous process of re-establishing the direction, capabilities and structure of an organization, in order to fit the needs of the internal and external customers that are endlessly changing. This concept has also been advocated by some authors as a necessity, as they considered that this discipline is indispensable for achieving organizational success (Okumus and Hemmington, 1998). Certainly so, numerous companies now consider it a prerequisite to possess a certain ability for implementing change management if they want to remain competitive within the market (Stelzer and Mellis, 1998).

Companies are constantly exposed to a variety of changes (Balogun and Hailey, 2008, p.1). These can be in terms of the magnitude and the form of change and will definitely affect all the firms in all the industries (By, 2005). Along with the different types of changes, there is also a large variety of terminologies and classifications used by the various academics (By, 2005). However, for the purpose of this research, the definitions of continuous and radical change will only be discussed in order to understand two very different types of change. These are as follows (Johnson et al., 2008, p.520; De Wit and Meyer, 2005, pp.80-87):

- **Continuous or evolutionary change:** These changes tend to be part of the daily basis of the organization. They are characterised for being small, simple and not requiring a fast pace. This type of change does not usually represent a threat for the firm. The partisans of continuous change believe that it is more effective in the long term.

- **Radical or revolutionary change:** These relate to big changes that required to be rapidly implemented, frequently as a response to overcome an organizational crisis or for modifying the direction of the company. They usually require a high degree of strategy and the level of pressure for the change is extremely high. This type of changes may create devastation in organizational structures resulting in a need for rebuilding.

From this classification used it is possible to understand the diverse magnitudes of change that can exist and how each situation can drastically diverge one from another. For this reason, one should understand that change should be context specific and that there is no right formula for managing and implementing change regardless of the type of change it involves. Moreover, one should consider the type of change, its context and the situation that the company faces (Balogun and Hailey, 2008, p.7), as it may require the firm to undertake different types of actions and have different degrees of response (Lewis et al., 2001).
2.1.4 The complex context of change

It becomes apparent that change is characterised by a complex context with various facets that need careful considerations during the change implementation process. However, as previously stated, the implementation stage of change in companies is surrounded by high rates of failure (Beer and Nohria, 2000). For this reason it is very important to understand that during the implementation of change, there are indeed many factors that may influence the final outcomes. For the purpose of this research, the following part will only discuss the main ones, which are according to the change management literature: (1) culture, (2) resistance, (3) employees, and (4) change agents and the role of management within change.

Culture

Although change may be planned, it is necessary not to neglect the impact that corporate culture can have on these plans. Indeed, the corporate culture is an aspect which is implicit to the functioning of the organization and which may restrain certain decisions as it represents the “shared philosophies, ideologies, values, assumptions, beliefs, expectations, attitudes, and norms that knit a community together” (Kilmann et al., 1985, p.5). It is commonly known as the glue that holds things together (Kempner, 1980; Pettigrew in Ghobadian and O’Regan, 2006) and is the means by which the unique whole, the heart and soul of an organization are held together.

This being, the organizational culture can impact the success of change by acting as an obstacle. According to Hatch (1993), it represents a stable ensemble, a resistant force acting against change. Culture is an aspect which is deeply embedded in the organizational behaviour (Hendry, 1999) and therefore should undeniably be considered when planning how to handle change (Johnson et al., 2008) as it represents an internal force which may come in the way of it. This concurs with Sopow’s (2006) view, who mentioned that one needs to understand the culture that encompasses the organizational setting in order to shape the change initiative around it and to succeed in achieving this goal.

Balogun and Hailey (2008) stressed that further analysis should be made in order to consider whether the change envisaged could be accommodated within the bounds of the culture as it is, or whether it would require a really significant cultural shift. Larkin and Larkin (1994) believed that organizational culture can be used as a means to achieve change. They suggested that “to be noticed, communication must contain something that interests the receivers; to change behaviour, it must touch one of their values” (1994, p.12). Although this is a very cumbersome manoeuvre, the culture could simply be manipulated to accommodate for change in strategy.

What becomes clear is that culture one way or another seems to have an impact on the implementation of change and must therefore be carefully considered when dealing with changes.
**Resistance to change**

The rational for organizational change is to be able to follow and adapt to the changing environment (Barr et al., 1992; Child and Smith, 1987) and the new offerings or ways of doing things in order to remain competitive, while in the meantime improving organizational performance (Boeker, 1997; Keck and Tuschman, 1993). However, the change process is not such a fluid process and is inevitably associated with resistance to change. Indeed, organizations and their characteristics are designed for stability. Not only is resistance likely to occur, but it has frequently been cited in the literature that change often results in inertia (Maurer, 1996), causing a status quo and acting as a force that generally prohibits change to occur. This can occur both in the formulation and the implementation stage. The inertia inherent in the formulation stage is somewhat related to the general myopia or inability to foresee the future (Barr et al., 1992), whereby implicit assumptions are perpetuated without challenging the current and future situation. In the implementation stage, the inertia tends to come from employee groups themselves and the deep-rooted values of the corporate culture, creating both a political and cultural deadlock to change.

The degree of the resistance that an organization will face will also depend on the scope and quantum of the change. The more radical and complex the change is, the harder will the transition be due to embedded organizational structures and underlying beliefs and values. However, although numerous academics such as Mabin et al. (2001) have overtly mentioned that nobody likes change and that organizational change causes negativity and resistance, they also recognise the usefulness of such resistance. Indeed, this will allow the organization to think through the problem more thoroughly and help to achieve a better result. Cheney et al. (2004) have also added that facing resistance to change will trigger a questioning process as to whether or not the suggested change is in fact so necessary, but more importantly if it is a bad idea and needs to be reconsidered.

**Employees**

Across the literature it is clear that employees play an utmost part in the resistance to change. In fact, it is thought that the failure of numerous companies is actually a direct cause of employee resistance (Maurer, 1996; Spiker and Lesser, 1995). New and Singer (in Bovey and Hede, 2001) share the same point of view and added that too often organizations fail to recognise the human aspect and tend to concentrate on the technical aspect instead. However, resistance is believed to occur simply as a result of the human nature, due to fears from moving from the known to the unknown (Coghlan, 1993; Myers and Robbins, 1991; Nadler, 1981) and as a result would often over-amplify the change situation. They will unconsciously use defence mechanisms not only to avoid change, but essentially to prevent such feeling of anxiety caused by change (Oldham and Kleiner, 1990). Three other underlying factors to employee resistance that have been identified across the literature are a misunderstanding of the change and its implications, a belief that the change does not make sense for the organization and a low tolerance for change (Kotter and Schlesinger, 1979).

A problem lies in the fact that managers too often adopt a limited approach to change management as they do not take time to think through the resistance that might be caused by a change initiative (Kotter and Schlesinger, 1979). They also fail to consider that people may react differently to change. Certainly the type of resistance
encountered is dependent on the extent to which the change affects the individual. Another common flaw of managers discussed by scholars (Folger and Skarlicki, 1999) is that managers tend to exaggerate the positive aspects of change on employees when communicating the change initiative, which would translate negatively on employees’ current and future reactions. Schneider and Goldwasser (1998) emphasised that management tend to focus too narrowly on the resources with financial substance to allow for the change to occur, but fail to invest in the necessary communication, training and follow-up. Indeed, Cobb et al. (in Folger and Skarlicki, 1999) explicitly stated that the way people are treated and how the change initiators go about instilling the change will directly influence the quantum of the resistance. For instance, when workers are treated fairly it is believed that it would foster a better environment for the change to occur successfully, while on the contrary, employees may feel anger and be more reluctant to follow the change when managerial actions are deemed unfair and coercion takes place (Hultman, 1995).

Change agents and the role of management within change

Briefly speaking, people are certainly the major concerns in the undertakings of changes, whereby careful management, communication and understanding need to occur in order for the change initiative to be successful. In addition, the organizational structures also plays a part in the success of the change initiative as the traditional management model shows that rigid structures with ‘top-down’, centralised and hierarchical structures particularly fostered resistance to change (Graetz, 2000). However, the requirements of the organizational model have changed and the environment indicates a need for flexibility, adaptability and novelty, with both the structure and the managerial skills needing to be adapted to these new requirements. In terms of structure, organizations now tend to have flatter and more flexible organizational forms (Bahrami, 1992). The requirements of the management team have also changed and now need to employ a more participative management style. Goleman (1998) stated particularly that the interpersonal dimension becomes extremely important in management to succeed in today’s markets. The skill of management is often considered as the limiting factor in many change efforts and therefore a high calibre of leaders and management can lead to achieve a competitive advantage (Crom and Bertels, 1999). Kotter and Schlesinger (1979) also pointed out that this is a fundamental ability to be able to overcome the obstacles of resistance and manage change more successfully. It is therefore essential that management have the ability to assess the power of the restraining forces and to positively influence the affected groups and individuals during the course of initiating and implementing change.

The leaders despite being involved in both designing the change strategy and actually implementing the strategy (Moss et al., 1992), what is important however, is their ability to implement the change process. Change leaders need to have the right qualities: interpersonal skills (Crom and Bertels, 1999), be very good communicators (Moss et al., 1992) and a certain charisma (DePree, 1990). Looking more closely at each quality in turn, change agents should undeniably be equipped with good communication skills as they “must develop a motivational message that transcends the chaos and encourages other people to begin the hard work of making the vision a reality”. O’Rourke (2001) added that the person communicating the message in the end is as important as the actual message sent. Communication after the initial
announcement of the change initiative needs to be maintained in order to uphold the impetus of change (Grossman and Smith, 2003). Should the communication be poorly transmitted, then this would increase the amount of resistance to change significantly, hence proving the importance of communication by change leaders. To fulfil those communication requirements, the change agents need to have good interpersonal skills, not only to communicate the change, but also to be able to create the vision of change among the workforce through trust and persuasion (Kirkpatrick and Locke, 1991). Charisma of the leaders is equally important in fostering such trust and persuasion. As Graetz (2000) described it, is “crucial for envisioning, empowering and energising followers”. At the same time, a charismatic leader must not only create that vision, but equally have the ability to realise the operational dimension of change (Nadler and Tushman, 1990). Here, it is obvious that success of the change initiative would depend on the qualities of the leaders and that failure would be the result of poor managers (Beer and Nohria, 2000).

However, as DePree (1990) said, the leadership “should not only be the quality of the head, but also the tone of the body”. What also matters is the style of leadership adopted. The most appropriate style of leadership in a change situation will be context-specific (Johnson et al., 2008). Johnson et al. (2008, p.530) have identified five different styles of leadership to be used in a change situation:

- **Education**: this style entails educating the people about the rational for the change initiative and the necessity of this one when employees may be misinformed or when there was lack of provision of information regarding the change;
- **Collaboration**: this involves encouraging the participation of those affected in the change process in order to achieve full involvement. Hultman (1995) is particularly partisan of this style of managing change as he believes that how people react will depend on how they are treated initially and he argues that allowing them to participate in the process works to reduce the resistance to change;
- **Intervention**: this requires a mixture of retaining authority and control over decisions and the direction of change whilst also delegating some elements of the change process in order to foster contribution;
- **Direction**: this is synonymous to a ‘top-down’ approach in that managerial authority is used to set the strategic intent and the direction of change;
- **Coercion**: coercion is even a more authoritarian style than direction, as employees are entirely imposed to the change via routes of power.

The important point to note is that, as is commonly agreed throughout the literature, styles of change are not mutually exclusive and a combination of some may be more effective. The context of the change initiative would normally be a main determinant in which style is the most appropriate (Johnson et al., 2008), but including both ‘soft’ and ‘hard’ methods and qualities within change agents should help them to employ the mechanisms which will both act to reinforce and institutionalise change (Graetz, 2000).
2.2 Projects as a tool for implementing strategic change

With the increasing importance and pressure for change in today’s marketplace, organizations have recognized the need for an outstanding management of the implementation process of change. However, to date, the actual implementation process remains a problematic area for organizations. It is well-reported in the literature that the implementation of change initiatives mostly result in a catastrophic end (e.g. Beer and Nohria, 2000; Burnes, 2004; Dufour and Steane, 2006). Although it is important to have an understanding of the various issues in change management that need careful consideration when implementing changes, it is also crucial, if not critical, to consider the “actual way” in which the organization implements and deals with change since this will eventually determine how well the change efforts succeed (Collins, 2002).

According to Turner and Müller (2003, p.3), projects are often adopted by organizations as a tool for implementing change because they are “better suited for managing change than the traditional organization”. Indeed, projects are considered to implement changes in a much more flexible and faster way and are argued to be a very effective means for delivering successful change (Turner, 2008, pp.2-4; Cicmil, 1997, 1999). The efficacy of this project approach also extends to the implementation of strategic change and strategy. Many authors have studied the concept of project management and how its application with the use of projects can be utilized in the strategy field to facilitate the strategy implementation process. The writings of Grundy (1998), Pellegrinelli and Bowman (1994) and Roberts and Gardiner (1998) indicate that the project management approach could enable organizations to realize its intended strategy initiatives in a more efficient way by using projects, and so overcoming the well-reported problems faced within the implementation process. In effect, Cleland (1999) and McElroy (1996) argue that projects are becoming the most successful and pre-eminent way for implementing strategic changes. This basically shows that the project management approach and the use of projects act as “the” key tool for implementing strategic change, and as of today has become a well-established and popularised concept in both the academic and business field (Longman and Mullins, 2004; Srivannaboon and Milosevic, 2006). Therefore, a deeper understanding of projects and project management is important and further elaborated below.

2.2.1 Projects and project management

So what is the meaning of project management and projects? Simply said, project management can be described as the discipline that is concerned with managing projects successfully (APM, 2000, p.14). In a more broader sense, project management is defined as “the planning, monitoring and control of all aspects of a project and the motivation of all those involved in it to achieve the project objectives on time and to the specified cost, quality and performance” (British Standards Institution in Gardiner, 2005, p.5). A project can be defined as “a temporary endeavour, which has a definite beginning and a definite end, undertaken to create an unique product or service” (PMI, 2000, p.4). While many definitions for project management and projects exist in the body of literature, most of them show resemblance and are comparable in some way. They basically describe projects as the
making of a product, system, physical construction or service by undertaking a set of activities involving various resources, which have to be delivered within the triple constraints of quality, cost and time (Gardiner, 2005, pp.1-2; Winter et al., 2006). As the project concept has developed over the years, its definition has extended as well to include a broader meaning. Turner (2008, p.2) describes a project as “an endeavour in which human, material and financial resources are organized in a novel way, to undertake a unique scope of work, of given specification, within constraints of cost and time, so as to achieve beneficial change defined by quantitative and qualitative objectives”.

Although the core characteristics of a project remain the same, Turner’s definition shows that the meaning and goal of a project have become extended towards “delivering beneficial change”. This description is more in line with the current writings and view on projects in today’s environment, which concerns a greater focus on the creation of benefits and value that projects contribute to the organization and the different stakeholder groups involved (Shenhar et al., 2001; Winter et al., 2006; Winter and Szczepanek, 2008).

**Project types**

The area in which projects are applied and implemented is wide-ranging. As such, the project management literature have seen many ways of dividing projects into different categories (Gardiner, 2005, p.41-44). The categorisations vary from author to author depending on how they group and classify the projects. A widely used classification matrix is that of Turner and Cochrane (in Turner, 2008, pp.21-22) where they group projects into four different categories on the basis of how well their goals and methods are being defined (Figure 2.1). The four different project types are described as follows (Turner, 2008, pp.21-22):

**Type 1**  Engineering projects have both goals and methods that are clearly defined. These projects typically refer to construction and manufacturing projects and have a greater chance of success because of its clear specifications.

**Figure 2.1**  The goals and methods matrix (Turner, 2008, p.22)
Type 2  Product development projects have well-defined goals, but the particular methods for achieving those goals remain poorly developed.

Type 3  Software development project often have a clearly specified methodology, yet with unclear goals.

Type 4  Research and organizational change projects have both ill-defined goals and methods and exhibit therefore a higher chance of failure.

The type 4 “change project” is characterised by a high degree of complexity due to the often poorly defined goals and methods, since it is not always clear from the beginning what the actual end results will be and neither how they will be achieved. This basically relates to the context in which these projects happen because implementing and dealing with changes in an organization mean changing from an old state to a new state of things which are likely to involve change processes that are complex and therefore produce uncertainty with new working practices and methods as well as eventual outcomes not necessarily known. These characteristics are also inherently related to strategic change projects because they simple have the nature of a change project and, in essence, implementing a new strategy also causes a great deal of complexity and uncertainty (Kenny, 2003). The exact meaning, characteristics and issues related to implementing strategic change projects is further discussed below.

2.2.2 Strategic change projects

A strategic change project can be described as a project that is concerned with implementing a strategic change initiative that involves major changes in the company, organizational culture, structure and its systems (McElroy, 1996). A strategic change initiative relates to the content of an organization’s strategy by means of implementing a specific part of it. Hence, a strategic change project implements a part of the organization’s strategy and is set in the context of achieving the future strategic goals of the organization (Kenny, 2003).

Being concerned with implementing a new strategy, the goal of a strategic change project is changing the entire business, either in the way the organization is doing business or in its long-term direction (Kallio et al., 2002; De Wit and Meyer, 1999, pp.147-148). Projects could involve an organizational restructuring, organizational transformations from small-scale to mass production, and the implementation of a new technology system, but are only considered as “true” strategic change projects if their main purpose is to change the running of the business⁴. Shenhar et al. (in Artto and Dietrich, 2007, p.3) have distinguished between external and internal types of projects, with strategic change projects belonging to the latter group. The main difference between internal and external projects is the fact that on internal projects both the suppliers and customers are internal affiliates of the organization.

Mikkelsen et al. (1991) have looked into the specific nature of internal projects, which largely deal with projects that implement changes in organizations. They found that

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⁴ Those projects that just change or improve a process or mode of operation with no further strategic implications for the organization’s way of doing business are not regarded as strategic (Kallio et al., 2002).
internal change projects are characterised by a fierce competition for internal staff and management support and attention. Further, all stakeholders (e.g. suppliers, customers etc.) on internal projects are internal members of the organization, which causes difficulties in settling on project success or customer satisfaction as success and value is different for each of the internal stakeholder groups (Mikkelsen et al., 1991; Winter et al., 2006). The absence of a contract or clear contract is also inherent to internal change projects, making the responsibilities fairly vague and leading to conflicting thoughts about the project within the company.

Kenny (2003) points out that strategic change projects often embody a high degree of uncertainty due to the complex change processes involved and the many intangible characteristics of the project – like such things as organizational restructuring or customer service improvements, which in turn, are characterised by the need for changes in organizational culture, customers’ perceptions and people’s working methods and actions. Asrilhant et al. (2007) further mention that such projects primarily offer intangible results and benefits with a focus on the longer-term. This leads to difficulties and complexity in measuring project outcomes because the created benefits and value are intangible and likely to be achieved at “some point” in the future (Winter et al., 2006).

In addition, Winter et al. (2006) have studied these longer-term benefits and have put this in the context of value creation. Winter et al. (2006, p.705) define value creation as “making a clear contribution to the achievement of the organizational purpose, i.e. after the project, the organization is better at fulfilling its overall purpose; and deliver new or improved capabilities and resources as a means to that end”. They indicate that business change projects serve a much wider purpose than traditional projects and therefore need to have a broader scope that is concerned with value creation for the business rather than delivering a physical end product. Indeed, the basic principle driving behind strategic change projects is that the organization eventually creates increased value in terms of more efficient and effective ways of doing business (Kallio et al., 2002)

Given the “internal” complexity, the specific “visionary” and long-term oriented nature of goals as well as the desired intangible benefits and value of strategic change projects, these factors pose significant challenges and a great deal of uncertainty once it comes down to the project’s implementation due to the inherent difficulties in their clear definition and common understanding from the beginning (Cicmil, 1997). Correspondingly, strategic change projects are characterised by sincere problems in determining methods and goals for the implementation phase of the project as they have the typical nature of a change project as identified before (see section 2.2.1).

Because of this nature and complexity, a blend of knowledge and expertise rooted in both project management and change management are necessary for the implementation of change projects, and therefore as well for strategic change projects, in order to guarantee success (Cicmil, 1997; Slusarenko, 2004; Winter et al., 2006).

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5 Business change projects basically reflect strategic change projects as Winter et al. (2006, p.706) point out that the “intent of the change is within the context of the organization’s strategic purpose and agenda”.

6 For instance, the primary focus of a business change project (such as the implementation of an IT-based customer service system) for a company’s new strategic direction is not on the creation and deliverable of the actual system itself, but on the improvement of company’s customer service operation in order to maintain customer loyalty and grow the business into new markets (Winter and Szczepanek, 2008).
Project management traditionally focuses on the “harder” elements of project management, like planning, scheduling, monitoring etc. within the total project life cycle (PMI, 2000) whereas change management concentrates on the “softer” social- and human-oriented dimensions, including leadership, overcoming resistance to change and so on. In other words, project management practices can be seen as being more concerned with managing the “technical-side” of change while change management practices are more concerned with managing the “people-side” of change (Creasey, 2007).

Bresnen (2006) indicates that the discipline of project management and its tools are too much task and activity oriented and not appropriate and adequate enough to deal with projects that implement organizational changes, and subsequently argues that such projects equally require the consideration of change management practices. Indeed, as Slusarenko (2004) highlights, “Change management is not a mere adjunct activity to the project, or a phase within the project. It is an activity that starts with the project and ends with the project”. McCalman and Paton (1992, pp.18-19 & 81-82) stress that the necessity for using softer organizational change management techniques instead of hard project management techniques increases once projects become more complex and people oriented. Rather similar results were found in a recently conducted study by Jørgensen et al. (2008). Their findings underline the importance that any type of change project requires a combination of both project management and change management for the successful implementation of change projects.

However, the question of how well a strategic change project succeeds in its implementation hinges on the way the organization intends to deal with it (Collins, 2002; Fiorina, 2002). Although there is no “magic pill” or “one successful pathway” to manage change successfully (Burnes, 1996), research advocates the need to address critical factors during periods of change implementation in order to make the organization be successful (Chrusciel and Field, 2006). Understanding those factors that are more critical than others when implementing a strategic change initiative becomes a top priority. Hence, it is essential to examine what specific factors determine the success of a strategic change project. Therefore, the following section aims to shape a background for understanding the critical success factors that might play a role in strategic change projects by looking into the project and change management literature on CSFs.
2.3 Critical success factors

This sub-chapter on critical success factors is organised into two sections. The first part describes and distinguishes between the concepts of project success criteria and critical success factors. The second section is concerned with identifying the CSFs for strategic change projects and is further sub-divided into three parts in order to render a good overview and develop a more thorough perspective on the different CSFs involved.

2.3.1 Project success criteria and success factors

When studying the concept of critical success factors it is crucial to clarify and clearly distinguish between the different terminologies of “success criteria” and “success factors” (Belassi and Tukel, 1996). According to Cooke-Davies (2002, p.185):

- *Success criteria* are “the measures by which success or failure of a project will be judged”
- *Success factors* are “those inputs to the management system that lead directly or indirectly to the success of the project”

In view of these two definitions, project success criteria can be seen as the eventual standards and principles agreed upon by the involved project parties to measure the project outcomes whereas critical success factors can be regarded as the specific conditions and circumstances which positively influence the outcome of the project (Lim and Mohamed, 1999). This implies that project success criteria can be considered as “dependent variables” which only measure project success while critical success factors can be viewed as “independent variables” that, once being present, make the success of a project more likely (Müller and Turner, 2007). Both concepts are further discussed into more detail below.

*Project success criteria*

In the early days of project management, project success criteria was largely viewed as achieving the project’s stated outcomes in terms of time, budget and specified quality (Cicmil and Hodgson, 2006). However, this traditional view on project success criteria has become seriously outdated to resemble the complexity in today’s project environment and it has been recognized that outcome measures should incorporate a broader set of criterion (Atkinson, 1999; Shenhar et al., 2001). Current writings focus on adopting a much wider strategic view on project management that considers the overall strategic importance of projects to the organization and hence authors emphasise the necessity that project success criteria should nowadays encompass elements that measure the achievement of strategic value and the overall organizational and business benefits of the project (Artto et al., 2001; Winter et al. 2006). On the other hand, researchers advocate for the inclusion of external aspects in the measurement criteria for project success that addresses the well-being and satisfaction of the various project stakeholders involved (Wateridge, 1998; Andersen et al., 2006). Accordingly, Jugdev and Müller (2005) indicate in their literature review on project success that this has led to a view where project success indicators should both include efficiency (how well a project achieves its cost, quality and time
objectives) and effectiveness (how well the project achieves the strategic goals and wider stakeholder appreciations, including its customers) measures and that the project’s success should be assessed at different time perspectives as its future impact varies along different time frames. However, despite all the published work, there remains a sense of ambiguity in the field without any agreed-upon understanding on a definite set of project success criteria. This indistinctness stems not only from the wide availability of measures by which project outcomes can be assessed, but also from the perspective that in any given project numerous stakeholders are involved each with their own perception of project success (Lim and Mohamed, 1999; Pinto and Slevin, 1989). This implies that different project parties involved in the same project can perceive failure or success differently.

With regard to the context of this research, the success of strategic change projects have been examined from the perspective of SMEs that are performing the projects. Bearing in mind that all stakeholders on strategic change projects are regarded as internal members of the organization, project success is considered to be determined by the owner of the SME because he is seen as the key stakeholder within the firm due to his overall central role and thorough involvement in the SMEs’ processes. 7

Critical success factors

The notion of CSFs was originally coined in the early sixties by Daniel (1961) but became really popular after the work of Rockart (1979) twenty years later. He basically describes CSFs as the necessary activity areas to focus on and give prior attention to because they are critical for the achievement of excellent business results and success. Within the project management context, CSFs are defined in a rather similar way; “those elements which have been identified as necessary to create an environment where projects are managed consistently with excellence” (Kerzner in Jugdev and Müller, 2005, p.24). Hence, paying attention to CSFs in the undertaking of projects can be seen as beneficial for improving project results and achieving excellence. However, it does not guarantee successful project outcomes. Projects can still fall short on results or fail, even if all CSFs are considered to be in place. But the other side of the coin is that if CSFs are not present or simply neglected, it can be expected that problems will emanate which form obstacles to the achievement of the project’s overall success (Rockart, 1979). So, the relevance of focusing on CSFs in the arena of project management and project settings can not be over-emphasised (Andersen et al., 2006) as it provides a basis to significantly increase the potential for the delivery of a successful project (Turner, 2004).

The following section looks into the critical success factors for projects and begins with a review on the CSFs for projects in general from the past 40 years followed by a detailed discussion on the CSFs for a particular project type, in this case change projects, and eventually finishes off with the identification of CSFs in the area of change management.

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7 The reason for the Owner’s central role in SMEs as well as his influence and impact will be further explained in section 2.4 together with the other characteristics of SMEs.
2.3.2 Critical success factors lists and models

1960s-1980s

There is ample literature on CSFs and the topic has been well-addressed in the realm of project management with its first contributions being made in the late 1960s. Early studies in the research field, during the period of the 1960s-1980s, examined critical success factors from a perspective that was primarily focused on the project execution stage and the project’s overall objectives, which led to success factors related to cost, time and quality and to some extent client satisfaction (Jugdev and Müller, 2005). Hence, CSFs seemed to be mainly about the control aspects of projects, such as adequate planning and scheduling techniques (Belassi and Tukel, 1996; Westerveld, 2003). The narrow research focus on the project implementation phase remained prevalent during this first wave of studies and some of the work during the 1980s. Besides the limited scope, authors criticised the majority of the early work for being predominantly based on theoretical foundations and lacking any empirical evidence (Pinto and Prescott, 1990). As a consequence, the late 1980s exhibited a stream of published research with studies that were mainly empirically grounded.

1980s-1990s

The most renowned work during this period are the published articles by Pinto and colleagues on CSFs with particular regard to the “10 CSFs list” (Pinto and Prescott, 1987; 1988; 1990; Pinto and Slevin, 1987; 1988; 1989). Initially, Pinto and Slevin (1987) were the pioneers in developing an universal list of CSFs that were found generally enough to be applied across a variety of project types. They designed a model, the Project Implementation Profile (PIP), that assists project managers in identifying which aspects in the project implementation phase lead to project success and provide a measurement tool in order to assess the identified factors. The PIP consists of an empirically derived set of factors, based on a data-set of over 400 studied projects, and fundamentally reflects a list of ten distinct CSFs including project mission, top management support, project schedule/plans, client consultation, personnel, technical tasks, client acceptance, monitoring and feedback, communication and troubleshooting. Later efforts of Pinto and Prescott (1990) group these 10 CSFs into two broad categories; strategic factors and tactical factors. The group of strategic factors includes project mission, top management support, project schedule/plan and client consultation and refers to the planning process whereas the tactical group includes the remaining six factors and relates to the operational process. Further studies by Pinto and colleagues then focus on the total project life-cycle and examine the relative importance for both each group and each of the 10 CSFs (Pinto and Prescott, 1988, 1990; Pinto and Slevin, 1988). Their findings report that the relative importance of the CSFs vary according to the different stages of project life cycle and that each group equally has a different degree of importance throughout the life cycle phases.

The general “10 CSFs list” is widely known and has significantly contributed to the literature with its usefulness still being present as the “PIP model” has been applied in many other studies and research articles (e.g. Belout and Gauvreau, 2004; Finch, 2003; Hyväri, 2006). However, these listed CSFs are limited to the scope of the

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8 The studies of Belout and Gauvreau (2004) and Hyväri (2006) also confirmed that critical success factors vary according to the life cycle stages of a project.
project life cycle and therefore tend to exclude other aspects that might be regarded as critical in the undertaking of projects. Finch (2003) alludes to the missing of several external factors that considerably influence the successfulness of a project comprising external organizational and environmental factors, political activity within the organization, project manager’s competences, and urgency for the project implementation. He further expresses concerns with regard to generality and the applicability of the PIP Model in different business contexts. In addition, Belout (1998) points out that the “personnel or human factor” is not addressed thoroughly enough in the PIP model as it does not accommodate for crucial aspects such as motivation, commitment and the competences of the project manager.

1990s-2000s

The period of the 1990s-2000s saw publications that increasingly embrace the wider issue of stakeholder involvement and satisfaction as CSFs (e.g. Munns and Bjeirmi, 1996) and on the other hand gave rise to the emergence of comprehensive CSF frameworks that incorporated project success criterion in order to serve as a complete model on the pre-conditions of project success (Jugdev and Müller, 2005). Belassi and Tukel (1996) identify some serious gaps in their review of the CSF literature and find that most of the previous writings just list individual CSFs without classifying them and that they tend to ignore factors related to project characteristics, team member characteristics and external project factors. In response, these authors develop a holistic framework that addresses most of the drawbacks in the literature. They classify their identified CSFs into four broad groups; factors related to the project, the project manager and team members, the organization, and the external environment, which enables projects managers to clearly classify CSFs into different groups and identify if project success/failure is more related to one group or another. Also, since the framework is build up in a systematic way, it allows for the examination of intra-relationships between the CSFs in different groups and how they affect each other. For example, the availability of sufficient resources for the project are influenced by factors related to the organization (such as top management support). Moreover, this framework is unique compared to other proposed frameworks in a sense that it integrates the complete project element with organizational factors and external factors. For example, Belout (1998) proposed a framework based on the famous “10 CSFs list” and additionally includes the influencing factors of project life cycles and project structures. However, these CSFs can be grouped into the framework of Belassi and Tukel and fall largely under the headings of project, project manager and team, and organization, and therefore appear to disregard factors related to the external environment. Belout’s framework neither provides insight into the interdependencies amongst the CSFs.

2000s

In the 21st century, most work and publications summarizes the results of previous studies and find new ways of classifying CSFs (Jugdev and Müller, 2005). In an attempt to get a better understanding of the “real” factors that are critical to project success, Cooke-Davies (2002) suggests to decompose the success factors in relation to three different areas, by answering the following 3 questions; “What factors lead to (1) project management success?; (2) a successful project?; and (3) consistently successful projects?”. He clearly differentiates between the CSFs related to project management success (factors that facilitate the achievement of time, cost and quality
criterion) and project success (factors that facilitate the achievement of the overall business objectives of the project). Cooke-Davies’s work eventually draws up 12 CSFs but none of them directly relates to human factors. However, he denotes that “its the people that perform the processes, therefore the human-side of the success factors is woven in to it” (Cooke-Davies, 2002, p.189). In essence, his study reflects a “new” way of grouping critical success factors. Furthermore, Müller (in Jugdev and Müller, 2005) found that the owner’s interest in the project’s performance and their continuous communication with the project manager significantly contributed to the project’s success. Building on Müller’s findings and the work of Wateridge (1998), Turner (2004) presents four necessary conditions under which projects have a higher degree of succeeding, containing a shared agreement on the success criteria before the start of the project, continuous collaboration between the project owner and project manager, sufficient empowerment for the project manager, and owner’s interest in the project performance. In addition, a study published by the Standish Group (2003) on IT project success and failures discover that key success factors involve management support, user involvement, experienced project managers, skilled staff, clear business objectives, minimizing scope, agile requirements processes, a formal project methodology, reliable estimates, effective tools and process improvement techniques. Interestingly, these listed success factors are almost identical to those mentioned in Pinto’s “10 CSFs list”.

Correspondingly, recent research confirms that the often mentioned success factors in the literature are still relevant in today’s environment as the study of Hyvärä (2006) did not found any notable differences with previous studies (e.g. Belassi and Tukel, 1996; White and Fortune, 2002) in terms of listed CSFs.

Besides that, the literature has also witnessed two remarkable studies that have published critical success factors as part of a model for improving project performance. Westerveld (2003) has constructed a Project Excellence Model where he frames critical success factors in relation to several organizational areas including leadership and team, policy and strategy, stakeholder management, resources, and contracting. Although the Project Excellence Model shows some resemblance in factors with Pinto’s PIP Model (Pinto and Slevin, 1987), it is more comprehensive in the way that it also incorporates project success criteria and external-related factors into the model. A similar approach to the use of CSFs was adopted by Fortune and White (2006) for their Formal System Model, but with critical success factors grouped into nine distinct areas. This study is particularly useful because the factors listed in each of their defined groups all together reflect all CSFs identified in the project management literature according to these authors.

Table 2.1 summarizes the results of the previously discussed key studies on project CSFs in order to provide a frame of reference and comprehensible overview of our literature reflections. The work and findings of the main authors are listed chronologically.

In reviewing the literature, it has become evident that the many individual and collective research efforts have not led to a consensus on a definite set of factors that are seen as critical to project success. Similar findings on CSFs appear to exist among the many published studies but the factors tend to differ in terms of terminology depending on the authors means of classifying them. The lack of concurrence in the
literature can therefore be attributed to the different ways authors study about CSFs as their identified critical success factors are contingent on their approach and perceptual and conceptual bases (Pinto and Prescott, 1987). Further, the observations over the past 40 years have shown the development of CSFs from simple lists that primarily address “hard factors” to more complex lists and comprehensive frameworks and models of CSFs that incorporate both “softer” and “harder” elements. Also, the relative importance of CSFs changes in the different stages of the project life cycle and inter-relationships between CSFs must be considered as they equally affect and are reliant on each other.

In addition to the wide-ranging published work on CSFs for the project arena in general, various authors have also studied particular types of projects and their related CSFs. Westerveld (2003) investigates the CSFs on different types of projects. The findings of his study demonstrate that different types of projects require the consideration of different sets of success factors. Dvir et al. (1998) reach a similar conclusion and argue that project success factors are far from universal. These results are not ground-breaking or based on uncommon grounds. Turning to the project management literature clearly indicates that projects are not the same at all but rather unique in their nature, requiring different goals, methods and management practices to lead them towards successful outcomes (Artto and Dietrich, 2007, p.3). In light of the above mentioned, it is fairly illogical to solely consider similar groups of CSFs for projects which have dissimilar goals and require dissimilar approaches, also bearing in mind that some CSFs might not even be relevant in certain types of projects. Therefore, it is considered useful and important to look also into the identification of CSFs for a specific project type.
Table 2.1  Summary of the key studies on CSFs for projects

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<tbody>
<tr>
<td>• Project mission</td>
<td>• Project manager</td>
<td>• Project management success</td>
<td></td>
</tr>
<tr>
<td>goals and general directions are clearly defined</td>
<td>ability to delegate authority; ability to trade-off; ability to coordinate; perception of role &amp; responsibilities; competence; commitment</td>
<td>a) time-performance</td>
<td></td>
</tr>
<tr>
<td>• Top management support</td>
<td>• Project team members</td>
<td>1. Adequate company education on risk management</td>
<td></td>
</tr>
<tr>
<td>the willingness to provide necessary resources, power and authority</td>
<td>technical background; communication skills; trouble-shooting; commitment</td>
<td>2. Maturity in assigning risk ownership</td>
<td></td>
</tr>
<tr>
<td>• Project plan/schedule</td>
<td>• Project</td>
<td>3. Visible risk register maintenance</td>
<td></td>
</tr>
<tr>
<td>a detailed action plan and schedule for project implementation</td>
<td>size &amp; value; uniqueness of project activities, life-cycle; urgency; density</td>
<td>4. Up-to-date risk management plan</td>
<td></td>
</tr>
<tr>
<td>• Client consultation</td>
<td>• Organization</td>
<td>5. Documentation of organizational project responsibilities</td>
<td></td>
</tr>
<tr>
<td>communication, consultation and active listening to all involved parties</td>
<td>top management support; functional managers’ support; project champion; organizational structure</td>
<td>6. Keep project as far below 3 years as possible</td>
<td></td>
</tr>
<tr>
<td>• Personnel</td>
<td>• External environment</td>
<td>b) cost-performance</td>
<td></td>
</tr>
<tr>
<td>recruitment, selection and training of the necessary personnel</td>
<td>PEST-environment; client; competitors; subcontractors</td>
<td>7. Allow changes to scope only through a mature control process</td>
<td></td>
</tr>
<tr>
<td>• Technical tasks</td>
<td></td>
<td>8. Stick to the performance measurement baseline</td>
<td></td>
</tr>
<tr>
<td>required technology and expertise are at the project's disposal</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>• Client acceptance</td>
<td></td>
<td>• Individual project success</td>
<td></td>
</tr>
<tr>
<td>the final project was sold to its end-users</td>
<td></td>
<td>9. Effective benefits delivery and management processes</td>
<td></td>
</tr>
<tr>
<td>• Communication</td>
<td></td>
<td>• Consistently successful projects</td>
<td></td>
</tr>
<tr>
<td>an appropriate network for the necessary information flow amongst all key players</td>
<td></td>
<td>10. Portfolio- and programme management practices</td>
<td></td>
</tr>
<tr>
<td>• Monitoring and feedback</td>
<td></td>
<td>11. A solid performance and feedback system for projects, programmes, and portfolios</td>
<td></td>
</tr>
<tr>
<td>timely provision of comprehensive information at each implementation phase</td>
<td></td>
<td>12. Continuous improvement through learning form experience</td>
<td></td>
</tr>
<tr>
<td>• Trouble-shooting</td>
<td></td>
<td></td>
<td>Competence of the project manager</td>
</tr>
<tr>
<td>ability to handle unexpected crises and deviations from plan</td>
<td></td>
<td>Political activity within the organization (impact of the cultural climate)</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>External organization and environmental factors</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>A perceived need to rapidly implement the project</td>
</tr>
</tbody>
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Table 2.1 (continued)

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<tr>
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</thead>
<tbody>
<tr>
<td>• Executive management support</td>
<td>• Leadership &amp; team embodies the way of running the project and team, leadership style, working habits, behaviours</td>
<td>• Goals &amp; objectives clear and realistic objectives; strong business case</td>
<td>• Project manager commitment; ability to coordinate; effective leadership; competence</td>
</tr>
<tr>
<td>• User involvement</td>
<td>• Policy &amp; strategy encompasses project purpose, goals and achievement methods and considers all stakeholders interests</td>
<td>• Performance monitoring monitoring and control system; planned close-down</td>
<td>• Project team communication; commitment; technical background</td>
</tr>
<tr>
<td>• Experienced project managers</td>
<td>• Stakeholder management the way of relating to the various project stakeholders involved</td>
<td>• Decision-maker(s) management support; competent project manager; leadership; good planning; realistic schedule; good use of project management methodology/tools</td>
<td>• Project clear goals and objectives; adequate funds and resources; end-user commitment</td>
</tr>
<tr>
<td>• Skilled staff</td>
<td>• Resources effective and efficient deployment of resources</td>
<td>• Transformations sufficient skilled and qualified staff/team</td>
<td>• Organization top management support; clear organization / job descriptions; organizational structure</td>
</tr>
<tr>
<td>• Clear business objectives</td>
<td>• Contracting establish contractual relationships and perform contract management</td>
<td>• Communication good communication structure; feedback</td>
<td>• External environment technological environment; economic environment; client; subcontractors</td>
</tr>
<tr>
<td>• Agile requirement processes</td>
<td>• Project management control of the project through addressing the aspect of scheduling, budget, organization, quality, information and risks</td>
<td>• Environment political/environmental influences; learning from past experience; organizational structure &amp; culture</td>
<td>• Boundaries project size; duration; level of complexity; nr. of people involved</td>
</tr>
<tr>
<td>• A formal project methodology</td>
<td>• Boundaries project size; duration; level of complexity; nr. of people involved</td>
<td>• Resources adequate budget; sufficient allocated resources; training provision; proven technology; supplier performance</td>
<td>• Resources</td>
</tr>
<tr>
<td>• Reliable estimates</td>
<td>• Communication good communication structure; feedback</td>
<td>• Continuity risks assessed, addressed and managed</td>
<td>• Continuity</td>
</tr>
<tr>
<td>• Effective tools</td>
<td>• Environment political/environmental influences; learning from past experience; organizational structure &amp; culture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Process improvement techniques</td>
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2.3.3 Critical success factors for change projects

As mentioned in section 2.2.2, strategic change projects are considered to fall into the category or type that is referred to as “change projects” and basically refer to the “type 4” organizational change projects as mentioned before. Accordingly, the section below is only concerned with discussing the CSFs for these specific type of projects.

Aronsson et al. (in Karlton, 2004) conducted a study that comprehend a large number of change projects. Their findings indicate that the most important factor for achieving success within change projects is the extensive participation of the people. Other influential factors on project success were the support of management and a democratic culture. McElroy’s (1996) work identifies similar CSFs, but is wider in its scope. His work shows that critical factors for change projects are similar in a way to those studied in business process re-engineering initiatives and refers to the critical factors of communicating a clear vision, commitment and participation, instilling ownership through staff involvement, teams with staff from all levels, establishing a “change” culture and organising staff. However, McElroy’s work is not empirically-derived and limited to theoretical conceptualisations.

Research of Cicmil (1999) and Clarke (1999) confirm the important factor of participation and involvement of the people and the criticality of creating a sense of ownership for them within the project. Clarke (1999) argues that getting the people more committed to the change project by giving them ownership over small project “chunks” is a number one priority to overcome one of the biggest barriers to the failure of change projects, which is people’s resistance to change. Her study on key success factors for change projects further points to the somewhat “harder” critical factors of clear communication channels throughout the project and across the organization by means of verbal, written and visual methods, having clear objectives and a shared understanding of the project scope, and allowing flexibility in the project plans and decomposing the project work into manageable “chunks”.

Cicmil’s (1999) study on organizational change projects indicates CSFs in the area that is more related to the “softer” human-aspects of projects. Besides clear communication, which is a persistent factor in almost every empirical study, Cicmil found success factors such as establishing a clear purpose and reasons for change, personal identification with the change project, and choosing the “right” people who are motivated and competent enough to implement the change initiatives. She further considered that one of the most important aspects for achieving success where the characteristics and traits of the project leaders/managers, including the ability to show change leadership efforts and clearly define and communicate the goals and objectives (Cicmil, 1999). The project managers characteristics where also considered a key success factor by Kayes (1995) and Mikkelsen et al. (1991).

Furthermore, the studies of Ives (2005), Karlton (2004), Kayes (1995) and Young and Jordan (2008) all find evidence for the involvement of senior management as a critical success factor. Kayes (1995) efforts point to the necessity of senior management to show commitment and support to the project whereas Ives’s (2005) findings relate more to the important aspect of senior management acting as a project sponsor with strong willingness to stand behind the project.
A more comprehensive and complete view on the CSFs for change projects is provided by Kenny (2003). His study’s findings are more holistic in a sense that it covers factors in a variety of different areas and integrates several of the “hard” and “soft” aspects previously discussed by the authors. The key success factors mentioned are (1) senior management support; (2) multi-skilled and committed project teams that are self-managing; (3) open communication processes for the sharing of information; (4) clear-cut project management processes; (5) project aims and goals are related to the strategic goals; (6) flexible planning and scheduling to accommodate changing circumstances; (7) clear project reporting procedures for accountability and learning; (8) senior management makes the final no-go decisions on the project; (9) senior management has to establish and foster a change and learning culture; and (10) success has to be defined in broad terms and should be based on project efficiency and effectiveness. Minarro-Viseras et al. (2005) identify a fairly comparable set of CSFs but classify them into three broad categories: the people-side with project manager characteristics, senior management support, project team qualities etc., the organizational-aspect which includes sufficient resource availability and the like, and the systems-category including project management processes and methodologies. These authors found that the CSFs in the people category, which resembles the softer human-side aspects, were ranked significantly higher and deemed more important to the success of the project than the factors in the other two “harder” categories.

Furthermore, Jørgensen et al. (2008) have studied how change can be effectively managed, with a focus on change projects and their related success and failures factors. In their recent work, Jørgensen et al. (2008) have reported that people-oriented aspects are most critical to the successful implementation of change projects as the “soft” factors topped the list for both project failures/challenges and project success. In particular, they indicate that the highest ranked key success factors involve top management sponsorship (leadership), employee involvement, honest and timely communication, corporate culture that motivates and promotes change, change agents, and change supported by culture. Building on their findings, Jørgensen et al. (2008) come up with a change diamond that outlines four important areas to be addressed in order to significantly increase the rate of project success.

Another remarkable piece of work is that of Forsman (2008). She groups different key success factors onto five broad dimensions, namely entrepreneurial, project preparation, change, and project management success as well as overall project success. Although a large part of the CSFs mentioned in these dimensions are reflected in the above studies, Forsman’s (2008) study is rather useful as it provides a way of structuring the current fuzzy lists of CSFs. Also, it adds the interesting dimension of change management to the field as well, which deals with CSFs regarding change management practices such as effective leadership and clear communications regarding the need for change.

An overview of the above literature reflections on critical success factors for change projects is presented in table 2.2. The table shows the various identified lists of critical factors from the key studies, arranged per author and in chronological order.
Table 2.2 Summary of the key studies on CSFs for change projects

<table>
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<tr>
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<tbody>
<tr>
<td>• Communicating a clear vision</td>
<td>• Clear communication throughout the project</td>
<td>• Clear communication</td>
<td>• Senior management support</td>
<td>• Soft Factors</td>
</tr>
<tr>
<td>• Commitment and participation</td>
<td>• Clear objectives and scope</td>
<td>• A clear purpose and reasons for change</td>
<td>• Multi-skilled and committed project teams</td>
<td>• Top management sponsorship (leadership)</td>
</tr>
<tr>
<td>• Instilling ownership through staff involvement</td>
<td>• Breaking the project into “bite-sized chunks”</td>
<td>• Participation and involvement of the people</td>
<td>• Open communication processes</td>
<td>• Employee involvement</td>
</tr>
<tr>
<td>• Teams with staff from all levels</td>
<td>• Using project plans as dynamic/flexible documents</td>
<td>• Personal identification with the project</td>
<td>• Clear-cut project management processes</td>
<td>• Honest and timely communication</td>
</tr>
<tr>
<td>• Establishing a “change” culture</td>
<td></td>
<td>• Motivated, competent and suitable staff/team</td>
<td>• Project aims and goals are related to strategic goals</td>
<td>• Corporate culture that motivates and promotes change</td>
</tr>
<tr>
<td>• Organising staff around the project</td>
<td></td>
<td>• Competent project managers</td>
<td>• Flexible planning and scheduling to accommodate changing circumstances</td>
<td>• Change agents</td>
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Hard Factors

- Efficient training programs
- Adjustment of performance measures
- Efficient organization structure
- Monetary and non-monetary incentives
Table 2.2 (continued)

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<tbody>
<tr>
<td>• People – factors</td>
<td>• Entrepreneurial dimension</td>
</tr>
<tr>
<td>good skills and traits of the project manager; senior management commitment and support; project team qualities; project evaluation measures are clear to the team</td>
<td>project goals connect to strategy; clear vision and overall goals for the project; competences and expertise of the Owner-manager; strong Owner-manager intention to achieve the goals; good opportunity area for the business</td>
</tr>
<tr>
<td>• Organizational – factors</td>
<td>• Project preparation dimension</td>
</tr>
<tr>
<td>sufficient resource availability; clear sense and feeling of the need and urgency for the change project; tasks and milestones clearly defined; project performance measures are linked to strategic organizational objectives</td>
<td>clarity of business impact; clear and realistic project goals; adequate allocation of resource; sufficient knowledge of the area of the project</td>
</tr>
<tr>
<td>• Systems – factors</td>
<td>• Change management dimension</td>
</tr>
<tr>
<td>successful project management methodology and processes; project quality, cost and time management</td>
<td>successful leadership; clearly defined and communicated need for change; participation of employees; motivation and commitment towards the change project by employees and management</td>
</tr>
<tr>
<td>• Project preparation dimension</td>
<td>• Project management dimension</td>
</tr>
<tr>
<td>• Change management dimension</td>
<td>purposeful planning and documentation; clear identification of roles and responsibilities; adequate monitoring and feedback process; mature risk management practices; adequate and sufficient training</td>
</tr>
<tr>
<td>• Project success</td>
<td>• Project success</td>
</tr>
<tr>
<td>project efficiency includes cost, time and budget and is measured during and immediately after the project; project effectiveness includes impact on customers, business success and future potentiality and is measured after a longer period when the project is delivered</td>
<td>project efficiency includes cost, time and budget and is measured during and immediately after the project; project effectiveness includes impact on customers, business success and future potentiality and is measured after a longer period when the project is delivered</td>
</tr>
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</table>

As can be seen from the above discussion, the body of literature remains again in absence of a shared agreement on a crystal-clear list of CSFs, which underlies the varying study approaches among the authors and their used terminology and classifications for CSFs. Nevertheless, the reflections do provide two useful insights into the CSFs for change projects. First, the balance of CSFs weighs more heavily towards the “softer” people-related factors as these elements tend to play a more important role in contributing to project success. Second, the “harder” CSFs emphasise consistent project management methodologies and processes that allow for some degree of flexibility during its implementation.

2.3.4 Critical success factors in change management

It has been discussed (see section 2.2.2) that both a combination of project management and change management are needed for the successful implementation of strategic change projects. Having established the CSFs from the perspective of the project management literature, the need to further study CSFs in the area of change management practices is essential. In order to develop a thorough understanding of the factors that lead to the successful implementation of changes, the following
section will first explore the reasons for change failures and then the critical factors for successful change implementations.

Succeeding in implementing change has never been a straightforward practice. It has been reported that over 60 percent of all change efforts fail (Burnes, 2004). A commonly cited answer to this phenomenon is that people - at all levels in the organization - are resistant to change (Washington and Hacker, 2005). However, this factor does not explain the 60 percent by itself. According to Beer et al. (1990, p.159), most change efforts fail because they start of from the wrong foot, based on “a theory of change that is fundamentally flawed”. They adhere to the common idea that the attitudes and behaviours of individuals should be changed first in order to cultivate organizational change. However, individual behaviour is shaped by the positions and roles that people have within the organization. Hence changing behaviour is more effective by placing people in a new organizational context, and should therefore be coordinated and synchronized with the overall organizational changes in the company instead of handling it “beforehand” (Beer et al., 1990). In addition, Beer and Nohria (2000) also emphasise that causes for failure are related to managers that lead the change efforts and state that in the rush in which managers are changing their organizations, they end up “immersing themselves in an alphabet soup of change initiatives”. They get disorganised, lose their vision and focus and become captivated by the ample recommendations and tips available in the public realm on how to accomplish successful change management, leading to disorder when change is actually implemented. Kettunen (2007) mentions similar root causes of change failures and describes the three most critical failure factors as the lack of vision and commitment from senior management, limited integration with other systems and processes in the organization, and ill-conceived implementation plans. Balogun and Hailey (2008, p.160-161) emphasise that the problems eventually leading to failures are caused by the existing organizational culture and the difficulties in breaking it as well as people’s resistance to change, particularly by the powerful stakeholders in the organization. In a similar vein, Burnes (1996) cites change failure as a result of the manager’s inability to take into account the organization’s culture when following and adopting the “prescribed” successful change management practices. In addition, a recent study of Jørgensen et al. (2008) reports that most of the challenges and failure causes of change are people-oriented and subsequently lists the factors of (1) changing the mindsets and attitudes, (2) changing the corporate culture, (3) complexity is underestimated, (4) shortage of resources, (5) lack of commitment of higher management, (6) lack of change know how, and (7) lack of transparency because of missing or wrong information. The above studies seem to be unequivocal on the fact that the failures in implementing changes can be primarily attributed to social and human factors (particularly the people in front of leading the change) rather than obstacles with the tools and techniques for change itself.

Adjacent to viewing the factors that describe why change efforts fail, is the importance of defining those factors critical to the successful implementation of changes. The literature on change management identifies various step-by-step models for efficient change implementation which are practically founded on numerous critical success factors and by the same token proposed models of critical success factors are usually illustrated in ways that closely resemble step-by-step models (Lahti, 2005). Beer et al. (1990) have created a six-step approach to effective change in companies. The beginning three steps address the creation of a shared
understanding and vision for the needed change, starting with mobilizing commitment to change through developing a common understanding of the business problems and the corresponding necessary changes. Subsequent is the development of a shared vision of how to organise and manage for success followed by fostering consensus for the new vision, competence to enact it, and cohesion to move it along. The fourth step is spreading revitalisation through the entire organization without pushing it from the top, the fifth step includes institutionalizing the revitalisation through formal policies, systems and structures, and the final step is monitoring the results and taking corrective actions. In a similar vein, Kotter (1995) proposes 8 critical success factors to successful change and outlines these in a comparable sequential step model. Based on his experience with over 100 companies, Kotter suggests to first (1) establish a sense of urgency for change and (2) to set up a powerful guiding coalition to lead the change efforts. To clarify the new direction the company wishes to aspires to, (3) a clear vision needs to be created and (4) communicated. (5) Empowering others to act on the vision and (6) creating visible short-term wins are the next steps to establish engagement and increase confidence in the change initiative. Finally, it is essential to (7) consolidate the made improvements and (8) institutionalize the newly formed approaches. Interestingly, Kotter’s work seems to be somewhat overlapping with that of Beer et al. (1990). Further, both Kotter (1995) and Beer and colleagues (1990, 2000) are unanimous that successful leadership is an ubiquitous critical success factor throughout the entire change process. However, Beer and colleagues (1990, 2000) advocate that leadership involves setting the general direction from the top and engage people from below to create a bottom-up approach towards change whereas Kotter (1995) argues for a rigorous top-down leadership approach to guide the changes towards success. In addition, Clarke and Garsope (1997) also developed a model for successful change management and identified five CSF groups; commitment (from top management, the organization, and employees through participation), social and cultural issues (involvement of people in the change), communication, tools and methodology (required knowledge for leading change efforts and training to support this), and interactions (adequate balance between normal operations and changes in the organization).

More recent research has identified numerous CSFs like ongoing comprehensive communication during the change process, clear and rationalised change message, employees’ confidence in the organization’s ability to cope with change, clear perception of personal gain from the change, visible top management support and commitment, strong leadership, competence of the leader/change agent, staff participation and involvement, cooperation between all people at all levels in the organization, and staff motivation (through empowerment) and reward (Armenakis and Harris, 2002; Chrusciel and Field, 2006; Graetz, 2000; Higgs and Rowland, 2005; McBain, 2006; Weber and Weber, 2001). Salminen (2000) constructed a list of 11 success factors and furthers this literature with the critical factors of clearly defining the roles and organization during the change process, setting goals for the change, and having a formal change plan. However, most of her other mentioned CSFs correspond to the many recommendations and other factors already identified in the previous studies. In addition to most of the researchers’ focal point on the softer issues explaining successful change, Sirkin et al. (2005) have focused on the harder factors leading to change success. Their research findings resulted in the identification of four CSFs which can be measured and used as a quantitative tool for managing change, including the duration of time between review of milestones, performance integrity of
the project team executing the change initiative which relates to the capabilities of the leader and the team members’ skills and competences, displayed commitment by top management and employees, and additional work effort of the employees for the change initiative.

More recently, Kettunen (2007) reviewed and compared prominent step-by-step change implementation models and concluded that they all mention similar aspects and factors that are of paramount importance in implementing change but actually only differ in the amount of steps presented. She argues that instead of following a predetermined path of sequential steps, organizations should “create their own pathway to success” that is more suitable to their organizational structure and culture (Kettunen, 2007, p.31). Accordingly, Kettunen (2007) suggests six dimensions, based on the work of Burke et al. (1993), each with their own critical elements for success that organizations should consider when implementing change, comprising (1) individual response to change, (2) general nature of change, (3) planning change, (4) managing the people side of change, (5) managing the organizational side of change, and (6) evaluating change.

An overview of the critical success factors in change management is provided in table 2.3. The table gives the various identified lists of critical factors from the key studies, arranged per author and in chronological order.

Table 2.3 Summary of the key studies on CSFs in change management

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<tr>
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<tbody>
<tr>
<td>1. Mobilize commitment to change through joint diagnosis of business problems</td>
<td>1. Establishing a sense of urgency</td>
<td>• Commitment commitment and support at senior management level; organizational commitment through the provision of adequate resources; involvement of people at all levels in the organization</td>
</tr>
<tr>
<td>2. Develop a shared vision of how to organize and manage for competitiveness</td>
<td>2. Forming a powerful guiding coalition</td>
<td>• Social and cultural issues issues related to people’s behaviour and attitudes towards change and their level of involvement in change</td>
</tr>
<tr>
<td>3. Foster consensus for the new vision, competence to enact it, and cohesion to move it along</td>
<td>3. Creating a vision</td>
<td>• Communication effective means of communication</td>
</tr>
<tr>
<td>4. Spread revitalization through all departments without pushing it from the top</td>
<td>4. Communicating the vision</td>
<td>• Tools and methodology use of project management; use of performance and process measurement; required knowledge for leading change efforts; availability of training</td>
</tr>
<tr>
<td>5. Institutionalize revitalization through formal policies, systems, and structures</td>
<td>5. Empowering others to act on the vision</td>
<td>• Interactions adequate balance between normal operations and changes in the organization</td>
</tr>
<tr>
<td>7. Consolidating improvements and producing still more change</td>
<td>7. Institutionalizing new approaches</td>
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Table 2.3 (continued)

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<tbody>
<tr>
<td><strong>Leadership</strong></td>
<td><strong>Duration</strong></td>
<td><strong>Individual response to change</strong></td>
</tr>
<tr>
<td></td>
<td>the duration of time until the change initiative is completed if it has a short life span, if not short, the amount of time between reviews of milestones</td>
<td>clear reason for change; efficient communication; empowerment of people</td>
</tr>
<tr>
<td></td>
<td><strong>Integrity</strong></td>
<td><strong>General nature of change</strong></td>
</tr>
<tr>
<td></td>
<td>performance integrity of the project team executing the change initiative, that is the ability to complete it on time which depends on the capabilities of the team leader and members’ skills</td>
<td>types involve large and strategic change</td>
</tr>
<tr>
<td></td>
<td><strong>Commitment</strong></td>
<td><strong>Planning change</strong></td>
</tr>
<tr>
<td></td>
<td>the commitment that top management and the affected employees display to the change initiative</td>
<td>efficient communication; vision leading the change; management commitment</td>
</tr>
<tr>
<td></td>
<td><strong>Effort</strong></td>
<td><strong>Managing the people side of change</strong></td>
</tr>
<tr>
<td></td>
<td>the additional effort of the employees for the change initiative besides their normal work</td>
<td>involvement of the people; institutionalize changes</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Managing the organizational side of change</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>strong leadership; institutionalize changes</td>
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<tr>
<td></td>
<td></td>
<td><strong>Evaluating change</strong></td>
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<td>progress measurement</td>
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</tbody>
</table>

- Planning
- Goal setting
- Control
- Training
- Communication
- Motivation

- Need for change
- Participation
- Defining roles
- Planning

- Duration
- Integrity
- Commitment
- Effort
So far, the possible CSFs for strategic change projects have been identified from the project and change management literature. However, critical success factors are context-sensitive and adopting unsuitable factors can actually have the opposite effects and impede the desired project outcome (Wong, 2005). Therefore, care must be wielded in developing a set of CSFs for strategic change projects and this requires thoughtful consideration of the specific context. To date, most of the existing literature and research concerning critical success factors for implementing change projects has focused on the large organizations-context (By and Dale, 2008) and mainly concentrate on factors derived from the project and change management field. Interestingly, the perspective from small and medium-sized enterprises (SMEs) and the role of their distinct context in developing a set of CSFs for change projects have not really been within the interests of the academics. Considering that implementing change and strategic change through projects are an ever-present feature in today’s environment, it becomes also a concern for small companies as it is currently for large organizations.

In light of this, and considering that this study is focused on the particular context of SMEs, it becomes necessary to develop a better understanding of the particular characteristics and specific features of SMEs in order to discover their potential impact and influence during the implementation of strategic projects within their context.

2.4 The context of small and medium-sized enterprises (SMEs)

This sub-chapter presents first the important role of SMEs together with its definition. Then, the specific characteristics of SMEs are described and the most influential and distinct elements are further elaborated.

2.4.1 The definition and importance of SMEs

SMEs are considered a key determinant in the economy and a catalyst of social and economic development (Murphy and Ledwith, 2007; Floyd and McManus, 2005). One of the reasons for the importance of SMEs in the economy is because of the large number of jobs that they provide (Temtime and Pansiri, 2005). Indeed, Abdullah and Baker (in Temtime and Pansiri, 2005) stated that more jobs could be created if the same amount of money was used in a large number of SMEs than among a few large organizations. Following this statement, Littunen and Tohmo (2003) also mentioned that there are several studies supporting the fact that the SMEs are the companies creating generally more new jobs. On the other hand, Beaver and Jennings (2000) take the opposing view and argued that the SMEs have not been particularly successful in decreasing unemployment.

However, there is statistical evidence that portrays the increasingly important role of SMEs in the society as they now represent 99% of the companies within the European Union and offer approximately 65 million jobs in the area. Additionally, they are responsible for as much as 56% of the EU GDP and 66% of exports (European Commission, 2003). This is not just a European trend, but is also the case in the international markets (McDougall and Oviatt, 2000) as in 1999, 97% of the exporting
companies were SMEs in the US; and in 2002 they represented between 15% and 40% of the global manufactured exports (OECD in George et al., 2005).

There is not a standardised definition of SMEs (Turner et al., 2008; Ghobadian and O’Regan, 2006). Indeed, there is a wide array of accepted definitions and classifications which could diverge from one country to another, and from industry to industry (Ghobadian and O’Regan, 2006). For instance, in New Zealand the SMEs have a maximum of 19 employees, while in Mexico this number increases to 500 (APEC, 2003a). Due to the lack of a uniform and accepted definition of SMEs (Ghobadian and O’Regan, 2006), this study will select the criteria used by European Union to classify this type of enterprises because this definition is most often used across the academic and business field (European Commission, 2003):

- Medium: with less than 250 employees and a turnover of less than €50 million;
- Small: with less than 50 employees and a turnover of less than €10 million;
- Micro: with less than 10 employees and a turnover of less than €2 million

The largest amounts of SMEs are autonomous, which indicates them being totally independent entities, or which only have a minority of partnerships, i.e. not more than 25% (Murphy and Ledwith, 2007). One characteristic of the SMEs is that they are very diverse entities, with different objectives, operating contexts and special characteristics and qualities (Beaver, 2003). Some of them can be innovative, growth-oriented and dynamic; others on the other hand prefer to stay static (Murphy and Ledwith, 2007), they can also range from a company with a hundred of employees, to a part time company with no employees (APEC, 2003a). They even present high individual differences when the firms are placed under similar external conditions (Ghobadian and Galleear, 1997) as a result of more specifically specialising in niche markets rather than the mass market.

Achieving a high performance in SMEs can stimulate company’s growth and consequently profit performance, which at the same time may turn out in employment gains and result in the economic wellbeing of a region, state or a country. At the same time, a low performance can produce failure and stagnation in a firm, and all the negative economic consequences from this effect (Wolf and Pett, 2006). Therefore, there is the special need to accelerate SMEs’ growth and to improve their competitiveness (Forsman, 2008). Nevertheless, there is a worldwide tendency which indicates that giant companies will dominate the market in a not very distant future (Fassoula and Rogerson, 2003). These very large companies will influence the prices and the parameters of the business environment; and therefore will represent a danger and a risk for the SMEs if they cannot attain sufficient competitiveness and reduction in their costs (Fassoula and Rogerson, 2003). Indeed, the APEC (2003b) expects that SMEs in 2010 may produce over 40% of the global employment. However, this number is forecast to decrease as from 2020. For this reason, it is highly important to determine the sources behind the success of SMEs, and understand the different characteristics that delineate the SMEs and play an important role within their development.
2.4.2 The characteristics of SMEs

The most representative characteristics of SMEs are related to personality, small scale and independence (Nooteboom, 1994). Julien (1993), Martin and Staines (1994) and Messeghem (2003) also mentioned that the most important characteristics of SMEs include the key role of the Owner-manager, the local market, in-complex organizational structures, very scarce planning and control, implicit strategy and finally their lack of resources. In addition, according to Hudson et al. (2001), the essential aspects that distinguish the SMEs are:

- A personalised, more autocratic management whereby the leader does not offer much autonomy and delegation of authority. As a result, the organizational structure tends to be flatter, with fewer layers and a much wider chain of command. The culture of the enterprise would also be widely affected by the character of leaders;
- Tend to have more innovation potential as a result of looking into the needs of niche markets and therefore are more reactive to the environment and changes within it to maintain this innovative potential;
- Have a much narrower customer base as they operate in selective and niche markets;
- Are more restrained in terms of resources as a result of not having access to the capital markets; the workforce and monetary dispositions being consequently affected; and
- Tend to rely on a more informal hierarchy, whereby activities and roles are less well defined and established, but which nevertheless follows the authority of the leader.

Basically, there is a multitude of views from academics on the characteristics of SMEs. Therefore, for the purpose of this study, only the most important characteristics will be discussed and are grouped into the following three categories: (1) Ownership influence, (2) resources and (3) structure.

2.4.3 Ownership influence

The topic related to the impact that Owner-managers have within SMEs is a much discussed one amongst academics (Forsman, 2008). SMEs tend to be characterised with an ownership which is not much different to its management. Unlike the large corporations whereby the ownership structure is split across hundreds or even thousands of shareholders, SMEs are able to be owned and managed by a same person, and consequently, the managerial style employed tends to be of a much more informal nature (Beaver, 2002). The firm is both controlled and ran by a same person and this is found to be one of the main aspects that lead the SMEs to either success or failure (Ghobadian and O'Regan, 2006).

The concept of ownership can be more precisely defined by Salancik and Pfeffer (in Ghobadian, 2006, p.563) as “a source of power that can be used to either support or oppose management depending on how it is concentrated and used”. Moreover, Beaver and Jennings (2000) emphasise that it does not merely imply a source of power, but the strongest source of power that any stakeholder of the firm can
challenge within SMEs, and which can make an impact in the human capital, the size of the company, the market structure and the choice of the strategies of the firm (Variyam and Kraybill, 1993; Daily and Dollinger, 1992). Overall, as Potter (in Ghobadian and O’Regan, 2006) discussed, the ownership structure should have an impact on the vision and the structure of the firm as the owners will be highly involved in both the planning and implementation of the corporate strategy (Variyam and Kraybill, 1993) and in the short-term and long-term performance objectives (Hill and Snell, 1989).

For most of the small and medium companies, the management process would be influenced by the specific prejudices, preferences and attitudes of the Owner-manager (Beaver et al., 2000). Their knowledge, capabilities, skills, characteristics and experience should be a direct determinant of the success of the business (Daily et al., 2002; Waldman and Yammarino, 1999). This implies that the Owner-manager has to take on the role of leader, instil confidence and have the necessary skills to share and articulate the vision across the company. The role of leader is thus viewed as the catalyst for strategic moves and change (Nooteboom, 1994). Kouzes and Posner (in Ghobadian and O’Regan, 2006, p.566) described managerial leadership as “a reciprocal relationship between those who lead and those who decide to follow”. It should be a two way process for it to be effective. According to Nieuwenhuizen and Kroonl (2003), a good leader must be realistic, group-focused, positive, self-confident, well adjusted and a team builder. In addition, he/she must also have the drive to find solutions, allocate responsibility, motivate people and recognise the achievement of others.

In general, many academics such as John Argenti (in Temtime and Pansiri, 2005) have blamed “poor management” for the failure of small businesses rather than as a result of competitive pressures. Although it is relatively difficult to define exactly what “poor management” is, as was just mentioned, the starting point of management would be leadership, with a leader to be equipped with the necessary planning, organising and controlling of organizational resources (Temtime and Pansiri, 2005).

Without such managerial competence, businesses are less likely to perform or even succeed. It has often been cited that the cause of weak competences within SMEs is in fact the result of a lack in education, professional training and practical experience (Temtime and Pansiri). Yusof and Aspinwal (2000) actually pointed out that these factors are the ones which have the most impact on performance and that most owners of SMEs may not actually have the necessary managerial skills and experience to be effective leaders (Nooteboom, 1994). Without the education, entrepreneurs may not understand the basic management of the different functions in the business (finance, marketing, production etc.) in order to realise the link between the financial and the operating parts of running a business. It is not uncommon too that often the owners of SMEs are blinded by short term profits (Boyle and Desai, 1991) as opposed to the long term outlook as a result of poor commercial and financial awareness.

Notably, the lack of experience and knowledge about managing a business is a cause of concern for the success of SMEs. However, one should note that this is a generalization and does not apply to all SMEs (Boyle and Desai, 1991). Moreover, some firms may not simply have the rational goal to maximise profits but instead will seek to have the ability to express their choice through becoming an Owner-manager.
(Jennings and Beaver in Jones et al., 2007), as well as being motivated by the fact that this way they can retain their independence. There are also a large number of SMEs that are family businesses which tend to have a much more personal agenda as family issues and commitments form an entire package to the business and owners’ managerial actions are often orientated towards their family and general well being rather than a more corporate objective (Monk, 2000).

What is certain however, is that the influence of the owner in such enterprises will impact the way business and projects are conducted and inherently the overall success that they can achieve.

2.4.4 Resources

Another distinctive aspect of SMEs is that they lack resources (Forsman, 2008; Turner et al., 2008; Wolff and Pett, 2006). This being, they have a restricted capacity for strategy, marketing and for the acquisition of new technology and knowledge. Certainly, even SMEs require being financially viable in order to continue their existence. However, these firms reflect vulnerability, due to the lack of financial stability in the long-term (Ghobadian and Gallear, 1997). It has been argued that some of the causes of failure in SME concern financial deficiencies, such as having inadequate cash flow and undercapitalisation (Beaver, 2003), which consequently leads to a restricted ability to raise funds (Lu, 2006).

A common problem in SMEs is to underestimate the resources both available and required for achieving the goals of a project. Many authors argue that the over-ambition of the owners can lead to project failure; therefore, it is crucial to set realistic objectives and identify the resources needed for the successful accomplishment of the project. The balance between the resources required and the project objective must be found (Forsman, 2008). Due to resource constraints, an outstanding management of those is a must, where their maximum productivity and benefits are to be achieved (Wolff and Pett, 2006).

According to Wolff and Pett (2006), the scarce resources of SMEs can create even more uncertainty than in large firms. This is the result of the limited resources that SMEs possess to access information related to market changes and to modify the general direction of the company, which at the end can lead to failure. However, this uncertainty can be managed by the owners if they come across with the required information by using their personal networking (Schindehutte and Morris, 2001) and by looking to external sources. Should this be achieved than it is considered to have a positive impact on the financial performance of the company (Sawyerr et al., 2003).

This scarcity inherent to SMEs tends to extend to human resources which is the reason why employees within such organizations tend to be multi-skilled (Forsman, 2008) with a low degree of specialisation (Turner et al., 2008). They often undertake more than one position with many different tasks to cope with. A negative result from this way of working is that employees may present resistance and a negative attitude toward the job due to the large amount of work they have to manage. Moreover, with regards to the employees, the relationship that exists with the owner tends to be a rather close one, informal and as a consequence the Owner-manager is able to have a
direct impact on the employees and in their performed tasks (Beaver and Jennings, 2000). Furthermore, the employees generally present a better understanding of the activities and responsibilities due to their proximity to customers and the market; they also have a better overall picture of the business. Additionally, it is said that personal development and innovation are more easily fostered within a context of smaller organizations (Karltun, 2004).

Temtime and Pansiri (2005) underlined the importance of the human resources in SMEs, as they stated that “the future of small firms depends on the development and maintenance of human resources”. Drucker (1984) added that what SMEs require is a small number of highly competent employees that are committed and motivated to the task, working very hard in full time positions. However, SMEs frequently experience many problems regarding their workforce. For Busch (1989), one is that SMEs do not count with the ability to attract and recruit appropriate employees. Kaltun (2004) further considers that SMEs have a certain difficulty in retaining their high performing staff for the long-term. There also exists a certain negligence in empowering and developing staff in these companies, an absence of employees with experience of the market, a certain unavailability or inaccessibility of training facilities (Williams, in Temtime and Pansiri, 2005) as these are often associated with high costs. Many authors have consented that all these problems affect the development of SMEs (Temtime and Pansiri, 2005).

2.4.5 Structure

SMEs are known to have more informal and loose organizational structures rather than highly formalised and mechanistic ones (Beaver and Jennings, 2000). This results in the use of simplified approaches to manage projects (Murphy and Ledwith, 2007). The organizational structures are usually shaped around the abilities and interest of the Owner-manager. Many processes are generally not used, but when they are they would usually have a low degree of complexity (Beaver and Jennings, 2000), requiring informal reporting and simple control systems and planning (Turner et al., 2008; Forsman, 2008). Furthermore, SMEs tend not to be very aware of the difference that exists between the strategy formulation and the strategy implementation process and certainly use less formal evaluation and control process, which are considered to take less time that those used in large companies (Beaver and Jennings, 2000).

The same is true for the use of a strategic process. Beaver (2002) has identified the reasons behind their reluctance to accept the implementation of a strategic process:

- Lack of time: strategic processes require decisions to be made and operating issues reviewed on a daily basis. This activity is time consuming and leaves little time for other activities.
- Unfamiliarity with the techniques and process of strategic management: the owner may reject or distrust the value of the process.
- Lack of skills: the process is observed as demanding and complicated, and it is probable that the Owner-manager does not feel capable for its implementation.
- Lack of trust and openness: several Owner-managers of SMEs do not feel comfortable in sharing business information and strategic plans with employees or other stakeholders.
As such, it is clear that SMEs can benefit from the project management discipline. Besides originally being a discipline targeting larger and more complex companies, this discipline, which is defined as “a means to provide tools and techniques useful for defining, planning and implementing any project” (Murphy and Ledwith, 2007, p.153), would also have a positive impact on their management. The application of project management into SMEs is certainly achievable as it would just require for it to be adjusted for their characteristics and transformed into a less bureaucratic and light version of project management, including less processes. Regardless of the possibility to adjust project management to their requirements, this discipline is rarely used by the SME. Some studies have determined that the reason for this negative reaction is the lack of knowledge of the existence of this tool and its potential benefits, especially coming from the Owner-manager (Turner et al., 2008).

However, it is also possible to achieve positive benefits from the use of these less formal and loose organizational structures that characterise the SME. One benefit can be the possible improvement in the communication due to shorter communication channels within the company, faster response time quick problem-solving (Winch and McDonald, 1999). This could be very useful for responding rapidly to potential opportunities and threats (Murphy and Ledwith, 2007).

When discussing the subject of the structures within SMEs, it is very important to bear in mind the high impact that the culture has on SMEs and in their structures. Pettigrew (in Ghobadian and O’Regan, 2006, p.562) underlined this when he mentioned that “organizational culture can be seen as an expressive social tissue and much like other tissues in the human body, it binds the bones of organizational structure to the muscles of organizational processes”. The topic of organizational culture has been already discussed and will not be revisited in this section.

### 2.5 Summary

In summarising this chapter, the first two literature sections (2.1 and 2.2) were important for generating an understanding of the concept and meaning of strategic change and strategic change projects as well as the complex context in which they are implemented and prevail. These sections highlighted that implementing strategic change projects require a combination of both project management and change management practices in order to ensure success. After that, possible critical success factors that might play a role in the implementation of strategic change projects were identified by looking into the project management and change management literature on CSFs in section 2.3. Finally, the last literature section (2.4) provided an insight view on the particular characteristics and specific context of SMEs and indicated some distinct aspects that could have a potential impact and influence on the implementation of strategic change projects.

Based on this literature review, three aspects were recognized as influential elements for the success of strategic change projects. This being the project and change management practices as well as the specific characteristics of SMEs. Accordingly, the need was recognised by the researchers to transform these elements together with the potential identified CSFs into a framework. The development of the framework will be explained and discussed in the next chapter (3).
CHAPTER 3
THEORETICAL FRAMEWORK
DEVELOPMENT

The aim of this additional chapter of the literature review is to synthesise the prior discussed literature sections in chapter 2 and arrive at a framework, which in this research will be referred to as a conceptual model, that recapitulates the most important factors that are considered critical to the success of strategic change projects within the SME-context. Subsequently, the rationale and approach towards developing the model, the model’s dimensions, and its possible success factors are described.

3.1 Construction of the conceptual model

Following the literature review, the study reaches a point where it is necessary to summarise the main literature findings and put them in the context and concerns of this research. That is, drawing up a set of possible CSFs for strategic change projects within the context of SMEs. In order to do this in a clear, sensible and structured way, example has been taken from the literature study in section 2.3 that advocates the usefulness of CSFs classifications and groupings. For that reason, it was considered necessary to classify the potential factors related to strategic change project success into dimensions. On the basis of the literature review, three dimensions were found to be connected to strategic change project success. The first two dimensions encompass the Project Management Dimension and the Change Management Dimension and are derived from the literature sections 2.1 and 2.2, which delineate the necessity of both project management and change management practices to ensure the successful implementation of strategic change projects. The third dimension consists of the SME Business Dimension and corresponds to the specific context and characteristics of SMEs that are considered to influence the implementation of strategic change projects, explained in section 2.4. These three dimensions are described as follows:

- **Project Management Dimension;** this is the technical, processes, and systems oriented dimension and is concerned with the somewhat “harder” critical success factors related to the technical side of project management;
- **Change Management Dimension;** this dimension refers to issues related to the people side of change and includes the “softer” critical success factors;
- **SME Business Dimension;** this dimensions deals with factors that relate to the SME’s ability and potential to lead the project to a success comprising owner-specific and organizational-wide factors
On the basis of the three dimensions a conceptual model is constructed. Figure 3.1 above geographically represents the proposed model. The conceptual model suggests that a combination of three dimensions influences the success of a strategic change project within the SME context. Further, the model shows that the dimensions are interrelated⁹, meaning that a factor from one dimension can affect a factor in another dimension, and that the success of one factor might be interdependent on several other factors from different dimensions. Understanding and recognizing these interrelationships is imperative for this study, particularly because of the profound impact that the critical factors from the “SME specific context”, listed in the SME Business Dimension, are likely to have on the factors from the Project and Change Management Dimension. Correspondingly, notion must be taken that not all dimensions might be similarly balanced in terms of their importance. In particular, the SME Business Dimension is likely to have a preeminent significance.

Also, a further remark must be made with regard to the Project Management Dimension. As mentioned in the literature, project management is considered to be less evident and less rigid in SMEs. As such, the Project Management Dimension is likely to be less dominant in its overall appearance.

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⁹ The interrelationships between the dimensions are indicated by the arrows in the model.
3.2 Proposed critical success factors

The literature review in section 2.3 on CSFs for projects in general, change projects in particular, and change management formed the foundations for identifying possible critical success factors for strategic change projects. As such, it is possible to draw up a number of possible factors that can be considered for each of the dimensions in the proposed model. In order to do so, the following steps have been conducted:

1. A closer look is taken at the analyzed CSFs for projects in general (2.2.2) to identify commonly listed CSFs among the various studies. The common factors found are documented and form a preliminary list.

2. In a similar fashion, the main critical success factors are identified from the reviewed literature on CSFs for change projects (2.2.3) as well as from the CSFs suggested by the body of knowledge of change management (2.2.4) and are documented and separately listed accordingly.

3. Then, these three preliminary CSFs lists are compared with each other in order to filter out any identical and overlapping factors.

4. After the filtering stage, the remaining key CSFs are placed in one of the three dimensions according to their match with the dimension’s concerned content.

In addition, the specific context and situations of SMEs should also be considered when building a set of CSFs for them, conform the established SME Business Dimension. As mentioned before, SMEs are characterised by some distinctive aspects that require proper attention when conducting activities and implementing projects within this sector. In an attempt to address these issues, a final fifth step has been performed.

5. From the literature reflections on SME characteristics (2.4), the most essential factors are identified that are likely to influence the undertaking and overall success of the project. These critical factors are considered as key to the successful implementation of the strategic change project and are subsequently listed onto the SME Business Dimension.

By conducting step five and integrating these last identified critical factors into the model, this study is able to come up with a more inclusive set of CSFs and propose a more comprehensive model of CSFs for implementing strategic change projects in SMEs.

As a result of following all five steps, a distinct set of CSFs are identified for each of the three dimensions, totalling a number of 15 factors that can be considered for strategic change projects. A summary of the dimensions with their respective success factors and descriptions can be found in table 3.1 on the next page. It must be noted that these 15 CSFs are “possible” factors that can be considered as critical to the implementation of strategic change projects. In other words, these 15 factors as well as the proposed conceptual model serve as a proposition, and are therefore confirmatory. The appropriateness of the conceptual model will be examined in this study through empirical context-sensitive studies illuminating an in-depth understanding through interpretive analysis.
<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Description / Explanation</th>
<th>Literature</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Project Management Dimension</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clear and realistic objectives and goals</td>
<td>Project objectives and goals are realistic and clearly defined</td>
<td>Pinto and Slevin (1987); Clarke (1999); Fortune and White (2006); Hyväri (2006); Forsman (2008)</td>
</tr>
<tr>
<td>Appropriate project planning</td>
<td>Simple and adequate project implementation plans that are sensible to changing circumstances</td>
<td>Pinto and Slevin (1987); Clarke (1999); Salminen (2000); Kenny (2003); Fortune and White (2006); Forsman (2008)</td>
</tr>
<tr>
<td>Roles and responsibilities description</td>
<td>Clear definition of the roles, responsibilities and authority during the change project</td>
<td>Salminen (2000); Cooke-Davies (2002); Hyväri (2006); Forsman (2008)</td>
</tr>
<tr>
<td>Effective control and monitoring</td>
<td>Project progress tracking and sufficient monitoring of performance</td>
<td>Clarke and Garside (1997); Salminen (2000); Cooke-Davies (2002); Westerveld (2003); Fortune and White (2006); Kettunen (2007); Forsman (2008)</td>
</tr>
<tr>
<td>Risk management</td>
<td>Use of risk management practices</td>
<td>Cooke-Davies (2002); Westerveld (2003); Fortune and White (2004); Forsman (2008)</td>
</tr>
<tr>
<td><strong>Change Management Dimension</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strong and visible leadership</td>
<td>Appropriate leadership style, actions, and behaviour of the persons leading the change efforts</td>
<td>Beer et al. (1990); Kotter (1995); Cicmil (1999); Salminen (2000); Westerveld (2003); Hyväri (2006); Kettunen (2007); Forsman (2008); Jørgensen et al. (2008)</td>
</tr>
<tr>
<td>Vision to guide the change project</td>
<td>A vision for leading the change is existing and clearly communicated</td>
<td>Beer et al. (1990); Kotter (1995); McElroy (1996); Kettunen (2007); Forsman (2008)</td>
</tr>
<tr>
<td>Clear reasons for the need of the change project</td>
<td>Reasons and purpose for the change project are clear and communicated and there is a shared understanding about them</td>
<td>Beer et al. (1990); Kotter (1995); Cicmil (1999); Salminen (2000); Minarro-Viseras et al. (2005); Kettunen (2007); Forsman (2008);</td>
</tr>
<tr>
<td>People involvement and participation</td>
<td>Involvement of those people who are affected by the changes</td>
<td>Beer et al. (1990); McElroy (1996); Clarke and Garside (1997); Salminen (2000); Kettunen (2007); Forsman (2008); Jørgensen et al. (2008)</td>
</tr>
<tr>
<td>Competent, motivated and suitable staff</td>
<td>Staff executing the change project have the necessary competences and skills, have the willingness to change and are motivated to do so</td>
<td>Belassi and Tukel (1996); Cicmil (1999); Kenny (2003); Minarro-Viseras et al. (2005); Sirkkin et al. (2005); Fortune and White (2006); Hyväri (2006)</td>
</tr>
<tr>
<td>Effective communication</td>
<td>Clear and continuous communication throughout the project, exchange of comprehensive information regarding change, and effective feedback gathering</td>
<td>All literature studies mention communication as a CSFs, either implicitly or explicitly</td>
</tr>
<tr>
<td><strong>SME Business Dimension</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owner’s competences</td>
<td>Owner-manager has the necessary knowledge and expertise and possesses a good set of skills, capabilities, and characteristics</td>
<td>Waldman and Yammarino (1999); Daily et al. (2002); Temtime and Pansiri (2005); Ghobadian and O’Regan (2006)</td>
</tr>
<tr>
<td>Owner’s commitment and support</td>
<td>Owner-manager is committed to the change project and provides the necessary support</td>
<td>Waldman and Yammarino (1999); Daily et al. (2002); Temtime and Pansiri (2005); Ghobadian and O’Regan (2006)</td>
</tr>
<tr>
<td>Sufficient resource availability</td>
<td>Necessary resources are readily available for the project</td>
<td>Clarke and Garside (1997); Westerveld (2003); Minarro-Viseras et al. (2005); Fortune and White (2006); Hyväri (2006); Forsman (2008);</td>
</tr>
<tr>
<td>Supportive culture that facilitates change</td>
<td>Establishment of a culture that fosters learning and encourages changes</td>
<td>Beer et al. (1990); Kotter (1995); McElroy (1996); Kenny (2003); Fortune and White (2006); Jørgensen et al. (2008)</td>
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CHAPTER 4
RESEARCH METHODOLOGY

Having established the background for the research subject in the literature review section, the next step is to identify the path that will be taken to answer the research question. This chapter will thus seek to define the theoretical and practical methodological approaches used throughout this research and provides the reader with an understanding of the research process and methods adopted to conduct this study. Whichever approach is taken will inherently impact the final output of the research (Saunders et al., 2003). Therefore, the way the research is conducted must be considered carefully.

4.1 Theoretical methodology

This part of the chapter will first look at the theoretical side of the methodology, which is concerned with the way the research question was derived and the methodology chosen in order to gather conclusions from the research. The approach used to present this will be based on the “Research Process Onion” (Saunders et al., 2003) in order to present a clear, ‘layer by layer’ development of the research process.

Figure 4.1 on the following page presents an interpretation of the “Research Process Onion” and the different directions that the research design can take. The outer layer of the onion, here presented at the top, is the research philosophy. As each layer is peeled off, the research design becomes more closely defined as the means, methods and attitudes towards the research are divulged.

This framework is used to provide a clearer image for the reader about the development of this chapter. First, the underlying philosophy will be described followed by the scientific and research approach. In order to create a broader understanding, this study will also discuss the other possible methodological choices as shown in the figure below.

The aspects related to the lower levels of the “Research Process Onion” concern the more practical issues related to the research process adopted in this study and will therefore be discussed further in the practical methodology section.
4.1.1 Research philosophy

The development of a research project will undeniably be impacted by the approach that one takes. As Saunders et al. (2003) said, the way that one undertakes their research will be determined according to the way that one thinks about the development of knowledge. Whatever the researcher wants to get out of the research will lead to a certain philosophy being adopted.

Easterby-Smith and Milina (1999) believe that having a good understanding of the philosophical issues surrounding the research will help to determine which research design best to use under a certain circumstance and how to clarify on a certain research design. In a way, it is true to mention the importance to think about the research philosophy and to choose an appropriate one for this research as it will provide a framework encompassing theories, methods used to conduct the research and approaches to define and interpret the data (Collins and Hussey, 2003).

Within the philosophy of research lie two very useful concepts; the epistemology and the ontology. The epistemology comprehends what is considered as truth, it is the study of science, knowledge, model and testability. On the other hand, ontology concerns the way that one views the world and the study of the forms of being. Both concepts are used to determine the most suitable research methodology (Bryman and Bell, 2007).

First of all, looking at the epistemology concept, one can consider three different views according to the management literature: (1) Positivism, (2) Interpretivism, and (3) Realism.
**Positivism**

Firstly, positivism views the research as a simple, objective analysis from which law-like interpretations can be made. These quantifiable observations can be analysed in a statistical manner and as such be extracted and applicable to various situations since they are believed to be generalizations (Remenyi et al., 1998). For this reason, it is required to develop a highly structured methodology in order to facilitate further replications (Gill and Johnson, 1997) since the positivism philosophy sees the social subjects as measurable and therefore logic explanations of the research can be derived (Saunders et al., 2003).

**Interpretivism**

Contrary to positivism, as Bryman and Bell (2007) mentioned, is the interpretivism philosophy which takes the view that life is complex and that every person does not follow a scientific and predictable rule of being. One cannot theorise definite ‘laws’ (Saunders et al., 2003) unlike the physical sciences, as each individual is different and unique and it is necessary to understand each individual alone rather than generalising behaviour as people are not predictable subjects. This view can also be extended to the organizational environment whereby each situation has its own complexities and is different from another as a result of the differing circumstances under which they evolve (Saunders et al., 2003).

**Realism**

Realism can be said to be a mixture of both positivism and interpretivism which are the extreme views of each other. Researchers which adopt a philosophy of realism believe that there exist commonly experienced stimuli within social groups and therefore certain interpretations are shared. This view is closely linked to positivism in that the common interpretations and experience can be narrowed down to an objective ‘rule’. However, researchers also believe that not everything can be interpreted in such way as a result of certain incidents and happenings that are external to the social subjects and which will impact the way they perceive the world. This acknowledges that there are some factors within an interpretivism philosophy which mean that a definite ‘rule’ may not always be applicable. (Saunders et al., 2003)

The second concept discussed relates to the ontological considerations in a research project. These are closely linked to the epistemological issues. Ontology comprehends the nature of social entities and can be divided into two propositions, (1) objectivism and (2) constructionism. The objectivism consideration, according to Bryman and Bell (2007, p.22), “implies that social phenomena and their meanings have an existence that is independent of social actors” while the constructionism stance defends the opposing view that “social phenomena and their meanings are continually being accomplished by social actors” (Bryman and Bell, 2007, p.23). As such, ontological considerations need to be contemplated.

It is necessary to bear in mind that none of the philosophical approaches previously presented is better than one other. The best approach will be directly dependent on the research question to be answered (Saunders et al., 2003). In this research, the aim is to understand “what are the critical success factors within strategic change projects in the SME-context”. According to Saunders et al. (2003), when dealing with business situations it is often valuable to use an interpretivism approach, as they usually
involve complex and unique matters in an environment that is dynamic and that is rapidly changing and therefore it is very difficult to draw generalizations. In the particular situation of this research, the critical success factors to be found might diverge for cases studied in another context. Also, projects are “unique endeavours” and never the same which implies that strategic change projects will be different each and every time. Based on the research question, an interpretivism approach is most appropriate for this research.

An additional reason for selecting an interpretivism position was the interest to explore the intricate situations that companies face, in order to better understand their reality or as Remenyi et al. (1998, p.35) stated, “the reality working behind them”. This is usually linked to constructionism approach towards how one’s beliefs are formed. If the motivation and meanings behind each individual’s actions are explored, then it becomes clearer how they interpret things and why those actions were taken in the first place (Saunders et al., 2003). This explains in part why constructionism is the favoured ontological approach for this research. All of this is very applicable to the research in question as it is important to consider the way the knowledge, perceptions and understanding of the individuals might affect their view on the CSFs for the implementation of the strategic change projects.

4.1.2 Research approach

According to which research philosophy is taken, the research will be conducted in either a deductive or an inductive manner. This research approach is what is used to provide a basis for the research (Saunders et al., 2003).

A deductive approach consists of developing a theory, formulating hypotheses accordingly and testing these hypotheses via the research. In a way, the deductive approach equates to testing and assessing existing theories. This is because it is assumed that social reality is objective and conclusions can be drawn through logical reasoning (Ghauri and Grønhaug, 2002). In a way, this could be considered as scientific research, where the theory will be rigorously tested (Saunders et al., 2003). More precisely, Bryman and Bell (2007, p.11) stated that it involves using the process of:

1. Deducing hypotheses from the theory;
2. Scrutinising the hypotheses;
3. Collecting data in relation to the concepts inherent in the hypotheses;
4. Drawing findings;
5. Confirming or rejecting hypotheses according to the findings; and
6. Revising the theory if hypotheses are rejected.

Deduction is an approach that a researcher adopting the positivism position is likely to take, as it also requires to have a highly structured methodology (Saunders et al., 2003). In most instances it would entail facts that can be measured quantitatively since it is an approach where there are certain rules to both predict and determine the situation and permit the situation and the actions of individuals to be controlled (Hussey and Hussey, 1997, p.52).
The inductive approach is often used when one takes an interpretivism stance. Indeed, it is believed that research subjects cannot be reduced to mere generalizations and it is therefore necessary to proceed to empirical research in order to draw conclusions (Ghauri and Grønhaug, 2002). This way enables researchers to gain greater insights into the complexity of the research subjects. It is clear that some researchers have a preference for this approach since it prevents the application of a rigid methodology and provides a better and wider understanding of the situation. In this respect, inductive research is more likely to involve the collection of qualitative data and wider ranging collection methods (Easterby-Smith et al., 2002) to develop empirical-based conclusions and generally develop a better understanding of the situation (Saunders et al., 2003).

The research approach selected for this study is inductive as the research question is context-specific; it involves two Latin SMEs that implement strategic change projects. For this reason it is likely that the critical success factors to be found in this study may differ when different company contexts are studied. Additionally, a deductive approach will not be suitable in this instance as it requires drawing generalizations and this is not possible considering the small size of the sample that will be studied for this research as a consequence of the time restrictions faced. The selection of an inductive approach is also consistent with the Research Onion framework which suggests that the inductive approach is the match to the interpretivism philosophy.

In order to obtain the information required from the companies, semi-structured interviews will be carried out so as to allow for qualitative data to be derived. The inductive approach requires less structured and more flexible methods for carrying out a research, as the one to be used in this study. This will allow to discover alternative explanations for the research question. All in all, the use of an inductive approach will satisfy the following (Saunders et al., 2003):

- Achieve an understanding of the meanings that individuals attach to situations;
- Appreciate the research context and its intricacies;
- Use of qualitative data; and
- Less interest for drawing generalizations

Table 4.1 below illustrates the final methodological positions taken in this research project, as discussed throughout this section. In other words, it provides the basis of the research, with the column selected representing the approach that was selected for this research.

![Table 4.1 Methodological position selected](Adapted from Bryman and Bell, 2007, p.28)
It is necessary to state that the decisions taken to select the right methodology were not always clear-cut, because there are some aspects from the other approaches that also seemed appealing for this research. However, the final decision taken considers the methodological position which could enable to answer the research question in the most suitable way. Another remark to be made in the framework relates to the meaning of “creation of theory” (inductive approach). In this research paper it actually means the adaptation and extension of previous theories and not the creation of an entire set of theories per se. This is partly due to the time constraints experienced in this research.

Table 4.1 also shows that to achieve the objectives of this research it will be necessary to collect qualitative data. This type of data cannot be rationally measured, but instead it provides an insight in wording (Bryman and Bell, 2007; Maxwell, 2004). The qualitative data attempts to create theories from the information that is gathered, and therefore it embodies a more interpretative nature (Denzin and Lincoln, 2005). This type of data has an important focus on the lived experiences of people, and that is exactly what the basis of this research is concerned with; it emphasises insightful information that can bring together the experiences of others. The qualitative data will probably allow the researcher to explore this in a manner that quantitative data would not have permitted. However, qualitative data is recognised to be very complex to handle and requires a lot of care and self-awareness from the researcher (Miles and Huberman, 1994).

4.2 Practical methodology

This section presents the research strategy used for this study as well as the data collection methods. Further, the process for the elaboration of this research, the selection criteria for the companies, the decision as to which respondents are to participate in this study and the means and methods to analyse the data will be explained in detail. Finally, the issues concerning the reliability and validity of this research will be discussed together with the ethical considerations.

4.2.1 Research strategy

Once the research approach is determined, the research strategy will be the means by which the approach is taken into practice and the research question answered (Minocha, 2005). In sum, the strategy will consists of selecting the sources from which data will be collected and the type of data to be collected, bearing in mind any constraints that might exist, such as time, monetary resources, access to information etc. (Saunders et al., 2003). It is important that the research strategy chosen is aligned to the research approach in order to provide adequate analysis to fulfil the research objectives. Saunders et al. (2003, p.91) cited that the different strategies that may be employed, either alone or as a combination are:

- experiment;
- survey;
- case study;
- grounded theory;
- ethnography;
- action research;
- cross-section and longitudinal studies; and
- exploratory, descriptive and explanatory
The research strategy is a decision that needs to be carefully thought about rather than merely picking one out. Although there are strategies often associated with an inductive or a deductive instance, the most important aspect to be considered is their suitability to answer the specific research question and to fulfil its objectives. It must not be neglected that it is possible to use more than one strategy and this would depend on the researcher and the research work undertaken (Saunders et al., 2003). Due to the particularities of this study and the constraints presented during its realisation, the most appropriate strategy for this research will be a case study. The reasoning and rationale behind this choice is discussed below.

**The Case Study**

Ronson (in Saunders et al., 2003, p.93) defines the case study as “a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context”. The main advantage of the case study is to gain a rich insight and understanding of the context that will be researched (Saunders et al., 2003). Since it is of primary importance in this study to focus on the specific context of the SMEs, the case study method is very suitable and appropriate for this research. There is a clear preference to associate the case study to qualitative research, as it favours the qualitative research methods such as unstructured interviews and the participant observation (Bryman and Bell, 2007). An important reason for using the case study approach for this research is that it enables a more extensive examination of a specific situation compared to other strategies and produces rich and revealing information that may not have been previously considered by the researcher (Brewerton and Millward, 2001). As the objective of this research is to discover the critical success factors for the implementation of strategic change projects, this strategy is ideal for the potential findings which might be found.

This research work will be based on two companies and therefore, this study will not be considered as a single case study; it will clearly be a multiple-case study. The term multiple-case study is used when the cases to be examined go beyond merely one person, one location or one organization. The researchers have increasingly focused their attention on the organizations as a base for their case-studies. Clearly, organizations are the most common object of a research in case-studies, although this decision depends on the approach taken by the researcher. In this research, the decision to conduct a multiple-case study does not have the purpose to draw any generalizations, but rather has the objective to improve theory building and to emphasise the unique study arising from this. (Bryman and Bell, 2007)

Besides the fact that the strategy used in this research relates to the research from a case study, it should also be mentioned that in some instances this work embodies an exploratory nature. This means that it has for objective to get new insights and understand what happens in a situation not previously studied (Saunders et al., 2003). This factor was also a high motivator when choosing the research field to be studied as it gives the opportunity to look into something not widely studied before.
4.2.2 Method of data collection: semi-structured interview

Data is crucial to answer the research question, to compare the findings with the selected literature and to draw conclusions (Polonsky and Waller, 2005). Maxwell (2004) attempted to clarify the existing confusion concerning the selection of methods to collect data. The source of confusion is the preconceived idea that the method to be used must resemble the research questions or at least follows a logical deduction from them. He argues that it is a mistake to try to translate the research question into interview questions and therefore, states that “your methods are the means to answering your research questions, not a logical transformation of the latter” (Maxwell, 2004, p.92). Maxwell also believes that the selection of the appropriate methods should not solely depend on the research question, but also on the situation surrounding the research, and particularly according to what will most effectively work in that specific situation to provide the necessary data.

Before selecting the methods of data collection, it is important to determine the type of data that will be required for the research. Generally, the data can be categorised into two types: (1) primary data, which is the one that the researcher collects for the very first time with the objective to answer his specific research question (Polonsky and Waller, 2005); and (2) secondary data, which is the data previously collected by other authors used to answer their own research question (Minocha, 2005). Primary data will be the type collected for this research owing to the lack of research in this particular research area, but also to ensure the validity and reliability of the data collected as a result of gathering data which does not arise from former research whereby research processes are unknown.

After reviewing the different possibilities to collect primary data and accounting for the considerations above mentioned, semi-structured interviews were selected as the most appropriate method of data collection for this research. This method simply consists in a discussion between two or more individuals (Saunders et al., 2003), where a set of questions is asked. These questions are characterised for being not so specific, in order to allow more flexibility to the interviewee and to generally gain a greater insight into the research. In general terms, a list of questions will serve as guidance to the interviewer. Further value can be extracted from this primary research method, as the frame of the interview can be regularly changed and supplemented by other questions according to the information that the interviewer considers relevant to ask and interesting to investigate further (Bryman and Bell, 2003).

A clear reason for using semi-structured interviews for the data collection is because it enables the researchers to gain an understanding of people’s experiences and the meaning they construct from them (Seidman, 1998). This will be primordial for this research to answer the research question, as the experiences of the others should allow to uncover the critical success factors. Additionally, this type of method can bring new findings, as it facilitates the exploration and explanation of themes that have emerged from the answers of the questionnaire guideline. This will bring more insights to the research and the addition of information that would probably not have been expected at the beginning of the research (Saunders et al., 2003) due to a more flexible approach compared to that of the structured interview. An advantage of the interview process is that the majority of participants are more comfortable and familiarised with this method than with the other methods. This allows for a clear
conversation where both sides can discuss things that are of interest to them (Cassell and Symon, 1995). However, the negative aspects of this data collection method are respectively the difficulty to interpret correctly the information received from the interviewee and the risk that the interviewer will influence the answers of the respondent (Saunders et al., 2003).

4.2.3 Participants and sample

Before beginning with the collection of data, it was indispensable to determine the adequate criteria for selecting the right companies and the potential interviewees that could participate in the research study. Holding a set of criteria to decide which participants are to be interviewed is fundamental to answer the research question, especially, since the samples cannot be randomly chosen due to the nature of the case study.

The criteria used for the selection of the companies in this study were based on the following issues:

1. The firm had to be a SME, covering the characteristics previously mentioned in the literature review;
2. The companies must have implemented strategic change projects before; and
3. The availability to interview the owner and another person with a significant role in the implementation of strategic change projects.

In order to choose the companies that fulfil the requirements under consideration, it was necessary to make a list of potential SMEs from which it was possible to have access to. The second step was to contact those companies and investigate if they had previous experiences in implementing strategic change projects. This concept was explained to them in a simple and clear manner, in order to ensure the companies selected had indeed undergone such a project. From the remaining companies, it was necessary to verify the possibility to arrange interviews with the owners and with another employee whom had a significant role in dealing with strategic change projects. Finally, the most suitable companies were selected, totalling two companies. A brief description of each is given below in order to provide a certain understanding of the companies to permit the analysis of the data.

Company A: Horus

Horus is a small Mexican construction company that has been running for almost two decades. It was established by one civil engineer, current owner and chief executive officer (CEO) of the firm. The workforce consists of permanent and temporary workers (sub-contracted). The permanent staff consist of 30 people and have fixed and essential positions within the firm, such as project managers, administrative staff, accountants, architects and supervisors. The company has offered over the last ten years principally two types of projects: (1) one-off, customised projects located in urban zones such as the construction of buildings, refurbishments and construction of sites for events; and (2) mass house building projects (MHBP’s), which can be defined as “the design and construction of speculative standardized house-units usually in the same location and executed within the same project scheme” (Ahadzie et al., 2007, p.2).
**Company B: Barcode**

Barcode is a European SME which was set up in Madrid, Spain. It was created in 1993 by a business man who is now the CEO of the firm. Barcode is a company specialized in the distribution of barcode scanners and it is considered to be the most important one in the central region of Spain, principally as a result of the ‘first-mover’ position it has acquired in the area. In 2000, a new partner joined the firm and the plans for its extension began, targeting Barcelona and Paris. The company has a current workforce of 35 employees, allocated mainly between Madrid and Paris. The company seeks to create strategic partnerships with the best providers, usually the leaders in the barcode scanner market, in order to offer the best products possible to their customers. It has a narrow clientele, but each client is of a considerably large size. Among their customers are pharmacies, supermarkets chains, specialized stores and banks. One of the company’s objectives is the prospection of clients, offering them technological solutions for their business.

**Selection of participants**

The sampling method used for the selection of the interviewees was purposive sampling. The people who were chosen were the ones with the most influence and involvement in the implementation of strategic change projects in the company. After the determination of the criteria for the selection of the interviewees, it was decided that the interviewee sample was going to consist of the owners of the company/CEOs and other employees that had been involved in the strategic change projects. The decision taken about interviewing the owners was made intentionally, as theory indicates that they have power and influence during the implementation of change projects within SMEs. However, the other employees were selected only after a discussion with owners/CEOs of the two companies. These conversations had the purpose to determine which employees could best provide a rich insight for answering the research question. For both companies the people who were selected had a high position within the company. Having access to the most adequate interviewees for this study certainly raises the expectations for the results and will provide imminent value for the research.

**4.2.4 The interview procedure**

Before starting the interview process, it was necessary to make a questionnaire guideline as a rough guidance for the semi-structured interview. The supervisor of this research previously verified this guideline, in order to suggest possible alterations that could increased the effectiveness of the interviews. There were four interviewees in total for this research. A pilot interview was conducted with the first two interviewees of company A, with the aim of increasing the quality of the interview and consequently that of the data collected. A pilot interview is suggested useful when (MRS, 2006):

- There are unfamiliar concepts for the interviewees and the use of the pilot is able to frame the questions in the appropriate way;
- There is a high possibility that the interview is complex or very long; and
- The strategy to review and test alternative questions is necessary
This pilot was very helpful as the interview contained certain subjects that were unfamiliar to the respondents. After the pilot was executed, the identified improvements were implemented. Then, a second interview round was made to the interviewees that previously participated in the pilot, but with the agreed modifications. Following these interviews, the last two people were interviewed.

The questions during the interview were phrased clearly in order to make them understandable for the interviewee (Saunders et al., 2003). As the respondents of the interview were the owners and employees with a high position in SMEs, it was possible that many of the management jargon used in the questions was unknown, therefore, when theoretical concepts were used in the questions, a clear explanation of each of the more complex concepts was provided. All the questions were elaborated with a neutral tone of voice, in order to avoid any influence in the answers of the respondents (Saunders et al., 2003).

Although most qualitative interviews happen on a face-to-face basis, telephone interviews were conducted instead in this research. This was due to the impossibility to do the interviews face-to-face because of the distance between the interviewer and the interviewees. The telephone interviews allowed the research: (1) access to the interviewees, (2) lower costs and (3) speed. However, this method also leads to a difficulty to establish trust with the interviewee and therefore issues concerning the reliability of this project (Saunders et al., 2003).

No problems have been encountered regarding the length of time required for each interview; the participants were really cooperative and the length of the interviews ranged from one hour up to one hour and a half (see figure 4.2). This was sufficient to obtain the data required for answering the research question. In order not to mix the data from one interviewee to another and more importantly so as not to forget any important information from the interviews, the sessions were tape-recorded, such as Bryman and Bell (2007) suggest; all the participants accepted to being registered.

The telephone interviews were made in a quiet and comfortable place to avoid any malfunction or interruption to occur. Careful attention was paid during the interviews in order to identify any subjects of interest which might not particularly fall into the questionnaire guideline. This allowed for further interaction with the interviewee. Transcripts of each interview were then made in order to proceed with the analysis of the data. This part of the research process was very lengthy and it is important to understand that they required a lot of attention and efforts (Saunders et al., 2003). Figure 4.2 on the next page provides a summary of the interviews conducted for this study.

It is important to note that due to time constraints, it was not possible to select a larger sample. However, it is certain that each of the participants was thoroughly studied, in order to obtain interesting and valuable insights into the research question.
Interview questionnaire design

One of the main concerns for the design of interviews is the inability of the researcher to elaborate the appropriate questions which would deliver the type of data required to answer the research question (Saunders et al., 2003). Indeed, Bryman and Bell (2007) stated that the formulation of the right questions is critical to achieve success.

When elaborating the guideline for the semi-structured interviews, it was necessary to go back to the theoretical chapter of this research. This enabled the identification of the appropriate questions to potentially deliver the data required. The set of questions were mostly open-ended and the guideline started with introductory questions that covered general information about the company, as it was necessary to cultivate a good understanding of the firm. Then, the questions directly related to the implementation of strategic change projects were formulated; these were very general in order to avoid any undue influence on the interviewee, but also to promote the exploration of new information not previously considered and above all to draw conclusions from this research.

It is necessary to remind the reader that the objective of this study is to identify the critical success factors for the implementation of strategic change project within the context of SMEs. Consistently with the conceptual model elaborated in chapter 3 of this research, there are three dimensions that are considered to influence the answer to the research question, all of which were covered in the questions of the interview guideline:

- Project Management Dimension;
- Change Management Dimension; and the
- SME Business Dimension
As previously mentioned, additional questions were raised in order to provide extra information about other issues and explore the research subject further. The interview guideline can be found in the appendix of this study.

4.2.5 Data analysis

Data analysis is crucial for gathering conclusions from case studies. For this research, data was analyzed in an iterative process, moving from the data collected, to the theoretical background and to the emerging theory. As mentioned above, after the realisation of the semi-structured interviews, transcripts of the interviews were immediately made in order to gather and ensure the richness of the data obtained.

One of the major differences encountered when undergoing a research study concerns the use of qualitative or quantitative data, as both require different ways for analysing data. In this study, a qualitative analysis approach will be taken and will follow the phases mentioned by Wolcott (in Seidman, 1998): (1) reducing the data, (2) analysing it and (3) interpreting it.

In the frame of the interviews, a lot of data was gathered and it was necessary to reduce the data down to the most interesting and important findings. It must not be forgotten that as the research approach is not deductive, there is no interest in addressing the material with the objective to test a set of hypotheses; but rather to take an open attitude to seek what is really important to create the theory that will answer the research question (Seidman, 1998).

The following step to take is to actually analyse the data, but in order to do so, it is necessary to diagnose the connections and categorise the data. Consistently with the conceptual model, data was categorised into the following dimensions:

- Project Management Dimension
- Change Management Dimension
- SME Business Dimension

For this part of the research, it was necessary to review the theory so that the data could be categorised appropriately. It must also be mentioned that there was an additional category for all the other information that was relevant for the study, but which was not related to any of the previous dimensions. A brief summary of the data gathered from the semi-structured interviews has been included in the appendix.

After the data is gathered and categorised, it needs to be interpreted. The interpretation of the information is a very complex process which, if not executed correctly can lead to a flawed research answer. Braun and Clarke (2005) also mentioned that for the qualitative analysis, it is not so important to have aspects which follow a certain rule and that are viewed equally the same by all interviewees, but above all what is important is that the answers are actually relevant to the research questions. Another point to note is that throughout the analysis of this research an objective and independent role was taken.
4.3 Research methodology limitations

When undertaking a research project, it is crucial to determine whether the data collected and the research conclusions are relevant to the research question. The basis of this work is a qualitative research; however, there has been in the past some scepticism surrounding the reliability and validity that this type of research embodies. This probably owes to the fact that the qualitative method lacks the sense of measurability compared to quantitative methods (Morse et al., 2002). Thus, researchers who utilise qualitative approaches have to find a manner to ensure the relevance of their studies. In other words, they have to demonstrate that their work was elaborated with rigor, as a lack of rigor will make the research run into fiction and therefore loses its usefulness (Morse et al., 2002).

Bryman and Bell (2007) and many other academics consider two measures for determining the quality of a study: (1) validity and (2) reliability.

4.3.1 Validity

Cohen et al. (2000, p.105) state that “qualitative data validity might be addressed through the honesty, depth, richness and scope of the data achieved, the participants approached, the extent of the triangulation and the disinterestedness or objectivity of the researched”. It represents the extent that the data and its methods are accurate, correct and exact. As there are no measures for determining the validity of the qualitative research, it should be considered as a degree of validity rather than being absolutely quantified (Cohen et al., 2000).

One way of improving the validity of a study is by using different sources of information. In this research a multiple-case study was undertaken, with two companies being studied and two employees from each company were interviewed. This ensured that conclusions for this research were derived from different sources of data, yet being based on the same research subject. It was therefore possible to ensure more insight information and also some consistency in the answers. It would have been interesting to use other types of methods for collecting the information and more interviews, in order to have more sources of data. Nevertheless, the time restriction made it difficult to collect data in such a thorough way for this research.

Another way to improve the validity of a research is through gaining feedback from the key informants. In this study, after undertaking the interviews, the transcripts were elaborated and then send back to the interviewees to verify if the information described in the transcripts was accurate vis-à-vis what was discussed during the interview. This enabled to confirm the quality of the data collected. It is important to mention that for this, having tape-recorded the interview sessions was very useful as it made it possible to constantly check the information that was obtained, and therefore its accuracy was increased.

In addition, the credibility and confidence of the interviewees was ensured, as the interviewer had become familiar with them before. This allowed a high degree of trust from both parties during the interview and rendered the collection of rich and
insightful information. Furthermore, by knowing more about the companies than one would normally know, it motivated the interviewees to share more information.

4.3.2 Reliability

Reliability is considered as a trust method, because when a study embodies a high degree of reliability, it means that if is repeated another time, similar data would be retrieved. It must be pointed out however that an absolute reliability is something that is very unlikely to occur (Saunders et al., 2003).

For this research, the use of semi-structured interviews may have given rise to some concerns related to the reliability of the work. In a qualitative study, the reliability is related to whether other researchers can achieve similar results and conclusions form the data if the study is re-ran. The actual reliability concern in this type of data collection method is related to the bias of the interviewer, which could be a result of the tone, the comments or the non-verbal behaviour of the interviewer towards the interviewees’ answers (Saunders et al., 2003). In this research however, there is the certainty that the data gathered contains a high degree of reliability, as no bias was exerted onto the interviewees; open-questions were used and the role played for asking the questions was objective, this allowed the avoidance of displaying some tendency towards the interviewees and imposing the beliefs of the interviewer. Such objectivity was also present when the information was interpreted. Additionally, there were not used long and multiple questions, because Saunders et al. (2003) states that these kind of questions can create confusion among the interviewees, and therefore it is better to elaborate short and individual questions that would be clearly understood by the interviewees.

All in all, it is certain that there are different definitions and types of validity and reliability; Kirk and Miller conclude that “reliability is the extent to which a measurement procedure yields the same answer to however and whenever it is carried out” (Kirk and Miller, 1986). It is important to mention that it is inconceivable to completely erase the threats to the validity of the data. Nevertheless, it is possible to attenuate them by focusing on them (Cohen et al., 2000), as was done in this study in order to ensure greater reliability and accuracy of the study’s results.

4.4 Ethical considerations

The ethical issues are an important part of a study, as they are related to the integrity that a research entails and the discipline that was involved during its execution (Bryman and Bell, 2007).

The companies and the participants interviewed explicitly gave their consent for realising the research after being informed of the activities that were involved for the development of the study, the time required and the purpose of the research. It is important to mention that prior to accepting to participate in this research, they had been informed of the way the information would be gathered from the interviews and how this information would be used. Additionally, as Bryman and Bell (2007) suggest, authorisation to tape-record the interviews was sought prior to proceeding.
The firms additionally agreed to the disclosure of their company names during this project. However, the names of the respondents were demanded to remain confidential and therefore during the whole research work their identity remained anonymous. Furthermore, it is important to highlight that the privacy of the participants was not overstepped at any point during the interviews as the respondents were not forced into disclosing any information that they did not wish to share. Indeed, Cohen et al. (2003) state that as the level of sensitive subjects increases, the participants are more likely to safeguard that information. However, as the interviews were conducted in an environment of trust and respect, there were no questions left unanswered by the interviewees.

It is important to note that all the information gathered from the companies has been presented as it is and they were not subject to any intentional transformation in order to affect the reputation of the companies or to modify the results of this study.

To conclude, Diener and Crandall (in Bryman and Bell, 2007, p.132) divided the ethical principles in four core areas:

- Harm to participants;
- Lack of informed consent;
- Invasion to privacy; and
- Deception involved.

None of the above areas have been touched upon throughout the elaboration of this study, and therefore the integrity of this research concerning ethical considerations remains intact.
CHAPTER 5
FINDINGS & DISCUSSION

The following chapter will present the empirical findings from the conducted interviews. The presentation of the results is basically divided into two main sections; (1) findings and (2) discussion of the findings, in order to provide a clearer representation of the data and results to the reader and facilitate the overall flow of the discussion. The first section describes the implementation process of strategic change projects, the barriers and challenges faced, success criteria, and finally gives a detailed description and analysis of the identified critical success factors according to each of the dimensions of the conceptual model introduced in chapter 3. The second part discusses the findings in relation to the literature and ultimately summarises the study’s results into a final set of CSFs. But first, a description of the strategic change projects in the surveyed companies is given.

5.1 Description of the strategic change projects

Company A: Horus

The first of the strategic change projects of Horus, that it is going to be discussed, was when the company was in its way to grow. At the beginning of the life of the firm, the main objective of the company was to obtain a source of work and in order to achieve this, Horus had to bid in many construction projects; an important amount of the time and energy of the enterprise was focused in this. As the time passed and Horus started to gain more experience and to win more contracts in the industry, the construction projects began to be directly requested by the clients, and therefore the necessity of bidding disappeared. As the focus had shifted from pitching for contracts to being directly offered exclusivity on contracts, the company’s objectives changed direction whereby all efforts were focused on optimising the firm and its cost structure. This was referred to as the “Optimitization Project”. As the way of working needed to be changed, all the employees had to learn new practices and ways of optimising the resources, be it the labour and/or the materials; that was the new focus of Horus. Also, specialization of people in different areas was needed (e.g. contract management became much more important) and leaded to new roles and positions within the company. Subsequently, it was possible to achieve a reduction in costs of the construction projects and therefore generate higher profits.

The other strategic change project relates to a change in the external environment. Horus’ specialism is the construction of mass house building projects (MHBP’s) and they have been working for several years in this sector of the construction industry. This specialisation was chosen because it was the kind of work that was available on the market and requested by clients. However, this meant that the company needed a period where they had to adapt to execute other types of construction projects for which they did not have much experience, such as the industrial projects. This was the
result of a change in the external environment, whereby there was very limited work available in the MHBPs’ sector and therefore had to change the direction of the company. To work on industrial construction projects required many internal changes to the company. The employees had to receive training for the new type of construction projects, experienced employees in that sector had to be hired as specific skills were now lacking. Furthermore, changes to the type of tools, safety clothes, vehicles and rules and laws had to be implemented.

Company B: Barcode

In Barcode, a very clear strategic change project was presented when the company decided to penetrate a new market. In the barcode sector, it is very common to have for clients pharmacy and supermarket chains, and as expected, these form part of the key clients of “Barcode”. However, the owner of the company one day identified a new opportunity in the banking sector and decided that this system of automatic identification was suitable for that industry, as it could be useful in decreasing the amount of mistakes that they encountered. At the beginning when the owner took the decision of entering into the banking sector, he just allocated a sales man with certain knowledge in the area; but the idea quickly became a success among the Spanish banks and therefore the human resources deployed for this sector was insufficient. A whole division in the company was created in the firm to provide a personalised service to this growing market. This decision required the recruitment of new employees suitable for the new division and training for the existent employees that were going to work in this new market. For many months, a large part of the efforts of the company were concentrated on exploiting the new market and in attracting as many clients as possible before the competition kicked in.

5.2 Overview of the implementation process of strategic change projects

The findings suggest that within both companies the implementation process of strategic change projects is characterised by an emergent nature rather than being a planned and rigorously outlined procedure. The projects have final objectives and goals but the specific way of how to arrive there was perceived as flexible with constant modifications and changes in the course of action in order to accommodate for uncertainties and changing circumstances in the environment. The respondents seemed to report on an approach, if not practice, that emphasises on facilitating change as opposed to actually creating written plans for how to implement and deal with the strategic change project. All respondents were clear on the need to acknowledge employee stimulation and support in the importance of facilitating change, and induce the work force to participate in the change project from the very beginning of the change initiative through to the implementation and final phases of the project. As one owner commented:

“Because the changes involved are mostly related to the human resources and involve only a small number of people, there is no need for me to make a written plan and follow a structured process to implement change. What works for me is to directly communicate with my employees and have a hands-on approach to support and deal with them when implementing changes” (Interviewee 1).
Such an approach where managing the human aspects on the change project have the upper hand is strongly supported by the proponents of the change management literature (Balogun and Hailey, 2008; Kotter, 1995). That the change management practices are much more prevailing than the use of actual plans and the somewhat more structured methods and processes of project management in both studied SMEs seems logical in light of the explanation that the concerned strategic change projects were very much people-oriented, requiring the more softer approaches and techniques of change management as mentioned by McCalman and Paton (1992, pp. pp.18-19 & 81-82).

The reported trivial role of project management practices in both SMEs was also found to be reflected in its actual application and usage of tools and techniques during the strategic change projects. The interviewed participants described their processes as very simple and straightforward with a limited use of tools that were considered as not being sophisticated, fairly easy to use and often adapted to suit the specific needs and conditions of the firm. As one of the interviewees put it:

“We don’t have any formal practices or use any rigid methods because it simply does not fit with our casual way of working and simple company structure. Unlike large organizations, our structure is considerably flat with only one simple middle management layer and a limited number of employees...formal processes would therefore be at our disadvantage as they would make our company act slower...The processes that we have are very informal and the tools and techniques that we use on the projects are few and rather of a primitive nature. We use a lot of logical reasoning, commonsense and previous experience” (Interviewee 3).

The fact that both SMEs have rather informal project management processes and a primitive use of methods can be attributed to the flat and simple organizational structure whereby the firms are characterised, which is a common reason cited in the literature for having less complex processes and adopting lighter versions of tools and techniques within SMEs (Beaver and Jennings, 2000). Indeed, the loose and informal organizational structures are reported to lead to the use of simplified approaches to managing projects in SMEs (Murphy and Ledwith, 2007). Moreover, the practices found in the surveyed SMEs, in terms of the simplistic processes and the seemingly advocated importance for methods that are adapted to fit the needs and preferences of the SMEs for implementing the strategic change projects, supports the findings of Turner et al. (2008) who have suggested that SMEs require “light” forms of project management with less bureaucratic tools and less rigorous processes that are adjusted for their specific characteristics and requirements.

5.3 Barriers and challenges in strategic change projects

Before addressing the topic of CSFs during the interview process, respondents were first asked about any faced problems or challenges during strategic change projects. Understanding and trying to avoid these problems or challenges help to facilitate the change process and accordingly increase the chance of success.

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10 The description of the strategic change projects shows that the projects largely involve changing the existing human resources in terms of activities, tasks, roles and skills to be acquired as well as acquiring new human resources.
The barriers that caused for difficulties during the implementation of strategic change projects in the two SMEs where all found to be related to issues with the workforce. All four interviewees where explicit in asserting that the main barrier turned around the challenge of dealing with the resistance to change by the employees. As one interviewee clearly emphasises:

“In times of changes, people become scared and feel insecure which causes them to get reluctant to change, block new working practises and stick to their old habits. Providing security and getting them to understand that change is good for them is a major challenge that needs to be addressed” (Interviewee 4).

Besides, getting to know the actual root cause of the employees that showed resistance to change was mentioned to be another key challenge. Each employee exhibits change in a different way and equally has different reasons for their resistance to change. One interviewee commented:

“Employees do not always see the need and direct benefits of changing their working practices... they are therefore unwilling to accept changes and causes for delays in the change project’s process. However, some employees are willing to change but do not always have the necessary capabilities and knowledge to implement the changes or they might have difficulties with adapting to the new working situations...others are just being scared...The sources why people resist to change are wide-ranging and the difficulty for me is to identify those specific sources in order to be efficient in overcoming resistance to change of my employees” (Interviewee 1).

Finally, the interviewees of company Case A point to the barrier of a lack to provide appropriate training for the employees. In order to avoid resistance to change, some employees require additional formal training because they do not have the capacity or know-how for dealing with the changes and new working practices. However, most of the time the provision of formal training is not a viable option within the company due to the financial resource constraints. The interviewee mentions:

“Sometimes training is provided but mostly for special occasions because it is often economically not possible. This means that either myself or other competent employees have to educate and teach their fellow colleagues, but this can be time-consuming and hampers on the pace of the project’s implementation process” (Interviewee 2).

That the identified barriers faced by both SMEs in their strategic change projects are all interwoven with employee-related issues is not so surprising considering that these projects predominantly involved changes related to the human resources of both companies. The specific challenges and barriers reported by both company cases are very similar to the ones mentioned in most of the studies and findings in the literature. In fact, they are in line with the recent findings of Jørgensen et al. (2008) who have cited, amongst others, a shortage of resources and resistance to change (due to difficulties in changing the mindsets and attitudes of people and the absence of a lack of change know how) as key obstacles during change projects. The fact that resistance to change by the workforce was perceived as the main barrier in change implementation in the studied SMEs is also a commonly emphasised phenomenon in literature writings, particularly when changes are people-oriented (Balogun and
Hailey, 2008, p.160-161; Maurer, 1996; Spiker and Lesser, 1995; Washington and Hacker, 2005). However, the magnitude of this barrier seems to be less pronounced in both SMEs and is easier to deal with as well compared to the somewhat larger organizations as one interviewee mentioned that in SMEs, generally, the close and informal relationships with the employees make it much easier to find the reasons behind their resistance to change and take quick and appropriate actions to resolve it. The interviewee further elaborated that this is only necessary for a limited number of people whereas large organizations have to deal with a much larger workforce with less closer relationships involved due to the various management layers and more bureaucratic hierarchy, which makes it much harder to overcome resistance to change.

5.4 Defining success in strategic change projects

The strategic change projects were considered to be successfully implemented in both cases. However, the companies reported not to use and need any formal criteria for evaluating the overall success of their projects and success was perceived to be more based on personal perceptions. As such, project success was found to be evaluated and measured by informal approaches that largely consisted of visual observations and perceptions on how the project improved the performance of the employees and activities of the company. The interviewees in Case A commented that determining project success was translated in the apparent well-being of the employees in dealing with the new working methods as well as their improved performance. According to both interviewees in Case A, this “criteria” was considered most important due to important role of the employees within the company and it was therefore believed that good performance and happiness of the employees would eventually be reflected in the company’s overall improved performance. In Case B, project success involved more concerns related to the financial aspects and improved performance of the company’s activities. The owner commented that he perceived the project as a success on the basis of visible improvements in the productivity and performance of the employees and actual improved financial results of the company.

Such a straightforward approach to measuring project success is understandable considering the informal and generally simple controlling practices that characterises SMEs (Murphy and Ledwith, 2007; Turner et al., 2008). Also, with all stakeholders on the project being internal employees of the organisation the non perceived need for formal criteria seems obvious as well. These explanations therefore largely clarify why these findings are contradictory with the general project management literature that advocates for multiple formal and informal methods for measuring project success (Shenhar et al., 2001).
5.5 Factors for strategic change project success

To discover the appropriateness of the conceptual model and the “15” proposed critical success factors in the context of the SMEs studied, all interviewees were asked how they perceived these factors in their company and if they were seen as critical to the success of strategic change projects. The findings, based on context-sensitive interpretations, are described below according to the dimensions of the conceptual model. In addition, several open-ended questions with regard to the implementation of strategic projects were posed before going through the list of proposed CSFs in order to promote the exploration of other possible critical factors and new information and to avoid any undue influence of the interviewee and leading of the interviewees’ answers. These results will be presented after the discussion of the dimensions.

5.5.1 Project Management Dimension

Clear and realistic objectives and goals

The interviewees considered project goals and objectives that were realistically set and clear critical to the success of strategic change projects. Clarity on the objectives and goals was directly communicated by the owner and seen as necessary in to create a shared understanding about them and explain to the employees what needed to be achieved. For this reason, nothing was perceived to be documented or written down on paper. According to the interviewees, realistic goal-setting was very important and done on the basis of finding a realistic balance between the goals of the project and the required resources available within capacity of the company. The interviewees acknowledged that this was particularly critical given the lack of financial and human resources in their companies. Besides, the interviewees of company case B mentioned that goals should not be set too high and emphasised that they should be kept at realistic and achievable levels. This was perceived important in order to give the employees a sense of being able to accomplish the objectives and not to de-motivate them with unachievable targets. As the interviewee underlined:

“There is no sense in making unachievable goals because you will only achieve failure and de-motivation of the workforce. It is really important to set realistic targets and for that you have to know really well the capacity of the company” (Interviewee 4).

Appropriate project planning

Written plans for the implementation of the strategic change project were non-existing in the company cases. The owners of both SMEs did not see any benefit in creating one either because they could directly communicate the project’s intentions and information very easily to all employees due to the flat company structure and the limited amount of people involved in their companies. Nevertheless, the interviewees commented that some initial planning was performed for the project but on a very primitive and straightforward basis. No tools were used and it was found to be done mentally where the actual plans and action steps remained in the owners’ minds. According to the interviewees planning was believed to be useful for resource estimations and setting out the “red thread” of the project and its final target, no more than that.
Roles and responsibilities definition

The authority on the strategic change projects was reported to be similar in both SMEs and in hands of the owner who was also responsible for leading the project. Roles and responsibilities were clearly defined from the beginning of the project and the respondents believed that there were no confusions about them because of clear verbal communications. Only Company Case B had its roles being documented, but the overall responsibilities and accompanied activities were managed internally on the project and also communicated verbally. The respondents considered that having clear definitions of roles and responsibilities are helpful but not in any way explanatory for the successful implementation of the project. As one interviewee explains:

“Giving clarity to the employees on their responsibilities and activities during the project is helpful for them to understand what they will be doing, and it gives me a sense of feeling that things are organised well. However, it just helps you on the way to get started, in itself it does not contribute or guarantee success” (Interviewee 4).

Effective control and monitoring

On the control and monitoring of the project, it was found that within both company cases this was done in a very simple way without any form of consistency. This factors was considered non-important to project success as it was perceived that there were no means of systematically controlling the project progress and neither any tools utilized for tracking its performance. The interviewees stated that progress evaluation and control were performed in a more informal and “practical way” with evaluations being based on what could visually be perceived and observed within the company. According to the interviewees, monitoring project performance was mainly focused on their employees and how they dealt with the change efforts, new working practices, and if they were doing well in terms of their behaviour, contentedness and increased performance. One of the interviewees further elaborates:

“There are no processes for controlling the project and I don’t really need them either. I can easily feel and notice if something is not working properly or going well within the company because of my close relationship with the employees and the relatively small scale of the company… These practical observations are basically my way for controlling the project” (Interviewee 1).

Risk Management

The last factor in the Project Management Dimension concerns the use of risk management practices, which was reported by the SMEs as poorly exercised before and during the implementation of the strategic change project. The interviewees mentioned that risk analysis was not performed, but they had briefly discussed the risks before initiating the project. However, the owner of company Case A commented that he was aware of the financial risks before making large company investments. According to the interviewees, risk management itself was not seen as important factor but more the instant ability to immediately deal with the risks, problems and issues arising during the course of the project.
In general, the Project Management Dimension was perceived to be very poor in explaining project success. The respondents did not regard the factors listed in the Project Management Dimension as being significantly important for the successful implementation of strategic change projects, with the exception of clear and realistic objectives and goals though. This factor was considered critical to the strategic change project success. It ensures that by setting realistic goals and objectives that are in harmony with the SME’s resource capacity, the required resources for the project implementation are adequate and that the motivation of the employees is kept at a sufficient level. Table 5.1 presents the status of the factors within Project Management Dimension.

Table 5.1  Perceived important factors in the project management dimension

<table>
<thead>
<tr>
<th>Factor</th>
<th>Perceived critical success factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clear and realistic objectives and goals</td>
<td>Yes</td>
</tr>
<tr>
<td>Appropriate project planning</td>
<td>No</td>
</tr>
<tr>
<td>Roles and responsibilities description</td>
<td>No</td>
</tr>
<tr>
<td>Effective control and monitoring</td>
<td>No</td>
</tr>
<tr>
<td>Risk management</td>
<td>No</td>
</tr>
</tbody>
</table>

5.5.2 Change Management Dimension

Strong and visible leadership

All four interviewees asserted leadership as the most important factor for successfully implementing strategic change projects in their companies. As mentioned before, one of the major barriers to change is resistance of the employees to change because of insecurity and anxiety. The interviewees suggested that this resistance to change could be avoided by leadership because strong leadership efforts were considered to provide security to the employees and convinces them of the changes. An active leadership role that entails close involvement with the employees was seen as critical. As one interviewee emphasises:

“The leader needs to be very closely involved so that the people can feel related to him in order to follow him. It is important that the people can see he is not some kind of a god and unreachable” (Interviewee 3).

It was further mentioned by the interviewees that the close leadership was perceived to contribute to the confidence and motivation of the people when implementing the changes. In addition, company Case A was found to have a more direct and top-down leadership that tended towards an autocratic style. But, the changes were considered to be enforced through a combination of explicative and power of authority methods. company Case B was perceived to have a more conversational leadership style with changes being enforced through mostly explicative measures.
Vision to guide the change project

Both companies reported to have a vision, but not one for leading the change project. The owner of company Case A believed he had a clear sense of the direction for the strategic change project and how this supported his overall vision for the company. However, the vision and direction were perceived to be under-communicated throughout the company and considered to largely prevail in the owner’s head. In Case B, the vision was considered to be more widespread within the company, but a particular vision for the project was also lacking. According to the owners of both SMEs, setting up a separate vision to lead the change was not believed to be necessary in their companies and seen as redundant. As one of the owners explains:

“I don’t need to have a vision to create a buy-in of my employees for the change such as in large companies. Because we are a small company, I can just explain the overall idea of the change project to each employee in person, which is much more effective than a fluffy vision” (Interviewee 1).

This comment helps to explain why a vision is not regarded as an important factor for the change implementation in both SMEs.

Clear reasons for the need of the change project

Communicating the need and reasons for the change project was reported to receive proper attention and priority in both SMEs. The interviewees considered explaining the reason why change is required from the very beginning, to be a key factor for the successful management of the strategic change project. It was mentioned by all interviewees that such explanation needs to show the employees both why change is necessary and why change is good for them. As one interviewee underlines:

“Communicating why change is necessary and good for the business is important, but what is really critical is to get all the employees convinced and belief in change. Therefore, you kind of need to sell the change. Getting them to understand that change is good for them, and create an overall employee “buy-in” by showing the personal benefits and advantages that they will be able to achieve” (Interviewee 4).

The interviewees believed that communicating to the employees a perception of the personal gains and the reasons “why” for change helped them to get convinced, and committed to the implementation of the change efforts. By establishing conviction to change, employees were perceived less likely to show resistance to change during the further course of the project, which makes the discussed factor absolutely critical for the successful implementation of the project according to the interviewees.

People involvement and participation

Involvement of the employees was stated as important by the interviewees in order to make the people feel part of the change process and create a sense of commitment towards it. The employees that were directly affected by the changes were perceived to participate more actively during the change project and received more attention and support. In both SMEs, participation of the key persons was increased through the allocation of more responsibilities on the project in order to create a sense of shared responsibility and increase their involvement and commitment, which was perceived
as crucial. According to the interviewees, developing such a feeling of ownership of the change efforts also fed the motivation of the people. In terms of participation and involvement, one interviewee further comments on the importance of this factor:

“The active participation of my personnel is really important during the change project, or else the changes cannot get successfully implemented. After all, they are the ones that will be practically implementing the change efforts, I am only the one who leads and facilitates it. This makes having committed and motivated employees absolutely fundamental, it basically determines the failure or success of the project” (Interviewee 4).

**Competent, motivated and suitable staff**

It was mentioned by all interviewees that “the right people” are paramount to the successful implementation of strategic change projects. Selecting employees who are flexible, willing to learn and change, and capable enough for dealing with the changes was seen as critical for the smooth running of the project implementation process. According to the interviewees, this requires good knowledge of the employees in order to place them in the right positions for implementing the change initiatives and was perceived to be based on the owner’s previous experience with the employees. The interviewees further considered that particularly motivated employees are very important in order to ensure active participation on and dedication towards the change project. High motivation was also believed to significantly reduce the employee’s resistance to change.

“The best thing is that the person has the motivation. Maybe they do not have the full capability or experience to deal with the change, but if they are motivated, they are more committed and will find some way to do well... The one’s that are motivated and willing to change will succeed and do better” (Interviewee 2).

**Effective communication**

Effective communication was emphasised by all interviewees as overly important throughout the entire change process. The interviewees considered that a continuous flow of clear information about the change project was necessary in order to keep everybody timely informed and ensure a clear understanding of the reasons for and implications of change. In addition, a two-way communication flow process that fosters an environment of information sharing between the owner and the employees was perceived as critical for more open and effective communication. It was suggested by the interviewees that this requires employees to be involved in the discussions on change and supporting them to give their opinions and feedback on change. According to the interviewees, open and honest communication facilitated the implementation of the change project and was considered particularly important for both SMEs because all information processes are practically based on direct verbal communication. As one interviewee explains:

“Everything is pretty much based on direct communication because of the short communication lines with my employees. Therefore, lots of communication is necessary for transparency and to compensate for the many things that are not written down on paper. This also makes it double so important to have open and clear
communication with them and listen very carefully to what they have to say” (Interviewee 1).

Generally speaking, the Change Management Dimension was reported to have a much higher level of importance in comparison with the Project Management Dimension. The listed factors of the Change Management Dimension were considered by the interviewees to play an highly important and critical role in the successful implementing of strategic change projects. Only the factor “a vision to guide the change project” was not suggested to be critical during the project implementation and found to be non-existing within the studied SMEs. The perceived important factors of the Change Management Dimension are summarised in table 5.2.

### Table 5.2 Perceived important factors in the change management dimension

<table>
<thead>
<tr>
<th>Factor</th>
<th>Perceived critical success factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong and visible leadership</td>
<td>Yes</td>
</tr>
<tr>
<td>Vision to guide the change project</td>
<td>No</td>
</tr>
<tr>
<td>Clear reasons for the need of the change project</td>
<td>Yes</td>
</tr>
<tr>
<td>People involvement and participation</td>
<td>Yes</td>
</tr>
<tr>
<td>Competent, motivated and suitable staff</td>
<td>Yes</td>
</tr>
<tr>
<td>Effective Communication</td>
<td>Yes</td>
</tr>
</tbody>
</table>

#### 5.5.3 SME Business Dimension

**Owner’s competences**

The owner’s skills, abilities and personality were considered to be of vital importance because of the owner’s profound impact on the organization and implementation of the strategic change project. The interviewees regarded sufficient business expertise and thorough knowledge of the company’s resource capacity necessary for a well-organized project. In addition, a deep understanding of the employees’ competences and behaviours was perceived as essential in order to place the right people in the right positions for implementing the changes and to give them the necessary and personalized support during the changes. The interviewees further mentioned that the owner’s strong appearance and a displayed image of superior competency and trust are important to give the employees security and confidence when dealing with the changes and make them belief in the company and the owner’s ability to implement the change project.

**Owner’s commitment and support**

It was perceived by the interviewees that commitment and ongoing support of the owner are of great significance for the strategic change project’s successful implementation. According to the interviewees, commitment should materialise through the owner’s active role in leading the change project and the provision of
continuous employees’ support. The interviewees mentioned that such a role reflects sincere closeness with the employees and creates an image of “where all in this together” and was perceived to increase their motivation and commitment to change. Furthermore, because support was generally limited on the training aspect, continuous personal employees’ support was considered to be of vital importance.

**Sufficient resource availability**

The importance of sufficient resource availability at the project’s disposal was recognised by all interviewees as essential in order to ensure the actual ability of being able to implement the project. The interviewees mentioned that careful resource planning and identifying the right amount of resources required for the project upfront are critical within SMEs because underestimation can lead to project failure due to the SME’s resources constraints and limited ability to draw on more resources during the course of the project. Planning for sufficient resources was also considered important in order to create a relevant input for setting realistic project goals and objectives and perceived to happen within both SMEs on the basis of previous experience, learning and knowledge of the owner. As one interviewee explains:

“Having a lack of resources was my greatest fear during projects. But I have learned that planning resources is everything. If you don’t have the financial or human capacity, you simply can not do the project. Therefore, sensibly estimating the resources needed for the project and determining whether this is achievable within the resource capacity of my company is absolutely critical” (Interviewee 4).

**Supportive culture that facilitates change**

A culture supportive to change was recognised to enrich the facilitation of changes but not regarded as a critical factor for strategic change project success. Establishing an overarching change culture was not believed to be relevant in both SMEs and a supportive culture was perceived to take form through a combination of supportive efforts by the owner during the change project. The interviewees considered that being closely and actively involved, giving supplementary personal support to the employees, and involving employees into discussions on change as ways to provide an environment and the necessary conditions for employees to facilitate changes. According to the interviewees, such a “supportive culture” was more effective and appropriate because of the limited number of people involved.

In general terms, the status of the SME Business Dimension was considered to be at a slightly higher level of importance in comparison to the Change Management Dimension. The interviewees perceived the factors within the SME Business Dimension as highly critical for the strategic change project success, particularly because of their direct positive side-effects on other factors listed in the Project and Change Management Dimension. However, the factor “a supportive change culture” was regarded important but not critical for the reason that no special change culture was established in the SMEs and that owners neither had the intentions of creating one when trying to provide the necessary conditions for the employees to facilitate changes. Table 5.3 presents an overview of the SME Business Dimension and the perceived importance of its factors.
Table 5.3  Perceived important factors in the SME business dimension

<table>
<thead>
<tr>
<th>Factor</th>
<th>Perceived critical success factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owner’s competences</td>
<td>Yes</td>
</tr>
<tr>
<td>Owner’s commitment and support</td>
<td>Yes</td>
</tr>
<tr>
<td>Sufficient resource availability</td>
<td>Yes</td>
</tr>
<tr>
<td>Supportive culture that facilitates change</td>
<td>No</td>
</tr>
</tbody>
</table>

5.5.4 New proposed critical success factors

The interpretation of the interviewees’ answers concerning the open-ended questions have led to the identification of two additional critical success factors that have not been included in the proposed conceptual model. These factors include training and learning from past experience.

Appropriate training

According to the interviewees, the provision of training for the strategic change project was key to project success. The interviewees in company Case B considered appropriate training for the employees as highly necessary and critical in order to ensure that the necessary knowledge for the implementation of the project is adequate. In company Case A, training was also perceived important to provide employees with the capacity for dealing with the changes and new working methods, but the company’s lack of resources did not allow all employees to receive appropriate formal training. The interviewees in Case A commented that training was mostly based on the method that one employee received formal training and in turn had to educate and teach its fellow colleagues. As the interviewee explains:

“Training is really important but we do not have the financial resources to provide training for everyone. What we usually do is send out one employee on a training and when he comes back, we setup in-company trainings where this person will teach and train the other employees” (Interviewee 2).

Learning from past experience

It was believed that prior knowledge and learning from past experiences played an important role during the implementation of the projects. According to the interviewees the experience from previous projects and business activities was valuable to more accurately estimate the required resources for the strategic change project and set appropriate and realistic project targets. One of the interviewed owners further mentioned that the learning from past change activities was important for selecting the right employees that are competent enough to implement the changes and less resistant to change.
5.6 Discussion of the findings on CSFs

This section discusses the findings on the dimensions and CSFs identified in section 5.5 into more detail and makes comparisons with similar and contradictory literature.

The findings in both cases indicate that the Project Management Dimension has practically no contribution to the success of strategic change projects, with the exception of clear and realistic objectives and goals. This factor is considered critical for the strategic change project success, which is in accordance with the research findings of Clarke (1999), Fortune and White (2006), Hyvärä (2006), and Pinto and Slevin (1987). Consistent with Forsman (2008), realistic objectives within the studied SMEs are translated in project objectives that have a realistic balance with the resource capacity of the company. In addition, the absence of written plans for the strategic change project and the primitive planning point to the unsophisticated planning practices in both SMEs. These findings are in line with Martin and Staines (1994) and Messeghem (2003) who have found that SMEs generally lack the use of sophisticated planning. The practices of the other project management factors, risk management, control and monitoring, and defining roles and responsibilities, are also conducted in considerably straightforward, informal and light ways, which can be explained by the simple and loose organizational structures of both SMEs which makes having such simplified practices much more suitable and efficient (Beaver and Jennings, 2000; Murphy and Ledwith, 2007). This points to the need and preference of the studied SMEs for more simple and adapted versions of project management practices for the management of strategic change projects, which is consistent with the research findings of Turner et al. (2008) who have found that SMEs require less bureaucratic and light forms of project management with the use of less rigid processes and methods.

Despite the light use of project management and its limited importance, the strategic change projects were implemented successfully. This contradicts with literature and general views in the field of change and project management emphasising the importance of project management practices (Jørgensen et al., 2008; Slusarenko, 2004; Turner, 2008). However, the above basically shows that the simple structure and informal practices within SMEs can be hold responsible for this, and explain why the studied cases have a limited and light use of project management practices during their strategic change projects. Adding to this, the people-oriented nature of the strategic change projects is also considered to make the use of project management processes and methods less significant (McCalman and Paton, 1992, pp. 18-19 & 81-82). These explanations clarify the rather trivial role of the Project Management Dimension and the limited importance of its listed factors.

On the side of the Change Management Dimension, the company cases report a highly critical role of this dimension with its listed factors being explanatory for the success of strategic change projects. The key success factors encompass strong leadership, reasons for the need for the change project, people involvement and participation, competent, motivated and suitable staff, and effective communication, which are supported by the previous studies in the literature (e.g. Beer et al., 1990; Clarke and Garside, 1997; Cicmil, 1999; Forsman, 2008; Hyvärä, 2006; Jørgensen et al., 2008; Kettunen, 2007; Kotter, 1995; Minarro-Viseras et al., 2005; Salminen, 2000). On the leadership aspect, both company cases consider strong but particularly
active leadership important for lifting the confidence and motivation of the employees during the change project. This is in line with Kettunen (2007) who also advocates for an active role of the leader during change. The leadership itself is considered to differ among the two company cases, with a more top-down and autocratic leadership style in company A, which is similar to the “intervention” style as mentioned by Johnson et al. (2008), and a more collaborative and conversational leadership style in company B, which is advocated by Hultman (1995) to be most appropriate approach for managing changes. However, both styles are considered to be effective for managing and leading the change projects in their specific contexts, which is in line with the literature suggesting that different leadership styles can be appropriate for managing change and are very much context-specific (Graetz, 2000; Johnson et al., 2008, pp.529-531). Further, in communicating the reasons for the change project both company cases mention the importance of particularly explaining why change is good for the employees. This is in accordance with Armenakis and Harris (2002) and Chrusciel and Field (2006), who have suggested that communicating the change message must clarify to the employees their personal gain and benefits from change. As identified by Cicmil (1999), both company cases highlight employee participation and selecting the “right people” who are willing to change, motivated and competent enough to implement the change initiatives as a critical factor to successful project implementation. In addition, Beer et al. (1990) and Kotter (1995) have emphasised the importance of a guiding vision for a successful change implementation process. Contradictory to this, both company cases achieved success without having a vision to guide their change projects, which is believed to be unneeded within these two small SMEs. A vision is therefore not suggested to be important and is the only factor within the Change Management Dimension that is not regarded as critical for the implementation of strategic change projects.

The reported significance of the factors listed in the Change Management Dimension point to the importance of an active role of change management for the successful implementation of strategic change projects. This is consistent with the literature writings in the field of change and project management, which highlights the necessity of change management practices during change projects (Bresnen, 2006; Kotter, 1995; Salminen, 2000; Slusarenko, 2004). Also, the people-oriented nature of the strategic change projects in both company cases make the use of change management practices more prevailing (McCalman and Paton, 1992, pp. 18-19 & 81-82). This further explains the dominance of change management and the importance of the Change Management Dimension compared to the limited use of project management and the less pronounced significance of the Project Management Dimension.

Similarly to the Change Management Dimension, both cases highlight the preeminent significance of the SME Business Dimension for strategic change project success. The listed factors within this dimension related to the owner, that is owner’s competences and owner’s commitment and support, are considered particularly of vital importance to project success because of their direct impact on some of the factors from the Project and Change Management Dimension (e.g. setting realistic objectives, leadership, motivation of employees), which can be attributed to the owner’s “double” role in leading the business as well as the strategic change project. This finding is in line with the literature introduced in the field of SMEs (e.g. Daily et al., 2002; Ghobadian and O’Regan, 2006; Waldman and Yammarino, 1999), which suggests
owners’ knowledge, capabilities, characteristics, and skills to be a direct determinant of business success due to their high involvement in the company. Further, as various researchers have recognised before (e.g. Clarke and Garside, 1997; Fortune and White, 2006; Hyväri, 2006; Minarro-Viseras et al., 2005), the cases stress the “listed” factor of sufficient resource availability for the project as critical for successful project implementation, with up front careful resource planning for the project being of particular necessity given resource constraints within the SMEs (Forsman, 2008; Wolff and Pett, 2006). This is particularly necessary for the setting of realistic goals and objectives for the project as also mentioned by (Forsman, 2008), which in turn, is important to keep the employees motivated. Besides, researchers have advocated that establishing a culture supportive to change is an essential factor for a successful change process (e.g. Beer et al., 1990; Kotter, 1995; Jørgensen et al., 2008). However, both company cases see this factor more as facilitative to the strategic change project rather than being critical, for the reason that the small scale and limited number of people in both SMEs make it more effective to provide “facilitating” conditions for the employees through supportive efforts of the owner. It can therefore be said that “a supportive change culture” is basically reflected through the critical factor “owner’s commitment and support”. Accordingly, a supportive change culture is therefore the only factor in the SME Business Dimension not listed as critical for strategic change project success.

These explanations highlight the importance of the SME Business Dimension and equally stress that its listed “SME-specific” factors are absolutely decisive for implementing strategic change projects successfully because of their profound impact on the factors from the other two dimensions. This confirms the earlier formulated preconceptions, derived from the extensive literature analyses, that the distinctive aspects by which SMEs are characterised (e.g. ownership influence, resources and structure) play a critical role and require proper attention for the successful implementation of projects.

In addition, according to the company cases providing training is important to the success of strategic change projects because it renders more certainty that the necessary know-how for the project implementation is on hand. This finding is consistent with other studies in the literature, who have also reported the availability of appropriate training as a key success factor for implementing projects (e.g. Clarke and Garside, 1997; Forsman, 2008; Fortune and White, 2006; Jørgensen et al., 2008; Salminen, 2000). However, this result is somewhat surprising given that the availability of training for the employees is often absent within SMEs due to their resource constraints (Temtime and Pansiri, 2005). On the other hand, this also explains why in one of the company cases training was more informal and mostly based on in-house trainings. Furthermore, another critical success factor suggested by both case companies is the learning from past experience, which is also mentioned by Cooke-Davies (2002) and Fortune and White (2006). This factor is particularly important in both case companies because not much information is in writing or documented, which makes knowledge from learning and experience critical to, for instance, ensure an adequate allocation of the right people and resources on the project. Nooteboom (1994) also suggests that particularly in SMEs tacit knowledge, that is knowledge from experience and learning by doing, is prevailing and important to enhance future practices and activities.
Table 5.4 provides an overview of the critical success factors that are perceived to affect the success of strategic change projects, based on the introduced important factors by the case companies.

**Table 5.4  Summary of the CSFs for strategic change projects in SMEs**

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Critical Success Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Management Dimension</td>
<td>• Clear and realistic objectives and goals</td>
</tr>
<tr>
<td></td>
<td>• Strong and visible leadership</td>
</tr>
<tr>
<td></td>
<td>• Clear reasons for the need of the change project</td>
</tr>
<tr>
<td></td>
<td>• People involvement and participation</td>
</tr>
<tr>
<td></td>
<td>• Competent, motivated and suitable staff</td>
</tr>
<tr>
<td>Change Management Dimension</td>
<td>• Effective communication</td>
</tr>
<tr>
<td></td>
<td>• Owner’s competences</td>
</tr>
<tr>
<td></td>
<td>• Owner’s commitment and support</td>
</tr>
<tr>
<td>SME Business Dimension</td>
<td>• Sufficient resource availability</td>
</tr>
<tr>
<td></td>
<td>• Appropriate training (formal/informal)</td>
</tr>
<tr>
<td></td>
<td>• Past experience and learning</td>
</tr>
<tr>
<td>New proposed factors</td>
<td>• Past experience and learning</td>
</tr>
</tbody>
</table>

In general, the above discussion shows that both company cases indicate the importance of the Change Management and SME Business Dimension and the insignificant role of the Project Management Dimension as well as the identification of two additional critical success factors. These empirical findings partly support the propositions introduced in the conceptual model in chapter 3. The conceptual model suggests that the success of a strategic change project is influenced by a combination of three dimensions. The evidence from the studied cases suggest that successful strategic change projects are indeed influenced by a mix of the three dimensions but without a well-balanced dependency concerning all the dimensions. The success of strategic change projects is reported to be predominantly dependent on only two of three proposed dimensions (e.g. the Change Management and SME Business Dimension). Although preconceptions were made that not all dimensions might be similarly balanced in terms of their importance and that the Project Management Dimension was likely to be less dominant, the fact that the Project Management Dimension has almost no important role at all, with only one factor being listed as critical, makes the evidence a bit scarce to strongly support the above proposition and the existing conceptual model. In addition, the model also suggests that dimensions are interrelated, meaning that a factor from one dimension can affect a factor in another dimension. This is supported by the cases’ evidence as interrelationships between the dimensions are found, with the factors from the SME Business Dimension affecting some of the factors from the Project and Change Management Dimension as well as the factor from the Project Management affecting a factor from the Change Management Dimension (e.g. motivation of the people).

The effects of this study’s findings and subsequent implications for the proposed conceptual model will be further discussed in the next chapter (6) where also a refined version of the model will be presented.
This final chapter of the master thesis presents the conclusions based on the results of the study. A final conclusion will be given on the basis of a fine-tuned version of the conceptual model in light of the effects from the empirical findings. After that the research contribution is argued for followed by the limitations of the study. The chapter concludes with possible suggestions for future research.

6.1 General conclusion

The effective implementation of strategic change projects is facilitated by a certain group of factors. Understanding those factors that are critical to the success of strategic change projects can therefore greatly benefit organizations. However, factors are context-specific and the adoption of unsuitable factors can hamper the desired project outcome. As such, care must be wielded in developing a set of CSFs for strategic change projects. Although there exist various sets of CSFs for implementing strategic change projects in the literature, most of the work has derived their list from the perspective of large organizations and the SME sector has been largely neglected. Thus, this implies that the current lists have not genuinely been devised to accommodate for the needs and contextual conditions of the smaller firms. This study focuses on developing CSFs within the SME-context.

The purpose of this research was to identify the critical success factors for strategic change projects within the context of SMEs. Based on a thorough review of the current literature in the area of both project and change management as well as the field of SMEs, a conceptual model was developed for a general way of studying strategic change project success in the SME-setting. The model has proposed three dimensions that are believed to influence project success and a set of fifteen critical success factors which is considered to be more suitable for smaller firms. In order to examine the propositions and appropriateness of the conceptual model, a qualitative data collection method was applied consisting of interviews with four top-management individuals, two being the Owner-manager of each company, in two SMEs that had successfully implemented strategic change projects before.

The results from the conducted interviews rendered a full overview and description of the implementation process of strategic change projects within the two SMEs and gave also a practical insight into the approach of managing these projects. These findings reported on an approach where facilitating change was basically the norm rather than following a rigorously outlined procedure and written plans for how to implement and deal with the strategic change project. This result pointed to the simple
and informal practices used in managing the strategic change projects, which support the notion that SMEs are characterised by simplified approaches to managing projects with less rigid processes and methods (Murphy and Ledwith, 2007; Turner et al., 2008).

With respect to the study’s main research focus and question, on the whole, the empirical findings were supportive to the success dimensions introduced in the conceptual model and to most of the CSFs in this study’s research proposition. The results therefore provide a preliminary evidence of the appropriateness and suitability of the proposed model and CSFs for strategic change projects within the SME-context.

The collected information endorses the view that strategic change project success in the context of SMEs is influenced by a mix of three dimensions: project management, change management, and SME business dimension. The results showed that the change management and the SME business dimension where most important and predominant in explaining the success of strategic change projects. The findings in both companies particularly underlined that the SME business dimension and its listed SME-specific critical factors were absolutely decisive for implementing strategic change projects successfully because of their direct profound impact on the status of the factors from the other two dimensions. This confirmed the earlier formulated preconceptions of this study, that the distinctive aspects by which SMEs are characterised (e.g. ownership influence, resources and structure) play a critical role and require proper attention for the successful implementation of strategic change projects. On the other hand, the project management dimension had a trivial role and a very limited contribution to the success of strategic change projects in the surveyed small firms. Overall, these findings indicated that in the studied SMEs the change management practices of managing the softer people aspects of change were much more important and prevailing than the use of the more structured project management practices for achieving success of the project.

This study found that inside the three dimensions, nine factors were considered to be CSFs for the successful implementation of strategic change projects in the two SMEs, from the originally proposed fifteen critical factors. Within the project management dimension, clear and realistic objectives and goals was found to be the only CSF. This result underlines the general picture that has become apparent in this study, which is the limited importance and dominance of project management practices within the studied SMEs for implementing strategic change projects. In the change management dimension, five key success factors were supported by the empirical evidence, including strong leadership, reasons for the need for the change project, people involvement and participation, competent, motivated and suitable staff, and effective communication. These findings emphasise the highly critical role of change management practices for the implementation phases of strategic change projects in order to ensure success. The empirical results further supported three critical success factors in the SME business dimension, encompassing owner’s competences, owner’s commitment and support, and sufficient resource availability. These key findings highlight the paramount importance that the SME-specific contextual conditions are considered to have on strategic change project success in the studied SMEs, thus confirming the necessity and appropriateness of a set of CSFs that is specially developed to meet the specific needs of smaller firms.
Another implication worth mentioning is the discovery of two additional factors that were considered by the interviewees as critical to the success of the strategic change projects. They encompass “appropriate training” and “learning from past experience”. These factors were identified in the literature review but in the first place not believed to be a CSF for strategic change projects in the SME-context. However, this study’s findings suggested the opposite. These findings could therefore serve as a basis for further research to examine and verify if these factors are also perceived and seen as critical across other SMEs. Implications for future research are further discussed in section 6.4.

So, as to summarise the empirical research results of this study and give a final answer to the research question “What are the critical success factors for strategic change projects within the context of small business enterprises”, it is necessary to go back to the initially proposed conceptual model and update and fine-tune it with the new findings. As a final summary, figure 6.1 presents the refined model.

![Conceptual model of strategic change project success in SMEs](image)

**Figure 6.1 Conceptual model of strategic change project success in SMEs**

Basically, the model still shows that the three dimensions influence the success of a strategic change project, but the former Project Management Dimension is renamed to the “Preparation and Project Management Dimension” and the critical success factor
“appropriate training” is included in this dimension. This name better displays the two listed CSFs in the dimension (e.g. setting realistic objectives is after all done at the “preparation” phases of the project) and puts a less strong emphasis on project management itself in order to reflect its less dominant nature and limited importance. Further, each of the dimensions in the model show the success factors that were identified as critical, with the new factor “learning from past experience” listed in the SME Business Dimension, and indicate on which factors the focus should be in order to increase the successful implementation of strategic change projects. Also, another arrow has been included (e.g. from SME business dimension to the project management dimension) in order to better emphasise the impact of the SME business dimension and clearer indicate the existing interrelationships between the factors listed in the three dimensions.

Finally, the fact that significantly more CSFs are listed in both the change management and SME business dimension reflects their prominence and this study’s main findings. That is, the prevailing importance of change management and the softer aspects of managing people during the implementation process of strategic change projects. And on the other hand, the preeminent significance and impact of the SME-context and particularly the dominant influence of the owner in this context due to the “double role” of being the owner of the business as well as the leader and manager of the strategic change projects.

6.2 Contribution of the study

Most of the existing literature and research concerning critical success factors for implementing change projects has focused on large corporations and mainly concentrate on factors derived from the project and change management field. The study into small organizations (SMEs) and the importance of their context in developing a set of CSFs for change projects have not really been within the interests of the academics. This study provides a contribution to this research gap and offers a unique piece of work by examining the critical success factors for strategic change projects within the context of SMEs. In essence, it is perhaps the first one in the field to give an integrative perspective on these issues. The study has developed a conceptual model for a general way of studying strategic change projects success in the context of SMEs based on recent literature in the field of project and change management, the area of small business enterprises and based on empirical data derived from SMEs that had successfully implemented strategic change projects before. This study approach integrates various disciplines and therefore provides new knowledge to the academic field about the interplay and complex inter-relationships between them. In addition, this study offers a common language for the academics in researching and discussing the factors critical for the success of strategic change projects in SMEs.

This study also offers valuable contributions to the practitioners field. The conceptual model and particularly the identified set of CSFs in this study can be used as a checklist of points for SMEs to concentrate on when implementing change projects. This will assist SMEs in ensuring that the crucial factors and important issues are addressed during preparation and implementation phases of the project. In a later stadium, it could also serve as a simple tool for these companies to evaluate their
management practices during these projects, which will eventually help to better accomplish success in their projects.

6.3 Limitations of the study

In order to ensure a certain validity of this research, it is important to state the limitations of the study realised. One of the limitations relates to the generalizations that can be made from this study. This more precisely concerns the applicability of the conclusions of this study to other cases. In this research the subjects studied were SMEs with Latin origins, therefore the applicability of the research’s results on SMEs with a different cultural background may be limited due to the differences in culture and values, which are likely to have an impact on the leadership style, commitment of the workforce, communication, etc. Additionally, the semi-structured interviews conducted do not allow for the conclusions to be extended to the whole population of SMEs, as they were carried out on a small, unrepresentative sample, as is expected in most case study strategies (Yin, 1994). Nevertheless, this research study is not concerned with the creation of theory which can later be generalised (Saunders et al., 2003), but instead the strategy to use multiple case study was aimed at increasing the quality and the amount of data upon which to base the conclusions of this research.

The information gathered for this study was based on the past and present experiences of the interviewees. As some of these events did not occur recently, there might be some aspects that were not discussed as the interviewee might have forgotten them. However, this limitation was minimised by the fact that more than one interviews were conducted for each company. Another limitation to consider simply relates to the need to translate the interviews from Spanish to English, whereby incorrect translation of the data gathered can have a certain impact on the results of this study.

It is important to remember that this study followed a qualitative approach and thus the data was analysed and interpreted in a subjective manner, which is consequently not free from the interviewer bias. This again could affect the results of this research. However, such an approach can on the other hand significantly contribute towards reaching a deeper understanding of the field of study. There are many ways for the interviewer to exert bias on the final output of this study and these were largely discussed previously in the reliability section (4.3.2) of this study. Nevertheless, these issues are important limitations to this research and should not be neglected when reading into the conclusions.

This research aimed to highlight the CSFs to the implementation of strategic change projects within the context of SMEs. This work did not focus on the different characteristics inherent in the different types that strategic change projects can embrace, but instead on the characteristics of the SMEs per se. The technical content of each project associated to the different industries within which the studied companies operate only played a minor role. The results of this study should also be considered in light of this important fact.
6.4 Areas for future research

This study recommends a number of areas for future research. The scope of this study’s results provide insights into a limited and narrow view only on the studied phenomena because this research was of small-scale, based on two SMEs that had successfully implemented strategic change projects before. This raises the question if there are differences across different kinds of SMEs with different types of strategic change projects. Further research is therefore recommended and desired on this issue and a large-scale study with a wider sample of strategic change projects would be interesting to gain a broader insight and better understanding of the critical factors that play a role in the success of strategic change projects in the SME-context and would offer further reliability to the findings of this study.

This research provided preliminary evidence for the appropriateness and suitability of the proposed critical success factors in the SME-context. Further research is necessary to see if the identified critical success factors within this research are also common language to SMEs from different countries and industries and with different backgrounds. Such studies would offer insight into the possibility of “transferring” this study’s findings on CSFs to other SMEs in different contexts.

The conceptual model for studying strategic change project success in the SME-setting was developed on the basis of prior literature research and two cases and was mainly confirmatory. Further research is required to validate the appropriateness of the model and it would be interesting to do this through a quantitative study with a larger set of data. In addition, a qualitative study would also be useful to improve and fine-tune the model.


APPENDICES

APPENDIX 1 - THE INTERVIEW GUIDELINE

The guideline for the interviews is built up in 2 parts. The first part consists of a set of open-questions that intends to gather inside information from the interviewees in a more open and general manner. The interviewees will have the opportunity to discuss questions concerning (1) the participants (themselves), (2) some general information about the company and finally (3) about strategic change projects with issues related to their implementation.

The second part of the interview included questions that relate to the conceptual model which was developed in chapter 3 of the study. Questions were formulated according to the three dimensions of the model that are considered to influence the strategic change projects success: (1) project management dimension, (2) change management dimension and (3) SME business dimension. However, they were not questions in itself, but rather themes and subjects which were asked by the interviewer in order to initiate discussions with the interviewees in order to understand what their specific viewpoint was on each of these topics in respect of their own experiences and how they believed that each of these issues impacted and played a role in the success of the strategic change projects. The specific factors listed in each of the dimensions acted as “question themes” in order to assist the discussion, when necessary.

Part I - general questions

Participants

- What is your position and role within the company?
- How long have you been working with the company?

General questions on the company

- Can you tell us what kind of activities and services the company provides?
- Can you briefly tell us something about the internal company structure, working practices and culture of the organisation? e.g. relation and distance with the employees.
Strategic change project questions

- Can you give us some examples of strategic change projects that your company has undergone?

- Could you elaborate a bit more on the implementation and process of these projects?

- Were you in charge of leading the strategic change? Or did you delegate it? And/or did you employ any external parties?

- When leading the strategic change project, what were the main problems and challenges that you faced?

- Based in your experience, do you think that change was successfully implemented in these projects?

- Why do you think these projects are deemed successful?

- What factors lead to the success of these projects?

- Could you tell us about any best practices that you adopted from previous learning or other sources to enhance success? For instance, did you make use of any formal or informal methods or tools?

Part II - themes and subjects for discussion

Project Management Dimension

- Clear and realistic objectives and goals
- Appropriate project planning
- Roles and responsibilities description
- Effective control and monitoring
- Risk management

Change Management Dimension

- Strong and visible leadership
- Vision to guide the change project
- Clear reasons for the need of the change project
- People involvement and participation
- Competent, motivated and suitable staff
- Effective communication

SME Business Dimension

- Owner’s competences
- Owner’s commitment and support
- Sufficient resource availability
- Supportive culture that facilitates change
## APPENDIX 2 - SUMMARY OF THE INTERVIEW DATA COMPANY A

### Project Management Dimension

<table>
<thead>
<tr>
<th>Possible factor</th>
<th>Perceived importance</th>
<th>Description of the factors within the company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clear and realistic objectives and goals</td>
<td>Yes</td>
<td>- Both goal- and objective-setting was stated and done informally and not clearly written down on paper.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Goals were set realistically from the beginning by taking into account the limited availability of financial and human resources.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- The final objective was defined as well and it was clear what needed to be achieved.</td>
</tr>
<tr>
<td>Appropriate project planning</td>
<td>No</td>
<td>- Some initial planning was regarded useful for the organization and start of the project.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- There was no written plan for the implementation of the change project.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Planning the change was done on a primitive and less sophisticated basis, it was prepared mentally.</td>
</tr>
<tr>
<td>Roles and responsibilities description</td>
<td>No</td>
<td>- Roles and responsibilities were very clear during the change project and there were no confusions due to the excessive communications about it.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- However, roles and responsibilities were not in writing or being documented.</td>
</tr>
<tr>
<td>Effective control and monitoring</td>
<td>No</td>
<td>- The project progress was not controlled in a systematic way and the company neither used any tools for it.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- However, progress evaluation and control were done, but in a more “practical way”.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Evaluations were informal and based on what the owner visually perceived and observed from monitoring the performance of the employees.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Monitoring performance was focused on how the employees dealt with the change efforts, new working practices, and if they were doing well in terms of their behaviour, contentedness and performance.</td>
</tr>
<tr>
<td>Risk management</td>
<td>No</td>
<td>- The company did not do any risk analyses and therefore did not apply any form of risk management practices during the change project.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- However, the owner was aware of the financial risks and had discussed these before making the large financial investments.</td>
</tr>
</tbody>
</table>
## Change Management Dimension

<table>
<thead>
<tr>
<th>Possible factor</th>
<th>Perceived importance</th>
<th>Description within company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong and visible leadership</td>
<td>Yes</td>
<td>▪ Leadership was considered to be top-down, direct and tended towards an autocratic leadership style.</td>
</tr>
<tr>
<td>Vision to guide the change project</td>
<td>No</td>
<td>▪ The owner had a vision and clear idea of the direction for the strategic change project. ▪ However, the vision was not communicated clearly throughout the organization and neither used to guide the change project.</td>
</tr>
<tr>
<td>Clear reasons for the need of the change project</td>
<td>Yes</td>
<td>▪ The reasons and source for changing were explained and communicated by worth-of-mouth to the employees. ▪ Some difficulties occurred with making some employees clearly understand why change was necessary and good ▪ However, no significant problems evolved when it was more explicitly explained to the concerned employees the benefits and personal gain they where able to achieve after changing their working practices.</td>
</tr>
<tr>
<td>People involvement and participation</td>
<td>Yes</td>
<td>▪ Employees that were directly affected by the changes participated actively during the change project and the key persons were involved more closely by receiving more responsibilities.</td>
</tr>
<tr>
<td>Competent, motivated and suitable staff</td>
<td>Yes</td>
<td>▪ The owner identified and selected those employees that were flexible, willing to learn and change, and competent enough and putted them in the positions for implementing the change project. ▪ Placing the right people in the right place was based on the previous experience of the owner and considered as critical. ▪ Employees’ motivation and dedication towards the change project were at a high level mainly due to the close involvement and support of the owner.</td>
</tr>
<tr>
<td>Effective Communication</td>
<td>Yes</td>
<td>▪ Lots of direct communication ensured a continuous flow of clear information about the change project and compensated for the “possible” problems of not having many things written down on paper. ▪ Information sharing was persistent through a two-way communication flow process where employees were supported to give their opinions and feedback on the strategic change project.</td>
</tr>
</tbody>
</table>
### SME Business Dimension

<table>
<thead>
<tr>
<th>Possible factor</th>
<th>Perceived importance</th>
<th>Description within company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owner’s competences</td>
<td>Yes</td>
<td>- Owner is in the possession of sufficient business knowledge and expertise and has a deep understanding of their employees’ competences and behaviours.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- The owner displays an image of trust, transparency, and competency which is important to make the employees belief in the company and the change project and gives them security and confidence when dealing with the changes.</td>
</tr>
<tr>
<td>Owner’s commitment and support</td>
<td>Yes</td>
<td>- The owner’s commitment towards the change project was very strong and expressed by his active role and close involvement with the employees when leading the change project.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Being close to the employees was important to give provide them with security and confidence when dealing with changes.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Additional support was provided by the owner but was rather on a personal ‘helping’ level.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Support for formal training was limited and training was largely based on informal in-company trainings.</td>
</tr>
<tr>
<td>Sufficient resource availability</td>
<td>Yes</td>
<td>- There was a lack of resource availability for proper and adequate formal training for the employees.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Apart from that, required resources were available and estimated reasonably based on previous experience and learning from the owner.</td>
</tr>
<tr>
<td>Supportive culture that facilitates change</td>
<td>No</td>
<td>- During the change project, the owner tried to provide the necessary conditions for the employees to facilitate changes by giving them supplementary support and being closely and actively involved.</td>
</tr>
</tbody>
</table>
## APPENDIX 3 - SUMMARY OF THE INTERVIEW DATA COMPANY B

### Project Management Dimension

<table>
<thead>
<tr>
<th>Possible factor</th>
<th>Perceived importance</th>
<th>Description of the factors within the company</th>
</tr>
</thead>
</table>
| Clear and realistic objectives and goals | Yes                  | - The initial goal-setting was based on a realistic balance with the resource capacity of the company.  
- Goals and objectives were not set at too high levels and were considered to be reasonable and achievable.  
- Achievable goals were considered important to provide the employees with achievable targets and not to de-motivate them with unachievable things.  
- Clarification on goals and objectives was mostly provided through direct verbal communication. |
| Appropriate project planning     | No                   | - The company had conducted planning but it was considered to be very simple and straightforward without the use of any tools.  
- The actual plans and action steps remained in the owner’s mind. |
| Roles and responsibilities description | No                   | - The authority and organisation of the project were clearly established from the beginning with the owner being in charge.  
- Project roles were written down but the responsibilities and specific activities were managed internally on the project and directly communicated. |
| Effective control and monitoring | No                   | - There was no formal or structured way for controlling and measuring the project progress.  
- Evaluating project performance was done on the basis of “what you see is what you get / measure” and mostly reflected personal observations and interpretations.  
- Control and measuring performance was concentrated on improved productivity of the employees as well as better company results in terms of financial achievements. |
| Risk management                 | No                   | - Risk analysis was not done properly within the company.  
- Risks were just briefly discussed at the start of the project. |
## Change Management Dimension

<table>
<thead>
<tr>
<th>Possible factor</th>
<th>Perceived importance</th>
<th>Description within company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong and visible leadership</td>
<td>Yes</td>
<td>▪ The leadership style of the owner was perceived to be conversational and very much of collaborative nature.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Changes were not enforced by the owner but rather facilitated by explanatory methods and “understandable” leadership.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ The owner showed an active role in leading the changes and this was perceived to provide security and motivation to the employees.</td>
</tr>
<tr>
<td>Vision to guide the change project</td>
<td>No</td>
<td>▪ There was an overall company vision but not a particular one for the change project.</td>
</tr>
<tr>
<td>Clear reasons for the need of the change project</td>
<td>Yes</td>
<td>▪ The purpose and necessity for the change project were clearly explained to all employees.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Particular focus was given to explaining the reasons why change was necessary and good for the employees.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ The owner considered that it was important to make every employee aware of his or her personal benefits of changing to get them convinced and more willing to change.</td>
</tr>
<tr>
<td>People involvement and participation</td>
<td>Yes</td>
<td>▪ All employees were involved, either directly or indirectly, with the implementation of the change project.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ The employees that had direct involvement in the change project participated more actively.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ During the change project, accountability was increased for the main employees involved which nourished their motivation and commitment.</td>
</tr>
<tr>
<td>Competent, motivated and suitable staff</td>
<td>Yes</td>
<td>▪ Employees for implementing the change project were selected on the basis of their skills, abilities and motivation as well as the owner’s experience and perceived picture of their likeliness to resist changes.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Particularly open-mindedness and motivation of the employees played a significant role in choosing the right persons for the change project because additional training would be provided for acquiring the necessary knowledge for implementing the change project.</td>
</tr>
<tr>
<td>Effective communication</td>
<td>Yes</td>
<td>▪ There was continuous communication during the change project and it was considered to be very effective due to the short communication lines that existed between the employees and owner.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Employees were allowed to participate in discussions on change and give suggestions for improvement of the change process.</td>
</tr>
</tbody>
</table>
### SME Business Dimension

<table>
<thead>
<tr>
<th>Possible factor</th>
<th>Perceived importance</th>
<th>Description within company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owner's competences</td>
<td>Yes</td>
<td>- The owner has a rich business background and considerable knowledge of the area the business is operating in.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- The owner has a detailed picture and clear understanding of the abilities and attitudes of his employees.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- The owner is seen as a charismatic, strong and very competent leader which is important to the employees for their trust in the business and overall security, particularly in times of changes.</td>
</tr>
<tr>
<td>Owner's commitment and support</td>
<td>Yes</td>
<td>- Commitment of the owner was evident through his active leadership during the change project and continuous support to the employees.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- The owner gave sufficient support to the employees on a personal level, mostly for dealing with issues related to “uncomfortable” change situations.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Support was also provided through formal training for the employees in order to acquire the necessary knowledge for implementing the change project.</td>
</tr>
<tr>
<td>Sufficient resource availability</td>
<td>Yes</td>
<td>- Resource availability was appropriate according to the needs of the project and included sufficient funds for formal training of the employees.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Resource planning and estimating the financial and human resource needs for the project was carefully done at the beginning of the project.</td>
</tr>
<tr>
<td>Supportive culture that facilitates change</td>
<td>No</td>
<td>- Change was facilitated through supportive efforts of the owner rather than through an overall change culture.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- A combination of giving personal support to the employees, involving them in discussions on change and listening to their suggestions was considered to create better and supportive conditions to change within the company.</td>
</tr>
</tbody>
</table>