Questions 156-159 refer to the following article.

The new economy has created great business opportunities as well as great turmoil. Not since the Industrial Revolution have the stakes of dealing with change been so high. Most traditional organizations have accepted, in theory at least, that they must make major changes. Even large new companies recognize that they need to manage the changes associated with rapid entrepreneurial growth. Despite some individual successes, however, this remains difficult, and few companies manage the process as well as they would like. Most companies have begun by installing new technology, downsizing, restructuring, or trying to change corporate culture, and most have had low success rates. About 70 percent of all change initiatives fail.

The reason for most of these failures is that in their rush to change their organizations, managers become mesmerized by all the different, and sometimes conflicting, advice they receive about why companies should change, what they should try to accomplish, and how they should do it. The result is that they lose focus and fail to consider what would work best for their own company. To improve the odds of success, it is imperative that executives understand the nature and process of corporate change much better.

Most companies use a mix of both hard and soft change strategies. Hard change results in drastic layoffs, downsizing, and restructuring. Soft change is based on internal organizational changes and the gradual development of a new corporate culture through individual and organization learning. Both strategies may be successful, but it is difficult to combine them effectively. Companies that are able to do this can reap significant payoffs in productivity and profitability.