



Resistance to Change: A Threat to Business Sustainability in Pakistan

In today's dynamic world economy, innovation is the lifeline of survival. It is not just a weapon that gives you the edge but has become indispensable. However, one of the biggest obstacles to innovation is still change resistance. This resistance may be psychological, organizational, or cultural, emanating from a whole range of sources. Resistance can block the way very effectively, especially in the case of emerging economies such as Pakistan. The adoption of breakthrough sustainability business practices is necessary in a time of economic uncertainty, environmental challenges, and increasing global competition. "Unfortunately, the continual resistance to change is putting these measures under threat and causing harm not to specific enterprises but to the basic economic development of the country."

What Is Resistance to Change?

Resistance to change is the rejection of a new idea, innovation, new system, or new policy. This resistance may occur at all levels of the organization in two forms: active and passive. A number of reasons can be cited for this opposition: lack of skill or training to adapt to changes without conflict; frustration with current practices; fear and anxiety about the unknown; or skepticism about leadership and poor communication. These challenges are further aggravated by bureaucracy, the conventional culture of doing business, and a lack of trust in innovation in the Pakistani context. Many businesses, especially small to medium-sized companies (SMEs), operate in a competitive environment and at short margins, requiring profitability and, in many cases, see change as high risk rather than a strategic necessity.

Innovation and Sustainability Go Hand in Hand

Today, innovation and sustainability are no longer two separate issues in the business world; they are two sides of the same coin. Innovation is the trigger for sustainability, allowing companies to improve operational performance, reduce their environmental footprint, and create products and services that fulfill changing consumer needs. Businesses are under increasing pressure to innovate, to change, and to tweak strategies continuously in the face of ongoing sustainability issues in order to remain competitive and steer themselves in and out of new market and regulatory hurdles. For Pakistani businesses, it is important to work across industries. The country has many problems, such as a severe lack of energy and water, pollution, and the impact of climate change. Besides regulatory action, we need forward-looking leadership and fresh thinking from business to solve this thorny set of problems. Firms that

don't adopt sustainable business strategies risk falling into harsh consequences in a world economy that is undergoing radical transformation.

Resistance to Change in the Pakistani Business Context



- 1) Economic Uncertainty and Risk Aversion** - Pakistan's economic scenario is highly unstable, reflected in continuous currency fluctuations, rising inflation, and inconsistent policy directives. Under these pressures, enterprises often focus on short-term survival, neglecting future-oriented innovation strategies. This environment fosters a risk-averse culture, where flexibility is viewed as a challenge rather than an opportunity. Such a mindset discourages proactive engagement and innovation, weakening long-term resilience.

| Table: The Interdependence of Innovation and Sustainability in Pakistan | |
|---|---|
| Innovation as a Catalyst for Sustainability in Pakistan | Sustainability Challenges Driving Innovation in Pakistan |
| Implementation of automation and process optimization to improve energy efficiency in industrial processes. | Persistent energy constraints are driving the shift to renewable solutions like solar, biogas, and hybrid systems. |
| Incorporating water-saving technologies into the manufacturing, textile, and agricultural industries. | Severe water shortage is driving the adoption of drip irrigation, wastewater recycling, and effective water management technologies in important sectors. |
| Enhancements to capacity-building initiatives and policy-driven industry training. | Lack of technical knowledge about sustainable methods. |

- 2) Cultural Conservatism and Hierarchical Structures** - Many Pakistani businesses are family-owned and follow rigid hierarchical models. Junior employees typically have limited access to channels for sharing ideas or grievances due to centralized decision-making. This suppresses creativity and initiative among younger staff, who often remain silent despite having valuable insights.
- 3) Limited Access to Capital and Resources** - Innovation in research, development, technology, and training requires significant investment. However, accessing finance is a major hurdle, especially for small and medium-sized businesses (SMBs). These firms often lack sufficient collateral, making it difficult to secure loans through traditional lending mechanisms.
- 4) Weak Institutional Support and Regulatory Barriers** - Government policy and institutional support play a critical role in fostering innovation. Unfortunately, Pakistan's regulatory framework is often unclear and inconsistent.

Bureaucratic hurdles and delays in approvals hinder the launch of new projects and discourage sustainable innovation practices.

- 5) **Low Digital Literacy and Technology Adoption** - Despite advancements in digitalization, many Pakistani businesses still struggle with limited technical know-how. Concerns over unfamiliarity and data security are major reasons behind their resistance to adopting digital tools.
- 6) **Lack of Awareness of Innovation Benefits** - Resistance to innovation and sustainable practices is often due to a lack of understanding of their potential benefits. Many companies fail to recognize how innovation can enhance operational efficiency, cut costs, and improve competitiveness. As a result, they miss out on opportunities for long-term growth.

Impacts on Business Sustainability

The consequences of resistance to change are far-reaching:

- **Stagnation:** Organizations that resist change struggle to meet evolving consumer demands, resulting in reduced competitiveness in the market.
- **Talent Loss:** High-caliber professionals tend to seek more progressive environments, leading to a growing skills gap within stagnant organizations.
- **Global Marginalization:** Investors and global supply chains are increasingly emphasizing Environmental, Social, and Governance (ESG) criteria. Pakistani businesses risk being overlooked if they fail to align with these evolving standards.
- **Reduction in Profitability:** As consumers shift toward more innovative businesses, outdated strategies lead to declining financial performance.
- **Inefficient Operations:** Companies that resist automation and streamlined processes face rising operational costs compared to their more adaptive competitors.

Strategies to Overcome Resistance and Foster Innovation

- 1) **Leadership and Change Management** - Business leaders must champion change initiatives by articulating a clear vision, actively engaging stakeholders, and demonstrating unwavering commitment. Leadership training equips managers with the tools to address resistance and cultivate a culture of innovation.
- 2) **Policy Incentives and Institutional Support** - The government plays a vital role in promoting innovation through tax incentives, grants, and funding for innovative projects. Transparent regulations and streamlined bureaucratic procedures can further encourage industry participation and ease compliance.
- 3) **Access to Finance and Infrastructure** - To take strategic risks, companies need financial instruments tailored to support innovation—such as venture capital funds, innovation grants, and small business loans. Strengthening digital infrastructure and investing in R&D hubs are also essential to drive innovation forward.

- 4) **Education and Capacity Building** - Higher education institutions and vocational training centers should align their curricula with evolving labor market needs, especially those related to sustainability and innovation. Continuous professional development and skills training are crucial to keeping the workforce competitive.
- 5) **Public-Private Partnerships** - Collaboration between government, academia, and the private sector can become a strong driver of innovation. Joint research programs, technology incubators, and pilot initiatives can accelerate the development and adoption of new ideas.
- 6) **Cultural Shift Toward Agility** - Organizational culture should value creativity, adaptability, and lifelong learning. Even when innovative efforts do not yield immediate success, recognizing and rewarding such initiatives fosters a mindset that embraces change and encourages continuous improvement.

Case Examples from Pakistan

Several forward-thinking companies in Pakistan are leading the way in innovation and sustainability:

- **Bykea:** A regional ride-hailing and delivery platform that leverages technology to provide affordable transport while creating job opportunities.
- **Jazz – Digital Financial Inclusion:** A leading fintech platform expanding access to digital payments for millions of users.
- **Sazgar Engineering – EV Manufacturing:** Partnered with Chinese firms to introduce affordable electric vehicles, reducing reliance on fossil fuels.

These examples demonstrate that transformative innovation is both possible and beneficial within the Pakistani business landscape.

Conclusion

One of the most significant obstacles to innovation is resistance to change, which threatens the long-term viability of Pakistani companies. This resistance hinders progress at a time when adaptability is not only necessary but essential. It is deeply rooted in economic, cultural, and institutional dimensions. Companies in Pakistan must confront and overcome this reluctance to ensure a sustainable future.

Innovation should not only be seen as a strategic development tool but also as a social and environmental responsibility. By fostering a culture of change, investing in human capital and technology, and aligning with global sustainability trends, Pakistani companies can not only endure but thrive in the twenty-first century.

About the Author: The author is an Associate Member of ICMA and currently serves as the CEO of Orbit.AR (Private) Ltd, a leading company in the healthcare industry operating under the brand name ORBIT. He also heads Ali Raza Engineering Co., a C-1 Category firm specializing in high-profile government construction projects. With a strong background in both healthcare products and engineering, he is committed to driving innovation and excellence in these critical sectors.