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**Book**

## Organizational Change and Management

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Special Issue Reprint

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# Organizational Change and Management

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Edited by  
Guido Maes and Geert Van Hootehem

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# **Organizational Change and Management**



# Organizational Change and Management

Editors

**Guido Maes**

**Geert Van Hootehem**



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# Preface

## Special Issue “Organizational Change and Management”

Since Kurt Lewin (1947) first published his article *Frontiers in Group Dynamics* 75 years ago, thousands of articles and hundreds of books have been written on organizational change. There nevertheless remains a great deal to be discussed and deliberated about the topic of organizational change. The articles in this Special Issue have been carefully selected to provide new insights into the vast domain of organizational change. The articles are published according to the Systems Model of Organizational Change, as described in the first article, by Maes and Van Hootegem.

### Power and Politics

In the first article, *Power and Politics in Different Change Discourses*, Maes and Van Hootegem examine how different views on power and politics manifest in organizational change, and how they can be integrated into a single model. The authors utilize the metamodel of organizational change to map the different views on power and politics, which offer a more detailed and varied understanding of the use of power and politics within the realm of organizational change. By viewing power and politics from different discourses, the authors can accommodate higher degrees of complexity and nuance. It shows that projects of change rarely run smoothly, but are constantly traversed by all kinds of obstacles and barriers that require specific political astuteness.

### Strategy

Strategy is a primary means of change. Strategic change is change in the form or quality of the way the organization adapts to the external environment. Organizations change strategies to improve their performance and to survive in the long term. In the article titled *Empirical Analysis of Strategic Management in Inter-Governmental Organization*, James Wan et al. set out to investigate empirically strategic management in the context of inter-governmental organizations.

### Culture

The effect of culture change on organizational performance is examined by Phoebe Akoth Okwata, Susan Wasike, and Kifleyesus Andemariam, in their article, *Effect of Organizational Culture Change on Organizational Performance of Kenya Wildlife Service Nairobi National Park*. Organizational culture is a major factor in ensuring that an organization thrives in terms of performance, because culture determines whether an idea or process is accepted or rejected.

### Behavior/People

Behavior/people refers to the actors in organizations, their abilities and weaknesses, and the behaviors they exhibit when in interaction with each other.

In the article *Issues and Implications of Readiness to Change* by Alolabi, Ayupp and Dwaikat, the authors address the need for change at an organizational level. At the organizational level, the readiness for change is defined as the shared resolution by organizational members to implement change. High organizational readiness is characterized by the willingness of organizational members to initiate the programs of change through more tremendous efforts and cooperative behavior.

The article *Relation between Organizational Capacity for Change and Readiness for Change* by Irena Mladenova aims to investigate the relationship between organizational capacity for change and readiness for change. The analysis is guided by an organizational change typology to highlight their applicability to selected types of change.

Nurul Zayed studies the effect of talent management on discretionary work behavior in hospitality organizations in Nigeria, in his article entitled *Talent Management in the Hospitality Sector: Predicting Discretionary Work Behavior*.

### Change Process

Change processes are the engine of the change system and consists of processes that realize the change.

The article titled *A Change Management Approach with the Support of the Balanced Scorecard and the Utilization of Artificial Neural Networks* by Theodoros Anagnostopoulos discusses how Artificial Intelligence (AI) has revolutionized the way organizations face decision-making issues, especially in the implementation of organizational changes. The study presents a change management approach with the support of the Balanced Scorecard and the utilization of Artificial Neural Networks.

#### Internal Effects: Institutionalization

The output is a modified object which generates certain individual or group effects, organizational effects, or external effects. The output indicates the type of effect the result of the change has on the environment of the change system. These effects need to be stabilized; in other words, the change must become an integral part of the social system, which occurs in the integration phase. Institutionalization can be seen as a form of integration.

The article titled *Institutionalization of Organizational Change Outcomes in Development Cooperation Projects: The Mediating Role of Internal Stakeholder Change-Related Beliefs* by Mugenyi Andrew Ronnie examines how the change-related beliefs of internal stakeholders, organizational characteristics, and project characteristics relate to the institutionalization process of project outcomes. The study uses the lens of organizational change institutionalization models to project the notion that outcomes will be institutionalized in the organization if the internal stakeholders consistently engage in project-targeted behaviors, to the point where they become “social facts”.

#### External Effects: Consumption Behavior

The article titled *Exploring Factors Affecting Sustainable Consumption Behavior* by Mina Angelova, Svetoslav Ivanov, and Tsvetelina Mihaylova concerns the external effects of changes in a company. The way in which the changes that occur during task execution influence consumer behavior has yet to be studied in depth. The study aims to investigate the effect of environmental knowledge (EK), materialism (MAT), environmental influences (EIs), the promotion of sustainable consumption (PSC), and sustainable consumption behavior intention (SCBI) on sustainable consumption behavior (SCB). The study finds that environmental knowledge, environmental influences, and the promotion of sustainable consumption all have a positive effect on sustainable consumption behavior.

#### External environment

The final article by Dima Jamali, Charlotte Karam, and Rana Atweh studies how the external environment influences organizational behavior.

Their article, entitled *The Institutionalization of Implicit and Explicit CSR in a Developing Country Context: The Case of Lebanon*, presents a qualitative study pertaining to the interface between businesses and society that primarily focuses on the prominent institutional factors influencing the adoption of corporate social responsibility (CSR) by organizations in Lebanon. The study found that explicit social responsibility initiatives are driven by predominantly normative and mimetic institutional pressures.

**Guido Maes and Geert Van Hootegem**

*Editors*

Article

# Power and Politics in Different Change Discourses

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**Abstract:** Background: The purpose of this article is to examine how different views on power and politics manifest in organizational change, and how they can be integrated into a single model. Methods: Our research was based on an extensive literature review about power and politics and their relationship with organizational change. We used the systems model of organizational change developed by Maes and Van Hootegem to map the different views on power and politics in organizational change. This systems model integrated different change discourses and allowed us to post the various aspects of power and politics in organizational change. Results: Using the systems model as a reference to look at power and politics from different angles led to a better understanding of the role they play in organizational change so that actors can enter the political arena of change better prepared and play the game of change at a tactically higher level. Conclusions: The analysis contributes to the study of power and politics in three respects. First, using the metamodel of organizational change to map the different views on power and politics offers a more detailed and varied understanding of the use of power and politics in organizational change. Second, looking at power and politics from different discourses can accommodate greater complexity and nuance. Third, it shows that change projects rarely run smoothly but are constantly traversed by all kinds of obstacles and barriers that require specific political astuteness. Members of an organization, who have been introduced to political skills, will be better able to navigate the pitfalls of organizational change and its rhetoric and thus be better agents of change or better able to resist unreasonable change.

**Keywords:** power; politics; change management; discourse; system model

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## 1. Introduction

In recent years, it has become increasingly clear that politics plays an important role in the success or failure of organizational change (Buchanan and Badham 2020; Senior et al. 2020). On the other hand, Kapoutsis and Thanos (2018) stated that research on organizational politics remains fragmented across different management disciplines and that there is a need to integrate the different streams of the literature. In this article we raise the question of how power and politics manifest during organizational change and integrate the different visions on power and politics, as well as on organizational change, into a single model. We found that the systems model of organizational change developed by Maes and Van Hootegem (2011, 2019) already provides a framework to look at organizational change from different angles. This systems model of organizational change is a metamodel that integrates different discourses on change and, as such, can provide a framework to position the most important aspects of the use of power and politics regarding organizational change.

## 2. Research Methodology—Literature Review

For this article, we conducted a literature review using a method developed by Fink (2005). A search was conducted for articles and books that link power and/or politics to organizational change. Several searches were performed on different databases for the selection of the relevant literature. Initially, the Social Sciences Citation Index (SSCI)

was polled. In addition, databases such as Social Abstracts, EBSCO, and Proquest, as well as several databases from publishers such as Emerald, JSTOR, Sage, ScienceDirect, Spingerlink, and Wiley, were also used. For books, the Librisource Plus (BE) and the Library of Congress (USA) were used. All the databases were examined for the period 1970 to the present.

Given the vastness of the domain, we concentrated on articles on organizational power and politics and less on articles from political science. We also limited our research to power and politics that can be generalized at the organizational level and not at the team level or between individuals. Finally, only power and politics within the organization were considered and not of the organization in relation to its environment. The initial bibliographical study showed that the connection between change and power and politics is not so evident, and that the subject is less developed than one might expect at first sight. Therefore, in this article, we indicate where there is still room for further research.

We first explain how we understand the concepts of power and politics and next use the systems model of organizational change to examine how different discourses view the role of power and politics in change.

### 3. Concepts of Power and Politics

From definitions found in the literature, power and politics emerge as complex and multidimensional concepts. One way to deal with this complexity is to distinguish between episodic and systemic forms of power and politics (Buchanan and Badham 2008; Clegg 1989; Daft and Weick 1984; Fleming and Spicer 2014; Lawrence and Buchanan 2017; Lawrence et al. 2001, 2012; Schirmer and Geithner 2018). Episodic power and politics assume episodes in which an actor performs power to make a certain decision turn out in their favor. Systemic power and politics, on the other hand, is embedded in the social systems of the organization. Both forms of power and politics can further be divided into two dimensions.

Episodic power includes control of resources and control over processes (Goldberg et al. 1983; Hardy and Clegg 1996). Power of resources is used by deploying scarce resources to influence decisions. The central question is how actors can influence decisions in their favor. Power is the ability to make others do something, even against their will. This form of power becomes visible when decisions must be made in an open conflict. There are many resources available that can exercise this kind of power. Anything people want or need can be considered a resource (Pfeffer 2010) (for an overview of possible resources, see Landells and Albrecht 2016). As such, politics is the use of resources (including power itself) to influence others to favor one's own objectives.

Power over processes is in fact about nondecisions. The most powerful groups deter others from the decision-making process using procedures and routines. This means not only that certain groups are kept away from the decision making in case of conflict, but also that power is used to prevent a conflict from arising. This form of power lies in the decision-making processes of organizations and consists of a series of procedures and political routines that can be used by the dominant coalition. By using these processes, the dominant coalition can ensure that certain persons or groups cannot, or can only partly, participate in the decision-making process.

Politics then stores the specific maneuvers that are used to keep others away from decision-making processes.

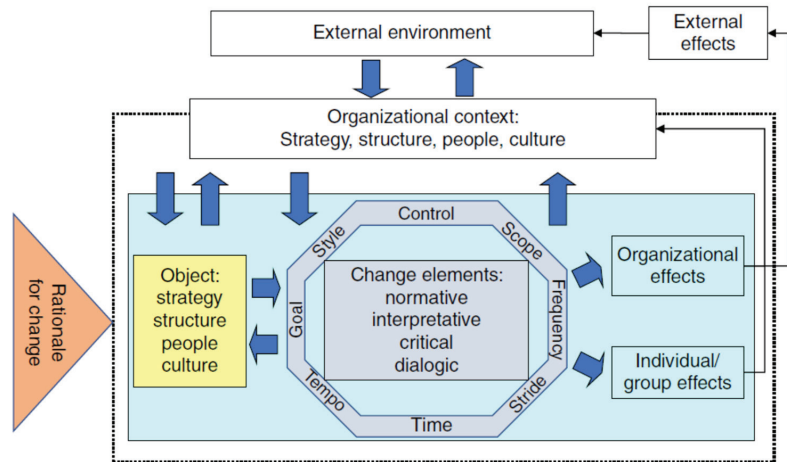
Systemic power in turn can be subdivided into the power of meaning and power of the system (Hardy and Leiba-O'Sullivan 1998). Power of meaning is used to influence the vision, knowledge, and preferences of people so that they accept the status quo because they cannot imagine an alternative. In that sense, power is not limited to conflict, but is also used to ensure political stability. Politics here is the use of power to perpetuate the status quo (Hardy and Leiba-O'Sullivan 1998).

Lastly, power of the system is anchored in the organizational system itself. It lies hidden in the unconscious acceptance of values, traditions, culture, and structure of the organization and holds every member of the organization in its web. In this dimension,

all the actors are “victims” of the system. Regardless of the position they occupy in the political arena, everyone experiences the power of the system (Buchanan and Badham 2020; Foucault 1977). According to some, this form of power cannot be used politically; though others believe that a certain degree of influence is possible (Hardy et al. 2000).

**4. Using the Metamodel of Organizational Change to Examine the Role of Power and Politics in Change**

The concepts of power and politics as defined above allow for a political interpretation of the metamodel for organizational change as developed by Maes and Van Hootegem (2019) (see Figure 1).



**Figure 1.** The generic systems model of organizational change (Maes and Van Hootegem 2019).

The model reads as follows: the rationale for change may be an external factor, but the change system also has its own dynamic that can generate unexpected or unwanted effects.

The input to the change system is one or more objects from the organizational context. Those objects are grouped into four aspect systems, namely, strategy, structure, culture, and behavior. These objects undergo certain changes due to the transformation processes of the system. The elements of the change processes vary according to the discourse. Discourses are divided into normative, interpretive, critical, and dialogical discourses (Alvesson and Deetz 2006; Deetz 1996), and each discourse approaches change in a different way, which results in different process elements (see Table 1).

**Table 1.** Process elements in the different discourses.

Discourse	Process Elements
Normative	Exploration, planning, action, integration
Interpretive	Scanning, interpretation, learning, incorporation
Critical	Having a voice, critical reflection and self-criticism, emancipation, democratic decision making
Dialogic	Discursive activity, performativity, connectivity

The output is a modified object which generates certain individual or group effects, organizational effects, or external effects. The organizational and socioeconomic environment affects the system, which in turn has an impact on the environment (Maes and Van Hootegem 2019).

The system elements interact with each other and create a pattern which surpasses the properties of the parts. These properties can be described in terms of control, scope, frequency, pace, duration, pace, purpose, and method of change (Maes and Van Hootegem 2011).

This system model makes it possible to largely absorb the complexity of change and yet to maintain a certain parsimony. The framework allows for a dialogue between change management and organizational politics.

Thus, let us look at how the different discourses each provide specific insight into the role that power and politics play in organizational change.

## 5. Political Interpretation of Organizational Change from the Normative Discourse

According to the systems model of organizational change, the system elements of a normative change system consist of the four generic steps of a linear change process: (1) exploration, (2) planning, (3) action, and (4) integration (see Table 1). For each of these steps, we examine the role of power and politics. To do so, we mostly refer to the pluralist perspective within the normative discourse because, in the unitary view of the normative discourse, the role of power and politics is largely ignored.

According to the pluralist perspective, organizations are loosely coupled systems in which coalitions are formed to achieve things. In this context, there can be no question of a rational linear process; however, by definition, change will take the form of a dynamic iterative process where the outcome is determined by transactions based on power and politics (Bolman and Deal 1991; Narayanan and Fahey 1982). Power and politics influence every stage in the decision-making and change process (Fahey 1981).

### 5.1. Exploration

According to the pluralist discourse, the exploration phase cannot be considered a rational analysis of the environment. Several options and points of view are presented by different stakeholders. These options bathe in confusion and conflict because of a lack of information, uncertainty regarding the results, or incompatibility with existing agreements (Fahey 1981). The first political activities are therefore already visible in the exploration phase. Indeed, it is crucial that the stakeholders are represented early in the process to push their analysis of the facts (politics of meaning). People or departments are looking for issues that correspond with their own interests and the power to tackle the issue (Nadler 1981; Pettigrew 1977).

Furthermore, the decision to start a change is not taken in a purely rational manner. This decision depends more on the commitment of top management, the vision of the facts, the formation of coalitions, and the power of the change agent, especially their position and expert power (Lines 2007). Walter et al. (2008) advised that executives should put less emphasis on a systematic scanning of issues and intensive long-range planning and instead focus on the political feasibility and consequence of each decision.

A first aspect for estimating the feasibility of a decision is knowing the position of the various actors in the central network of the organization. The central network controls the flow of information such that knowing who has access to this flow of information provides important information about the level of power of the various stakeholders. This information is politically used (politics of resources) to identify the coalitions in the organization and to reveal the weaknesses of certain political groups (Brass and Krackhardt 2012; Krackhardt 1990). Coalitions are the basic building block of any political structure and a powerful resource (Bacharach and Lawler 1998; Cobb 1991; Gilley 2006). To assess these positions of power, a political analysis of stakeholders (such as shareholders, employees, unions, competitors, suppliers, and government agencies) and their potential impact on the change is often used (Pinto 1996). Such an analysis makes it possible to estimate which environmental factors will be perceived by powerful individuals or groups as threats and opportunities.

Another aspect is to release the necessary funds (power of resources). Management should make available adequate time and resources to give the change a chance of success. As [Salancik and Pfeffer \(1974\)](#) indicated in their resource dependence model, organizational units will use their power to influence the decision about the availability of resources to their advantage. When a change threatens the normal distribution of resources and could destabilize the balance of power, units that feel disadvantaged will resist. A study by [Guth and Macmillan \(1986\)](#) showed that “managers who believe that their self-interest is being compromised can not only redirect a strategy, delay its implementation, or reduce the quality of its implementation, but can also even totally sabotage the strategy” ([Guth and Macmillan 1986](#), p. 313).

### 5.2. Planning

The planning phase is also permeated by politics. The investigation of the various alternatives, the choice of a specific alternative, and the elaboration of planning are dominated by political tactics. First, scarce resources are used to clarify the objectives for the change and to study the various alternatives, as the proposed alternatives can cause major shifts in the current power base and the interdependencies between departments (power of resources). In addition, the personal interests of those involved in the fields of career, salary, status, and visibility can come under pressure. Often, personal interests lie at the basis of certain alternatives. This creates a context in which, at different levels of the organization with the necessary detours and delays, alternative proposals arise. [Lindblom \(1959\)](#), in his much-quoted article, called this “*the science of muddling through*” in which policies come about through an incremental and political process rather than by rational planning. Policymakers are limited in their rational choices and must take incremental steps between political maneuvers to achieve a policy measure ([Braybrooke and Lindblom 1970](#); [Cyert and March 1963](#); [Lindblom 1959, 1979](#)). Several authors have analyzed the political maneuvers used in this situation, mainly politics of resources, such as the use of power ([Krishnan and Park 2003](#)), coalition formation ([Child and Tsai 2005](#)), the use of external consultants ([Pfeffer 1992](#)), negotiation and bargaining ([Papadakis 1998](#)), manipulation and control of critical information ([Pettigrew 1973](#)), politics of processes such as tactics of timing ([Hickson et al. 1986](#)), and agenda control ([Eisenhardt and Zbaracki 1992](#); [Elbanna 2006](#)). The main political motivation is to mobilize others around a particular alternative. Mobilization involves the use of formal (procedures, planning cycles, meetings of committees) and informal (tête-à-têtes, receptions, telephone, e-mail) forums to channel information to potential allies. These channels serve as a sounding board for possible alternatives and as a medium to find out the position and preferences of other coalitions. On the basis of this information, informal alliances and coalitions can be formed ([Narayanan and Fahey 1982](#)).

Which alternative will prevail is seldom a rational choice. Alternatives are constantly appreciated from the moment the first alternative is created. Political influence is exerted to put some alternatives in the foreground and develop them better than others. Moreover, the objectives and criteria to evaluate the alternatives are not fixed. Often, these objectives will evolve over time and will be adjusted to support a specific alternative ([Narayanan and Fahey 1982](#)).

### 5.3. Action

In the pluralist vision, formulating a change strategy and implementing it are much less clearly separated and sequential steps. The context in which the change is developing is conflictual, with many disagreements, quasi solutions, ambiguity, and incomplete information. According to [Nadler and Nadler \(1998\)](#), the implementation phase is characterized by instability, uncertainty, and stress for both change agents and everyone involved. The change leads to a flurry of political activity because those in power wish to maintain control and those with less power see opportunities to strengthen their position. These power problems have to be addressed at the beginning of the implementation, by making sure that there is sufficient support for the change that resistance to change can be controlled,

and that they remain master of the evaluation criteria so that the change can be presented as successful.

To assure support, change agents must continue to influence those in power during the implementation process so that they desire and accept the change. By promoting active participation, change agents will try to channel conflicts. For example, they may bring the most important leaders together in a steering committee; however, in that case, they must be able to convince them that they have a personal interest to run that risk (Bateman 1980; Guth and Macmillan 1986). It is also important that they are aware of ongoing political activities so that they can tune their political strategy on this basis. Therefore, different power sources can be used such as argumentation, control over scarce resources, occupying a central position, or control over the proceedings (Bradshaw and Boonstra 2004).

As the implementation progresses, the measures will become more concrete, and more resistance is to be expected. In the pluralist vision, there is a growing awareness that resistance to change is more than an aversion to imposed changes; it is also the manifestation of a complex political struggle between different interest groups (Burnes 2015; Fleming and Spicer 2014). Tichy (1983) stated that resistance to change in the political arena represents conflict and difference between coalitions over the allocation of resources and power. At an organizational level he sees three forms of resistance. Resistance due to threats to the powerful coalitions; resistance can arise from powerful coalitions if they feel threatened because the change alters power relations in the organization. Resistance due to resources limitations; when the change results in a reduction in available resources, political bargaining over who gets what share of the pie is necessary. If no agreement is achieved, this can result in impasse and overall resistance. Resistance due to sunk costs; writing off sunk costs can indicate that wrong investments have been made. Managers may resist in an effort to save face and prove their strategy was the right one.

Rather than sophisticated change techniques, political negotiations and the mobilization of influential players are needed to overcome this resistance (Dawson 1994, 2003).

The implementation activities should be monitored and evaluated to ensure that the necessary adjustments of the change are made and that lessons are learned for the future. In practice, managers oppose evaluations because they are very politically colored. Evaluation of results, especially when the results are less than admirable, has implications for visibility, as well as the survival and retention of individuals and departments. All kinds of contextual factors make the success or failure of the change dependent on both controllable and uncontrollable factors; however, during evaluation, there is a tendency to attribute the cause of failure to the individuals or units involved (Fahey and Narayanan 1983).

When evaluation does take place, there is a real danger that the data are manipulated to serve personal interests (White and Wooten 1983). Assessors are in a dominant position which they can use to attribute or not the cause of failure to certain contextual factors depending on whether they favor the individual or unit assessed (Fahey and Narayanan 1983). In complex changes, it is nearly impossible to evaluate whether the right decisions were taken and whether these decisions were made correctly.

One last word on restructuring. As stated above, the inputs to the change system can be strategy, structure, culture, and behavior. Of these four, structure (formal or informal) can be deliberately used as a political implementation strategy. Structure is a critical medium for control in organizations. Through prescribed production and reporting structures, management compels certain ways of working and restricts other forms of cooperation (politics of processes) (Valley and Thompson 1998). Restructuring—carrying out major changes in the formal ordering (the structure, processes, and systems) of an organization—is very popular within management. It allows the CEO and their team to clearly indicate what kind of organization they want. Restructuring underscores and supports the new strategy and reinforces concepts of change in real and observable ways (Nadler and Nadler 1998). To maintain control over scarce resources, certain structural changes are often made



which, in reality, are nothing more than “ceremonial” actions with symbolic value. Certain departments are created or modified without being really involved in the decision making.

Therefore, the structure that comes forward is the result of not only changes in the environment, but also the personalities and power needs of the dominant stakeholders (Senior et al. 2020).

#### 5.4. Integration

Finally, during the integration phase, mostly politics of processes are used to institutionalize or re-institutionalize control over the organization. The powerful coalition reconfirms its power or sees it strengthened. Control and communication mechanisms are refreshed or strengthened, which allows filtering information that is not consistent with the change out of the communication flow (Corner et al. 1994). Managers and employees who resist the change are replaced by individuals who agree with the (new) direction indicated by the top management (Feldman 1981).

Pfeffer (1981) argued that institutionalization can have the perverse effect that it favors those looking for more control. Changes often lead to more centralization and control, thus strengthening the dominance of the party in power. If integration by institutionalization is performed successfully, it may complicate further changes. The dominant coalition, which sees its control position confirmed, will close off the organization even more from its environment and try to avoid further changes that could threaten its position (Pfeffer 1981; Pitt 2005).

The pluralist vision on organizational change is quite different from the unitary view of the normative discourse. Power and politics intersect the rational sequence of the change, thereby losing its evidence and straightforwardness. From a pluralist point of view, the roadmap for change is not much more than a means to satisfy “the need for the appearance of rationality” (Pfeffer 1994, p. 249).

It is clear that there are other forces present and other skills needed to manage change than comes forth in the unitary vision of the normative discourse. The pluralist vision has the merit of reducing the often heroic and utopian expectations created by rational processes of change to realistic proportions. This vision, however, is limited to the use of power and politics of resources and processes to improve the success rate of change. As such, the pluralist vision ignores the underlying power structures (Minett 1992). To learn more about how systemic power and politics influence change, it is necessary to make a cross over to the other discourses. The interpretive discourse provides more insight into the way in which meanings are manipulated during organizational changes.

## 6. Political Interpretation of Organizational Change from the Interpretive Discourse

The interpretive discourse assumes that a change evolves in sequential operations, which also affect the cognition and the interpretations of the change process. As change unfolds, other orientations are required. Each phase in the change process is characterized by a different construed reality, a series of interpretive activities, and a dominant frame of reference (Isabella 1990). The interpretive process of change can be described as a learning process that starts with (1) a scanning phase, followed by (2) an interpretation phase, and (3) a learning phase. Finally, during (4) the incorporation phase, what is learned is incorporated in the organization through certain forms of institutionalization (see Table 1).

We now discuss how power and politics manifest during this learning process.

### 6.1. Scanning Phase

In the scanning phase, the change has not yet been officially announced, but certain signals and movements indicate that something is afoot. From an interpretive point of view, changes are usually initiated when powerful groups in the organization conclude that the established mental models are no longer adequate to cope with major changes in the environment (Bartunek and Ringuest 1989; Kilmann and Covin 1988). Questioning the established mental models creates substantial uncertainty; thus, people start to collect bits

of information that can reassure them (Gioia and Chittipeddi 1991; Gioia et al. 1994; Isabella 1990; Kraft et al. 2018). They try to make sense by arranging this fragmentary information into a frame of reference in development (Daft et al. 1988). Information should be available and noticed before it can be processed and infused with meaning (Corner et al. 1994).

If there is no or insufficient information available from an official source or if this source is not trusted, people will resort to informal communication channels (Difonzo and Bordia 1998): gossip (about people) and rumors (about upcoming events) then spread over the organization. Gossip and rumors are seen as important political activities in this phase. Gossip and rumors often have a negative connotation but there are also neutral views. Noon and Delbridge (1993) defined gossip as “the process of informally communicating value-laden information about members of a social setting” (Noon and Delbridge 1993, p. 25). As such, whoever spreads gossip and rumors with information value increases their status in relation to their colleagues. Gossip and rumors also promote coalition building because it creates a more intimate relationship among employees (DuBrin 1990). In the absence of clear information, no rational decisions can be taken about the environment; hence, extensive discussion and coalition building are required to agree on a single interpretation and course of action (Daft and Weick 1984).

### 6.2. Interpretation Phase

After the formal decision for a change is taken, the sensemaking process shifts from scanning to interpretation. This is the start of the de-freezing process in preparation of the change. Those involved are trying to make sense of this change and to estimate what effect the change will have on their personal situation.

This is a phase of intense political activity. Kapoutsis (2016) even saw the management of meaning as the essence of organizational politics. He defined political behavior as “intentional acts from a broad repertoire that may include influence tactics, self-presentation, impression management, voice, and helping behavior to manage (create, maintain, modify, or abandon) the shared meanings of organizational situations so as to produce desired outcomes that would otherwise be unfeasible” (Kapoutsis 2016, p. 41). This is in line with Pettigrew (1985b) who saw the management of meaning as a political process of symbol construction and use of values designed both to create legitimacy for one’s own actions and to “delegitimize” the demands of one’s opponents. For example, the change agent can build up a power base from structures, values, and symbols to manipulate reality in such a way that the change is perceived as legitimate, desirable, and inevitable (Frost and Egri 1991). In this case, deeper control processes are used in line with the third dimension of power—power of meaning. Power is used not only to beat the competition in a process of change (first dimension), but also to prevent that competition from occurring (second dimension). In both cases, the manipulation of symbols, language, ideology, and beliefs is used to influence decisive choices (third dimension). In this sense, culture and even strategy and structure are not neutral functional constructions, but constructions that serve the interests of the dominant group. These aspects of the organizational context can be mobilized by powerful groups to legitimize existing definitions of strategic issues (to set new priorities) and to delegitimize threatening definitions (Pettigrew 1985a). However, this will not go without a fight. Between different stakeholders, conflicts arise about the need for change and about the most appropriate interpretive schemes. What interpretive scheme will eventually prevail depends on the result of this disagreement between the stakeholders (Bartunek and Ringuest 1989; Child and Smith 1987; Stensaker et al. 2008).

### 6.3. Learning Phase

In the learning phase, action is taken on the basis of interpretations in the interpretation phase. Through experimentation and testing, cognitive theories are transferred into action, and learning starts. This learning creates new information that requires interpretation, giving rise to new standards and behavior. Often, a feeling of confusion occurs as the existing interpretations no longer work and new interpretations have not yet been accepted.

In this phase, reality is reconstructed. Managers actively reconstruct their environment, deciding what to retain and what to alter. The ambiguous situation that arises allows certain groups to promote their mental framework. For example, leaders are inclined to accept paradigms that attribute organizational successes to their own actions and organizational failures to the actions of others or to external forces, whereas opposition groups are likely to have the converse principle for attributing causality. Objectives and results are often reinterpreted in such a way that there is success, even when the shortfall seems quite large. The result is a multitude of individual realities and divergent interpretations of the change; however, over time, a certain culmination will occur, as the people involved will gear their visions towards being more and more alike (Isabella 1990; Levitt and March 1988).

There is little research on the political and power-related aspects of learning in organizations (Akella 2003; Blackler and McDonald 2000; Coopey 1995, 2000; Flood and Romm 2018). Antonacopoulou (2006), in an investigation about the relationship between individual and organizational learning, concluded that the hegemony of the organization determines which learning is important and, thus, makes people dependent on teaching methods that are acceptable within the organizational culture. She wondered whether learning is not a way of control. While learning programs are promoted in the organization, the organizational culture seems to discourage organizational learning by offering only those programs that affirm the status quo rather than questioning it.

Lawrence et al. (2005) argued that both episodic power and systemic power play an essential role in how politics affects the learning organization. In their view, episodic power is manifested by influence and force, while systemic power is manifested by domination and discipline. Episodic power is an important element in the interpretation and integration processes of the learning cycle. During the interpretation phase, the change agents must have sufficient influence to change the ideas, feelings, and behaviors of others. Episodic power in the form of force is best suited to achieve integration at a group level. The focus of integrating is the accomplishment of coherent, collective action. Therefore, the options available to organizational members are restricted to those necessary for the success of the change. Force can be exercised to limit the number of alternatives, to prevent some issues from appearing in formal and informal agendas, and to eliminate opponents of the change. While influence is exerted mainly through informal networks, authority that comes from formal positions in the organization is necessary to exercise force. Therefore, the top management is seen as the driving force that determines the need for and the nature of the strategic changes (Gioia et al. 1994).

Systemic forms of power are important during the intuition phase and, later, in the incorporation of what is learned. Systemic power in the form of discipline supports and shapes the intuitions of organizational members by providing them with an ongoing stream of experience and affecting the ways in which they perceive that experience by shaping their identities. Members of an organization who have expertise in a particular subject explore and understand new business intuitively. Discipline supports the development of expertise by setting up systems and structures, such as socialization, reward systems, training, and teamwork, which allow for the gaining of in-depth experience and specialization. In addition, these systems will also have an influence on the way these experiences influence the identity of those involved as experts (Lawrence et al. 2005).

The learning phase of the interpretive change process is completed with an evaluation of the changes. The learning process is evaluated, and the consequences of the newly constructed reality are assessed. The main action here is to identify winners and losers: who has benefited from the change and who has been lost in the process (Isabella 1990). The evaluation will put the change in perspective, and standard visions of change will emerge, which will be used in the future as frames of reference in similar events.

#### 6.4. Incorporation Phase

Finally, what was learned must be incorporated in the organization. As mentioned above, incorporation is a matter of institutionalization. Institutionalization is the process

that ensures that what is learned is embedded in routines (Berends and Lammers 2010). Tasks are defined, actions are specified, and mechanisms are installed to ensure that these actions are implemented. The best way to achieve this is the use of systemic power in the form of dominance. Lawrence et al. (2001) used the term dominance in a strict sense, namely, “to describe forms of power that support institutionalization processes through systems or organized, routine practice, which do not require agency or choice on the part of those targeted” (Lawrence et al. 2001, p. 637). Dominance can be found in several systems, including in certain technologies, such as the physical layout of a factory, or information systems imposing a particular way of working on the users (Santos and Steil 2015). By limiting the number of available actions, dominance will minimize many conflicts and resistance. What was learned is incorporated by individuals and groups in the strategy, structure, and culture of the organization. Incorporation creates a context for interaction so that events and experiences can be interpreted and placed (Crossan et al. 1999). Lawrence et al. (2005) pointed out that this incorporation will not take place without a struggle. Not every attempt at incorporation is equally successful because organizational members often resist changes to established practices. Therefore, Limba et al. (2019) believed that using systems of domination is not enough to achieve institutionalization of learning, especially when it is imposed from the top. As the use of domination is opposed to choice, it will result in a fast pace of institutionalization, but the change it effects will be relatively unstable. Therefore, use of domination should be accompanied by modes of episodic power so that actors voluntarily adopt the new practices being introduced.

Those in power play a fundamental role in the institutionalization of learning but they have to balance their power. Dover and Lawrence (2012) stated that incorporation may also fail because the use of force is either under- or overdeveloped. When power is overdeveloped, positions of authority can impose new practices on members, in a way that the possibility of critical engagement is removed. The result is alienation that is likely to lead to withdrawal instead of incorporation. In contrast, when force is underdeveloped, managers lack sufficient legitimacy or tools of coercion to establish and enforce compliance with new practices. This can result in incomplete or inconsistent incorporation.

The interpretive discourse provides deeper insight into the role of the power of meaning during a change. It turns out that, to make substantial changes, influencing decisions is not enough. Change agents must ensure that the actors involved understand the meaning of the changes as intended by management. By using symbols, the interpretive schemes of those involved can be changed so that lasting change occurs in the minds of the people.

The interpretive discourse looks at the deeper subjective structures of the organization. However, it does not question the prerogative of management. Authority is still a given. To better understand how the underlying power structures that are embedded in society determine the balance of power in the organization and influence organizational changes, critical discourse can provide more insight.

## 7. Political Interpretation of Organizational Change from the Critical Discourse

According to the system model for organizational change, the system elements of critical discourse include (1) having a voice, (2) critical reflection, (3) emancipation, and (4) democratic decision making (see Table 1). These elements are rather loosely coupled and form a dynamic process of growing awareness and emancipation. Below, we describe in more detail how power and politics influence this process.

### 7.1. Having a Voice

From the scarce literature that provides concrete indications about the practical application of critical theory puts forth that a requirement to bring about radical changes is to ensure that those who normally have no opportunity to express themselves have a voice (Bradshaw-Camball 1990; Darwin et al. 2002). Every subject must have the opportunity to participate in the public debate where conflicts are discussed not on the basis of power

relations, but on the basis of the strength of the argument (Darwin et al. 2002). The aim is to learn to see how some obvious visions of reality are socially constructed within a dominant culture, and to give people the opportunity to formulate their own definition of reality. Given the power relations and inequalities in the organization, this is not evident. Changes are decided over the heads of those involved, who are, thus, reduced to objects of change. Opposing these changes is seen as irrational resistance to changes that were developed by specialists (Alvesson and Willmott 2002). Voronov and Coleman (2003) pointed out that the lower echelons of the organization are “duped” by the top by making them believe that they are empowered, although in reality they are still being controlled from above and by each other through ideological or disciplinary power.

However, there is a danger that, by trying to liberate the oppressed from this “false consciousness”, one ideology is simply replaced by another as dominant groups have the tendency to lapse into manipulation. According to Van Dijk (2006), manipulation is the “*communicative and interactional practice, in a manipulator, which exercises control over other people, usually against their will or against their best interests*” (Van Dijk 2006, p. 360). Van Dijk saw manipulation as a form of abuse of power by domination, whereby illegitimate influence is used by means of discourse. Manipulators make others believe or do things that are detrimental to them and that are in the interest of the manipulator. As manipulation creates and perpetuates inequality between the social actors, it is a form of abuse of power (Van Dijk 2006). Telling people what they must do should be avoided, while still ensuring that people will see and do things differently. Aktouf (1992) argued that, to achieve this, we have to think carefully about the theoretical management concept that can form the basis of changing the passive–obedient Taylorist employee to an active–cooperative one. We need managerial practices that will permit the development of the employees’ desire to belong and to use their intelligence to serve the firm. This requires us to radically question the position of workers as pure instruments of production and objects of profit or cost. To give voice means that people receive their share of the power and decision rights in matters such as the means of production and the distribution of profits.

### 7.2. Critical Reflection

Critical reflection should help members of the organization see changes in a different way and to uncover the underlying interests that are hidden in obvious management practices. One should understand that these practices are social constructs and become aware of the role one plays in the production and reproduction of these practices (Darwin et al. 2002). Critical reflection does not come easily but develops from resistance against social restrictions. In this sense, soft management techniques have the paradoxical effect of weakening the capacity of staff to reflect critically on labor situations (Alvesson and Willmott 1992), thereby leading to the skeptical view that critical theorists have on management phenomena such as empowerment and teamwork (Boje and Rosile 2001; Hardy and Leiba-O’Sullivan 1998; Lincoln et al. 2002; Sewell 2001).

### 7.3. Emancipation

Having a voice and developing critical reflection should pave the way for more emancipation, whereby marginal members of the organization are freed from the authority of managers and are able to change their own situation (Clayton and Gregory 2000; Darwin et al. 2002). To achieve this emancipation, there are three possibilities. The first possibility is the challenging and critiquing of dominant forms of thinking through questioning. The aim is not so much to suggest alternatives but to problematize and challenge obvious and accepted ways of thinking. A second possibility confronts the current situation with an ideal form of cooperation. The intention is to counteract ideologies and social arrangements that obstruct human freedom.

Additionally, this utopian form of emancipation is more about learning to think in alternatives rather than the suggestion of readymade, concrete answers. Between the two forms is a form of micro-emancipation which concentrates on partial and temporary actions

against certain forms of oppression. Instead of opting for a unique radical change, the path of incrementalism is chosen. The road to emancipation is not seen as a large integrated project, but as a series of projects, each limited in time and space (Alvesson and Willmott 2002).

#### 7.4. Democratic Decision Making

Lastly, democratic decision making can be enhanced by allowing all interested parties to participate in the change. The change agent can then act as facilitator. This is an educational role which concentrates more on the process than on content (Cassell and Johnson 2006; Clayton and Gregory 2000; Darwin et al. 2002). A method the change agent can use is action research. Carr and Kemmis (1986) defined action research from a critical perspective, *as a form of self-reflective inquiry undertaken by participants in social situations in order to improve the rationality and justice of their own practices, their understanding of these practices, and the situations in which these practices are carried out* (Carr and Kemmis 1986, p. 162). In general, action research proceeds as follows: First, a social practice is chosen which is susceptible to improvement. Next, the project runs in spiraling cycles of planning, action, observation, and reflection. The project involves certain stakeholders in a particular activity so that the circle of people involved will be gradually extended to all stakeholders in the project (Carr and Kemmis 1986).

Critical discourse digs deeper into the underlying structures of the organization and reveals how the power of meaning is used by the owners of the means of production to perpetuate their privileges at the expense of the operating groups in the organization. Power and politics dominate the social interactions in organizations. Critics are convinced that all decisions in organizations are the result of power exerted by decision makers. In contrast to the proponents of the pluralist vision, it is not the intention of critical researchers to help managers to better control decision-making processes by revealing political aspects; instead, they call for a democratic form of decision making through a radical transformation of the power relations (Alvesson and Willmott 1996).

### 8. Political Interpretation of Organizational Change from the Dialogic Discourse

Due to the ontological perspective of the dialogic discourse, one cannot expect many concrete indications about the way organizational change can be organized. Moreover, according to the dialogic discourse, actors are caught in the power play of the dominant discourse from which escape is almost impossible, preventing fundamental changes. Other voices have questioned this deterministic vision (Bushe and Marshak 2016; Clegg et al. 2006; Hardy et al. 2005).

Hardy et al. (2000) believed that people can develop discursive activities in a way that provides benefits for them. People produce and distribute different types of text in a particular discursive context. This context consists of discourses that are the result of the struggle of different actors and overlapping activities of many people. A context consists of a plurality of discourses from which one can choose. This interdiscursivity can be an important strategy for achieving changes (Fairclough 1992).

Hardy et al. (2000) developed a model in which discourse is used to make strategic changes. Their premise was that the discourse creates the social reality through the production of concepts, objects, and subject positions which shape the way in which people perceive reality and react to it. Concepts are categories, relations, and theories through which people understand the world and relate to one another. By using concepts, the material world can be made meaningful, and objects are created. Objects only make sense in terms of the concepts that are applied to them.

To be able to speak within a discourse, agents have to take up a particular subject position. For example, to speak in a change discourse, an available position is that of the change agent. By intervening in the processes of discursive production, discourses can be deployed strategically in the hope of achieving real political effects. Discursive

activities are initiated to achieve certain plans and projects and to ensure that the discourse is self-serving.

The proposed model consists of three circuits which identify the various steps through which discourse is engaged as a strategic resource (see Table 1).

The first circuit consists of discursive activities of individuals who are attempting to use discourse strategically. They make discursive statements in their attempts to manage meaning in ways that support their intentions. These statements involve the creation and dissemination of texts, including the introduction of symbols, the creation of narratives, the use of metaphors, and the employment of rhetoric. This allows texts to associate particular concepts with certain relations and/or material referents in order to create objects.

Therefore, the first activity is to make discursive statements to create specific meanings. For example, a newly appointed CEO certifies that the organization should have an international dimension. Therefore, they use stories, rhetoric, and symbols. An export committee is symbolically launched to search for foreign partners and to look for export opportunities. These activities help the organization to accept the new concept of “international” and, as such, to create a new object. The organization was formerly associated with the concept of “national” and is now associated with the concept of “international”.

To be politically relevant, discursive activities must engage other actors. This process is called the circuit of performativity. The concepts evoked in discursive statements are embedded in the broader discursive context so that they have meaning for the people to whom they are addressed. The enunciator must then occupy a subject position to be heard by others, or their statements will simply be ignored. Lastly, the symbols, stories, metaphors, and rhetoric must be receptive to other actors; otherwise, they will fail to convey the meaning intended by the enunciator.

In our example, the activities of the CEO ensure that the idea of going international is embedded in the organization. Given their position as head of the organization, the CEO manages to make the idea acceptable. The export committee is recognized as a center of expertise for international expansion, and projects are launched to export services to other countries.

When the circuit activity and the circuit of performativity intersect, they create a circuit of connectivity. The new discursive statements “take” as concepts and are successfully attached to relations and/or material referents to create specific objects in the eyes of other actors. New subject positions and practices also emerge. The result is that the accumulation of individual statements and practices will affect the global context as the dominant discourses are contested, improved, corrected, or, on the contrary, strengthened. In this altered context, new discursive activities can emerge.

In our example, the circuit of discursive activities and the circuit of performativity intersect when the discursive statements of the CEO are accepted, such that concept and organization are connected in a meaningful context. This connection leads to new subject positions such as members of the export committee and members of the export projects. These new positions gain in importance and, in turn, strengthen the discursive activities of the CEO.

With this model, [Hardy et al. \(2000\)](#) showed how discourse has the power to turn rhetorical statements into action. This, however, requires more than touting language. One must succeed to produce new concepts, objects, and subject positions that are accepted by others.

Dialogic (postmodern) discourse has a totally different view on power and politics than the other three discourses. Power is not A getting B to do things B otherwise would not do; power is a machinery in which everyone is caught. In social power relations, both A and B do what they ordinarily do ([Marsden and Townley 1996](#)). What effect this vision has on organizational change is not yet entirely clear and is a subject for further research. It appears that, viewed from a dialogic discourse, most organizational changes, even if they are labeled as transformations, are no more than redeployments within established power relations. Power imbalances are imbedded in the formation of discourse, and these systems

perpetuate themselves (Alvesson and Deetz 2006). The direction in which organizations should evolve is also not clear. There are calls for more empowerment (Marsden and Townley 1996) and for “polyphonic” organizations (Anderson 2005; Clegg et al. 2006; Hazen 1993; Jabri 2004), which involve “interacting and possibly competing representations that might engage in some dialogue with each other” (Clegg et al. 2006, p. 14). Polyphony does not deny the existence of power but assumes that dominance can be replaced by multiple rationalities. How this can be achieved is a subject for further investigation (Kornberger et al. 2006).

## 9. Conclusions

In this article, it became clear that neither change nor political power can be summarized in a single theory. It also appeared that studies on organizational politics do not fit very well with the change literature. The political literature is often restricted to the finding that changes intensify the political activities in organizations. The change literature, for its part, offers a (too) fragmented picture of the role of politics.

This article tried to cope with this number of often conflicting theories and ideas using a multidimensional view of the subject. This view was found in the model of Maes and Van Hootegem that groups the different views on organizational change according to their underlying discourse. The framework allows for a dialogue between change management and organizational politics. It emerged that each discourse has its own vision on change and emphasizes a different aspect of power and politics. The normative discourse will put the emphasis on the power and politics of resources and processes. The interpretive and critical discourses concentrate more on the power and politics of meaning, while the dialogical discourse focuses on the power of the system. Therefore, an “interplay” between the discourses is necessary to fully comprehend the role of power and politics in change. However, while the normative and interpretive discourses are well developed regarding our subject, further research is necessary for the critical and dialogical discourses.

Given the restrictions we set ourselves in the research methodology this article is rather a first step in applying integrated methods to study change and to achieve more convergence between studies on organizational change and organizational politics. We were only able to map out the most important political maneuvers in the different phases of a change. We hope this is a starting point for further research not only at an organizational level but also at team—and individual levels.

Insights from different discourses into the political mechanisms that play a role in a change can have predictive value for both change agents and recipients of change. Through revealing these mechanisms from different points of view, it is possible to better predict who will be the winners and the losers in a change process. The winners are often the ones who know how to play the political game. Thus, insights into the role of power and politics during a change can help to ensure that there are more winners and fewer losers. It can make it possible for all parties to enter the political arena better prepared and to play the game of change at a tactically higher level. All stakeholders can gain power and influence through a better understanding of the role of power and politics in change. This should make a more democratic approach to change possible in the sense that more members of the organization have the opportunity and the capacity to influence decision-making processes in the organization.

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Article

# Empirical Analysis of Strategic Management in Inter-Governmental Organization

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**Abstract:** In this study, we present a strategic change theoretical model and empirically validate it in the context of inter-governmental organizations. We followed a survey methodology approach and tested our model hypotheses using exploratory and confirmatory factor analysis. Traditional strategic management models were created primarily with the private sector in mind. Therefore, validation of the model constructs for their appropriateness to the present construct is essential, especially that these types of organizations, such as those of the United Nations agencies, face major challenges when it comes to change. We found significant re-groupings of items, leading to the necessity to reformulate the constructs, as the context of our study is significantly different. We found that institutional pressures have a significant influence on strategic change and were mediated by strategic formulation. We also found that strategic pressures did not have any influence on strategic intent. Our research theoretical model and results provide many insights to future research directions and inter-governmental organizational practitioners who are engaged in change management.

**Keywords:** strategy; change; inter-governmental; organization; empirical; institutional pressures; strategic intent; strategic formulation

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## 1. Introduction

### 1.1. Context of Study

Public institutions and agencies, ranging from the United Nations to municipal institutions, may be perceived to have few vulnerabilities, and are impervious to external pressures and threats (Giblin and Nowacki 2018). Inter-Governmental Organizations (IGOs) (including all types of non-profit organizations, government agencies and state-owned corporations) have to contend with their survival and sustainability and continuously manage challenges such as crisis management, budgeting constraints, downsizing and political pressures. Managers working in IGOs continue to be concerned and are challenged about highly relevant issues related to change and change management, such as organizational decline and performance (Peretz 2021). Moreover, with today's globalization paradigm taking a new form, and global crises such as the COVID-19 pandemic and heightened environmental disasters, IGOs are facing a new set of challenges and obstacles affecting their missions, strategies, operations and reputation.

In order to demarcate the extent of the problem at hand, let us consider the United Nations, which, in 2017, was criticized for its lack of management best practices and bureaucracy, referencing their problematic performance in their business process efficiencies and effectiveness. This criticism is masked by its global politically driven inter-governmental dynamics, where performance and change management practices are not evident or even transparent (Andrews et al. 2006; Cuganesan et al. 2012). As a response, the UN general assembly in 2000 made the resolution to ensure that the organization and its agencies

are provided on a timely and predictable basis with the resources it needs to carry out its mandates, and urged the Secretariat to make the best use of those resources, under such plans as resources mobilization initiatives. This triggered a major management reform movement, whereby results of reform efforts were required to be presented to the UN Assembly regularly. Subsequently, the reform presented the Secretariat with major challenges associated with member states' interference with management, resulting in the serious consequence of potentially deteriorating their strategic management implementation abilities. The interactions between these internal and external pressures are still not well understood and guidance for stakeholders is lacking, with managers continuing to struggle with effective and efficient approaches towards handling the situation. Ever since, pressure for reform has been observed in all public sectors, where IGO governing bodies are increasingly urging their Secretariats to anticipate, engage and manage organizational transformation effectively, to address the continuously emerging global challenges and establish mechanisms to align themselves to the UN sustainable development goals. At present, strategic planning, development and implementation in public institutions are weakly addressed in IGOs' strategic management theory and practice.

For this reason, it is vital for IGOs to establish a strategic management framework that is linked to ongoing performance and management processes. This relationship, in which strategizing is mainly aimed at defining and strengthening overall performance, is coupled with performance monitoring to improve the outcomes of adopted strategy processes. From this view of strategic management, a transformation from the traditional strategic planning view to a more integrated and multidimensional focus is necessary. In doing so, it would be possible to achieve strategic goals along various pathways of decision making—a central theme of coordinated, centralized strategic management challenges that remains unsolved today (Kools and George 2020).

### 1.2. Extant Work

Research on strategic management has tested different models over the past few decades. However, there are still many unknowns to our current understanding with regard to influential cause–effect relationships, especially in the IGO context. This lack of strategic management research has been observed by professionals to be a significant cause of the challenges that IGOs are facing today in their strategic planning process and its implementation (Elbanna et al. 2016).

The field of strategic management is based on the interest of researchers and practitioners to understand how some companies/firms sustain good performance while others do not (Bryson and George 2020). Traditional economic models of the firm were not able to explain this difference in performance behavior, and empirical evidence in strategic management was contrary to economic theory predictions (Zott 2003). The interest in sustainable performance gave rise to the industrial organization (IO) neo-classical models based on the structure–conduct–performance (SCP) approach, as elaborated by Saadatmand et al. (2018). The IO-centered models and frameworks are true to strategic management research tradition, which is based on competitive advantages where private organizations are focused on making profits for their shareholders. Therefore, strategic management in the IO context is more accurately specified as competitive strategy.

Saadatmand et al. (2018) elaborate on the evolution of IO-based strategic management theory and research. One of their key important findings is that, according to the resource-based-view (RBV) theory of the firm, the organizational performance depends on the resources and capabilities that they may have under their control (Barney 1986). However, these models and frameworks lack the following: (1) they are not suitable in environments where conditions change at a fast pace, (2) they are static, thereby limiting the organization's abilities to adapt in time, (3) they largely ignore the external environment, (4) they assume that resources remain stable over time and (5) they are linear, making efforts to avoid uncertainty towards their strategic goals.

Institutional theory has been widely used to study strategic responses, such as retrenchment, persevering, innovating, and exit (DiMaggio and Powell 1983; Oliver 1991; Scott 1995). Modern institutional theory explains that when organizations are facing pressures from the external environment, they will employ equivalent practices to gain legitimacy in the field (Begkos et al. 2020). This results in an increasing “isomorphic” environment among organizations (DiMaggio and Powell 1983). Oliver (1991) identified different strategic responses resulting from institutional pressures, and where organizational behavior varies from passive conformity to active resistance in response to institutional pressures.

Moreover, Greenwood et al. (2011) has expanded his work concerning the rapidly increasing institutional pressures research to examine how organizations respond to institutional situations in which organizations are subjected to a variety of types of demands appearing from different institutional tactics. While the existing work has focused on how shifts in the presence of numerous (typically two) types of tactics influence organizations across fields, there have been far fewer systematic considerations dedicated to how particular organizations experience and respond to the complexities of those tactics.

As soon as information technology solidified its ubiquitous position globally in the mid-1990s, and with its exponential increase in its innovations and applications from thereon, researchers and practitioners shifted their attention to more dynamic approaches to strategic management (Iansiti and Clark 1994)—ones that will allow organizations to adapt more efficiently and effectively with the increasing pace of environmental conditions. Out of the limitation of the IO, and as an extension to the RBV, the new dynamics capabilities paradigm was born, with the intent to resolve the four aforementioned limitations of the IO models and frameworks (Ghemawat and Cassiman 2007). Primarily, dynamic capabilities refer to the organization’s capacity to adapt to new environmental conditions efficiently and effectively via integration and reconfiguration (Tece et al. 1997).

The subject of strategic management and change management in IGOs has received little attention in the public administration, strategy and change management literature (Giblin and Nowacki 2018; Peretz 2021). In the past decade, Strategic Management (SM) has become central to the agenda of public institutions and governmental agencies. Organizational reform has taken center stage as a standard practice to apply SM (Safi and Mahmood 2022). Strategic planning, which was initially used in the private sector since the 1950s, gained the attention of the public sector in the 1980s, where research in public management emerged, emphasizing its need via public institutions (David et al. 2007). However, little is known about the application of SM in public institutions (Andrews et al. 2006; Olivier and Schwella 2018; Höglund et al. 2018; Rosenberg Hansen and Ferlie 2016; Peretz 2021).

It is important to differentiate between strategic planning and strategic management (Bryson et al. 2018). Strategic planning is viewed as an approach to the development of a strategy which is typically long term (Bryson 2018; Bryson et al. 2017; Golsorkhi et al. 2010). Strategic management, however, entails planning as a small part of its scope. While strategic planning deals primarily with formulation of the strategy, strategic management includes formulation, implementation and evaluation (David and Forest 2017). In the public and IGO sector, strategic planning and strategic management are seen to be used interchangeably. Safi and Mahmood (2022) provide comparative details and definitions of strategic planning and strategic management as perceived by different researchers. In the present study, we define strategic management along the same lines as Rowe et al. (1982) as follows: SM in the IGO sector is the implementation of strategic thinking for the efficient adaptation to change induced by external institutional pressures, strategic planning and formulation, and change management.

Modern approaches to dynamic models and frameworks applied to strategic management include evolutionary economics (Winter and Nelson 1982; Saviotti and Metcalfe 2018), the delta framework (Hax and Wilde 2002), game theory (Ghemawat 1997), Blue Ocean (Madsen and Slåtten 2019; Unsal and Altindag 2021), Chaos Theory (Galacgac and Singh 2016; Unsal and Altindag 2021) and Models of Impact with social dimension integrated (Manos et al. 2022; Cuganesan et al. 2012; Drucker 1970). However, these models are not

suitable for our subject of study because they were developed to better represent the needs of today's fast-paced private organizations with highly uncertain environments, compared to IGOs, which develop their strategies based on a three- or five-year cycle, are static and linear in the way they do business and have relatively stable budgets. Therefore, a review of these modern approaches to strategic management is outside the scope of this study; however, we will briefly introduce them in order to provide a comparative appreciation to the complete subject matter.

*Evolutionary approaches* to strategic management are not new and include a wide range of views, bringing analogies from biological systems; namely, the concepts of variation, inheritance and selection (Winter and Nelson 1982; Saviotti and Metcalfe 2018). *The Delta Framework*, proposed by Hax and Wilde (2002) integrates Porter's industry analysis with the RBV to position the firm as complementary (compared to competing) and the inclusion of the customer at the center of strategy formulation. *Game theory* revolves around understanding decision makers' actions and competitors' reactions (Ghemawat 1997). *The blue ocean* strategy management framework entails the creation of a new marketplace with the aim of making a radical difference (Madsen and Slåtten 2019). *Chaos theory* is an interdisciplinary approach to strategic management, shifting emphasis to diverse strategic-related events, collecting data on a continuous basis and running an analytical framework to detect changes in the environment (Galacgac and Singh 2016). The '*models of impact*' is a novel strategy model that was recently developed to address the global expectation of the private organization to be socially responsible, with attempts to balance revenues and impact on society (Manos et al. 2022).

### 1.3. IGO Strategic Management Challenges

With increasing demands for more services provision, IGOs have been mandated by their member states to pay consistent attention to planning, developing and dynamically adjusting their strategic plan, which consequently entails the effective management of change. This is especially true when member states require the IGOs to reposition their strategic model to entail an increasing level of business/commercial activities as a response to the changes in the external environment and reduced funding.

The current strategic planning framework derived and applied to the private sector may not be suitable for the public sector, as it might neither be applicable, nor be able to meet the expectations, of IGO agencies. Moreover, Safi and Mahmood (2022) reported that many public strategic management scholars and practitioners agree that it is very difficult to apply strategic management principles from the private sector to the public sector. Using a number of studies, they further explain and support that this is due to the large gap that exists between the private sector's goals of profit and competitive advantages, and the IGO's purpose of serving its constituency.

Faced with these old and new strategic management challenges, IGOs today have to be strategy oriented, dealing primarily with strategic management (which entails intent, planning and formulation) external institutional pressures (primarily political factors) and change management. In doing so, they would develop the capabilities and maturity to establish a strong yet agile environment, setting the cornerstone for adaptive performance and sustainable change management.

### 1.4. Motivation and Purpose

We highlight that many perceive public institutions in general, such as the UN, to be well protected and not particularly vulnerable to internal or external pressures and threats, despite the fast changing global geopolitical, environmental and technological conditions. However, managers, such as section chiefs and bureau directors, in those institutions continue to struggle with their role of managing change, organizational decline and performance. The body of research in the area is lacking guidance to those managers as most of the relevant strategic management models derived from the private sector and scholars and practitioners alike agree that they have limited applicability when it comes to



meeting the expectations and context of public institutions. Consequently, the elements of most strategic models including planning, development and implementation are not well suited for public institutions (IGOs) (Giblin and Nowacki 2018; Peretz 2021; Safi and Mahmood 2022). Accordingly, in this study, we aim to achieve two primary goals, namely to clarify the current situation specifying external and internal drivers of strategic management in public institutions, and to underscore how the present situation can be improved. We achieve those goals by empirically investigating strategic management factors and their inter-relationships in the context of IGOs.

### 1.5. Structure of the Paper

In this paper, we set out to investigate empirically strategic management in the context of inter-governmental organizations, a member of the public administration organizations family. In our endeavor to understand the context and due to the lack of empirical research in the area, we adopted relevant concepts developed for the private sector, validated them in our context and refined them into an IGO strategic management conceptual model. Our journey towards the final model included a literature review of the body of knowledge in the area of strategic management, as discussed in Section 2. In that section, we revised theories of interest and cross examined the good criteria for strategic management proposed by Courtney (2013) against the context of the IGO, in order to get a better understanding of how the private and public sectors compare. In Section 3, we elaborated on the theoretical background constituting the foundations of our study hypotheses and formulated four research questions, identifying the factors for IGO strategic management, their inter-relationships, cause-effects and mediation. In the following section (Section 4), we presented our methodology describing our sample and procedure and presented the questionnaire used for our study. Section 5 focused on the results and analysis in the same strategic sequence as the research questions, performing an exploratory factor analysis to identify the factors, conducting a confirmatory factor analysis to explore inter-relationships, propose a conceptual model and run a cause-effect analysis via a structured equation modeling approach, and testing for mediation. In the last section (Section 6), we engaged in discussion and conclusions presenting our findings, implication to theory and practice, limitations and recommendations for future research. The references are provided at the end.

## 2. Literature Review

In Section 1.2, we elaborated on the extant work, briefly discussing the classical and modern approaches to strategic management. Classical perspectives were developed when the pace of external and environmental conditions was slow. Modern approaches were an evolution of the strategic management theories as an attempt to adapt to the significant increase in the changing pace of organizations' environments (Brown 2010). However, considering IGOs as the public organization of our study, we find that classical models for their strategic management provide a better fit for analysis than the modern approaches. This is due to the following: (1) Today, IGOs still perform at a relatively slower pace than the private sector and are still closer in operations to IOs. Therefore, they are not suitable in environments where conditions change at a fast pace (as they still plan on a triennium basis with a fixed static strategic management plan), (2) due to the nature of their business, IGOs remain static, with limited abilities to adapt in time (and for all intents and purposes, they do not need to), (3) IGOs continue to ignore the external environment (and one of the issues studied herein as institutional pressures), (4) due to their source of funding coming from voluntary contributions of member states, IGOs continue to depend on those contributions remaining relatively stable over time, despite today's geopolitical challenges, and (5) IGOs persist on being linear by continuing to make every effort to avoid uncertainty in their strategy management approach as a mitigation and negotiation tactic towards the council. Based on the above, we used the classical models of private firms to explore and adapt their application to the IGO context. Moreover, new models largely ignore external variables

such as institutional pressures. The following literature review therefore focuses on those IO strategy theories.

Höglund et al. (2018) identifies a small but growing research field that, for the past decade, has studied strategy work in the public sector context and the possible consequences of strategic management. Of this group of studies, some have investigated the application of SM (Andrews and Walle 2013; Boyne and Walker 2010; Bryson 2018; Bryson et al. 2010; Ferlie and Ongaro 2015; George 2017; Höglund and Svärdesten 2018); however, only a few studied the use of tools for the practical application of SM to realize strategic intent (Schmidt et al. 2017; Elbanna et al. 2016; George and Desmidt 2018; Höglund et al. 2018, 2021; Johnsen 2016; Lane 2008; Poister 2010). Even fewer studies were performed to determine which tools are used in strategic making (George et al. 2016, 2017, 2018), with none, to our knowledge, in the public or IGO context (Höglund et al. 2018).

As mentioned earlier, IGOs are faced with significant external governmental pressures that influence their strategic management and change processes. Considering institutional pressures, organizations' strategies and change management may vary depending on the nature of the conflict and the motivation of organizational groups to see one of the competing demands succeed (Pache and Filipe 2010). Oliver (1991) highlights that strategic choices vary from active resistance (i.e., manipulation of rules and expectations) to a passive or neutral response (i.e., to acquiesce and fully conform to institutional pressure and expectation). Goodstein (1994) proposed that strategic choices for conformity or resistance are made to cope with institutional pressures. Boon et al.'s (2009) study on strategic human resource management demonstrates the presence of different institutional pressures. However, this does not necessarily mean that organizations see that institutional environment as restrictive. Organizations can create more leeway in choosing a human resources system themselves (Boon et al. 2009). Finding the correct degree of adaptation to institutional mechanisms can be a source of organizational success, even if it operates in a highly institutionalized context (Oliver 1997). Early institutional theory often overlooked this role of active agency and resistance in organization–environment relations (Oliver 1991), which reintroduced agency, interests and power into institutional analyses of organizations (Garud et al. 2007).

New institutionalism, which is distinguished by Meyer and Rowan's (1977) classic paper and followed closely by DiMaggio and Powell's (1983) study, refers to a view of institutions as collective cognitions that acquire a degree of social concreteness and compel organizational behavior. While old institutionalism focused its attention on processes that occur inside the individual organization, new institutionalism focused on interactions among organizations, a level of analysis common in the organizational field (Meyer and Rowan 1977; Tohidfam and Touserani 2021; Naveed et al. 2021). The organizational field refers to a recognized institutional network: regulatory agencies, key suppliers, resource and product consumers and other organizations that produce similar services and products (DiMaggio and Powell 1983). Today, new institutionalism has been profoundly impacted by both globalization changing patterns and governance movements, where countries and IGOs find themselves facing irresistible and novel pressures. With significant reforms, political changes and widespread IGOs activities, mechanisms for governance, strategic management and change management are timely (Hossain 2022).

Institutional theory advocates that organizations active in social networks perceive institutional pressures to be significant for achieving social legitimacy and the acquisition of rare resources, essential for acceptable organizational performance (Zucker 1987; Scott 1995), sustainability (Teo et al. 2003; Oliver 1997), and strategic management. Such pressures can be in the form of coercive, normative and mimetic pressures. According to DiMaggio and Powell (1983), coercive isomorphism is a result of political influences and the problem of recognizing legitimacy; mimetic isomorphism is a result of responses to uncertainty; and normative isomorphism is associated with professionalization and trade association. As such, these institutional pressures impact strategic management processes of IGOs.

In the organization strategy domain, strategic planning has long been adopted to revitalize privately owned corporations and government-owned public agencies. With the increase in global political instability, economic uncertainty and the accelerated pace of digital innovations and social change, there seems to be some disillusionment with strategic management efforts that cannot adapt to the fast-paced environment, leading to increased skepticism about its overall effects. Some IGOs make significant efforts to find the best mechanism to optimize their strategic planning and development processes, with the goal of maintaining their organizational effectiveness and relevance. However, due to their inherent complexity, strategic planning efforts and processes have proven to be difficult to implement and pointless, with no/weak measured outcomes.

The primary culprits were unclear expectations, unrealistic goals, ill-defined action steps that were not explicit and a lack of stakeholder groups engagement. Moreover, strategic goals and strategic choices are often mixed with member states' agendas, economic interests and program priorities, which further blur the organization's vision and mission.

Looking at how strategy is addressed in the literature, we find a wide range of its definition and treatment. Reviewing this is outside the scope of our research; however, focusing on our context, we map, in Table 1, our analysis of IGO strategic processing elements to Courtney's (2013) criteria. Table 1 shows thirteen criteria identified by Courtney (2013), which are necessary to consider in the strategic planning process. However, IGOs, in general, do not pay attention to all of them. For example, IGO Secretariat, Development and the Joint Inspection Unit (JIU) address only criteria 6, 7 and 4 (the first column from left in Table 1), and in many cases only address them partially.

In general, we observe in Table 1 that IGOs in practice do not follow Courtney's (2013) criteria and have the tendency to manage their strategy in different notions that consist of more than one of the criteria. It is difficult to find out the reasons for that, and if those managers are aware of the strategic management process elements, but it is clear that doing so dilutes the original intent of the fundamental theories and makes it difficult (if not impossible) to measure the criteria—an exercise that is necessary for strategic planning and organizational performance.

**Table 1.** Strategic planning process: Mapping between good strategy criteria and IGO processes.

Courtney, R. (2013)	IGO Secretariat	IGO Development	IGO JIU
1. Provide clear direction	Vision statement setting; Creating objectives and using a strategy map; Strategic initiatives	Strategic framework; strategic programs	
2. Honors the past as well as looking to the future			
3. Reflects the changing external environment and its uncertainties	Identifying strategic risks	Situation analysis	
4. Inspires people to commitment and action			Strategic plan based on the consultations and strategic framework
5. Reflects the views, aspirations and expectations of internal stakeholders	Internal input gathering	Strategic planning preparation involves participants, organization and communication	
6. Reflects the views, aspirations and expectations of beneficiaries			
7. Responds to the clearly assessed needs of beneficiaries	External input gathering		

Table 1. Cont.

Courtney, R. (2013)	IGO Secretariat	IGO Development	IGO JIU
8. Contains an appropriate resource model to ensure its financial sustainability		Determination of the costs and linking the strategic planning process to the budgeting process	
9. It is based on a logical model or theory of change	Managing a strategy	Definition of mandate, vision and mission; Strategic issues and strategic goals;	Internal work plans with objectives and time horizons
10. Is evidence based			Internal work plans with objectives and time horizon
11. Be implemented by an organization with the distinctive skills and experience to implement it effectively		Determining criteria to be used to define priority activities; Developing action plans	implementation; implementation adapted to mid-term reviews
12. With clear outcomes that can be evaluated	Strategic performance measures	Monitoring and evaluation indicators	Monitoring and mid-term reviews; evaluation, reporting and lessons learned
13. Enables the implementation of it to be effectively monitored			

In their article, [Bailey et al. \(2000\)](#) captured the major strategic development factors in an integrated, multidimensional conceptual model that can be used to measure strategic development styles. Based on previous strategic development research, and in particular that of [Hart \(1992\)](#), they produced the following six discrete factors for organizational strategy development: (1) command ([Bourgeois and Brodwin 1984](#)), (2) planning ([Ansoff 1965](#)), (3) incrementalism ([Lindblom 1959](#)), (4) political ([Pfeffer and Salancik 1978](#)), (5) cultural ([Johnson 1987](#)) and (6) enforced choice ([Hannan and Freeman 1989](#)). [Bailey et al.'s \(2000\)](#) multidimensional conceptual model is in line with [Hart and Banbury's \(1994\)](#) criteria which, in general, elaborate on the factors of strategy development, in that they should represent elements (1) where vertical interactions between organizational managers are essential, (2) such that these managerial interactions represent capacities and abilities of the organization and (3) exemplify those interactions as routines reflecting the nature of the organization's strategy-making philosophy and process.

It is noteworthy in this line of research to point out that there is evidence on the diversity of strategic management which reveals typological commonalities with calls for the integration of the different approaches. Consequently, we draw attention to the strong link between [Bailey et al.'s \(2000\)](#) model and [DiMaggio and Powell's \(1983\)](#) institutional pressure framework. As mentioned earlier, [Bailey et al.'s \(2000\)](#) command, political and enforced choice elements can be considered as representative of coercive pressures. Coercive pressures, in turn, mainly entail the capacity to establish rules and enforce conformity via the manipulation of rewards or sanctions ([Scott 1995](#)). From a cultural perspective, it is equivalent to mimetic/cognitive pressures, whereby individuals take compliance for granted due to common social belief structures ([Scott 1995](#)). The original target of [Bailey et al.'s \(2000\)](#) model was organizations in general, without any specific considerations to the public sector or INGOs. The model is distinguished from others in that it incorporates various aspects of strategy planning, development, implementation and incremental and formal planning modes. These elements found in [Bailey et al.'s \(2000\)](#) model meet most of the current IGO strategic planning processes needs and are the reason for its adoption herein.

### 3. Theoretical Background and Research Question

Diverse theoretical and empirical research studies related to strategic management concur that the strategy development process is multidimensional in nature ([Fredrickson and Iaquinto 1989](#); [Derkinderen and Crum 1988](#); [Eisenhardt and Zbaracki 1992](#); [Bailey and Johnson 1996](#)). Considering the IGO context of our study, we find the research from [Hart \(1992\)](#) and [Bailey et al. \(2000\)](#) to be the most appropriate and potentially representative,

especially since they both focus and demonstrate the multidimensional nature of strategic management. Hart (1992), through his analysis of previous research on the strategy making process, identified five dimensions, which were command, symbolic, rational, transactional and generative; while Bailey et al. (2000) elaborated on strategic management as consisting of the following components: strategic planning, strategic development and strategic implementation, including a model for institutional pressures.

Therefore, based on Hart (1992), Bailey et al. (2000) and evidence from Fredrickson and Iaquinto (1989); Derkinderen and Crum (1988); Eisenhardt and Zbaracki (1992) and Bailey and Johnson (1996), we adopt and adapt to the context of our study, the six dimensions, namely command, planning, incremental, political, organizational and enforced choice. We elaborate on these dimensions below as they are reflected in the IGO context.

*The command dimension:* this dimension represents the Secretary General (S.G.) and IGO Governing Body (equivalent to the Chief Executive Office in the private sector. This represents the degree of control or power exercised). In the IGO sector, top executives can either shape and foster an entrepreneurial environment where initiative and risk-taking behavior is nurtured and rewarded (Birkinshaw et al. 1998; Kanter 1985; Pinchot 1985); or create strong leadership conditions that others can mimic via ambidexterity, decisive action Dess et al. (1997) and unilateral decision making, thereby improving responsiveness (Eisenhardt 1989). In an IGO context, however, the latter executive style may prove to be impossible to attain, since the governing body (for example, the council with representatives from member states) has an equal, if not more powerful influence on strategic direction adopted by the Secretariat.

*The planning dimension:* The question concerning strategic planning influence and value to the organization's performance continues to be debated, with inconclusive evidence ranging from tenuous to weak (Boyd 1991; Capon et al. 1994; Miller and Cardinal 1994; George et al. 2019; Spano 2009). Brews and Hunt (1999) found that the planning theory provides conflicting advice. Some studies found that formal strategic planning and organizational performance management are associated in dynamic environments (Hart and Banbury 1994; Miller and Cardinal 1994; Miller and Friesen 1983), while other research revealed that strategic planning performs better in environments that are stable and predictable (Fredrickson and Iaquinto 1989; Mintzberg 1983). In a comparative analysis between stable and unstable environments, Brews and Hunt (1999) observed that unstable environments strategic planning is managed under increased uncertainty and therefore requires less formalized structures that will allow managers to flexibly and organically adapt to the changing internal and external conditions.

*The incremental dimension:* The incrementalism approach (another approach to strategic planning) to strategy development and management is based on general strategic goals (Bailey et al. 2000). Incrementalism, compared to formal planning, is more flexible and focuses primarily on the various aspects of strategy implementation (Grant 1995; Menon et al. 1999; Nutt 1993). This approach (incrementalism) suggests that the nature of planning should be flexible and that strategic plans are fluid and change over time. This type of planning management environment promotes the intensity of the entrepreneurial spirit (Barringer and Bluedorn 1999). Moreover, incrementalism encourages experimentation and is more appropriate for dynamic environments (Brews and Hunt 1999).

*The political dimension:* The political dimension is central to the IGO context, where the board of governors consisting of representative of member states and the Secretariat, which is responsible for the strategic management and operations of the organization, engage in a continuous play of power dynamics and shifting alliances. This dimension pertains to interaction dynamics and negotiations between the council members and managers in the Secretariat constituting the formation of coalitions pursuing shared interests, agendas and objectives. Political power dynamics, as part of this dimension, suggest that the organizational strategy and its strategic management framework will reflect the interests of the dominant political group, as rightfully expressed by Bailey et al. (2000), and that the dominant political party is one that holds resources which the organization depends on.

*Organizational culture:* Organizational culture can be defined as shared values and beliefs regarding the understanding of organizational functioning (Deshpande and Webster 1989). Studies have shown that culture and entrepreneurial orientation are associated and are mutually reinforcing (Covin and Slevin 1991; Cornwall and Perlman 1992). Moreover, Covin and Slevin (1991) found that entrepreneurial posture influences the way organizational culture develops.

When entrepreneurship is lacking as part of the organizational strategic goals, the culture does not support risk taking, opportunity seeking and innovation, whereas a strong cultural commitment may increase organizational members' willingness to buy into the organizational strategic management processes, increase the level of consensus, and strengthen managers' decision making (Menon et al. 1999; Iaquinto and Fredrickson 1997, Cornwall and Perlman 1992).

*The enforced choice dimension:* Internally originating enforced structures, such as direct development and imposition of strategy direction, results in the opposition of strategic plan and implementation creating barriers in the internal environment of the organization, limiting its operations and strategic choices. The external environment can also impose strategic constraints. These consist of coercive practices of regulatory organizations, competitive industrial sectors and global economic and normative pressures, which are considered as obstacles and barriers to growth (Bailey et al. 2000). Based on the latter six dimensions, we empirically study their validity in the IGO context. Therefore, the following research questions are posited:

*Research Question 1 (RQ1):*

*What are the factors that influence strategic management in IGOs?*

*Research Question 2 (RQ2):*

*What relationships exist between the strategic management factors.*

*Research Question 3 (RQ3):*

*What conceptual model can be derived from the resulting relationships.*

*Research Question 4 (RQ4):*

*Are there any strategic formulation mediation effects on the relationship between strategic intent and strategic change?*

## 4. Methodology

### 4.1. Sample and Procedure

A survey methodology approach was followed using the questionnaire presented in Table 2 below. The online survey tool utilized in this study was 'Qualtrics', which enabled us to ensure confidential and quick distribution to participants via a link and allowed us to manage the surveys in a cost-effective and time-efficient manner. The sample data entailed completed surveys from 117 participants from different IGOs in the United Nations system. The questionnaire was based on validated survey items and adapted to meet the context of IGOs.

The survey started with a short opening statement explaining the research setup, including its purpose, survey guidelines, confidentiality and ethics, their rights to ask any questions of concern, the participant's right to withdraw at any time and an offer to leave an email address if interested in seeing the results when available. Then, the survey continued to capture demographic information, followed by the validated and adapted questions from the sources mentioned above.

**Table 2.** Survey used in this study.

Construct	Items	Item Code
Planning	We have definite and precise strategic objectives	SM1
	We have precise procedures for achieving strategic objectives	SM7
	Our strategy is made explicit in the form of precise plans	SM13
	We make strategic decisions based on a systematic analysis of our business environment	SM19
Incrementalism	To keep in line with our business environment, we make continual small-scale changes to strategy	SM2
	Our strategies emerge gradually as we respond to the need to change	SM14
	Our strategy develops through a process of ongoing adjustment	SM20
	We keep the early commitment to a strategy tentative	SM8
Cultural	Our organization's history directs our search for solutions to strategic issues	SM3
	There are beliefs and assumptions about the way to do things that are specific to this organization	SM9
	Our culture dictates the strategy we follow	SM15
	There is resistance to any strategic change which does not sit well with our culture	SM21
Political	The information on which our strategy is developed often reflects the interest of certain groups	SM4
	The decision to adopt a strategy is influenced by the power of the group sponsoring it	SM16
	Our strategies often have to be changed because certain groups block their implementation	SM22
	Our strategy is a compromise that accommodates the conflicting interests of powerful groups and individuals	SM10
Command	The strategy we follow is directed by a vision of the future associated with the chief executive (or another senior figure)	SM5
	Our chief executive tends to impose strategic decisions (rather than consulting the top management team)	SM23
	The chief executive determines our strategic direction	SM17
	Our strategy is closely associated with a particular individual	SM11
Enforced Choice	Our business environment severely restricts our freedom of strategic choice	SM6
	We are not able to influence our business environment; we can only buffer ourselves from it	SM12
	Barriers exist in our business environment, which significantly restricts the strategies we can follow	SM18
	Many of the strategic changes which have taken place forced on us by those outside this organization	SM24

The process began with an email to each chief information officer (CIO) or head of information technology department of ten IGOs, encouraging them to participate in the study. Seven responded that they would like to participate and that they were willing to help share the surveys within their organization. Three gently declined to participate due to their internal legal concerns. After that, the link to the surveys was shared, and up to three reminders were sent (one week apart) to follow up on those who had not yet completed the survey.

Due to sensitivities in relation to the context of the IGOs and participants, such as expected concerns related to reputation risk to their employer, anonymity was guaranteed. The time trend extrapolation test suggested by [Armstrong and Overton \(1977\)](#) was used to examine non-response bias, and the results suggest that non-response bias is unlikely to be a problem. After data cleaning, a sample of 108 usable records was retained for analysis.

Demographic analysis shows that participants were relatively well distributed across gender, at a ratio of 2 males to 1 female. Around 63% of participants had less than five years of IGO experience, 14% of them had more than five years but less than ten years of IGO experience and more than 23% of participants had more than a decade of IGO experience. All participants had at least a university degree.

#### 4.2. Questionnaire

The survey constructs and items for the strategic planning and development analysis in our study were adapted from [Bailey et al. \(2000\)](#). A 7-point Likert scale ranging from 'Strongly Agree' (1) to 'Strongly Disagree' (7) was utilized for all items. The six constructs, planning, incrementalism, cultural, political, enforced choice and command, including 24 items, are presented in [Table 2](#).

## 5. Results and Analysis

Our goal in this study is logically stated in our four research questions. At this point, it is worth recalling our goals, which are to empirically study Bailey et al.'s (2000) constructs and test their validity for the IGO context. Moreover, through our analysis, we would investigate the relationships between the constructs/factors and aim to optimize the measurement instrument. Finally, using the validation results, we would derive a causal relationship that can help explain strategic management planning and development for IGOs.

To that effect, the analytical strategy used on the data collected and to meet our research questions entailed performing an exploratory factor analysis (EFA) of the constructs with factor reduction in mind (RQ1). We then performed a confirmatory factor analysis (CFA) to identify and confirm relationships with additional optimization (RQ2). Finally, we used the last set of data to perform a causal analysis of our proposed research model using structural equation modeling (RQ3). We conducted one final analysis to test any mediation effects (RQ4).

Our analysis (performed using SPSS 22, AMOS) was based on Anderson and Gerbing's (1988) proposed two-step approach to theory testing and development entailing exploratory factor analysis (EFA) followed by a confirmatory factor analysis (CFA). Firstly, the EFA was used to estimate the measurement model, and secondly, the CFA was performed to test the relationships between the latent variables. It is common in such type of empirical studies to use the maximum likelihood estimation method during both the EFA and CFA steps. Conducting the EFA allows us to better understand the grouping of the latent variable, represented by the items/questions; how these groups (referred as factors) relate to each other (evaluated via the CFA); and what these groups reflect from a contextual perspective. Since in this study, we are seeking to establish a causal structural model to help us better understand the strategic phenomena in the IGO context, our analysis in the CFA assessment included dimensionality, convergent validity, construct reliability and discriminant validity.

The CFAs results were analyzed to assess the model fit by considering goodness-of-fit indices, namely NFI, CFI, RMSEA, SRMR and Chi-square/degree of freedom. The Cronbach's alpha coefficient of internal consistency was used to test for the reliability of aggregated scales, which was calculated to be acceptable ( $>0.70$ ) at 0.79.

### 5.1. Sample and Procedure

Our data set was first tested to determine if it is appropriate for the EFA. This was achieved using the Bartlett test of Sphericity (BTS) and the Kaiser–Meyer–Olkin (KMO). Results from both tests (BTS: Chi-square = 1246.306; DF = 276; sig = 0.000, and KMO = 0.818) confirm that the data are appropriate to use for exploratory factor analysis.

### 5.2. Exploratory Factor Analysis, EFA

The EFA process is iterative, with the goal of finding the optimum number of statistically acceptable factors. At first, we relied on theory to determine the number of factors, and in our case, seven factors were specified for analysis, representing the constructs described in the theoretical section. The seven-factor solution was specified using the Promax rotation with Kaiser Normalization, resulting in 70.928% of the variance that could be explained. The rotated factor solution was interpreted using both structure and pattern matrices. While the structure matrix represents a factor-loading matrix with the overall variance in a measured variable explained by a factor, the pattern matrix contains coefficients, which just represent the unique contributions of each factor. Subsequently, these matrices help us progress through the next iterations to optimize the EFA final solution.

Factors with a loading greater than 0.5 were retained for further analysis. Our factor reduction iterations resulted in removing items SM4, SM5, SM8, SM10, SM12, SM14, SM15, SM16, SM20 and SM21 due to either low factor loading or cross-loadings (loading difference between factors is less than 0.2). The resulting solution included an optimized four-factor solution shown in Table 3. For the final solution, the KMO measure is above the accepted



level with the value of 0.797 and Bartlett's Test of Sphericity (Chi-square = 671.288; DF = 91; sig = 0.000). Additionally, all items have factor loadings well above 5.0. Therefore, all identified items used in this EFA were retained for CFA analysis.

**Table 3.** EFA results.

Items	Factors			
	1	2	3	4
SM22	0.746			
SM6	0.740			
SM24	0.720			
SM23	0.695			
SM11	0.671			
SM21	0.625			
SM12	0.558			
SM1		0.875		
SM2		0.597		
SM8		0.595		
SM3		0.557		
SM13			0.799	
SM7			0.761	
SM19			0.725	
SM20				0.982
SM14				0.600

The output from the EFA resulted in not only the reduction of the items by approximately half, but the regrouping of the items in the questionnaire—an expected outcome due to the model's application to a context different from its original intended design. Consequently, we revisited the items for further interpretation of our context. After placing the items into more appropriate groupings, we identified the following four factors/constructs that are more suitable to the IGO context: institutional pressures (IP), strategic intent (SI), strategic formulation (SF) and change (C), as shown in Table 4.

**Table 4.** Definition of new constructs.

Factor	Item	Survey Question
Institutional Pressures [IP]	IP1 (SM22)	Political: Our strategies often have to be changed because certain groups block their implementation
	IP2 (SM6)	Enforce choice: Our business environment severely restricts our freedom of strategic choice
	IP3 (SM24)	Enforced choice: Many of the strategic changes which have taken place forced on us by those outside this organization
	IP4 (SM23)	Command: Our chief executive tends to impose strategic decisions (rather than consulting the top management team)
	IP5 (SM11)	Command: Our strategy is closely associated with a particular individual
	IP6 (SM21)	Cultural: Our strategy is closely associated with a particular individual
	IP7 (SM12)	Enforced choice: We are not able to influence our business environment; we can only buffer ourselves from it

Table 4. Cont.

Factor	Item	Survey Question
Strategic Intent [SI]	SI1 (SM1)	Planning: We have definite and precise strategic objectives
	SI2 (SM2)	Incrementalism: To keep in line with our business environment, we make continual small-scale changes to strategy
	SI3 (SM8)	Incrementalism: We keep the early commitment to a strategy tentative
	SI4 (SM3)	Cultural: Our organization's history directs our search for solutions to strategic issues
Strategic Formulation [SF]	SF1 (SM13)	Planning: Our strategy is made explicit in the form of precise plans
	SF2 (SM7)	Planning: We have precise procedures for achieving strategic objectives
	SF3 (SM19)	Planning: We make strategic decisions based on a systematic analysis of our business environment
Strategic Change [SC]	C1 (SM20)	Incrementalism: Our strategy develops through a process of ongoing adjustment
	C2 (SM14)	Incrementalism: Our strategies emerge gradually as we respond to the need to change

The four factors identified above need to be reinterpreted in the IGO context. Institutional pressures in the IGOs context are of special interest and are not to be taken lightly. This is due to the fact that two bodies of equal but different powers govern over the IGO. One includes the counsel representing the member states/governments and funding, while the other entails the executive committee (Secretariat) responsible for running the business.

Fulfilling critical positions, especially in the case of seats on central governing bodies such as the Human Rights Council and the Security Council, is a case in point. The institutional theory advocates that perception of strong pressures (such as coercive, normative and mimetic pressures) to conform is an act of acquiring social legitimacy and rare resources. Going against those pressures may jeopardize organizational performance (DiMaggio and Powell 1983; Scott 1995) and sustainability (Teo et al. 2003; Oliver 1997). Oliver (1997), combining institutional and strategic responses, elaborates that institutional context encompasses decision-makers' norms and values (1) at the individual level, (2) organizational culture and politics at the intra-organization level and (3) regulatory pressures and industry-wide norms at the inter-organization level (Greenwood et al. 2011; Nakrošis et al. 2020).

In the same vein, institutional pressures in this study can be considered at the intra-organizational and inter-organizational levels. In consideration of the internal institutional pressures from the council and senior management, the external institutional pressures from member States and other IGOs both negatively influence the Secretariat's overall strategic intent, formulation, and program implementation at all levels. In this study, we adopt Bailey's model and institutional pressures to examine these effects and test whether they are significant enough to influence the strategic planning process, including strategic intent and formulation, in the IGO context.

Strategic intent can be understood as the philosophical base of the strategic management process. It points to the purpose that an organization endeavors to achieve (Hamel and Prahalad 1989). It is a statement that provides a perspective of the means which will lead the organization to reach the vision in the long run. Institutional pressures are recognized that make organizations obligate external parties' regulation and requirements to gain legitimacy in the organization field. In addition, Oliver (1991) argues that the new institutional theory has neglected the role of organizational self-interests in organizational responses to institutional pressures. Organizational self-interests as endogenous factors would impact organization strategy intent.

Strategic formulation, in this study, is based on strategic intent, which emphasizes the development of a performing environmental and organization appraisal process, the

consideration of alternative strategies, the undertaking of strategic analysis and the preparation of a strategic plan. Since strategy formulation is the consequence of strategic intent, it would be negatively associated with institutional pressures as well.

Moran and Brightman (2001) define change management as “the process of continually renewing an organization’s direction, structure, and capabilities to serve the ever-changing needs of external and internal customers.”, which by association extends to the evolving nature of the strategic management process. Strategic change comprises strategic evaluation and control, performance evaluation, exercising control and recreating strategies. In the strategic planning process, once strategic formulation is set up and strategy is implemented, it subsequently leads to strategic control and evaluation. In Bailey et al.’s (2000) model, the element of incremental dimension is highly associated with the concept of strategic change. It is expected that strategic intent and formulation will impact strategic change. Since strategic intent is usually the ultimate goal of an organization, it should be more stable and would not change easily as a part of the strategic planning phase, but it will positively influence strategic change.

### 5.3. Descriptive Statistics and Correlation Analysis of Final Model Items

Recall from the CFA results analysis that the items SM8, SM21 and SM12 from the cultural and enforced choice constructs were dropped, and the SEM was conducted on the final 13 items presented in Table 5. The final four factors extracted from the EFA now representing the IGO context were examined in Tables 5 and 6 for their descriptive statistics and their correlations and Cronbach Alpha, respectively. Table 5 presents the means, standard deviations (S.D.), skewness and kurtosis. The results indicate that responses, in general, were more inclined towards agreement (towards one), with questions on strategic intent concerning incrementalism and culture even closer to strongly agree. Moreover, the average of the mean for SF indicates inclination towards disagreement, suggesting fewer managers agree on strategic formulation issues such as strategy being made explicit, procedures for strategic objective made precise and the use of systematic analysis for strategic decisions. Respondents were on the average neutral in relation to IP with the average of its mean equal to 3.44. This may suggest that some organizations experience stronger IPs than others, and is a clear indication of a future research direction.

**Table 5.** Descriptive statistics of final items.

	Mean	S.D.	Skewness	Kurtosis
Institutional Pressures (IP): Ave. of Means: 3.44				
SM22	3.35	1.44	0.612	0.272
SM6	2.79	1.45	0.890	0.188
SM24	3.57	1.41	0.408	−0.324
SM23	3.49	1.49	0.617	−0.247
SM11	3.98	1.53	0.192	−0.451
Strategic Intent (SI): Ave. of Means: 2.47				
SM1	2.19	1.20	1.713	3.661
SM2	2.64	1.30	1.066	0.728
SM3	2.56	1.22	0.944	1.257
Strategic Formulation (SF): Ave. of Means: 3.49				
SM13	3.55	1.66	0.330	−0.903
SM7	3.37	1.60	0.632	−0.581
SM19	3.55	1.64	0.437	−0.785
Strategic Change (SC): Ave. of Means: 2.93				
SM20	2.94	1.21	0.890	0.826
SM14	2.91	1.15	1.014	1.432

S.D.—Standard deviation.

Table 6 presents the correlation between the final model items and the factor’s Cronbach Alpha. The correlation matrix confirms the results of the SEM, as the coefficients of items are stronger and significant in relation to items in their own factor. The Cronbach Alpha for all factors is strong, with values greater than the acceptable threshold of 0.7.

**Table 6.** Correlation matrix and Cronbach Alpha of final model items.

	SM22	SM6	SM24	SM23	SM11	SM1	SM2	SM3	SM13	SM7	SM19	SM20	SM14
Institutional Pressure (IP) <span style="float: right;">Cronbach Alpha: 0.837</span>													
SM22	1	0.554 **	0.532 **	0.494 **	0.510 **	-0.320 **	0.004	-0.337 **	-0.262 **	-0.249 **	-0.242 *	-0.221 *	-0.144
SM6	0.554 **	1	0.514 **	0.494 **	0.400 **	-0.085	0.113	-0.049	-0.161	-0.208 *	-0.211 *	-0.178	-0.079
SM24	0.532 **	0.514 **	1	0.646 **	0.456 **	-0.003	0.135	-0.035	-0.255 **	-0.236 **	-0.267 **	-0.146	0.016
SM23	0.494 **	0.494 **	0.646 **	1	0.470 **	-0.223 *	-0.033	-0.090	-0.305 **	-0.312 **	-0.267 **	-0.249 **	-0.088
SM11	0.510 **	0.400 **	0.456 **	0.470 **	1	-0.370 **	-0.159	-0.135	-0.217 *	-0.303 **	-0.160	-0.234 *	-0.097
Strategic Intent (SI) <span style="float: right;">Cronbach Alpha: 0.748</span>													
SM1	-0.320 **	-0.085	-0.003	-0.223 *	-0.370 **	1	0.570 **	0.511 **	0.282 **	0.470 **	0.271 **	0.491 **	0.324 **
SM2	0.004	0.113	0.135	-0.033	-0.159	0.570 **	1	0.411 **	0.296 **	0.470 **	0.313 **	0.434 **	0.378 **
SM3	-0.337 **	-0.049	-0.035	-0.090	-0.135	0.511 **	0.411 **	1	0.343 **	0.374 **	0.245 *	0.346 **	0.391 **
Strategic Formulation (SF) <span style="float: right;">Cronbach Alpha: 0.878</span>													
SM13	-0.262 **	-0.161	-0.255 **	-0.305 **	-0.217 *	0.282 **	0.296 **	0.343 **	1	0.730 **	0.663 **	0.463 **	0.404 **
SM7	-0.249 **	-0.208 *	-0.236 *	-0.312 **	-0.303 **	0.470 **	0.470 **	0.374 **	0.730 **	1	0.722 **	0.564 **	0.442 **
SM19	-0.242 *	-0.211 *	-0.267 **	-0.267 **	-0.160	0.271 **	0.313 **	0.245 *	0.663 **	0.722 **	1	0.602 **	0.460 **
Strategic Change (SC) <span style="float: right;">Cronbach Alpha: 0.817</span>													
SM20	-0.221 *	-0.178	-0.146	-0.249 **	-0.234 *	0.491 **	0.434 **	0.346 **	0.463 **	0.564 **	0.602 **	1	0.691 **
SM14	-0.144	-0.079	0.016	-0.088	-0.097	0.324 **	0.378 **	0.391 **	0.404 **	0.442 **	0.460 **	0.691 **	1

\*:  $p < 0.05$ ; \*\*:  $p < 0.01$ .

This study also confirms that S.F. has a partial mediation effect on S.I. and S.C. The results show that the mediated model (S.I. → S.F. → S.C.) is much better than the direct model (S.I. → SF) in the model fit by comparing the indices. The mediation model ( $p < 0.01$ , CFI = 0.997, RMSEA = 0.046) is more significant than the direct model.

Therefore, there is a partial mediation effect, and H6 is supported.

#### 5.4. Confirmatory Factor Analysis, CFA

The CFA modeling results on the data set produced from the EFA are shown in Figure 1. Due to low standardized regression weights: SM21 and SM12 model fit measures present unacceptable indices (NFI = 0.828, CFI = 0.910, SRMR = 0.0737, RMSEA = 0.089, and PClose = 0.006). For that reason, SM8, SM21 and SM12 from the cultural and enforced choice construct were dropped from this CFA assessment.

The final model fit measures present acceptable indices (NFI = 0.851, CFI = 0.933, SRMR = 0.079, RMSEA = 0.04, PClose = 0.0694) with the Chi-Square test of 1.66. The results from this CFA assessment show that all indices are at acceptable levels. We also observed results looking for standardized residuals with an absolute value greater than 3.00, which are usually alarming as potential threats to one-dimensionality. Therefore, we took into account that large residuals related to specified items in CFA are indicators of a model’s inability to adequately explain the relationships in the model (Hair et al. 2010). By checking the standardized residuals, all absolute values are less than 3.00. The highest absolute value is 2.64, while the majority values are between +1.50 and -1.50.

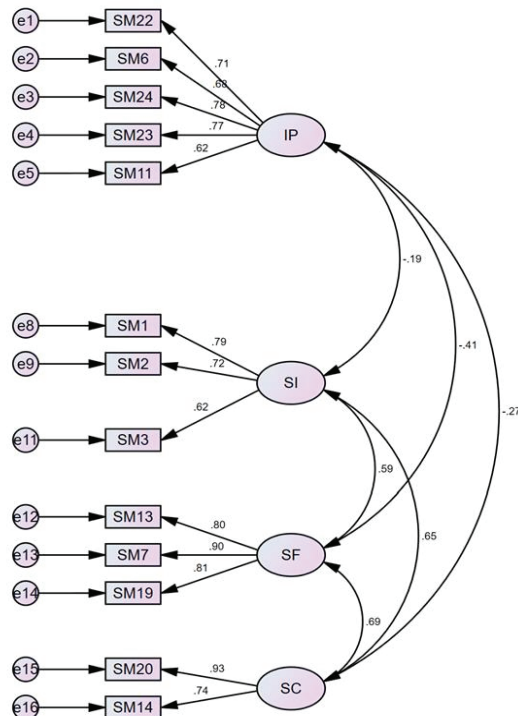


Figure 1. CFA model output from AMOS 22.

All parametric estimates were statistically significant at a level of 0.05 or better. Furthermore, both samples' latent variables achieved an acceptable level of Composite Reliability ( $>0.6$ ). Convergent validity takes two measures that are supposed to be measuring the same construct and shows that they are related. The convergent validity has been tested with the AVE value, with four factors, I.P., SI, S.F. and S.C. AVE values are all above the 0.5 thresholds. Conversely, discriminant validity shows that two measures that are not supposed to be related are, in fact, unrelated. The square roots of the AVE values are 0.71, 0.71, 0.84 and 0.84, which is higher than the correlation estimate for each pair of constructs. Therefore, this study can conclude that all items met convergent and discriminant validity.

### 5.5. Structural Equation Modeling, SEM

At this point of our analysis, we have obtained a set of items that measure four factors of the strategic process. This final set of constructs and items was used to test the study's research model hypotheses, which were derived based on previous theoretical research:

**Hypothesis 1 (H1).** *Institutional pressures are negatively associated with strategic intent.*

**Hypothesis 2 (H2).** *Institutional pressures are negatively associated with the strategic formulation.*

**Hypothesis 3 (H3).** *Strategic intent is positively associated with strategic formulation.*

Moran and Brightman (2001) define change management as "the process of continually renewing an organization's direction, structure, and capabilities to serve the ever-changing needs of external and internal customers.", which, by association, extends to the evolving nature of the strategic management process. Strategic change comprises strategic evaluation and control, performance evaluation, exercising control and recreating strategies. The

strategic planning process, once strategic formulation is set up and strategy is implemented, subsequently leads to strategic control and evaluation. In Bailey et al.'s (2000) model, the element of incremental dimension is highly associated with the concept of strategic change. It is expected that strategic intent and formulation will impact strategy-driven change. Since strategic intent is usually the ultimate goal of an organization, it should be more stable and will not change easily as a part of the strategic planning phase, but it will positively influence change. Therefore, the following hypotheses, shown in Figure 1, are proposed.

**Hypothesis 4 (H4).** *Strategic intent is positively associated with change.*

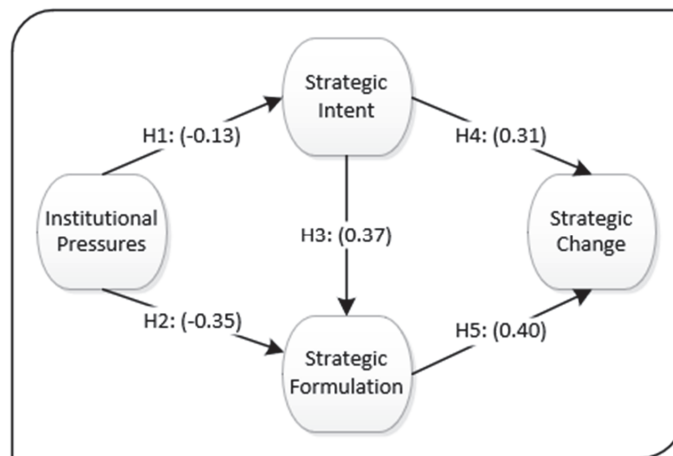
**Hypothesis 5 (H5).** *Strategic formulation is positively associated with change.*

**Hypothesis 6 (H6).** *Strategic formulation mediates the relationship between strategic intent and change.*

SEM is chosen because of its ability to examine the entire research model as a whole, and not only the relationships between separate variables (Schumacker and Lomax 2010). Regarding the normality of the variables, Skewness and Kurtosis values of composite observed variables were examined using SPSS 22, and overall, based on the results, no large discrepancies from normal data were observed.

We would like to note that structural equation models, especially maximum likelihood estimations, are relatively robust about modest departures from a normal distribution (Diamantopoulos and Siguaw 2000). Since Likert scales were used in the survey, it is reasonable to accept that a continuous variable underlies each measurement scale. Most of the hypothesized relationships in SEM are tested through linear relationships. Therefore, it makes sense that there is a linearity assumption regarding the variables used in this study, because there is no evidence to suggest otherwise.

Attributable to the complexity of the relationships represented by the hypotheses, SEM assessments of the relationships are conducted in two phases. First, we test our proposed research model hypotheses. Then, we examine the mediation effects. An assessment of the model is conducted and presented in Figure 2 and Table 7.



**Figure 2.** SEM path analysis results.

Table 7. Hypotheses testing results.

Hypotheses (Arrow Indicates Direction of Relationship)				Estimates	S.E.	C.R.	p-Value	Results
H1	SI	←	IP	−0.112	0.082	−1.365	0.172	Unsupported
H2	SF	←	IP	−0.426	0.101	−4.224	***	Supported
H3	SF	←	SI	0.526	0.118	4.466	***	Supported
H4	C	←	SI	0.322	0.092	3.591	***	Supported
H5	C	←	SF	0.301	0.064	4.675	***	Supported

Note: \*\*\*  $p < 0.01$ .

With the exception of H1, the other four hypotheses, H2, H3, H4 and H5, are strongly supported. H1 has a  $p$ -value of 0.172, which is not acceptable. H2, H3, H4 and H5 are strongly supported, with a  $p$ -value  $< 0.01$ . These results indicate that institutional pressures may not have a negative influence on strategic intent and may entail other secondary effects that moderate this relationship. Such effects may be the individual motivation that may persist despite institutional pressures. However, results show that S.F. is affected by I.P. (negatively) and S.I. (positively). In conjunction with H1, we may interpret these results, as S.I. does not mediate the influence of I.P. on S.F., despite direct influences. What is interesting to note is that the relationship coefficient of H2 and H3 is very close in strength but opposite in direction, which begs the question of whether the effects of I.P. on S.I. are equally and inversely proportional, and in which way? It seems that there are underlying complex (maybe behavioral, psychological, etc.) mechanisms describing the relationship between I.P. and S.I. which are not captured in our model.

The model fit indices are scrutinized. The criterion of the Chi-square test for acceptance varies across researchers, ranging from less than 2.00 (Ullman 2001) to less than 5.00 (Schumacker and Lomax 2004). In the Chi-square ( $\chi^2$ ) test of S.M., the ratio is over three, but it is on the edge of the acceptable range ( $< 5.00$ ). All fit indices showed that the model fitting the data is acceptable. Since standardized RMR is within an acceptable threshold, that compensates RMSEA. Therefore, we determine that the research model fit indices are acceptable, suggesting that this model is suitable for further hypothesis testing and model development.

The paths were assessed through standardized estimates and associated  $p$ -values. Given that all of the hypothesized relationships in the model were one-directional, all critical  $p$ -values are shown significance, except that the relation between SM1F and SM3F showed an insignificant effect. The probability of getting a critical ratio as large as 2.237 in absolute value is 0.025. In other words, the regression weight for SM1F in the prediction of SM3F is significantly different from zero at the 0.05 level (two tailed), while all others in absolute value are less than 0.001, which means significantly different from zero at the 0.001 level (two tailed). We summarize the hypotheses' results below.

#### **Hypothesis H1 (I.P. negatively influences S.I.). Not Supported.**

The influence is negative, but not significant. This means that the institutional pressures that the Secretariat is facing have not negatively influenced its strategic intents. Considering strategic intentions are more stable and have not been easily changed, institutional pressures may not influence much strategic intent.

#### **Hypothesis H2 (I.P. negatively influences S.F.). Supported.**

Based on various IGO reports and observations from member states, political and power influence play a major role in the IGO strategic management process, which also influences the strategic formulation phase. The relationship is to test how significant the effect is. From the results of this independent model, it shows that the relationship does significantly exist in the IGO context.

**Hypothesis H3 (S.I. positively influences S.F.). Supported.**

In the literature, it is commonly agreed that strategic management comprises three management components, namely strategic intent, strategic formulation and strategic implementation. The results from this independent model confirm that the strategic intent factor significantly influences strategic formulation in the IGO context as well.

**Hypothesis H4 (S.I. positively influences S.C.). Supported.**

Strategic intent sets up the direction for strategic change and will positively impact the possibility of strategic change. The results from this independent model show that the relationship is significant.

**Hypothesis H5 (S.F. positively influences S.C.). Supported.**

## 6. Discussion and Conclusions

This study proposed a conceptual model that integrated DiMaggio's institutional pressures framework and Bailey et al.'s (2000) multidimensional strategy model to examine critical factors influencing the effectiveness and efficiency of strategic management in IGO organizations. First, we examined six dimensions of an organization management model, including external and internal forces as they relate to an IGO context, in which command, political, organizational, cultural and enforced choice elements in Barley's model are associated with institutional coercive, normative and mimetic pressures. Planning elements refer to strategic intent and strategic formulation, and incremental dimension refers to strategic change. The conceptual model posited six hypotheses, which we analyzed using EFA, CFA and SEM. Through a factor reduction process, the strategic management model instrument was optimized by around 50%. This new model promises an efficient and effective explanation of factors and influences on strategic organizational management.

### 6.1. Synthesis of Findings

The study examined the results by comparing the findings, e.g., institutional pressures, strategic intent, strategic formulation and strategic change, to the principles in Bailey et al.'s (2000) management model to understand to what extent the model shared common propositions from a theoretic perspective. The findings show that institutional pressures have a significant negative influence on strategic formulation, and strategic intent positively influences strategic formulation. Strategic intent positively influences strategic change. This study also confirms that strategic formulation has a partial mediation effect on strategic intent and strategic change.

We also found that institutional pressures do not have a significant influence on strategic intent. However, they do significantly drive IGOs' strategic formulation process, and, at the same time, lead the IGO to become more rigid, in terms of barriers, beliefs, and assumptions, in its management and bureaucracy.

Although the literature on strategic management mostly emphasizes the integrated management model, the external as well as internal forces and the integrating effects with other management components, such as change management, corporate performance management and project portfolio management, should not be overlooked, especially in IGO organizations. Lastly, it was found that strategic formulation partially mediates the relationship between strategic intent and strategic change.

### 6.2. Implications for Practitioners

Implications for practitioners mostly involve the context of the IGOs, whereby strategic management should be a core training program for all managers. From the literature review and the models discussed, there is no doubt that pressures, drivers and assumptions behind institutional pressures and change management are numerous and varied, making



them very difficult for a practitioner to make sense and intelligibly act upon. Moreover, the reform requirements setting very high-performance expectations position managers to be reactive and distracted from systematically engaging in strategic development, implementation and change management. Our research herein provides some critical suggestions for practitioners:

- Upper management should mitigate institutional pressures by setting up boundaries between council functions and the Secretariat, agreeing on the form and function of interactions between the two. Based on our model results, we see that institutional pressures have significant negative effects on strategic intent and strategic formulation. These negative effects need to be reduced and turned around by finding ways in which institutional pressures can inspire the spirit of entrepreneurial creativity and innovation.
- Avoid enforcing any part of strategic plan and manage it through active participation and 'buy-in' of all stakeholders.
- Communicate and continue to educate all managers and employees about the strategic plan, intention and formulation, while at the same time continuing to seek ways to manage small incremental changes towards your strategic goals. Managers need to pay attention to synchronizing and harmonizing movement towards strategic goals and the rate at which change occurs. Successful adaptation to new environments is achieved in small increments and a level of tolerated disruption or accepted comfort. That increment of change is to be determined by managers in real time.
- Make change management a part of your organizational culture.

Overall, our model provides all the elements for IGO practitioners to develop their own customized framework for their strategic plan and its management. They can break down their strategic framework into four components, representing the four constructs in our model, and then detail each of the components with the following information: current state, pressures, goals, schema, communication plan, stakeholder management, risks and their mitigation and key progress indicators. The survey questions in our study can then be adapted to represent the specific IGO and then used regularly (i.e., every 6 months) to measure how the strategy is being managed. The model can then be run using the structural equation modeling approach, and insights into the current state of strategic management affairs can be obtained and acted on. Other data analytics, such as cognitive mapping simulations, can be performed to help direct managers where to intervene to achieve continuous improvement to the strategic process.

### 6.3. Limitations

The limitations of our study represent the characteristics associated with the methodological elements of the paper, potentially influencing the interpretation of the results and findings. This includes any constraints that prevent us from generalizing the results and producing insights for practitioners and future research.

Due to the complexity of the nature of NGOs, it is difficult to infer cause–effect relationships, because influencing variables may even vary within the sub-areas or specialization of different types of NGOs. For example, some NGOs are technically oriented, while others are humanitarian and service oriented, and institutional pressures can be significantly different.

Another limitation to our study entails the data set, which may be considered small despite the strong goodness-of-fit of the final conceptual strategic model. Due to this limitation, we were not able to split the data across different types of IGO specializations and different management positions. In the same vein, generalization of the results should be handled with caution.

### 6.4. Recommendation for Future Research

As mentioned earlier, publications (especially empirical) in the area of strategic management in the NGO sector are relatively scarce, and many opportunities for future research exist. These opportunities lie along two axes. The first axis includes strategic management

studies of different types of organizations in the public sector, such as the UN and its agencies, municipalities, academic institutions and international NGOs, to understand commonalities and differences, while at the same time formulating factors for successful and sustainable strategic development. The second axis entails the continued empirical testing and validation of strategic management models (originally designed for the private sector) to public sector institutions. As we have seen in the methodology of this study, our approach presents opportunities to adopt and reformulate the private sector models into a usable framework for public sector institutions. Reusable and interoperable strategic management models have many advantages that merit further research.

More specifically, and in relation to our final strategic management model for NGOs, we view our results to open the door for more in-depth analysis regarding the constructs and the relationships between them. Firstly, the business of NGOs is complex, and our research indicates that institutional pressure is a subject matter of great importance, especially since practitioners always struggle with how to manage strategy within the boundaries of power dynamics. This area of research is weak, and a Google search produces 17 articles, only 3 of which are related to public institutions. The rest are within different contexts, such as small- and medium-size enterprises, social responsibility, internationalization and innovation.

Another very important research area is the extension of our study to better understand the mediating versus moderating effects of strategic intent and strategic formulation on the relationship between institutional pressures and change. Ultimately, research in this area should result in guidance for practitioners regarding the continuous improvement of IGO efficiencies and effectiveness, especially since they operate on voluntary funds from member states and donors. This can only be achieved through proper strategic change management.

Moreover, recent innovation in strategic management modeling follows primarily quantitative (i.e., game theory), system (i.e., holism and synergy) and situational approaches, and presents opportunities to explore their application within IGOs and even public institutions in general. Some of these new concepts include a systems approach to strategic management, the application of chaos theory to strategic management and the blue ocean strategy management. At the same time, future research, in light of our rationale herein and our findings, needs to incorporate dynamics into how we think of strategy in the public sector.

It is worth noting that the data in our study come from a specific sector, the IGOs area, in which institutional norms loom particularly large. Although legitimacy concerns or the value of being perceived as leaders or regulators may not be as great in less-regulated industries, other research has suggested that gains from market or customer approval may also be found in different industries. However, more research is needed to establish the industry's role in setting boundary conditions for an effective strategic management process.

Last but not least, although the results show a good fit model for the data sample, it is important to validate the results with a larger data set.

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## Article

# Effect of Organizational Culture Change on Organizational Performance of Kenya Wildlife Service Nairobi National Park

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**Abstract:** Change is inevitable and is seen as a practice for organizations seeking to continuously provide quality services that meet stakeholder needs. Efficient and effective public service delivery has forced state corporations to adopt organizational culture change management to accommodate changes in the environment. However, government parastatals and state corporations such as Kenya Wildlife Service (KWS) often oppose transformation and change because they have uncertain outcomes and come with a lot of challenges. This study determined the effect of culture change on organizational performance at Kenya Wildlife Service Nairobi National Park. The study was guided by Geert Hofstede's theory as the framework for cross-cultural communication, Edgar Schein's model as the cultural inventions by a specific group, and the Denison dimension model theory. Using descriptive survey research design, on a target population of 100 employees drawn from various departments at Kenya Wildlife Service (KWS) Nairobi National Park, a structured questionnaire was used for data collection to effectively respond to the research problem. The study revealed that majority (35.9%) of the respondents were convinced that management ensures that old habits that are not effective are dropped and at the same time the management at KWS encourages employees to adapt to changes and be flexible, especially when the work environment is changing. Results revealed that KWS management ensures the organizational culture supports vision, goal and strategies. The respondents (40.5%) also agreed that managers encourage employees to adapt to changes and to care (35.9%) about fellow employees, customers, and stakeholders. The findings also revealed that 28.9% of the respondents agreed that managers are role models for employees in the organization and set standards for ethics. Correlation analyses show that culture affects performance directly and indirectly. The study concludes that organizational culture aligned with vision, goals, and company strategies guides employees towards a shared purpose and improves an organization's capacity to perform excellently. We also conclude that KWS management encourages work ethics through consistency, and effective communication that improves work commitment that ultimately leads to better performance. The study recommends that there is need for more to be done on culture change as an approach to change management to improve performance. The mission, vision, and strategies are key to organizational performance and need to be reviewed from time to time to ensure that the organization lives its mission and moves towards its vision while applying its strategies. The study further recommends a replica of the same trial in other Kenya Wildlife Service branches in order to authenticate the findings and enable the generalization of the results.

**Keywords:** cultural change; organizational culture; Kenya Wildlife Service; organizational performance

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## 1. Introduction

Governmental parastatal and state corporations, under which KWS falls, are often seen as opposing transformation. The majority of these institutions strive for the ability to accomplish things but not change. The ability of an organization to adapt to a changing environment is key to the existence of both the organization and its employees. It should be noted that change will always be present, and learning to manage and lead during change

requires an understanding of human factors. [Wanjohi \(2014\)](#) conducted a study on organizational culture and change management practice in the Kenya media industry. The study established that change is a process driven by several strategic considerations including the need for more integrated ways of working and the need to improve organizational performance. The researcher only pointed out that culture has a role to play in change management but did not delve into the particular elements of how culture influences change management. [Too \(2018\)](#) conducted a study on the effect of organizational culture on change management in the county government of Nakuru, Kenya. The theories that were used in this study included Kurt Lewin three-step planned change model and Kotter's eight-step model. The researcher established that behavioral culture, organizational values, cultural beliefs, and organizational norms have positive and significant relationships with change management in the county government of Nakuru. While these studies have looked at the above change management theories, the studies were not anchored on any cultural theories such as the [Hofstede \(1980\)](#) theory, the Edgar Schein model, and the Denison dimension model, hence the theoretical gap. [Indiya et al. \(2018\)](#) employed a correlation research design to examine how organization culture affects performance in public universities in Kenya. In this study, a population of 215 personnel from the management hierarchy was employed. The study adopted a census survey, and primary data were collected using questionnaires. The study results revealed a strong positive and significant correlation between culture and performance within an organization. The researchers concluded that organizational culture significantly contributed to organizational performance and recommended that universities should ensure that they have positive beliefs that improve organizational performance. Whereas in the previous studies conducted on organizational culture and change management in public organizations in Kenya, the researchers have acknowledged that culture is a critical variable, all of them have looked at culture in its entirety. This study however broke down culture into three critical components: adaptability, mission, and bureaucratic culture. This study therefore looked at how adaptability, mission, and bureaucratic culture influence change management at KWS.

## 2. Literature Review

### 2.1. Organization Culture

Organizational culture is a major factor in ensuring an organization thrives in terms of performance because culture determines whether an idea or process is accepted or rejected. [Sinaga et al. \(2018\)](#) define culture as the values and norms that govern the conduct of group members and therefore need to be upheld by an organization and need to be regulated. Organizational culture includes involvement, consistency, adaptability, and mission. With this view, organizational culture is relative from one organization to another, depending on the values and norms developed. Culture changes over time because people share experiences, adapt to similar conditions, and deal with their physical and social environments ([Pakdil and Leonard 2014](#)). The flexibility of a culture accentuates the importance of a flexible, proactive culture for organizational effectiveness. The mission culture stresses the role of clear direction in an organization's culture. Involvement and adaptability lead to both short- and long-term effectiveness ([Garnett et al. 2008](#)).

[Sinaga et al. \(2018\)](#) investigated how change in management, culture, and transformational leadership influence employees in Indonesia, and the results of this research indicated that there is a direct effect of management change on employee performance which is worth 17.7%, there is a direct effect of organizational culture on employee performance which is worth 17.8%, there is a direct effect of transformational leadership on employee performance which is worth 20.6%, there is an indirect effect of change management on employee performance through transformational leadership that is worth 3.8%, there is an indirect effect of organizational culture on employee performance through transformational leadership which is worth 5.1%.

According to [Shahzad et al. \(2012\)](#), complete knowledge and awareness of organizational culture is the responsibility of the management and helps to improve the ability of the



management to examine the behavior of an organization, which assists in managing and leading. The key to a successful organization is to have a culture based on a strongly shared set of beliefs that are supported by the structure of the organization. An organization with strong culture has employees that know how to respond to situations and know that they will gain recognition for demonstrating organizational values.

### 2.2. Organization Culture Change

According to [Mohammadi \(2020\)](#), working on organizational culture and its impact on organizational efficiency in the Denison model in District 19 of the Municipality of Tehran, Iran, by means of a descriptive correlational design with a statistical population consisting of employees of Tehran Municipality, questionnaires were employed to collect primary data. The study found a positive relationship between organizational culture change and organizational productivity. [ul Mujeeb and Ahmad \(2011\)](#) used an exploratory research design on a population of 60 respondents in Pakistan to report a positive correlation between culture and performance with a confidence level of 0.99. In addition, the correlation analysis revealed a positive significant association.

In a study on the impact of culture on organizational performance in selected textile firms in Nigeria, [Aluko \(2003\)](#) sought to determine the nature of the relationship, the determinants of performance, and the ways in which culture interacts with other factors within an organization. The author employed both qualitative and quantitative methodologies with a study population of 630. The author found that irrespective of the organization's employees' cultural backgrounds, employees appear to have absorbed the organization's way of life. The author further indicated a strong relationship between the cultural variables and the level of commitment, staff attrition, and positive attitude towards work. However, the author found a negative correlation between culture and performance and noted that culture did not translate directly to high levels of organization performance as other factors such as the economy, technology, and political climate had an influence on performance.

[Chua et al. \(2018\)](#) studied the impacts of an organization's cultural change on overall organization performance in Tanzania Public Services College. The authors employed a case study design with questionnaires, interviews, and documentation as the main data collection tools. The study found a strong association between the organization's culture and level of commitment, staff attrition, and a positive attitude towards work. [Indiya et al. \(2018\)](#) sought to determine the effects of organizational culture on performance in public universities in Kenya. A correlation research design with a population of 215 respondents from 11 public universities in Kenya was employed. The authors' study adopted a census survey, and the primary data were collected using questionnaires. The study found that there was a strong positive and significant correlation between organizational culture and organizational performance. According to the researchers, there is a strong positive relationship between organizational culture and organizational performance. [Nikpour \(2017\)](#), studying the mediation role of an employee's commitment on organizational culture and organizational performance, found that organizational culture positively impacted commitment and organizational performance. According to [Nikpour \(2017\)](#), organizational culture directly impacts organization performance and, at the same time, indirectly influences organization performance through employees' organization commitment. The study focused on involvement, consistency, adaptability, and mission as organizational culture attributes and efficiency, effectiveness, productivity, quality, and innovation as organizational performance attributes.

### 2.3. Organizational Performance

Public institutions in Kenya face enormous pressure to do extremely well in their performance, despite the highly unpredictable and aggressive environment in which they operate. In every organization, objectives, goals, or targets that are intended to be achieved within a stipulated time or in a long run are set out. In an event that the set-out objectives and goals may not be achieved based on the available evidence, the

organization must effectively take action to revert the situation. According to [Abolade \(2018\)](#), organizational performance is an assessment of performance in comparison with the set goals and objectives. However, according to [Karanja \(2014\)](#), performance is the ability of an institution to achieve set-out goals and objectives by exploiting resources effectively and efficiently. The performance measurement may be construed as a key tool in assessing the current situation and helping in making key decisions. [Ahmed and Shafiq \(2014\)](#) define performance as a comprehensive measure that includes productivity, quality, and consistency. Organization performance is a key concept as it is a measure of success, defines the problem, and also finds the solution ([Shahzad et al. 2012](#)). Therefore, organizations should know about the performance indicators to measure, manage, and compare performance. However, measuring performance in the public sector is not easy, but it starts with the identification of performance indicators that allow for a detailed specification of process performance.

#### 2.4. Theoretical Review

This specific review covers theories related to organizational culture change and organizational performance. The study is mostly based on Hofstede's theory, the Edgar Schein model, and the Denison dimension model. The study of theories of organizational culture has proven to be quite difficult due to a lack of sufficient tangible evidence on various cultures. A shared understanding of organizational culture is one of the many different theories within private and public sector organizations. Top management hires like-minded individuals to support a specific, well-defined purpose, and this results in the organization having a singular focus in terms of performance. These theories on organizational culture have different overall organizational mindsets, such as ethics, profits, or philanthropy. The shared characteristics only change over time when hiring managers replace older workers.

##### 2.4.1. Geert Hofstede's Theory

Hofstede's theory is a framework for cross-cultural communication and explains the effects of a society's culture on the values of its members and the ways in which these values relate to the behavior using a structure derived from factor analysis ([Ebba 2020](#)). Geert Hofstede's theory indicates that the differences in culture among nations are found specifically at the greatest level; that is, at the level of values. Through comparisons, these cultural differences between organizations are specifically identified based on practices. Compared to values, practices have proven to be more tangible. In Hofstede's theory (1980), he used the gathered data from IBM employees in over 50 countries to classify organizational culture into four dimensions: power distance: the extent to which management and employees have a certain relationship distance, i.e., how they relate both formally and informally; individualism: the degree to which various individuals can create a schism between the interests of the entire organization and their own self-interests; uncertainty avoidance: this is the level at which the people in the organization are willing to mitigate the uncertainty and tolerance of ambiguity; and the definition of success, normally filled with ambition, challenge, and insolence, instead of caring and promotion.

[Hofstede and Bond \(1988\)](#) later on carried out a joint study and came up with a fifth dimension recognized as short-term versus long-term orientation that was entirely based on a study conducted among students in 23 different countries using a questionnaire ([Shahzad et al. 2012](#)). Hofstede also proposed that regional and national factors contribute a lot to the culture of the organization and, finally, have a great influence on the behavior of the employees in the organization itself. He gave several reasons for the cultural differences that may exist in different regions and the importance of international awareness and multiculturalism for individual cultural introspection. This is revealed by the cultural differences and distinctions in thinking and social action. He correlates ethnicity to culture as well as groups in the regions; organizations, professions, and families; and community as well as subcultural groups, political systems, and legal guidelines.

#### 2.4.2. Denison Dimension Model

Denison describes organizational culture in four general dimensions of adaptability, mission, involvement, and consistency. Adaptability is the ability to cope with a changing environment. How fast the change is understood and how fast the competitive environment is reacted to will differentiate high-performing organizations from low-performing organizations. He described culture as a mission where employees do each task. The reason for each activity is the overall purpose of the way the organization exists: to have a clear mission and to let employees understand it helps an organization perform. Employees need to understand that each task and activity is related to the organization's vision. He also described it as an involvement in which an organization fosters a strong sense of responsibility and commitment, allowing employees to understand the types of decisions they are permitted to make. Employees are encouraged to work in teams and support each other to attain their work goals. In addition, culture was described in a consistency dimension as a set of procedures that help to govern the system. It is a procedure or acceptable standard of performing a given task in an acceptable way within a given time and standard. Each employee is aware of the fact that their work impacts others and how the work of others impacts them. Involvement is the creation of responsibility by empowering employees using different techniques to make them fit for job training and development. This way, employees will understand what their responsibility is, what kinds of things their decision is needed on, and what is beyond their responsibility.

### 3. Research Methodology

#### 3.1. Research Design

The study adopted a descriptive survey research design in order to present a clear description of the aspects of the study. According to [Osoro \(2020\)](#), the descriptive research design refers to the scientific method that has no bias and includes observation and description of the subject. This method is able to facilitate comprehensive data collection by watching and portraying the conduct of a subject without affecting it in any way. This design was considered suitable for this study as it helped the researchers in collecting data describing the nature of the existing conditions in the organization. In line with this, several studies ([Kimhi and Oliel 2019](#); [Jumanne and Njoroge 2018](#); [Onono 2018](#); [Anyango and Chrispen 2018](#)) adopted a descriptive research design and successfully addressed the research question. The study unit analysis entailed organization management and employees from various departments.

#### 3.2. Target Population

[Cooper and Schindler \(2014\)](#) explain population as the total collection of elements about which a researcher wishes to make some inferences. For this study, the target population was composed of 100 employees working in the Corporate Secretary and Legal Services, Wildlife and Community Service, Wildlife and Security, Infrastructure Management, Partnership and Enterprise, Finance and Accounts, Service Training, Human and Administration departments at Kenya Wildlife Service Nairobi National Park. The list of the employees was obtained from the human resources office.

#### 3.3. Sampling Frame

[Kabir \(2016\)](#) defines a sampling frame to be consisting of items where a sample is drawn. From the sampling frame, we identify the elements of the population through explicit or implicit enumeration. In this study, the sampling frame is a list of employees of Kenya Wildlife Service Nairobi National Park obtained from the human resources department.

#### 3.4. Sampling Technique

The sampling technique involves taking a subset from a selected sampling frame or an entire population ([Taherdoost 2016](#)). Sampling can be used to make inferences about a population or generalize an existing theory. In essence, this depends on the choice

of sampling technique. For this study, a stratified sampling technique was used where every employee had an equal chance of being selected in relation to their proportion within the population. Matula et al. (2018) indicate that the population is divided into subgroups, in this case, various departments. Questionnaires were administered to the selected employees from different departments and accurate feedback was received. The stratified approach is accurate and obtains feedback from all the employees.

### 3.5. Sample Size

From the sampling frame, we were able to find the sample size as outlined by Mugenda and Mugenda (2003) where a sample of 10–50% of a population is sufficient. Based on this, the researchers decided to sample 10% of employees from each department to obtain a sample size of 100 employees working at Kenya Wildlife Service Nairobi National Park since the population is small and easily accessible.

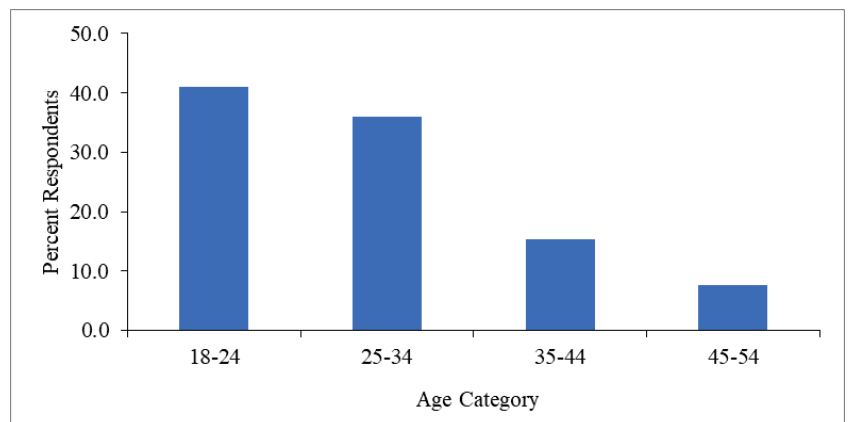
### 3.6. Description of Data Analysis Procedures

Before analysis, the questionnaires were checked for completeness and were coded for analysis. The study used both inferential and descriptive statistics with the analysis of supporting research objectives. Descriptive statistics analyzed frequencies, percentages, means, and standard deviations while inferential statistics analyzed correlation to establish the relationship among study variables. Statistical Package for Social Studies (SPSS) software version 24 was employed in analyzing data gathered from the respondents. Findings gathered from the target respondents are presented using tables and figures.

## 4. Research Results

### 4.1. Demographic Characteristics of the Respondents

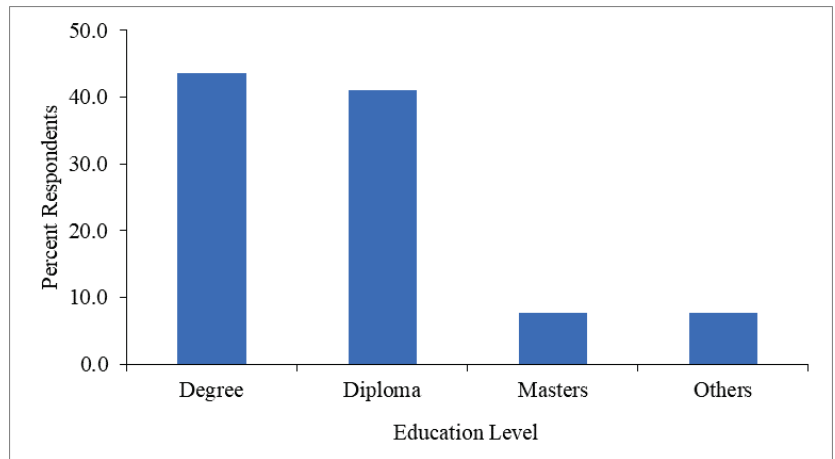
Results also revealed that many of the interviewed respondents (41%) were in the age category of 18–24 years, followed closely by those in the category of 25–34 (Figure 1). Only a few (7.7%) were in the category of 45–54 years. This implies that diverse employees in different age categories were involved in the study, and age is an important factor; usually, aged people tend to respond responsibly and may give responses that are more informed than the younger generations.



**Figure 1.** The proportion of the respondents in different age categories.

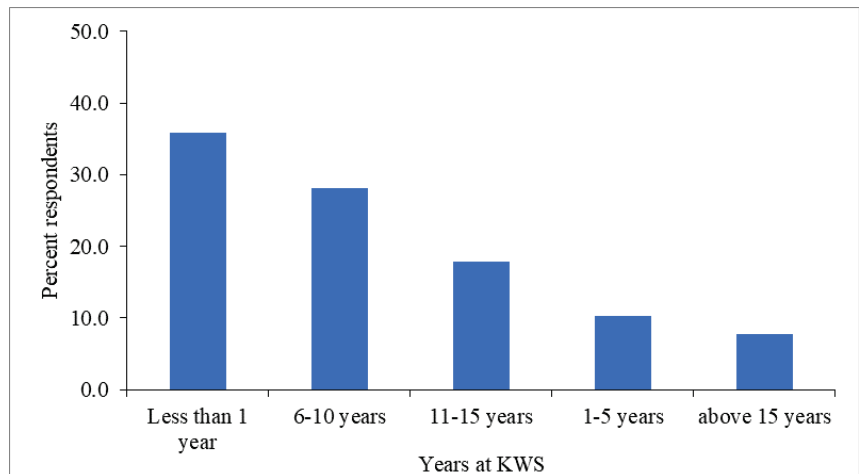
The level of education was spread across all the variables, with the majority having attained bachelor's degree qualification; this was followed closely by those who had attained a diploma level of education (Figure 2). Approximately 7% of the participants had a master's level of education while no respondent had a doctorate degree qualification.

From the results, it is evident that literacy levels at Kenya Wildlife Service are high, and this made it possible to obtain relevant responses.



**Figure 2.** Proportion of respondents with different education qualifications.

The number of years in the organization was spread across all the response categories, with a majority of the interviewed respondents (35%) having been in the organization for less than one year; others (28%) had been in the organization for 6–10 years, while only a few had been in the organization for more than 15 years (Figure 3). The time one stays in an organization determines how experienced he or she is and whether he or she may give out relevant information; however, based on our results, the majority of the respondents had only been in the organization for less than one year.



**Figure 3.** Proportion of respondents in response categories for number of years in the organization.

#### 4.2. Organizational Culture Change and Organizational Performance

Table 1 shows the results of respondents’ knowledge of organizational culture change and performance at the unfreezing stage. The responses were based on a five-point Likert scale ranging from 5 = strongly agree to 1 = strongly disagree, and respondents were asked to indicate the extent to which they agreed with the statements. Results show that

a majority (35.9%) of the respondents were convinced that management ensures that old habits that are not effective are dropped, while about 23% neither confirmed nor denied the statement. However, only about 3% strongly discarded the statement. At the same time, 25.6% of the respondents agreed that managers should encourage employees to adapt to changes, while the same percentage remained neutral about the statement. About 15% strongly opposed this statement and considered it untrue. When the respondents were asked whether supervisors encourage employees to be flexible when the environment is changing, around 40.5% agreed while only 2.7% strongly disagreed. On whether managers educate employees to determine if an existing culture is no longer effective, a majority (35.9%) neither confirmed the statement nor denied it. However, a good percentage (23%) denied the statement, while a few (5.1%) strongly disagreed.

**Table 1.** Descriptive statistics for organizational culture change and performance at the unfreezing stage.

Statement	Response					SD
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	
Management ensures old habits that are not effective are dropped	2.6	12.8	23.1	25.6	35.9	1.04
Managers help employees to drop old habits of following rules and procedures	15.4	12.8	25.6	25.6	20.5	1.34
Managers encourage employees to be flexible when the environment is changing rapidly	2.7	10.8	16.2	40.5	29.7	1.06
Managers educate employees on how to determine if an existing culture is no longer effective	5.1	23.1	35.9	20.5	15.4	1.12

SD—standard deviation.

Table 2 shows the results of respondents' knowledge of organizational culture change and performance at the changing stage. The responses were based on a five-point Likert scale ranging from 5 = strongly agree to 1 = strongly disagree, and the respondents were asked to indicate the extent to which they agreed with the statements. Results show that a majority (38.5%) of the respondents agreed that KWS management ensures the organizational culture supports vision, goals, and strategies. The respondents (40.5%) also agreed that managers encourage employees to adapt to changes and employees to care (35.9%) about each other, customers, and stakeholders. The findings also revealed that a majority (28.9%) of the respondents agreed that managers are role models to employees in the organization and set standards for ethics. However, about 10.5% of the respondents strongly disagreed with this statement.

Table 3 shows the results of respondents' knowledge of organizational culture change and performance at the refreezing stage. Results show that a majority (33%) of the respondents agreed that the organization has in place a culture of work that supports the implementation of vision and strategies, while only 5.1% strongly disagreed with the statement. The respondents (33%) also agreed that management provides appropriate incentives to employees that work within the organization's work culture; however, this statement was strongly disputed by more than 10% of the respondents. The findings also revealed that a majority (38.5%) of the respondents agreed that managers monitor their employees' work habits to ensure consistency with the organization's work culture. It is important to note that more than 20% of the respondents neither confirmed the statement nor disputed it. A few of the respondents (5.1%), however, strongly disputed the statement.

**Table 2.** Descriptive statistics for organizational culture change and performance at the changing stage.

Statement	Response					SD
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	
Management ensures the organizational culture supports vision, goals, and strategies	7.7	7.7	12.8	38.5	33.3	1.21
Managers encourage employees to adapt to changes	5.4	8.1	13.5	40.5	32.4	1.13
Managers encourage employees to care about each other, customers and stakeholders	5.1	7.7	17.9	35.9	33.3	1.13
Managers are the role models to employees in the organization and set standards for ethics	10.5	0.0	31.6	28.9	28.9	1.21

SD—standard deviation.

**Table 3.** Descriptive statistics for organizational culture change and performance at the refreezing stage.

Statement	Response					SD
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	
The organization has in place a culture of work that supports the implementation of vision and strategies	5.1	7.7	25.6	28.2	33.3	1.1576
Management gives appropriate incentives to employees that work within the organization’s work culture	10.3	17.9	28.2	33.3	10.3	1.1594
Managers monitor employees’ work habits to ensure consistency with the organization’s work culture	5.1	7.7	20.5	38.5	28.2	1.111

SD—standard deviation.

#### 4.3. Correlation between Culture and Performance

The findings in Table 4 indicate a strong positive significant correlation between organization vision and employee habits ( $r = 0.626, p \leq 0.05$ ). It is also clear from the findings that employees’ flexibility positively and strongly impacts employees’ ability to adapt to changes ( $r = 0.689, p \leq 0.05$ ), a correlation that is strongly significant. Organizational management training on dealing with old habits had strong positive and significant correlations with management culture that supports vision, goals, and strategies ( $r = 0.639, p \leq 0.05$ ). Further correlation analysis was carried out to determine whether management ensures that culture supports vision, goals, and strategies and its effect on how the employees adapt to changes; there was a significant positive correlation ( $r = 0.743, p \leq 0.05$ ). The findings also indicate that there is a strong positive, significant correlation between management as role models and how employees adapt to changes ( $r = 0.803, p \leq 0.05$ ). This was planned to establish the overall strength and magnitude of the correlation between organizational culture as a whole and organizational performance.

**Table 4.** Correlation between organizational culture and its effect on performance.

	Mgt Ensures Old Habits Are Dropped	Mgt Helps Employees to Drop Habits	Mgt Encourages Employees to Be Flexible	Mgt Educates Employees If Culture Is Not Effective	Mgt Ensures Culture Supports Vision, Goals, and Strategies	Mgt Encourages Employees to Adapt to Changes	Mgt Encourages Care for Customers and Stakeholders	Managers Are Role Models to Employees	Culture Supports Vision and Strategies
Mgt ensures old habits are dropped	1	0.552 **	0.269	0.349 *	0.382 *	0.196	0.308	0.074	0.312
Mgt helps employees to drop habits	0.552 **	1	0.356 *	0.477 **	0.639 **	0.487 **	0.488 **	0.454 **	0.626 **
Mgt encourages employees to be flexible	0.269	0.356 *	1	0.512 **	0.652 **	0.689 **	0.432 **	0.576 **	0.614 **
Mgt educates employees if existing culture is not effective	0.349 *	0.477 **	0.512 **	1	0.509 **	0.585 **	0.456 **	0.532 **	0.540 **
Mgt ensures culture supports vision, goals, and strategies	0.382 *	0.639 **	0.652 **	0.509 **	1	0.743 **	0.629 **	0.699 **	0.796 **
Mgt encourages employees to adapt to changes	0.196	0.487 **	0.689 **	0.585 **	0.743 **	1	0.694 **	0.807 **	0.690 **
Mgt encourages care for customers and stakeholders	0.308	0.488 **	0.432 **	0.456 **	0.629 **	0.694 **	1	0.674 **	0.692 **
Managers are role models to employees	0.074	0.454 **	0.576 **	0.532 **	0.699 **	0.807 **	0.674 **	1	0.659 **
Culture supports vision and strategies	0.312	0.626 **	0.614 **	0.540 **	0.796 **	0.690 **	0.692 **	0.659 **	1

\*\* Correlation is significant at the 0.01 level (2-tailed), \* correlation is significant at the 0.05 level (2-tailed). Mgt—Management.



## 5. Discussion

Results show that at Kenya Wildlife Service (KWS), management ensures that the organizational culture supports vision, goals, and strategies; managers encourage employees to adapt to changes and are role models for employees in the organization. The organization has very clear, focused, and easily conceptualized vision, goals, and strategies. This is well illustrated by the number of respondents who agreed that management ensures that the organizational culture supports the vision, goals, and strategies. The findings are in accordance with those reported by [Indiya et al. \(2018\)](#) who indicated that the institution had a clear, focused, and easily conceptualized vision, mission, and values. Additionally, the results indicate that managers helped employees to adapt to changes and encouraged employees to care about each other as this was a way of encouraging communication among the employees.

Further, results show Kenya Wildlife Service Nairobi National Park has a culture in place of work that supports the implementation of vision and strategies, and management provides appropriate incentives to employees that work within the organization's work culture. According to [Sîrbu and Roúca \(2010\)](#), when an organization promotes a culture that focuses on vision, goals, and strategies; has clear expectations; has role models; provides continuous feedback; and offers the right recognition to employees and employees can easily understand what is expected of them, the performance of the organization can easily improve. The results also concur with those reported by [Anne and Lumwagi \(2014\)](#). According to [Anne and Lumwagi \(2014\)](#), when employees are involved in decision making, receive incentives, receive constant communication on important issues about the organization, and are free to communicate, then the productivity of the organization increases. A positive and strong culture can make an average individual perform and achieve excellent results, whereas a negative and weak culture may demotivate an outstanding employee, causing them to underperform and end up with no achievement. According to [Kandula \(2006\)](#), the key to good performance is a strong culture, and if culture is not considered, the performance of an organization can be counterproductive ([Magee 2002](#)). A culture that allows employees to be open, honest, and independent nurtures efficiency and cooperation within departments and makes employees feel like they are valued and cherished within the organization, which affects their performance positively ([Hasan and Nikmah 2020](#)). [Hasan and Nikmah \(2020\)](#) also suggest that organizational culture should generate employee creativity through the creation of freedom and access to resources.

The study also found that managers monitor employees' work habits to ensure consistency with the organization's work culture, ensure that old habits which are not effective are dropped, and encourage employees to adapt to changes. The findings are confirmed by [Anne and Lumwagi \(2014\)](#), who reported a work-oriented culture as a highly preferred mechanism for enhancing organizational performance. Therefore, if a culture that supports work culture for employees exists, then performance is enhanced. The results also revealed that supervisors encourage employees to be flexible when the environment is changing and that supervisors educate employees on how to determine if an existing culture is no more effective.

The findings from the correlation analysis indicate that there is a strong positive significant correlation between organization vision and employee habits ( $r = 0.626, p \leq 0.05$ ). It is also clear from the findings that employee flexibility positively and strongly impacts employees' ability to adapt to changes ( $r = 0.689, p \leq 0.05$ ), a correlation that is strongly significant. Further, the relationship between whether management ensures culture supports vision, goals, and strategies and the effect on how the employees adapt to changes showed a significant positive correlation ( $r = 0.743, p \leq 0.05$ ). The correlation analysis was performed to establish the overall strength and magnitude of the effect organizational culture has on a whole organizational performance. Clearly, an established organizational culture as can be deduced from the correlation analysis illuminates that organizational performance and productivity also depend on the culture of the organization and how employees perceive it

(Wahjudi et al. 2016). According to Indiya et al. (2018), employees' commitment to work, positive attitude toward work, and positive work values can translate to high performance.

This study signifies the importance of organizational culture for performance and concludes that organizational culture aligned with vision, goals, and company strategies has a positive impact on performance. Similarly, we can conclude that employees adopted organizational culture, which was helpful in completing their work efficiently and effortlessly.

Thus, the study suggests that more needs to be done on culture change as an approach to change management. The organizational culture, mission, vision, and strategies are key to performance, and as such, they need to be reviewed from time to time to ensure that the organization continues to live its mission and move towards its vision while applying its strategies. There is also a need for involvement in employee welfare and participation in KWS culture to ensure positive relationships within the organization. The study further recommends a replica of the same trial in other Kenya Wildlife Service branches in order to authenticate these findings and enable the generalization of the results.

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### Abbreviations

The following abbreviations are used in this manuscript:

KWS	Kenya Wildlife Service
SPSS	Statistical Package for Social Studies
NNP	Nairobi National Park
SD	Standard Deviation

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# Issues and Implications of Readiness to Change

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**Abstract:** In light of readiness to change, organizational readiness has received little attention with the extensive assessment of individual readiness to change. (1) Background: Therefore, this conceptual paper aims to address the need for change at the organizational level through the lenses of Lewin theory, organizational change theory, and social exchange theory. It will identify issues and implications in readiness to change at the organizational level; (2) Methods: The primary method used in the study was mainly a literature review to add neglected factors driving change such as contextual factors and technology. (3) Results: The paper shows how various players and other determinants of successful change implementation can derail the organization's readiness to embrace change. (4) Conclusions: The paper adds to the available knowledge on how technology is likely to affect organizational willingness to change. The study suggests various solutions that seek to address the issues on organizational readiness to change. Hence, this study may provide organizational managers with takeaway implications on change management for policymakers and practitioners to improve an organization's preparedness towards change implementation.

**Keywords:** readiness; change; change implementation; organizational change; change management

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## 1. Introduction

Business organizations are experiencing numerous changes in their settings. Managers have an essential role in meeting the variations head-on to enhance conformity to the new environments. Organizational change is a constant process that significantly affects the efficiency of the organization (Cunha-Cruz et al. 2017). Therefore, it is essential to pay attention to different change alerts from within and outside the organization. The organization is required to make steady adjustments to change more efficiently and quickly. However, the execution of change implementation requires the development of a blueprint developed more efficiently to enhance the organization's success.

Typically, change includes a wide range of activities that exist in the company. The common changes in an organization include layoffs or downsizing, restructuring operations, and reorganizing teams. Some organizations engage in practices such as mergers, reengineering, and the development of new technology to ensure their readiness for organizational change (Weiner et al. 2008). Changes are meant to reorient and reorganize how the organization conducts its activities. The main goal of change is to identify new and improved methods to ensure optimized use of available resources and the general capabilities to ensure the organization's increased ability in value creation and provide enhanced returns to stakeholders.

The incorporation of new processes helps everyone in the organization conduct their jobs better and increase the positive contribution to the organization's current needs. An organization that fails to embrace change is likely to lose its competitive edge and fail to ensure conformity to the needs and demands of customers and stakeholders (Bank et al. 2017). Factors that determine the extent of change in an organization exist internally and externally. The economy is likely to pose a significant impact on the success of the organization (Vakola 2014). Sometimes change comes from adopting a new technology whose aim is to

increase productivity and communication that form part of the organization's readiness to change.

The use of updated technology helps in the exploration of new markets to get better opportunities. They can enhance, modify, and create new products that will keep a loyal customer base. In some cases, it is understood that changes arise within the organization due to political pressures, identity pressures, and growth pressures (Billsten et al. 2018). For instance, some organizations adopt change programs due to a new vision from a new Chief Executive Officer (CEO). Therefore, the new concepts and ideas might be incorporated to suit the needs of the new leadership. This results in new and innovative concepts in the organization. Change is known to have emotional and physical effects on people; hence, it is essential to show how change is likely to improve the workforce environment.

However, resistance to change is a significant setback to an organization's readiness to implement new ideas. Change brings uncertainty, specific attachments, a perceived breach of the psychological contract, and negative perceptions. Sometimes past experiences with change also affect the willingness of organization members to accept change, especially if it went wrong. Therefore, managers are responsible for managing resistance situations by integrating various approaches such as education and communication, negotiation and agreement, participation and involvement, and explicit and implicit coercion (Weiner et al. 2009). At the organization level, readiness to change is affected by organizational culture, contextual factors, leadership behaviour, and technological impact.

The paper deals with Issues and Implications of Readiness to Change; therefore, to understand this, the literature review is organized with research on Organizational Readiness to Change, Need for Change, Expected Outcomes from Readiness to Change, Relationship between Determinants and Outcome of Organizational Readiness for Change, Different variables impact on the readiness of an organization, the framework model for the measurement of readiness to change, Contextual Factors, Organizational culture, leadership, and technology and their correlation with one another.

## 2. Methodology on the Overview of the Literature Review

The literature review deals with different concepts about organization readiness. It starts from the background concepts, then deals with the new concepts, and ends with the applied concepts. Organization readiness to change is crucial for the members to have a shared belief in the efficacy of change. The readiness of change in an organization depends on the preparedness of various players in the industry as well. The need for change is a new concept that deciphers the very concept behind organization readiness to change, and the applied concepts are related to the influence of organizational culture on organization readiness and the outcomes associated with it.

## 3. Organizational Readiness to Change

Readiness to change in an organization is considered a multi-level and multi-faceted construct. It can be present at the individual, group, department, unit, or organizational level. At the organizational level, readiness for change is defined as the shared resolution by organizational members to implement change (Al-Maamari et al. 2018). It is also crucial for the members to have a shared belief in the efficacy of change. The readiness of change in an organization depends on the preparedness of various players in the industry. People are the most significant concern in assessing the issues for change readiness. Technology is another factor that determines whether the organization can effectively undertake innovative changes to keep up with the fast-changing organizational activities. Lewin (1947) states that theoretical formulation is needed to revive the social sciences. According to him, three goals are dominant, the integration of the social sciences, the transition to concern about "dynamic problems of group life changing from social bodies", and the development of "new tools and techniques for social research". None of the activities can be explained in their own terms, only as part of the operation of different processes that fluctuate as a function of fundamental forces and tensions. Cummings et al. (2016) explored how and

why it came to be understood as the foundation of the new subfield of change management, how it has influenced change theory and practice to date, and how questioning this assumed foundation can foster innovation. For a change, it is necessary to create added value by using the existing ones.

Employees are responsible for the implementation of change. Therefore, it is critical to assess whether they are ready to implement effective organizational changes. The varying levels of readiness to change in different organizations depend on how the members of the organization value change and the likely implications it will have on their work environment (Von Treuer et al. 2018). They are expected to appraise the significant determinants of change implementation capability, such as resource availability, task demands, and situational factors. High organizational readiness is characterized by the willingness of organizational members to initiate the programs of change through greater efforts and cooperative behaviour.

#### 4. Need for Change

The motivation theory explains why commitment to change is considered a function of change valence. Members of the organization play a vital role in the success of the organization's readiness for change. Several conditions determine their level of commitment towards embracing change. For instance, it is crucial to consider whether they understand the value of change and various benefits that are likely to be accrued from the entire process (Weiner 2009). Increased numbers of organizational members that value change will result in a willingness to participate in the implementation of change. The issues with changing readiness arise from the disparate drivers of change management.

In some cases, members of the organization value change because they understand the contribution and the urgency of change outcomes. They might display a high level of cooperation given the positive impact of the change process in sorting organizational issues. To some extent, the preparedness and readiness for change are boosted because members value the personal benefits likely to be derived from evolution (Weiner et al. 2009). Therefore, change valence that results from a different disparate reason is a potent determinant of the levels of commitment to change. For readiness to change, the critical concern is whether members of the organization value the whole idea of change implementation to express their devotion.

#### 5. Expected Outcomes from Readiness to Change

The greater level of an organization's readiness to change implies that change implementation is likely to be successful. High levels of change readiness are an indication that an organization's stakeholders have the willingness to initiate change through instituting various procedures, policies, and practices (Weiner 2009). They tend to exert increased effort to support the change programs and portray significant levels of persistence to overcome multiple setbacks and obstacles in the implementation stage. The members are highly motivated, as evident from the prosocial and other behaviours with a close relationship with change implementation. Therefore, members are likely to come up with various measures that target exceeding the job requirements. Successful implementation of the change program is the proximal outcome of the organization's readiness for change. Effective implementation involves the quality and consistency of adopting and using the new idea, program, process, or technology at the easy stages. When the organization's readiness for change is low, its members may be reluctant and less perseverant in implementing the change programs (Desplaces 2005). However, it should be noted that readiness for change is not a guarantee for the success of a complex change program or process. Various factors that determine change success include safety, quality, efficiency levels, and anticipated outcomes. Sometimes, organizational members can also offer wrong judgments regarding the level of the organization's readiness to change. Such mistakes arise from underestimating or overestimating the required collective capability for change implementation. Therefore, efficacy judgments should be based on direct experiences and

rich and accurate information to ensure that it is more predictive than judgments made based on erroneous and incomplete information.

### 6. Relationship between Determinants and Outcome of Organizational Readiness for Change

Generating organizational readiness to change is a difficult task. The social cognitive theory and motivational theory provide several conditions and circumstances that dictate successful change implementation. Figure 1 outlines the steps that lead to change implementation.

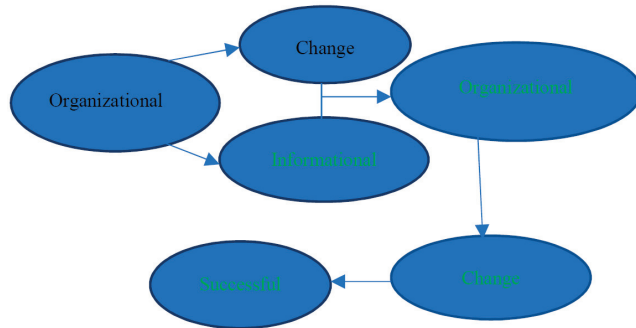


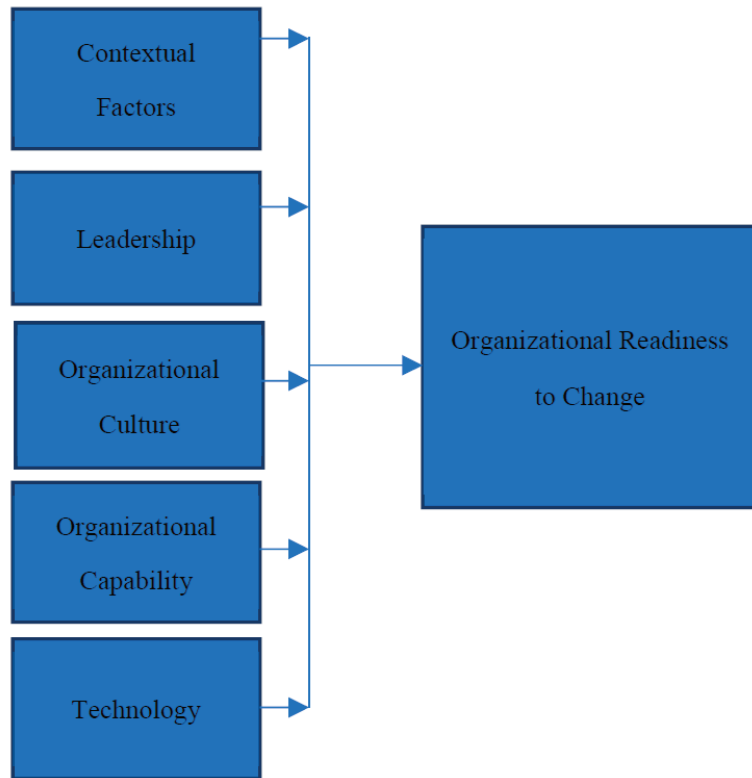
Figure 1. The relationship between the determinants and outcomes of organizational change.

### 7. Conceptual Framework

Different variables impact the readiness of an organization towards accepting change programs. The framework model for the measurement of readiness to change is divided into four perspectives. The use of the framework helps provide a research model that integrates various issues that influence the readiness to change from the organizational perspective (Vaishnavi et al. 2019). The variables are categorized into independent and dependent variables, as shown in Figure 2. From left to right, independent variables are the factors that include contextual factors, leadership, organizational culture, organizational capability, and technology, and organizational readiness to change is the dependent variable.



## Independent variables      Dependent Variable



**Figure 2.** The Conceptual Framework of organizational readiness to change.

### 8. Contextual Factors

Apart from issues arising from the organizational members such as leaders and employees, experts and scholars in the field of change management argue that various conditions still exist that affect the process of change. One of the issues is the organizational culture that encompasses its levels of innovation, learning, and risk-taking to ensure that the organization gets ready for change implementation (Vaishnavi and Suresh 2020). The other factors concern the organization's flexibility in policies and procedures towards a favourable climate change (Benzer et al. 2017). An example of a positive organizational environment is good working relationships. Past experiences with change programs also affect the level of an organization's readiness to change. For instance, an organization that has experienced positive outcomes from the change process is likely to embrace readiness. This is because the change implementation aligns with the organization's values, considering that it affects the member's valence to change.

### 9. Organizational Leadership

Leadership involves persuasive practices aimed at ensuring that members of the organization comprehend and reach a decision on various organizational undertakings by determining activities that should be done, methods involved, and multiple means to enable individual and collective efforts to achieve the shared objectives (Al-Hussami et al. 2018). Change in an organization involves specific actions that demand the leadership role to change the existing procedures. The transformational style of leadership is considered an

essential tool for enhancing an organization's readiness for change. It entails preferred organizational transformations seeking to improve the performance of the organization. Change management is an objective of the organization. Thus, management functions such as organizing, controlling, leading, and planning form part of the organization's readiness for change. Leaders are expected to develop innovative ideas that involve a clear vision and long-term thinking to ensure that the organization is prepared to execute change management programs (Asbari et al. 2021). Leaders must understand that there is a need for organizational readiness to change, considering the positive impacts that arise from it. For instance, it seeks to improve the efficiency and effectiveness of the changes through procedures and policies seeking to introduce new technologies and redesign an organization's entire business process.

The types of leadership in an organization determine the level of resistance in implementing change programs in an organization. High resistance arises from within the members, such as organizational employees hence becoming a significant issue in readiness to change. Change has a direct link to the management of people and the role played by leaders in influencing behaviour. Leadership is characterized by the capability to control the actions of other organization members who contribute to the organization's readiness to change (Asbari et al. 2021). Lack of influence is also accompanied by resistance; hence, the organization faces a setback in its readiness to change. As mentioned earlier, transformational leadership is critical in readiness for change by acting as good role models and motivating employees' actions. They also have a close relationship with employees, thus influencing large groups of people to accept change.

The other aspect of transformational leaders is compelling communication that forms an essential part of preparedness for change implementation. Transformational leaders are characterized by effective interpersonal skills that are fundamental in the performance of change in an organization (Guerrero and Kim 2013). Some leaders have charismatic traits that determine the extent to which they influence, mentor, and encourage their followers by inspiring them regarding the need for personal development and organizational development (Miake-Lye et al. 2020). They are assumed to be role models to their fellow organizational members and thus encourage them in the challenging business environment to embrace change programs by taking more initiative.

Organizational readiness to change should be reviewed from time to time before deciding on making organizational changes. Leadership in an organization has a responsibility towards the efficacy of change implementation. Non-committed leaders are a setback to the readiness of an organization to embrace change. A leader serves as an important figure responsible for the coordination of various organizational practices. A practical leader moderates the organization's activities and enhances proper coordination of activities to embrace change readiness. They act as both agents and serve as consultants, researchers, and trainers. The consultancy role entails performing various efforts to ensure that organizational members have exposure to the organization's external data and management of internal data. Leaders are also responsible for helping the organizational members learn about collecting, processing, and usability of data to solve problems.

As researchers, leaders help members effectively evaluate the validity of information and other action plans implemented in the organization. The three roles performed by leaders in promoting organizational readiness for change include informational, interpersonal, and decisional, as presented by (Guerrero and Kim 2013). The interpersonal role involves creating an interpersonal relationship that entails a figurehead, liaison, and leader. The informational role of a leader requires control of information in the organization through acting as spokespersons, disseminators, and monitors of the full readiness of the organization to change. Leaders' decision-making roles encompass taking responsibility in decision making, innovative practices, handling disturbances, negotiation roles, and resource allocators (Roos and Nilsson 2020). Therefore, it is clear that a close relationship exists between the leader's responsibility and the overall success in the readiness for change implementation in an organization. Leaders have a significant influence on the

organizational readiness for change through their ability to execute their roles effectively. Leadership failure to perform functions effectively is likely to be a significant issue in different ways.

### 10. Leadership Issues in Readiness for Change

Poor leadership practices result in various issues in readiness for change. The problems range from lack of employee involvement, wrong communication strategies, and organizational complexity. The standard issue that results from poor leadership is a lack of employee involvement. Employees tend to fear change. Therefore, it is the responsibility of leadership to involve employees in the change process and keep them updated on various developments within and outside the organization (Roos and Nilsson 2020). This is the biggest mistake committed by several organizations. As a result, members of the organization experience fear and increased laxity in embracing the new culture. The initiative's success depends on the leadership commitment towards ensuring that they are involved in the process as much as possible.

Leadership is required to listen to their views and opinions, which accounts for their output and assures all members that the change process is for the interest of everyone and it will bring positive outcomes. Failure by leadership to provide the required and sufficient resources to organizational members is a setback to the new change development in the industry (Riley et al. 2021). It is crucial to stay connected with the employees considering the challenges experienced in explaining the organization's vision. The readiness to change is possible when change management initiatives are aligned with the capabilities of individuals in the organization.

The other issue of concern from leadership is the lack of an effective communication strategy. Some leaders suffer from the inability to provide practical strategies for communication. It is common in various organizations to assume that announcement of plans of the organization to undertake a particular change program guarantees that the organizational members will automatically adjust with the new change developments (Kelly et al. 2017). It is considered ineffective to introduce change in an organization, thus countered by a high resistance level. Leaders must identify strategies to communicate the new ideas, programs, and procedures and convince members of the organization of the overall value likely to be accrued from the change program. Once the employees understand the consequences of change on their work environment, they will be ready to embrace and adapt to the new change programs.

Some organizational changes are highly complex; thus, leaders are responsible for enhancing organizational readiness towards countering the challenges likely to arise. The everyday complexities that members of the organization fail to understand include complex products, systems, and processes that contribute to barriers to the readiness of the organization to change (Sanders et al. 2017). It is the responsibility of leaders to ensure that everyone understands the complex processes. Some leaders fail to adopt a skillful and keen approach that tackles the fast-growing complexity. Leaders are expected to adopt some of the practices that include employing quality, diligent, and effective change management approaches (Mangundjaya and Gandakusuma 2013). Leaders are also required to exhibit a high level of transparency and accountability throughout getting the organization ready for change. Accountability helps to foster commitment and desire to fix various problems to yield the required results. Ineffective leaders pose a challenge to the processes, management, culture, and employees and fail the optimal functioning of the organization (Lehman et al. 2002). Some leaders fail to admit various gaps leading to misalignments in the organization without addressing the shortcomings.

### 11. Organizational Culture

The perceptions of employees on the existing organization culture in human open system values and human values would have a close association with increased levels of change readiness, predicting the level of change in an organization. Various factors

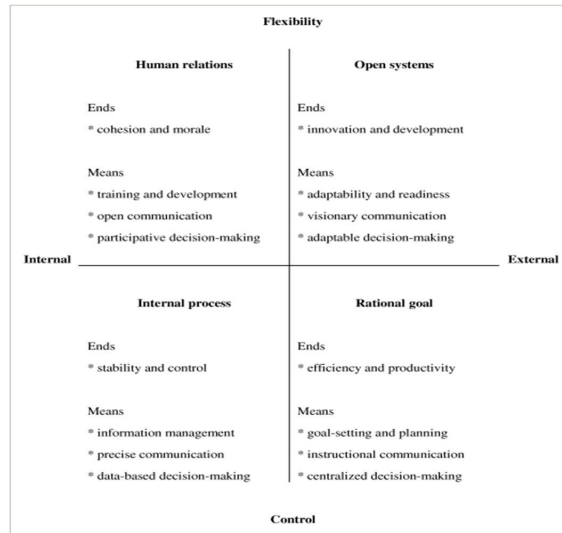
determine failure for change readiness in an organization, and some are critical considering that the attitude of employees plays a significant role in the change program (Madsen et al. 2006). Resistance towards change implementation and outright failures in attempts to introduce change can be traced by the inability of the organization to create a positive culture for change, which is fundamental in getting organizational stakeholders ready for change (Douglas et al. 2017). Many organizations assume that change will be successful and therefore tend to bulldoze the implementation of change before changing the psychological readiness of individuals and groups in the organization. Consequently, it is evident that the organizational culture fosters an environment that influences change readiness among employees. The extent to which employees hold positive views about the importance and the need for organizational change is quite helpful in determining change acceptance. Positive employees believe that change will have a favourable implication for themselves and the organization in general (Nordin 2011). Some approaches also focus on determining employees' perceptions towards the organization's preparedness towards change programs in large-scale initiatives. The organizational culture has the effect of reshaping capabilities and employee readiness to impede organizational changes. Clearly, the extent to which organization members' perception of change helps predict whether the organization achieves positive change outcomes.

Organizational culture has a three-dimensional view consisting of (i) values, (ii) assumptions, and (iii) artifacts. Assumptions involve certain beliefs about the nature of human beings and the overall organizational environment residing deep below the surface (Madsen et al. 2006). Values are defined as shared attributes and beliefs and specific rules that help govern employees' behaviour and attitudes in an organization (Nordin 2011). They also entail attempts to make social and personal modes of conduct that are acceptable relative to others (Dhingra and Punia 2016). On the other hand, artifacts are defined as more visible behaviours, language, and material symbols available in an organization. Values play a central role in gaining an understanding of the organizational culture. Equally, it is noted that the organization's culture is focused on providing specific values.

An organization is expected to develop competing values by creating a clear framework of the overall organizational culture. The framework consists of internal and external parameters like human relations, open systems, rational goals, and internal processes. All these parameters can be scaled from flexibility to control as shown in Figure 3. The framework is essential in exploring competing demands within the organization in two dimensions. Therefore, the classification of an organization is done based on whether it values control or flexibility in structuring the organization. Different organizations have different opinions regarding whether they need to adopt an inward focus towards the internal dynamics or develop an external dynamic focus towards their change environment (Ritchie and Straus 2019). Organizational culture is characterized by four quadrants commonly referred to as culture types. Each quadrant in the framework has specific characteristics. For instance, an organizational culture whose focus is emphasizing the need for strong human relations and values develops a goal to foster high levels of organizational morale and cohesion among the members through programs such as training and development, participative decision making, and open communication (Jones et al. 2005). Another quadrant in the framework pertains to available systems orientation that values the need for having high employee morale and strong emphasis on innovation and development. The goals can be achieved by fostering readiness and adaptability, adaptable decision-making, and proactive communication.

The high internal process values dimension is where the organization is focused on promoting control and stability through precise communication, proper information management, and data-based decision-making. The last quadrant in the framework is the role of the organizational culture in addressing rational goal orientation. An organization with a reasonable goal orientation promotes increased efficiency and productivity. This is possible through planning and goal-setting practices, centralized decision-making, and instructional communication. The centralized decision-making and instructional types of

culture are characterized by lower morale and cohesion among the employees (Grimolizzi-Jensen 2018). The four organizational cultures are understood to be mutually exclusive and exist in a single organization with specific values likely to have a high dominance over others.



**Figure 3.** The competing values framework (CVF). Source: A theory of organizational readiness for change by Jones et al. (2005).

### 12. Organizational Culture on Readiness to Change

An organization can experience different perceptions in its readiness to change. This is because various individuals exhibit specific differences with the culture of the organization polarizing the members’ attitudes, beliefs, and intentions. Flexible organizational culture coupled with solid structures and supportive change climates is likely to provide a conducive environment that impacts successful organizational readiness to change (Snyder-Halpern 2001). Organizations that employ mechanized strategies are likely to experience control and inflexibility. Employees who agree and perceive the workplace to dominate both open system and human relations values are highly likely to hold positive views and beliefs about the organizational change process. Orientation of human relations is characterized by the tendency to engage in human resource training and development to ensure that the capability and confidence of individuals in the organization are highly boosted in enhancing their preparedness towards undertaking challenges and issues that are likely to emerge from the change process (Levesque et al. 2001). The open systems provide dynamic and innovative practices. They suggest that employees with the perception that organizational culture is an available system are likely to be equipped with positive attitudes that are significant in the entire organizational change process. The factors of human involvement and communication form part of the characteristics of human relations.

### 13. Organizational Technology and Readiness to Change

Readiness to change in an organization also faces issues in line with the level of technology available in an organization. The level of development in technology and innovation depends on certain strategic organizational practices. Every organization seeks to develop successful technology management by providing an innovative strategy that determines its extent in readiness for change (Rafferty and Minbashian 2019). Various uncertainties and risks face changes that take place in an organization, hence demanding organizational agility. It is crucial to balance agility and technology and innovation man-

agement to ensure that short-term efficiency and long-term efficiency achieve the required effectiveness in change management.

An organization is expected to have solid dynamic capabilities to address particular organizational challenges in the vigorous competition of innovation practices. To balance the conflicting demands of agility in the dynamic environment, the organization should consider various factors. First, the design systems and processes are an essential consideration seeking to assess, identify, and develop technology based on opportunities presented in the organization (Kwahk and Lee 2008). The level of preparedness also relies on the need to ensure protection against emerging technologies that can affect change implementation relative to competitors.

Communication needs and organizational efficiency should be aligned to turn data into information for better decision-making. For instance, the rising interest in big data is a significant consideration on whether the organization has effectively analyzed the available before deciding whether it is possible to embrace change implementation that aligns with the organization's goals (Kwahk and Lee 2008). Therefore, it is essential to determine whether computer technology is highly developed and efficient, as well as effective in use. The development of employees through training and development also seeks to ensure that they possess the necessary skills in the dynamic technological environment before the change is implemented.

Technology and innovation demand the involvement of all organizational levels and making necessary efforts to enhance the required skills. It is crucial to determine how dynamic the environment is to ensure the necessity and emphasis on skill enhancement in achievement at the individual and firm levels (Ritchie and Straus 2019). Therefore, processes of change management rely on organization technology by assisting in introducing innovations in the organization. Non-innovative organizations, due to inadequate levels of technological development, are likely to face critical challenges, thus affecting the entire organizational change readiness (Ritchie and Straus 2019). Technical preparedness in change management involves engaging partnerships and purchase of technology requirements. The standard methods of acquiring technology include buying and collaboration, which entail acquisitions and mergers, joint ventures, contractual agreements, and other forms of technology from third-party providers and other external sources.

However, technology can be acquired internally by engaging in research and development of new systems and products. It also involves developing new processes and reconfiguring the organizational way of doing things (Katsaros et al. 2020). It entails the structure of the organization and redesigning an assembly line. For instance, an organization can develop robotics added in the manufacturing process due to internal drivers to ensure the firm purchases robots to acquire capability in adding robotics to the entire assembly process (Katsaros et al. 2020). The creation of technology can also involve entailing the new technologies and innovations resulting from exploiting space in the environment through new techniques in business development and entrepreneurial activities. Owing to the role of technology in change management, any issue related to technology is likely to derail change implementation through the organization's readiness to change.

For instance, readiness can be determined by the rate of development in technology in the current organization. Technology is fast-changing as compared to the capacity of people towards learning and keeping up with the demands. For instance, the emergence of machine learning and artificial intelligence aims to provide an opportunity seeking to capitalize on the needs of employees through behaviour learning and anticipation of different actions likely to take place and thus affect the change implementation activities (Matthysen and Harris 2018). Besides creating a simplified workflow in managing change, technology is also significant in ensuring that the workforce stays informed concerning the relevance in real-time about change information.

Technology can necessitate the organization's senior leaders to effectively communicate information, news, and changes likely to impact team members. It also plays a crucial role in measuring the success of various change initiatives throughout the lifecycle

of change implementation. It helps people to understand the impact of change, the level of commitment to required actions, and ensuring that the right technology is put in place (Matthysen and Harris 2018). Therefore, the role of technology in the process of change management cannot be underestimated. This is because people, content, and silos of information are considered pervasive across various businesses. Organizations are demanding more excellent connectivity across different organizational resources to enhance improved clarity, agility, and focus on improving quick response to changes accrued from digitization. The complexity of technological systems is likely to affect the process of change implementation.

Some enterprises are also operating in monolithic legacy technologies saddled with complexity in providing designated operations for specialized needs, thus lacking interoperability. The level of employee productivity, which is also a key consideration in organizational readiness for change, depends on the organization's ability to enhance the ability to leverage change implementation. Successful change management is essential in threading various information, people, and knowledge to form a single point in productivity. The use of real-time tools in collaboration such as video calling, live chat, and voice provides a killer combination that a leg up on levels of competition aimed at driving a high level of success in the new world of work.

#### 14. Organizational Capability and Readiness to Change

The idea of business capability has its foundation in competitive advantage ground. The concept of competitive advantage is viewed in a resource-based dimension with a business having heterogeneous capabilities and resources. This means that the business's competitive performance and set strategies significantly depend on the organization's specific capabilities and resources. Organization capabilities in terms of intellectual properties and technology should always be associated with the managerial and organizational processes as they are crucial in sustaining the organization's performance (Hindasah and Nuryakin 2020). For instance, higher capability levels are linked with a sustained process irrespective of whether it is on product development, employee satisfaction, or financial performance.

To enhance readiness for change, organizations are working towards demonstrating and providing timely responsiveness to effective and efficient coordination and deployment of internal and external competencies (Weiner 2009). This is both in the future and current global market economy and having organization flexible in manipulating both existing and new ideas without forgetting the dynamic capabilities required when responding to various shifts and trends in both external and internal environment and capabilities are necessary for change (Huang and Li 2017). Some of these capabilities should be reshaping capabilities, and potential capabilities as potential capabilities will take charge of sustaining an organization's daily performance as they are not supportive to help businesses management and respond to trends effectively. Potential capabilities are crucial as they enable the management of the current organization's conditions, thereby facilitating the smooth implementation of the other changes and trends.

On the other hand, the reshaping of capabilities is also significant as it will enable organization taskforces to have a sense of commitment and motivation and work towards achieving the set organization objectives and goals. This involves developing all organization systems and resources required to complete and keep a business's future route. The management of these capabilities that will keep driving the organization's performance effectively and consistently should be proactive for an organization to achieve the intended change (Hindasah and Nuryakin 2020). Therefore, the development and strength of both reshaping and potential organizational capabilities lead to successful change implementation. However, effective change yield can be undermined when a business has reshaping capabilities of low levels, as there is a strong bond between the execution of successful organization changes and reshaping capabilities (Ruest et al. 2019). Therefore, reshaping

capabilities should be highly inclusive whenever a change is expected as their impact on the organization's current performance is feeble.

It is vital to understand the link between readiness for organizational change and reshaping capabilities in a transition process. This factor determines the organization's readiness level for change. This is determined by evaluating the organization's workforce attitude toward different change events and examining the organization's effective change management capability (Øygarden and Mikkelsen 2020). On the other hand, readiness for change should entail employee willingness and motivation, as reshaping capability also entails the organization's skills, ability, and knowledge to successfully perform all the necessary operations required to implement change successfully (Øygarden and Mikkelsen 2020). There should be effective communication and involvement throughout developing employees in all divisions to have readiness for change. This is a vital change implementation strategy that is always inclusive as employee change perception of overall readiness in every organization division needs to be evaluated to check their readiness before implementing any change event.

### **15. The Solutions in Organizational Readiness to Change**

The issues experienced in readiness to change can be solved by taking necessary actions at an organizational level. For instance, employees may not agree with change based on their level of awareness about its impact on the work environment (Qiao et al. 2021). Therefore, leaders should provide training opportunities required in performing certain tasks. Leadership and employees need to collaborate for change to take place. Some of the strategies include building a devoted leadership team, working with vision, controlling staff turnover, and assessing the organization at every stage (Qiao et al. 2021). A positive organizational culture that embraces change and involves effective past experiences in leadership implementation is also key in ensuring change readiness.

The organization should be aggressive in the introduction of new technologies that are fundamental in change management. However, technology can be coupled with challenges that demand immediate actions, such as focusing on employee training on how to use the technology. The organization should also consider the benefits of technology relative to the complexity and costs of acquiring new technology. More investment in innovation and creativity is also crucial in addressing technical issues to change.

### **16. Conclusions**

Organizational readiness is a shared psychological state involving the organization members getting involved and expressing their commitment to implementing organizational changes. However, various factors are considered significant concerns towards the change readiness. Adoption of technology is regarded as a critical area towards increasing the effectiveness of organizational activities. Organizational culture involves employees' perceptions of the existing organization practices in open system values and human values and how it would closely associate with increased readiness levels, predicting the level of change in an organization. A positive organizational culture and a welcoming workforce attitude towards difference are likely to affect change readiness positively.

### **17. Academic and Practical Recommendations**

From the conclusion, it is evident that organizational readiness can improve the coordination and synchronization among an organization's body to implement a change or process. This paper deals with the correlation between organizational readiness and the factors affecting it. However, there is a need to understand how these factors actually enhance organizational readiness from a psychological perspective. Further research can be done on the training that actually changes organizational readiness for the benefit of the organization. In the practical domain, there is a need for experiments on different ethnical samples to study how organizational readiness varies across different races, colours, and creeds.



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Article

# Relation between Organizational Capacity for Change and Readiness for Change

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**Abstract:** Readiness for change is seen as an important prerequisite increasing chances for change success. While assessing the readiness level allows for tailoring of the interventions and the change process, it requires time and planning. When organizations face increasing levels of unpredictability and need to adapt to fast environmental shifts, linear causal models to plan and implement changes become harder to follow. Emergent changes also barely accommodate planning and assessing readiness levels. Multiple and overlapping change initiatives become the norm rather than an exception, thus exert additional pressure on organizations hoping to start with assessing and developing readiness. Applying dynamic capabilities lens allows addressing such challenges through the concept of organizational capacity for change. This article reviews theoretical and empirical research advances to answer two questions. First, how do readiness and organizational capacity for change differ? A review of theoretical assumptions, dimensions and antecedents is employed to delineate the two constructs. Second, what is the relationship between the two constructs? The analysis is guided by an organizational change typology to highlight their applicability to selected types of change. The research concludes that capacity for change differs and can complement readiness in helping organizations navigate unpredictable environments.

**Keywords:** organizational change; organizational capacity for change; readiness for change

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## 1. Introduction

Organizations constantly change, sometimes gradually evolving and at other times quickly redirecting strategies, structures, business models, and operations. An abundance of studies analyzes and synthesizes the antecedents, the process, and the outcomes in an attempt to help understand how organizations change and what makes them successful or not when changing (Dempsey et al. 2022; Lausier et al. 2020).

At times there are unpredicted major events requiring organizations to react immediately, often at big leaps. The COVID-19 pandemic impacted practically all organizations worldwide by putting a strain on supply chains, modes of working, technologies used, and demand. The war in Ukraine posed another set of challenges to societies and markets. Peaking energy prices and inflation, expected tightening of access to financing, increasing cyber threats would require organizations to further rethink strategies and business plans, and many will need to implement significant organizational changes to survive. The list of environmental challenges above is far from exhaustive.

While the effects of the recent crises on societies and economies are yet to be fully assessed, there are calls for the need to reevaluate what we know about organizational change. Worley and Jules (2020) conclude that too many organizations did not have the capabilities to respond to COVID-19. Amis and Janz (2020) underline the need of trust and a safe environment where organization members can share information and experiment with ideas to quickly adapt and take advantage of the new economic realities.

The world has seen major disruptions before, and organizations have been forced to react in order to survive. Still, many studies on organizational change highlight the low

success rates when implementing planned change initiatives (Kotter 2007; Meaney and Pung 2008). Some authors claim failure to establish sufficient readiness accounts for half of the unsuccessful organizational change efforts (Wang et al. 2020).

It seems we still do not know for sure what makes change effective, thus what guidelines should be followed (Bamford and Forrester 2003; Dunphy 1996). Part of the explanation acknowledges that the variations in the conditions when change happens might result in different types of changes. Consequently, the search for a unified methodology and theory should rather be replaced by constructive debates and analysis of empirical evidence on the validity and applicability of competing theories (Dunphy 1996). Even when defining change as “one type of event, [...] an empirical observation of difference in form, quality, or state over time in an organizational entity” (van de Ven and Poole 1995, p. 512), the question of how it happens may have a variety of answers. Consequently, what the antecedents of change success are.

Readiness for change is seen as one of the key success factors when organizations implement changes (Armenakis et al. 1993; Herold et al. 2007) measuring the attitudes within the organization. The attitude to one change event can be positive, supportive, or negative, resisting. It depends on the evaluation of the organizational members of whether the change will be beneficial and possible to implement. Readiness for change, thus, can hardly be developed “in general” and be applied to changes with different scopes and goals. Individuals may believe they can implement one specific change or align with one goal while disapprove or doubt the implementation of others. However, there is not enough research on whether readiness attitudes differ depending on the type of change (Rafferty and Simons 2006), and whether readiness is equally important for different types of change (Weiner et al. 2020).

The concept of organizational capacity for change (OCC) is an emerging area of research interest over the past decade. It addresses in part, limitations of readiness for change such as the above. Increasingly, literature shifts focus from how to prepare the organization and mobilize support for a specific change initiative (associated with readiness for change) to how to create a longer-term capacity that can serve the organization in the implementation of multiple change processes (Schwarz and Stensaker 2014). This interest relates to the increased appreciation of change as a multitude of processes—often overlapping and being at different stages with different success at a given point in time—in an organization facing turbulent environment.

Still, the concept of organizational capacity is characterized by some ambiguity. There are several theoretical contributions while empirical research is limited (Heckmann et al. 2016). Its applicability to different types of change has not been researched much as well. The concept is often confused with readiness for change (Stevens 2013; McGuinness et al. 2002) although some authors conceptualize its difference.

Judge and Blocker (2008) differentiate the two concepts based on the level of manifestation—unlike readiness, organizational capacity for change goes beyond the individual level and describes the collective capabilities of an organizational unit to change. Typically, readiness for change is assessed at the individual level. Yet, Vakola (2013) differentiates its implications on the individual, group, and organization levels and proposes a multilevel readiness for change incorporating all three levels. The multilevel model responds to the calls to accommodate multiple changes (which hampers assessment and development of readiness separately for each change initiative), as well as the need to maintain readiness during and beyond the change itself. Thus, the level of manifestation might not be the proper differentiator between the two constructs.

Vakola suggests that “readiness could be perceived and ‘invested’ in as a constant state, which is conceived as a core competency to cope with continuous changing external, as well as internal, conditions” (Vakola 2013, p. 103). Stevens (Stevens 2013) also calls for a process model of readiness for change, which should reflect its recursive and multidimensional character. These arguments pose the question whether readiness for change could be conceptualized as a continuous phenomenon and depart from its association with a particular change

instance and the assessment of its efficacy. Or, as the research on organizational capacity for change claims, another concept may provide this missing link.

This article explores the two concepts—readiness for change and organizational capacity for change. Their differences, relationship and roles are reviewed to contribute to the two concepts' understanding and differentiation. Theoretical assumptions, dimensions, antecedents, and applicability to selected types of change are explored based on extant literature findings.

The conclusions demonstrate the differences between readiness and organizational capacity for change. This article proposes that organizational capacity for change—reflecting capabilities, distinct processes as defined by the dynamic capabilities framework, could help in building readiness for particular change initiatives. More empirical research is needed to test the relationship between the two constructs, identify antecedents of organizational capacity for change as well as map it to dynamic capabilities and organizational ambidexterity taxonomies.

## 2. Methodology

This article aims to identify the differences and complementarities between two constructs—readiness for change and organizational capacity for change. While readiness for change is well explored and defined in extant literature, organizational capacity for change is a newer construct often confused with the latter. There is less agreement on the nature and role of organizational capacity for change. Thus, this article seeks to answer two research questions:

RQ1: How do readiness and organizational capacity for change differ?

RQ2: What is the relationship between readiness and organizational capacity for change?

To explore the first question, theoretical assumptions, dimensions and antecedents of the two constructs are reviewed. A typology of organizational change is used to investigate the second research question. Readiness and capacity for change applicability in selected types of change is discussed.

## 3. Theoretical Lens

Readiness for change is rooted in the organizational development and humanistic traditions. It could be tracked to the classical experiment of [Coch and French \(1948\)](#) which demonstrates the value of participation in change efforts in removing group resistance to changes ([Armenakis et al. 1993](#); [Weiner 2009](#)). Readiness for change follows Kurt Lewin's three-stage change model ([Lewin 1947](#)). It addresses mainly the requirements of the first stage “unfreeze”—motivating the organization members, demonstrating the discrepancy between the current and desired state, creating an appealing vision of the future, and boosting the confidence that it can be achieved ([Weiner 2009](#)). The members of the organization need to first believe that a specific change initiative will be beneficial and achievable. Irrespective of what the reasons behind change are, it requires new behaviors, new ways of doing things and thus depends on the individuals' willingness to adopt them. Change might result in a new strategy, new policies and procedures, new job descriptions or technologies introduced. All of these would impact the way people work, and success would entail their engagement and shared belief they can—and want to—achieve the desired future. The change initiative should provide a clear cause-effect to convince individuals to embrace the goal and follow the steps to its achievement.

The organizational development traditions suggest that the individual is inherently good and having a substantial capacity for self-determination, creativity, and psychological growth ([Cummings and Cummings 2014](#)). Change in the organization would succeed through cooperation and alignment of the interests of the individual and the organization. Assessing the level of readiness gives the opportunity to understand these interests, explain, provide information, support, align, and empower individuals. Taking the process view on readiness would entail doing this assessment not only prior, but also during the

implementation (Stevens 2013) and adjusting when necessary. Although typically assessed at the individual level (Peus et al. 2009; Rafferty et al. 2013), there are calls to differentiate and integrate the implications on the individual, group, and organization level (Vakola 2013; Wang et al. 2020).

Many researchers conceptualize the capabilities that enable organizations to implement changes through the dynamic capabilities framework (Judge and Elenkov 2005; Oxtoby et al. 2002; Soparnot 2011; Klarner et al. 2008) and organizational ambidexterity (Meyer and Stensaker 2006; Judge and Blocker 2008). This approach turns the focus to the organizational competencies and abilities rather than the individuals' beliefs and attitudes.

The dynamic capabilities are defined as “the firm’s ability to integrate, build, and re-configure internal and external competences to address rapidly changing environments” (Teece et al. 1997, p. 516) but also to shape the environment (Teece 2007). They refer to specific, identifiable (Eisenhardt and Martin 2000) and entrepreneurial (Teece et al. 1997) processes. Importantly, dynamic capabilities do not produce results but enable the (re-)organization and utilization of resources to produce end results. They relate to change in organizations unlike the ordinary, operational capabilities (Winter 2003). From the dynamic capabilities lens, capacity for change is described as general for all other dynamic capabilities (Oxtoby et al. 2002; Andreeva and Ritala 2016). It allows the organization to adapt its existing capabilities to new threats and opportunities as well as to create new opportunities (Judge and Elenkov 2005), to initiate and successfully achieve changes of different types, sizes, and forms on an ongoing basis (Heckmann et al. 2016).

The organizational ambidexterity seeks to explain how organizations balance two largely conflicting sets of goals, respectively activities—exploration and exploitation (O’Reilly et al. 2013). Recent studies demonstrate that this contradiction could be bridged and does not require to necessarily separate the two groups of activities in time or in space (Gibson and Birkinshaw 2004; Luger et al. 2018; Papachroni et al. 2015). From the organizational ambidexterity lens, capacity for change is defined as “the allocation and development of change and operational capabilities that sustain long term performance” (Meyer and Stensaker 2006, p. 220).

The review of applicable theoretical lens is summarized in Table 1.

**Table 1.** Theoretical Lens.

	Readiness for Change	Organizational Capacity for Change
Theoretical Lens	<ul style="list-style-type: none"> <li>• Focus on the individual</li> <li>• Organizational development, participatory approach</li> <li>• Kurt Lewin’s 3-stage process (“unfreeze-move-refreeze”) to motivate and align individuals and the organization</li> </ul>	<ul style="list-style-type: none"> <li>• Focus on organizational capabilities</li> <li>• Dynamic capabilities that help change ordinary capabilities which produce end results</li> <li>• Balancing exploration and exploitation (organizational ambidexterity)</li> </ul>

#### 4. Dimensions and Antecedents

Readiness for change is the cognitive precursor of the behaviors of support for—or resistance to—organizational change (Armenakis and Harris 2009). The construct suggests change as a distinct event, which can be characterized by a clear goal towards which success is measured, a beginning and an end. These elements enable the assessment (and building) of the organization’s readiness level. It is defined through the shared commitment and self-efficacy to implement a particular change (Weiner 2009), beliefs and intentions of members of the organization to change their behaviors (Armenakis et al. 1993) accordingly. Definitions are converging to describe it as a psychological rather than a structural construct (Weiner et al. 2020). Armenakis and Harris (2009) conceptualize the motivations to change through the role of change messages that impact five beliefs—discrepancy; appropriateness; efficacy; principal support; and valence. The authors develop a readiness model based on assessing and building the above five beliefs, which reflect the readiness dimensions. Readiness as change recipients’ reaction, however, might be part of the internal context or a

consequence of change (Oreg et al. 2011). Miake-Lye et al. (2020) extract five dimensions which are typically used in readiness assessment measures—outer setting, inner setting, intervention characteristics, characteristics of individuals, and implementation process. They highlight however that readiness is operationalized differently across projects or settings. A review of instruments to assess readiness is elaborated by Weiner et al. (2020) and discusses on their dimensions, reliability, and validity.

Readiness for change may vary over time and from one change initiative to another. It refers to a state rather than a personality trait (Choi 2011). Readiness is subject to the influence from content (of the specific change initiative), context (of the environment, the organizational capacity), process (of the change implementation), and individuals involved (members of the organization) (Holt et al. 2007).

Several articles have summarized what is already known about the antecedents of readiness to change and come up with converging classifications. Rafferty et al. (2013) review extant research on two levels—individual and organizational, and identify external pressures, internal context enablers and personal (resp. group) characteristics to influence the cognitive and affective readiness to change. Weiner (2009) starts from the motivation theory and social cognitive theory and identifies change valence and information assessment to be antecedents of readiness for change. These antecedents are largely influenced by contextual factors, such as organizational culture; policies and procedures; past experience; organizational resources; organizational structure. Vakola (2014) identifies individual characteristics, contextual characteristics and work attitudes as impacting the individual readiness for change. Rafferty and Minbashian (2019) find cognitive beliefs and positive emotions about change to be significantly associated with change readiness.

The organizational capacity for change starts with the understanding that change is ongoing, but also manifested in single events which might be overlapping in time, contradicting in goals and competing for resources (Klarner et al. 2008; Heckmann et al. 2016). The concept addresses the need to explain the ability of organizations to tackle multiple change. Many authors (Heckmann et al. 2016; Klarner et al. 2007; Meyer and Stensaker 2006) conceptualize OCC as the ability of the organization to formulate, implement and maintain multiple changes in the long term and thus distinguish the concept from readiness for change which relates to a single change initiative.

While most of the definitions start from the dynamic capabilities' framework, there are disagreements as to what the nature of the capacity for change is and how to measure it (Supriharyanti and Sukoco 2022). Heckmann et al. (2016, p. 779) integrate existing definitions and conceptualizations to describe organizational capacity for change as *“a broad dynamic, multidimensional capability that enables an organization to initiate and successfully achieve changes of different types, sizes, and forms on an ongoing basis. OCC is multidimensional comprising different aspects of leadership, culture, employee behavior, and an organizational infrastructure supporting organizational change”*. The focus on organizational capabilities includes employee behaviors but departs from the attitudes and beliefs as captured by readiness for change.

Organizational capacity for change as a dynamic capability may develop in time and with gained experience and relates to learning in the organization. Building OCC, however, does not necessarily mean each change initiative implementation will be a success (Meyer and Stensaker 2006). Dynamic capabilities refer also to processes, procedures (Barreto 2010) implying that capacity for change would incorporate experience and results from previous changes. It influences the quality of processes used by the organization to implement and sustain changes (McGuinness et al. 2002).

A review of OCC dimensions is summarized in Table A1 in Appendix A. Several common dimensions can be highlighted and grouped into organizational context, change process, transformational leadership, learning, and culture.

The question of antecedents of capacity for change as well as its relationship with other constructs, however, is largely unexplored (Heckmann et al. 2016). Judge et al. (2006) identify two antecedents—adaptability (one of the elements of contextual organizational am-

bidexterity as proposed by Gibson and Birkinshaw (2004)) and environmental uncertainty. In a later text, though, Judge and Blocker (2008) argue that change capacity is in fact an antecedent of strategic ambidexterity, and the relationship is moderated by environmental uncertainty and organizational slack. Shipton et al. (2012) argues human resources (HR) management systems help build capacity for change, and this influence is moderated by external factors (such as national institutional and cultural environment) and internal factors (such as HR power and HR competence).

Supriharyanti and Sukoco (2022) review a total of 48 studies and extract three groups of OCC antecedents—individual factors, organizational factors, and environmental factors. The authors highlight that the antecedents need further empirical evidence. This grouping of explored antecedents follows the dynamic capabilities literature. In a recent literature review, Schilke et al. (2018) identify the same three groups of antecedents of dynamic capabilities—organizational factors, individual/team factors, and environmental factors.

The review of dimensions and antecedents of the two constructs is summarized in Table 2.

**Table 2.** Dimensions and Antecedents.

	Readiness for Change	Organizational Capacity for Change
Dimensions	<ul style="list-style-type: none"> <li>• Shared commitment</li> <li>• Self-efficacy</li> <li>• Beliefs-discrepancy; appropriateness; efficacy; principal support; and valence</li> </ul>	<ul style="list-style-type: none"> <li>• Organizational context—structural flexibility, processes, and procedures)</li> <li>• Climate (encouraging participation in change processes; trust in peers and leaders)</li> <li>• Change process—previous experience with changes, transparency, communication</li> <li>• Transformational leadership (also mid-level management)</li> <li>• Learning in the organization</li> <li>• Culture (supporting innovation; cultural cohesion)</li> </ul>
Antecedents	<ul style="list-style-type: none"> <li>• External context</li> <li>• Internal context (culture, policies, procedures, structure, trust, climate, past experience, resources, conflicts, flexibility etc.)</li> <li>• Change content and valence</li> <li>• Personality characteristics of the organizational members involved: self-evaluation (self-efficacy, locus of control); beliefs; positive emotions</li> <li>• Information assessment (by the organizational members involved)</li> </ul>	<ul style="list-style-type: none"> <li>• Organizational factors (experience with change; organizational structure; organizational culture; resources incl. capabilities; learning; information technology etc.)</li> <li>• Individual/team factors (experience with change; leadership; managerial cognition)</li> <li>• Environmental factors (external environment incl. dynamism, uncertainty, stage of evolution; national uncertainty avoidance)</li> </ul>

### 5. Applicability to Different Types of Change

Understanding the type of change faced by an organization guides the way it is led, and what might help its success. There have been numerous approaches to classify the possible types of change. This article steps on the typology developed by Maes and Hootegem (2011). The authors summarize previous research advancements into a set of eight dimensions to describe the different types of change in a dynamic way. Four of these dimensions have been substantially researched: control, scope, frequency, and stride (Maes and Hootegem 2011), and are well defined and explored in empirical and theoretical studies. The higher level of clarity on these four dimensions motivates their selection for the purpose of this article.

#### 5.1. Change as Planned vs. Emergent

Planned change builds on the idea that an organization may deliberately and rationally solve problems, improve its functioning, and address environmental challenges (Maes and Hootegem 2011). It is typically associated with a specific initiative and follows a



general approach of diagnosis, design of action plan, implementation, and assessment of its achievement. According to [Holt et al. \(2007, p. 235\)](#), readiness “reflects the extent to which an individual or individuals are cognitively and emotionally inclined to accept, embrace, and adopt a particular plan to purposefully alter the status quo”. That is, a clear plan, direction of action can be supported by readiness for change. Readiness for change, conceived as “the cognitive precursor to the behavior of either resistance to, or support for, a change effort” ([Armenakis et al. 1993, p. 683](#)) requires clarity on the elements of the change effort envisaged. According to [Wang et al. \(2020\)](#), readiness connotes a state of being both psychological and behaviorally prepared to take action (i.e., willing and able) in view of the proposed change. The proposed change can be described by its content; it is deliberate and planned. When a planned initiative is defined by its goal, scope, and consequences, assessing readiness for change can help develop or adjust the action plan. Recent empirical studies assess readiness levels in the context of planned change, such as process improvements and innovation in the context of a project-based industry ([Akunyumu et al. 2021](#)), knowledge acquisition in professional services industry ([Rusly et al. 2015](#)), innovative projects in clusters ([Jamai et al. 2022](#)).

Emergent change takes a different stance as to how change is initiated. Its conceptualization builds on the notion that change may be emergent and unintended, not planned a priori, based on local improvisations which can then be generalized ([Orlikowski 1996](#)). It is associated with the opportunity to exploit existing tacit knowledge in the organization ([Maes and Hootegem 2011](#)) which might otherwise not be tapped in by senior management when designing a planned change initiative. [Maes and Hootegem \(2011\)](#) highlight some of the constraints of emergent change, such as it is diffused (not focused), and better suited to implementation in operations, plants, and stores (than to strategy, firm-level, or corporate change). Thus, the nature of emergent change could hardly accommodate assessment of readiness level. Exploiting the “tacit knowledge in the organization” relates ordinary capabilities, which can be modified and operated by dynamic capabilities. However, organizational change capacity might be beneficial through the appropriate leadership, culture, and an organizational infrastructure enabling organizational change. OCC refers to the overall openness and tolerance to change ([McGuinness et al. 2002](#)) and to the extent organizational aspects support or hamper change in general ([Bennebroek Gravenhorst et al. 2003](#)).

## 5.2. Change as Adaptation vs. Transformation

There are two types of change according to its degree and impact on the organization ([Maes and Hootegem 2011](#)). Adaptation is less intensive, results in readjustment of the organization, while transformation is characterized as radical, revolutionary.

Readiness for change could be built within the context faced by the organization ([Armenakis et al. 1993](#)) and refers to the cognitive and affective elements of this attitude ([Rafferty et al. 2013](#)). It can be particularly helpful in ensuring the acceptance and adoption of a change initiative ([Armenakis et al. 1993](#)) through good translation of new strategic ideas into working practices or routines ([Øygarden and Mikkelsen 2020](#)). Transformations also described as a shift of the paradigm would involve having or creating the proper attitude to the change required. Assessing and building readiness will thus support transformational change initiatives. [Hameed et al. \(2017\)](#) discuss readiness in public sector R&D organizations undergoing major internal restructuring and expecting additional procedural changes. The shift of paradigm to innovation is the context in which readiness is explored empirically in the context of shifting paradigm to innovate ([Akunyumu et al. 2021](#)), to transform educational systems ([Wang et al. 2020](#)).

Change capacity is generally defined through the specific dynamic capabilities in the organization that enable it to continually reconfigure and adapt its operational capabilities and create new ones ([Heckmann et al. 2016](#)). Thus, it does not relate to attitudes, but provides the capabilities that can help implement different adaptations and transformations. Organizations that possess such a capacity are capable of change as and when necessary ([Andreeva and Ritala 2016](#)). Change capacity enables organizations to implement

large-scale changes without compromising daily operations (Meyer and Stensaker 2006). Some empirical evidence has been reported on the applicability of OCC in transformational changes (Spaulding et al. 2016; Zhao and Goodman 2018) as well as adaptations (Arnulf 2012).

### 5.3. Change as Discontinuous vs. Continuous

The dimension of frequency distinguishes the number of times a change is happening (Maes and Hootegem 2011). Continuous change at the micro level is associated with ongoing, smaller-scope adaptations or adjustments which might or might not result in large-scope transformation. This could also refer to multiple changes, which might or might not be interlinked.

Conceptualizing readiness as a recursive and multidimensional process (Stevens 2013) may relate to continuous change and multiple changes (Rafferty and Simons 2006). However, it is important to keep the focus on the meaning of readiness as a “state of preparedness for future action” (Weiner et al. 2020). That is, “ready for” a specific change, action. A multiple changes’ view poses questions such as how to engage and motivate the organization for each additional change (Schwarz and Stensaker 2014). A more feasible approach would come from capacity for change; some authors go even further to link change capacity primarily to continuous change (Andreeva and Ritala 2016).

Seeing change as a constant process would require organizations to build their change capacity to be able to navigate it successfully. It allows change implementation without compromising subsequent change processes (Meyer and Stensaker 2006) and doing so constantly (Klärner et al. 2007) in a cascading series of inter-related change initiatives (McGuinness and Morgan 2005) or multiple changes (Meyer and Stensaker 2006). Change capacity seen as processes, routines, leadership and attitudes (Judge et al. 2009) has a role in support of both discontinuous and continuous change. Available empirical evidence supports such a claim—some studies describe OCC in the context of a discontinuous event, while others view it as a generic dynamic capability serving multiple and continuous changes (Supriharyanti and Sukoco 2022).

Discontinuous change can also be interpreted as a distinct event. Thus, readiness for change seen as attitude to the specific initiative is easier deployed with discontinuous change. Readiness assessment is mostly intervention-specific, needs to be customized or tailored prior to use (Miake-Lye et al. 2020) and would differ at individual and organization levels (Weiner et al. 2020).

### 5.4. Change as Incremental vs. Revolutionary

Incremental change describes a gradual process of realigning the organization through accumulation of small changes (Maes and Hootegem 2011). It aims at achieving congruence, considers feedback from previous actions and incorporates it in the ongoing process. The right cognitive and affective attitude to change, as captured by readiness for change, would keep the energy and focus of the organization. Rafferty and Simons (2006) find that individuals who support and feel capable of implementing a less intense change (fine-tuning) will also be more likely to support and feel capable of implementing more wide-ranging change (transformative, revolutionary). Similar to the case of continuous change, it might be challenging to assess the readiness level throughout the incremental change. The mechanisms to generate support (i.e., build readiness) would need particular attention when dealing with incremental change (Rafferty and Simons 2006).

Revolutionary change relates to a process of massive changes at once and alters radically essential elements of the organization such as formal structures and decision-making routines (Maes and Hootegem 2011). In fact, readiness is more often studied in the context of radical, transformative changes (Rafferty and Simons 2006). Readiness is an important factor to ensure the members of the organization share the goal, see the benefits and believe they can accomplish the revolutionary change. Organizational change capacity would provide the necessary abilities to complete it.

Table 3 below maps the role of the two concepts to selected dimensions of change and their attributes.

**Table 3.** Types of Change.

Dimension	Readiness for Change	Organizational Capacity for Change
Control: planned vs. emergent	Facilitates planning and implementation with a focus on a particular change initiative Not relevant in the case of emergent change	Facilitates both planned and emergent change through ensuring the appropriate leadership, culture, and an organizational infrastructure
Scope: adaptation vs. transformation	Required when transformations are being initiated Could help in the case of adaptation	Facilitates both adaptation and transformation through the necessary capabilities to implement the change
Frequency: discontinuous vs. continuous	Facilitates planning and implementation with a focus on a particular change initiative Requires new assessment and development of readiness for each initiative (in the case of multiple changes) Could be more cumbersome to assess in the case of continuous change	Facilitates managing and leading continuous change without losing operational performance Requires constant focus of the organization in developing and maintaining the capacity Supports the implementation of discontinuous change, seen as a distinct event
Stride: incremental vs. revolutionary	Helps keep focus when the change is incremental Helps mobilize members of the organization through shared attitude	Facilitates both incremental and revolutionary change through the necessary capabilities to implement it

## 6. Discussion and Conclusions

The search for organizational change success factors is ongoing and will continue to grow in relevance in turbulent and dynamic environments. Readiness for change and organizational capacity for change are two concepts attempting to help organizations in navigating change. Organizational capacity for change being a newer and less empirically explored construct is often confused with readiness for change. The analysis in this article contributes to delineating the two constructs and clarifying their relationship.

To answer the first research question and differentiate the two constructs, the analysis explores their theoretical assumptions, dimensions, and antecedents.

The review of *theoretical lens* applied to the two concepts—readiness for change and organizational capacity for change—indicates the differences in their conceptualization. Readiness for change reflects the psychological predispositions, shared understanding that a particular change initiative is beneficial (for the organization and self), desired and possible to implement by the organization. It is a mindset—beliefs, attitudes, and intentions that can be assessed before and during the implementation (Vakola 2014) as well as influenced (Armenakis et al. 1993). Thus, it can be seen as situational. There are calls to incorporate dynamism in explaining readiness for change and to reflect past experiences and group norms, interpersonal, and social dynamics (Stevens 2013; Vakola 2014). This article proposes that such a dynamism might be reflected through the relationship between readiness and capacity for change. The adequate change-related processes and practices within the organization that are collectively built (Klarner et al. 2008) could help boost the motivation for future change initiatives.

These processes and practices aimed at changing the organization to respond to dynamic markets and to support building a sustainable competitive advantage are captured by the dynamic capabilities framework. The findings in this article align with Soparnot (2011) who defines OCC as a skill, competence to adapt, a proactive approach which may be built and maintained to serve the organization many times, and thus distinguishes it from change management.

This article aligns with the dynamic capabilities lens and thus supports extant empirical and theoretical contributions (Oxtoby et al. 2002; Judge and Elenkov 2005; Klärner et al. 2007; Heckmann et al. 2016). The analysis findings disagree with Soparnot who distinguishes organizational capacity for change from dynamic capabilities: “where change capacity may be qualified as dynamic capacity, it should not be confused with it” (2011, p. 645). He suggests that the change capacity aims to explain how the new strategic and organizational reconfigurations happen, while dynamic capabilities only identify the routines that enable these renewals.

The organizational capacity for change conceptualized as a dynamic capability could be seen as an antecedent to readiness for change. In fact, some of the antecedents to readiness are identified in this article as dimensions of organizational capacity for change. These include elements of the internal context such as climate, experience with past changes, learning, transformational leadership, structure, but exclude external context and personality characteristics.

To answer the second research question and define the relationship between the two constructs, the analysis explores their role in selected types of change. This responds to the call for more research on attitudes such as readiness for different types of change (Rafferty and Simons 2006; Weiner et al. 2020) and limited empirical evidence on OCC (Supriharyanti and Sukoco 2022). The analysis concludes that the two constructs share a role and can both be beneficial in certain types of change. Unlike readiness, organizational capacity for change could support organizations in navigating continuous and adaptive changes.

Readiness, defined as an attitude, can be assessed and developed in relation to a definable change, seen as a distinct event. Thus, it can assess to what extent the members of the organization understand and agree with its goal, believe they can achieve it and that it is beneficial (for the organization and selves). It can facilitate changes which are planned, transformational, discontinuous, both incremental and revolutionary. It might be helpful in keeping the focus in the case of changes which are continuous and adaptive, although the readiness assessment might be more cumbersome.

Capacity for change, defined as a capability to implement a change, can be assessed and developed in relation to multiple, continuous and adaptive changes. This aligns with previous contributions (Andreeva and Ritala 2016). OCC can provide the capabilities within the organization to implement different types of changes and be seen as an antecedent, based on which readiness for change can be developed. The organizational change capabilities (drawing on processes, flexibility, climate, leadership, learning, culture) could support building the shared beliefs and attitudes that the organization will be able to implement a particular initiative. This proposition aligns with Katsaros et al. (2020) conclusion that to develop readiness demands building dynamic core competences, among others.

This research bears its limitations. The scope of reviewed theoretical and empirical contributions does not claim to be exhaustive in scope and detail. However, the aim here was to highlight key distinctions and point at possible relations between the two concepts which impacted the selection of articles reviewed. Second, the empirical evidence on organizational capacity for change is limited which makes it difficult to generalize conclusions and implications.

Several findings in this article are inconclusive and need to be empirically tested. These are used to formulate some directions for further research.

First, although the dynamic capabilities framework is widely cited as a theoretical background in defining OCC, this claim still lacks enough empirical grounding. Andreeva and Ritala (2016) propose capacity for change to be regarded as a generic dynamic capability as opposed to domain-specific capabilities. That is, OCC enables dynamic capabilities aimed at changing specific processes, practices, structures in specific domains, which in turn enable ordinary capabilities. OCC however, is largely omitted in dynamic capabilities reviews. A recent taxonomy by Leemann and Kanbach (2022) scopes empirical research since 2007 to identify 240 idiosyncratic dynamic capabilities organized into 19 sub-capabilities within the triad of sensing, seizing, and transforming. Whether organizational capacity

for change fits into the known classifications of dynamic capabilities remains a question for further research. Similarly, more empirical research is needed to clarify the link and map capacity for change to organizational ambidexterity typology (see [Carter \(2015\)](#) for a proposed approach).

Second, this article steps on dynamic capabilities' antecedents applied also by [Supriharyanti and Sukoco \(2022\)](#). Antecedents of OCC are yet largely explored ([Heckmann et al. 2016](#)). Further empirical research would help position antecedents of readiness and capacity for change and support—or not—this article's propositions.

Third, empirical evidence is needed to test the relationship between the two constructs. The OCC dimensions should also reflect their dynamic properties. Seen as skills, abilities, procedures and processes, readiness for change antecedents appear to be dimensions of the dynamic capability OCC. Reviewing existing scales to measure OCC and testing the relationship to readiness for change might bring further insights to the relationship between the two concepts. This might help address the lack of sufficient clarity and empirical results to support a generally accepted definition of OCC as a distinct concept from readiness for change.

Fourth, the outcomes of organizational capacity for change and readiness for change were omitted from the scope of this article. However, to fully distinguish the two concepts, exploring their outcomes would be necessary. Outcomes of readiness for change are generally associated with change supportive behaviors ([Holt et al. 2007](#); [Rafferty et al. 2013](#)). The number of studies examining the influence of readiness on adoption and implementation of change, though, are limited, and evidence to support the criticality of readiness as a precursor to successful change is still to be collected ([Weiner et al. 2020](#)). Likewise, research on OCC outcomes is far from sufficient. Most of the empirical studies on OCC are aimed at identifying its dimensions ([Oxtoby et al. 2002](#); [Klarner et al. 2008](#); [Meyer and Stensaker 2006](#)), testing the relationship to organizational performance ([Judge et al. 2006](#); [Judge and Elenkov 2005](#); [Adna and Sukoco 2020](#)) or change project performance ([Heckmann et al. 2016](#)). Existing empirical research focuses more on the relationship of OCC to performance related outcomes. The non-performance related outcomes (such as innovation process, resilience, market orientation) are underexplored ([Supriharyanti and Sukoco 2022](#)). These however seem to be in essence capabilities and may provide the link to dynamic capabilities framework. OCC should be conceptualized as impacting ordinary capabilities that produce results. [Schilke et al. \(2018\)](#) identify two groups of consequences of dynamic capabilities (performance-related and change-related) and two possible ways of reaching them. One is direct influence of dynamic capabilities on consequences that could be moderated by two groups of factors (organizational and environmental). The second is through the influence of dynamic capabilities on the resource base which in turn influences the consequences. Identifying the mechanisms and ordinary capabilities which are influenced by OCC could help clarify the concept and position it into the dynamic capabilities domain.

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Appendix A

Table A1. Dimensions of organizational capacity for change.

(Oxtoby et al. 2002)	(Bennebroek Gravenhorst et al. 2003)	(Judge and Elenkov 2005)	(Meyer and Stensaker 2006)	(Klarner et al. 2008)
Empirical Personal interviews, results aggregated into 167 key points	Empirical Survey questionnaire, 79 statements under 16 aspects, grouped in 2 dimensions	Empirical Survey questionnaire, 32 items grouped in 8 dimensions	Conceptual Literature review on change process prescriptions	Empirical Case study: World Health Organization Interviews, internal documents, business press articles
‘Sustainable Competitiveness Process’ model-12 steps: (1) Compelling business need (2) Set clear goals and measure objectives (3) Establish leadership (4) Build key players (5) Create commitment among all involved (6) Discover preferred learning methods (7) Arrange time, space and “kit” (8) Develop materials (9) Implement improvements (10) Measure against goals (11) Visibly display progress and give recognition (12) Record new “est practices”	16 aspects of organizational capacity for change: 1st group relates to the organization  (1) Goals and strategy (2) Structure (3) Culture (4) Technology (5) Job characteristics (6) Political relations  2nd group relates to the change process (7) Goals (8) Technology (9) Tension (10) Timing (11) Information supply (12) Creating support (13) Role of change managers (14) Role of line managers (15) Expected outcome (16) Support for change	8 dimensions of OCC: (1) Trustworthy leadership (2) Trusting followers (3) Capable champions (4) Involved mid-management (5) Innovative culture (6) Accountable culture (7) Systems communications (8) System thinking	Prescriptions to building organizational change capacity: (1) Framing (the reasoning and rationale behind changes) (2) How changes are communicated (3) Involving (allowing organizational members to participate in planning (4) Pacing and sequencing (tempo of the change process and sequence in which changes are introduced) (5) Routinising (use of organizational routines to implement change) (6) Recruiting (hiring personnel permanently or temporarily)	14 determinants grouped into 3 dimensions: 1st dimension-5 process determinants (1) Transformational leadership (2) Incremental deployment (3) Collectively built change processes (4) Creation of transparency (5) The perceived legitimacy of the change  2nd dimension-6 organizational context conditions (6) The value of change (7) Structural flexibility (8) Cultural cohesion (9) Trust (10) Practices based on consensus (11) Capabilities of individual learning  3rd dimension-3 learning determinants (12) Improvement through experience (13) Renewal through experimentation (14) Transfer of organizational knowledge

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## Article

# Talent Management in the Hospitality Sector: Predicting Discretionary Work Behaviour

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**Abstract:** Hospitality organisations have suffered a lot of setbacks, such as low performance caused by the COVID-19 pandemic, during which most management took drastic decisions to retrench talent, and these decisions have engendered low discretionary work behaviour and low emotional labour display amongst its talent. These maladies would have been averted if talent management practices were implemented effectively by hospitality organisations. It is based on this premise that this study investigates the effect of talent management on discretionary work behaviour in hospitality organisations in Nigeria using a survey research design. A sample frame of 820 was drawn from 60 registered hospitality organisations in the south-eastern part of Nigeria. A sample size of 263 was drawn from the sample frame. Linear regression was employed to analyse the formulated hypotheses with the aid of IBM statistical package for the social sciences version 20.0. The findings of the study show that talent management dimensions have significant effects on discretionary work behaviour in hospitality organisations in Nigeria. The study concludes that talent management measured in terms of talent attraction, talent development and talent retention have significant effects on the indicators of discretionary work behaviour. The study recommends that human resource professionals and organisational leaders should utilize talent management as a strategy to enhance discretionary work behaviour in their respective organisations.

**Keywords:** talent management; discretionary work behaviour; talent attraction; talent development; talent retention; altruism; sportsmanship; conscientiousness

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## 1. Introduction

Hospitality organisations recently witnessed an unprecedented change in their functional areas of management, which was caused by the COVID-19 pandemic, and this has resulted in a high demand for potential talent that would assist the industry in bouncing back to its original state. However, in order to bounce back successfully from the above-mentioned alterations, talent with discretionary work attitude need to be attracted into the hospitality industry. It is based on this premise that experts elucidated that the prosperity and sustainability of hospitality organisations depend on the discretionary work behaviour of talent that are saddled with the responsibility of ensuring that organisational goals are accomplished in line with predefined strategies (Abdou et al. 2022; Chi et al. 2021). When employees go beyond their job description, they are exhibiting discretionary work behaviour which is born out of the passion they have for the organisation, and in doing so, the organisation gains more in terms of quick service delivery, customer satisfaction, effectiveness and high profitability. Dialoke and Edeh (2016) contended that discretionary

work behaviour has engendered an increase in customer attraction and retention in the hospitality industry. In addition, employees that engage in discretionary work behaviour are much happier at workplace compared to their counterparts (Freire and Gonçalves 2021; Bilan et al. 2017). Studies have shown that discretionary work behaviour improves the well-being and job satisfaction of employees (Wang 2018). Research has also revealed that organisations that do not encourage workers to exhibit discretionary work behaviour would not be able to withstand their competitors in the same industry (Edeh et al. 2021; Edeh et al. 2020; Baharun et al. 2019). It therefore implies that discretionary work behaviour is an instrument for competitive advantage. Omoankhanlen and Issa (2022) are of the view that hospitality firms that make large profits are based on the discretionary work behaviour that its employees exhibit in the discharge of their duties in the workplace. Conversely, Zsigmond et al. (2021), in their study with regard to the hospitality business, conclude that the most significant indicator of sustainable performance in the sector is a stable customer base. However, Vuong (2022) opposed the above submission and argued that without the extra effort of employees in service sector, customers would not be retained.

In the light of the above, most hospitality businesses in sub-Saharan Africa especially in Nigeria have been faced with numerous challenges ranging from poor service delivery, low customer patronage, social loafing, inability to assist other coworkers without expecting a reward in return, lack of sportsmanship, inability to prevent problems before they occur, employee unwillingness to identify threats that could affect the smooth running of the organisation, and employee inability to go beyond their job description (Nelson 2021; Ampofo 2020; Gbadeyanka 2016). The above maladies can be resolved when hospitality organisations implement talent management practices which would motivate employees to engage in discretionary work behaviour. Studies have shown that talent management has significant relationship with workers effectiveness, workers commitment, employee performance, employee turnover, organisational engagement, employee retention, and job satisfaction (Tetik and Zaim 2021; Ingram and Nitsenko 2021; Al-Dalahmeh et al. 2020; Yousuf and Yan 2019; Edeh and Dialoke 2016).

Nevertheless, studies such as Kravariti et al. (2022), Bazaluk et al. (2022), Refan et al. (2021), Jepchumba (2021), Ramadan et al. (2021), Sopiiah et al. (2020), Wangechi et al. (2020), Ollor and Harry (2020), Bagheri et al. (2020), Edeh and Mlanga (2019), Hafez et al. (2017), Thiriku and Were (2016), and Maxwell and MacLean (2008) investigated the effects, influence, relationship and role of talent management in relation to other criterion variables in the hospitality industry as well as other sectors, but none examined the effect of talent management on discretionary work behaviour in four-star hotels in Nigeria. This has created a huge gap which this study has filled. This is what motivated the researchers to investigate the effect of talent management on discretionary work behaviour in hospitality organisations, with a specific focus on four-star hotels in south eastern part of Nigeria as a study scope and geographical scope. In addition, this research is very significant because with the effective implementation of talent management practices in the hospitality industry, talent would be willing to engage in discretionary work behaviour, thereby restoring the structure that was ravaged by the COVID-19 pandemic. The choice of hospitality organisations is based on their contributions to global economic development and sustainability. The industry contributed 10.4% of global GDP in 2019, with 334 million jobs created, and dropped in 2020 to a contribution of 5.5% of global GDP and 272 million jobs, as a result of the COVID-19 pandemic (World Travel and Tourism Council 2021). In Africa, for instance, the accommodation (hotel) sector of the hospitality industry increased 7.4% in terms of revenue in Nigeria, South Africa, Kenya, Mauritius, and Tanzania, while the revenue increased by 20% in Nigeria, 14.6% in Kenya, and 11.7% in Mauritius economies, respectively (PWC 2021).

## 2. Literature Review and Hypotheses Development

### 2.1. Talent Management (TM)

Talent management (TM) is a contemporary nomenclature of human resource management (HRM). This is a result of the dynamism arising from skill gaps and demand for new competencies, which was orchestrated by digital apparatus in the world of work. It is based on these metamorphoses that human resource professionals, practitioners and scholars began to move in that direction to avoid being shortchanged in the field of human resource practices and aligned with the current trend known as talent management (TM). Just like the traditional human resource management (HRM), which is concerned with practices of recruitment, selection, placement, training, compensation, health and safety, and performance management, talent management follows the same order, except for the changes in nomenclature. These modifications have proven the postulation offered by [Koontz \(1961\)](#), one of the management disciples, who posited that management is a theory jungle, implying that management has many concepts with similar synonyms, and thus, for scholars and practitioners to grasp these concepts, they must be baptized in the jungle. In line with the above postulation, scholars had defined talent management as the process of attracting talent, developing talent, and retaining talent with the aim of achieving the goals of the organisation ([Bagheri et al. 2020](#); [Kaleem 2019](#); [Mugambwa 2018](#); [Dialoke and Edeh 2016](#)). Other scholars assert that talent management is a human resource activity that is concerned with selecting the best talent from the pool of individuals that applied for an available job position in the organisation ([Abdulmaleek 2020](#); [Baridula et al. 2018](#); [Isa and Ibrahim 2014](#); [Nzonzo and Chipfuva 2013](#)). The above definition is misleading because it implies that talent management is about the selection of individuals that applied for a job, thereby neglecting other human resource policies or practices such as development, retention and reward. However, [Bibi \(2018\)](#) is of the view that talent management is human resource function that has to do with talent attraction, talent development, talent retention, and talent compensation. Other scholars perceived talent management as a process that has to do with talent identification, talent development, and talent retention ([Kravariti et al. 2022](#); [Weerasinghe 2017](#); [Maxwell and MacLean 2008](#)). Nonetheless, this study defines talent management as contemporary human resource practices designed to attract talent, develop talent, and retain talent for organisational continuity.

From the foregoing, several dimensions of talent management had been validated by researchers across the globe. [Aina and Atan \(2020\)](#) in their validation came up with talent attraction, talent retention, learning and development, and career management. Other measures from different scholars include workforce planning, talent attraction, talent development ([Al-Dalahmeh et al. 2020](#)); talent attraction, talent engagement, talent development, talent retention ([Appau et al. 2021](#); [Edeh and Mlanga 2019](#)); leadership, talent retention, reward ([Mohana et al. 2021](#)); recruitment and selection, training, employee retention, competency management, skill gap, skill shortage ([Asrar et al. 2018](#)); and job experience, coaching, mentoring, training, succession planning, career management ([Chitsaz-Isfahani and Boustani 2014](#)). However, this study adapted talent attraction, talent development and talent retention as dimensions of talent management based on their authenticity as well as reliability in validation by different researchers, as seen in the literature above. Talent attraction is a process of identifying (recruiting) individuals that possess relevant skills required to perform a particular task in the hospitality sector ([Kravariti et al. 2022](#); [Nzonzo and Chipfuva 2013](#)). Talent development is concerned with the activities of improving talent skills in the workplace ([Bagheri et al. 2020](#); [Watson 2008](#)), while talent retention is the policies that could be used to prevent talent from leaving the organisation ([Kravariti et al. 2022](#); [Maxwell and MacLean 2008](#)).

Nonetheless, regarding prior empirical evidence on talent management, [Al-Dalahmeh et al. \(2020\)](#) investigated talent management practices and employee turnover intention in the ICT sector of Jordan and found that talent management has a significant effect on employee turnover. [Yadav \(2020\)](#) examined the role of talent management in employee retention at Indian insurance firms. Yadav's result shows that talent management has a

significant correlation with the retention of employees. [Mohana et al. \(2021\)](#) examined the impact of talent management on the performance of employees. Their results show that talent management has a significant effect on employee performance. [Appau et al. \(2021\)](#) carried out empirical investigation on the influence of talent management on work performance at colleges of education in Ghana and found that talent management has significant influence on the performance of employees. [Tetik and Zaim \(2021\)](#) examined the effects of talent management policies on organisational engagement at Turkish holding firms. Their findings reveal that talent management is significantly associated with firm engagement. The results of the [Ramadan et al. \(2021\)](#) study on talent management and talent retention at Egyptian hotels indicated that talent management practices have a positive effect on the retention of talent. [Ollor and Harry \(2020\)](#) investigated the relationship between talent management and employee commitment at Le Meridien hotel in Nigeria and found that talent management dimensions have a significant positive association with employee commitment. [Jepchumba \(2021\)](#) studied the effect of talent management practices on hotel performance in Kenya and found that talent attraction, talent retention, and talent development have a significant positive effect on hotel performance. [Wangechi et al. \(2020\)](#) examined the effect of talent management on the service delivery of hotels in Kenya and found that talent development improves service delivery. [Yeswa and Ombui \(2018\)](#) investigated the influence of talent management on employee retention in Kenyan hotels and found that talent management indicators predicted employee retention. [Mnim et al. \(2018\)](#) investigated the correlation between talent management and innovation at hotels in Rivers state and found that talent identification (attraction), talent development, utilization and retention predicted the indicators of innovation in the hotels examined. [Bibi \(2018\)](#) investigated the impact of talent management on employee performance at Pakistan healthcare firms and found that talent management has significant effect on employee performance. [Baba \(2018\)](#) examined the impact of talent management on workplace trust and employee retention. Baba's finding revealed that talent management is associated with workplace trust and employee retention. [Agarwal \(2018\)](#) investigated the effects of talent management practices and firm performance on employee retention at Indian IT firms and found that talent management predicted the two criterion elements.

## 2.2. Discretionary Work Behaviour (DWB)

The term 'discretionary work behaviour' is used synonymously with organisational citizenship behaviour, prosocial behaviour and extra-role behaviour ([Edeh et al. 2020](#); [Edeh et al. 2021](#); [Edeh and Ofoegbu 2017](#); [Edeh and Onuba 2019](#); [Dialoke and Edeh 2016](#); [Eketu and Edeh 2015](#)). Discretionary work behaviour was propounded by [Bateman and Organ \(1983\)](#). In their original definition, they perceived discretionary work behaviour as the behaviour of employees that is not related to the job description but is essential to the functioning of the organisation ([Robbins and Judge 2018](#)). Thus, any action that is geared toward going beyond an individual job description and specification is known as discretionary work behaviour. Other researchers viewed discretionary work behaviour as voluntary work behaviour that employees display to cover organisational leakages ([Chamisa et al. 2020](#); [Shaad 2019](#)). In this case, a voluntary work behaviour that employees display is also discretionary. This study perceived discretionary work behaviour as a helping behaviour displayed by organisational members for the continuity of organisational existence. Employees engage in discretionary work behaviour as a result of certain factors such as motivation, job satisfaction which are the outcomes of talent management ([Yaakobi and Weisberg 2020](#)).

Dimensions of discretionary work behaviour were previously advocated and validated by [Organ \(1988\)](#), namely, altruism, sportsmanship, conscientiousness, courtesy and civic virtue. Altruism is a helping behaviour that is demonstrated within and outside the formal workplace. Conscientiousness is an employee's ability to abide by the organisation's rules and norms. Courtesy is about being concerned with the prevention of conflicts amongst colleagues and the ability to consider others' feelings. Civic virtue is a helping behaviour

associated with involvement in organisational activities such as meeting attendance, and defending the policies of the organisation at any place. Sportsmanship is an employee ability to tolerate work pressure without complaining.

In addition to Organ's dimensions, [Graham \(1989\)](#) and [Graham \(1991\)](#) advocated four indicators, which are interpersonal helping, individual initiative, being industrious, and loyal boosterism, and these were later modified to organisational obedience, participation, and commitment. [Podsakoff et al. \(2000\)](#) reconstructed their own dimensions as helping behaviour, sportsmanship, civic virtue, loyalty to organisation and compliance, individual initiative, and self-development. Drawing from the literature review, the research hypotheses are hereby developed.

### 2.2.1. Talent Attraction and Altruism

Talent attraction is crucial to the altruistic behaviour of attracted employees in the hospitality industry. Altruistic behaviour takes place whenever recruitment processes followed sequential procedures ranging from selection to proper placement ([Chamisa et al. 2020](#)). These processes produce positive organisational behaviour which enhances organisational growth and sustainability ([Shaad 2019](#)). Studies have shown that talent selection requires much time to avoid bringing in pretenders without the relevant skills required in the contemporary workplace ([Dayel et al. 2020](#)). Another group of scholars opined that attracting talent in the workplace may not necessarily be an issue, but what might be an issue is the ability to identify those that are willing to exhibit helping behaviour that would salvage hospitality organisations that were adversely affected by COVID-19 pandemic ([Thunnissen and Buttiens 2017](#); [Dialoke and Edeh 2016](#)). Thus, talent attraction is the entry point that leads to proper placement, and thereafter, these employees learn to display altruistic behaviour that fosters the prosperity and sustainability of hospitality businesses. [Dayel et al. \(2020\)](#) assert that when talent observed that the process through which other colleagues were attracted did not breach any part of the psychological contract, they would be motivated to engage in discretionary work behaviour. [Aina and Atan \(2020\)](#) are of the view that during a job interview, human resource professionals should endeavour to look out for altruistic behaviour amongst selected talent as this would bring sanity in the formal workplace, especially in the post-COVID-19 work environment. Helping behaviour has been attributed to the proper selection of talent during the encounter stage of socialization within the organisation ([Dayel et al. 2020](#)). This implies that altruistic behaviour must be part of talent behaviour before joining the organisation. However, in the event of identifying talent, human resource practitioners must watch out for altruistic behaviour traits during the selection process to avoid a high turnover, which would cost the organisation a lot of resources in starting another recruitment process. It is against this backdrop that [Appau et al. \(2021\)](#) assert that talent attraction, if properly implemented, has the capacity to predict discretionary work behaviour in the hospitality industry. It is against this premise that the first research hypothesis is formulated as thus.

**H1.** *Talent attraction has a significant effect on altruism.*

### 2.2.2. Talent Development and Sportsmanship

Studies have shown that talent development has positive significant effect on discretionary work behaviour in service organisations ([Manenzhe and Ngirande 2021](#); [Kamarul 2011](#)). Thus, the development of talent is significant for any organisation aiming to retain industry leadership. This is because without developing talent, their skills will be out of place, leading to poor performance and social loafing, quite apart from ineffectiveness in rendering services to customers ([Rubel and Rahman 2018](#); [Deery 2008](#); [Hughes and Rog 2008](#)). It has been shown that talent that received development opportunities from their organisation are likely to be normatively committed to the goals and philosophies of that organisation ([Tumwesigye et al. 2020](#); [Bagheri et al. 2020](#); [Nzozzo and Chipfuva 2013](#)). This implies that the development of talent skills adds value to the organisation in terms of higher productivity orchestrated by talent discretionary behaviour. This argument

is in line with the [Nawangari and Sutawidjaya \(2018\)](#) submission that individuals who receives one form of development opportunities in the organisation would, in one way or another, contribute to the success and prosperity of that organisation through discretionary behaviour. Prior studies have shown that skills development is very important, especially as most hospitality organisations across the globe were adversely affected by the COVID-19 pandemic restriction policies ([Vuong 2022](#)). In line with the above contentions, the second hypothesis is hereby developed.

**H2.** *Talent development has a significant effect on sportsmanship.*

### **Talent retention and Conscientiousness**

Retention of talent is a prerequisite for conscientiousness to be displayed in the workplace especially in the service oriented organisations such as hospitality industry ([Olendo and Muindi 2017](#)). Retaining talent is crucial when it comes to conscientiousness displayed in the workplace. After talent has been recruited (attracted) through the formal processes, the next stage is to continuously develop their skills and knowledge using different training approaches ([Maxwell and MacLean 2008](#); [Watson 2008](#)). The essence of doing this is to equip talent with the latest skills that hospitality organisations require to survive in the affected COVID-19 pandemic environment. [Rahman and Chowdhur \(2018a\)](#) assert that for talent to avoid leaving their organisation to go elsewhere, it is the responsibility of human resource professionals to employ several retention strategies such as direct and indirect compensation. Thus, the retention of talent has direct effects on their conscientiousness, which is a helping behaviour of working for extra hours in the workplace as well as obedience to the rules guiding the organisation ([Sivapragasam and Raya 2018](#)). Keeping talent in the organisation for a longer period of time results in employees working extra hours. Thus, human resource scholars and practitioners have opined that retaining people in the organisation has a greater positive effects on encouraging them to put more effort into working extra hours in order to ameliorate COVID-19 pandemic disruptions ([Zanuchi et al. 2017](#); [Makau et al. 2017](#)). This means that the high rate of turnover is a function of not retaining valuable talent that have the keys to certain areas of the organisation ([Baki 2021](#); [Rahman et al. 2018b](#)). In line with the above, talent retention improves the conscientiousness of talent to display discretionary behaviour in the organisation. [Sarker \(2017\)](#) contended that talent that work extra hours do so because they were retained for number of years. Therefore, talent that work extra hours in most hospitality organisations do so when they perceived that they would not be laid off since their knowledge is valued by the management. It is based on this argument that the third hypothesis is formulated as thus.

**H3.** *Talent retention has a significant effect on conscientiousness.*

### *2.3. Theoretical Underpinning*

The theories that explain this study are human capital theory popularized by Gary Becker and Theodore Schultz ([Becker 1964](#)) and social exchange theory by [Homans \(1958\)](#). Human capital theory affirms that people in the formal workplace are valued resources due to their skills and knowledge, which gives the organisation advantage over their competitors ([Pogodayev 2013](#); [Thunnissen 2016](#); [Oliinyk et al. 2021](#)). [Mkamburi and Kamaara \(2017\)](#) argued that human capital theory assumes that individual talent represents the intellectual capital in the organisation. Social exchange theory, on the other hand, affirms that employees exhibit certain behaviours that are positive in the workplace because of the expected reward attached to the behaviour ([Ivancevich et al. 2014](#); [Robbins and Judge 2018](#); [Tsaras et al. 2018](#)). In this case, employees display discretionary work behaviour by going beyond their job description and specifications with the high expectation of a reward from management.



### 3. Materials and Methods

Survey research design was adopted in this study because it supports the use of a primary source of data such as a questionnaire to collect data from participants over the course of a week, a number of months or a year with the specified geographical scope (Sekaran and Bougie 2016; Saunders et al. 2009). Target population of 60 4-star hotels that are registered with Enugu State Ministry of Commerce and Tourism were sampled with simple random sampling technique. Sample frame of 820 participants—HR manager, supervisor, operations manager, accountant and junior level employees—were surveyed from 60 selected 4-star hotels in Enugu State, Nigeria. Sample size of 263 was determined from the sample frame of 820 with Krejcie and Morgan (1970). Participants' consent was sought formally through their head of operations, such that research on talent management and discretionary work behaviour would be carried out by a group of researchers and that their cooperation was needed. Participants were also informed that their identity would not be made public; rather, their responses would be used for the purposes of the research. It was after this that the researchers administered 263 copies of the questionnaire to the participants face to face, since COVID-19 protocols were no longer in place, and it was discovered that 240 copies of the questionnaire were filled correctly, while 21 copies were wrongly filled. The reason why 21 copies of the instrument were identified as wrongly filled is because the participants did not tick some of the options provided in the instrument. Thus, they were sorted out from the ones that were filled correctly. Copies that were correctly filled were found valid and used for analysis.

A 14-item validated Talent Management Questionnaire (TMQ) consisting of talent attraction, talent development and talent retention was adapted from Lyria (2014). These indicators were further affirmed by Aina and Atan (2020) in their empirical investigation. On the other hand, the English version of the Podsakoff et al. (1990) 14-item adjusted and validated questionnaire was used to measure Discretionary Work Behaviour (DWB) measures, which are altruism, conscientiousness, and sportsmanship in the organisation. All indicators were ranked as follows: 5 = strongly agree; 4 = agree; 3 = disagree; 2 = strongly disagree; 1 = neither agree nor disagree. Frequency distribution was used to analyse participants' demographic characteristics, while linear regression was used to analyse the formulated research hypotheses with the aid of IBM statistical package for the social sciences (20.0).

### 4. Results

Table 1 (below) shows the demographic profiles results of the participants in this study. The gender of the participants revealed that 86 respondents (representing 35.8%) are females, while 154 respondents (representing 64.2%) are males, implying that males are greater in number in the hospitality industry under investigation. The working experience of the respondents indicated that 123 participants (representing 51.3%) have worked in the hospitality industry for 6–10 years; 31 participants (representing 12.9%) have worked in the industry for 11 years and above; and 86 respondents (representing 35.8%) have worked in the hospitality industry. On the age bracket of the participants, 87 respondents (representing 36.3%) fall within the range of 46 years of age and above; 113 participants (representing 47.1%) fall within the range of 36–45 years of age; and 40 respondents (representing 16.7%) fall within the range of 20–35 years of age. The educational qualifications of the participants revealed that 8 respondents (representing 3.3%) hold a PhD degree; 46 participants (representing 19.2%) are master's degree holders; 78 participants (representing 32.5%) hold diploma certificates; and 108 respondents (representing 45.0%) hold a bachelor's degree. This implies that participants with a bachelor's degree are greater in number compared to other respondents with several educational qualifications.

**Table 1.** Demographic profiles of participants.

Demographic	Frequency	Percentage (%)
<b>Gender</b>		
Female	86	35.8
Male	154	64.2
<b>Working Experience</b>		
11 years and above	31	12.9
6–10 years	123	51.3
1–5 years	86	35.8
<b>Age-bracket</b>		
<b>46 years and above</b>	87	36.3
36–45 years	113	47.1
20–35 years	40	16.7
<b>Educational Qualification</b>		
PhD	8	3.3
Master's degree	46	19.2
Diploma certificate	78	32.5
Bachelor's degree	108	45.0

Source: Survey

Regression results in Table 2 (below) revealed that talent management dimensions (talent attraction, talent development, talent retention) have significant effects on discretionary work behaviour in hospitality organisations. Specifically, the result shows that talent attraction has a significant positive effect on altruistic behaviour in hospitality organisations (0.669 \*;  $p < 0.05$ ) with an increase in progression followed by talent development, which also has significant and positive effects on sportsmanship (0.703 \*;  $p < 0.05$ ). This is also followed by talent retention, which is significant and has positive effects on conscientiousness (0.844 \*;  $p < 0.05$ ). The  $R^2$  of the models shows that 45% of the total variation in talent attraction can be explained by altruism. The second model indicated indicates that 49% of total variation in talent development can be explained by sportsmanship, while the third model revealed that 71% of total variation in talent retention can be explained by conscientiousness. The results also show that the difference between  $R^2$  and adjusted  $R^2$  in the models is less than 5%, which satisfies the absence of a sample error (Saunders et al. 2009). The authenticity of the models was significant, since the F Stat. values calculated (192.797; 232.586; 590.363) are greater than tabulated 3.89, which affirms the rejections of null hypotheses, while alternate hypotheses are accepted.

**Table 2.** Hypotheses results.

R	$R^2$	Adjusted $R^2$	T-Stat.	Beta ( $\beta$ )	df	N	F Stat.	Std. Error	Sig.
0.669	0.448	0.445	13.885	0.669 *	3.89	204	192.797	0.045	0.000
0.703	0.494	0.492	15.251	0.703 *	3.89	204	232.586	0.048	0.000
0.844	0.713	0.711	24.297	0.844 *	3.89	204	590.363	0.036	0.000

Predictor: Talent Management (talent attraction, talent development, talent retention). Criterion: Discretionary work behaviour (altruism, sportsmanship, conscientiousness).

## 5. Discussion

Drawing from the results above, it was found that talent management dimensions have significant effects on the measures of discretionary work behaviour, which affirms that talent management is a predictor of discretionary work behaviour in the hospitality industry. The finding of this study has shown that talent management practices aimed at attracting, developing, and retaining have strong potential to contribute to changing methodologies used to manage talent in the hospitality industry (Maxwell and MacLean 2008). In specific terms, it was found that talent attraction has significant positive effects on

altruism. This result corresponds with the [Jepchumba \(2021\)](#) finding which revealed that talent attraction, talent retention, and talent development has a significant positive effect on hotel performance. In support of the above result, the [Ollor and Harry \(2020\)](#) finding indicated that talent management dimensions have a significant positive association with employee commitment in Le Meridien hotel in Nigeria. On the other hand, talent development has significant effect on sportsmanship. This is in congruence with the [Wangechi et al. \(2020\)](#) result which revealed that talent development has a significant positive effect on service delivery in selected hotels in Kenya. In addition, the [Yeswa and Ombui \(2018\)](#) result revealed that talent management indicators predicted employee retention in Kenyan hotels. Lastly, it was found that talent retention has a significant effect on conscientiousness. This result corroborated the [Mnim et al. \(2018\)](#) finding which revealed that the indicators of talent management such as talent attraction, talent development, talent utilization, and talent retention have a significant association with innovation in Nigerian hotels. Another finding that supports the hypothesis three result is the [Ramadan et al. \(2021\)](#) result, which affirmed that talent management practices have a significant effect on employee retention in Egyptian hotels.

Research has shown that talent do not really want to leave their organisation for another, but their decision could be changed when they perceived that they were not being remunerated appropriately ([Kaleem 2019](#); [Baba 2018](#)). From the foregoing findings, it can be deduced that most of the previous aforementioned empirical evidence in the literature failed to oppose any of the three results reported. The reasons are that hotel businesses across the world have a common culture and can easily absorb any forces of change from the external work environment ([Nzonzo and Chipfuva 2013](#); [Maxwell and MacLean 2008](#)).

## 6. Conclusions

In line with the findings, this study concludes that talent management measured in terms of talent attraction, talent development and talent retention has significant effects on the indicators of discretionary work behaviour. Attracting talent is an essential part of human resource management function especially when there is a need to fill a vacant position, but it does not end at that. Attracted talent must be equipped with current technological skills, service innovations and customer retention strategies through continuous training. Thereafter, retaining talent becomes the last option for the human resource function to implement using both direct and indirect compensation packages. It was based on these findings that the study affirms that discretionary work behaviour can be promoted through effective implementation of talent management in the hospitality industry. The implications of this study are that human resource professionals and organisational leaders should utilize talent management as a strategy to enhance discretionary work behaviour in their respective organisations. The results of this study have further affirmed the benefit of talent management on improving hospitality business performance and sustainability through discretionary work behaviour of talent in the hospitality industry. The implications of this study are that leaders of hospitality organisations, such as managers and supervisors, should engage the services of human resource professionals who would assist them to identify potential talent that are capable of withstanding any changes that tend to disrupt their stability. Secondly, recruited talent should be trained on a yearly or quarterly basis in order to adapt to changing technologies in the hospitality industry. Lastly, recruited talent should be rewarded with various compensation policies that would prevent them from leaving for another organisation. Regarding limitations, the use of one method of data collection is already a shortfall, and hence, methodological paradigm triangulation should be used in future investigations as it supports both qualitative and quantitative methods. In addition, the absence of moderating or contextual factors may have limited the research. Thus, subsequent investigation should include a moderating variable to discover if the findings would be the same. Another limitation of this research is concerned with the number of questionnaires that were wrongly filled by the participants. The result of the study would have been different assuming all the instruments were correctly filled by the

respondents. Lastly, the finding of this study may not be generalised, since the geographical scope was Nigeria, and thus, future investigations should explore both developing and developed countries before a generalisation can be established.

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## Article

# A Change Management Approach with the Support of the Balanced Scorecard and the Utilization of Artificial Neural Networks

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**Abstract:** Artificial Intelligence (AI) has revolutionized the way organizations face decision-making issues. One of these crucial elements is the implementation of organizational changes. There has been a wide-spread adoption of AI techniques in the private sector, whereas in the public sector their use has been recently extended. One of the greatest challenges that European governments have to face is the implementation of a wide variety of European Union (EU) funding programs which have evolved in the context of the EU long-term budget. In the current study, the Balanced Scorecard (BSC) and Artificial Neural Networks (ANNs) are intertwined with forecasting the outcomes of a co-financed EU program by means of its impact on the non-financial measures of the government body that materialized it. The predictive accuracy of the present model advanced in this research study takes into account all the complexities of the business environment, within which the provided dataset is produced. The outcomes of the study showed that the measures taken to enhance customer satisfaction allows for further improvement. The utilization of the proposed model could facilitate the decision-making process and initiate changes to the administrative issues of the available funding programs.

**Keywords:** change management; Balanced Scorecard; Artificial Neural Networks; project performance

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## 1. Introduction

All kinds of organizations operate in a continuously changing environment in which they have to adapt on a constant basis. For this reason, upper management must make critical decisions for immediate and effective actions to promote conformity to new environments. Organizational changes aim at an improved utilization of the available resources, fortification of the value chain and the creation of favorable results for the stakeholders (Aolabi et al. 2021). The embodiment of AI techniques in the process of arriving at such decisions is considered to be an important step in reaching utmost effectiveness.

AI is drastically changing the way that organizations face decision-making issues. In the aftermath of the fundamental shifts that Industry 4.0 has brought about, humans and AI create synergies so as to cope with the multidimensional problems of our times. Having the ability to self-learn and enhance decisions, AI nowadays is undertaking a significant part of the decision-making process in a hybrid collaboration with the human intellect (Vincent 2021).

As far as the private sector is concerned, specifically in large organizations, the utilization of AI techniques has been established, whereas in the public sector, their use has been recently applied to an increasing extent. In the majority of cases, the public sector lags behind the private sector in service quality and efficiency (Kotková Striteská and Sein 2021); therefore, the advancement of this concept in public administration relates to the provision of innovative services and quality issues. The main aim of the pioneering technologies

associated with the AI concept is to minimize the time spent during the decision-making process (Di Vaio et al. 2022).

The generalized application of AI in the field of public administration can provide governments with a wide variety of opportunities. European countries are undergoing a digital transformation in order to develop and provide relative services to their citizens so as to heighten public satisfaction, transparency, and entrust governments with public administration (Kuziemski and Misuraca 2020). Taking into consideration the COVID-19 crisis has brought the importance of offering digital services to the surface, given the restrictions imposed in order to tackle the pandemic (Sobrino-García 2021).

The association of a data driven approach with sophisticated AI systems could be the building block of smart citizen-centric governance. Smart government is regarded as one of the main elements to improve the decision-making process. The way that public service is delivered is totally altered to achieve better citizen engagement, accountability, and interconnectivity among public institutions (Kankanhalli et al. 2019).

One of the most challenging tasks that European governments have to undertake is the implementation of the various EU funding programs that have been developed in the context of the EU long-term budget. In addition to the implementation of these programs, equally important is measuring their efficiency. The goal is to measure how funds are used by the program's target groups and what impact their utilization has on management capacities (McMaster et al. 2019). A prevalent method used to estimate the impacts of an EU program is counterfactual analysis. This method compares a situation where a policy/program has been applied and a relevant situation where the same policy/program has not been implemented (Castaño et al. 2019). The comparisons must be conducted properly in order to unveil the cause and effect relationships.

In recent years, governments look thoroughly into the efficiency of bodies which are responsible for implementing these kinds of programs. Efficiency refers to the ratio between the invested funds and the accomplished results. Research has indicated that the funding allocated to a specific sector (i.e., healthcare or education) has an immediate impact on the improvement of services which relate to this field (Kotková Striteská and Sein 2021). In addition, the available funding programs are effective when there are existing mechanisms which allow the efficient appropriation of the available funds. The aforementioned advances make clear which activities should be financed for the common benefit (Valle-Cruz et al. 2021).

In cases where the available data does not facilitate counterfactual analysis, other approaches can be applied to evaluate a program. For instance, other qualitative methods compare key performance indicators during and after a program with those prior to the program (Michalek 2012). This method was applied by Psarras et al. (2020) who combined the BSC and predictive analytics to evaluate the performance of the co-financed EU financial program "Competitive reinforcement of the Greek Small and Medium-sized Enterprises (SMEs)". A Greek government body was assigned with the implementation and the supervision of the whole funding process. This included the evaluation of the investment plans submitted by the companies. The financial perspective of the BSC was used to assess how the program's actions influenced the financial indicators of the companies which received the funding.

Based on the research effort of Psarras et al. (2020), this paper utilizes the data for the remaining perspectives of the government body's BSC which materialized the aforementioned financial program. More specifically, data extracted from the customers, the internal process, as well as the learning and innovation perspectives, are analyzed with the use of an ANN, which is the main contribution of this paper. The proposed approach can be used to establish a pilot decision support system, which would improve the decision-making process in terms of efficiency and effectiveness to these funding programs. It should be noted that this paper examines the program's outcomes from the viewpoint of the government body that materialized it. The long-term objectives that the

specific government body has set for this program have common elements with the EU's objectives, but they cannot be perceived as identical.

The rest of the paper is organized as follows: Section 2 provides the relevant literature review and is structured in two parts. In the first part, the impact of AI in decision-making is discussed. In the second part, the concept of BSC is briefly reviewed. Section 3 describes the research methodology that was used for the study, and in Section 4, the research results are presented. Finally, the paper closes with a discussion of the results in Section 5 and a summary of the conclusions in Section 6.

## 2. Literature Review

### 2.1. AI in Decision-Making

The concepts of AI and AI systems were put forward to the scientific community during the 1950's. Recent technological advancements such as the boosting of computing power and data processing speed contributed to the rapid development of AI systems (Duan et al. 2019); therefore, with all this technological progress, the field of Big Data emerged. Big Data are so intricate that conventional statistical methods cannot be applied in an effort to analyze them (Di Vaio et al. 2022). On the contrary, AI techniques could be exploited for Big Data analysis in order to obtain the maximum advantage of the available information.

AI is commonly defined as “the ability of a digital computer or computer-controlled robots to perform tasks commonly associated with intelligent beings such as the ability to reason, discover meaning, generalize, or learn from past experience” (Copeland 2021). The element which differentiates AI systems from the rest of computer systems is to self-learn from the input data. Consequently, these systems do not merely process data, but they update their decisions whenever new inputs are received (Vincent 2021); therefore, the term AI emerged because these applications resemble the function of the human brain.

The utilization of AI in the decision-making process is one of the major breakthroughs in Computer and Management Science. Bader et al. (1988) categorized six roles in AI's contribution during this process: assistant, critic, second opinion, expert consultant, tutor, and automaton. Decision-making is reinforced by AI, whereas with the use of predictive analytics, one can timely identify the upcoming changes and receive the appropriate corrective action. Additionally, the time required for the analysis of big datasets is diminished and the possibility of human error is reduced (Valle-Cruz et al. 2021); however, in order to make user results tangible, considering the application of AI systems in the decision-making process, upper management should incorporate them into their organizational strategy (Di Vaio et al. 2022).

It should be noted that AI systems cannot proceed to decision-making unless predefined instructions have been provided by the user (Di Vaio et al. 2022). Unlike human effort, the decisions of AI systems should not be influenced by prejudgments or emotions. Nevertheless, an AI system can extract decisions by merely taking into account the information which has been entered into it. Hence, there is a collateral bias in this process because AI cannot take into account information that exists outside its system (Vincent 2021). Moreover, the ambiguity of the way in which AI produces outputs could result in a lack of trust and transparency (Valle-Cruz et al. 2021). Humans tend to be reluctant when they do not fully comprehend the way in which an algorithm comes to a decision and are not truly involved in understanding how AI systems operate before they completely integrate them into organizational processes (Jarrahi 2018). AI is highly efficient when there is enough available data from the past to foresee future actions (Tambe et al. 2019); however, in certain cases, there is a lack of historical data, and their potential to arrive at precise decisions is still under examination (Vincent 2021).

Despite the aforementioned concerns regarding the use of AI in decision-making, several research efforts have shown the beneficial results of the collaboration between humans and AI. These works have highlighted the numerous applications related to the utilization of AI techniques, as well as the particular issues concerning their contribution in

assisting or replacing humans in several processes. For instance, a recent experiment at Yale University indicated that smart bots, in the context of an online game, assisted human teams to enhance their performance by minimizing the medium time needed to solve a problem by 55.6% (Shirado and Christakis 2017). Other researchers have looked into the application of AI in making weather forecasting predictions and the possibility of replacing traditional weather models (Schultz et al. 2020). The current evolution brought about by this technology assists decision-makers in comparing the possible effects and risks related to decision alternatives (Vincent 2021). Moreover, in the medical field, numerous sophisticated applications of AI have been recently developed. Wang et al. (2016) presented an algorithm which had the ability to detect metastatic cancer. Their algorithm had 92.5% success rate, whereas an unassisted pathologist performing the same task had a success rate of 96.6%. When algorithm predictions were combined with human diagnoses, the pathologist's success rate improved to 99.5%, thus the human error rate was decreased by 85%.

Organizations that have integrated AI into their organizational strategy have seen significant benefits. Manzoor (2016) highlighted that advanced analytics techniques are utilized by top-class organizations five times more regularly than low performing ones. With the accelerating progress of these technologies, AI could be integrated in increasingly more complicated functions which require intellectual capacity. For instance, in the field of financial advising and wealth management, companies have recently been using AI and have remodeled their operations by providing investors with cutting-edge technology named robo-advisors (Méndez-Suárez et al. 2019). These algorithms utilize AI to mechanically allocate, manage, and improve clients' assets for short- or long-term investments (D'Acunto et al. 2019).

The application of AI in government practices could create value in multiple functional areas such as e-government, healthcare, transportation, energy management, and defense. The European Parliament included AI as one of the leading technologies which will facilitate the strategic objective of digitization during this century (Sobrino-García 2021). A big challenge that policy makers have to address is how society can take advantage of emerging technologies without affecting individual freedom and privacy (Anagnostopoulos et al. 2021). To this end, the European Commission made the first worldwide attempt to regulate AI with the "Artificial Intelligence Act". This draft regulation attempts to set out horizontal rules for the utilization of AI-driven products, services, and systems across the EU market (Kop 2021).

A wide variety of studies have proven the positive impact of AI utilization in public administration. Al-Mushayt (2019) suggested an AI solution which improves e-government services, whereas Wirtz et al. (2019) proposed a comprehensive framework which represents the crucial aspects of AI in public administration. Furthermore, the analysis of large datasets can assist authorities in detecting tax frauds (Baghdasaryan et al. 2022). In their research, Al Nuaimi et al. (2015) analyzed the key applications that can be implemented in the development of smart cities. Anagnostopoulos et al. (2017) utilized smart devices in waste management and Moustris et al. (2020) developed a forecasting model based on ANNs to predict the energy demand of Tilos Island in Greece, respectively. Additionally, the thorough research of Valle-Cruz et al. (2021) proposed an approach based on an ANN which assists public spending allocation to increase Gross Domestic Product, decrease inflation, and reduce income inequality.

Apparently, in many fields of management, prediction problems emerge. The solution lies in determining the relationship between two or more variables. The conventional methods used to solve these problems rely on regression techniques; however, if the relationship among the variables is too complex, traditional techniques are bound to fail. It has been proven that problems with many complicated attributes can be solved more efficiently by ANNs (Kosa 2013).

In their previous research effort, Psarras et al. (2020) utilized predictive analytics to assess the extent to which the financial measures of companies that participated in a funding program were influenced. As shown in Figure 1, this process affected the financial

perspective of the government body which implemented the specific program. In the present study, the effects of non-financial measures are examined by utilizing an ANN. In sum, this research effort aims at predicting how the funding program being studied influenced the non-financial measures of the government body that implemented it.

		COMPONENTS			
		OBJECTIVES	MEASURES	TARGETS	ACTIONS
PERSPECTIVES	FINANCIAL	Improve competitiveness of Greek SME's	Turnover Enumeration of staff Absorption of funds	>5% turnover increase >10% staff increase >80% absorption of funds	Close examination of the basic prerequisites for participation in the program Approval for receiving funding Total disbursement of funding
		Encourage synergies (economies of scale etc.) among Greek SME's			
	CUSTOMERS	Promote programs which fit Greek SME's needs	Customer satisfaction index	>80% satisfaction rate	Identify SME's needs (surveys, meetings etc.)
		Support youth entrepreneurship	% of new businesses established by young entrepreneurs	>10% annual increase	Implement incentive programs
	INTERNAL PROCESS	Increase application for grants	Number of applications per program	>7% increase per program	Run information campaigns
		Strengthen critical partnerships	Number of new partnerships	3% annual increase	Organize meetings with the competent authorities
	LEARNING & INNOVATION	Monitor new grants	Number of financial programs per year	>5% annual increase	Develop registry of funding bodies
		Establish digital transformation of Greek SME's	Number of Greek SME's with an e-shop	>50% of the registered SME's	Implement programs for digital transformation

Figure 1. The Balanced Scorecard (Psarras et al. 2020).

### 2.2. The Association of the Balanced Scorecard with Performance and Change Management

The utilization of performance measurement data is facilitated by recent technological advancements. In business environments, performance data are used to make the most important decisions, such as the formulation of a strategy, the design of a service, or the implementation of change. More specifically, in the public sector, measuring performance forms an obligation to publicly report program results. Performance management emerged as a concept in the context of New Public Management (NPM), which is a managerial approach that revolutionized public administration in the early 1990s (McDavid et al. 2019). Its foundations lie in the importance of clarifying program objectives, measuring and reporting results, as well as holding all the involved parties responsible for achieving the expected outcomes (Hood 1991). NPM emphasizes associating financing with targeted outcomes. Psarras et al. (2020) investigated how the actions of a funding program affected the financial indicators of the companies which received financing. In the current study, the scope of the previous research effort will be further extended. Additional data are utilized and investigated, by means of ANN as well as through the impact of financing on the rest of the perspectives of the BSC.

In some instances, performance measures can effectively be integrated into evaluations. Program evaluation has been transformed by the aforementioned concept which relates to public administration. It is a process which exploits information systems to minimize the uncertainty levels for decision makers (McDavid et al. 2019). The evaluation outcomes and performance management systems play a crucial role as to how managers deal with their programs (Hunter and Nielsen 2013). Performance measurement and reporting may sometimes lead to numerous implications concerning program alterations or the revision of strategic objectives. By means of this process, the expected outcomes of a specific program are measured and its progress is monitored over time. In cases where deviations from the initial objectives are detected, certain corrective actions can be considered, such as the reallocation of funding.

The initial performance measurement models placed more emphasis on monitoring the financial indicators of an organization. Given the fact that business environments have been changing rapidly, and have become increasingly complex, a more balanced and integrated approach was needed to evaluate performance more holistically (Van Looy and Shafagatova 2016); therefore, organizations were compelled to go beyond conventional performance measures and develop operational measures whose performance cannot be assessed through financial indices (Papalexandris et al. 2005). Kaplan and Norton (1992, 1996) conceptualized a management system that would integrate both traditional quantitative and qualitative performance measures, which aided the development of the BSC.

The BSC constitutes one of the most significant business tools developed over the last few years and is widespread in various fields (Grigoroudis et al. 2012). It investigates the organization by means of four different perspectives: (1) financial, (2) customer, (3) internal business process, and (4) learning and innovation. The BSC helps translate strategy into operational performance measures and connects the organizational targets with those of its relevant departments. It is a tool that supports strategic planning and change management by diffusing the strategy and vision of the organization to each and every employee (Kaplan and Norton 1996). Additionally, the BSC facilitates change management as the goals of this process are linked to specific actions and timetables (Salmon et al. 2019). Finally, the implementation of the action plan is measured through the indices which have been assigned to each and every aforementioned perspective.

Many research efforts have utilized the BSC to measure the performance of various schemes. Greatbanks and Tapp (2007) investigated the impact of applying the BSC in a public organization. Their findings suggest that the employees who have a better understanding of their role, prompt the enhanced fulfillment of the organizational strategy. Northcott and Taulapapa (2012) indicated that the BSC is perceived by public organizations as a performance measurement tool, although its performance management role remains underutilized. Additionally, Rompho (2020) applied the BSC to measure school performance and discovered that there is a cause-and-effect relationship between the three viewpoints (customers/students, internal processes, learning and innovation). In any case, they did not unveil a relationship between the three previously mentioned perspectives and the financial perspective. Elbanna et al. (2015) applied 33 indicators in order to measure hotel performance by means of the BSC. Additionally, Gambelli et al. (2021) studied the performance of small ruminant farms in seven European countries. Their findings indicate that not much emphasis is placed on innovation issues, which may give an explanation for the low performance and longstanding downturn of this sector.

This study utilizes the BSC to evaluate how a funding program influenced the non-financial measures of the government body that implemented it. More specifically, measures are extracted from the customers (customer satisfaction index), the internal process (number of applications per program), as well as the learning and innovation perspectives (number of Greek SMEs with an e-shop). Given the aforementioned points, Figure 1 exhibits the BSC of the government body which materialized the financial program studied in the present paper.

### 3. Research Methodology

#### 3.1. Area of Study

Experiments were applied to a dataset, which was structured with a certain format, and the sample is presented in Table A1 (Appendix A). The provided dataset consisted of 4,071 companies, which submitted their investment plans to participate in the co-financed EU financial program, “Competitive reinforcement of the Greek Small and Medium-sized Enterprises”. These companies went through three evaluation phases, but only a few proceeded to the subsequent phases (Psarras et al. 2020).

During the first phase, 4.071 companies were evaluated on the basis of covering the basic prerequisites for participating in the program. In the second phase, the business plans of the companies that were successful in the previous phase were evaluated. Finally, in the third phase, funding was disbursed to the companies that passed the second phase; however, it was granted only to those whose business plans completely materialized. There were also 575 participants whose business plans were approved in the second phase, but they did not materialize completely, so they did not receive the total approved disbursement (Psarras et al. 2020). As shown in Figure 1, these phases refer to the actions taken by the government body to materialize the program.

### 3.2. Experimental Setup Dataset Structure

The provided data were retrieved from the database of the Greek government body which was responsible for implementing the program. For each one of the three phases, the evaluations were included in the given dataset. As a result, the predictive attributes of this research were utilized in relation to the three discrete evaluation phases, namely: (1) close examination of the basic prerequisites for participation in the program; (2) approval for receiving funding; and (3) total disbursement of funding. Each predictive attribute is binary as they each take two discrete values (i.e., {0,1}) based on the results of their evaluation, which is either rejected or accepted). As a consequence, each year is composed by using three predictive attributes (P1, P2, P3). The available data were selected from five consecutive years (Y1, Y2, Y3, Y4, Y5) of experimental study. Let us define predictive attributes in the form of  $Y_nP_m$ , where  $n = [1, \dots, 5]$  and  $m = [1, \dots, 3]$ ; therefore, the predictive attributes are defined as follows: (1) Y1P1, (2) Y1P2, (3) Y1P3, (4) Y2P1, (5) Y2P2, (6) Y2P3, (7) Y3P1, (8) Y3P2, (9) Y3P3, (10) Y4P1, (11) Y4P2, (12) Y4P3, (13) Y5P1, (14) Y5P2, and (15) Y5P3.

In addition, at the end of the fifth year, three class attributes were observed, namely: (1) customer satisfaction; (2) submitting a proposal at least to one program; and (3) e-shop. Each class attribute is binary as they each take two discrete values (i.e., {0,1}); therefore, class attributes are defined as follows: (1) C1, (2) C2, and (3) C3. As shown in Figure 1, each one of the three class attributes represents a strategic objective of the government body which materialized the program. More specifically, the government body targeted a satisfaction rate of over 80%. As follows, C1 takes a value of 0 when the satisfaction rate of each company was below 80%, and a value of 1 when the same rate was over 80%. C2 takes a value of 0 when companies did not submit at least one proposal to another program that the government body materialized, and a value of 1 when they submitted at least one. C3 takes a value of 0 when companies did not have an e-shop, and a value of 1 when they had one.

The dataset incorporated using the given methodology supports a certain area of study which is presented in the current research effort. In general, optimally, researchers must use a given dataset to solve a specific problem; however, combinations between predictive and class attributes should not be performed according to random selections. More specifically, in the present research, predictive attributes rationally depict the characteristic of added value to the prediction process. In addition, class attributes are rationally correlated with the given predictive attributes to provide a solution to the studied problem. For the given problem, the notation of attributes to certain predictive and class quantities is based on the domain of specific knowledge and is inherent in the adopted model.

The initial dataset had 4.087 total instances; however, 16 missing values were observed, which were less than 5%. Instances with missing values were removed from the initial dataset, so the final experimental dataset has a total of 4.071 valid instances. The dataset structure is presented in Table 1.

**Table 1.** Adopted Dataset Structure.

Attribute	Type	Value
Y1P1	Predictive	Binary $\in \{0, 1\}$
Y1P2	Predictive	Binary $\in \{0, 1\}$
Y1P3	Predictive	Binary $\in \{0, 1\}$
Y2P1	Predictive	Binary $\in \{0, 1\}$
Y2P2	Predictive	Binary $\in \{0, 1\}$
Y2P3	Predictive	Binary $\in \{0, 1\}$
Y3P1	Predictive	Binary $\in \{0, 1\}$
Y3P2	Predictive	Binary $\in \{0, 1\}$
Y3P3	Predictive	Binary $\in \{0, 1\}$
Y4P1	Predictive	Binary $\in \{0, 1\}$
Y4P2	Predictive	Binary $\in \{0, 1\}$
Y4P3	Predictive	Binary $\in \{0, 1\}$
Y5P1	Predictive	Binary $\in \{0, 1\}$
Y5P2	Predictive	Binary $\in \{0, 1\}$
Y5P3	Predictive	Binary $\in \{0, 1\}$
C1	Class	Binary $\in \{0, 1\}$
C2	Class	Binary $\in \{0, 1\}$
C3	Class	Binary $\in \{0, 1\}$

### 3.3. Model

#### 3.3.1. Model Selection

To predict each one of the three class attributes, a Multi-Layer Perceptron ANN was utilized, as provided by the open-source machine learning tool Weka (Frank et al. 2016). ANN is a classifier which consists of a large number of interconnected neurons. Each and every connection is assigned to different weights. These weights are adjusted according to back propagation, which is a training technique of the Multi-Layer Perceptron used to classify given predictive attributes and predict class attributes. At first, data are entered into the first layer and then distributed to the next layer, which is the hidden layer. There is no rule that defines whether the hidden layer should have one or more sub-layers. The most common method to configure this is by making trials (Méndez-Suárez et al. 2019). In the hidden layer, mathematical operations are performed which aim at obtaining the outputs.

An ANN model was selected for the experiment, since the data source is based on business and real time data, which have a complex relationship among their attributes. The ANNs are considered one of the most suitable classification models when the observed data are highly complicated, which is the case in this research effort.

#### 3.3.2. Experimental Parameters

The adopted ANN model is finely tuned with certain parameters for each class attribute application. More specifically, the input layer was composed by 15 nodes, such as the number of the predictive attributes. Three hidden layers were used: (1) the first is composed of 15 nodes; (2) the second is composed of 30 nodes; and (3) the third is composed of 15 nodes. The output layer for each class is composed of two nodes according to the number of binary values (i.e.,  $\{0,1\}$ ). All the adopted nodes in the ANN are sigmoid. The number of epochs used to train the ANN is set to 500. The learning rate for weight updates is set to 0.3. The momentum applied to the weight updates is set to 0.2. Regarding the model incorporated, the number of nodes by the three layers was converged into the resulted values by experimenting with a given interval of values provided by the Weka machine learning software. This was used to observe optimal results. Accordingly, the number of epochs was experimentally defined by the provided values of the incorporated Weka software. Subsequently, the learning rate and the momentum applied to the weight updates were experimentally provided by the adopted Weka machine learning software. This is because machine learning is an empirical science and it is initially not known which values should be used when training a neural network classification model. For this reason,

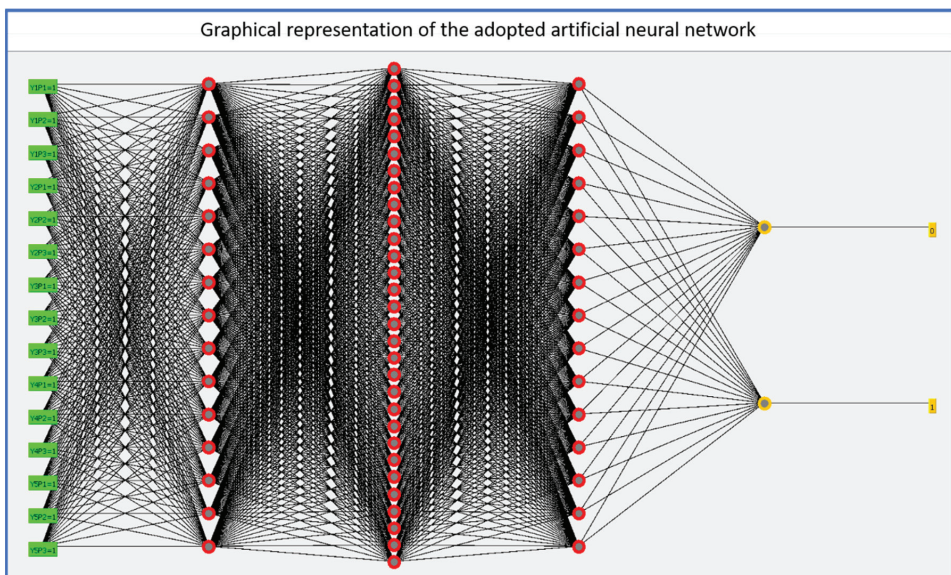


several parameters are experimented with different values to converge to the model, which achieves optimal efficiency. The number of hidden layers and their nodes, as well as the rest of the model parameters, was observed experimentally as presented in Table 2.

**Table 2.** Experimental Neural Network parameters.

Parameter	Value
Input layer nodes	15
Number of hidden layers	3
First hidden layer nodes	15
Second hidden layer nodes	30
Third hidden layer nodes	15
Output layer nodes	2
Type of nodes	Sigmoid
Number of Epochs	500
Learning rate for weight updates	0.3
Momentum applied to weight updates	0.2

The graphical representation of the adopted ANN is presented in Figure 2.



**Figure 2.** Graphical representation of the adopted Artificial Neural Network.

### 3.4. Evaluation

The evaluation of the proposed ANN is performed with a certain evaluation method and metric systems. More specifically, the method was tested with a 10-fold cross validation, whereas the metric system was assessed by calculating the predictive accuracy of the adopted ANN classification model.

#### 3.4.1. 10-Fold Validation Evaluation Method

The adopted ANN classification model was evaluated with a 10-fold cross validation, which divides the initial dataset to 10 equal sized parts. Then, in certain loops, it incorporates the first nine parts to train the classifier, and the remaining part to test the classifier. This process is repeated until each and every part has been used for training and testing.

### 3.4.2. Prediction Accuracy Evaluation Metric

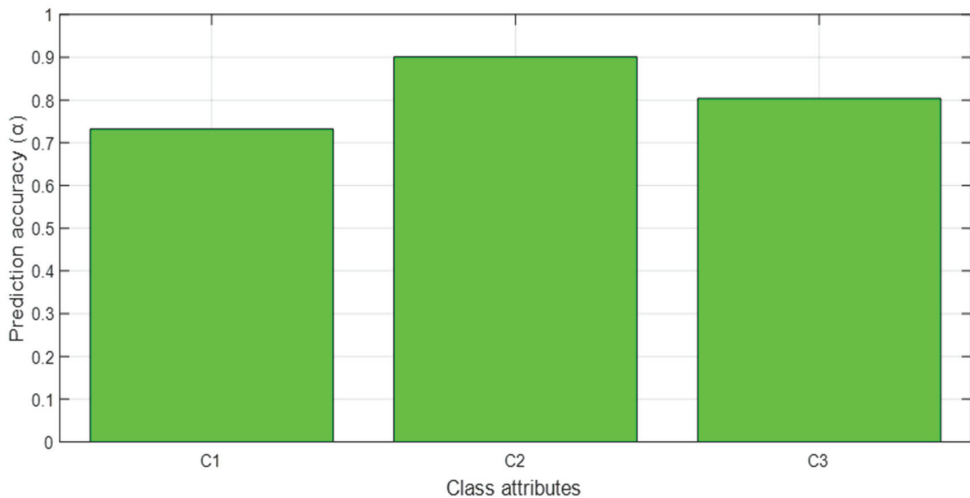
The effectiveness of the adopted classifiers was assessed by incorporating the prediction accuracy evaluation metric,  $a \in [0, 1]$ , which is defined in Equation (1) as follows:

$$a = \frac{t_p + t_n}{t_p + f_p + t_n + f_n} \quad (1)$$

where,  $t_p$ , indicates the instances correctly classified as positives, and  $t_n$ , are the instances correctly classified as negatives. In addition,  $f_p$ , signifies the instances which are falsely classified as positives, and  $f_n$ , indicates the instances which are falsely classified as negatives. A low value of  $a$  implies that the classifier is weak, whereas a high value of  $a$  indicates that the classifier is efficient.

## 4. Research Results

Experiments were performed on the adopted dataset of 4.071 valid instances with the proposed Multi-Layer Perceptron ANN classification model. The ANN was finely tuned based on certain experimental parameters, which were evaluated with a 10-fold cross validation evaluation method. The results of the application of the ANN classification process for all the three class attributes were assessed with certain values of predictive accuracy. More specifically, the predictive values of accuracy are as follows: (1) C1 prediction accuracy  $a = 0.731761$ ; (2) C2 prediction accuracy  $a = 0.900516$ ; and (3) C3 prediction accuracy  $a = 0.803488$ . The results of predictive accuracy,  $a$ , are presented in Figure 3.



**Figure 3.** Visualization of prediction accuracy,  $a$ , for all the three class attributes.

## 5. Discussion

Every EU program undergoes extensive evaluation to assess its effectiveness and efficiency. Effectiveness could be related with the degree to which the predefined objectives of the program are met. Efficiency could be linked with the extent to which overall program outcomes relate to its costs, respectively (Michalek 2012). Program evaluations highlight useful lessons learned, which can be essential for the preparation of new initiatives; however, the existence of an ineffective monitoring system and the lack of modern evaluation techniques could make it difficult for the evaluators to conduct their assessments.

This paper utilizes an advanced AI technique related to ANNs in order to analyze the available data of a co-financed EU program. The main research objective is to predict the program's outcomes by means of its impact on the non-financial measures of the

government body that materialized it. These measures are set within the context of the BSC and are related to the customers, the internal process, and the learning and innovation perspectives. Each and every perspective of the BSC operates with the following sequence: strategic objectives -> measures -> targets -> actions, as shown in Figure 1. For instance, the strategic objective that the government body set concerning the learning and innovation perspective was the digital transformation of the Greek SMEs. The action that contributed to the implementation of this strategic objective was the materialization of funding programs, such as those previously mentioned in the current study. The measure used to monitor the effectiveness of the aforementioned action was the number of Greek SMEs owing an e-shop.

Bearing in mind that the perspectives of the BSC are interconnected with each other (Kaplan and Norton 1992), it is presupposed that the results of one perspective have an impact on the others. As previously mentioned, the companies that participated in the program, and which are under study, underwent three evaluation phases: (1) close examination of the basic prerequisites for participation in the program; (2) approval for receiving funding; and (3) total disbursement of funding. As shown in Figure 1, these are also the actions that contributed to the realization of the financial strategic objectives that the government body had set. Consequently, data retrieved from the financial perspective are related to the materialization of the funding program, and have been utilized to predict the results of the remaining perspectives.

The research question is whether someone, knowing the results of the actions taken by the government body for the realization of the financial strategic objectives, could predict the level of achievement of the remaining three perspectives. The answer to this research question could improve the decision-making process and facilitate change management, by altering the funding criteria or the financing areas if needed.

AI which is utilized in the present research effort is an empirical science. This implies that the number of hidden layers and the number of nodes in each hidden layer are related to the predictive accuracy and the total performance of the model. More specifically, the greater the number of hidden layers and nodes within each layer, the greater the predictive accuracy, which increases until a certain convergence threshold. As previously mentioned, this is defined by trial and error according to the adopted experimental parameters; however, after a certain level, there is a decrease in predictive accuracy, no matter how many hidden layers and nodes continue to be incorporated. In addition, predictive accuracy not only depends upon the number of hidden layers and nodes of the ANN, but also upon the quality of the provided dataset. Moreover, a classification model is effective for certain data if it achieves high predictive accuracy concerning the fine tuning of the experimental parameters of the ANN model. Finally, this process depends not only on quality, but it is also connected to the quantity of the training data. Such data are preprocessed accordingly in order to remove outliers, missing values, and redundant data, which could affect the effectiveness of the adopted model.

The predictive accuracy of the presented model was 73% for customer satisfaction, 90% for submitting proposals to other programs, and 80% for owing an E-shop. These predictive accuracies are considered efficient, bearing in mind that the provided data were analyzed and produced by multimodal human activity in complicated business environments. Such environments are characterized by a high degree of volatility; thus, the final results are important and may have a significant impact upon the decision-making process. This study indicated that the government body which materialized the program could apply changes to the funding process and improve the predicted results of the customer perspective. The results for the remaining perspectives seem to satisfy the targets that were set in the initial BSC.

The limitations of the present study should also be noted. As mentioned in the introduction, this paper examines the program's outcomes and efficiency from the viewpoint of the government body that materialized it. Additionally, the strategic objectives of the BSC should be revised on a yearly basis. In the current study, it has been assumed, for experimental purposes, that the strategic objectives have remained the same over the years.

Moreover, the available data for the experiment is concerned with a single measure for each and every strategic objective; however, the intricate relationships among the four perspectives could be analyzed by exploiting all the measures for all perspectives put forward. Finally, the provided dataset consists only of binary variables, which is also a limitation of the current study.

## 6. Conclusions

The evaluation of EU programs is essential because useful insights are provided on whether the programs met their initial objectives. This process also helps policy makers to redesign programs and make them more efficient by optimizing the absorption of the invested funds. The existence of an effective monitoring system and a modern evaluation technique should help the evaluators to conduct their assessments. This study integrated the BSC and AI to predict the outcomes of a co-financed EU program by means of its impact on the non-financial measures of the government body that materialized it. The predictive accuracy of the model developed in this research effort is considered efficient, taking into account the complexity of the business environment in which the provided data were produced. The results indicated that corrective actions could be addressed by the government body which implemented the funding program in order to improve the outcomes of customer satisfaction. The utilization of the proposed model could improve the decision-making process and initiate changes to administrative issues in the available funding programs. Future research will be centered upon predicting program results more holistically by incorporating more variables related to the BSC.

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## Abbreviations

The following abbreviations are used in this manuscript:

AI	Artificial Intelligence
ANN	Artificial Neural Network
BSC	Balanced Scorecard
EU	European Union
NPM	New Public Management
SMEs	Small and Medium-sized Enterprises

## Appendix A

Table A1. Dataset sample.

Company ID	Y1P1	Y1P2	Y1P3	Y2P1	Y2P2	Y2P3	Y3P1	Y3P2	Y3P3	Y4P1	Y4P2	Y4P3	Y5P1	Y5P2	Y5P3	Y5C1	Y5C2	Y5C3
1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0
2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	1
3	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	0	1	0
4	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	0	0
5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0
6	1	1	0	1	1	0	1	1	0	1	1	0	1	1	0	1	1	1
7	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	0	1
8	1	1	0	1	1	0	1	1	0	1	1	0	1	1	0	0	0	0
9	1	0	0	1	0	0	1	0	0	1	0	0	1	0	0	1	1	0
10	1	1	0	1	1	0	1	1	0	1	1	0	1	1	0	0	0	0
11	1	1	0	1	1	0	1	1	0	1	1	0	1	1	0	1	1	0
12	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	0	0	0
13	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1
14	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	1
15	1	0	0	1	0	0	1	0	0	1	0	0	1	0	0	0	1	0
16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	1
17	1	0	0	1	0	0	1	0	0	1	0	0	1	0	0	0	1	1
18	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	0	0	0
19	1	0	0	1	0	0	1	0	0	1	0	0	1	0	0	1	1	0
20	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	0	0

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## Article

# Institutionalization of Organizational Change Outcomes in Development Cooperation Projects: The Mediating Role of Internal Stakeholder Change-Related Beliefs

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**Abstract:** This paper investigated how change outcomes of development cooperation projects can be institutionalized within the beneficiary organization. While a lot of attention has been paid to sustainability in scientific research on issues, projects, and policies related to environmental, industrial, and agricultural production and sustainability management, there are limited studies on the sustainability of organizational-level change outcomes of aid-based project interventions. Using the lens of organizational change institutionalization models, we examined how internal stakeholders' change-related beliefs, organizational characteristics, and project characteristics relate to the institutionalization process of project outcomes. Data were collected using a questionnaire returned by 130 respondents from a university in the Global South implementing institutional development cooperation projects. Using partial least squares structural equation modeling (PLS-SEM) to analyze the data, we found that organizational characteristics and change-related beliefs both had direct positive effects on the institutionalization process, while project characteristics had negative effects. Additionally, this study reveals that stakeholder change-related beliefs mediated the relationship between organizational and project characteristics and the institutionalization process. The findings support the continual engagement of organizational internal stakeholders in institutionalization efforts throughout the project life cycle, rather than waiting for the project to end. In contrast to the mechanistic, linear result chain approaches that dominate development project discourses, there is a need for more iterative approaches that allow the development of necessary attitudes and behaviors among the beneficiary organization's internal stakeholders to sustain the project-induced changes.

**Keywords:** change-related beliefs; change institutionalization; internal stakeholders; organizational characteristics; project characteristics; development cooperation projects

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## 1. Introductions

Within the development field, actors are increasingly interested in channeling development assistance through development cooperation programs and projects involving organizations in the Global North and South (Boeren 2012; Hartvigson and Heshmati 2022; Nakabugo et al. 2011; Teferra 2016). Despite variations in scope and structure (Raetzell et al. 2018), the primary temporal and spatial impacts of these North–South development interventions, particularly in the areas of technology transfer and capacity building in the Global South, have been well documented (Boeren 2012; Craveiro et al. 2020; Raetzell

et al. 2018; Van der Veken et al. 2017). Encouraged by the potential and actual benefits of these and similar development interventions, development stakeholders are increasingly demanding that development initiatives demonstrate impact while raising concerns about the sustainability of interventions (Maier et al. 2016). According to Hartvigson and Heshmati (2022), the delivery of sustainable development outcomes is a primary concern in development cooperation initiatives, but it has proven difficult to achieve as many development projects face sustainability challenges (Aga et al. 2018; Harsh and Jobe 2020; Samara et al. 2020). As Wilson and Kurz (2008) have argued, many grant-funded and externally sponsored interventions, despite displaying beneficial outcomes, are not always sustained, resulting in a decline or stoppage of function when external funding is withdrawn or ceases. Sustainability in this context is viewed in terms of interventions meeting the needs of stakeholders beyond the project implementation phase (Johnson et al. 2004) or the long-term success of a development intervention (Maier et al. 2016). While a lot of attention has been paid to sustainability in scientific research on issues, projects, and policies related to environmental management and industrial and agricultural production (Ruggerio 2021), in addition to sustainability management (Samara et al. 2020), there are limited studies on the sustainability of organizational-level change outcomes of aid-based project interventions.

Studies on organizational development and change identify institutionalization as a strategy for sustaining change in organizations by integrating the change intervention into the host organization's systems and culture, so that the new practices are accepted, sustained, and normalized (Armenakis et al. 1999; Stouten et al. 2018). The concept of organizational change institutionalization can be traced back to Lewin's (1947) refreezing change concept, which contends that the changed state must be protected from further change or regression to the previous state. Other scholars have argued that institutionalization is related to the persistence of change over time (Jacobs 2002), and Maes and Van Hootegem (2019) have argued that institutionalization is possible if change is incorporated into the organization's systems, or if there is "interiorization of what is learned during change into cognitive schedules and routines" of the organization. While Lewin's change theory and related models have been beneficial in understanding the unfreezing of behavior and the creation of a willingness to change (Burnes and Cooke 2013), less attention has been paid to the processes of sustaining (refreezing) changes in organizations.

In the project context, institutionalization entails the long-term sustainability and integration of project outcomes into an organization (Goodman and Steckler 1989), or what Johnson et al. (2004) refer to as "integration into business as usual." Without institutionalization, the organization struggles to maintain the benefits of the project interventions (Goodman and Steckler 1989; Wilson and Kurz 2008). Development projects that are planned and implemented using a linear activity–output–outcome–impact logic while being constrained by strict time frames, donor guidelines, and budgets (McEvoy et al. 2016) prioritize project activity implementation over the institutionalization and sustainability of project outcomes (Chambers et al. 2013). As a result, beneficiary organizations can carefully implement donor-funded projects strictly adhering to the established implementation guidelines, but fail to bridge the implementation–sustainability gap. Consequently, project outcomes may be short-lived and never integrated into the organization's normal operations (Wilson and Kurz 2008), resulting in frustration and demotivation among the project actors, with evidence of no value for money and effort expended during implementation (Clausen and Kragh 2019).

According to Goodman and Dean (1982) and Jacobs (2002), the persistence and impact of any organizational change intervention are determined by the extent to which the associated behaviors persist within the organization after the implementation phase. It is believed that institutionalization occurs when two or more people consistently act in a certain way and their behavior becomes ingrained in the daily operations of the organization. In this context, project outcomes are individual behavioral responses to project outputs triggered by project implementation actions and mechanisms in a specific context (Buller

and Mcevoy 1989). Individual behavior and social interaction within an organization in relation to project intervention are thus critical aspects of the institutionalization process. Because internal project stakeholders are individuals or organizations that are affected by or can influence the project and its outcomes (PMI 2013), their beliefs, attitudes, and behaviors are important in the institutionalization of project outcomes. Project outcomes will be institutionalized in the organization if the internal stakeholders consistently engage in project-targeted behaviors to the point where they become “social facts” (Goodman and Dean 1982), rooted in social norms and shared values within the organization (Kotter 1996). These behavioral aspects, being important in the delivery of project outcomes, are conspicuously absent in the project management literature (Khan et al. 2017). For example, while Burgan and Burgan (2014) investigated the change beliefs associated with the adoption of project management practices as an approach to organizational management, and Purvis et al. (2015) investigated the role of self-valence in the direction and intensity of stakeholder participation in the implementation of systems and software technology projects, no study has been conducted for projects in the development cooperation context.

The current study explored the factors influencing the process of the institutionalization of development cooperation project change outcomes within the beneficiary organization. We incorporated internal project stakeholders’ change-related beliefs into an institutionalization model (Buchanan et al. 2005) that considers organizational characteristics and intervention characteristics, aware that beliefs influence stakeholder attitudes toward the project. Positive attitudes toward a project’s outcomes are likely to translate into commitment by stakeholders to maintain project-related behaviors. Hence, institutionalization can be viewed as involving deliberate steps to integrate project outcomes into the operations, processes, and culture of the organization, occurring concurrently throughout the project implementation phase rather than afterwards. Unfortunately, there has been little empirical research into what these institutionalization actions and processes involve.

The next section begins with a review of the relevant literature on change institutionalization and the development of the study hypotheses, followed by a description of the methods. Then, the study’s empirical findings are presented and discussed, and conclusions are drawn.

## 2. Literature Review and Hypothesis Development

### 2.1. Projects and Change Institutionalization

The goal of projects is to change the behavior of beneficiaries in the medium term, rather than simply delivering planned project outputs (Lehtonen and Martinsuo 2009). In aid-based development projects, such changes are classified as the project’s short- and medium-term effects on direct project beneficiaries (outcomes) or the project’s long-term effects (impact) (Raetzell et al. 2018). To have the desired impact in the organization, the project’s outcomes or targeted behavioral changes must be integrated into the organization’s culture, structure, systems, and processes, which involves the change institutionalization process.

Studies on organizational change institutionalization are not only scarce but also context-dependent, relying primarily on Goodman and Dean’s (1982) institutionalization framework and Ledford’s (1985) process model of persistence. Despite their popularity, these foundational models have received little empirical support to explain how institutionalization occurs within organizations (Cumplings and Worley 2009; Sillince et al. 2001). Subsequent studies treated change institutionalization as one of the stages, particularly the final stage, in an extended change implementation process (Brisson-Banks 2010; Buchanan et al. 2005; Stouten et al. 2018). According to these studies, before a change is institutionalized, it is associated with predictable elements grouped into three phases: mobilization, implementation, and institutionalization (Curry 1992; Kezar 2007). Beddewela et al. (2020) also proposed a six-stage model for change institutionalization that comprises the jolt, theorization, mobilization, sense-making, diffusion, and institutional establishment. According to these authors, the sixth stage, institutional establishment, entails complete diffusion

of changes across the organization and is concerned with formalizing and integrating the changes into the organization's formal policies. Reay et al. (2013) argued that the institutionalization process follows a linear path that begins with the destabilization of established practices and ends with the institutionalization of new practices in the organization. Other studies have looked at change institutionalization as a distinct process, delving into its various facets, antecedents, and outcomes (Cummings and Worley 2009; Curry 1992; Goodman and Dean 1982; Reay et al. 2013). Armenakis et al. (1999), for example, identified the role of individual commitment and argued that institutionalization is the process of building commitment to the changed state in an organization. The authors created a change institutionalization model that includes key elements such as the change message, change agent attributes, organizational member attributes, and reinforcing strategies. Cummings and Worley (2009) and Jacobs (2002) drew on Goodman and Dean's (1982) earlier work to identify five processes that determine the degree to which an intervention can be institutionalized in an organization: (1) socialization, or the transmission of information about beliefs, preferences, norms, and values about the intervention within the organization; (2) management commitment across all levels as a dimension binding people to intervention-related behaviors; (3) management commitment as a dimension that binds people to intervention-related behaviors; (4) diffusion, or the transfer of changes from one subsystem to another in order to reinforce the changes; and (5) sensing and calibration, which entails detecting deviations from desired intervention behaviors and taking corrective action. Buchanan et al. (2005) categorized institutionalization factors into seven categories in their synthesis of factors influencing the sustainability of change in organizations, including substantial, individual, managerial, financial, leadership, organizational, cultural, political, processual, contextual, and temporal factors, and argued that these factors are dependent on the type and context of change. On the other hand, Reay et al. (2013), based on the micro-level perspective of the organization, identified habituation as a key component of how ideas are transformed into new practices. Change institutionalization occurs when change-related actions and human interactions are frequently repeated and developed into patterns within an organization. Similarly, Yetano (2013) used the structuration model to add rules and routines, characteristics of social systems, and continuous interactions as key components of the institutionalization process. However, Stouten et al. (2018) further noted that, even though the focus of change institutionalization has always been on altering the organization's culture, not all changes require fundamental shifts in culture and beliefs and hence may only require managerial action to institutionalize.

To date, a number of studies have used current change institutionalization frameworks to investigate various change scenarios in diverse organizational contexts, with varying results and recommendations: for example, the institutionalization of project interventions in local governments (Waiswa 2020), responsible management education (Beddewela et al. 2020), natural resource-based innovations in universities (Cinar 2020), transdisciplinarity in university policy (Baptista et al. 2019; Riveros et al. 2022), responsible innovation (Owen et al. 2021), community engagement in higher education institutions (Murrah-Hanson and Sandmann 2021), and enterprise resource planning (ERP) (Pishdad and Haider 2013), to mention but a few. Our synthesis of these studies identifies a number of important elements and actions for change institutionalization in different contexts: (i) changes in organizational structure, reward or incentive systems, and behavioral norms; (ii) mandatory top leadership support and championship; (iii) alignment of the change intervention with the existing organizational structure; (iv) participation of internal and external stakeholders; (v) integration into organizational values; (vi) strategic and operational planning. In this study, we drew from the processual approach to change institutionalization based on the models by Armenakis et al. (1999), Beddewela et al. (2020); Buchanan et al. (2005), and Cummings and Worley (2009) to develop the study's conceptual framework. The processual approach is a useful lens for the examination of change institutionalization because it emphasizes the "flow of events in a wider spatial, temporal, and political context" (Buchanan et al. 2005). As a result, we investigated how broad organizational

factors and project characteristics (Cummings and Worley 2009; Jacobs 2002) as well as individual-level factors and internal stakeholder change-related beliefs (Armenakis et al. 1999; Reay et al. 2013) influence the change institutionalization process.

We examined the institutionalization process by the occurrence of positive perceptions towards project interventions, as evidenced by increased project favorable actions among internal stakeholders at the beneficiary organization's strategic, management, and operational levels. Based on the literature reviewed, we posit that institutionalization should be a praxis with actions in three categories: (1) *Explicit commitment-related actions*. These are unequivocal and routine actions by the organization's senior leadership to send a message throughout the organization that the administration is committed and fully supports, and advocates for, the project interventions (Murrah-Hanson and Sandmann 2021; Pishdad and Haider 2013). Examples of these actions include commitment of funds to support project interventions that are outside the donor funding limits but critical in sustaining the project, and communication that promotes the project's products by leaders at different levels within the organization. (2) *Integration-related actions*. These are actions geared towards embedding the project into the organization. These actions are related to the legitimacy dimension of institutionalization (Baptista et al. 2019). These actions may include integrating project management, project activities, and outputs in strategic and operational planning processes; active participation by internal stakeholders in project activities; standardization of language, policies, procedures, and communication that promotes project-targeted behavior changes; continuous monitoring and information gathering about project-targeted behavior and taking corrective action where deviations are detected. (3) *Implicit structural-related actions*. We argue that this category involves more subtle and indirect actions that are linked to what Baptista et al. (2019) refer to as the formal set-up dimension of institutionalization. It may involve defining the project manager's position within the current organization, developing new project-related units, functions, and positions in the organizational structure, and establishing incentive structures that favor project-targeted behaviors. We view the institutionalization process as involving these three categories of actions occurring concurrently with project implementation. Thereby, we imply that institutionalization is not a post-implementation phase of the project. Processes, structures, policies, and operating procedures could simultaneously be put in place during project implementation to ensure that project-related behavior/practices, project-promoted values, and norms are incorporated into the host organization's culture (Baptista et al. 2019; Curry 1992; Riveros et al. 2022).

## 2.2. Factors Influencing the Institutionalization Process

The process of institutionalizing change involves the interaction of multiple factors at various levels of analysis and time frames (Buchanan et al. 2005). At the organizational macro-level, Cummings and Worley (2009), Goodman and Dean (1982), and Jacobs (2002) argued that organizational characteristics influence the institutionalization process. These authors specifically mentioned three dimensions: congruence, environmental and technological stability, and formal staff grouping and cohesion. Highly congruent interventions, stable organizational environments, and less rigid staff groupings promote the persistence of change interventions (Cummings and Worley 2009). According to Clausen and Kragh (2019), existing organizational structures can inhibit proper organizational change anchoring, while Alänge and Steiber (2009) argued that a strong and committed organizational governance (board) can support the change sustainability process by providing the required resources. The question is whether the identified organizational characteristics influence institutionalization processes in the same manner across different types of organizations. Do context-specific features such as ownership and managerial flexibility apply, for example, in the context of a university development cooperation? Universities have distinct organizational characteristics such as normative missions of preserving high academic standards and academic freedom (de Lange 2013; Patria 2012). These characteristics lead to structural and operational complexity, which limits change implementation (Brown 2012), and change

institutionalization may not be handled the same way as in other organizations (Patria 2012). Furthermore, when the intervention characteristics are aligned and congruent with the organizational characteristics, the institutionalization process is catalyzed (Cummings and Worley 2009; Jacobs 2002). The premise here is that because the projects are meant to accomplish specified organizational change outcomes, the enduring characteristics of the host organization should determine the characteristics of the project interventions designed to create the desired change in the organization.

As a result, we hypothesized that

**Hypothesis H1a.** *Organizational characteristics have a direct positive effect on the institutionalization process (IP).*

**Hypothesis H1b.** *Organizational characteristics (OC) are positively related to project characteristics (PC).*

According to Stouten et al. (2018), specific features of change interventions have the potential to influence change processes and outcomes, but these features are frequently overlooked in the literature that focuses on general behavioral constructs. Equally, Cummings and Worley (2009) and Goodman and Dean (1982) suggested that easily institutionalized interventions have novel characteristics such as goal specificity, programmability, the aim of targeting the whole organization, strong internal support systems, and a strong sponsor. Similarly, Tornatzky and Klein (1982) argued that interventions should: produce a relative advantage; be more compatible with an organization; be less complex; be less expensive; and allow for trial implementation. Clausen and Kragh (2019) supported the argument of specific goals and active sponsorship, arguing that upfront goal setting and implementation design for specific interventions should include active ownership and competent leadership, which enable intervention sustainability. In this context, we looked at the characteristics of development cooperation project interventions and how their outcomes can be institutionalized within a university setting. Development cooperation projects differ from non-international development projects in several ways, including their intangible and even conflicting objectives that are difficult to measure, and external funding (grant or aid financing), which creates multi-level principal-agent dynamics, resulting in unclear roles for both the project manager and project supervisor (Gajic and Palcic 2019; Tekinel 2013). Because of these distinctive characteristics of international development projects compared to non-international development projects, there has been calls for different management approaches (Munro and Ika 2020). From these characteristics, we hypothesized that

**Hypothesis 2.** *Project characteristics (PC) have a direct negative effect on the institutionalization process (IP).*

Fishbein and Ajzen (2011) defined beliefs as a person's subjective probable judgments of a relationship between an object and its related attribute, whereas Armenakis et al. (2007) defined a belief as an "opinion or a conviction about the truth of something that may not be readily obvious or subject to systematic verification". Simply, a belief is an individual's conception about a specific behavior or an object (Kin and Kareem 2016). Internal stakeholders experience project interventions in unique ways during implementation (Bouckennooghe 2010) and form beliefs about the project (Lines 2005). The beliefs formed determine the attitudes of stakeholders toward the project, which in turn determines whether stakeholders will be hostile or supportive of the project (Lines 2005). To sustain the changes, it is necessary to recognize the stakeholders' beliefs, attitudes, and behaviors, which, when reinforced, can develop into shared values, and build consensus towards the project (Buller and Mcevoy 1989), which serves as the foundation for change institutionalization. Rahn et al. (2020) summarized five change-related beliefs based on a model by Armenakis et al. (2007), including: (a) discrepancy, a belief that there is a need for change; (b) appropriateness, a belief that the change will be effective and that the right actions were chosen;

(c) principal support, a belief that management will provide the required resources and be committed to the change; (d) efficacy, a belief that employees can perform the new tasks and duties the change will bring; and (e) valence, a belief that the change will bring positive outcomes for employees. According to [Morin et al. \(2016\)](#), the first three beliefs (a–c) are related to change management practices, whereas the last two beliefs (d–e) are conceptually related to affective commitment to change and psychological empowerment of change recipients. According to [Armenakis et al. \(1999\)](#), institutionalizing change within an organization necessitates crafting and continuously delivering a core message about the change intervention covering the five beliefs to the organization's members to build commitment to the intervention. As a result, we hypothesized that

**Hypothesis H3a.** *Change-related beliefs (BEL) of internal project stakeholders have a direct positive effect on the institutionalization process (IP).*

There is also strong support for the possibility of change-related beliefs mediating the relationship between project characteristics, organizational characteristics, and change institutionalization processes. Change commitment, as previously stated by [Armenakis et al. \(1999\)](#), is the foundation for the institutionalization of change. Other research has discovered a strong relationship between change-related beliefs and affective commitment to change ([Antoni 2004](#); [Morin et al. 2016](#)) as well as change-positive emotions, change readiness, and change-supportive behaviors ([Rafferty and Minbashian 2019](#)). In their comprehensive review, [Oreg et al. \(2018\)](#) presented change beliefs as mediators between the change content (characteristics), the internal organizational context features, and change consequences, of which organizational commitment is part. We, therefore, hypothesized that

**Hypothesis H3b.** *Internal project stakeholders' change-related beliefs (BEL) will mediate the effect of project characteristics (PC) on the institutionalization process (IP).*

**Hypothesis H3c.** *Internal project stakeholders' change-related beliefs (BEL) will mediate the effect of organizational characteristics (OC) on the institutionalization process (IP).*

### 3. Materials and Methods

#### 3.1. Study Context and Sample

Our research focused on universities in sub-Saharan Africa, with a Ugandan case study implementing development cooperation projects. Mountains of the Moon University (MMU), a community university at the time of this study (currently taken over by the government), is located in the relatively rural western region of the country. MMU, which was founded in 2005, operated between private and public institutions, putting it in a precarious operating position that meant the university attracted fewer students and had limited resources (both financial and human resources). Even though MMU did get some government support, it was always insufficient and inconsistent. To solve this financing constraint, the university leveraged its community focus to attract project funding from the Netherlands, Belgium, South Korea, Austria, Northern Ireland, the United Kingdom, the United States, and other funding agencies. As a consequence, the university's observable growth and development during the previous decade can indeed be attributable solely to development cooperation funds and project interventions. This unique context makes MMU an interesting case to study the organizational development and change outcomes of development cooperation projects. Context-specific approaches that ask "what actually takes place" are promoted by both academics and scholars in development cooperation projects ([Ika and Hodgson 2014](#)). This case study was therefore appropriately selected to study the complex processes of change institutionalization ([Yin 2003](#)) within the context of development cooperation projects. Similarly, [Clausen and Kragh \(2019\)](#) argued that the "best time to study the sustainability of change depends on the characteristics of the change

initiatives being studied, and the researcher must determine timing on a case-by-case basis.”

Since 2013, MMU has been implementing a broad-based development cooperation program with two project components: one focuses on wider community development outcomes through conducting research, community engagement, and extension services; the other focuses on institutional capacity strengthening with organizational-level outcomes in the areas of staff research capacity training, upgrading the ICT infrastructure, systems, and processes, developing a library information system, supporting the university access to library e-resources, developing an online learning management system, staff development at the Ph.D. level and short-term skill training workshops for administrative staff in critical areas of finance, human resources management, etc., and supporting the establishment of a university FM radio station. Our study focused on the institutional strengthening component, the results of which have had a wide-ranging impact on almost every aspect of the university. Staff and other internal stakeholders have been faced with a myriad of changes in the organizational environment brought about by the different project interventions which have affected nearly every aspect of the organization. In such an environment, attention may be drawn to the technical aspects of project implementation, overshadowing the focus on the project’s long-term outcomes. In contrast to the post-implementation study, exploring the change institutionalization processes during the project implementation phase allows for a systematic exploration of the phenomenon.

The sample respondents for the study were purposefully selected from 234 members of university staff. We screened the staff lists to identify staff who qualify as internal stakeholders, specifically those whose work has been directly affected by the project, or whose positions have a significant impact on the project’s implementation. The final list of staff included project team members, the university’s top management, faculty deans and heads of departments and units, and other full-time (academic and administrative) and fixed-term contract employees who have been direct or indirect beneficiaries of the project interventions. Additionally, we only considered staff who had been with the university for 2 years and above to avoid new staff who might have yet to interact with and experience the project’s impact. We excluded part-time contract staff, because of their limited interaction with other staff, and their limited knowledge about the operations of the university. A total of 167 members of staff were identified and asked to complete a paper-based questionnaire, and a total of 134 questionnaires were returned, representing a response rate of 80.2%. Four of the returned questionnaires were excluded from the final usable sample due to incomplete responses.

The first section of the questionnaire elicited from respondents their type of work, job position in the organization, experience, and demographics (age and gender). From the 130 usable questionnaires, 10.6%, 32.5%, and 56.9% were from senior management, middle management, and other stakeholders, respectively. Academic, administrative, and support staff accounted for 64.0%, 24.8%, and 11.2%, respectively, of the sample. The experience of the respondents was important in this study to assess the level of knowledge about the program and its projects. Thereby, 48.3% of the respondents had been working at the university for at most 5 years, 37.3% for 6–10 years, and 14.4% for more than 10 years. Most respondents (54.0 %) had a master’s degree, 26.2 % had a bachelor’s degree, 10.3 % had a Ph.D., and 9.6 % had other qualifications. Male respondents were more (69.3 %) prominent than their female counterparts (39.7 %). Most of the respondents were aged between 31 and 40 years (55.2 %), with similar portions for under 30 years (17.6 %) and 41–50-year-olds (17.6 %). Respondents aged over 50 were the least represented.

### 3.2. Measures

Respondents completed the questionnaire with constructs anchored on a 7-point Likert scale ranging from “1” (“strongly disagree”) to “7” (“strongly agree”), with higher values representing high values of each construct. A pilot study was undertaken involving 15 respondents with experience in implementing university projects to refine the questionnaire.



The questionnaire was also shared with the program management to assess the sequence and contextual relevance of the items.

### 3.3. Independent Variables

To measure the internal stakeholder change beliefs, we adopted the 24-item Organizational Change Recipients' Beliefs Scale (OCRBS) developed by [Armenakis et al. \(2007\)](#) with slightly altered wording to fit this study (e.g., "There is a need for the university to improve its operations in teaching, research, and community engagement" (discrepancy), "The project outputs are relevant to the current situation of the university" (appropriateness), "My immediate supervisor encourages me to take advantage of project interventions at work" (principal support)). Organizational characteristics were assessed using a 7-item scale developed from institutionalization models by [Armenakis et al. \(1999\)](#) and [Cummings and Worley \(2009\)](#), e.g., "The university's structure and leadership is flexible to enable smooth project implementation", "The university environment is stable, allowing changes to take root." We included other specific characteristics related to the context of the university as an organization ([Brown 2012](#); [Patria 2012](#)). Project characteristics were measured using a 6-item scale developed using the [Cummings and Worley \(2009\)](#) model but also including items representing characteristics of development cooperation projects ([Gajic and Palcic 2019](#); [Ika and Hodgson 2014](#); [Tekinel 2013](#)) (e.g., "The project interventions have clear goals understood by all stakeholders," "There is clear coordination and sponsorship of the projects at the level of top management"). Tables 1 and 2 present the reliability and validity of the measures for the independent variables.

**Table 1.** Measurement model evaluation results.

Variables	Original Items	Final Items	Mean	SD	$\alpha$	rho_A	CR
Beliefs (BE)	23	15	5.147	1.151	0.953	0.957	0.958
Institutionalization Process (IP)	12	10	4.613	1.228	0.923	0.930	0.935
Organizational Characteristics (OC)	10	7	4.499	1.313	0.877	0.912	0.899
Project Characteristics (PC)	10	6	3.513	1.379	0.823	0.849	0.868

**Table 2.** Latent variable correlations (left) and HTMT ratios (right).

Constructs	AVE	BEL	IP	OC	PC	BEL	IP	OC	PC
Stakeholder Change Beliefs (BEL)	0.606	0.798 <sup>a</sup>							
Institutionalization Process (IP)	0.591	0.683	0.769 <sup>a</sup>			0.708 <sup>b</sup>			
Organizational Characteristics (OC)	0.561	0.545	0.720	0.749 <sup>a</sup>		0.526 <sup>b</sup>	0.710 <sup>b</sup>		
Project Characteristics (PC)	0.523	−0.366	−0.379	−0.184	0.723 <sup>a</sup>	0.392 <sup>b</sup>	0.411 <sup>b</sup>	0.227 <sup>b</sup>	

<sup>a</sup> Diagonal bold figures are square roots of each construct AVE ([Fornell and Larcker 1981](#)); <sup>b</sup> HTMT ratios less than 0.85 ([Henseler et al. 2015](#)).

### 3.4. Dependent Variables

The internal stakeholder perceptions of the project or change institutionalization process were assessed using a 10-item scale developed from models and studies by [Armenakis et al. \(1999\)](#), [Buchanan et al. \(2005\)](#), and [Cummings and Worley \(2009\)](#). The items covered the actions identified above. For example, "There is a visible commitment to the outcomes of the project from the bottom to the top levels of the university" (explicit commitment-related actions), "New university policies have been formulated and adopted to support project interventions" (implicit structural-related actions), and "project interventions are integrated into the strategies and processes of schools, departments, and units" (integration-related actions). Tables 1 and 2 show the reliability and validity measures for the dependent variable.

### 3.5. Analytical Techniques

We used SPSS (IBM) version 25 to analyze the demographic data and generate descriptive statistics for the variables in our model, and we used SmartPLS 3.3.3 software to determine the statistical relationships between the latent variables in the model. According to [Hair et al. \(2019\)](#) and [Sarstedt et al. \(2019\)](#), PLS-SEM is a reliable analytical tool for complex models and small samples. This was chosen as an appropriate approach for this study, in which we had a small sample drawn from a small population of respondents, and the model consisted of three exogenous variables, one endogenous variable, and a mediator variable. In project management, for example, this analytical technique has been used to investigate the relationship between project management capabilities and project success ([Irfan et al. 2019](#)), to determine how project management self-efficacy predicts project performance ([Blomquist et al. 2016](#)), to investigate the impact of stakeholder attributes on disaster recovery project performance ([Mojtahedi and Oo 2017](#)), etc. We performed PLS-SEM analysis in two steps, first assessing the measurement model by determining indicator loadings, internal consistency reliability, convergent validity, and discriminant validity. The PLS-SEM algorithm calculates item loadings for each latent variable iteratively, with low-loading items eliminated until an acceptable set is reached. Step two involved evaluating the structural model by determining model parameters and direct and indirect effects, and assessing the significance levels of the parameters and relationships using a bootstrapping procedure with 5000 subsamples ([Hair et al. 2019](#)).

## 4. Results

### 4.1. Measurement Model

Table 1 shows the means and standard deviations (SDs) of each scale. The beliefs (BEL) construct had the highest mean (mean 5.147, SD 1.151), while the project characteristics (PC) construct had the lowest mean (mean 3.513, SD 1.379). These results indicate that respondents were generally positive about their change-related beliefs, organizational characteristics, and institutionalization processes, but less so about the project characteristics. To determine construct reliability and validity, indicator loadings were evaluated, with loadings greater than 0.7 ([Götz et al. 2010](#)) considered acceptable, as items with loadings of 0.6 or greater are considered acceptable ([Hulland 1999](#)) in cases where new scales are developed. After assessing their potential practical significance, seven items from the beliefs construct (Ps2, Ps3, Ps4, Ps5, Ps6, Va4, Ef3), three items from the organizational characteristics (Oc3, Oc8, Oc10), four items from the project characteristics (Pc7, Pc8, Pc9, Pc10), and two items from the institutionalization process (Ip6, IP7) were removed due to low loadings (Appendix A Table A1 shows all the construct items that were retained). The composite reliability (CR) statistics for all constructs in the model ranged from 0.958 for change-related beliefs to 0.868 for project characteristics, which were significantly higher than the recommended 0.70 ([Hair et al. 2019](#)). The internal consistency of each construct, as measured by Cronbach's alpha ( $\alpha$ ), was greater than the recommended minimum of 0.7 ([Hair et al. 2019](#)).

We used the average variance extracted (AVE) to determine the convergent validity of the measured constructs. The AVE measures the amount of variance that a construct obtains from its indicators relative to the amount due to measurement errors ([Fornell and Larcker 1981](#)). Table 1 shows that the AVEs for all the study constructs were higher than the recommended 0.5 ([Hair et al. 2019](#)). Discriminant validity was assessed using the method of [Fornell and Larcker \(1981\)](#) by computing the square roots of the construct AVEs and checking whether the square root was larger than the correlation between constructs (Table 2). We also used the heterotrait–monotrait (HTMT) approach, where HTMT values lower than 0.85 for all constructs establish discriminant validity ([Henseler et al. 2015](#)).

The results in Tables 1 and 2 show that the measurement model presents satisfactory indicator reliability, convergent validity, and discriminant validity, hence demonstrating satisfactory robustness needed to test the relationship between the constructs.

4.2. Structural Model

The structural model, or inner model, shows the associations between the constructs being studied. Table 3 summarizes the results for the hypothesis tests by presenting the path coefficients ( $\beta$ ),  $R^2$ -adjusted values, t-values, and model cross-validated redundancy ( $Q^2$ ) value. Variance inflation factors (VIFs) between the variables were first computed to determine any possible multicollinearity, and the results indicate that the VIFs were all less than the threshold of 3.0 (Hair et al. 2019). Our first prediction was that organization characteristics (OC) have a significant effect on the institutionalization process of project outcomes and the project characteristics. The results reveal a significant positive effect ( $\beta = 0.502, p < 0.001$ ). However, the relationship between organizational characteristics and project characteristics was non-significant, and hence hypothesis H1a was supported, while H1b was rejected. The results also confirm our hypothesis (H2) that the characteristics of the project have a negative effect on the institutionalization process ( $\beta = -0.156, p < 0.05$ ). Similarly, the findings confirm our hypothesis (H3a) that stakeholder change-related beliefs would have a positive significant effect on the institutionalization process for project outcomes ( $\beta = 0.352, p < 0.000$ ). The overall institutionalization process model was significant with an adjusted  $R^2 = 0.651$  ( $p < 0.000$ ). The cross-validated redundancy ( $Q^2$ ) value tests the predictive relevance of the model and shows how well the path model can predict the observed values. The computed  $Q^2 = 0.375$  for the institutionalization process model is greater than zero, showing the predictive relevance of the model (Sarstedt et al. 2017).

Table 3. Summary of the structural model.

Hypothesis	VIF	$\beta$	t-Statistic	$R^2$ Adjusted	$Q^2$	Decision
H1a: Organizational Characteristics → Institutionalization Process	1.407	0.502 ***	6.072	0.651 ***	0.375	Supported
H2: Project Characteristics → Institutionalization Process	1.161	-0.156 **	2.704			Supported
H3a: Beliefs → Institutionalization Process	1.578	0.352 ***	4.154			Supported
H1b: Organizational Characteristics → Project Characteristics	1.000	-0.184 ns	1.933	0.026	0.011	Rejected

\*\*  $p < 0.01$ ; \*\*\*  $p < 0.000$ ; ns—non-significant.

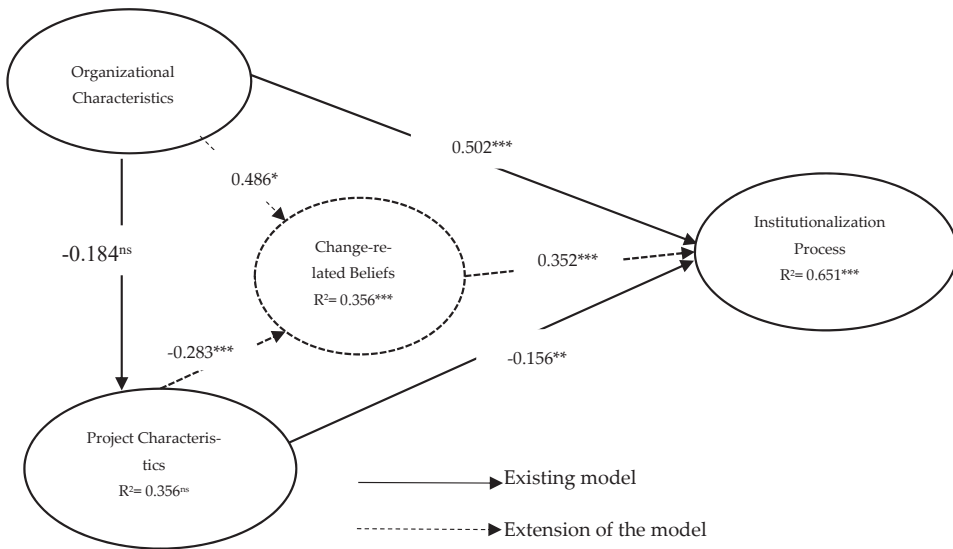
We also predicted that the relationships between organizational characteristics (OC) and project characteristics (PC) and the institutionalization process (IP) would be mediated by the internal stakeholder’s change-related beliefs. Mediation effects exist when a third variable plays an intermediate role in the relationship between the independent and dependent variables (Carrión et al. 2017; Sarstedt et al. 2020). According to Carrión et al. (2017) and Zhao et al. (2010), the only requirement to establish mediation between two variables is to test whether the indirect effect between the variables is significant even when the direct effect is not significant. Table 4 shows the mediation effects.

Table 4. Analysis of mediating effects.

Path	Total Direct Effects	Total Indirect Effects	Specific Indirect Effects		Total Effects	Mediation
	$\beta$	$\beta$	Path	$\beta$		
H3b: Organizational Characteristics → Institutionalization Process	0.502 ***	0.218 ***	Organizational Characteristics → Beliefs → Institutionalization Process	0.171 ***	0.720 ***	Partial mediation
H3c: Project Characteristics → Institutionalization Process	-0.156 **	-0.099 *	Project Characteristics → Beliefs → Institutionalization Process	-0.099 *	-0.255 ***	Partial mediation

\*  $p < 0.05$ ; \*\*  $p < 0.01$ ; \*\*\*  $p < 0.000$ .

The results reveal that the total effects of both organizational characteristics and project characteristics on institutionalization processes are significant (i.e.,  $\beta = 0.720, p < 0.000$ , and  $\beta = -0.255, p < 0.000$ , respectively). These observed effects persist when the change-related beliefs variable is included as a mediator, and the specific indirect effects are significant. This indicates partial mediation of change-related beliefs, thereby partially confirming hypotheses H3b and H3c. Figure 1 below summarizes the structural model indicating the relationships between the dependent and independent variables of this study.



**Figure 1.** Structural model exhibiting the relationship between study constructs. \*  $p < 0.05$ ; \*\*  $p < 0.01$ ; \*\*\*  $p < 0.000$ ; ns—non-significant.

### 5. Discussion

The purpose of this study was to investigate whether micro-level project internal stakeholder change-related beliefs and macro-level organizational and project characteristics influence the institutionalization process of outcomes of a development cooperation project in an organization. Drawing insights from the organizational development, change management, and development project management literature, we tested a mediation model using survey data from a sample of 130 respondents drawn from a university implementing long-term development cooperation projects in Uganda. The study findings reveal that both organizational characteristics and internal stakeholder change-related beliefs have a positive effect on the institutionalization process, while the project characteristics have a negative effect. Additionally, internal stakeholder change-related beliefs partially mediate the relationships between organizational and project characteristics and the institutionalization process.

While a few previous studies (Buchanan et al. 2005; Cummings and Worley 2009; Jacobs 2002) developed theoretical frameworks for organizational-level change institutionalization, the current study presented an empirical examination of the institutionalization model. Consistent with our findings, Murrah-Hanson and Sandmann (2021) argued that the institutionalization process involves changes occurring both at the individual and organizational levels. At the individual level, the results suggest that institutionalization actions are likely to be enhanced as long as the internal stakeholders have positive beliefs about the project. Therefore, the more stakeholders perceive the need for change (discrepancy) and believe the project interventions match the identified organizational needs (appropriateness), the more they will explicitly commit to the project and engage in actions to integrate project

outcomes into the organization. Additionally, discrepancy beliefs are likely to reduce arbitrary perceptions of the project objectives and outcomes, among the stakeholders, and thus help legitimize the need for project-initiated changes, while perceived positive valence and self-efficacy beliefs towards the projects are expected to trigger actions that will perpetuate the project outcomes (Armenakis et al. 2007). As Murrah-Hanson and Sandmann (2021) argued, people within an organization possess beliefs and mindsets to accept and support a change intervention, which could be translated into actions to sustain the change. This means that project initiation, planning, and implementation practices must account for the non-linearity of these behavioral elements and incorporate strategies into the project cycle to nurture and constantly reinforce the identified change-related beliefs among project stakeholders. Stakeholder commitment, for example, is less linear (Murrah-Hanson and Sandmann 2021) and thus contradicts the time-constrained, mechanistic, linear outcome chain techniques that dominate development project practice (McEvoy et al. 2016). In such a case, a more iterative approach to project implementation (Baptista et al. 2019) is more appropriate to allow the targeted project internal stakeholders to interact with the project interventions and acquire the necessary beliefs, attitudes, and behaviors to sustain the changes.

Internal stakeholder views, attitudes, and behaviors regarding projects develop within the context of the organization. The organization's characteristics provide a platform for individuals to interact, develop, and express their experiences and meanings about the project. The more deeply and widely internal stakeholders exchange their beliefs and interpretations of project outcomes, the more firmly the outcomes are embedded in the organizational social system, preventing the change from decaying (Alshehhi 2014). Three illustrations follow to further explain this suggestion. First, an organization characterized by a culture that values transparency will more likely enact clear project implementation practices and processes that continuously update stakeholders about the progress of the project. As a result, the stakeholders will develop trust and look for opportunities to participate (Zakharova and Biedenbach 2013) in actions that perpetuate the project outcomes. Both a transparent, involvement-oriented organizational context (Rogiest et al. 2015) and trust in management (Smollan 2013) have been identified as critical elements in gaining commitment to organizational change. Though transparency and trust continue to be a concern in the implementation of international development cooperation projects (Agheneza 2009), more is required if the projects are to succeed and be sustained in organizations (Diallo and Thuillier 2005). Second, an organization with a well-defined philosophy, strategy, and structure will find it simpler to incorporate and sustain project interventions. To begin with, it is doubtful that such an organization will accept and implement project interventions that are not aligned with the organization, and it is not difficult to secure commitment from the organization's internal stakeholders under such conditions. Cummings and Worley (2009) and Goodman and Dean (1982) have both highlighted the importance of the relationship between intervention congruence and the persistence of change interventions. Finally, even if individuals are committed to the project change outcomes, if organizational systems do not change, the process of change institutionalization will not be realized (Murrah-Hanson and Sandmann 2021). This brings to the fore the central role of the organization's governance and leadership in supporting change institutionalization. Consistent with other studies (Grandien and Johansson 2012; Murrah-Hanson and Sandmann 2021; Pishdad and Haider 2013; Waiswa 2020; Yetano 2013), our study points to the support and championing of the project by the organization's senior management. Governance and leadership supportive actions in the form of providing the necessary resources while also creating a stable and conducive organizational environment can spur the institutionalization of project interventions. According to Alänge and Steiber (2009), the responsibility for project sustainability and change rests with the organization structure rather than individuals, who most often leave their assigned roles, yet the project continues. Similarly, the organization's governance can ensure that capable personnel are assigned to the project or change-related positions.

These findings have implications for aid-based organizational development projects' conceptualization, design, and implementation. First, no matter how carefully the project is designed, it will be difficult to implement and institutionalize if it is not clearly drawn from the organization's strategy. A well-defined organizational strategy can serve as a secure landing zone for project interventions. Consequently, internal stakeholders may easily incorporate project outcomes and related behaviors into strategic and operational planning for the organization. Second, there is need for the organization's leadership and the affected stakeholders to clearly understand the project being implemented within the organization. This calls for the expansion of the due diligence and project initiation processes to encompass a thorough analysis of both the formal organizational aspects, such as strategic plans and management structures, and the organizational environment that manifests the culture of the organization.

The standout negative relationship between project characteristics and institutionalization processes, though predicted, is a concerning result in relation to international development project practice. The negative perceptions towards the characteristics of the projects could be the result of the respondents' lack of clarity about the project objectives, which has a negative impact on commitment and integration actions. Further, the implementation of development projects is fraught with operational complexities; for example, in our case study, project activities are managed both the beneficiary organization in the South and the coordinating organization in the North. This level of operational complexity complicates local project ownership, coordination, and sponsorship. It not only jeopardizes effective monitoring, feedback, and corrective actions but also has a negative impact on commitment and the related structural actions required to institutionalize project outcomes and targeted behaviors. Furthermore, the multidimensional nature of the project, in this case touching on various aspects and changes in the organization, poses a challenge of integration in the organization's strategies and operations. These problematic characteristics of development projects have been articulated in many studies (Agheneza 2009; Gajic and Palcic 2019; Ika 2012; Ika and Hodgson 2014; Mishra 2016), and this study extends the analysis to how these same characteristics negatively affect the institutionalization of project outcomes in an organization. The results indicate a non-significant relationship between the project characteristics and organizational characteristics. This is an interesting result to note, because it may highlight the fact that a host organization can accept, without question, a project for the sake of receiving the donor funds, even if it does not fit the organization's context and characteristics or fully match the recipient organization's expectations. Hence, Picciotto (2020) advocates for the gradual adaptation of development projects to their operating context in order to meet project recipients' expectations, rather than sticking to the standard "conjectures embedded in project design" that dominate international development project design and implementation methods manifested by theories of action and change.

## 6. Limitations and Future Research

Since this study examined a single case of a university implementing development cooperation projects, the findings may not be generalizable. Several academics, however, have emphasized that change institutionalization is a contextual process influenced by underlying organizational factors (Buchanan et al. 2005; Martin et al. 2012; Self et al. 2007; Yetano 2013) that are socially constructed by organizational members (Clausen and Kragh 2019). Moreover, within the international development scholarship, context is a prominent factor as authors argue that one size does not fit all when it comes to project implementation (Ika 2012; Yamin and Sim 2016). An expanded study with a sample drawn from a variety of contexts could extend knowledge in the relatively less studied world of aid-based organizational development projects. Additionally, in the design of the study questionnaire, we identified items from the existing change institutionalization and development cooperation project literature, consultation with relevant experts in the field, and our own experience in implementing North–South development cooperation projects.

More studies using larger samples could help confirm the three suggested categories of project outcome institutionalization actions: *explicit commitment-related*, *integration-related*, and *implicit structural-related actions*. Similarly, further studies on our suggested categorization of institutionalization actions could shed more light on how the project-targeted behaviors take root in an organization. Additionally, aid-based institutional development projects deliver outcomes at different levels: individual project level, organizational level, society level, or community level. There are no studies that examine the relationships between these outcomes. Using qualitative methods, it could be interesting to examine in depth questions such as: What factors and institutionalization actions within an organization translate individual-level project outcomes into organizational-level outcomes? How do institutionalized organizational-level project outcomes translate into community- or society-level outcomes?

## 7. Conclusions

At present, there is little available scientific evidence on the effectiveness of aid-based institutional development cooperation projects, particularly on how changes introduced by the projects are sustained within the beneficiary/host organizations in the Global South. Additionally, there is a dearth of knowledge about the underlying psychological factors that influence stakeholders to support or not support the project interventions (Khan et al. 2017). Our goal in this study was, therefore, to point out the salience of the project's internal stakeholders in the sustenance of the project-initiated changes. We concurrently examined the micro-aspects of stakeholder beliefs with the macro-aspects of organizational characteristics and intervention characteristics. In so doing, we have underscored the practicable actions that can be employed in the institutionalization processes for changes generated by development cooperation projects and pointed out how the organizational and project characteristics influence these actions. From a theoretical perspective, the findings reiterate theories of institutionalization that place individual behavior at the center of change implementation and institutionalization. Our study also contributes to the debates on project sustainability in international development by employing the lens of organizational change institutionalization models to shed light on how projects with organizational development objectives could be sustained.

The results can assist scholars and practitioners in North–South institutional development cooperation projects, funders, planners, project teams, and organizational leaders in beneficiary organizations in the South to focus on the psychological aspects of stakeholders (beliefs, attitudes, and behaviors) in the development of strategies and actions for sustaining project outcomes beyond the project life cycle. To this end, we suggest that actions to sustain the project's generated changes (outcomes) need to be integrated into the entire project life cycle, in ways that enhance supportive behaviors among stakeholders and, at the same time, are sensitive to likely negative, emergent, and unintended attitudes that are detrimental to the institutionalization processes of desirable project-related behaviors.

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**Appendix A. Own Compilation from Survey Data**

**Table A1.** Loadings.

	Code	Loading	T Statistics	p Values
<b>Beliefs (BEL)</b>				
The project interventions are reasonable to the university	Ap1	0.857	26.309	0.000
I think the project interventions are beneficial to the university	Ap2	0.846	26.035	0.000
The project interventions are relevant to the current situation of the university	Ap3	0.844	23.512	0.000
The interventions of the Projects are making the work of the university staff easier	Ap4	0.822	20.124	0.000
There is a need for the university to improve its operations–teaching, research, and community engagement.	Ds1	0.695	9.509	0.000
There is a need to adopt the new approaches to teaching, research, and community engagement in the university.	Ds2	0.713	10.362	0.000
Change is needed to achieve excellent performance	Ds3	0.637	8.402	0.000
The IUC project interventions are important for all stakeholders in the university	Ds4	0.823	27.955	0.000
I have no problem applying project outputs in my work	Ef1	0.693	11.113	0.000
I have the capability to integrate and use the project outputs related to my work.	Ef2	0.712	12.523	0.000
We can successfully apply the relevant project outputs in my departments/units.	Ef4	0.740	15.627	0.000
My respected peers at work have embraced the project interventions.	Ps1	0.731	12.877	0.000
The IUC project interventions have brought feelings of self-fulfilment to my work	Va2	0.871	31.814	0.000
I believe adoption and use of the outputs of the project interventions will result in higher rewards for my job.	Va3	0.856	31.061	0.000
The adoption and use of IUC project outputs will earn me appreciation from my superiors	Va5	0.782	18.479	0.000
<b>Institutionalization Process (IP)</b>				
There is a visible commitment to the outcomes of the project from the bottom to the top levels of the university	Ip1	0.780	16.439	0.000
The university provides funds on top of the funds from donors to support scaling up outputs of project outputs	Ip2	0.722	12.748	0.000
New university policies have been formulated and adopted to support project interventions	Ip3	0.747	13.342	0.000
Project interventions are integrated into the strategies and processes of schools, departments, and units	Ip4	0.759	13.139	0.000
University organization structure has seen changes (new roles, positions) to accommodate and support project interventions	Ip5	0.677	10.469	0.000
New university processes have been introduced to accommodate the outcomes of the Projects	Ip8	0.696	10.325	0.000
There are efforts to continuously share information about the interventions is shared to old and new university staff members	Ip9	0.801	31.390	0.000
There is a monitoring and evaluation and feedback system to ensure that the project outcomes are integrated into the relevant university processes	Ip10	0.823	27.031	0.000
Active participation by all staff in the projects is encouraged by the university management	Ip11	0.822	22.890	0.000
There is public recognition of project outcomes during the university’s ceremonies	Ip12	0.842	30.262	0.000
<b>Organizational Characteristics (OC)</b>				
The university caters for diverse stakeholders’ representation in its governance which is good for oversight of projects	Oc1	0.688	10.207	0.000
The community ownership of the university makes it sensitive to projects that target both internal and community stakeholders	Oc2	0.740	12.339	0.000
The university environment is stable allowing project changes to take root	Oc4	0.721	11.797	0.000
Universities are complex organisations, and their change processes are difficult to implement	Oc5	0.672	9.003	0.000
The project’s interventions are well aligned with the university’s managerial philosophy, strategy, and structure	Oc6	0.811	25.471	0.000
The university is very transparent in its project implementation practices and activities	Oc7	0.777	16.978	0.000
The capacity of trained personnel in the university to plan and implement projects is adequate	Oc9	0.820	21.440	0.000



Table A1. Cont.

	Code	Loading	T Statistics	p Values
<b>Project Characteristics (PC)</b>				
The project interventions have clear and specific goals understood by all stakeholders	Pc1	0.720	11.799	0.000
Implementing projects activities concurrently in the South and in the North which negatively affects local monitoring of projects	Pc2	0.701	9.922	0.000
There is a lot of pressure in projects implementation because of the Involvement of international/foreign actors	Pc3	0.762	11.210	0.000
The projects are multidimensional touching many aspects and causing changes in different areas of the university	Pc4	0.687	7.940	0.000
There is clear coordination and sponsorship of the projects at the level of top management	Pc5	0.757	11.431	0.000
Staff and other stakeholders of the projects understand the purpose and objectives of the projects	Pc6	0.708	9.701	0.000

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Article

# Exploring Factors Affecting Sustainable Consumption Behaviour

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**Abstract:** Business development policies cover both marketing and sales functions, as they are so intertwined in most firms. Thus, managers should comply with the factors that influence sustainable consumption behaviour. The study aims to investigate the effect of environmental knowledge (EK), materialism (MAT), environmental influences (EI), the promotion of sustainable consumption (PSC), and sustainable consumption behaviour intention (SCBI) on sustainable consumption behaviour (SCB). Although many studies have examined sustainability issues for various groups of countries, activities in this critical field in Bulgaria are severely limited, and integrated research on the subject is non-existent. This paper focuses on the importance of investigating various factors that influence sustainable consumer behaviour. A total of 489 complete and usable responses were collected from participants from all regions of Bulgaria between May 2022 and July 2022. The partial least square-structural equation modelling (PLS-SEM) and SmartPLS 4 software were employed to test the hypothesised relationships. The results indicated that EK and MAT significantly affected SCBI. Additionally, the analysis revealed the statistically significant impact of EK, MAT, EI, PSC, and SCBI on SCB. Moreover, this study demonstrated that SCBI significantly mediated the relationships between EK and SCB and between MAT and SCB. Finally, the outcomes of the moderation analysis showed that age moderated the relationship between SCBI and SCB.

**Keywords:** sustainable consumption behaviour; behaviour intention; environmental knowledge; materialism; promotion of sustainable consumption; PLS-SEM; Bulgaria

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## 1. Introduction

Major environmental issues caused by widespread human meddling, such as pollution, global warming, land degradation, and biodiversity loss, have a direct impact on the sustainability and quality of the environment and ecosystem (Xue et al. 2021). Although numerous studies have examined environmental difficulties for diverse groups of countries (Dulam et al. 2021; Zuzañska-Žyško 2021) operations in this crucial sector are drastically restricted for Bulgaria, and integrated research on the topic is even non-existent. Multiple initiatives aimed at achieving sustainable consumption and production have been promoted by national and international organisations. Bulgaria and the other 27 EU nations need to advance sustainable consumer behaviour (SCB) by acting in a common but differentiated way, wherein developed countries take the lead while developing countries act as per their development and capabilities (UNDESA 2014). The necessity to analyse different factors that influence the SCB is the focus of this paper. To understand consumer behaviour, the whole consumption cycle should be studied rather than just initial choices because post-choice behaviours such as product usage, product life extension, and product disposal also have a very important and equally significant impact on sustainability (Sheoran and Kumar 2020).

Many investigations, however, have been focused on individual industries and their development based on the globalisation processes. In this sense, globalisation has led to a

‘new paradigm where traditional industries, such as agriculture, employ state-of-the-art technologies to expand their possibilities into what is known as smart farming and the agri-food industry 4.0’ (Pérez-Pons et al. 2021). The aim of this study is to investigate the factors influencing the sustainable consumption behaviour of consumers in Bulgaria.

From the authors’ standpoint, the endorsement of sustainable consumption and production are very crucial aspects of sustainable development. This also applies to Bulgaria—a country that has transitioned away from central planning and is currently part of the EU and the global market. The research tasks of this analysis are:

- (1) To systematise the theoretical concepts regarding SCB;
- (2) To conceptualise the effect of the different external and internal factors on SCB;
- (3) To develop a specific survey methodology and to carry out an empirical study about SCB-related issues in Bulgaria;
- (4) To analyse, interpret, and present the results of the study.

The significance of this topic rests on the claim that while SCB has been an occurrence for some time, the study on the subject is relatively recent: most of it has been conducted over the past two decades. It is crucial to remember that consumer behaviour will be the result of cognitive, emotional, and motivational processes and that it will be influenced and even conditioned by several circumstantial factors, starting with the notion that altering individual consumption patterns calls for more sustainable consumer behaviour (Figueroa-García et al. 2018). The subject of the paper occupies a central position in discussions, research, and organisational activities connected to the process of creating SCB. This plays an essential role in the Bulgarian economic environment and in the national strategies for environmentally friendly consumer behaviour.

To successfully complete the goals and tasks, the partial least PLS-SEM, and the latest software version of SmartPLS 4 were employed to test the hypothesised relationships. The survey was produced using an online questionnaire and quota sampling. A total of 489 complete and usable responses were collected from participants from all regions of Bulgaria between May 2022 and July 2022.

The paper is structured as follows: following the introduction, the second part presents the literature review based on contemporary research in the field of SCB determinants. The third part is focused on the research methodology. The latter provides the framework for the study and is the basis of the fourth part, which presents the empirical results. The paper ends with a discussion and conclusions for future research in the field of SCB.

## 2. Literature Review

### 2.1. Sustainable Consumption Behaviour

Sustainable consumption behaviour (SCB) has been connoted differently by different scholars depending on their backgrounds and may include a wide range of components and varying interpretations (Francis and Sarangi 2022). SCB is frequently used interchangeably with specific terms such as “pro-environmental consumption behaviour” (Saari et al. 2021), “green consumption behaviour” (Biswas 2017), “ethical consumption behaviour” (Ganglmair-Wooliscroft and Wooliscroft 2019), etc. This fact may be partly attributed to the complex and ambivalent nature of “sustainable consumption” (Pilgrimiené et al. 2020) on the one hand, and to the evolution and transformation of this concept in time, on the other hand (Roy 2020). It is “sustainable consumption” (SC) that plays a fundamental and legitimising role for SCB.

Theoretically, sustainable consumption originated in ethical consumer research (Figueroa-García et al. 2018), where early studies focused on one facet of sustainable consumption only and attempted to understand it: for instance, the environmental aspect of the sustainable consumption phenomenon. They were, of course, important but did not constitute a systematic approach to sustainable consumption (Pilgrimiené et al. 2020; Quoquab et al. 2019). Currently, sustainability is one of the key topics for organisations. In practice, organisations must adapt their long-term strategies to meet changing societal demands, including environmental and social aspects in their product offerings and decision-making (Haessler 2020).

In this regard, “sustainable consumption” presents a macro framework (with emphasis on the sustainability idea) which presupposes the demonstration of a certain holistic approach to its research. As pointed out by Wang et al. (2014, p. 154), “sustainable consumption is an umbrella term that brings together a number of key issues, such as meeting needs, enhancing the quality of life, improving resource efficiency, increasing the use of renewable energy sources, minimizing waste, taking a life cycle perspective and taking into account the equity dimension”. That is, “sustainable consumption” is more than purchasing and consuming environmentally friendly products, and corresponds to a change in lifestyle (e.g., refraining from hyper-consumption), future orientation, and responsibility to the next generations. Our study adheres to the definition suggested by Quaquab and Mohammad (2017, p. 120), according to which, “sustainable consumption goes beyond the environmental concern by ensuring and managing the existing resources that are not only able to meet the current demand, but also without jeopardizing the needs of future generation”.

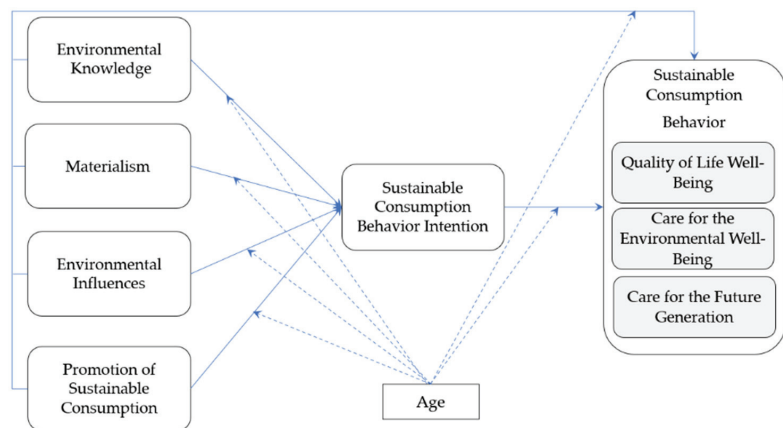
There is no consensus among previous studies as to the definition of SCB. SCB is viewed from different perspectives (the policymaker’s view, the marketing view, the consumer interest focus, and the ethical focus) and studied using different methodologies (Antonides 2017). Besides, this type of behaviour affects different areas, such as hospitality (Brandão and Cupertino de Miranda 2022; Wang et al. 2021), the fashion industry (Hirscher 2013), food product markets (Mancini et al. 2017; Fischer et al. 2017; Feil et al. 2020), the retail industry (Lehner 2015), and the forest sector (Häyrinen et al. 2016). Furthermore, it has a variety of forms, from the interest in organic and fair-trade labels in purchase decisions, the consumers’ stated willingness to pay for local food (Tomša et al. 2021), home water treatment plants, green walls, and eco-friendly architectural designs (Guzmán Rincón et al. 2021), the recycling of waste using energy-efficient appliances, ethical investments, travel mode switch, or the purchase of recycled goods, to adopting minimalist ways among others (Francis and Sarangi 2022). In this paper, we support the position of Aibar-Guzmán and Somohano-Rodríguez (2021, p. 1) that “customers are considered to be major stakeholders whose demands and preferences have a strong influence on corporate strategies”. Additionally, we refer to sustainable consumption behaviour as a set of deliberate and effective actions of consumers that result in their quality of life, taking care of the environment, and resources for future generations (Guzmán Rincón et al. 2021).

In reviewing the literature on the various SCB-related issues, we found that different models had been developed and suggested for explaining sustainable consumption behaviour. In most of the existing research, SCB is regarded because of the effect of several pre-behavioural determinants, such as values (Lee et al. 2015; Sharma and Jha 2017; Ab. Wahab 2017; Kadic-Maglajlic et al. 2019), attitudes, subjective norms, perceived behavioural control (Vantamay 2018; Matharu et al. 2021), sex, personality traits, sustainable importance (Luchs and Mooradian 2012), psychological traits, situation, psychological state, environmental education (Pimdee 2020), connectedness to nature, love of nature (Dong et al. 2020). A different approach was chosen by Geiger et al. (2017) for their cube model of sustainable consumption behaviour (SCB-Cube), which includes a sustainability dimension (comprising a socio-economic dimension as well as an ecological one), a consumption phase (comprising different phases, not only the acquisition of goods and services but also their use and disposal), consumption areas (different areas of life such as food, housing, mobility, clothing, etc.), and the impact of chosen behaviours (ecologically and socially most impactful behaviours). Brandão and Cupertino de Miranda (2022) demonstrated the mediating role SCB played in decision-making when consumers purchased a luxury service. Phang et al. (2021) conducted a pioneering study on the moderating role of SCB in consumer behaviour research in the pandemic context.

Figuroa-García et al. (2018) maintained that past studies focused mainly on the internal factors that determine SCB, whereas the effects of external factors on SCB received little attention in the literature. They stressed that the reasons for the occurrence of certain behaviour could be clarified by understanding the context of the action since circumstances impose behavioural patterns that lead to certain forms of conduct and inhibit others. Their

research provided evidence of the existence of relationships between three exogenous variables (environmental influences, education and information, and market conditions) and the endogenous variable of sustainable consumption behaviour. Pointing at the need for studying SCB in the broader social context, Wang and Hao (2018) attempted to fill the gaps in previous research by examining the effects of an important external social factor, Internet penetration, on individual SCBs. Their findings indicated that Internet penetration did not significantly influence individual SCBs, but substantially enhanced the transition from pro-environmental attitudes to sustainable behaviours. Similarly, Choudhary et al. (2019) observed that the intervention in information diffusion through social media could exert a targeted influence on SCB instances.

Due to the complexity of SCB, other authors have presented arguments in favour of the consideration of both internal and external factors as important predictors of the sustainable consumption behaviour of individuals (Pilgrimienė et al. 2020; Wang et al. 2014; Wu et al. 2016). Some research also attempts to incorporate other factors such as materialism (Dong et al. 2018) and engagement (Kadic-Magljajic et al. 2019). Earlier studies (Panzone et al. 2016; Bhutto et al. 2021; Sheoran and Kumar 2022) have indicated that demographic variables, i.e., age, gender, education level, income, etc., affect sustainable consumer intention and/or SCB. Table A1 (Appendix A) summarises in chronological order some of the factors affecting SCB by using structural equation modelling (SEM) for the past 10 years. Building on this literature, we aim to examine the following internal and external factors that influence sustainable consumption behaviour: environmental knowledge (EK), materialism (MAT), environmental influences (EI), the promotion of sustainable consumption (PSC), and sustainable consumption behavioural intention (SCBI). To the best of our knowledge, there is a limited number of studies on the influence of values with a negative effect, such as materialism, on SCB. The same also holds true for studies that would analyse the effect (direct or indirect) of PSC on SCB. The proposed research model has been shown in Figure 1. It is expected that EK, MAT, EI, and PSC affect SCB directly and indirectly. Moreover, it is hypothesised that SCBI mediates the relationships between the antecedents and SCB. Additionally, it is assumed that age has an important moderating role in associations of influencing factors with SCB.



**Figure 1.** Proposed research model.

### 2.2. Influence of Environmental Knowledge, Materialism, Environmental Influences, and Promotion on Sustainable Consumption Behavioural Intention

Environmental knowledge, or knowledge about environmental issues, refers to the information individuals have on the relevant environmental concepts, environmental problems, and the ecological effects of consumption and production (Saari et al. 2021). Many researchers agree that environmental knowledge does not directly influence behaviour but



acts as a modifier of attitudes (Kollmuss and Agyeman 2002; Vainio and Paloniemi 2014). According to earlier studies (Wang et al. 2014), environmental knowledge is positively correlated with behavioural intention. Therefore, it is hypothesised that:

**Hypothesis 1 (H1).** *Environmental knowledge has a positive effect on sustainable consumption behavioural intention.*

Materialism has been extensively studied. Previous studies have reported numerous findings on the outcomes of materialism. Thus, for instance, Liu et al. (2022) found that materialism was positively associated with self-interest-triggered moral flexibility, and materialists judged immoral acts performed by the self and others more differentially. The marketing literature has previously reported numerous findings supporting a relationship between materialism and consumer–brand relationship outcomes (Fazli-Salehi et al. 2021). For instance, Le (2020) established that materialistic consumers were likely to develop brand addiction. Mainolfi (2020) reported that materialism had a positive relationship with brand consciousness, intentions to buy foreign luxury products online, and bandwagon luxury consumption behaviour. Materialism has also been examined in relation to consumer ethics. Most studies on this subject indicate that these two factors are negatively related and may be considered competing orientations (Ryoo et al. 2020). There are also studies, though fewer, on the effect of materialism on consumers' pro-environmental behaviours (Wang et al. 2019; Alzubaidi et al. 2021).

Materialism is typically defined as the importance ascribed to the ownership and acquisition of material goods as a means of reaching important life goals (Lindblom et al. 2018). According to the general understanding, materialistic life, "characterized by pursuing possessions, image, and status, has always been looked upon as self-interested and unkind" (Wang et al. 2019, p. 1); nevertheless, materialism has not always been regarded as problematic by researchers (Ryoo et al. 2020). For instance, Pandelaere (2016, p. 36) pointed out that "everybody is to some extent materialistic, and materialistic consumption may not necessarily be bad". In view of the materialists' established expectations for a transformation of life through consumption (Donnelly et al. 2013), in this study, materialism is defined as a general focus on the possession of material goods aimed at achieving success, centrality, and happiness (Richins 2004). To date, the number of studies which have investigated the influence of materialism on overall SCB is limited. One of the few empirical studies that tackled the link between these constructs was the study conducted by Dong et al. (2018). They tested the moderating effect of materialistic values but not the indirect effect of materialism on SCB. In addressing these gaps in the literature, the following hypothesis was formulated:

**Hypothesis 2 (H2).** *Materialism has a negative effect on sustainable consumption behavioural intention.*

Past research suggests that influences from the social environment can be exerted by friends, family, and other groups deemed important to a consumer (Gleim et al. 2013). Pilgrimienė et al. (2020) confirmed the indirect positive impact of the social environment (as part of the external group of factors) on green product purchase behaviour. Thus, it is hypothesised that:

**Hypothesis 3 (H3).** *Environmental influences have a positive effect on sustainable consumption behavioural intention.*

In the framework of the European Union's sustainable policies, the promotion of sustainable development thinking has been a key issue. The promotion of the sustainability idea supports alternative consumption patterns; it increases consumers' knowledge and awareness connected with environmental and social problems, changes consumption and purchase behaviours, and enhances the acceptance level of sustainable consumption

(Radziszewska 2019). In previous research, attention was paid to different contextual variables that have an impact on individuals' sustainable consumption behaviour, such as the price of green products, the availability of infrastructure, policy incentives (Wang et al. 2014), situation (Pimdee 2020), economic factors (Wang et al. 2019), etc. However, as far as we know, there are very few studies presenting empirical evidence of the effect of the SC construct on SCB. For instance, Sousa et al. (2022) confirm the existence of a positive relationship between companies' green communication and green purchase intentions. The findings of Piligrimienė et al. (2020) showed that the respondents had a positive attitude to green product promotion and to the application of other "engaging mechanisms" for sustainable consumption promotion. Therefore, it is hypothesised that:

**Hypothesis 4 (H4).** *SC promotion has a positive effect on sustainable consumption behavioural intention.*

### 2.3. Influence of Environmental Knowledge, Materialism, Environmental Influences, Promotion and Sustainable Consumption Behavioural Intention on Sustainable Consumption Behaviour

Based on the theoretical background, we also decided to study the direct effect of the influencing factors selected by us on SCB. The same approach was adopted by other researchers as well (Saari et al. 2021; Wang et al. 2014; Brandão and Cupertino de Miranda 2022; Le 2020; Joshi and Rahman 2019; Nekmahmud et al. 2022). Most empirical results supported the conventional view that knowledge and behaviour are positively related (Wu et al. 2016). Figueroa-García et al. (2018) revealed that sustainable consumption behaviour was determined by environmental influences (in particular, the influence of family and friends, as well as that generated by cultural factors such as traditions). In conformity with other research, Matharu et al. (2021) concluded that sustainable consumption intention had a significant positive effect on sustainable consumption behaviour. In addressing this issue, the present study has presented the following five hypotheses:

**Hypothesis 5a (H5a).** *Environmental knowledge has a positive effect on sustainable consumption behaviour.*

**Hypothesis 5b (H5b).** *Materialism has a negative effect on sustainable consumption behaviour.*

**Hypothesis 5c (H5c).** *Environmental influences have a positive effect on sustainable consumption behaviour.*

**Hypothesis 5d (H5d).** *SC promotion has a positive effect on sustainable consumption behaviour.*

**Hypothesis 5e (H5e).** *Sustainable consumption behavioural intention has a positive effect on sustainable consumption behaviour.*

### 2.4. The Mediating Effect of Sustainable Consumption Behavioural Intention

As emphasised by Figueroa-García et al. (2018), it is important to not only evaluate the direct effect of one construct on another, but also the indirect effects produced by mediating constructs. This evaluation is performed by measuring the total effect, which is the sum of all direct and indirect effects. Because of the Theory of Planned Behaviour (TPB), which is one of the most influential theories among the studies on consumer behaviour, we considered examining the mediating role that behaviour intention has in the relationships between antecedents and SCB. In this study, we have referred sustainable consumption behavioural intention to people's willingness to act and consume more sustainably by making sacrifices or by paying more (Saari et al. 2021). Since the behavioural intention construct is often considered a mediator that facilitates some expected outcomes (e.g., attitude, subjective norms, perceived behavioural control), we have derived four mediation hypotheses:

**Hypothesis 6a (H6a).** *Sustainable consumption behavioural intention mediates the relationship between environmental knowledge and sustainable consumption behaviour.*

**Hypothesis 6b (H6b).** *Sustainable consumption behavioural intention mediates the relationship between materialism and sustainable consumption behaviour.*

**Hypothesis 6c (H6c).** *Sustainable consumption behavioural intention mediates the relationship between environmental influences and sustainable consumption behaviour.*

**Hypothesis 6d (H6d).** *Sustainable consumption behavioural intention mediates the relationship between SC promotion and sustainable consumption behaviour.*

### *2.5. The Moderating Role of Age*

Scholars have argued that demographic variables, such as age, gender, income, etc., have a significant moderating influence on consumers' behaviour (Wu et al. 2016). As regards the effect of age on the occurrence of different SCB forms in particular, the results are contradictory. On the one hand, some studies found that, compared to younger customers, older customers tended to be more ecologically conscious (Han et al. 2009; Yahya et al. 2015). Accordingly, young consumers had a poor environmental attitude and low environmental concern and environmental knowledge (Dhir et al. 2021). Similarly, Witek and Kuźniar (2021) found that young people cared the least about being perceived as environmentally friendly. On the other hand, other studies explained that younger people were more environmentally concerned and made their decisions having considered the effect of their choice on the environment (Akehurst et al. 2012; Sheoran and Kumar 2022). As emphasised by Tripathi and Singh (2016), age could be an important variable while examining sustainable consumption, but inconsistencies of this kind in the previous literature need further research. Based on the above discussions, it is assumed that age can moderate all direct relationships developed in this study. Therefore, the following nine hypotheses have been postulated:

**Hypothesis 7a (H7a).** *Age moderates the relationship between environmental knowledge and sustainable consumption behavioural intention.*

**Hypothesis 7b (H7b).** *Age moderates the relationship between materialism and sustainable consumption behavioural intention.*

**Hypothesis 7c (H7c).** *Age moderates the relationship between environmental influences and sustainable consumption behavioural intention.*

**Hypothesis 7d (H7d).** *Age moderates the relationship between SC promotion and sustainable consumption behavioural intention.*

**Hypothesis 8a (H8a).** *Age moderates the relationship between environmental knowledge and sustainable consumption behaviour.*

**Hypothesis 8b (H8b).** *Age moderates the relationship between materialism and sustainable consumption behaviour.*

**Hypothesis 8c (H8c).** *Age moderates the relationship between environmental influences and sustainable consumption behaviour.*

**Hypothesis 8d (H8d).** *Age moderates the relationship between SC promotion and sustainable consumption behaviour.*

**Hypothesis 8e (H8e).** *Age moderates the relationship between sustainable consumption behavioural intention and sustainable consumption behaviour.*

### 3. Methodology

#### 3.1. Measurement Instrument

The questionnaire had three parts, namely, (1): socio-demographic characteristics of consumers (e.g., gender, age, education level, personal income, and place of living); (2) general questions about consumers' sustainable consumption behaviour; (3) factors influencing consumers' sustainable consumption behaviour. All measurement scales for the constructs have been included in prior publications. The SCB scale is a multi-dimensional second-order construct, which incorporates three dimensions, i.e., "Quality of Life (QL)", "Care for the Future Generation (CEW)", and "Care for the Environmental Well-being (CFG)". Twenty-four items were used to measure QL, CEW, and CFG on the scale developed by Quoquab et al. (2019). The measurement of the constructs of environmental knowledge and sustainable consumption behaviour intention was based on the research conducted by Saari et al. (2021). Both constructs included three items each. The environmental influences construct included three items based on the operationalisation applied and validated by Figueroa-García et al. (2018). Nine items for measuring materialism were adopted from the scale of Lindblom et al. (2018) and Ponchio and Aranha (2008). Sustainable consumption promotion involves information about environmental issues, green product promotion, the promotion of recycling, and other external initiatives. To measure PSC, four items from the scale provided by Pilgrimienė et al. (2020) were used. All items were measured on a seven-point Likert scale [where 7 specifies a positive opinion (Strongly Agree/ Always) and 1 denotes a negative opinion (Strongly Disagree/ Never)]. The measurement items have been listed in Appendix B (Table A2).

The questionnaire was professionally translated into Bulgarian by two bilingual experts from the Department of Language and Specialised Training of Foreign Students at one of the largest Bulgarian universities, and then a standard back translation procedure was used to ensure that the translated content conformed with the original English meaning.

#### 3.2. Sample and Data Collection

The survey design followed a sequence of steps, including a pilot test with 50 respondents aimed to identify problematic items and further improve the survey (Fink 2016). The data were collected with the help of a certified sociological agency operating in Bulgaria. A quota sample was formed for the study of three defined characteristics (gender, age groups, and place of living in administrative-territorial regions in the country). It reproduced the structure of the population in Bulgaria as of 31 December 2021 (in conformity with the data published by the National Statistical Institute in the Republic of Bulgaria). A total of 522 respondents were approached for the questionnaire-based online survey. Observations with missing values and straight lining were deleted, leaving a total sample size of 489. This sample size highly exceeded the recommended minimum sample sizes of 160 and 146 as indicated by the inverse square root and gamma-exponential methods, respectively (Kock and Hadaya 2018).

The respondents' age ranged between 16 and 64 years, with an average age of 40. The age group (based on the age groups formulated by the National Statistical Institute in the Republic of Bulgaria) and the other sample characteristics have been presented in Table 1.

**Table 1.** Socio-demographic profile of the sample.

Variable	Categories	Percentage
Gender	Male	48%
	Female	52%
Age group	16–24 years	14%
	25–39 years	33%
	40–54 years	38%
	55–64 years	15%
Educational level	Higher	69%
	Secondary	30%
	Primary	1%
Personal income	Under 650 BGN	8%
	650–1235 BGN	36%
	1236–1820 BGN	26%
	1821–2410 BGN	11%
	2411–2999 BGN	8%
	3000 and more BGN	7%
Place of living	Without personal income	4%
	Capital city	28%
	City above 100 thousand	42%
	Town from 50 thousand to 100 thousand	15%
	Town from 25 thousand to 50 thousand	12%
	Town up to 25 thousand	3%

#### 4. Discussion and Results

This study employed partial least squares structural equation modelling (PLS-SEM) and the latest software version of SmartPLS–SmartPLS 4 (Ringle et al. 2022) to test the hypothesized relationships. SmartPLS software is widely used in many social science disciplines because of its variety of capabilities and user-friendly features. It can estimate very complex and higher-order models, with a considerably smaller sample size at the same time (Sarstedt et al. 2021).

The analysis pursued the guidelines, procedures, and cut-off values as suggested by Hair et al. (2021). The skewness and kurtosis tests were assessed. The findings indicated that the assumption of normality was violated for some items since the threshold of the absolute skewness value and the absolute kurtosis value exceeded 1.

A two-step process was followed, where the measurement model (outer model) was analysed first, followed by the structural model (inner model). To assess the significance of the path coefficients and the loadings, a bootstrapping method with 5000 resamples was used.

Harman’s single-factor test was performed to detect common method bias (CMB) before proceeding to measuring the structural model and the measurement model. The result based on the unrotated principal axis factoring revealed that the first factor explained 34.7% of the total variance, which was less than the critical value of 50% (Fuller et al. 2016). Henceforth, CMB was not at all a concern in the present study.

The model in the present study contained eight first-order reflective constructs and a second-order reflective-reflective construct. The PLS-SEM literature outlines several approaches to the estimation of models containing higher-order constructs, such as the repeated indicators approach and the two-stage approach (embedded and disjoint) (Sarstedt et al. 2019). Since these approaches provide highly similar results when sample sizes are sufficiently large, the disjoint two-stage approach was chosen for the current research. In the first stage of the approach, the model was estimated for reliability and validity with only first-order constructs. After the evaluation of the model, the construct scores for the SCB subconstructs QL, CEW, and CFG were obtained and named QL\_LV, CEW\_LV, and CFG\_LV, respectively. In the second stage, variables QL\_LV, CEW\_LV, and CFG\_LV were used as SCB indicators for the purpose of assessing the hierarchical model. The structural model assessment was created on the grounds of the stage two results.

#### 4.1. Assessment of the Measurement Model

Multiple approaches were used to assess the reliability and validity of the measurement model. The reliability was measured through Cronbach's alpha and composite reliability (CR). The average variance extracted (AVE) was applied to assess the convergent validity. The Fornell–Larcker criterion and Heterotrait–Monotrait Ratio (HTMT) were applied to evaluate the discriminant validity (DV). For all the constructs, the CR and Cronbach's alpha exceeded the 0.7 threshold, and the AVE values surpassed the advised value of 0.50 (Table 2). All HTMT values were consistently smaller than the benchmark of 0.85 (Table 3), and the square root of AVE for every construct was greater than its correlation with all other constructs (Table 4). Hence, reliability and validity were established.

**Table 2.** Measurement model of the first- and second-order constructs.

Constructs and Items	Loadings
Environmental influences (Cronbach's alpha = 0.886, CR = 0.921, AVE = 0.746)	
EI 1. Someone from my family or my friends motivates me to follow in their footsteps in environmental care.	0.834
EI 2. I have participated as a volunteer in social work or environmental organisations.	0.870
EI 3. I take advantage of the fact that now there are organic or ecological products in the supermarket to buy them.	0.878
EI 4. Caring for the environment is a tradition in my family.	0.871
Environmental knowledge (Cronbach's alpha = 0.918, CR = 0.922, AVE = 0.859)	
EK 1. How much do you feel you know about the causes of these sorts of environmental problems?	0.928
EK 2. How much do you feel you know about solutions to these sorts of environmental problems?	0.919
EK 3. How much do you agree or disagree with . . . : I find it hard to know whether the way I live is helpful or harmful to the environment.	0.934
Materialism (Cronbach's alpha = 0.836, CR = 0.884, AVE = 0.605)	
Mat 1. I admire people who own expensive homes, cars, and clothes.	0.762
Mat 5. I would be much happier if I could afford to buy more things.	0.796
Mat 6. I like to own things that impress people.	0.848
Mat 7. I like a lot of luxury in my life.	0.743
Mat 8. It bothers me that I cannot afford to buy all the things I like.	0.734
Promotion of sustainable consumption (Cronbach's alpha = 0.865, CR = 0.917, AVE = 0.787)	
PSC 1. Initiatives of socially responsible organisations to inform society about the damage consumption does to the environment and promotion of sustainable behaviour have an impact on my consumption patterns.	0.887
PSC 2. I am willing to buy green products instead of regular products if there is a price promotion.	0.897
PSC 3. If there are some incentive mechanisms, I could change some consumption modes.	0.877
Sustainable consumption behaviour intention (Cronbach's alpha = 0.918, CR = 0.948, AVE = 0.859)	
How willing would you be to . . . to protect the environment?	
SCBI 1. Pay much higher prices.	0.930
SCBI 2. Pay much higher taxes.	0.934
SCBI 3. Accept cuts in your standard of living.	0.916
Quality of life well-being (Cronbach's alpha = 0.844, CR = 0.895, AVE = 0.680)	
QL 1. I always try hard to reduce misuse of goods and services (e.g., I switch off the light and fan when I am not in the room)	0.839
QL 3. I avoid being extravagant in my purchases	0.852
QL 4. While dining in a restaurant, I order food(s) of only the amount that I can eat in order to avoid wasting food	0.844
QL 8. I plan carefully before I purchase a product or service	0.762
Care for the environmental well-being (Cronbach's alpha = 0.881, CR = 0.913, AVE = 0.678)	
CEW 1. I do care for the natural environment	0.818
CEW 2. I use eco-friendly products and services	0.835
CEW 3. I purchase and use products which are environmentally friendly	0.869
CEW 4. I often pay extra money to purchase environmentally friendly products (e.g., organic food)	0.793
CEW 6. I prefer to use a paper bag since it is biodegradable	0.799
Care for the future generation (Cronbach's alpha = 0.911, CR = 0.937, AVE = 0.789)	
CFG 1. I always remember that my excess consumption can create hindrances for the future generation to meet their basic needs	0.870
CFG 4. I try to control my desire for excessive purchases for the sake of future generations	0.897

Table 2. Cont.

Constructs and Items	Loadings
CFG 5. I am concerned about future generations	0.870
CFG 6. I try to minimise the excess consumption for the sake of preserving environmental resources for future generations	0.914
Sustainable consumption behaviour (Cronbach's alpha = 0.832, CR = 0.899, AVE = 0.748)	
QL_LV	0.808
CEW_LV	0.888
CFG_LV	0.897

Notes: QL\_LV—latent variable scores for the construct “Quality of life well-being”, CEW\_LV—latent variable scores for the construct “Care for the environmental well-being”, CFG\_LV—latent variable scores for the construct “Care for the future generation”.

Table 3. Discriminant validity with HTMT.

Construct	EI	EK	MAT	PSC	SCBI	QL	CEW
EI	-						
EK	0.429	-					
MAT	0.507	0.344	-				
PSC	0.229	0.208	0.153	-			
SCBI	0.228	0.314	0.365	0.083	-		
QL	0.287	0.309	0.345	0.234	0.345	-	
CEW	0.468	0.407	0.429	0.293	0.312	0.666	-
CFG	0.411	0.455	0.373	0.367	0.246	0.68	0.774
SCB	0.467	0.467	0.457	0.357	0.358	-	-

Table 4. Fornell–Larcker criterion.

Construct	EI	EK	MAT	PSC	SCBI	QL	CEW	CFG
EI	<b>0.864</b>							
EK	0.387	<b>0.927</b>						
MAT	−0.438	−0.303	<b>0.778</b>					
PSC	0.203	0.188	−0.131	<b>0.887</b>				
SCBI	0.207	0.29	−0.322	0.074	<b>0.927</b>			
QL	0.257	0.275	−0.297	0.203	0.306	<b>0.825</b>		
CEW	0.415	0.369	−0.37	0.259	0.283	0.578	<b>0.823</b>	
CFG	0.373	0.419	−0.33	0.331	0.225	0.598	0.696	<b>0.888</b>
SCB	0.408	0.415	−0.385	0.309	0.309	<b>0.865</b>	-	-

The square root of AVE values are marked in bold.

#### 4.2. Assessment of the Structural Model

Once the validity and reliability of the measurement model were assured, the structural model was assessed. Possible collinearity problems between variables were checked through the VIF. Additionally, the coefficient of determination ( $R^2$ ) and the predictive relevance ( $Q^2$ ) of the model were evaluated. The constructs did not have collinearity problems as all VIF values were below the acceptable threshold of 5. The  $R^2$  value results indicated that 35% of the variance in SCB was explained by EK, MAT, EI, PSC, and SCBI, and 15% of the variance in SCBI was explained by EK, MAT, EI, and PSC. The predictive relevance of the structural model was established since the  $Q^2$  values of SCB and SCBI were greater than zero.

The results revealed that ten of the formulated hypotheses were supported, whereas twelve were not supported (Table 5 and Figure 2). EK ( $\beta = 0.214$ ,  $p = 0.000$ ) was positively related to SCBI, while MAT ( $\beta = -0.250$ ,  $p = 0.000$ ) was negatively related to SCBI. Thus, H1 and H2 were supported. EI ( $\beta = 0.014$ ,  $p = 0.774$ ) and PSC ( $\beta = 0.004$ ,  $p = 0.925$ )

had no significant effect on SCBI. Hence, H3 and H4 were not supported. The H5a–H5e hypotheses were accepted, as EK ( $\beta = 0.186, p = 0.000$ ), EI ( $\beta = 0.182, p = 0.000$ ), PSC ( $\beta = 0.196, p = 0.000$ ), and SCBI ( $\beta = 0.160, p = 0.000$ ) were positively related to SCB, and MAT ( $\beta = -0.171, p = 0.001$ ) was negatively related to SCB. The mediating hypotheses were tested using the indirect effect approach. The results showed that SCBI significantly mediated the relationship between EK and SCB ( $\beta = 0.034, p = 0.004$ ) and between MAT and SCB ( $\beta = -0.040, p = 0.001$ ). Therefore, H6a and H6b were supported. Hypotheses H6c and H6d were not supported since the indirect effects between EI and SCB ( $\beta = 0.002, p = 0.780$ ) and between PSC and SCB ( $\beta = 0.001, p = 0.927$ ) were insignificant.

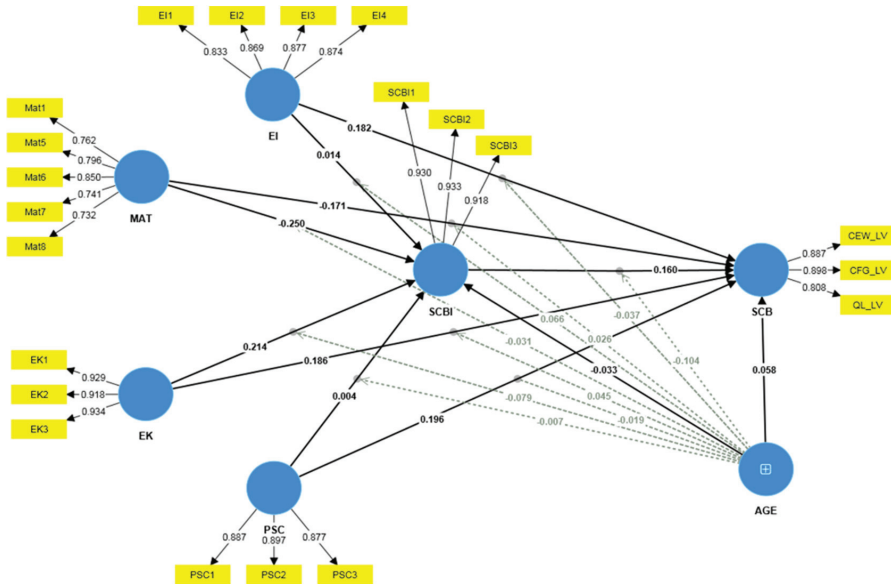


Figure 2. Structural model.

The moderation outcomes revealed that age moderated only the relationship between SCBI and SCB ( $\beta = -0.104, p = 0.008$ ). A positive relationship was found between SCB and SCBI for younger respondents (Figure 3). Thus, H8e was supported. Other moderating effects (H7a–H7d, H8a–H8d) were not supported (Table 5).

With respect to the influence of environmental knowledge on sustainable consumption behavioural intention (H1), our findings align with prior studies (Lin et al. 2022; Wang et al. 2014). The indirect effect of EK on SC-related behaviour was also supported, in consonance with past literature (Dhir et al. 2021; Kollmuss and Agyeman 2002; Saari et al. 2021). The negative association of materialism with consumption behavioural intention (H2) confirmed by us is in concurrence with previous studies (Alzubaidi et al. 2021). That is, materialists are not willing to make certain compromises and adopt SCB. However, to form more conclusive comments, this relationship needs to be tested further since significant differences will probably be observed in the willingness for sustainable consumption among highly materialistic consumers and among consumers with low materialism. Besides, differences may also occur regarding consumers' intentions for SC depending on the gender, age, and other demographic variables of the respondents. Thus, Alzubaidi et al. (2021) made an interesting discovery in their study; namely, that younger consumers' materialism did not have a significant effect on behavioural intention, whereas, for older consumers, materialism had a strong negative effect on behavioural intention.



Table 5. Structural model estimates.

Hypotheses	Path Coeffects ( $\beta$ )	Standard Error	t-Statistics	p-Value	Decision
H1: EK -> SCBI	0.214	0.047	4.527	0.000	Supported
H2: MAT -> SCBI	-0.250	0.045	5.614	0.000	Supported
H3: EI -> SCBI	0.014	0.049	0.287	0.774	Not Supported
H4: PSC -> SCBI	0.004	0.045	0.094	0.925	Not Supported
H5a: EK -> SCB	0.186	0.042	4.380	0.000	Supported
H5b: MAT -> SCB	-0.171	0.050	3.408	0.001	Supported
H5c: EI -> SCB	0.182	0.045	4.053	0.000	Supported
H5d: PSC -> SCB	0.196	0.037	5.247	0.000	Supported
H5e: SCBI -> SCB	0.160	0.039	4.107	0.000	Supported
H6a: EK -> SCBI-> SCB	0.034	0.012	2.903	0.004	Supported
H6b: MAT -> SCBI-> SCB	-0.040	0.012	3.331	0.001	Supported
H6c: EI -> SCBI-> SCB	0.002	0.008	0.279	0.780	Not Supported
H6d: PSC -> SCBI-> SCB	0.001	0.007	0.092	0.927	Not Supported
H7a: Age*EK -> SCBI	-0.079	0.042	1.864	0.062	Not Supported
H7b: Age*MAT -> SCBI	-0.031	0.044	0.706	0.480	Not Supported
H7c: Age*EI -> SCBI	0.066	0.045	1.478	0.139	Not Supported
H7d: Age*x PSC -> SCBI	-0.007	0.043	0.164	0.870	Not Supported
H8a: Age*EK -> SCB	0.045	0.039	1.153	0.249	Not Supported
H8b: Age*MAT -> SCB	0.026	0.044	0.593	0.553	Not Supported
H8c: Age*EI -> SCB	-0.037	0.041	0.905	0.366	Not Supported
H8d: Age*PSC -> SCB	-0.019	0.035	0.527	0.598	Not Supported
H8e: Age*SCBI -> SCB	-0.104	0.039	2.647	0.008	Supported

$R^2_{SCB} = 0.352, R^2_{SCBI} = 0.154, Q^2_{SCB} = 0.291, Q^2_{SCBI} = 0.120.$

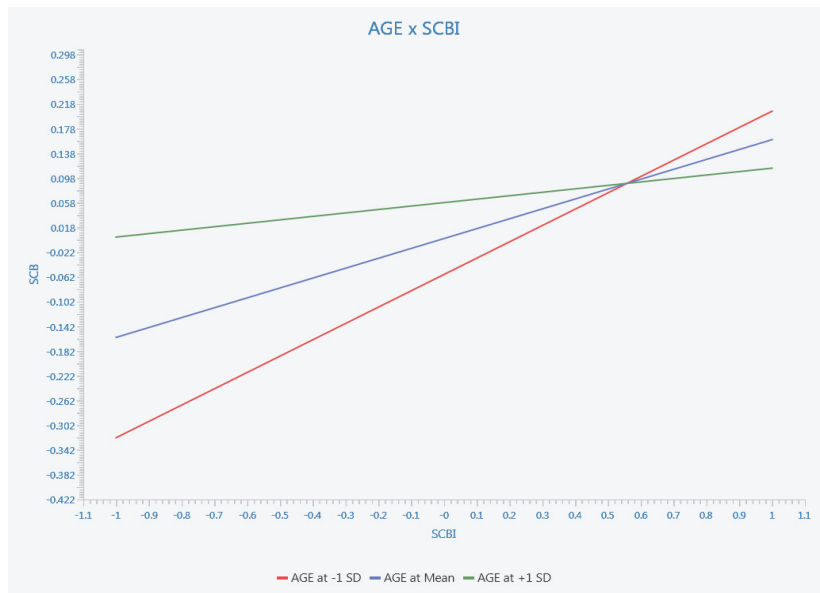


Figure 3. Simple slope analysis for the interaction effect of age and SCBI on SCB.

The findings related to H3 contradicted those of past studies (e.g., Bruno et al. 2022). Practically, our results did not confirm the positive effect of environmental influences on the intention for individual sustainable behaviour. That was a surprising discovery for us but still, there could also be other influences that might cause consumers to refrain from motivating people’s desire for making sacrifices or paying more to consume sustainably. For instance, the different aspects of culture, such as “individualism” and “collectivism”, which

reflect the differences in the cultural values of western and eastern countries (Hofstede 2001), could play a determining role in this result.

Our study did not confirm the assumption of the existence of a link between sustainable consumption promotion and sustainable consumption behavioural intention (H4). This result contradicted prior studies that reported an indirect effect of PSC on green product buying (Piligrimienė et al. 2020). A plausible explanation for our findings may be that the public institutions, non-governmental organisations, retailers, and other stakeholders in Bulgaria still fail to fully utilise the promotion possibilities for the purpose of raising consumers' awareness regarding various SCB-related issues. As has already been stressed, the present study is among the few that present empirical evidence of the effect of the SC construct on SCB. Therefore, there is a great need for further research that would enhance the current understanding of this issue.

On the other hand, the tested direct effect of the five factors identified (EK, MAT, EI, PSC, and SCBI) on sustainable consumption behaviour was confirmed. Therefore, the data found support for Hypotheses 5a, 5b, 5c, 5d, and H5e. These findings were also in agreement with past research (Figueroa-García et al. 2018; Wang et al. 2014).

H6a, H6b, H6c, and H6d assumed that SCBI mediated the relationship between EK, MAT, EI, PSC, and SCB. The data supported the SCBI mediating effect between environmental knowledge, materialism, and SCB but not between environmental influences, sustainable consumption promotion, and SCB. Past studies also found support for the mediating effect of behavioural intention in the link between environmental value, environmental knowledge, environmental responsibility, and sustainable consumption behaviour (Sheoran and Kumar 2020), environmental concern and sustainable consumption (Saari et al. 2021), and between consumer attitude, subjective norm, perceived behavioural control, and sustainable consumption behaviour (Matharu et al. 2021). The unsupported mediating role of SCBI in the relationship between EI, PSC, and SCB leads to the conclusion that EI and PSC only affect SCB directly, not indirectly.

In nine hypotheses (H7a, H7b, H7c, H7d, H8a, H8b, H8c, H8d, and H8e), it was assumed that age would moderate the relationships of the influencing factors with sustainable consumption behaviour. The results showed that age moderated only the effect of SCBI on SCB (H8e), which is positive for younger respondents. Our study indicated that younger respondents were more motivated to make certain sacrifices to demonstrate sustainable consumption behaviour. This finding is in contrast with previous literature, which contended that older consumers were more environmentally friendly and aware of environmental issues than young consumers (Witek and Kuźniar 2021; Dhir et al. 2021). A partial explanation of the result we obtained could be sought in the increasing knowledge levels of young people having public consciousness, who obtain and distribute information using different modern communication channels. As a recommendation in this respect, a proposal could be addressed to the policymakers that would include, for instance, the targeted distribution of information using social networks aimed at promoting the benefits of the transition towards more sustainable consumption models among these individuals.

## 5. Conclusions

This study aimed to investigate the factors determining the sustainable consumption behaviour of consumers in Bulgaria. To address this issue, a conceptual model was created to provide a thorough understanding of the study. The model involved possible connections between environmental knowledge, materialism, environmental influences, the promotion of sustainable consumption, and sustainable consumption behavioural intention, which may influence and lead to SCB. Moreover, it was assumed that age played a moderating role in associations of influencing factors with SCB. The literature review revealed that these links had not been extensively studied; however, they could be important in a deeper study of the SCB. In this sense, this study contributes to the literature on sustainable consumption behaviour by investigating a few relatively new linkages, i.e., the effect of MAT and PSC

on SCB. Furthermore, the mediating effect of SCBI in such a conceptual framework has not been examined yet.

Some limitations of this study should be noted. Firstly, our research is limited geographically to the population of one European country, i.e., Bulgaria; the results might differ if other cultural contexts are considered. Secondly, the respondents were approached through a non-probability-based sampling method, which has issues of respondent selection bias and may therefore restrict again the generalisability of the findings.

The current study enriches the literature on sustainable consumption behaviour by explaining the links between insufficiently studied internal and external factors influencing SCB. Future research should attempt to expand the range of the factors that may be considered SCB determining factors. The design of our study excluded detailing the context. It would be useful to carry out research on factors significant for SCB in specific areas of occurrence, such as the food sector, the fast fashion industry, the hospitality industry, etc. Our conceptual framework emphasised the moderating role of age. Future studies could also test the moderating effect of other demographic variables, such as gender, income, education level, residence, etc., on the relationships between SCB and its antecedents. Moreover, this study used a quantitative approach to test the study hypotheses, whereas it may be recommended that future studies use mixed methods to gain an in-depth understanding of the SCB phenomenon.

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**Institutional Review Board Statement:** The study was conducted according to the guidelines of the Declaration of Helsinki and approved by the Ethics Committee of the certified sociological agency BluePoint Ltd. The respondents confirmed their participation using a Consent Form.

**Informed Consent Statement:** Informed consent was obtained from all subjects involved in the study.

**Data Availability Statement:** The data presented in this study are available on request from the corresponding author.

**Conflicts of Interest:** The authors declare no conflict of interest.

## Appendix A

**Table A1.** Previous studies examining the influencing factors of sustainable consumption behaviour.

Year	Study	Influencing Factors (Role)	Valid Sample and Area	Factors with sig. Effect (Direct and Indirect)	Factor(s) with No sig. Effect
2012	Luchs and Mooradian	Sex (antecedent), personality traits (antecedent and mediator), sustainable importance (mediator)	9,092 German households and 147 undergraduate students at a major university in the eastern USA participated	Sex, personality traits, sustainable importance	-

Table A1. Cont.

Year	Study	Influencing Factors (Role)	Valid Sample and Area	Factors with sig. Effect (Direct and Indirect)	Factor(s) with No sig. Effect
2014	Wang	Environmental value (antecedent), environmental knowledge (antecedent), environmental responsibility (antecedent), environmental sensitivity (antecedent), response efficacy (antecedent), perceived behavioural control (antecedent), perception of consequence (antecedent), behavioural intention (mediator)	1.403; rural residents in China	Environmental value, environmental knowledge, environmental responsibility, environmental sensitivity, response efficacy, perceived behavioural control, behavioural intention	Perception of consequence
2015	Lee, Levy, and Yap	Consumption values (antecedents): functional values (quality, price, physical environment), social value, emotional value, epistemic value; place identity (mediator), environmental attitude (mediator)	561; two inner city suburbs in Auckland, New Zealand	Consumption values: functional values (physical environment), social value, emotional value, epistemic value; place identity (PI), environmental attitude	Quality has a significant effect on PI, but it does not indirectly affect SCB. Price does not affect SCB.
2017	Sharma and Jha	Holistic values (antecedents): internally oriented values and externally oriented values; environmental attitude (moderator), perceived consumer effectiveness (antecedent and moderator)	526; online and offline (during two train journeys between Delhi and Bangalore)	Some holistic values (HV) have a sig. effect: compassion, benevolence, acceptance, universalism, tradition; environmental attitude (EA) has a moderating effect on the relationship between some HV and SCB: universalism, acceptance, self-enrichment, etc.; the perceived consumer effectiveness (PCE) has a moderating effect on the relationship between EA and high SCB; the relationship between PCE and SCB is sig.	Some HVs do not have a sig. effect: accomplishment, conformity, courtesy, hedonism, etc.; EA does not have a moderating effect on the relationship between some HV and SCB: conformity, security, tradition, etc.
2017	Ab. Wahab	Islamic work values (antecedents): piety, benevolence, justice, responsibility, trustworthiness, patience, consultation, cooperation, self-reflection	264; private and public organisations in Malaysia	Islamic work values	-
2018	Dong, Li, Liu, Cai, and Fa	Need for autonomy (antecedent), need for affiliation (antecedent), need for control (antecedent), material possession love (mediator), materialism (moderator)	824; urban areas, such as Shanghai, Hangzhou, and Nanjing in eastern China; Wuhan, Changsha, and Hefei in central China; and Nanning and Xian in western China	Need for autonomy (NAU), need for affiliation (NAF), need for control (NC), material possession love (MPL), materialism positively moderates the relationship between (a) NAU and MPL, (b) NC and MPL	Materialism does not have a significant moderating effect of NAF on MPL.
2018	Vantamay	Attitude toward the behaviour (antecedent), subjective norm from friends (antecedent), perceived behavioural control (antecedent)	1.000; Thailand	Attitude toward the behaviour, subjective norm from friends, perceived behavioural control	-

Table A1. Cont.

Year	Study	Influencing Factors (Role)	Valid Sample and Area	Factors with sig. Effect (Direct and Indirect)	Factor(s) with No sig. Effect
2018	Figuroa-García, García-Machado, and Pérez-Bustamante Yábar	Environmental influences (antecedent), education and information (mediator and antecedent), social pressure (antecedent), market conditions (mediator), government actions (antecedent), demographic values (antecedent)	139; Community of Madrid	Environmental influences (antecedent), education and information (mediator), social pressure (antecedent), market conditions (mediator), government actions (antecedent), demographic values (antecedent)	Government actions, demographic values, social pressure
2019	Kadic-Maglajlic, Arslanagic-Kalajdzic, Micevski, Dlacic, and Zabkar	Self-identity (antecedent), consumer values (antecedent), pro-environmental and pro-social consumer engagement (mediator), emotional intelligence (moderator)	407; Croatia and Slovenia	Self-identity, consumer values, pro-environmental and pro-social consumer engagement, emotional intelligence	-
[6] 2020	Roy	Altruistic value (antecedent), biospheric value (antecedent), egoistic value (antecedent), hedonic value (antecedent), normative goal (mediator)	It is stated that KMO value of sampling is acceptable (0.798); several big bazaars and junction malls in India	Altruistic value, biospheric value, egoistic value, normative goal	Hedonic value
2020	Pimdee	Psychological traits (antecedent), situation (antecedent), psychological state (mediator), environmental education (mediator)	800; ten state universities located across 5 Thai regions	Situation, psychological state, environmental education	Psychological traits
2020	Dong, Liu Li, Yang, Liang, and Deng	Connectedness to nature (antecedent); love of nature (mediator): passion for nature, intimacy with nature, commitment to nature	888; urban areas such as Shanghai, Hangzhou, and Nanjing in eastern China; Wuhan, Changsha, and Hefei in central China; and Nanning and Xian in western China	Connectedness to nature is an antecedent of (a) green purchasing and (b) recycling; love of nature	Connectedness to nature does not predict reusability.
2021	Saari, Damberg, Frömling, and Ringle	Environmental knowledge (antecedent), environmental risk perception (antecedent), environmental concern (mediator and antecedent), behavioural intention (mediator)	11,675; European Union	Environmental knowledge, risk perception, environmental concern, behavioural intention	-
2021	Matharu, Jain, and Kamboj	LOHAS lifestyle, consumer attitude (antecedent and mediator), subjective norm (antecedent), perceived behavioural control (antecedent), intention for sustainable consumption (mediator)	627; shopping and departmental stores of Delhi NCR	LOHAS lifestyle, consumer attitude, subjective norm, perceived behavioural control, intention for sustainable consumption	-

## Appendix B

Table A2. Measurement items for the constructs in the research model.

Constructs and Items	Sources
Environmental influences EI 1. Someone from my family or my friends motivates me to follow in their footsteps in environmental care. EI 2. I have participated as a volunteer in social work or environmental organisations. EI 3. I take advantage of the fact that now there are organic or ecological products in the supermarket to buy them. EI 4. Caring for the environment is a tradition in my family. EI 5. Where I live, it is normal to separate waste for recycling. EI 6. My home has enough space for a garden.	(Figuerola-García et al. 2018)
Environmental knowledge EK 1. How much do you feel you know about the causes of these sorts of environmental problems? EK 2. How much do you feel you know about solutions to these sorts of environmental problems? EK 3. How much do you agree or disagree with . . . : I find it hard to know whether the way I live is helpful or harmful to the environment.	(Saari et al. 2021)
Materialism Mat 1. I admire people who own expensive homes, cars and clothes. Mat 2. I like spending money on many different things. Mat 3. My life would be better if I owned many of the things I do not have. Mat 4. Buying things gives me a lot of pleasure. Mat 5. I would be much happier if I could afford to buy more things. Mat 6. I like to own things that impress people. Mat 7. I like a lot of luxury in my life. Mat 8. It bothers me that I cannot afford to buy all the things I like. Mat 9. Some of the most important achievements in life include acquiring material possessions.	(Lindblom et al. 2018; Ponchio and Aranha 2008)
Promotion of sustainable consumption PSC 1. Initiatives of socially responsible organisations to inform society about the damage consumption does to the environment and promotion of sustainable behaviour have an impact on my consumption patterns. PSC 2. I am willing to buy green products instead of regular products if there is a price promotion. PSC 3. If there are some incentive mechanisms, I could change some consumption modes. PSC 4. I am willing to do waste recycling because it can save the living cost.	(Pilgrimienė et al. 2020)
Sustainable consumption behaviour intention How willing would you be to . . . to protect the environment? SCBI 1. Pay much higher prices. SCBI 2. Pay much higher taxes. SCBI 3. Accept cuts in your standard of living.	(Saari et al. 2021)
Sustainable consumption behaviour Quality of life well-being QL 1. I always try hard to reduce misuse of goods and services (e.g., I switch off the light and fan when I am not in the room). QL 2. I recycle daily newspaper (e.g., use as pet's litter box, etc.). QL 3. I avoid being extravagant in my purchases. QL 4. While dining in a restaurant, I order food(s) of only the amount that I can eat to avoid wasting food. QL 5. I avoid overuse/consumption of goods and services (e.g., take print only when needed). QL 6. I reuse paper to write on the other side. QL 7. I choose to buy product(s) with biodegradable containers or packaging. QL 8. I plan carefully before I purchase a product or service. QL 9. I do not like to waste food or beverage. QL 10. I recycle my old stuff in every possible way (e.g., distribute old clothes among needy people). QL 11. I reuse shopping bag(s) every time go shopping.	(Quoquab et al. 2019)
Care for the environmental well-being CEW 1. I do care for the natural environment. CEW 2. I use eco-friendly products and services. CEW 3. I purchase and use products which are environmentally friendly. CEW 4. I often pay extra money to purchase environmentally friendly products (e.g., organic food). CEW 5. I am concerned about the shortage of natural resources. CEW 6. I prefer to use a paper bag since it is biodegradable. CEW 7. I love our planet.	

Table A2. Cont.

Constructs and Items	Sources
Care for the future generation CFG 1. I always remember that my excess consumption can create hindrances for the future generation to meet their basic needs. CFG 2. I care for the need fulfilment of the next generation. CFG 3. I often think about future generations' quality of life. CFG 4. I try to control my desire for excessive purchases for the sake of future generations. CFG 5. I am concerned about future generations. CFG 6. I try to minimise excess consumption for the sake of preserving environmental resources for future generations.	

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## Article

# The Institutionalization of Implicit and Explicit CSR in a Developing Country Context: The Case of Lebanon

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**Abstract:** This article presents a qualitative study pertaining to the interface between business and society that primarily focuses on the prominent institutional factors that are influencing organizations to adopt explicit and implicit forms of corporate social responsibility in a developing country context. This is a pertinent subject because developing countries contain a large proportion of the world's population and, subsequently, a large proportion of salient issues in the social, economic, and environmental arena. This study identifies that, in the country context chosen namely Lebanon, explicit social responsibility initiatives are driven by predominantly normative and mimetic institutional pressures emanating from both local and international institutions. This study also identifies that implicit social responsibility initiatives are driven by normative institutional pressures emanating from elements in the national business system. Contributions of this study include a conceptual model to aid future research, identifying the importance of the duality of corporate social responsibility, the importance of international institutions in facilitating explicit social responsibility proliferation, and the importance for managers to include explicit social responsibility initiatives in their organizational mandate. Future research can use a different sampling technique, conduct interviews with employees that are not directly involved with social responsibility initiatives, or use other perspectives, such as agency theory or theory of institutional logics, to gain more insight on the topic.

**Keywords:** CSR; developing countries; Lebanon; sustainability; institutional theory; implicit CSR; explicit CSR; management

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## 1. Introduction

The business and society nexus in relation to social responsibility has been identified and studied in the literature using numerous terms, including sustainability, creating shared value (CSV), corporate social innovation (CSI), stakeholder management, corporate citizenship, and corporate social performance. The term chosen in this study to represent the social obligation of business vis-à-vis society is corporate social responsibility (CSR). The two main reasons this term was chosen are that it is widely encompassing, and managers and policymakers in the context of the study are familiar with the term as representative of the social obligation of the business.

Institutional theory is the conceptual lens used in this study, primarily because of its inherent contention that both contextual and institutional environments influence norms and practices of social responsibility (Koleva and Quinn 2021; Parsa et al. 2021).

Institutional theory has been criticized in the literature for predominantly focusing on the global diffusion and adoption of CSR practices and, in turn, neglecting how these practices are translated across national contexts (Sieminski et al. 2020; Filatotchev et al. 2021). To contend with this cross-national context translation issue and the identified importance of implicit CSR (Carroll 2021), a dual construct of social responsibility is adapted to the study, namely, explicit, and implicit.

Explicit social initiatives include a business organization's policies that are created deliberately to help increase societal welfare, while implicit social initiatives are a result of

informal norms, values, and laws that may represent socially responsible business practices that are implied in a business context but are not well defined (Dmytriyev et al. 2021). The significance of considering this dual construct in a developing-country context ensures that implicit initiatives that may not fit into the explicit form are accounted for in the research, and these informal norms, values, and policies have been identified in the literature as vital for CSR development (Abreu et al. 2021; Masahiro 2021).

### 1.1. Problem Statement

The main problem is that business organizations pursuing profits may create negative externalities that harm society. In the contemporary economy, these powerful and dominant institutions have substantial resources that can be utilized to alleviate social and environmental problems, consequently promoting their longevity and sustainability (Yang et al. 2021).

Therefore, the study of social responsibility and sustainability in business is an important subject in the business society nexus because it provides insight into reaching the ideal condition of seamless integration of business in society, which is a business that has a predominantly positive impact on society. The subject of socially responsible business in developing countries is pertinent because these countries contain a large proportion of the world's population and, subsequently, a large proportion of social, economic, and environmental issues.

### 1.2. Institutional Theory: A Conceptual Framework

The significance of institutional theory in this study lies in the assumption that institutional dynamics affect the behavior of organizations (Khanal et al. 2021; Notanubun 2021). Thus, considering the contextual effects of the underlying global and local institutions will help shed light on the institutional variables that drive the managers and policymakers of business organizations in developing countries to include explicit and implicit social initiatives in their organizational mandate.

In the literature, it is evident that the CSR engagement of SMEs in developing countries tends to focus on the internal agency as the main driver of social responsibility and neglects the mutual responsiveness and interdependency between agents and institutional structures (Journeault et al. 2021). For this reason, the neo-institutional theory is considered because it recognizes that agency and organizational self-interests play a significant role in organizational adaptation to institutional environments (Manogna 2021)

Contextual institutional pressures and internal agency are the basis for the conceptual model developed in this study. It is a multidimensional model that considers institutional pressures emanating from global institutional pressures, local pressures from institutions in the national business system (Horiguchi 2021), isomorphic pressures from the organizational field (Charpin et al. 2021), internal organizational responses to institutional pressures (Oliver 1991), and how these pressures translate into explicit and implicit socially responsible initiatives. The main dimensions of the conceptual model are described briefly below.

First, global institutional pressures are the result of a multitude of global organizations that provide guidelines, metrics, and roadmaps to facilitate the proliferation of social responsibility on a global scale. Second, local institutional pressures from the national business system represent both formal institutions, such as government, associations, and civil groups, and informal groups, such as religious, cultural, and traditional norms in society (Koleva and Quinn 2021). Third, isomorphic pressures in the organizational field, as identified by DiMaggio and Powell (Charpin et al. 2021), are coercive, normative, and mimetic pressures. Fourth, internal organizational responses to institutional pressures related to organizational self-interest were best described by Oliver (1991).

These well-grounded conceptualizations within the subjects of the institutional theory were combined in this study to create a conceptual model with the goal of gaining

insight into the institutionalization of implicit and explicit obligations in the business and society interface.

### 1.3. Context

As previously mentioned, the context chosen in this study is Lebanon, a country in the Middle East located on the eastern coast of the Mediterranean Sea. The country is relatively small, covering an area of 10,452 square kilometers. Its population is approximately five million, with almost half of the population living in and around the capital city of Beirut.

Lebanon took independence on 22 November 1943, and formed a government structured as a parliamentary republic. The combination of the power divide between various religious groups and the fourteen years of civil war from 1975 to 1989 destabilized the country and stunted its development. Since the civil war ended with the creation of the “Taef” accord in 1989 Lebanon has been in a reconstruction stage with a primary focus on political, economic, and social structures. In this reconstruction stage, public debt rose to unprecedented levels. The GDP is approximately 45 billion USD, with a growth rate of approximately 0.9% (World Bank 2014), and the public debt-to-GDP ratio is the third highest in the world at 142%. These conditions, coupled with regional instability, have in turn reduced the country’s ability to focus on growth and provide fiscal and monetary policies to improve key economic indicators, including stabilization of inflation, growth in GDP, and a reduction in the unemployment rate.

### 1.4. Non-Governmental Organizations (NGOs) and CSR

Non-governmental agencies (NGOs) are participating in the international movement for business organizations to implement socially responsible business initiatives. There is a multitude of NGOs that are pushing for socially responsible business; some of these NGOs are active in developing countries and provide guidance to business organizations, and essentially the road map to social responsibility. Examples include the United Nations Global Compact (UNGC), the International Standards Organization with their introduction of (ISO 26000), the Global Reporting Initiative (GRI) with their G4 guidelines, and PRIME organization to name a few.

The significance and influence of the aforementioned organizations are evident in the primary data. Although these NGOs are working in the right direction, some argue that they cannot make a large-scale impact on social problems because they do not have sufficient resources. If we can tap into the resources of large corporations, we will be able to make a large-scale impact (Porter 2013). Policy changes in governments and implementation of hard law initiatives such as mandatory CSR reporting in the European Union are examples of countries taking the first step into ‘tapping into this large resource’ by changing laws and increasing coercive isomorphic pressures.

### 1.5. Objectives and Theoretical Contribution

The objective of this study is to make a theoretical contribution to the growing body of research pertaining to social responsibility in developing countries by delineating the underlying institutional factors and related isomorphic pressures, actor motivations, and organizational self-interests that influence organizations to adopt explicit and implicit social initiatives.

A qualitative research design involving a multiple case study was used in this study, with theoretically based propositions to guide the research. This study is grounded in institutional theory, specifically neo-institutional theory, primarily because of its inherent contention that both contextual and institutional environments influence CSR norms and practices.

## 2. Results

The high or low position of each variable was determined by the researchers based on the coding of the interviewee’s responses. The results of the strategic and operational

interviews regarding predictive factors and responses are presented below. The results of the strategic interviews are illustrated in Table 1, and the results of the operational interviews are illustrated in Table 2.

**Table 1.** Results of the strategic interviews.

Predictive Factor	Predictive Dimensions	Strategic Interview Results			
		Bank 1	Trading Company 1	Telecom 1	Bank 2
Cause	Legitimacy Efficiency	High	High	High	High
		High	Low	High	Low
Constituents	Multiplicity Dependence	Low	Low	Low	Low
		Low	Low	Low	Low
Content	Consistence Constraint	High	High	High	High
		Low	Low	Low	Low
Control	Coercion Diffusion	Low	Low	Low	Low
		Low	Low	Low	Low
Context	Uncertainty Interconnectedness	High	High	High	High
		High	High	High	High

**Table 2.** Results of the operational interviews.

Predictive Factor	Predictive Dimensions	Operational Interview Results			
		Bank 1	Trading Company 1	Telecom 1	Bank 2
Cause	Legitimacy Efficiency	High	High	High	High
		High	Low	High	Low
Constituents	Multiplicity Dependence	Low	Low	Low	Low
		Low	Low	Low	High
Content	Consistence Constraint	High	High	High	High
		Low	Low	Low	Low
Control	Coercion Diffusion	Low	Low	Low	Low
		Low	Low	Low	Low
Context	Uncertainty Interconnectedness	High	High	High	High
		High	High	High	High

The results displayed a high degree of consistency in and across cases. The results were analyzed based on the observed patterns within the context of propositions in the conceptual model. The five predetermined themes mentioned earlier are cause, constituents, content, control, and context. The predictive dimensions or observed patterns provided insight into the motivations of internal actors within the context of institutional pressures and responses of the business organizations chosen in the study and were used to verify, modify, or nullify the propositions in the conceptual model.

### 2.1. Results and Analysis, 'Cause' Predictive Factor

The first institutional antecedent or predictive factor is 'cause' and relates to why the organization is pressured to conform to institutional rules or expectations. The predictive dimensions are legitimacy and efficiency. Legitimacy relates to social fitness and efficiency is related to economic performance. The lower the degree of legitimacy and efficiency attained from conformity to institutional pressures, the greater the likelihood of organizational resistance to institutional pressures (Oliver 1991).

In terms of the operational and strategic responses related to the cause-predictive factor, the themes identified by the responses of Bank 1 and Telecom 1 include both social legitimacy and financial efficiency in their responses; thus, we can conclude that these two

dimensions of the cause-predictive factor are high, and the expected response according to Oliver and what is observed in the results is acquiescence or acceding to institutional pressures and implementing CSR.

The conclusions from the operational and strategic responses of Trading Company 1 and Bank 2 conflict with the other two responses. The legitimacy dimension of the predictive factor cause was high, and the financial efficiency dimension was low. This is not specified in the responses of Oliver, and this conflict may be due to the social legitimacy gained by adopting CSR efforts in Trading Company 1, and Bank 2 being viewed as more important than their objective of financial efficiency.

#### *2.2. Results and Analysis, 'Constituents' Predictive Factor*

The second predictive factor is 'constituents'. This relates to who exerts institutional pressure. The predictive dimensions are the multiplicity of constituent demands and the dependence on institutional constituents. Multiplicity relates to the amount of multiple conflicting constituent expectations exerted on an organization. Dependence is related to the degree of external dependence on pressuring constituents. Institutional constituents are the collective normative order of the environment, which includes the government, professional organizations, pressure groups, interest groups, and the general public, which sometimes impose conflicting demands on the organization (Oliver 1991).

The response observed when both the multiplicity and dependence were low in the analysis was acquiesced. This leads us to the conclusion that internal actor motivations are more powerful than international institutional pressures, instigating CSR use in the chosen cases.

#### *2.3. Results and Analysis, 'Content' Predictive Factor*

The third predictive factor is 'content'. This relates to what norms or requirements organizations are being pressured to conform to. The predictive dimension is consistency of conformity with organizational goals. According to Oliver, when the 'consistence' predictive dimension is high and the 'constraint' predictive dimension is low the expected response is acquiesced. This theme was observed in this study, and we can conclude that the institutional pressures emanating from international sources affect CSR proliferation in developing countries, predominantly in organizations that have the objective of increasing social welfare.

#### *2.4. Results and Analysis, 'Control' Predictive Factor*

The fourth predictive factor is 'control'. This relates to how institutional pressures are exerted, and the predictive dimensions are legal coercion or voluntary diffusion of norms.

According to Oliver, if coercive pressures are low and voluntary diffusion is low, then the anticipated response is 'defy', or not conceding to institutional pressures. The results of the study do not coincide with Oliver's predictive responses because the cases chosen to have an acquiesce response in the face of low coercive pressure from regulative bodies. In view of this weak coercive institutional pressure, we can conclude that voluntary diffusion is the main driver of CSR activity implementation in the cases chosen.

#### *2.5. Results and Analysis, 'Context' Predictive Factor*

The fifth predictive factor is 'context'. This relates to the characteristics of the environmental context in which institutional pressure is exerted. The predictive dimensions are environmental uncertainty and environmental interconnectedness. Environmental uncertainty relates to an organization's inability to predict or anticipate future changes; interconnectedness refers to the density of inter-organizational relations among the occupants in the organizational field (Oliver 1991).

In summary, the cause, constituents, and content predictive factors are related to normative pressures. The 'control' predictive factor relates to coercive institutional pressures. The 'context' predictive factor relates to mimetic institutional pressures. According

to Oliver, the lower the level of uncertainty and interconnectedness in an organization's environment, the lower the likelihood of conforming to institutional pressures. In the study, all the responses indicated high 'uncertainty', and high 'interconnectedness', and the results were as predicted by Oliver, which conforms to institutional pressures and implements CSR activities. What is evident in the analysis above is that institutional antecedents and predictive strategic responses are predominantly as indicated in Oliver's (1991) conceptualization, and the strength of internal actor motivations, because even in the absence of coercive pressures, the cases chosen in the study conform to institutional pressures and engage in CSR activities.

### 3. Materials

The first part of the literature review categorizes and describes significant theories in the realm of CSR. This illustrates the multiple manifestations and multifaceted view of CSR in the literature. The second part discusses international organizations promoting social business obligations and their role in facilitating CSR proliferation. The purpose of this discussion is to illustrate the mechanics and objectives of growing international organizations influencing the perspectives of policymakers in business organizations in relation to their social obligations.

#### 3.1. Categorization of Corporate Social Responsibility Theories

Over the years, many attempts have been made to map CSR theories with the primary objective of identifying and categorizing CSR approaches in business organizations. In one study, CSR theories were placed into three categories: ethical, altruistic, and strategic CSR (Lantos 2001). Another study identified three categories of CSR initiatives: ethical responsibility, economic responsibility, and corporate citizenship (Windsor 2006). The most significant empirical study identified four main categories of CSR theory: instrumental, political, integrative, and ethical (Garriga 2021; Garriga and Melé 2004). This is relevant to this study because it facilitates CSR identification in the analysis and discussion of the data in terms of the various manifestations CSR may take within a business organization and provides insight into the intent of business organizations to perform CSR in various forms.

Instrumental theories are tradition-bound. Their primary focus is on using CSR initiatives as a means of profit maximization and shareholder value maximization (Fält and Steffensen 2021). Theories that fit into this category include advocates of using corporate social responsibility to gain a competitive advantage within a competitive context, and as a brand and reputation building tactic (Wang et al. 2021).

Political theories highlight the notion of corporate power and its relationship with responsibility within society (Carroll and Brown 2018). The focus of these theories is the idea that corporations have obligations towards society and markets where the feed and grow. The intent of political theory-based CSR is to ensure that a corporation is a good corporate citizen.

Integrative theories examine how business organizations integrate social demands into their business operations (Garriga 2021; Garriga and Melé 2004). The focus of these theories is to operate businesses in a way that has dual benefits for both business and society. Integrative theories on CSR integration intend to maximize the benefits for all stakeholders internally and externally by integrating the needs of society into business operations. The predominant integrative theories include creating shared value (CSV), corporate social innovation (CSI), stakeholder management, and corporate social performance.

Ethical theories are based on the idea that a corporation should do what is good for society. The focus of these theories is ethics. Ethical CSR theories aim to ensure that businesses operate within a set of ethical guidelines. Prevalent ethical theories include sustainability, supply chain sustainability, stakeholder theory, and the common good approach.

The empirical analysis of CSR theories by Garriga and Melé has important implications in this study because it identifies four primary manifestations of CSR. These categories provide insight into the possible cognitive basis of CSR initiatives undertaken by business



organizations and help in the analysis by identifying the various manifestations that CSR may take within an organization.

### 3.2. Theoretical Framework and Conceptual Development

The focus of this study is to delineate the underlying institutional factors, related isomorphic pressures, and organizational self-interests that influence organizations to adopt and ultimately shape explicit and implicit forms of socially responsible practices practice. The institutional theory perspective is used in this study because its main premise is that to understand the dynamics of organizational change, we must examine the underlying institutional forces at play. In other words, to understand CSR dynamics, we must investigate institutional and social structures and how they affect the behavior of organizations (Berberoglu 2018).

The literature shows that institutional theory embodies a broad domain with many forms and perspectives. Scholars in the field of the institutionalization of CSR view institutional theory as an effective perspective in the analysis pertaining to the proliferation of organizational practice in particular contexts for the analysis of international and local institutional pressures (Alvesson and Spicer 2019; Jain et al. 2017).

In developing countries, culture and societal norms are the primary forces in organizational change (Alvesson and Spicer 2019). Institutional theories complement the subject because they emphasize the primacy of culture and highlight how social structures of resources and meanings are created to have significant effects. Thus, considering the effects of local and global institutions on policymakers in business organizations will help shed light on the isomorphic transformation in the formal structures of business organizations to include explicit and implicit CSR initiatives.

The theory related to CSR, such as the dual conceptualization of CSR, well-grounded conceptualizations of new institutional theory, isomorphic pressures, strategic responses to institutional processes, and the concept of the national business system (NBS), are combined in this study to create a conceptual model with four propositions that will be tested with the objective of gaining insight into the institutional pressures that are driving implicit and explicit CSR adoption by business organizations in a developing country context.

### 3.3. Theoretical Grounding and Conceptual Model Framework

This study adopts a multifaceted view in the institutional analysis of implicit and explicit CSR proliferation by considering institutional pressures from global, local, organizational, and internal actor motivations. Both external and internal factors are instrumental in gaining an understanding of the dynamics involved (Alshbili and Elamer 2020).

The institutional pressures from the global context stem from the multitude of global institutions that promote socially responsible business practices by providing guidance to business organizations and essentially providing a road map to social responsibility. The influence of these types of organizations must be considered in the institutional analysis of CSR.

Institutional pressure from the local context includes both formal institutions, such as government, associations, and civil groups, and informal groups, such as religious, cultural, and traditional norms in society (Arena et al. 2018). This institutional framework is best described as the national business system (NBS) which is shaped by historically grown institutional frameworks, which are composed of political, financial, educational, cultural, and labor systems (Arena et al. 2018).

Institutional pressure from the organizational field is important in this study because the recognition of the multitude of actors involved is essential to gain an in-depth understanding of the dynamics relating to the underlying contextual pressures affecting an organization (Charpin et al. 2021).

In the literature, it is evident that internal organizational responses and actor motivation in relation to institutional pressures vary depending on the nature and context of the pressures themselves (Oliver 1991). In 1991, Oliver adapted resource dependency

theory, and institutional theory created a typology of organizational responses to institutional pressures that range from passive conformity to active resistance. These responses are shown in Table A1. It is her contention that organizations are not blind followers of institutionalization and may take many routes in response to institutional pressures, some more active than others, depending on contextual factors and the self-interests internal to the business organization. These institutional factors and the predicted strategic responses are shown in Table A2.

The dual construct of CSR in this study is of prime importance primarily for two interrelated reasons. First, the variables and pressures affecting CSR practices can influence both implicit and explicit CSR activities. Second, including CSR duality in the study will ensure that implicit CSR is not 'lost in translation' across national contexts because implicit CSR in a developing country context may not fall into the explicit CSR framework and may be overlooked.

### 3.4. Conceptual Model Framework

The conceptual model tested in this study incorporates a multi-level institutional view by considering institutional pressures from the global context, institutional pressures from the local context, and institutional pressures from the organizational field to gain insight into the reasons business organizations engage in explicit and implicit CSR activities.

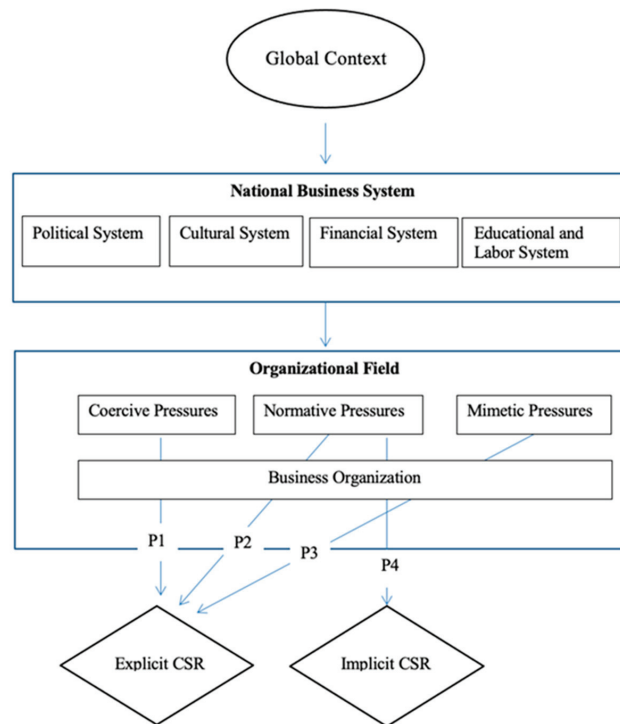
Institutional theory, specifically neo-institutional theory, is a useful perspective in capturing the complexity of CSR dynamics because of the integration of external institutional pressures from the global context, the organizational field, and self-interest of the organization itself (Jamali and Karam 2018).

The first part of the model relates to global context, this includes institutional pressures emanating from the various international organizations promoting social responsibility in business on an international scale.

The second part of the model relates to local context best defined as the national business system (NBS). The NBS is the institutional framework of business, including both formal institutions such as government, associations, and civil groups; and informal groups such as religious, culture, and traditional norms in society. National business systems vary across countries which translates into variances in the source and strength of institutional pressures (Okoye 2009).

The third part of the model relates to the isomorphic forces that are affecting business organizations in their respective organizational fields (DiMaggio and Powell 1983). These various institutional pressures are affecting the perceptions of policy makers in business organizations in relation to their social obligation. This influence is driving the internal actors to engage in explicit or implicit social responsibility initiatives.

This conceptual model Figure 1 below represents an institutional model of explicit and implicit CSR. It offers four propositions that will be tested to gain insight into the institutional impact of internal actor motivations in relation to explicit and implicit CSR initiatives. This model was created using deductive reasoning from theories and conceptualizations in the literature. Inductive reasoning will be used to test the propositions in the model through the analysis of the primary data. The objective is to accept, reject, or adjust the propositions based on real observations in the field to create a more robust model.



**Figure 1.** Institutional model of explicit and implicit CSR.

This conceptual model offers the following four propositions that were tested to gain insight into the institutional impact of internal actor motivations in relation to explicit and implicit CSR initiatives.

**Proposition 1.** *Do coercive isomorphic pressures in the organizational field influence the engagement in explicit CSR practices of business organizations?*

Proposition 1 provides insight into whether business organizations pursuing financial efficiency and legitimacy are prompted to make CSR activities as clear and well-defined as possible, which can be best achieved using explicit CSR initiatives.

**Proposition 2.** *Do normative isomorphic pressures in the organizational field influence the engagement in explicit CSR practices of business organizations?*

Proposition 2 provides insight into whether business organizations engage in explicit CSR because of organizational self-interest in meeting social obligations and demands in the pursuit of legitimacy. Although stakeholders are not as critical in Proposition 1, for an organization to reach the goal of legitimacy, their CSR activities must also be clear and well-defined, which can be best achieved using explicit CSR initiatives.

**Proposition 3.** *Do normative isomorphic pressures in the organizational field influence the engagement in implicit CSR practices of business organizations?*

Proposition 3 provides insight into whether business organizations engage in implicit CSR because of an internal drive of organizations to meet social obligations and demands

in the pursuit of legitimacy. As social structures are considered informal, explicit CSR initiatives are not required.

**Proposition 4.** *Do mimetic isomorphic pressures in the organizational field influence the engagement in explicit CSR practices of business organizations?*

Proposition 4 provides insight into whether business organizations engage in explicit CSR practices because of mimetic isomorphic pressures. Business organizations in a situation of strategic uncertainty may model themselves to organizations perceived as successful in their field to gain legitimacy without considering the possibility of operational inefficiency.

These four propositions were tested in the analysis of the primary data gathered from the semi-structured interviews and were verified, modified, or nullified based on patterns that emerged in the data to provide insight into the reasoning of internal actor motivations and the explicit and implicit CSR manifestations in business organizations.

#### 4. Methods

A multiple-case study was selected as the method of analysis for this qualitative study. The use of a multiple case study at a specific point in time with an inductive and deductive approach provides a deep understanding of CSR as experienced by individual business organizations (Creswell 2013).

Primary data was gathered by conducting interviews with strategic top-level managers and their operational counterparts. This twin perspective of both top-level and operational-level management provided rich data that is necessary to understand institutional forces and their effect on business organizations in relation to explicit and implicit CSR initiatives in a developing country context.

The theoretical framework chosen in this study relates to theory-based propositions to guide research (Yin 2009). These theoretically based propositions and the conceptual model were created using related theories and conceptualizations found in the literature. This is a deductive aspect of this study. Through data analysis, the previously mentioned propositions were accepted, rejected, or modified using inductive reasoning based on the actual primary data as observed in the field. The analysis in this study was based on primary data because developing countries are plagued with an absence of reliable data, which has motivated many researchers to base their analysis on primary data.

The research methodology was completed using the six steps defined by Jarzabkowski (2008), as illustrated in Table A3. These techniques, orientations, and approaches were chosen because there is a need for a complex and detailed understanding of the issue, which can only be established by directly meeting the people (Creswell 2013) involved in CSR initiatives.

##### 4.1. Sampling Methodology

Purposive or judgmental sampling was used to choose the business organizations that constituted the study population. The process of choosing cases began with the member list of indigenous Lebanese business organizations in the United Nations Global Compact (UNGC) Organization. Their voluntary membership in the UNGC is an indication that they are interested in developing social responsibility initiatives. The next step was to identify business organizations that illustrated a deep level of involvement in CSR. These were identified by experts in the field and their visible integration of CSR through business operations and structure.

The objective of this selection process is to choose cases that demonstrate acquiescence and compromise because these strategic responses imply that the business organization is engaging in and intends to develop and rationalize its CSR activities.

#### 4.2. Population

The cases chosen were large indigenous corporations (over 1500 employees) in the following industries: banking, telecommunication, and trading. The data gathering was performed in Lebanon, which is a developing country as specified by the international statistical institute, and the World Bank.

Eight interviews were conducted in total with both the strategic leader of CSR, and the operational leader of CSR in each of the four cases chosen. The intent of interviewing the strategic leader was to gain insight why the business organization is engaging in explicit and implicit CSR from a strategic standpoint. The intent of interviewing the operational leader of CSR was to gain insight into why CSR activities are being implemented from an operational standpoint. In addition, two sets of responses from the same organization increased the reliability of the data by providing two sets of responses pertaining to the same subjects within the organization.

The classification of these cases as mentioned before, relates to Industry, size, and UNGC signatory position. The industry classification relates to the main industry the business organization is involved in. The size classification relates to the number of employees in the business organization. The UNGC signatory position classification represents the position of the business organization in the UNGC. The positions include members, and members of the steering committee. The regular member is a signatory that is active in CSR and has the intent to adopt CSR practices based on the ten principles of the United Nations global compact. The steering committee represents a member that has additional responsibilities that include being a part of governing the UNGC in Lebanon. The classification and details of the cases that will be studied are illustrated in Table 3 below:

**Table 3.** Classification of cases chosen in the study.

Case	Industry	Size (Employees)	UNGC Signatory Position	Interviewees
1	Banking	Over 3000	Steering Committee	CEO, CSR Manager
2	Trading	Over 1500	Member	CEO, HR Manager
3	Telecom	Over 1500	Steering Committee	CEO, CSR Manager
4	Banking	Over 1500	Member	CEO, PR Manager

#### 4.3. Data Collection Tool

The technique for collecting data involved capitalizing on two semi-structured interview schedules. One was designed for operational interviewees and the other for strategic interviewees within the same organization. Both interview schedules focused on the same subjects, but due to the allotted meeting duration with strategic interviewees, the number of questions was reduced. Interviewing both strategic and operational counterparts of the same business organization helped provide insights from a strategic and operational standpoint. In addition, using two sources of evidence enhances construct validity.

Semi-structured interviews were chosen because even though they have an overall structure and direction, they allow flexibility to include unstructured questioning, which may result in unexpected and insightful information coming to light, thus enhancing the findings (Hair et al. 2003) and providing rich and holistic data relating to the subject at hand.

The interview questions were developed primarily based on the antecedents of strategic response conceptualization (Table A2). According to Oliver, the choice of organizational responses to institutional pressures relates to contextual factors at play. These factors include cause, constituents, content, control, and context. These relate to why the organization is being pressured, who is exerting institutional pressures, to what norms the organization is being pressured to conform, the means institutional pressures are being exerted, and what are the characteristics of the business environment or context. The goal

is to gain insight into why business organizations' internal actors are performing implicit or explicit social responsibility initiatives in view of various institutional pressures and ultimately answer the research questions.

#### 4.4. Interview Question Conceptualization

Semi-structured interviews were conducted with both strategic and operational leaders to gain insight into the cause, constituents, content, control, and context related to each type of isomorphic pressure. This provided insight into why business organizations' internal actors are engaging in implicit and explicit CSR activities in relation to institutional pressures in the organizational field.

The strategic and operational interviews are based on the same underpinnings that relate to organizational responses to institutional pressures and include why these pressures are being exerted (cause), who is exerting them (constituents), how or by what means they are being exerted (content, control), and where they occur (context).

These questions also provide insight into whether internal actors engage in CSR initiatives because of normative institutional pressures in the organizational field. Normative isomorphic pressures result from an organization's desire to better fit standards set by professional and educational institutions, certification, and accreditation bodies (Charpin et al. 2021). Regulation is not always the responsibility of the government; there are cases in which industries often establish their own self-regulation by setting standards that members must follow (Orhan et al. 2021).

## 5. Discussion

A deductive approach was used to create the initial conceptual model, and an inductive approach was used to verify, modify, or nullify the four propositions based on primary data. This created a more robust model because it related theoretical perception to actual events, as illustrated by the primary data and analysis (Ven 2007).

**Proposition 1.** *Do coercive isomorphic pressures in the organizational field influence the engagement in explicit CSR practices of business organizations?*

The results of the study in relation to the 'control' predictive factor indicate coercive pressures are low, and voluntary diffusion is low, but the response is acquiescence. This does not coincide with Oliver's predictive responses because the cases chose to engage in CSR efforts in a business environment that has weak or non-existent coercive pressure from regulative bodies. When coercive institutional pressures increase in strength, the expected outcome would be an increase in explicit CSR initiatives because business organizations should have clear and well-defined CSR policies and report these activities clearly to the formal organizations to avoid financial penalty, breaking the law, and losing legitimacy in their organizational field.

Proposition 1 cannot be nullified because explicit CSR is the expected and logical outcome of coercive institutional pressures. It cannot be accepted because it is evident in the analysis of the primary data that the strength of this institutional pressure is weak compared with normative and mimetic pressures. The conceptual model has been modified by representing the relationship between coercive institutional pressure and explicit CSR with a dotted line. This indicates the relative weakness of institutional pressure in influencing internal actor motivation in explicit CSR engagement.

**Proposition 2.** *Do normative isomorphic pressures in the organizational field influence the engagement in explicit CSR practices of business organizations?*

In the results and analysis of the primary data, there is a clear indication from all respondents that the institutions that promote CSR are consistent with the business organization's goals of CSR implementation. The objective of the business organizations

in this study is to conform to international institutions promoting CSR norms because they perceive that they will gain legitimacy in their organizational field, and conformity is consistent with their voluntary drive to increase social welfare. The requirement for conformity to these institutions is adherence to well-defined CSR guidelines and reporting, which can only be met using explicit CSR.

Proposition 2 cannot be nullified because of the clear evidence that normative institutional pressures influence internal actors to engage in explicit CSR. Modification is also not necessary, because there is evidence that normative institutional pressures influence internal actors to engage in explicit CSR. Therefore, Proposition 2 is accepted, and remains unchanged in the conceptual model.

**Proposition 3.** *Do normative isomorphic pressures in the organizational field influence the engagement in implicit CSR practices of business organizations?*

The past CSR activities performed by the business organizations in the study were not clearly defined and well-articulated, and can be considered implicit CSR. These efforts, which were initially implicit CSR efforts, are now being transformed into explicit CSR efforts by business organizations to better fit the international definition of CSR with the objective of legitimacy on a global level. This is consistent with recent literature about CSR in a developing country context, which suggests that firms in developing countries engage in modest forms of explicit CSR as a response to global pressures but have inherent forms of implicit CSR shaped by culture, religion, and societal norms (Jamali and Karam 2018).

Proposition 3 cannot be nullified because of the clear evidence that normative institutional pressures influence internal actors to engage in implicit CSR outcomes. Modification is also unnecessary because of the clear relationship between normative pressure and implicit CSR in the primary data. Proposition 3 is accepted and remains unchanged in the conceptual model.

**Proposition 4.** *Do mimetic isomorphic pressures in the organizational field influence the engagement in explicit CSR practices of business organizations?*

Evidence of mimetic institutional pressures can be identified in the results of the predictive factor 'context' as defined by Oliver in 1991. The predictive dimensions were uncertainty and interconnectedness. As previously mentioned, uncertainty relates to an organization's inability to predict future changes, and interconnectedness refers to the density of inter-organizational relations among the occupants in the field (Oliver 1991).

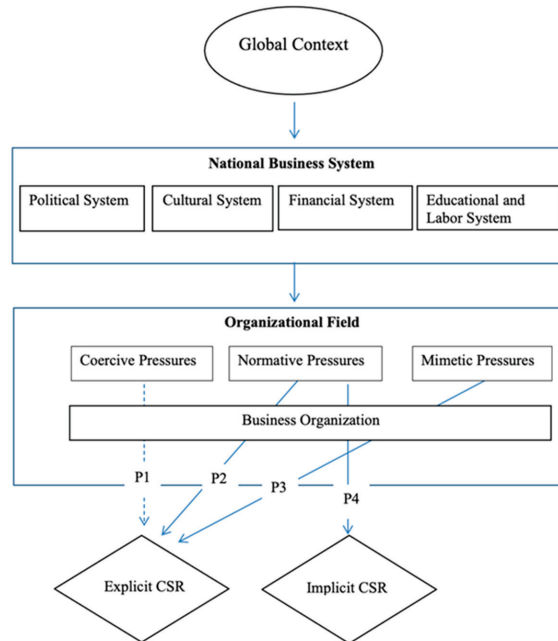
The results and analysis of the primary data relating to mimetic pressures and explicit CSR are consistent with those in the literature. In the literature, this rise in explicit CSR in developing countries is attributed to mimetic isomorphic pressures emanating from the global context, cultural variables, and education system (Matten and Moon 2020). The proliferation of explicit CSR due to mimetic institutional pressures in a developing country context is evident in the literature and research performed in many geographical locations, such as Africa, Asia, and Latin America.

Proposition 4 cannot be nullified because of clear evidence that mimetic institutional pressures influence internal actors to engage in explicit CSR initiatives. Modification is also not necessary because of the clear relationship between mimetic pressure and explicit CSR in the primary data. Proposition 4 is accepted and remains unchanged in the conceptual model.

#### *Conceptual Model Revisited*

Using the deductive approach to create the initial conceptual model and using the inductive approach to verify, modify, or nullify the four propositions created a more robust model because it relates theoretical perceptions, or what is in the literature, to actual events, as illustrated by the primary data and analysis (Ven 2007). The new conceptual model is a revised institutional model of explicit and implicit CSR and is shown below in Figure 2. The main dif-

ference is the indication of coercive institutional pressure as being very weak in the motivation of internal actors within business organizations to engage in explicit CSR initiatives.



**Figure 2.** Revised Institutional model of explicit and implicit CSR.

## 6. Conclusions

Based on the analysis of the primary data and the modified conceptual model, there is clear evidence of predominantly normative and mimetic institutional pressures affecting internal actors' engagement in explicit CSR initiatives. Coercive institutional pressures have been identified as weak or nonexistent, and these results are consistent with those found in the literature. Normative and mimetic institutional pressures stem from the global business context through international organizations such as the UN Global Compact, the Global Reporting Initiative, and the International Standards Organization. They also stem from the organizational field in the form of mimetic pressures that instigate business organizations to mimic successful organizations locally and internationally with explicit CSR initiatives.

Based on the research in this study, we can also conclude that normative institutional pressure is a significant factor in isomorphic organizational changes for business organizations in developing countries chosen to engage in implicit CSR. Coercive and mimetic institutional pressures were identified as weak. The normative institutional pressures affecting implicit CSR stem from elements in the national business system, specifically the ideologies of cultural and religious institutions and their effect on internal actors to engage in ethical behavior. These CSR efforts are considered implicit because they are instigated by informal institutions in the national business system and do not require strict adherence to CSR in terms of clarity and reporting. These pressures drove implicit CSR, even before the explicit CSR movement began.

### 6.1. Contributions of Study

This study contributes to the institutionalization of socially responsible business practices in developing countries by providing insights into the salient institutional pressures affecting business organizations in their adoption of implicit and explicit CSR activities.



### 6.2. Theoretical Contribution

The main theoretical contribution of this study is the conceptual model that provides an institutional framework that can be used by future researchers to study the institutionalization of CSR. This model is novel in that it identifies the importance of the duality of CSR and the importance of international institutions in facilitating explicit CSR proliferation.

Another theoretical contribution is the consideration of CSR duality as an essential conceptualization in the institutional study of CSR. This dual construct of CSR is of prime importance for two interrelated reasons. First, the variables and pressures affecting CSR practices can influence either the use of implicit or explicit CSR activities. Second, including both implicit and explicit CSR in the study will ensure that implicit CSR is not 'lost in translation' across national contexts. As mentioned, implicit CSR in a developing country context may not fall into the explicit CSR framework and may be overlooked.

### 6.3. Practical Contribution

This study identifies the importance of international institutions such as the UN Global Compact, Global Reporting Initiative, and International Standards Organization in relation to explicit CSR advancement in developing countries. These international institutions are aiding and guiding a handful of business organizations that perceive CSR as an integral part of economic and social development. They facilitate explicit CSR engagement for companies that perform implicit CSR in an ad hoc manner and companies that are new to CSR.

The adoption of conceptualizations and findings from this growing body of research will provide local organizations, both public and private, within developing countries, and international organizations' strategic insight in aiding the proliferation of CSR. As more scholars engage in research on this subject, new implications and strategies can be developed. These new implications and strategies will potentially have a positive effect on the societal welfare of developing countries, which is significant because these countries need it the most.

### 6.4. Managerial Implications

Managers of business organizations worldwide are in a constant flux in the mechanics and structure of their business models and strategies to create a symbiotic existence that is well adapted to their ever-changing environment. The dynamics of the international business environment, coupled with the significant empirical evidence that corporate social responsibility can positively affect social progress and potentially both stakeholder and shareholder wealth (Cheema et al. 2020), has materialized into an increased international concern for socially responsible business practices. Managers should be aware of this concern and adapt their business models accordingly.

In view of this increased concern for social responsibility, if social responsibility is absent in a business organization, managers should take the initiative to begin considering this subject. In the case that a business organization engages in implicit social responsibility, managers must ensure that these activities are clearly defined and reported using guidelines and methods provided by international business organizations promoting explicit social responsibility to gain legitimacy in their organizational field.

It is evident that implicit forms of CSR exist because they are embedded in the national business systems of many countries and must be accounted for. What is changing and continuing to change are the institutional forces that promote explicit CSR from multiple institutions and their impact on business organizations. Managers should be mindful of these isomorphic pressures and consider them in their strategic plans to ensure the proper fit of their business organizations. Managers should develop their implicit CSR into explicit CSR so that their social responsibility initiatives are more defined, reported, and identified in the international business community. This will allow them to gain legitimacy on an international scale and will be an integral part of their operations in international markets. This is especially important in a globalized contemporary business environment.

### 6.5. Limitations and Future Studies

The limitations include the conceptual lens used, elements of the research design, type of sampling used, interviewees chosen, and transferability of findings.

The first limitation is related to the conceptual lens used in this study. An institutional perspective was used to create a conceptual model and analyze the primary data. Many other perspectives could have been used, such as agency theory, resource dependency theory, theory of institutional logic, slack theory, or relational governance theory.

The second limitation is related to the type of sampling used. Purposeful sampling was used in the study, and cases were identified through a list of signatories of the UN Global Compact network in the context chosen. Another study could be conducted on the same subject using business organizations that are not found in the UN Global Compact Network, which would complement this research and may potentially result in an alternative point of view, adding to the understanding of the subject at hand.

The third limitation relates to the interviewees chosen from the business organization. They were all operational and strategic CSR leaders in their respective businesses. The same study can be conducted using interviewees from the same organizations that were not involved in CSR initiatives. This can be compared with the results of this study to analyze the variance in perception within the same organization.

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## Appendix A

**Table A1.** Strategic responses to institutional processes (adapted from [Oliver \(1991, p. 152\)](#)).

Strategies	Tactics	Examples
Acquiesce	Habit Imitate Comply	Following invisible taken for granted norms Mimicking institutional models Obeying rules and accepting norms
Compromise	Balance Pacify Bargain	Balancing the expectation of multiple constituents Placating and accommodating institutional elements Negotiating with institutional stakeholders
Avoid	Conceal Buffer Escape	Disguising nonconformity Loosening Institutional attachments Changing goals, activities, or domains
Defy	Dismiss Challenge Attack	Ignoring explicit norms and values Contesting rules and requirements Assaulting the sources of institutional pressures
Manipulate	Co-opt Influence Control	Importing Influential constituents Shaping values and criteria Dominating institutional constituents and processes

**Table A2.** Institutional antecedents and predicted strategic responses (Oliver 1991, p. 160).

Predictive	Strategic Responses					
	Factor	Acquiesce	Compromise	Avoid	Defy	Manipulate
Cause						
Legitimacy	High	Low	Low	Low	Low	Low
Efficiency	High	Low	Low	Low	Low	Low
Constituents						
Multiplicity	Low	High	High	High	High	High
Dependence	High	High	Moderate	Moderate	Low	Low
Content						
Consistence	High	Moderate	Moderate	Moderate	Low	Low
Constraint	Low	Moderate	Moderate	High	High	High
Control						
Coercion	High	Moderate	Moderate	Moderate	Low	Low
Diffusion	High	High	Moderate	Moderate	Low	Low
Context						
Uncertainty	High	High	High	High	Low	Low
Interconnectedness	High	High	High	Moderate	Low	Low

**Table A3.** Six stages in the analysis of the primary data (adapted from Jarzabkowski 2008).

Stage	Description	Process	Output
1	Identify the characteristics of the sample	Classify the cases based on size, industry, and UNGC signatory position	This will provide a classification of each case in the sample.
2	Perform semi structured interviews with strategic and operational leaders of business organizations active in CSR	Creating a semi structured interview schedule, and engaging in face to face interviews with strategic and operational leaders of CSR.	This will provide e with the primary data that will consists of eight interviewed.
3	Code data based on predetermined themes which are cause, constituents, content, control, and context.	The use of hand coding and Nvivo software to perform coding of the data.	An empirical analysis will be performed to help identify patterns within the context of the primary data.
4	Related coded data to predetermined themes which are cause, constituents, content, control, and context.	Related coded data to predetermined themes to gain insight into the four propositions of the conceptual model.	This will provide coded information based on the predetermined themes that will be used in the analysis.
5	Analyze the data within the context of the propositions in the conceptual model.	Analyze the coded data based on predetermined themes in the context of the propositions in the conceptual model.	The identification of issues or gaps in the conceptual model.
6	Accept, reject, or modify the propositions.	Use the output of the previous step to accept, reject, or modify propositions.	This will provide insight into why internal actions of business organizations are engaging in explicit and implicit CSR practice.

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