

Organisational Capacity for Change and Its Relationship with Adaptability and Organisational Performance: Evidence from Bulgaria*

Irena Mladenova**

Abstract

This study aims to respond to calls for more empirical evidence concerning the factors and outcomes of organisational capacity for change (OCC). Quantitative data analyses on a sample of 200 employees and managers in organisations in Bulgaria were performed. Exploratory factor analysis extracted six OCC factors: transformational leadership, valence, organisational flexibility, previous experience with change, climate, and goals for improvement. Two hypotheses on the relationship of OCC factors and control variables with adaptability and organisational performance were tested through hierarchical regression analyses and were partially confirmed. Findings highlight the need for organisations to focus on transformational leadership, change process factors (previous experience with change, valence), organisational context factors (organisational flexibility, goals for improvement), and climate (for cohesion) to help build a capacity for implementing and sustaining multiple changes. Two of the OCC factors – climate and goals for improvement – do not have a statistically significant relationship to either of the outcomes in this sample.

Keywords: organisational change; organisational capacity for change; adaptability; organisational performance

JEL Codes: M10, L20

Introduction

Organisational change is a ubiquitous and essential part of any manager's tasks and activities (Hodges/Gill 2015; Sashkin/Burke 1987). Much of organisational change research seeks to identify what makes its implementation successful, and what guidelines should organisations follow. Often, this approach refers to change as a distinct event that unfolds linearly and is subject to planning.

Another view sees change as continuous – a series of multiple events, 'multiple change' (Schwarz/Stensaker 2014), change as the normal condition of organisational life (Tsoukas/Chia 2002). It manifests in numerous initiatives which are often overlapping, and sometimes conflicting in time, resource requirements, and even objectives.

Conceptualising change as a constant, not always neatly organised flow of both planned and emergent initiatives, shifts the focus in terms of how the organisation can best prepare for it. A recent body of studies turns the attention from mobilising support, planning, and managing a particular change initiative to

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** Irena Mladenova, PhD, Assistant Professor, Faculty of Economics and Business Administration, Sofia University St. Kliment Ohridski, Email: irenaml@feb.uni-sofia.bg, Main research interests: Organisational Studies, Organisational Change, Strategic Management.

building and maintaining a longer-term capacity, that could allow the organisation to implement multiple changes. The ability to constantly change is essential for organisational success (Probst/Raisch 2005). A rather new and less explored path in organisational change studies responds to this view by introducing the concept of organisational capacity for change. Organisations experience (emergent) or undertake (planned) multiple changes simultaneously or initiate new before the previous ones have been completed (Meyer/Stensaker 2006). Such a view on organisational change adds a different layer of complexity when studying how it unfolds and what makes it successful.

Several recent literature review articles (Montreuil 2023; Supriharyanti/Sukoco 2023) aim to structure what is known and studied in the field and conclude that empirical evidence is still limited, the concept is ambiguous and not clearly defined, and there is not yet agreement on the outcomes of OCC. Moreover, the dimensions of OCC are also to be further examined empirically (Supriharyanti/Sukoco 2023).

This study aims to respond to these calls for more empirical evidence to help understand OCC factors and outcomes. It also tests the concept in a different national setting, thus contributing to the advancement of theoretical knowledge across cultural boundaries. The rest of the article is structured as follows. The first section discusses the theoretical background. The literature review defines the main variables and formulates the hypotheses to be tested. The second section outlines the research context, data collection approach, study sample, and measures used. The third section presents the results of the analyses performed. The fourth section discusses the study's findings, limitations, and implications. The final section concludes.

1. Theoretical background

1.1 *Organisational capacity for change – dimensions and factors*

OCC implies that organisations may develop and maintain a dynamic capability to help them sense (and shape opportunities and threats), seize (opportunities), and reconfigure (manage threats and reconfigurations) (Teece 2007). Andreeva and Ritala (2016) argue that OCC is a generic dynamic capability, not tied to a specific function or domain. Similarly, Heckmann et al. (2016) suggest it is a 'meta-capability' that enables an organisation to stay competitive in unpredictable environments.

Yet, defining OCC is inconclusive. There are propositions on how to differentiate capacity from capability. Albrecht and Roughsedge (2022) do this based on whether the resources are readily available, latent in the organisation, system-level (capability) or the organisation can provide the resources required for any particular change (capacity). Montreuil (2023), on the other hand, defines

capacity “*as the latent ability to manage all types of change*”, while capability – “*as the actions that an organisation takes on its change capacity to realise its latent ability*”. While differentiating between capability and capacity for change is needed, it is rather present in current theoretical discussions, and not so much in empirical studies.

Reported instruments to assess OCC demonstrate some common dimensions, irrespective of whether they refer to it as capacity or capability (Mladenova 2022). Although definitions vary, they reflect the same ideas (Supriharyanti/Sukoco 2023). The commonalities between authors using one or the other concept give grounds for accepting that they are in essence meant to describe the same notion. Heckman et al. (2016:779) integrate these similarities of conceptualisations to highlight OCC’s “*different aspects of leadership, culture, employee behaviour, and an organisational infrastructure supporting organisational change*”. Mladenova (2022) summarises previous literature and groups OCC factors into six dimensions: organisational context (factors include structural flexibility, processes, and procedures); climate (factors include encouraging participation in change processes; trust in peers and leaders); change processes (factors include previous experience with changes, transparency, communication); transformational leadership; learning in the organisation; and culture (factors include supporting innovation, cultural cohesion).

Taking the view of multiple change implies the members of the organisation react to current or upcoming changes while interpreting and contextualising the results of previous initiatives. Negative emotions related to low justice experienced in past changes might lead to change cynicism (Bernerth/Armenakis/Feild/Walker 2007) and thus hamper the achievement of upcoming change outcomes.

Valence is a closely related factor, also conceptualised in the context of change readiness (Holt/Armenakis/Field/Harris 2007), but similarly would impact the capability to implement multiple changes. Personal assessment of how previous changes impacted the organisational member would influence the OCC. According to Oreg et al. (2011) the assessment of a change initiative as personally beneficial or not is instrumental in whether members of the organisation would accept and support, or not, changes.

Flexibility in human resources (HR) systems allows for needed adaptation in job characteristics, recruitment and hiring, training, assessment as well as reward systems. Feedback and rewards are often related to the success of change initiatives and help anchor the new behaviours. Thus, a factor related to reward and feedback systems is included.

Based on the literature review, this study defines eleven OCC factors (Table 1) and applies an exploratory approach in search for the underlying structure in the study context and sample.

Table 1. Organisational capacity for change – factors.

Factor	Meaning	Reference
Vision clarity	Clarity of goals and vision; reasons for change; discrepancy; value of change	Oxtoby et al. (2002), Bennebroek Gravenhorst et al. (2003), Meyer and Stensaker (2006), Klarner et al. (2007)
Organisational flexibility	Flexibility (of organisational structure, processes, and practices) to change with the changing environment	Bennebroek Gravenhorst et al. (2003), Klarner et al. (2008)
HR Systems (incl. reward and feedback)	Flexible HR systems; job characteristics; practices based on consensus; routinising recruitment and hiring of personnel; assessment, training, and definition of roles	Bennebroek Gravenhorst et al. (2003), Klarner et al. (2008), Meyer and Stensaker (2006), Al-Haddad and Kotnour (2015)
Cohesion (climate)	Positive climate and perception of the work environment relate to openness to change; better adaptation; openness to change and acceptance of mistakes support innovation	Oreg et al. (2011), Martin et al. (2005), Hülsheger et al. (2009)
Trust in leader	Trust in leaders (and in peers); relates to acceptance and support for change	Judge and Elenkov (2005), Klarner et al. (2008)
Organisational history of change	Collectively developed processes and change legitimacy	Klarner et al. (2008), Meyer and Stensaker (2006)
Valence	Personal assessment of previous changes' results is key for acceptance or refusal; directly influences compliance toward change	Oreg et al. (2011), Fatima et al. (2022)
Distributive justice	Perception of the change outcomes impacts engagement in future changes	Bernerth et al. (2007)
Participation in implementing changes	Engaging members of the organisation during planning and implementing; collective change processes; middle management participation	Armenakis and Harris (2009); Meyer and Stensaker (2006), Klarner et al. (2008), Judge and Elenkov (2005)
Learning in the organisation	OCC links to learning orientation; change process as learning	Klarner et al. (2008)
Transformational leadership	Important during and between change initiatives' implementation; helps build and maintain OCC	Bennebroek Gravenhorst et al. (2003), Judge and Elenkov (2005), Klarner et al. (2008), Oxtoby et al. (2002)

1.2 OCC outcomes

The capacity for change outcomes vary depending on the definitions employed. OCC being a generic capability enables the organisation to use all other dynamic capabilities (Oxoby/McGuiness/Morgan 2002). Many OCC studies point to four outcomes – adaptability, coping (proactively or reactively) with rapidly changing (external and internal) environment (Judge/Elenkov 2005; Klarnér/Probst/Soparnot 2007); culture open and tolerant to changes and innovation (Judge/Elenkov 2005; Shipton/Budhwar/Crawshaw 2012); sustaining multiple changes (McGuinness/Morgan 2005); maintaining organisational performance in the long run (Meyer/Stensaker 2006). This article aims to test the relationship between OCC factors and two of the above-identified outcomes – adaptability and organisational performance.

1.2.1 Adaptability

OCC's role is to support the organisation in adapting to new threats and opportunities coming from the external environment (Judge/Elenkov 2005) and to the internal environment evolution (Klarner et al. 2007). OCC's positive relationship with adaptability is demonstrated in an empirical study (Judge/Bowler/Douglas 2006), although adaptability is treated as an antecedent, and not an outcome.

Teece et al. (1997) also highlight that developing dynamic capabilities aims at coping with the rapidly changing environment. Adaptability helps organisations in a dynamic environment and is presented in this article as one of the two organisational ambidexterity elements (Gibson/Birkinshaw 2004). Gibson and Birkinshaw (2004) define contextual (organisational) ambidexterity as the behavioural ability of the organisation to align and adapt an organisational unit. It is positively impacted by trust and support, among other factors. Thus, this article hypothesises a positive relationship between OCC factors and adaptability:

Hypothesis 1: There is a positive relationship between OCC factors and the adaptability of organisations.

1.2.2 Organisational performance

Improving performance is often among the key reasons or goals of organisational change. Performance may be defined in different ways depending on the imperatives an organisation needs to address. Richard et al. (2009:722) define organisational performance as encompassing “*three specific areas of firm outcomes: (a) financial performance (profits, return on assets, return on investment, etc.); (b) product market performance (sales, market share, etc.); and (c) shareholder return (total shareholder return, economic value added, etc.).*”

OCC as a dynamic capability is theorised to help organisations achieve a strategic competitive advantage without compromising short-term performance. OCC helps the organisation to implement multiple change initiatives (McGuiness/Morgan 2005), maintain change results and organisational performance in the long term (Meyer/Stensaker 2006), achieve superior performance compared to competitors (Judge/Naoumova/Douglas 2009). This requires not just assessing organisational performance but comparing it to competitors.

Focusing on stakeholders (not just shareholders), and especially employees, may contribute to building a strategic competitive advantage. It is also the approach more often used in Continental Europe when defining this area of performance (Richard/Devinney/Yip/Johnson 2009), and assessing performance would require adding dimensions such as employment conditions.

This article conceptualises organisational performance in comparison to competitors and assesses three areas: financial performance (profitability, growth in assets, capacity utilisation); market performance (customer satisfaction, product quality, process improvements); and stakeholders (employee conditions). A positive relationship between OCC factors and organisational performance is hypothesised:

Hypothesis 2: There is a positive relationship between OCC factors and organisational performance.

2. Data and methods

2.1 Context

The study was conducted in Bulgaria during the first phase of the COVID-19 pandemic. This context is interesting for at least two reasons.

First, the national context is understudies in the organisational change domain, with only a few empirical studies reporting results on Bulgarian samples, such as Anguelov and Angelova (2017), Borisov and Popova (2021), Judge and Elenkov (2005), and Maximova (2020). Organisations in Bulgaria advanced their development since the country started its transition to a market economy and democracy in the 1990s. This process was boosted by the transfer of knowledge from foreign investors in the country and exposure of the local economy and society to international markets and networks. Studying the OCC could provide important insights as to how organisations in the country handle changes.

Second, the COVID-19 pandemic profoundly impacted the world economies and supply chains, transforming business models and ways of working, and the effects are yet to be fully assessed. While the pandemic and its effects are not in this study's scope, its timing should be considered when interpreting the results.

2.2 Respondents and procedure

Data was collected through an online self-administered questionnaire distributed among employees and managers of organisations operating in Bulgaria. During the period November 2020 – January 2021, a total of 204 filled-in questionnaires were received, of which four were excluded as outliers during subsequent analyses. Thus, the analyses below are conducted on 200 cases.

Convenience sampling was used in consistence with previous empirical research (Rahi/Alghizzawi/Ahmad/Munawar Khan/Ngah 2022). This sampling approach has its limitations to generalisability, yet can be useful in preliminary research (Stratton 2021) such as in the case of this study's aim to explore OCC factors and their relation to outcomes.

Stratton (2021) formulates several steps that can improve the credibility of this widely used sampling method, which are reflected in the design of this study. The research questions justify this approach as, at the time of data collection, most organisations have undertaken or experienced changes, at least such as those imposed by the COVID-19 consequences. The inclusion criteria are ease of access (through the researcher's extended network) and willingness to participate, and the exclusion criteria – no prior or current experience with organisational changes. To recruit as many as possible respondents, they were asked to share the questionnaire with colleagues and friends (snowballing sampling). The questionnaire was constructed using scales validated and reported in other empirical studies.

The demographic characteristics of the sample are presented in Table 2, and comparison to the overall population is discussed below.

Table 2. Demographic characteristics of the sample (n=200)

	Percentage	n	M	SD
Respondents				
Age (open question)			35.19	9.166
<i>Gender</i>				
Male	40.0	80		
Female	60.0	120		
<i>Education</i>				
Secondary	5.5	11		
Bachelor's degree	22.5	45		
Master's degree	67.0	134		
Doctoral degree	5.0	10		
Work experience in the organisation (open question)			7.00	7.561
<i>Job position</i>				
Top-level management	7.0	14		
Middle management	35.5	71		
Employee	57.5	115		

	Percentage	n	M	SD
Organisations represented by the respondents				
<i>Sector</i>				
Manufacturing	26.5	53		
Commerce	11.0	22		
Construction	3.5	7		
Services	53.0	106		
Governmental sector	6.0	12		
<i>Size (by number of employees)</i>				
Up to 9 employees	8.5	17		
10-49 employees	13.5	27		
50-249 employees	20.5	41		
250-499 employees	22.5	45		
500 and above	35.0	70		
<i>Ownership</i>				
State-owned	14.5	29		
Predominantly privately-owned	20.5	41		
Privately-owned	65.0	130		
<i>Origin of ownership</i>				
Bulgarian	40.0	80		
Mixed, predominantly Bulgarian	5.0	10		
Mixed, predominantly foreign	24.5	49		
Foreign	30.5	61		
<i>Market orientation</i>				
Only local market (Bulgaria)	45.5	91		
Regional market (Bulgaria and neighbouring countries)	14.5	29		
European market (EU)	14.0	28		
Global market (outside EU)	26.0	52		

While the sampling approach may lead to certain biases, comparison to the structure of the employment in the country gives grounds to discuss its validity for this study's goals. Bulgarian National Statistical Institute data was used to compare the employment structure of the sample to country level (NSI, 2020). Services are overly represented in the sample (53% vs. 35% on the national level), while Manufacturing (27% vs. 31%), Commerce (11% vs. 26%) and Construction (4% vs. 8%) are somewhat less represented. Concerning the size of the organisations, large organisations are overly represented (57% vs. 26%) at the expense of micro and small enterprises (22% vs. 52%), while medium-sized enterprises are equally represented in the sample and the economy (21%).

2.3 Measures

To measure the independent and dependent variables, scales that were validated in previous research were used (Table 3). All items were unified to a 5-point Likert scale where 1=disagree (or 1=almost never), 5=agree (or 5=almost always).

Table 3. Independent and dependent variables used

Measure	Definition	Scale	Source	Source reported Cronbach's Alpha
Independent variables (OCC factors)				
Vision clarity (Discrepancy)	Discrepancy between current and desired state, clarity of vision (for change), goals	4 indicators	Armenakis et al. (2007)	0.92
Organisational flexibility	Flexibility of structure and processes to accommodate changes	3 indicators	Paré et al. (2011)	0.71 (Study 1) & 0.75 (Study 2)
Reward and feedback systems	Positive consequences for good performance	3 indicators	Morgeson et al. (2006)	0.71 (Study 1) & 0.72 (Study 2)
Cohesion (as part of climate)	Cooperation with colleagues, trust in colleagues and their competencies	5 indicators	Bouckenooghe et al. (2009)	0.74
Trust in leader (as part of climate)	Trust in leader and his/her competencies, fair treatment	3 indicators	Podsakoff et al. (1990)	0.90
Organisational history of change	Collectively developed change processes, (successful) experience in implementing past changes	3 indicators	Paré et al. (2011)	0.79 (Study 1) & 0.76 (Study 2)
Valence	Positive consequences from past changes for the self, such as increased pay, job position	4 indicators	Armenakis et al. (2007)	0.90
Distributive justice	Perceived fairness of past changes' outcomes	4 indicators	Bernerth et al. (2007)	0.82
Participation in implementing changes	Personal involvement in planning, making decisions and implementing past changes	1 indicator	Coyle-Shapiro (1999)	
		2 indicators	Daly and Geyer (1994)	
Learning in the organisation (DLOQ short)	Learning on individual, team and organisation level	7 indicators	Marsick and Watkins (2003)	0.84 (in Yang (2003))
Transformational leadership (GTL)	Supportive, empowering, innovative, visionary	7 indicators	Carless et al. (2000)	0.93
Dependent variables (OCC outcomes)				
Adaptability	Ability to survive, reconfigure activities in response to environmental shifts	3 indicators	Gibson and Birkinshaw (2004)	0.80
Organisational performance	Financial performance, market performance and employee conditions superior to competitors	8 indicators	Judge et al. (2009)	0.93

Ten control variables were used in line with previous empirical findings. Supriharyanti and Sukoco (2023) summarise control variables used in OCC research to include organisation size, firm nature, firm activity, industry sector, and individual demography (gender, education, job position, experience) among others. Vakola et al. (2013) highlight three individual characteristics that are often used in empirical research on reactions to change: age, gender, and tenure, and might include education and job position. Thus, this study formulates five control

variables on the respondent level (age, gender, education, work experience in the organisation, and job position) and five on the organisational level (size, sector, ownership, origin of the capital, and export orientation).

A questionnaire was constructed consisting of 67 indicators, 10 of which collect demographic data about the respondent and the organisation. The questionnaire was translated into Bulgarian language and adapted to reflect local language specifics (Spector 1992). It was distributed to six experts (academic researchers) whose comments helped improve through the elimination of some repetitive items and the reduction of the number of reversed statements in line with previous research recommendations (Weijters/Baumgartner 2012). The final version of the questionnaire contained a total of 60 indicators: 39 measuring the independent variables, 11 measuring the dependent variables, and 10 collecting information about the respondents (5 indicators) and the organisation they work for (5 indicators).

3. Analyses and results

Data were analysed with SPSS v.25. Principle component factor analysis with a Varimax rotation was applied to all the 39 indicators measuring OCC with the aim to reduce the data and extract a set of factors that explain the overall dispersion. 19 indicators were removed due to low (<0.7) or contradictory loadings. KMO goodness-of-fit coefficient is 0.875 and the model is statistically significant ($df = 190$, Approx. Chi-Square = 2647.653, $Sig. = 0.000$). No multicollinearity between the independent variables was detected (Determinant = 1.31E-006). The communalities for all items are above 0.5. The total variance explained by the six factors extracted is 77.4%. Table 4 presents the resulting factors and indicators.

Table 4. Factors extracted

Factors and indicators		Mean	S.D.	Item Loading	Community
F1: Transformational leadership					
Q34	My leader treats staff as individuals, supports and encourages their development	4.19	1.034	0.902	0.855
Q37	My leader encourages thinking about problems in new ways and questions assumptions	3.9	1.185	0.886	0.82
Q36	My leader fosters trust, involvement and cooperation among team members	4.11	1.093	0.886	0.814
Q35	My leader gives encouragement and recognition to staff	3.93	1.127	0.873	0.813
Q39	My leader instils pride and respect in others and inspires me by being highly competent	4.22	1.052	0.868	0.794
Q38	My leader is clear about his/her values and practices what he/she preaches	4.01	1.14	0.856	0.784
Q33	My leader communicates a clear and positive vision of the future	3.92	1.138	0.784	0.719

Factors and indicators		Mean	S.D.	Item Loading	Community
F2: Valence					
Q19	As a result of previous changes, I had better opportunities for self-fulfilment	3.23	1.1	0.838	0.803
Q18	In general, after previous changes I earned higher pay	2.87	1.21	0.822	0.709
F3: Organisational flexibility					
Q3	Our organisation is structured to allow superiors to make changes quickly	3.41	1.29	0.905	0.861
Q4	It is easy to change procedures in our organisation to meet new conditions	3.22	1.27	0.865	0.825
F4: Previous experience with change					
Q25	I personally participated in the implementation of previous changes in the organisation	3.16	1.27	0.744	0.676
Q24	Management did not give me a chance to express my concerns before they made the decision to move (R)	3.41	1.26	0.703	0.61
Q16	Our unit is usually successful when it undertakes all types of changes- technological, structural etc.	3.75	1.07	0.682	0.639
F5: Climate (cohesion)					
Q9	When I need help, I can always ask my colleagues	4.54	0.76	0.895	0.896
Q10	We cooperate well in my department	4.42	0.91	0.894	0.903
F6: Goals for improvement					
Q2	We need to improve our effectiveness by changing our operations	4.54	0.76	0.919	0.862
Q1	We need to change the way we do some things in this organisation	4.42	0.91	0.901	0.865

(R) - Reverse item

An internal consistency reliability test was performed for each of the factors. Cronbach alpha was maximised for two of them (F1 and F2) by further excluding one indicator for each. The six factors were named to reflect the meaning of the indicators included which in most cases represented (primarily) one of the initially used scales. The reliability tests of the two dependent variables were also satisfactory.

All independent and dependent variables were transformed into new composite variables calculated as a mean value of the respective indicators. A total of 16 binary control variables were constructed and used in further analyses to assess the impact of the characteristics of the respondents and the organisations they represent on the two dependent variables. Table 5 presents the means, standard deviations, correlation, and Cronbach's alpha coefficients for all variables included in this study.

Table 5. Descriptive statistics, correlations, and reliability statistics (n=200)

Variable	M	S.D.	F1	F2	F3	F4	F5	F6	O1	O2	Alpha
F1: Transformational leadership	4.06	0.98	1								0.96
F2: Valence	3.06	1.04	.281**	1							0.79
F3: Organisational flexibility	3.33	1.17	.224**	.235**	1						0.83
F4: Previous experience with change	3.45	0.91	.367**	.394**	.377**	1					0.65
F5: Climate (cohesion)	4.52	0.72	.402**	.212**	.143*	.300**	1				0.88
F6: Goals for improvement (vision)	3.80	1.03	-.203**	-.146*	-.229**	-.193**	-.201**	1			0.84
Outcome 1: Adaptability	3.42	1.07	.357**	.252**	.633**	.517**	.218**	-.186**	1		0.86
Outcome 2: Organisational performance	3.83	0.62	.515**	.362**	.243**	.403**	.260**	-.189**	.477**	1	0.85

**. Correlation is significant at the 0.01 level (2-tailed).

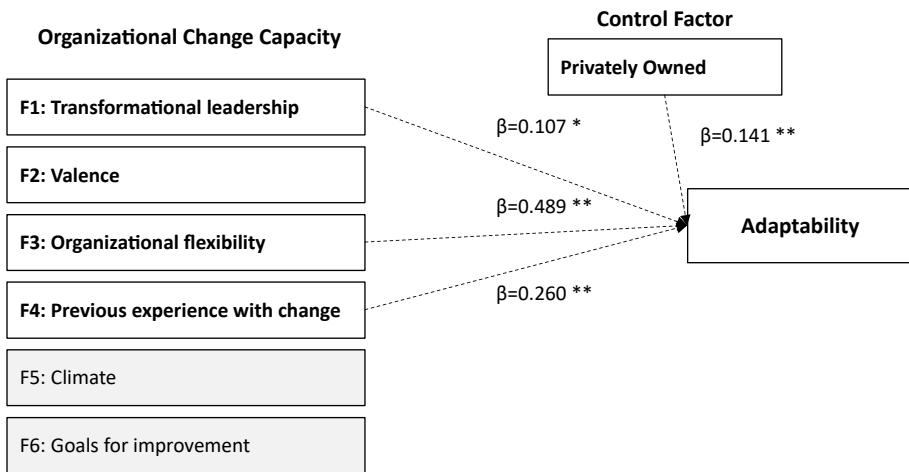
*. Correlation is significant at the 0.05 level (2-tailed).

To test the hypotheses, two separate multiple regression analyses were run. First, stepwise regressions (Stepwise; Criteria: Probability-of-F-to-enter $<=0,050$, Probability-of-F-to-remove $>=0,100$) were performed to identify the control variables that are statistically significant in relation to the dependent variables. Then, hierarchical regression models were run starting with the six independent variables and then adding the statistically significant control variables in a stepwise method.

Hypothesis 1: The resulting model is statistically significant ($\Delta R^2=0.017$, $F(7.192)=30.575$, $p<0.05$). Adjusted R^2 is 0.510 which denotes a moderate relationship (Ferguson 2009; Schober/Boer/Schwarze 2018). The analysis of coefficients indicates that three of the factors and one control variable are statistically significant: transformational leadership ($\beta=0.107$, $p<0.1$), organisational flexibility ($\beta=0.489$, $p<0.05$), previous experience with change ($\beta=0.260$, $p<0.05$), and private ownership ($\beta=0.141$, $p<0.05$). There is no multicollinearity in the resulting model ($VIF<2$, $CI=29.729$).

Hypothesis 1 is partially confirmed. Three of the OCC factors – transformational leadership, organisational flexibility and previous experience with change have a direct and positive relationship with adaptability. Private ownership also has a direct and positive relationship with adaptability. The results are demonstrated in Figure 1.

Figure 1. Hypothesis 1 – partial confirmation

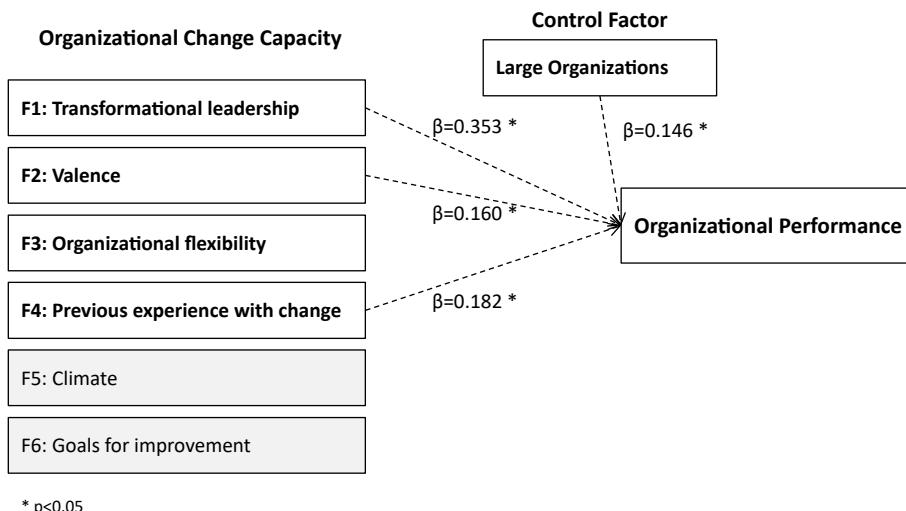


* $p < 0.1$; ** $p < 0.05$

Hypothesis 2: The resulting model is statistically significant ($\Delta R^2=0.017$, $F(7.192)=15,767$, $p<0.05$). Adjusted R^2 is 0.342 which is interpreted as a moderate relationship (Ferguson 2009; Schober et al. 2018). The analysis of coefficients indicates that three of the factors and one control variable are statistically significant: transformational leadership ($\beta=0.353$, $p<0.05$), valence ($\beta=0.160$, $p<0.05$), previous experience with change ($\beta=0.182$, $p<0.05$), and size-large organisation ($\beta=0.146$, $p<0.05$). There is no multicollinearity in the resulting model ($VIF<2$, $CI=28.673$).

Hypothesis 2 is partially confirmed. Three of the OCC factors – transformational leadership, valence and previous experience with change have a direct and positive relationship with organisational performance. Size also matters – large organisations are directly and positively linked to organisational performance. The results are demonstrated in Figure 2.

The remaining two OCC factors – climate (cohesion), and goals for improvement – do not show a statistically significant effect on either of the dependent variables for this study sample.

Figure 2. Hypothesis 2 – partial confirmation

* $p<0.05$

4. Discussion

The results of this study have certain theoretical and practical implications. Adding empirical evidence to OCC factors and outcomes benefits further investigations on what factors help an organisation develop the dynamic capability to navigate multiple changes successfully and keep a competitive advantage. It also gives practical insights for practitioners, enabling them to identify areas of focus when preparing for and managing organisational changes in increasingly dynamic environments.

The study finds support for six OCC factors that largely correspond to previous research – transformational leadership, valence, organisational flexibility, previous experience with change, climate, and goals for improvement. Two of the factors have a positive relationship to both adaptability and organisational performance – transformational leadership and previous experience with change. Adaptability is positively influenced also by organisational flexibility and ownership-private (control variable), while performance – by valence and size-large (control variable). Surprisingly, the factors climate and goals for improvement do not correlate with any of the studied outcomes in the sample which might need further investigation in different research settings.

4.1 OCC dimensions

The OCC factors confirmed in this study align with empirical evidence from previous studies and relate to the dimensions identified by Mladenova (2022) – transformational leadership, change processes (factors such as previous expe-

rience with change, valence), organisational context (factors such as organisational flexibility, goals for improvement), climate (for cohesion). These are discussed below both in terms of previous research findings and as guidelines for future research.

Transformational leadership expectedly proved an important factor in line with much of the OCC, and general organisational change literature. In a recent meta-analysis, Peng et al. (2021) point to the positive relationship of transformational leadership with commitment to change, openness to change, and readiness for change, and a negative one with resistance to change and cynicism about change. Transformational leaders reconcile the external environment with the mission, strategy and goals (Burke 2011), empower organisational members and motivate them during changes. It is an important factor highlighted by previous research on OCC – on the middle (Bennebroek Gravenhorst/Werkman/Boonstra 2003), or both top and middle management levels (Judge/Elenkov 2005; Klarnér/Probst/Soparnot 2008).

Understanding OCC requires assessing how previous changes were experienced and whether this experience leads to new knowledge and embracing change – the *change process* dimension. Experience with change reflects the personal engagement of organisational members in previous changes. It demonstrates the way people internalise the change results on both organisational and individual levels. Multiple changes require an assessment of the effects of their interaction. A positive attitude toward past changes relates to employees' willingness to change (Heim/Sardar-Drenda 2021; Lauzier/Lemieux/Montreuil/Nicolas 2020) and thus the ability of an organisation to adapt to dynamic environments. Valence, or the perceived personal benefits from previous changes, appears to be an important OCC factor. Klarnér et al. (2008) empirically demonstrate the importance of the perceived value of change for OCC. Similar is the importance of the expected outcome of change (Bennebroek Gravenhorst et al. 2003). Fatima et al. (2022) find empirical evidence for a direct and positive relationship between valence and compliance toward change. Sujová and Simanová (2023) demonstrate that performance is directly affected by the experience with implementing changes in the organisation.

Organisational context refers to structural, procedural, and strategic aspects. Organisational flexibility is highlighted by previous OCC research (Bennebroek Gravenhorst et al. 2003; Klarnér et al. 2008). It reflects the susceptibility of the organisation to change structures and procedures thus facilitating (or hampering) change. Flexibility helps organisations to adapt to dynamic environments when needed. Goals for improvement ground the change initiatives, relate to expected benefits and their achievability – for the organisation, for self, and thus are an important OCC factor as highlighted in previous research (Klarnér et al. 2007; Meyer/Stensaker 2006; Oxtoby et al. 2002).

Finally, *climate* (for cohesion) largely relates to readiness and openness to change (Bouckenooghe et al. 2009; Oreg/Vakola/Armenakis 2011). Climate refers to the way employees perceive and describe certain organisational characteristics (Verbeke/Volgering/Hessels 1998), and their shared experience with policies and practices (Schneider/González-Romá/Ostroff/West 2017). Cohesion has been identified as a context dimension of OCC in previous empirical studies (Klarner et al. 2008).

4.2 OCC outcomes

The positive relationship of OCC with adaptability aligns with previous research. OCC helps organisations *adapt* to external context (Judge/Elenkov 2005) and to evolving external as well as internal environments (Klarner et al. 2007). It also supports the theoretical perspective adopted – dynamic capabilities aim to help the organisation cope with a rapidly changing environment. Judge et al. (2006) also find empirical evidence for the relationship between OCC and adaptability, while the relationship to alignment (the second ambidexterity element) is not confirmed. Meyer and Stensaker (2006) define OCC as the allocation and development of change and operational capabilities that sustain long-term performance, applying the organisational ambidexterity lens. Further investigation of the interplay between alignment, adaptability and OCC might identify more evidence of its relationship with organisational ambidexterity.

The positive relationship to *organisational performance* is also highlighted in several studies on OCC (Adna/Sukoco 2020; Judge/Elenkov 2005; Ramezan/Sanjaghi/Rahimian Kalateh Baly 2013). It is worth noting that conceptualising OCC as a dynamic capability might require identifying the ordinary capabilities through which it has a stronger effect on performance. OCC as a generic dynamic capability (Andreeva/Ritala 2016; Oxtoby et al. 2002) allows the organisation to employ all other dynamic capabilities to sustain long-term performance. This could be a promising avenue for further research.

Limitations. This study has its limitations which should be noted. It was conducted during the COVID-19 crisis which hampered direct access to organisations. Thus, it focused on individual level of analysis. The sample design results in a nonrepresentative snapshot of OCC in organisations in Bulgaria. While findings generally align with previous research, possible convenience bias should be considered when interpreting the results.

Testing the OCC factors identified in this study on an organisational level would reveal better insights and allow for comparisons between organisations. If combined with a qualitative study, it might help explore the effects of OCC factors on specific change initiatives, in parallel to overall adaptability, performance and other outcomes, and thus confirm the role of OCC. Further, this study data is a snapshot in time. Testing the OCC in a longitudinal quantitative study

could provide more comprehensive findings on OCC factors as well as on their relationship with outcomes.

Conclusion

This study had two purposes. First, to identify OCC factors. And second, to test their impact on two outcomes – adaptability and organisational performance. The findings suggest that six OCC factors could help organisations implement and sustain multiple changes – transformational leadership, valence, organisational flexibility, previous experience with change, climate (cohesion) and goals for improvement. The hypothesised relationship of these OCC factors with adaptability and performance is partially confirmed. Transformational leadership, organisational flexibility and previous experience with change are found to be positively related with adaptability. One control factor also impacts positively adaptability – ownership (private capital). Transformational leadership, valence and previous experience with change, on the other hand, positively relate with organisational performance, with one control factor included in the model – size (large organisation).

Transformational leadership and previous experience with change add to the organisational capacity to navigate turbulent environments, initiate and implement multiple changes that may often contradict in terms of goals and resource requirements while maintaining competitive performance. Organisational flexibility, expectedly, is important for the adaptability of the organisation, easing structural and procedural changes when needed. The perceived personal benefits from previous changes (valence) positively relate to organisational performance. These findings suggest possible avenues for organisations striving to develop a capacity that will serve them in implementing multiple changes to stay competitive in dynamic environments.

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