LINKING KNOWLEDGE WITH ACTION AND TRANSFORMATION FOR SUSTAINABLE DEVELOPMENT IN BUSINESS PERFORMANCE

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ABSTRACT

Businesses face various challenges in many aspects, which bring with them both risks and opportunities. Therefore, businesses must continuously adapt and develop, to ensure their survival and sustainable growth. Thus, development towards sustainability is an important role all businesses must strife for. A business has many routes towards this goal, depending on the context of the given organization. Business executives must decide when to modify their business strategies, or when to change them. They must continuously learn and be creative. Moreover, plans for the organizational change must detail every aspect that is to be changed, and should be designed with inputs from all stakeholders, who could collaborate, negotiate, and learn from one another. The objective of this quantitative study is to determine whether knowledge with action and transformation management have a relationship with sustainable development in business performance. Questionnaires, whose quality was assessed using Cronbach's alpha coefficient, were used as means to collect data. The collected data were analyzed using a structural equation model. The study results revealed that factors constituting knowledge with action and transformation management affected sustainable development in business performance. They led to close integration and collaboration, effective business management, and strong business development in the long run.
Keywords: Knowledge and action, Transformation, Sustainable Development, Structural Equation Model

Introduction

With the changing global context, the word "customers" is starting to take the definition of "stakeholders." This transformation is not limited to customers, but also members of organizations, colleagues, societies, or even environment. Therefore, modern businesses are related to and are responsible for a range of entitles. This has led to the trend of "sustainable business" – businesses that develops both the society and environment together with itself. Organizations from all around the world must adapt to this new trend. Moreover, the concept of sustainability is getting clearer and more specific. Presently, world-leading organizations are all aware of the importance of the disclosure the their sustainable strategies to investors, to security and exchange commissions, and to European monetary organizations. The key for sustainability cannot be found only in numbers in financial reports; businesses must also include their fulfillment of specific criteria in their non-financial reports, containing outcomes of operations related to environment, societies, and management. This is in accordance with organizations that aim to create economic collaborations and development that emphasize responsible businesses, which is an important aspect of international investments, trading, and business environment that benefits every stakeholder. These organizations provide guidelines that businesses can voluntarily follow to show their global citizenship. The contents include aspects of human rights, employment, environment, anti-corruption and anti-bribery, consumers, and information transparency (Ackermann, 2004). Thus, it cannot be denied that business operators face a complex environment and new and unprecedented social phenomena,

including new market environments, trends of changing technology, new epidemics, and changing values and beliefs. These factors required complex measures. Thus, management for sustainability is a business development goal that clearly benefit business performance (Schneider et al., 2021). This is in accordance with Scoones et al. (2020), who suggest that every sector must consider and participate in sustainable resource management, preserving the legacy for future generations.

From our literature review, we have found that studies on the relationship between knowledge with action and transformation that affected sustainable development are limited. Thus, this study aims to fill this gap by adapting a framework that focuses on task completion, human resource development, organization development - towards one that focuses on learning and that maximizes the fulfillment of the consumers' needs (Kaletnik & Lutkovska 2020). These especially include developments in the aspects of innovation, research, and development. This study would benefit knowledge management and collaboration between operators within an organization or within departments of an organization, lead to the use of the knowledge to increase productivity and profits, sustainably develop a business, and provide information that executives at different levels in both the service and production sectors in Thailand could use to make their decisions.

Objective

The objective of this study is to examine the effects of knowledge with action and transformation on sustainable development of business performance

Literature Review

Knowledge with action

Transformations are operations aimed to reduce impacts caused by changes and encourage adaptation and creation of new potentials, to make the changes go according to specified objectives, while focusing on external environment that could affect knowledge with action (Schneider et al., 2021). Changes of behaviors are changes of values and behaviors of executives and operators, to be in accordance with procedures that are open and creative, ready to share knowledge, make everyone in an organization understand the goals, benefits, time, procedures of, how different persons may participate in, and tools in knowledge management projects. This facilitates the search, access, transfer, and exchange of knowledge. The selection of procedures or tools depends on the type of knowledge and organization. For example, storage of knowledge and information regarding best practice in the forms of documents and databases is an act of storing knowledge that are essential to systematic operations of an organization. The success in knowledge management of an organization depends on a number of factors, such as its culture thats facilitate learning and exchange of knowledge between members, each act as a leaner, knower, creator, exchanger, and user of knowledge and plans.

Transformation

In today's competitive environment, modern organizations face various challenges from external environment, in political, social, and economic aspects. Apart from pressure from the aforementioned factors, organizations must compete and handle the challenges from globalization, technological innovations, changes in trends, potential lack of skills, and in aspects related to labour, capital, and changes in international laws described in Kaletnik & Lutkovska (2020). The ability to successfully manage changes has become an asset for organizations trying to compete in today's unstable environment. Changes of change refers to changes originated from interactions with environmental factors, which create a need for new behaviors or changes in existing behaviors of operators in an organization. Burlacu et al. (2019) view changes as adjustments of perspective, both in individual and organizational levels. They

view changes of change as the main mission of leaders in today's environment, leading to the concepts of pioneers, including those that effect changes in consumer behaviors and in business partners. The ease of learning creates a competitive advantage in innovation. A successful process of managing changes must be supported by a desired change, and there must be organizational development which accounts for advice regarding changes in organizational policies and structures. Moreover, these changes could be brought about by continuously explaining new behaviors and ways in which they facilitate the realization of an organization's visions (Scoones et al., 2020).

Sustainable Development

Sustainable development refers to development which is balanced or where there exist supporting interactions between economies, societies, politics, cultures, ethics, and natural resources and environment. These, together with the principles of learning process participation, operational procedures, awareness, decision making, and planning towards a desired and sustainable society, are constituents of a good life for both the present and future generations. Hussain et al. (2020) study effects of equality of sustainable product brands and marketing innovations on market performance in a service industry, aiming to develop an understanding of the relationship between values of brands, marketing innovations, and sustainable competitive advantage. Singgih et al. (2020) study the roles of job satisfaction in interactions between pioneership, knowledge, working environment management, and performance, aiming to measure the effects of pioneership, knowledge management, and environment on the performance of operators in a packaging industry. Their results show that pioneership and knowledge management did not affect performance of the operators, both directly and indirectly, to a statistically significant degree.

Methodology

The population of this study consisted of business organizations that could sustainably adapt. We have specified the sample size of 280, according to standardized criteria (Schumacker & Lomax, 2012; Hair et al., 2010). The samples were selected using sample random sampling. This quantitative study used 5-level rating scale questionnaires (Likert, 1972) as means to collect data. The quality of the questionnaires were assessed using Cronbach's alpha coefficient, calculated from 30 samples. A Cronbach's alpha coefficient of 0.931 was achieved. This value was higher than the threshold value of 0.7, implying that the questionnaires were reliable (Cronbach, 1990).

Answers to the questionnaires were analyzed using a software. Standard regression weights were calculated. Statistical significance was achieved when $|\,t\,| \geq 1.96$ or when the critical ratio (CR) was at least 0.5 and R^2 value was at least 0.2 (Lauro & Vinzi, 2004). Structural equation modelling was also performed, using the maximum likelihood (ML) parameter method. Goodness of fit between the model and the empirical data was assessed using standard criteria (Hair et al., 2010).

Structural Equation Modelling Results

Results from the assessment of the relationship between different variables are shown in Figure 1 and Table 1. The assessment of the goodness of fit between the model and the empirical data showed that the model fitted with the empirical data, having the chi-square (χ^2) value = 33.985, df = 25, CMIN/DF (χ^2/df)= 1.359, p=.108, GFI=.976, CFI=.995, AGFI=.948, RMSEA= .036. All standard regression weights were statistically significant, having $|\,t\,| \geq 1.96$, or CR and R^2 values of at least 0.2 (Lauro & Vinzi, 2004). The assessment of the goodness of fit between the model and the empirical data is shown in Table 2. Results were in accordance with the established criteria (Hair et al. 2010; Lomax & Schumacker, 2012; Kline, 2015).
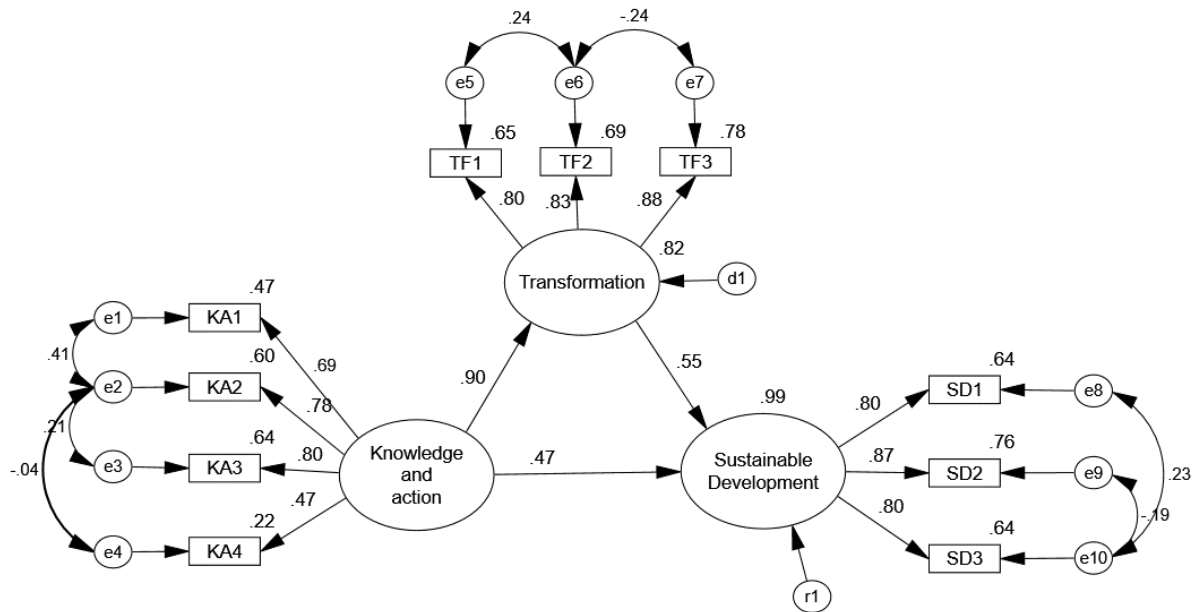
Chi-square (χ^2) = 33.985, df = 25, CMIN/DF (χ^2/df)= 1.359, p=.108, GFI=.976, CFI=.995, AGFI=.948, RMSEA= .036

Figure 1 Final Model

Table 1 ANALYSIS RESULTS OF STRUCTURAL EQUATION MODEL

RELATIONSHIPS AMONG VARIABLES			Estimate	S.E.	R^2	C.R.	P
Transformation	<---	Knowledge and action	.904	.093	.817	12.415	***
Sustainable Development	<---	Knowledge and action	.469	.172	.994	2.732	.006
Sustainable Development	<---	Transformation	.553	.132		3.311	***
SD1	<---	Sustainable Development	.800		.640		
SD2	<---	Sustainable Development	.871	.067	.759	16.978	***
SD3	<---	Sustainable Development	.802	.056	.643	17.212	***
TF1	<---	Transformation	.804	.045	.647	16.920	***
TF2	<---	Transformation	.833	.051	.693	16.302	***
TF3	<---	Transformation	.884		.781		
KA1	<---	Knowledge and action	.688	.083	.473	11.852	***
KA2	<---	Knowledge and action	.776	.064	.602	15.557	***
KA3	<---	Knowledge and action	.797		.636		
KA4	<---	Knowledge and action	.468	.083	.219	7.677	***

Remark: The level of statistical significance *** $p < .001$

TABLE 2   DETERMINATION OF SAMPLE SIZE PROPORTIONS

Fit index	Symbols	Criteria	result	Fit index
Chi-square	χ^2	Ns. (p > .05)	33.985(p=.108)	Passed
Relative Chi-square	χ^2/df	$\chi^2/df < 3.00$	1.359	Passed
Goodness of Fit Index	GFI	>.90	.976	Passed
Comparative Fit Index	CFI	>.95	.995	Passed
Adjusted Goodness of Fit Index	AGFI	>.90	.948	Passed
Root Mean Square Error of Approximation	RMSEA	<.08	.036	Passed

Remark: Hair et al. (2010); Lomax & Schumacker, 2012; Kline, 2015)

Hypotheses Testing

A series of hypotheses were tested using t-tests. The critical p-value was set at 0.05, and the relationship between different pairs of independent and dependent variables were determined using ML parameter estimations. Regression coefficients of path model specified in accordance with the hypotheses were calculated. T-test results showed statistical significance for every hypothesis (Table 3).

Table 3 RESULTS OF HYPOTHESIS TESTING

Hypothesis	coef.	t-test	TE	DE	IE	Test Results
Transformation<---Knowledge and action	.904	12.415***	.904	.904	000	Supported
Sustainable Development<--- Knowledge and action	.469	2.732*	.969	.469	.500	Supported
Sustainable Development<--- Transformation	.553	3.311***	.553	.553	000	Supported

Remark: The level of statistical significance *** p < .001, * p < .05

Hypothesis 1: Knowledge and action affected transformation. Test of this hypothesis showed a regression coefficient of 0.904. The hypothesis was accepted with statistical significance (p < 0.001).

Hypothesis 2: Knowledge and action affected sustainable development. Test of this hypothesis showed a regression coefficient of 0.469. The hypothesis was accepted with statistical significance (p < 0.05).

Hypothesis 3: Transformation affected sustainable development. Test of this hypothesis showed a regression coefficient of 0.553. The hypothesis was accepted with statistical significance (p < 0.001).

Discussion and Conclusion

This study examined the relationship between knowledge with action, transformation, and sustainable development. The results suggested that knowledge with action and transformation both affected sustainable development of businesses, caused close collaborative workings, and led to effective management that could lead to long-term growth. This agreed with Kaletnik & Lutkovska (2020), who stated that the ability to successfully manage changes was an important asset of today's organizations, which compete in unstable environments. Changes of change meant changes in areas created by interactions with environmental factors,

which created a need for new behaviors or changes in existing behaviors of members of organizations. Similarly, Hussain et al. (2020) studied the effects of equality in sustainable brands and marketing innovations on market performance in a service industry, to develop an understanding of the relationship between values of brands, marketing innovations, and sustainable competitive advantages.

Recommendations

From the study of the relationship between knowledge with action, transformation, and sustainable development, we recommend the following. In managing new employees and organizations, to ensure that members of the organizations can complete their tasks successfully and with satisfaction, knowledge with action must be managed. This would facilitate operations and create satisfaction within the organizations. Therefore, an organization that improves its working environment would benefit from good workers' performance. Thus, both an organization and its environment influence each other in many respects.

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