CHANGE MANAGEMENT AND CORPORATE POLICIES AFFECT SURVIVABILITY AND SUSTAINABILITY OF AN ORGANIZATION

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ABSTRACT

Constituents of organization growth vary from organization to organization. However, a survivable organization must consider leadership, conflict, changes, uncertainties, culture, technology, organizational structure, competitiveness, profitability, and work motives. This quantitative study on change management and corporate policies and their effect on sustainable survival used 250 questionnaires to collect data. The samples were chosen via simple random sampling. Descriptive statistics and structural equation modeling were used to analyze the data. Results showed that change management and corporate policies affected sustainable survival, where change management had the highest total effect on sustainable survival, followed by corporate policies. Assessment of the goodness of fit between the form of the concept and the empirical data was conducted and showed that sustainable survival was positively affected by change management via corporate policies. For operations of organizations to grow and sustainably add value, the organizations must value continual changes in their operational procedures and policies.

Keywords: Change management, corporate policies, Sustainable survival, Structural Equation Model

Introduction

The globalizing world grows and develops at a rapid pace in every aspect, including society, economy, politics, culture, science, and technology. In developing its businesses, Thailand has policies to develop all aspects of industries, focusing on management of strategies, technology, and has adopted new innovations to maximize benefits to the organizations. Studies about the importance of adaptation on survival of retail businesses, such as Parker et al. (2002), examined the ability of retail businesses to adapt, and found that cost reduction was an important factor that allowed the businesses to perform effectively. Similarly, Alves et al. (2020) studied crisis management, flexibility, and strategies for retail businesses in Macao, China, during the outbreak of COVID-19. They found that diversification of products, survey of new markets, and learning could enable the businesses to survive a crisis and in a long term. Moreover, Arasti (2011) studied survival of food retail businesses in Romania. They found that decreasing consumer demand had a significant effect on the businesses' survival. Therefore, businesses must learn to survive and adapt in a world with rapidly changing competition and business climates. Small businesses face an increasing pressure, for they have to compete with other small businesses, as well as with big and well-known businesses in their industries. Companies that cannot fulfill their consumers' needs would be affected. For example, they could face reduced sales and increased inventory, reducing their profitability (Deaton & Muellbauer, 1980).

Most previous studies were conducted in the context on small- and medium-size businesses, such as vehicle parts and textile businesses. They examined satisfaction in customer services as a causal factor influencing business success. There is a lack of studies on causal factors in the adaptation and sustainable survival of businesses in the service industry. Such a

model would benefit business executives in various industries who could use the results of the model to adapt their businesses, making them sustainably survive.

Objectives
1. To study whether change management and corporate policies affect sustainable survival
2. To develop a causal model relating change management and corporate policies to sustainable survival

Literature Review

Survival Sustainable

Sustainability refers to long-term persistence. Therefore, organizations with the aim of becoming sustainable organizations must have long-term visions, and build solid foundations for the organizations to grow in the long run. Good long-term growth comes from a solid foundation, long-term plans, collaboration between members of the organization in pushing the organization in the planned direction, and from a society that supports continual growth of the organization (Robbins and Coulter,2008). In the context of businesses, adaptation refers to a process where the businesses process data from external environment, and use the aforementioned data to change. The change could be related to competitive strategies and planning to suit the environment. Businesses can survive in different environments using effective adaptations. When an environment obstructs their business operations, businesses must change their strategies to create a higher level of competitiveness. This is especially when a business has a high inertia and a complex structure, which needs to be changed to create a more fluid management. Survival of businesses depends on their ability to change themselves to suit different environments. Moreover, good adaptation makes the businesses better understand their environment, resulting in better access to resources and information, and a better understanding of changes, especially those related to monetary limits, access to funds, fundraising, tax benefits, economies of scale, sourcing of raw materials, and distribution channels (Kücher and Feldbauer-Durstmüller, 2019).

Change management

Successful change management processes must be supported by desired changes and changes in policies and organizational structure. Moreover, changes could be encouraged by continuously explaining new behaviors and ways which they support the realization of an organization's vision (Brandt et al., 2019). Changes in an organization refer to changes of people, structure, and technology. Executives must manage these changes. Moreover, Robbins and Coulter (2008:161-163) stated that factors that led to changes consisted of (1) external factors, namely states of the market or competition, government regulations, technology, labor market, global economy, global politics, changes in management approaches – especially in human resource management – and continuous creation of new outlooks; and (2) internal factors, consisting of internal operations of an organization, age, education level, skills, experience of staff, as well as uses of new equipment to create changes in uses of labor and costs. Giunipero et al. (2021) found that organizations with good change management could adapt quickly to address problems and challenges presented by their environment. The components of change management included changes in consumers, labor force, and society.

Corporate policies

Alves & Mendes 2004 recognized the importance of good corporate governance, and of conducting businesses ethically, where possible impacts on different parties were considered, as oppose to focusing solely on creating confidence for investors. A board should supervise its business towards specified outcomes, and ensure that their corporation is resilient. Fernandes et al. (2020) stated that an improvement of an organization's output showed that it valued its

people and, to an equal degree, use philosophical principles in developing its members towards professionals. Human resource development within an organization refers to holistic personal development, professional development, and organizational development towards highest productivity, quality, and opportunities. Amankwah Amoah et al (2018) found that strategies that focused on marketing affected the view on organizations' culture in creating behavioral effectiveness of buyers; that the focus on marketing could be divided into 3 classes, namely a focus on customers – on creating better values; a focus on competitors – considering their advantages and disadvantages when planning short- and long-term strategies; and a focus on collaboration – on using the available resources to create better values. Ho et al. (2018) found that a focus on marketing was an important framework in sustainable development in competitiveness, and suggested that the focus on customers and competitors could add value to the business in the long run.

Materials and Method
Population
The population or the unit of analysis of this study consisted of businesses, such as good producers, service providers, and financial service providers. This study had 9 parameters, i.e., 9 independent variables. The sample size was specified according to standard criteria. 250 samples were deemed an appropriate size (Schumacker & Lomax, 2012; Hair et al., 2010). Simple random sampling was used to select the samples.
Materials
Quantitative data were collected using questionnaires consisting of 5-level rating scales (Likert, 1972) with specified class intervals (Best, 1998). Cronbach's alpha coefficient was used to assess the questionnaires. We aimed for a coefficient of at least 0.7, which indicated a high level of confidence (Cronbach, 1990). Sample data from 30 samples were collected and used to calculate a Cronbach's alpha coefficient. This yielded a value of 0.931, indicating a high level of confidence.
Data Processing
The collected data were analyzed using a software. For data visualization, mean values, standard deviations, and standard regression weights were calculated. To be statistically significant, it was required that $|t| \geq 1.96$ or a critical ratio and R^2 value were at least 0.2 (Lauro & Vinzi, 2004). Structural equation modeling was performed, using maximum likelihood (ML) parameters. Goodness of fit of the model and the empirical data was calculated according to standard criteria (Hair et al., 2010).
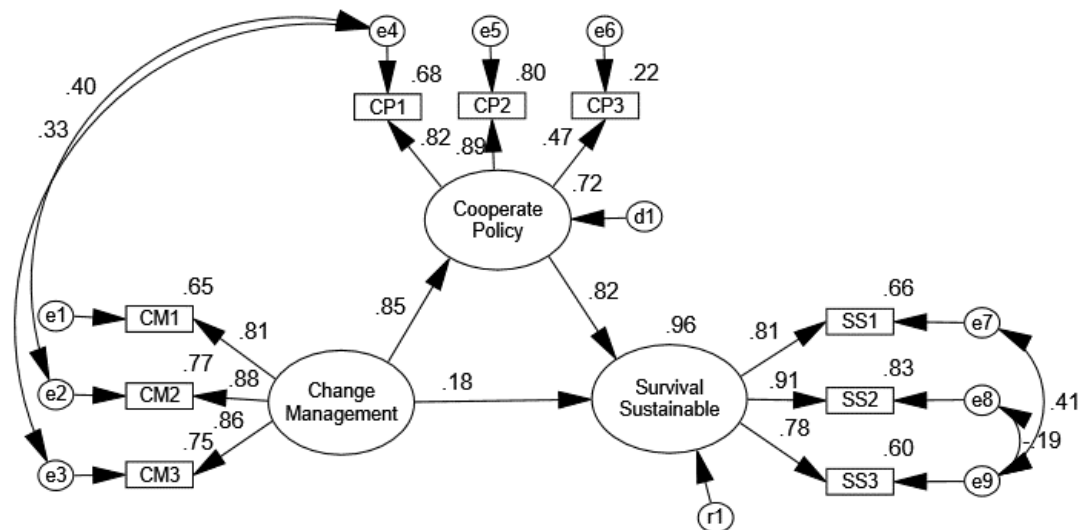
Results
Results from data analysis are shown in Table 1. It was found that the factor of sustainable survival had a mean value of 3.65, and a standard deviation of 0.699, implying a *highly agreed* rating. Change management had a mean score of 3.39, and a standard deviation of 0.742, implying an *agreed* rating. Corporate policies had a mean score of 3.33, and a standard deviation of 0.650, implying an *agreed* rating.

Table 1 Variable Mean and Standard Deviation

Variable	Mean	SD	result
Change management	3.39	.742	agreed
Cooperate policy	3.33	.650	agreed
Sustainable survival	3.65	.699	highly agreed

Structural Equation Modeling Results

Assessing the relationship between the variables and their standard regression weights, under the specification of statistical significance of $|t| \geq 1.96$ or CR and R^2 values of at least 0.2 (Lauro & Vinzi, 2004), the results are summarized in Figure 1 and 2. Assessment of the goodness of fit of the model and the empirical data showed that the model was a good fit, having a chi-square (χ^2) value of 21.121, df $= 20$, CMIN/DF (χ^2/df) = 1.056, p$=.390$, GFI$=.982$, CFI$=.999$, AGFI$=.960$, RMR$= .010$, RMSEA$= .015$. The assessment was done according to standard criteria, and the results were in accordance with the specified criteria, as shown in Table 3 (Hair et al. 2010; Lomax & Schumacker, 2012; Kline, 2015).

Chi-square (χ^2) = 21.121, df = 20, CMIN/DF (χ^2/df) = 1.056, p=.390, GFI=.982, CFI=.999, AGFI=.960, RMR= .010, RMSEA= .015

Figure 1 Final Model

Table 2 ANALYSIS RESULTS OF STRUCTURAL EQUATION MODEL

RELATIONSHIPS AMONG VARIABLES			Estimate	S.E.	R^2	C.R.	P
Cooperate Policy	<---	Change Management	.848	.063	.719	7.359	***
Survival Sustainable	<---	Change Management	.181	.078	.962	2.117	.034
Survival Sustainable	<---	Cooperate Policy	.822	.227		6.023	***
SS1	<---	Survival Sustainable	.811		.658		
SS2	<---	Survival Sustainable	.909	.068	.827	17.510	***

RELATIONSHIPS AMONG VARIABLES			Estimate	S.E.	R^2	C.R.	P
SS3	<---	Survival Sustainable	.775	.052	.601	17.897	***
CM1	<---	Change Management	.805	.063	.648	16.207	***
CM2	<---	Change Management	.880		.774		
CM3	<---	Change Management	.864	.055	.747	18.237	***
CP1	<---	Cooperate Policy	.822	.219	.676	7.628	***
CP2	<---	Cooperate Policy	.893	.245	.797	7.823	***
CP3	<---	Cooperate Policy	.466	.063	.217		

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

TABLE 3 DETERMINATION OF SAMPLE SIZE PROPORTIONS

Fit index	Symbols	Criteria	result	Fit index
Chi-square	χ^2	Ns. (p > .05)	21.121 (p=.390)	Pass
Relative Chi-square	χ^2/df	χ^2/df < 3.00	1.056	Pass
Goodness of Fit Index	GFI	>.90	.982	Pass
Comparative Fit Index	CFI	>.95	.999	Pass
Adjusted Goodness of Fit Index	AGFI	>.90	.960	Pass
Standardized Root Mean square Residual	RMR	<.05	.010	Pass
Root Mean Square Error of Approximation	RMSEA	<.08	.015	Pass

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

Hypotheses Testing

T-tests (CR) were used to test a series of hypotheses, and the p-values – with a critical value set at 0.5 – were examined, to determine the relationships between independent-dependent variable pairs, specified using the ML parameter. Results showed the regression coefficient of each path model in the hypotheses, and showed that the t-tests yielded statistically significance for all hypotheses (Table 4).

Table 4 RESULTS OF HYPOTHESIS TESTING

Hypothesis	coef.	t-test	TE	DE	IE	Test Results
Cooperate Policy <--- Change Management	.848	7.359	.848	.848	000	Supported
Survival Sustainable<---Change Management	.181	2.117	.878	.181	.697	Supported
Survival Sustainable<--- Cooperate Policy	.822	6.023	.822	.822	000	Supported

Hypothesis 1: Change management affected corporate policies. Hypothesis testing results showed a regression coefficient of 0.848. The hypothesis was accepted with statistical significance (p < 0.001).

Hypothesis 2: Change management affected sustainable survival. Hypothesis testing results showed a regression coefficient of 0.181. The hypothesis was accepted with statistical significance ($p < 0.05$).

Hypothesis 3: Corporate policies affected sustainable survival. Hypothesis testing results showed a regression coefficient of 0.822. The hypothesis was accepted with statistical significance ($p < 0.001$).

Discussion and Conclusion

The analysis of effects of change management and corporate policies on sustainable survival showed that change management and corporate policies affected sustainable survival of organizations, where change management had the highest overall effect on sustainable survival, followed by corporate policies. The goodness of fit of the model and the empirical data showed that sustainable survival was positively affected by change management via corporate policies. For operations of businesses to grow and sustainably add value, the businesses must appreciate changes in their operations and corporate policies. This was in accordance with Parker et al. (2002), who studied the adaptability of retail businesses, and found that reducing costs and adapting organizational structure were important factors that resulted in efficient and sustainable performance. Similarly, Alves et al. (2020) studied the survivability, flexibility, and strategies of retail businesses during the COVID-19 outbreak in Macao, China, and found that diversification of products, exploration of new market, and learning of consumer behaviors could help businesses that were going through crises, allowing them to survive in the long run.

Recommendations

The study on the effect of change management and corporate policies on sustainable survival of organizations could be used to develop knowledge and develop and improve various communication channels used with customers, by ensuring that the contents are engaging and ensuring consistent updates of information of target customers. Operators in different businesses should appreciate the importance of market information, develop customer database, and be aware of the concept of technology disruption, to be well prepared for future changes. These could also be directions for future studies that will benefit academics and business operators in designing organization development strategies.

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