

REFERENCE

By: Prof D.Sc. Zhelyu Vladimirov, professional field 3.7 "Administration and management"

On: dissertation work by Irena Borisova Mladenova, on the topic "Organizational capacity for change, organizational adaptability and organizational performance ", for awarding the educational and scientific degree "Doctor" in professional field 3.7 "Administration and management", doctoral program Business Administration

Reason for the review: Order RD-38-629/30.11.2022 of the Rector of Sofia University "St. Kliment Ohridski"

1. Information about doctoral student

Irena Mladenova graduated from the English Language School "Aleko Konstantinov" in Pravets. She holds a bachelor's degree in Business Administration from the Faculty of Business of Sofia University "St. Kliment Ohridski". She obtained a master's degree in Strategic Management at the Faculty of Economics of Sofia University, and a master's degree in Banking and Entrepreneurship under a joint program of the University of Udine, Fondazione Cassamarca, Unicredit Group (Italy).

Irena Mladenova is an assistant professor in the Department of Business Administration, Faculty of Economics and Business Administration of the Sofia University of "St. Kliment Ohridski". Her scientific interests are in the field of organizational change, organizational development, organizational culture, entrepreneurship, and sustainable development. She participated with reports in international conferences and has publications in scientific journals on these topics.

Irena Mladenova has over 20 years of experience in the private and public sector, of which 6 years in leading international consulting companies delivering projects for clients - local and regional leaders in a number of Eastern European countries. She managed projects on structuring and restructuring of processes (production, marketing, and administration), strategies to optimize supply costs, analysis and optimization of product portfolio, evaluation and planning of new products and entry into new markets. She has experience in coordination and development of new organizational structure and strategy, development of tactical and business plans. She participated in the assessment of business potential (due diligence) in several M&A transactions - both from the seller's side and from the buyer's side. She was a head of corporate development and a member of the management team at group level in a regional energy services company. She worked for 5 years in the public sector as an advisor in the Ministry of Economy and the Administration of the President, as well as a Deputy Minister of Economy in three caretaker governments (2013, 2014 and 2021). She is a practicing management consultant.

2. General characteristics of the presented dissertation work

The dissertation work consists of an introduction, two chapters, a conclusion, a bibliography and six appendices in a volume of 187 pages, and without the appendices and the bibliography – 149 pages. The text contains 39 tables and 30 figures. In total, 174 information sources were used, 13 of which in Bulgarian language and the rest in English language.

The introduction justifies the relevance of the selected issues related to the rapid and unpredictable changes in the external environment, for which organizations must be prepared in order to survive. These changes are geopolitical, technological, health-related and others. It is

shown that the majority of attempts to change organizations do not achieve their goals. This determines the importance of building capacity for change. The main objective of the study is to identify the factors that make up organizational capacity for change and to examine their relationships with adaptability and organizational performance (p. 8). This goal is specified in five tasks. The object of the study are employees and managers in various organizations in Bulgaria, and the research subject refers to the factors that make up the organizational capacity for change and their interrelationship with adaptability and organizational performance.

The defended thesis is that the organizational capacity for change helps to increase the adaptability and improve the performance of the organization in the long term (pp. 8-9). For this purpose, two main hypotheses are tested. The data were collected using a standardized quantitative questionnaire from a non-representative sample of employees and managers of organizations in Bulgaria. These data were processed using factor analysis and multiple regressions.

3. Evaluation of the theoretical and scientific-applied results

In the **first chapter**, an in-depth literature review of the main theories and concepts related to organizational development and change (point 1.1) as well as of the construct *Organizational capacity* for change (point 1.2) is made.

In **part one** of this chapter, key features and authors from the field of organizational development are revealed, which is further used to build upon with the problems of organizational change. Major theories explaining organizational change processes are presented, such as resource-based theory, dynamic capabilities framework, and the concept of organizational ambidexterity. A number of definitions of organizational change, the reasons for such changes, the factors from the external and internal environment, having a significant influence on the success or failure of the change, are analysed in detail. Main characteristics and dimensions of organizational changes, as well as the different typologies of changes, are derived. The main theories and models for managing organizational changes are discussed, seeking an answer to the question - whether these changes can be planned and managed or only monitored and directed. Four ideal types of theories of change are presented in Fig. 1 (p. 37), and a model of a planned change - in Fig. 2 (p. 37). The bottom line is that all analysed patterns of change more or less follow K. Lewin's classic model of three steps (unfreezing - moving - freezing). On this basis, a transition is made to more specific topics such as: resistance to change; organizational readiness for change and change leadership. Different (mostly consulting) models for successful implementation of changes are also shown. This section concludes with a summary of the reviewed literature on the understanding and characteristics of organizational change.

Part two of the first chapter is devoted exclusively to the concept of organizational capacity for change. It is shown that there are still few studies on this issue, which is why there is no generally accepted definition. Some basic definitions are presented in Table 1 (pp. 47-48). Particular attention is paid to the differences in the understanding of similar terms such as change management, change readiness, and organizational learning. This construct is also related to organizational culture, leadership, organizational context (goals, structure, and climate), and previous experience with change. In summary, the dimensions of the organizational capacity for change are presented in Table 2 (p. 53). The author assumes that organizational capacity for change should be analysed in the context of the dynamic capabilities framework. Based on the literature review, 11 factors are derived that make up the organizational capacity for change: clear vision (goals); organizational flexibility (structure); reward systems; climate (cohesion); trust (in the leader); the organization's previous experience with change; valence (usefulness from a personal

perspective); distributive justice; participation in decision-making and implementation of previous changes; learning in the organization; leadership. Each of these factors is explained, indicating the relationship with previous research and results.

As a consequence of this, the first hypothesis (H1) is formulated - *the factors constituting the organizational capacity for change directly and positively influence the adaptability of the organization* (p. 62). As for organizational performance, it is stated that it can be defined in different ways depending on the different goals of the organization. The second hypothesis (H2) is that *the factors constituting organizational capacity for change directly and positively influence organizational results* (p. 63). The second part of the first chapter ends with a summary of the analysis of the construct *organizational capacity for change*, and the author's own definition is also given (p. 67).

Chapter two consists of three parts: methodology, analysis of results, summary and conclusions. In the methodology section, the choice of quantitative research is justified, and some problems related to conducting the research itself in the conditions of a pandemic are indicated. The conceptual framework of the study is presented in Fig. 3 and Fig. 4 (p. 68) - essentially these are two models outlining the influence of the identified 11 factors separately on the adaptability of organizations and organizational performance. The independent variables of these models, their relationship with previous studies, the indicators that make them up and the scales used are described in detail. Two dependent variables are presented in the same way. The indicators used to evaluate the factors and dependent variables, as well as the sources used for their identification, are given in Table 3 (p. 74-75), which is a significant achievement of the author. The study also includes two groups of control variables relating to the characteristics of the organizations under study and of the respondents themselves. These variables are presented in Table 4 (pp. 78-79).

Based on the literature review of the indicators, a questionnaire was compiled, which was slightly shortened after the pilot testing. The questionnaire contains 50 statements/indicators, 5 questions about the respondent and 5 questions about the organization (Appendix 1, pp. 165-173). The survey itself was conducted in the period November 2020 - January 2021 through an online questionnaire, due to the pandemic situation. The analysis of the results presents the sample of 204 respondents in terms of the socio-demographic characteristics of the respondents and the organizations.

A factor analysis was made to identify the 11 factors derived from the literature analysis. The requirements for its application were met and 39 indicators were used for a total of 200 observations. As a result, 6 factors containing 20 indicators were obtained (Table 7, p. 89-90). The Kaiser-Meyer-Olkin (KMO) goodness-of-fit coefficient is above 0.7 and the model is statistically significant. These 6 factors explain slightly above 77% of the variance in the data. The factors excluded from the factor analysis are also commented. The reliability of each of the factors is checked by means of Cronbach's Alpha. All of these factors have a value above 0.7, and one of the factors has a value close to this limit (0.651) (Table 8, pp. 93-94). The reliability of the constructs representing the dependent variables (adaptability and organizational performance) is also shown. Each of these six factors, as well as the two dependent variables, were transformed into new composite variables, representing the average value of their constitutive indicators.

All these factors are discussed in depth in relation to the previous literature analysis - their use in previous studies, ways of scaling and results obtained. Next, the distribution of these factors is given depending on the obtained values and on some control variables such as sector, ownership origin, export orientation, job position of the respondent, form of ownership, size of the organization.

The two research models have two dependent variables: *adaptability and organizational performance*, respectively, for which the two hypotheses are formulated. The verification of these hypotheses is done by means of two separate multiple regression analyses, meeting the requirements for their application. Stepwise regressions were performed first, followed by hierarchical regression models.

The results of the multiple regression analysis provide grounds for partial confirmation of both hypotheses. About H1 - three of the factors constituting organizational capacity for change (leadership, organizational flexibility and previous experience with change) have a direct and positive influence on *adaptability*. Private ownership of organizations also directly and positively affects *adaptability* (Fig. 29, p. 135). About H2 – three of the factors (leadership, valence and organizational flexibility) have a direct and positive influence on *organizational performance*. Of the control variables, only size (large organizations) has a direct and positive influence on organizational results (Fig. 30, p. 136). The theoretical significance of the obtained results, their practical applicability, as well as directions for future research are revealed. The limitations of the study are indicated on p. 145.

In the **conclusion**, a summary of the conducted research is made from the point of view of the set goals, the defended thesis, the applied methodology and the obtained results.

4. Evaluation of theoretical and scientific-applied contributions

On this basis, five contributions are formulated, which are the personal achievements of the author. These are: (1) Systematized theoretical and empirical research in the field of organizational change and definition of organizational capacity for change (2) Factors that influence the capacity of organizations to implement change are derived; (3) An author's instrument for assessing the capacity for change is proposed and an original author's research was conducted; (4) The relationship between the derived factors constituting change capacity, *adaptability* and *organizational performance* is revealed; (5) Two of the scales used were validated in respect to: (a) the GTL instrument for measuring transformational leadership, and (b) the scale for measuring *organizational performance* in another national context.

5. Evaluation of dissertation publications

On the topic of the dissertation, the candidate has 4 publications, of which one is co-authored and three are independent. Three of the publications are in English and one in Bulgarian. The review shows that most of the content of the dissertation has been approved in these publications.

6. Evaluation of the abstract of dissertation

The abstract of dissertation has a volume of 45 pages, reveals the main points of the dissertation work in a synthesized form and as such meets the requirements.

7. Critical notes, recommendations and questions

I have no specific comments on the work presented. My question to the candidate is what is and how can organizational change capacity be built to be useful for decision making in cases of rapid, sudden and unpredictable change.

8. Conclusion

The presented dissertation is a serious study of the issues related to building organizational capacity for change and its importance for *adaptability* and *organizational performance*. The

doctoral student performed a thorough and critical analysis of the relevant literature, conducted her own empirical research, processed the obtained data at a very good level, on the basis of which she drew the relevant conclusions. Literature sources are used correctly, and the author's own understanding is given on some topics. The researched issues are extremely relevant, which has been confirmed in recent years by the rapid and unexpected changes in the external environment to which organizations had to adapt in order to survive and develop. The obtained results contribute to the understanding of the importance of the derived factors for the formation of more adaptive organizations and improvement of their performance in conditions of rapid and unpredictable changes. With this work, the doctoral student emerges as a serious researcher with a responsible attitude to scientific activity.

All this gives me the reason to propose to the esteemed jury to award Assistant Professor Irena Borisova Mladenova the educational and scientific degree "Doctor" in professional field 3.7 "Administration and management", doctoral program Business Administration.

21.12.2022

Referee: Prof D.Sc. Zhelyu Vladimirov