VILNIUS UNIVERSITY

Gediminas Baublys

Identification and Development of Business Organization's Proactive Transformation Competence

DOCTORAL DISSERTATION

Social Sciences,
Management (S 003)

VILNIUS 2023

The dissertation was prepared between 2017 and 2023 at Vilnius University.

Academic supervisor – Assoc. Prof. Dr. Jolanta Žemgulienė (Vilnius University, Social Sciences, Management – S 003).

Academic consultant – Prof. Dr. Vilma Žydžiūnaitė (Vytautas Magnus University, Social Sciences, Education, S 007)

This doctoral dissertation will be defended in a public meeting of the Dissertation Defense Panel:
Chairperson – Prof. Dr. Rimvydas Skyrius (Vilnius University, Social Sciences, Management – S 003).

Members:

Prof. Dr. Giedrius Jucevičius (Vytautas Magnus University, Social Sciences, Management – S 003),

Assoc. Prof. Dr. Virginijus Tamaševičius (Vilnius University, Social Sciences, Management – S 003),

Assoc. Prof. Dr. Erika Vaiginienė (Vilnius University, Social Sciences, Management – S 003),

Prof. Dr. Jonathan Winterton (Leeds University Business School, Social Sciences, Management – S 003).

The dissertation shall be defended at a public meeting of the Dissertation Defense Panel at 10:00 a.m. on June 27, 2023, in Meeting Room 402 of Vilnius University Faculty of Economics and Business Administration.
Address: Saulėtekio 9, (Building II), LT-10222, Vilnius, Lithuania
Tel. +370 5 236 6126; e-mail: evaf@evaf.vu.lt

The text of this dissertation can be accessed at the library of Vilnius University as well as on the website of Vilnius University:
www.vu.lt/lt/naujienos/ivykiu-kalendorius

VILNIAUS UNIVERSITETAS

Gediminas Baublys

Verslo organizacijos proaktyvaus transformavimosi kompetencijos raiška ir formavimas

DAKTARO DISERTACIJA

Socialiniai mokslai,
Vadyba (S 003)

VILNIUS 2023

Disertacija rengta 2017–2023 metais Vilniaus universitete.

Mokslinė vadovė – doc. dr. Jolanta Žemgulienė (Vilniaus universitetas, socialiniai mokslai, vadyba – S 003).

Mokslinė konsultantė – prof. dr. Vilma Žydžiūnaitė (Vytauto Didžiojo universitetas, socialiniai mokslai, edukologija – S 007).

Gynimo taryba:
Pirmininkas – prof. dr. Rimvydas Skyrius (Vilniaus universitetas, socialiniai mokslai, vadyba – S 003).

Nariai:

prof. dr. Giedrius Jucevičius (Vytauto Didžiojo universitetas, socialiniai mokslai, vadyba – S 003),

doc. dr. Virginijus Tamaševičius (Vilniaus universitetas, socialiniai mokslai, vadyba – S 003),

doc. dr. Erika Vaiginienė (Vilniaus universitetas, socialiniai mokslai, vadyba – S 003),

prof. dr. Jonathan Winterton (Leeds University Business School, socialiniai mokslai, vadyba – S 003).

Disertacija ginama viešame Gynimo tarybos posėdyje 2023 m. birželio mėn. 27 d. 10 val. 00 min. Vilniaus universiteto ekonomikos ir verslo administravimo fakulteto 402 posėdžių salėje.
Adresas: Saulėtekio al. 9, (II rūmai), LT-10222 Vilnius, Lietuva
Tel. +370 5 236 6126; el. paštas: evaf@evaf.vu.lt

Disertaciją galima peržiūrėti Vilniaus universiteto bibliotekoje ir Vilniaus universiteto interneto svetainėje adresu:
https://www.vu.lt/naujienos/ivykiu-kalendorius/

TABLE OF CONTENTS

LIST OF FIGURES

LIST OF TABLES

DICTIONARY OF ABBREVIATIONS

CAS – Complex Adaptive System

CEO – Chief Executive Officer

CTM – Continuous transformation model

HRO – High-reliability organization

GDP – Gross domestic product

IETS – Inelastic Electron Tunneling Spectroscopy

KPI – Key Performance Indicator

OCC – Organizational capacity for change

OT – Organizational transformation

PEM – Punctuated equilibrium model

RBV – Resource-based view

R&D – Research and Development

S&P 500 – Standard & Poor's, a system of ratings by an American credit rating agency

TMT – Top management team

INTRODUCTION

In a rapidly evolving business landscape characterized by relentless technological advancements, globalization, and ever-changing market demands, organizational change has emerged as a critical element in ensuring an organization's longevity and sustained success. The need to not only adapt to but also anticipate and proactively drive transformational change has become a paramount concern for organizations across all industries. Despite the extensive body of research dedicated to understanding the intricacies of organizational change and transformation, a substantial gap remains in our knowledge of the processes and mechanisms that govern proactive transformation initiation within organizations. As such, this doctoral research delves into the realm of proactive transformation initiation as it seeks to explore the underlying process and illuminate the factors contributing to effective and sustainable transformational change.

Grounded in a rich theoretical foundation, this research acknowledges the complex and multi-dimensional nature of organizational change and transformation while recognizing that change initiatives do not occur in isolation, but rather are deeply intertwined with the broader organizational context. In order to address the dearth of understanding in this area, this thesis embarks on a comprehensive examination of the roles of attention, sensemaking, and organizational resilience in driving proactive transformation initiation, while also acknowledging the limitations of rational decision-making and the need for a more holistic, system-wide approach to organizational change management.

By investigating the process of proactive transformation initiation in business organizations, this research seeks to bridge the gap between academic understanding and practical application, thereby offering valuable insights and recommendations for organizations striving to navigate the increasingly turbulent waters of today's business environment. The current research pursues to shed light on the complex and largely unexplored terrain of proactive transformation initiation, thus elucidating the key organizational attributes and strategies which shape and enhance an organization's capacity to initiate and sustain transformative change. By contributing to the ongoing academic discourse and enriching scholarly understanding of this vital aspect of organizational change management, this research holds the potential not only to advance the field of organizational studies, but also to serve as a valuable resource for businesses seeking to adapt and thrive in an increasingly uncertain and rapidly changing world.

Significance of the research topic. Organizational change is a significant and long-standing issue in the management theory and practice. *What* organizations change and *why* they change – both of these issues have already been thoroughly investigated and elaborated upon. However, despite this knowledge, the processes involved in bringing about change within organizations have remained elusive and are still poorly understood (Van de Ven & Poole, 2021). Given the contemporary business landscape characterized by the constant flux and unpredictable changes, grasping how organizations undergo transformational change and the underlying mechanisms which facilitate such change is now more critical than ever.

Moreover, research shows that the longevity of businesses is on the decline, with the average lifespan of a company on the S&P 500 index falling from 61 years in 1958 to merely 18 years in 2019 (Viguerie, Calder, & Hindo, 2021). This is a clear indication that businesses must prioritize transformation efforts to ensure their long-term viability and success. However, the effectiveness and sustainability of transformation efforts are critical to achieving this objective. Moreover, the longevity of business organizations is declining (Viguerie et al., 2021), thus making it crucial to ensure that transformation efforts are both effective and sustainable.

However, despite the growing prevalence of organizational transformation initiatives, there is a concerning trend of these efforts falling short of their intended outcomes. Research indicates that only a small percentage of transformation initiatives are successful in achieving their goals. For instance, prominent business analytics and consulting firms, such as Boston Consulting Group (2020), Gartner (2019), and McKinsey & Company (2016) have reported that a minimum of 70% of business transformations fail to meet their objectives fully. This view is also shared by a number of scholars, with estimates ranging from 60 to the whopping 70% of change attempts being unsuccessful (Jørgensen, Owen, & Neus, 2009; Maurer, 2010; Thomas, George, & Rose, 2016). These findings underscore the critical importance of understanding the factors which contribute to the success or failure of organizational transformations and suggest a pressing need for organizations to take a more strategic and proactive approach to change management.

To remain competitive and viable, businesses must be agile and capable of adapting to external events by making strategic shifts to their operating models, structures, and processes. While organizational transformations have historically been seen as a means of addressing systemic issues and poor performance, the current climate demands that even thriving companies embrace transformation as a vital tactic of survival. The forces of

digitalization and globalization are eroding the traditional boundaries and hastening the rate of change, thereby making transformation a non-negotiable imperative for all businesses. Organizations are under mounting pressure to adapt and transform themselves rapidly to stay relevant and competitive, thus making it imperative to comprehend the intricate workings of change within organizations.

The relevance of this research topic is underscored by the growing importance of organizational transformation as a determinant of business success in an increasingly unpredictable and fast-paced environment. There is a compelling need to acquire a deeper comprehension of the factors that facilitate successful implementation and long-term sustainability of change initiatives. In this context, understanding the elements of proactivity in the change initiation process assumes utmost importance, especially given that reactive responses are unlikely to yield favorable outcomes. Therefore, this research seeks to shed light on the essential constituents of proactive change initiation which can enable businesses to navigate the complexities of transformational change effectively.

Research problem. Effective decision-making is critical for the success of any organization in transformational initiatives. However, the capacity for decision-making is limited, and managers often lack complete information to make strategic decisions. Moreover, decisions are not made in a vacuum, as managers are influenced by personal aspirations, demographic attributes, and the organizational context. Each decision leaves a mark and has implications for organizational behavior in the future (Senge, 2006). Consequently, the inherent limitations of rationality may lead to imperfect decisions (Gustafsson, Knudsen, & Uskali, 1993).

Top-echelon members are commonly viewed as the key decision makers when it comes to shaping the direction of their organizations (Park, Fiss, & El Sawy, 2020). However, it is important to recognize that the responsibility for navigating complexity, interpreting environmental cues, anticipating potential outcomes, generating multiple viable options, and ultimately making strategic decisions cannot solely rest on the shoulders of the CEO or the board of directors. In fact, the entire organizational system, with its various interdependent parts, must be able to display proactive behavior when faced with threats and/or opportunities.

Hence, in the context of transformational change, the initiation of rational and proactive responses is a multifaceted process with many complexities yet to be fully understood by the scientific community. This complexity of

organizational rationality in change initiation (Cabantous, Gond, & Johnson-Cramer, 2010) remains a key topic that has not been fully researched in organizational theory. Furthermore, while scholars have studied organizational change, little attention has been paid to the development of transformability and the necessary prerequisites for initiating proactive change in business organizations.

In the existing literature on organizational change, the primary emphasis is placed on reactive responses to external pressures, while still leaving a void in the academic comprehension of the mechanisms that drive proactive transformational change initiation. Additionally, there is a discernible lack of agreement among scholars regarding the nature of change and the most suitable approach for its implementation within organizations. This discord spans not only theoretical standpoints but also the discrepancy between the tactics utilized by practitioners, and, ultimately, the conclusions drawn from research in the field (Stouten, Rousseau, & De Cremer, 2018). This disconnection between scholarly work and practical application has led to fragmented understanding and suboptimal change strategies in practice. Consequently, it underscores the necessity for further exploration into the fundamental principles and processes of organizational change management in order to fill the knowledge vacuum and enable more efficacious change initiatives within organizations.

Despite the critical nature of proactive transformational change, the state-of-the-art research still lacks comprehensive understanding of the decision-making processes and organizational factors involved in its initiation. This gap in the literature hampers the ability of organizations to implement effective change strategies, and thus ultimately impedes their adaptability and resilience. In this context, this research tackles the research problem that has been largely overlooked in previous organizational studies (Rheinhardt & Gioia, 2021): the underexplored process underlying proactive transformational change initiation in business organizations. Specifically, the present study aimed to investigate the decision-making mechanisms in dynamic organizational contexts, the nuances of rationality in change initiation, and the interplay between individual and organizational factors that facilitate proactive transformation.

By exploring this uncharted territory, the research aimed to contribute to more profound understanding of the conditions necessary for effective transformational change initiation in organizations and to bridge the gap between academic understanding and practical application within businesses. Furthermore, the researcher explored the organizational attributes and

strategies shaping and enhancing the organizational capacity to initiate transformational change with the aim to present findings denoted by the potential of significant practical application for organizations in their efforts to become better equipped to handle the fluctuating conditions of today's turbulent business environment and improve their preparedness to recognize new business opportunities and serendipitous events (Busch, 2022). Moreover, organizations are enabled to become better equipped to create necessary conditions for the effective transformational change initiation process.

Research question. Within the context of the fragmented scholarly comprehension of the emergence of transformational change, this study aimed to unravel the complexities of proactive transformational change in business organizations. While pursuing the objective of uncovering the underlying mechanisms and factors influencing the initiation of organizational transformations, the research question posed was: *How does the process of proactive transformational change unfold in business organizations?* Through the exploration of this question, the study aimed to shed light on the critical elements and strategies that enable business organizations to proactively navigate the dynamic and ever-changing business environment.

Research object. The research object of this doctoral study was the complex and multifaceted process of proactive transformational change initiation which lies at the core of organizational adaptation and competitiveness in today's dynamic business landscape. By examining the various components and stages of this process, the research endeavored to uncover the critical factors and mechanisms enabling organizations to respond effectively to the emerging challenges and opportunities, thus ultimately contributing to their long-term success and sustainability.

The research drew upon the process ontology proposed by MacKay and Chia (2013) which posits that organizations, actors, and contexts are in constant, mutually interacting flux (A. D. Meyer, Gaba, & Colwell, 2005). This perspective emphasizes the interconnected and evolving nature of experiences and events rather than viewing them as static entities. Moreover, it insists on the all-encompassing unowned nature of processes (Langley, Smallman, Tsoukas, & Van de Ven, 2013). By exploring different organizations and examining their individual actors over specific timeframes, the researcher could analyze how their experiences were shaped by previous

interactions, events, and anticipations, and how this gained knowledge/data impacted their choices in a dynamic change initiation process.

Adopting a process ontological perspective allowed treating organizations as dynamic bundles of qualities, where some qualities persisted more than others, but no substance remained unchanged. This understanding of organizations aligned with the concept of *'process' meeting 'practice'* (Langley et al., 2013) as the relevance of past experiences to present situations depended on the social practices in which the actors were embedded (Feldman & Orlikowski, 2011; Sandberg & Tsoukas, 2011). Consequently, the research approach enabled to explore the intricate and ever-changing relationships between actors, environments, and organizations, as they collaboratively shaped and redefined the proactive organizational transformation initiation process.

Research aim. The primary aim of the research was to address the research question by constructing a comprehensive, substantiated grounded theory which systematically explicates the mechanisms and dynamics underlying proactive transformational change initiation in business organizations.

Research objectives. To achieve the primary aim of this research, the following research objectives have been methodically devised and pursued:

1. To conduct an extensive, iterative, and comprehensive review of the extant literature on the initiation of proactive transformation in business organizations so that to identify pertinent theoretical frameworks, models, and empirical findings which underpin the current understanding of the phenomenon.
2. To develop a rigorous and methodologically sound empirical research design by judiciously selecting research methods and instruments that are most suitable for data collection and analysis, thereby ensuring the credibility, dependability, confirmability, transferability, and authenticity of the research and the trustworthiness of the study findings.
3. To execute a rigorous, high-quality research process which adheres to the established methodological principles and ethical guidelines in order to collect and analyze data accurately reflecting the intricate dynamics of proactive transformational change initiation within the organizational context.

4. To illuminate the underlying factors, drivers, and contextual elements facilitating or impeding the process of proactive transformational change initiation.
5. To synthesize the study findings so that to advance theoretical knowledge and contribute to the development of novel, evidence-based strategies for managing proactive transformational change in contemporary business organizations.
6. To construct a well-substantiated grounded theory which would cohesively integrate the research findings, as well as incorporate empirical data and the currently available literature to explicate the intricate processes, mechanisms, and contextual factors governing proactive transformational change initiation in business organizations, thereby offering a holistic and nuanced understanding of this complex phenomenon.
7. To disseminate the research outcomes through various academic channels, including publications, conferences, and workshops, to stimulate a wider discourse on the subject and catalyze further exploration in the field of organizational change research.

Research methods. To answer the research question and accomplish the research objectives, the researcher integrated an inductive multiple case study (Eisenhardt, 1989; Eisenhardt & Graebner, 2007) and the grounded theory development methodology (J. Corbin & Strauss, 2014). The multiple case study included a sample of 11 enterprises representing the manufacturing sector. Data sources were direct observations, archival materials, and semi-structured interviews with key organizational leaders. The study also employed the narrative (Pautasso, 2019) and iterative literature review approach to identify research gaps and outline the current scientific knowledge on the phenomenon. The findings were then substantiated, and a grounded theory was developed through iterative, systematic consultation with the literature. This approach enabled thorough analysis of the data and ensured robust research outcomes. Moreover, continuous consultation with the relevant literature was crucial in developing the theoretical sensitivity of the researcher (Gibson, 2007; Glaser, 1978). The iterative and reflexive multistage literature review process (El Hussein, Kennedy, & Oliver, 2017) fostered a deeper understanding of the research situations and data, thus unveiling new perspectives which informed on the evolving theory.

Novelty and theoretical significance of the dissertation. As a result, the research engages with the ongoing academic discourse over the role of lower-echelon organizational members in facilitating sensemaking processes during change initiation and the dynamic nature of sensemaking in shifting contexts (Rheinhardt & Gioia, 2021). In addition, it contributes to the attention-based view of the firm (Ocasio, 1997) by investigating the understudied concept of attentional flexibility (Laureiro-Martinez, 2014) concerning the early identification of weak and less structured cues and environmental signals with a significant potential influence for organizations. It also responds to calls for identifying the causal effects of organizational attention on the processes of organizational change (Laureiro-Martinez, 2021).

Moreover, this doctoral thesis contributes to the understanding of organizational resilience by virtue of emphasizing the importance of adaptability and transformability as essential components of the resilience of a complex organizational system. By challenging the traditional static view of resilience (Lengnick-Hall & Beck, 2016), the research responds to calls to provide novel perspectives on the phenomenon (Sutcliffe, 2021) and offers a new approach as to how organizations can actively manage their resilience capacity. The study also highlights the need to balance adaptability and transformability to respond effectively to challenges and risks. In addition, the thesis proposes a novel perspective on resistance to change which links it directly to organizational resilience. Overall, this research offers valuable insights into the dynamic nature of organizational resilience and provides a new perspective on managing change in organizations.

The grounded theory presented in this study not only elucidates the proactive organizational transformation initiation process and the vital role that organizational attention and sensemaking play in this process, but also provides a novel definition of proactive organizational transformation competence. Central to this process is the capacity to sense and interpret stimuli in the external environment and initiate a corresponding behavioral response, a concept termed *organizational olfaction* within this research. The researcher, through collected evidence, explains how organizations effectively manage their dynamic attention, deliberately engage in sensemaking activities, and initiate transformations proactively. Furthermore, the research findings pinpoint those specific organizational attributes which bolster an organization's proactive transformation competence and enable it to adeptly navigate the process across four stages: *Ideation, Iteration, Incubation*, and *Initiation*.

Persuasive doctoral thesis statements provide a summary of the primary findings and substantiated propositions of the research presented in the doctoral dissertation:

1. The proactive organizational transformation initiation process unfolds through a pre-attentional system for sensing external stimuli and a post-attentional system which progresses through the stages of *Ideation, Iteration, Incubation,* and *Initiation*, and which culminates in a new transformative trajectory.
2. Organizations can achieve transformative change by proactively facilitating the exaptation of a new trajectory without completely deconstructing their existing system, while still preserving their core direction.
3. The organizational alignment that is grounded in a shared sense of purpose, identity, and culture serves as a catalyst for the initiation of proactive organizational transformation.
4. There exist distinct organizational attributes and strategies that can be replicated and are fundamental in fostering the development of proactive transformational competence.
5. Proactive organizational transformation competence is linked with organizational resilience capacity, which must be governed continuously, as excessively high resilience may impede the transition to a new transformational business trajectory.

Practical significance of the dissertation. The practical significance of this dissertation is multifaceted. By examining the process of the initiation of proactive transformational change in business organizations, the research provides valuable insights for managers, leaders, and practitioners who are seeking to implement successful transformational initiatives. The findings highlight the importance of developing and maintaining an organization's proactive transformation competence which can be achieved through the enhancement of organizational attention, sensemaking capabilities, and environmental awareness processing. The results also underscore the pivotal role that members of an organization's lower echelons can play in enhancing the efficiency of sensemaking processes during the initiation of change. If organizations leverage this potential more effectively, it is expected to culminate in more successful organizational transformations. Furthermore, this research contributes to the development of more effective change management strategies by identifying the specific organizational attributes and strategies that are essential in enhancing the capacity for initiating a

proactive transformation. By understanding the dynamics of organizational attention and sensemaking, managers can better design and implement change initiatives which would align with the organization's needs and capabilities. The study also offers practical guidance on how organizations can actively manage their resilience capacity and balance adaptability and transformability to respond effectively to challenges and risks in the ever-changing business environment. Hence, the findings of this study hold significant practical implications by virtue of providing organizations with actionable knowledge that can be employed to develop the necessary capacities and capabilities for effective transformation initiation, and which would ultimately contribute to enhanced organizational resilience, competitiveness, and longevity.

Structure of the doctoral dissertation. This doctoral thesis is structured into three main parts: theoretical background, research methodology, and research findings. The first section of the thesis provides a comprehensive overview of the theoretical underpinnings of organizational transformation. It explores the nature of transformation and examines the current scholarly comprehension of the role of attention and sensemaking in initiating proactive change. It also delves into the complexity theory as a framework to understand the causal complexity of organizational transformation and addresses the misalignment between research and practice in organizational change management. This section further investigates the concepts of capacities and capabilities as determinants of organizational competence and the role of organizational resilience in driving proactive change. The second section details the research methodology employed in this study. The grounded theory and the multiple case study integration are utilized to investigate the research question. The rationale for the chosen methodology, as along with the data collection and data analysis procedures, is explained in this section. Additionally, it discusses the rigor and trustworthiness of the research. The third section presents the research findings which are derived from the systematic analysis of the collected data. This section includes an exploration of organizational olfaction processing and transformation initiation processing, which are critical components in the dynamics of proactive organizational transformation competence development. Additionally, the grounded theory explaining these dynamics and the proactive transformation initiation process is presented, and thus a novel contribution is offered to the field of management research. The research findings are then discussed in relation to their theoretical contributions, while also highlighting the ways in which this study has contributed to the existing body of knowledge on

organizational transformation. The thesis concludes with an elaboration on the impact and significance of the research findings. The study's innovative approach toward examining the research problem is emphasized in terms of introducing new and expanded ways of thinking about organizational transformation. Additionally, recommendations for practice and future research avenues are provided, and insights are offered into how the findings can be applied in real-world settings and further explored in future studies.

1. THEORETICAL BACKGROUND

1.1. The Nature of Organizational Change

Organizational change is a major and long-standing issue in the management theory and practice. *What* organizations change and *why* they change is already thoroughly understood. Nonetheless, the processes through which transformational change emerges in organizations remain opaque (Van de Ven & Poole, 2021). To adapt to the dramatic shifts occurring in the business environment, a higher-level understanding of how organizations change and the processes through which they change is becoming increasingly important. Therefore, this research focuses on the genesis and initiation of change in business organizations, an area that has received little attention from organizational researchers before (Rheinhardt & Gioia, 2021). The mechanisms by which an organization's attributes and behaviors evolve over time are addressed, as are the factors that have an impact on these developments.

The currently developed organizational research has revealed a number of different, sometimes even contradicting perspectives on the nature of organizational change. Researchers have uncovered four fundamental conceptual motors (Figure 1) that are involved in initiating organizational change (Van de Ven & Poole, 1995) which have been employed by organizational scholars to construct models for explaining and managing change (Van de Ven & Sun, 2011):

1. *A life cycle model*: according to the paradigm, there is a specific order to the steps that must be taken in order for an organization to successfully undergo change. The organization determines the content of these stages at the outset of every cycle.
2. *A teleological model*: this approach views change through the lens of intentional behavior and rational adaptation as a cycle of goal formulation, execution, and the adjustment of actions and aims based on continual learning. The sequence stems from the social construction of an end-state vision by actors inside an organization.
3. *A dialectical model*: According to this viewpoint, tensions and conflicts occur between organizations holding opposing viewpoints which eventually synthesize and generate change, while also providing the foundation for the next cycle. This

continuous organizational development is fueled by conflicts and paradoxes.

4. *An evolutionary model*: this viewpoint explains the change through natural selection processes within populations, where the cycle is driven by competition between organizations. It is a sequence of variation, selection, and retention.

The four theories can be differentiated from one another based on the units and modes of change (Van de Ven & Poole, 2021). This differentiation also enables the identification of the motor or motors of a change prior to its completion. The unit of change indicates whether the change is the outcome of the efforts of a single organization, multiple members of an organization, or a group of entities. The mode of the change defines whether the sequence of the events associated with the change is predetermined and prescribed from the start, or whether it is constructed as the process of change unfolds. The prescribed mode of change advances the organization in a predetermined direction by preserving the form and the structure, and by enabling incremental, calculable adaptation. In contrast, the constructive mode of change produces new organizational forms and structures that are frequently discontinuous and unanticipated at the onset of the change.
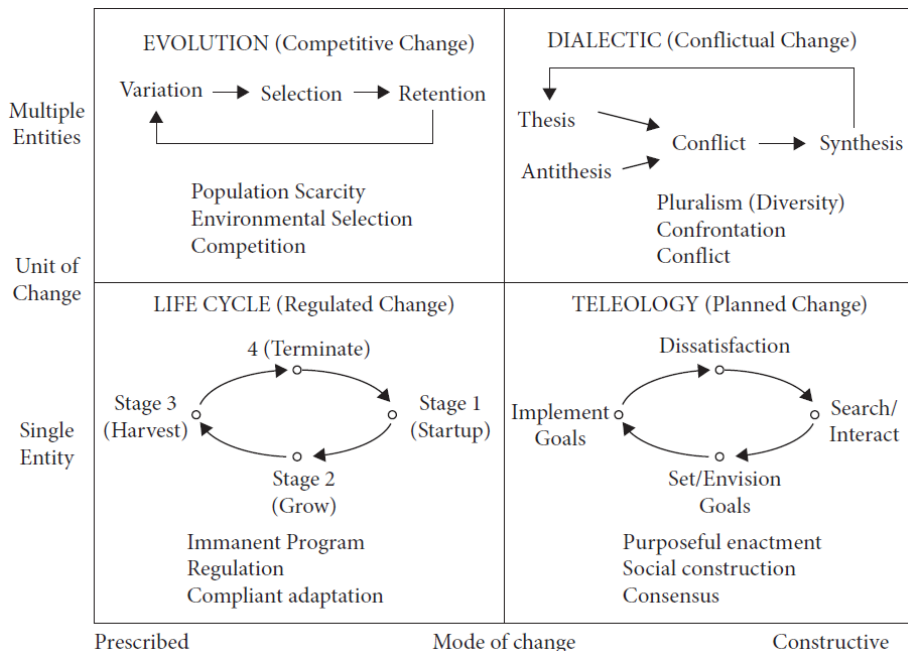
Figure 1. **Process models of organization change** (Van de Ven & Poole, 1995)

The organizational mechanisms that ultimately result in change are able to provide some insight into the change process. They do not, however, explain the underlying causes of change, nor do they identify the organizational competence characteristics that are required to proactively navigate the emergence of change. However, both explanations are necessary in order to completely comprehend the emergence of change in organizations. Change can also take place in a wide number of different forms that have been categorized by academics. They might be categorized as planned vs. unplanned, episodic vs. continuous, incremental vs. radical, and their origins can stem from a range of causes and be driven by a variety of motors.

The relationship between the organizational decision-making capacity and any planned changes is intricate. In addition to emphasizing and providing prescriptive management orientation for the planned change (W Warner Burke, 2021), the practitioner models analyzed in the subsequent sections of this study also emphasize this aspect. They strive to improve an organizational situation from the perspective of a teleologically envisioned end state (Van de Ven & Poole, 2021). Moreover, the contrasting definition (W Warner Burke, 2017; Porras & Robertson, 1992) of these two change forms, besides emphasizing change control and planning, highlights the importance of attention and proactive, purposeful action taken by an organization in the process of change initiation:

1. Planned change: it is an intentional, proactive, thought-out choice to modify the status quo and improve the organization.
2. Unplanned change: organization reacts to unanticipated external stimuli by changing in an adaptable and spontaneous manner.

Research on organizational change also draws a line between discontinuous and episodic change on the one hand, and continuous, evolving, and incremental change on the other hand (K. E. Weick & Quinn, 1999). This is an essential point of distinction. According to this viewpoint, episodic change necessitates not only the disruption of a current equilibrium, but also the establishment of a new equilibrium. Therefore, episodic change is most closely related to intentional, planned change.

Continuous change, on the contrary, categorizes changes that are typically continual, evolving, and cumulative. This perspective follows the presumption that changes emerge from continuous organizational development without the deliberate intentions of organizational actors (Orlikowski, 1996). It is rooted in the ongoing evolution of business processes and social practices (Orlikowski, 1996; Tsoukas, 1996). The distinction between episodic and continuous change echoes the thinking of other scholars

who have explored the concept of change in relation to the development of an organization. Changes that are incremental versus changes that are radical (Tushman & Romanelli, 1985), changes that are first-order versus changes that are second-order (Levy & Merry, 1986), changes that enhance competence against changes that destroy competence (Abernathy & Clark, 1985), or changes that are continuous versus changes that are discontinuous (A. D. Meyer, Brooks, & Goes, 1990; A. D. Meyer, Goes, & Brooks, 1993) are all examples of these types of concepts reflecting equilibrium shifts in organizations.

Therefore, there is a tendency in organizational research to classify changes, and some researchers even take the practice of categorizing changes one level further. For instance, the body of academic research distinguishes between three primary types of organizational change, both in terms of breadth and depth (Ackerman, 1986; D. Anderson & Anderson, 2010):

1. *Developmental change* improves the current situation, process, and method. Business organizations often undergo major or minor development changes, while aiming to increase individual parts of the business organization's efficiency and maintain the overall competitiveness. In essence, it is the same continuous and incremental change that has been categorized further.
2. *Transitional change* is a significant change in the organization where existing new processes or procedures, products, or production elements replace old ones. Other company acquisition(s), merger(s), new product development, and the adoption of new technologies are examples of transition. It fits the same category of incremental and continuous change.
3. *Transformational change* is a radical shift to a new state of being. It is a fundamental change in operations and processes, structure, culture, and strategy. It also sets the new strategic vision of the organization and involves a critical mass of stakeholders. This change is radical and discontinuous.

All of these categories, however, are based on retrospective research. Changes are grouped and assigned an abstract category after assessing their outcomes and consequences (Van de Ven & Poole, 2021). The urge to explain organizational change and propose prescriptive models drives this tendency. Ascertaining whether organizational change is continuous or episodic, rapid or incremental, and on a small or a big scale is necessary for developing appropriate strategies for its management (B. Burnes, 2017). However, as detailed in the following sections of this study, there are no uniform changes,

the already existing categories are insufficient to explain them all, and each individual change necessitates a unique set of organizational mechanisms and approaches.

Although academics classify incremental changes in a variety of ways and associate various abstract concepts with each of those categories, they continue to refer to radical changes in the same manner. Change that is radical, discontinuous, and of the second order is another name for organizational transformation. This research centered on these changes because organizational transformation is the least explained and the most complex type of change. It is still a subject of many organizational studies primarily because organizations are unable to transform themselves in today's turbulent business environment. Science has yet to discover the reasons.

According to analysis and research of business analytics and consulting firms, Boston Consulting Group (2020), Gartner (2019), and McKinsey & Company (2016), at least 70% of transformations are unsuccessful or do not reach objectives to the full extent. There are multiple scholars who are also of the opinion that as many as 60–70% of attempts at change are unsuccessful (Jørgensen et al., 2009; Maurer, 2010; Thomas et al., 2016). However, other scholarly work makes it clear that this consensus is frequently unsupported by evidence (Hughes, 2011), which is an important point to note.

Often it is assumed that such poor results are the consequence of poor transformation project management or lack of change management resources and skills (Heracleous & Bartunek, 2021). Other reasons that are frequently suggested or identified as contributing to failure include a lack of preparation, weak leadership, ineffective communication, or activities that are inconsistent with the changing scope (Heracleous & Bartunek, 2021; Raelin & Cataldo, 2011). The resistance of individuals to change is a cause that has also been frequently addressed (Battilana & Casciaro, 2013). However, the practical side of the transformation process management has developed for many years, and a broad range of various methods and literature are available for practitioners along with the support of highly competent consulting firms. There are also far more practitioner books and articles than theoretical or empirical studies on organizational transformation. Therefore, the causes of failure lie elsewhere, and this highlights the urgent need to rethink the nature of organizational change and transformation management from an academic perspective (Hughes, 2016).

Nevertheless, despite the broad consensus that the failure rate is high, and despite all the variables that cause failure, organizations still continue to change because the nature of change is significantly more complex than

merely rational choices, and the causes of failure are far more multifaceted (Heracleous & Bartunek, 2021). Therefore, this research followed the teleological and dialectical views, the assumption that one of the most significant rationales for such a low success rate is the lack of proactivity stemming from business organizations to respond to triggers with such a highly risky affair as transformation. Transformations can be reactive or proactive, planned or unplanned, and emerge from internal tensions and paradoxes.

In the scientific literature, three main categories of internal and external triggers are distinguished: crises (problems), potential crises (threats, risks), and opportunities (Kotter, 1995; Paton & McCalman, 2008). However, the factors that may catalyze transformation in one organization may have little effect on the development of another organization. Further sections of this work will support this decision through the complex adaptive systems theory and the organization's view as an open system functioning in an interconnected ecosystem. There are also an infinite amount of multilayered external and internal factors that might be referred to as transformational change triggers (Paton & McCalman, 2008). This uncertainty only makes it more difficult for businesses to evaluate them, to select the appropriate response, and take proactive actions. This further complicates the process of effective change management and diminishes the relevance of prescriptive models that are explored and compared in the subsequent sections of this study.

Due to the velocity and uncertainty with which the business environment is changing, authors are unable to provide a definitive list of complex factors. They can only offer generalizations based on historical cases. Meanwhile, from a business standpoint, what matters is a research-based scientific approach to identifying the factors that can trigger transformation and qualities that, if developed, could enable the company to be proactive in change initiation. Therefore, not only were scientific knowledge gaps intended to be filled with this research, but also a high level of practical value for businesses was being sought.

The need for business organizations to change and transform is well illustrated by the findings of corporate longevity studies of turnover in the *Standard & Poor's (S&P 500)* American credit rating agency ratings (Anthony, Viguerie, & Waldeck, 2016; Viguerie et al., 2021). The key insights include:

1. The 33-year average tenure of companies on the S&P 500 in 1965 narrowed to 20 years in 1990 and is forecast to further shrink to 15–20 years by 2030.
2. At the forecasted churn rate, about half of the S&P 500 will be replaced over the next ten years.

Another illuminating statistic highlighting the necessity for change in business is their decreasing capacity to sustain success for a long time. Only 52 firms have made it into every edition of the *Fortune 500* list which has been published annually by the *Fortune* magazine from 1955 to 2021, and which rates the 500 largest United States organizations based on their total revenue for the fiscal year under investigation. Thus, nearly 90% of the companies have either gone bankrupt, merged with another firm, or still exist but have fallen from the top companies ranked by total revenues. Many notable researchers have highlighted the accelerated and extraordinary changes which organizations have faced over the last few decades. They predict that these changes will continue to accelerate. Thus, not surprisingly, some scholars claim that, in some industries, companies may need to reinvent themselves every five years to keep up with the changes in the markets, competition, and technology (Bower & Paine, 2017). Organizations can only thrive and endure if they develop the capacity for change and adaptation.

Hence, the currently available organizational research provides evidence that complex sources of transformation catalysts and the multifaceted character of organizational change pose a great challenge for businesses operating in a high-velocity and uncertain business environment. It is to recognize threats and opportunities not based on patterns, but to be able to look forward, to anticipate future circumstances, and to forecast their potential influence and probable repercussions on the company. Moreover, the challenge is to gain the ability to choose the appropriate response proactively, whether it is a developmental, transitional, or transformative change, or motivated ignorance. Finally, it is to develop the skills and capabilities necessary to properly manage each unique transition while utilizing an individual approach.

In contrast, if organizations rely on patterns and inertia instead of innovating and renewing at the peak of their performance, or they are reluctant to take risks (since a transformation is a high-risk endeavor), they eventually fail to prepare for a plateau and decline in the evolution cycle. Many notable researchers have highlighted the accelerated and extraordinary changes that organizations have faced over the last few decades and predict that they will continue to accelerate (R. M. Kanter, 2008; Kotter, Kotter, & Rathgeber,

2006; Parker, Van Alstyne, & Choudary, 2016; Peters, 2004). Thereby, the inability to act proactively significantly reduces the likelihood of successful implementation of subsequent transformations. Later, when radical change has become inevitable as performance issues arise or environmental jolts happen, organizations must solve not evolution challenges, but instead, fight for survival. Thus, anticipating the need for transformation and initiating it proactively are the necessary prerequisites for successful implementation.

Due to the complexities of the phenomenon, the researcher of the present thesis took the purposeful position of the transformation process research through process theorizing since variance research would not have addressed similar subtleties (Poole, Van de Ven, Dooley, & Holmes, 2000). The review of the currently available body of literature made it clear that there is a need for explanations of the complex nature of events, accounts for the temporal linkages that exist between events, many time scales that exist within the same process, and the dynamic nature of processes. In addition, the primary emphasis of the research was placed on constructive modes of change because of the unpredictability, novelty, and uniqueness of the forms that they generate.

1.2. Organizational Transformation Concept Evolution and Theoretical Models

Scholars have been searching for an explanation of how organizations adapt to environmental changes for a long time, and have subsequently developed multiple theoretical models and concepts of organizational transformation. The pioneers in this scientific field focused their attention on the structural changes that occur within organizations and argued that organizations are slow to adapt and generally resist change, even when confronted with major environmental threats (Miller & Friesen, 1980). Thus, in their opinion, companies would choose to adapt in an incremental way. The scholars who hold this viewpoint characterize change as an incremental process in which separate components of an organization deal with *one issue* and *one objective* at a time (Miller, Friesen, & Mintzberg, 1984). Organizations are eventually transformed as a result of these incremental changes in reaction to both internal and external pressures.

This reasoning heavily relies on the assumptions that organizations are incapable of evaluating performance accurately, and that they tend to pursue stability and avoid uncertainty. Therefore, this organizational transformation model is supported by tenets that organizations are constantly changing, but rarely deviating from the established direction. Consequently, adaptation led

by momentum and internal biases will inevitably cause dramatic revolution periods with reversals in the course of change across a significantly large number of company variables. In some cases, this pervasive momentum will cause multiple issues, and the organization will have to rebalance itself between the established trajectory and the environmental requirements.

In another article, scholars proposed that organizations must avoid radical organizational changes in an unstable environment until a significant crisis has developed (Miller, 1982). Although, such dodging and incremental development might create a substantial gap in adaptation and disharmony between the environment and the strategy, which may require an abrupt organizational transformation to rebalance again. These incremental changes transform an organization when they change many components of organizational configuration. However, D. Miller (1982) also concluded that revolutionary – or 'quantum' – changes in stable intervals might often be the most economically sound option for transformational change. In this case, incremental changes may inflict unpredicted and severe costs that may cause turbulence in the organizational configuration, and they might outweigh the benefits of improvements. 'Quantum' change, in this case, is a fundamental structural change when many organizational elements change in a major or minor way within a brief interval. This view highlighting changeless and stable intervals punctuated by revolutionary periods in the works of other scholars evolved into the *punctuated equilibrium model* of organizational transformation (Gersick, 1991; Miller et al., 1984; Tushman & Romanelli, 1985).

It is important to note that these considerations supported the view that organizational adaptation lags arise due to the inertia of business structures in the face of external instability. Scholars argue that organizations denoted by strong structural inertia or possessing a structure that is difficult to change have a larger capacity for reliable and accountable performance. Adaptive actions in an uncertain environment may eventually generate random future value because the connection between the actions of individuals, organizational actors, and outcomes for the whole corporate adaptation is not fully understood (Hannan & Freeman, 1984). Thus, many scholars almost universally supported the idea of incremental, limited, and controlled change (A. Pettigrew, Ferlie, & McKee, 1992; Quinn, 1980, 1982).

Moreover, organizations in high uncertainty may demonstrate random behavior even though rational individuals have made all decisions. This reasoning also grounded the rationale as to why organizations rarely implement radical changes successfully. Researchers also raised significant

doubts that organizations as a network of individual actors display the same capacities as a sum of individual capabilities, which was the source of academic concern about what constitutes the organizational capacity to adapt to a dynamic environment and manage transformations successfully. Nonetheless, from this research perspective, radical (Hannan & Freeman, 1984) and revolutionary (Miller, 1982) changes both became synonyms of organizational transformation.

As it was noted before, other scholars further developed theories of organizational change and development and proposed the punctuated equilibrium model of organizational evolution based on the ecological adaptation approach (Tushman & Romanelli, 1985). Their findings suggest that organizations need to transform themselves and adapt to changing environmental conditions as the environment selects out those who fail to reorient promptly and successfully. This theory claims that convergent periods of organizational progress punctuate by significant reorientations which set the new ground for the next convergent period. During these relatively long periods, organizations adapt and change incrementally. In contrast, reorientations are short and discontinuous changes when organizations are fundamentally transformed into new coalignments.

These scholars also highlighted that executives direct and shape reorientations while mediating between organizational inertia and the need for radical transformation when incremental changes fail to achieve a sustainable performance level. They named two main forces for transformation: low performance or substantial changes in the environment. According to this view, transformations are proactive when companies (executives) respond to the changing competitive conditions, threats, or opportunities, whereas they are reactive when it is a result of a crisis. Other scholars who developed the punctuated equilibrium model further argued that even if the majority of businesses can adhere to the incremental model of change, they must eventually undergo a period of rapid and fundamental transformation (Gersick, 1991; Orlikowski, 1996). These punctuated discontinuities are brought on by changes in either the external circumstances, or else in the internal context.

The punctuated equilibrium model of organizational transformation gained much attention in later research by various scholars. It is worth noting that it was not the only model that emerged in the scientific field at the same time from the perspective of organization and environment interaction. For example, (Levy & Merry, 1986) summarized that organizational transformation deals with conditions under which an organization cannot

continue to exist and has radically changed its essential elements – mission, goals, structure, and culture. They presented an integrated model of organizational change identifying relationships between the internal and external forces and organizational characteristics in need to find the new 'fit'. However, this model was explicitly theoretical, and it was not supported by conclusive empirical evidence; therefore, it gained very limited support.

Following the evolution of the modern organizational transformation studies, it is crucial to focus on an important paper by (Gersick, 1991) in which she explored how organizations progress by undertaking the system theory and punctuated transformation concept perspectives. She explained the interrelation of stability (equilibrium) and the punctuated revolutionary change through the construct of the underlying organizational order or the deep structure which limits changes during the stability periods, while also accepting only incremental change, and fundamentally alters and enforces transformation on radical punctuation. While advocating for the punctuated equilibrium model, she emphasized that organizational systems are configured differently, and interaction between its elements is unpredictable during punctations. Historical decisions, organizational elements and activity, and different feedback forms between them cumulatively reinforce the whole system, but, on the other hand, make it complex and unpredictable. Therefore, every reorientation is systematically varied, and how it benefits or harms the systems also differs. The central finding of this research was that systems are not necessarily improved, and they might even be damaged by the change.

Furthermore, according to this view, organizational inertia serves as the foundation of stability by preventing the system from deviating from the strategic trajectory. It improves firm adaptation and effectiveness in a stable environment. However, during revolutionary periods, organizational inertia is the factor why deep structures of the organization must be broken, and the overall system disorganized, before transformation to the new configuration. Inertia might create such a substantial gap in adaptation that dramatic corrective actions in the form of revolutionary changes will be needed (Miller et al., 1984). During the transition period between the old and the new equilibrium, the deep organizational structure has to navigate in the face of future uncertainty.

Besides, research emphasized two potential triggers for transformational punctations: reaching key milestones and attracting newcomers during crises (Gersick, 1991). However, the scholar also observed that the more inert a system is, the less likely it is that modifications can break the existing equilibrium. This claim supports the opinion of other proponents of the

punctuated equilibrium model that system members cannot initiate revolutionary moments. Consequently, deep crises and outsiders are necessary to interfere and disrupt equilibrium periods (Tushman & Romanelli, 1985).

However, neither of the scientists provided a clear and reliable explanation of whatever is the correct 'fit' or configuration of an organization to adapt to the environment quickly, or to respond to the internal and external challenges with timely punctuated transformation. There was growing attention to discovering organizational archetypes, configurations, and gestalts (Greenwood & Hinings, 1993), but rather as a fixed point which marks the end of one stage and the start of another in organizational transformation and evolution. Scholars typically defined change as a *movement between archetypes* (Greenwood & Hinings, 1993). The reorientation, reconfiguration process itself, as well as the correct fit research, were missing, and organizations were perceived more as fixed structures operating in a stable state rather than a complex and unpredictable system of individual actors and networks of various connections. Thus, at this stage of the organizational transformation concept evolution, there was a significant gap in the scientific literature.

However, scholars punctuated the equilibrium model further. Organizational configuration, or coalignment, was defined as activity patterns that are interrupted by transformational punctuations (Romanelli & Tushman, 1994). It was assumed that, by virtue of being formed by the environment and managerial decisions, the initial patterns stay stable during the periods of inertia, and the already existing organizational systems and shared understandings of actors support such continuity. Therefore, only radical, episodical change in all organizational activities can cut loose from withholding inertia. It is a necessary condition in the punctuated equilibrium model. This view is similar to the deep structure explanation (Gersick, 1991). According to it, inertia is the basis for resistance to change, which, in turn, is the blocker for small changes and all-inclusive organizational adaptation.

Scientists (Romanelli & Tushman, 1994) maintained a position that transformation can be caused only by highly forceful impacts, such as a severe slump in performance, environmental changes, or the appointment of a new Chief Executive Officer (CEO) who could be uncommitted to the presently existing policies and strategy. Hence, the organizational transformation concept from the punctuated equilibrium model perspective was not seen as a positive phenomenon which can be initiated proactively during stable periods without significant risks or existential threats. Since theorists primarily theorized based on the most common and obvious observations and cases,

there is much ambiguity in their conclusions restricting other causes of fundamental transformation. They supported their arguments with scant empirical evidence.

However, it is essential to mention that, in their multiple case study, researchers distinguished between two modes of transformation. According to them, a revolutionary transformation is one that alters the strategy, the structure, and the power distributions within a short (in their study, it is two years) period. Meanwhile, non-revolutionary transformation is the one that changes the same three elements, but in a more extended period. Therefore, it is a sequence of smaller incremental changes (Romanelli & Tushman, 1994). However, even this study strongly advocates for the incapacity of organizations to undertake transformations by making incremental adjustments. Despite this, no pieces of empirical evidence were offered that could deny or totally support the possibility of such a paradigm.

Therefore, both the incremental and punctuated models of organizational transformation have been extensively criticized for their fundamental assumptions (B. Burnes, 2017). Primarily, this includes statements that organizations operate within or go through long periods of stability. Also, the model was criticized for claiming that stability is the natural or desirable state for organizations (Orlikowski, 1996), and that in all cases seeking transformation through punctuated change can eventually destroy organizational competence and lead to collapse (Sastry, 1997). It is essential to note that even those scholars who defined the concept of punctuated transformation admitted that even though the punctuated equilibrium model was becoming more prevalent, not much research has been done to test whether or not its basic arguments are correct and theoretical claims are valid (Romanelli & Tushman, 1994).

Thus, other scholars further questioned the model of punctuated equilibrium and contradicted that organizational transformation, which is fundamentally changing organizational structure and existing practices, cannot be considered only from the organizational stability and fit perspective. Arguments were offered that organizational transformation might emerge not only from the management decisions or technology change, but rather from situated everyday practices of actors (Orlikowski, 1996). Continuous improvisation and innovation, self-organization, and learning could be the source of substantial flux as well. Moreover, empirical evidence was provided, and it proved that transformation might also be grounded in micro-level changes that individual actors make. Thus, the planned organizational change viewpoint has been criticized due to its rigid and exclusive reliance on

management rationality, which disregards the possibilities of proactive transformation and the engagement of other organizational actors.

Thereby, the *situated change perspective* (Orlikowski, 1996) was proposed, where transformation is considered as continuous, more slow change that emerges from improvisation, unintended outcomes of the actors' actions in ongoing everyday practices. Such a view does not stand in radical contrast with the rapid, all-inclusive, and discontinuous punctuated equilibrium perspective. However, this view still challenges it as being not complete in terms of understanding organizational transformation in full. It also provides evidence that it can be unpredictable, achieved gradually, or even not have a clear endpoint as it may be continuous.

In contrast to the punctuated equilibrium model of organizational transformation, continuous change is considered as ongoing, while also cumulating together different organizational changes. Therefore, it is unintentional and situated in everyday practices, work, and processes of organizations. Scholars suggested that many smaller adjustments simultaneously implemented in different parts of the organization can eventually evolve into substantial qualitative change. Therefore, organizations are the development of both types of transformations: those that start from the failure to adapt and those that never stop (K. E. Weick & Quinn, 1999).

Furthermore, this evolution through variations never stops and generates conditions for unexpected consequences which might add up to larger and more widespread changes (Orlikowski, 1996). Proponents of the view also agreed that punctuated changes are mainly caused by inertia and organizational inability to adapt, while continuous transformation is driven by constant altering and instability. Thus, organizational transformation in an 'ideal organization' is the constant recombination of both *reactive* modifications and *proactive* actions led by corporate goals and intentional managerial decisions rather than formed by unmanageable and unforeseen convergence periods (K. E. Weick & Quinn, 1999).

As evidenced by the comparison of organizational transformation models and the concept evolution analysis, there was a strong distinction between the change that is infrequent, intentional, or episodic, and the change that is incremental and continuous. There were prominent academics who made substantial contributions in support of the perspective of incrementalism. They commonly advocated for successive, limited, and negotiated changes (A. Pettigrew et al., 1992; Quinn, 1980, 1982). Japanese corporations have been the foremost exemplars of incremental change and organizational development at that time (Prahalad & Hamel, 1989). Moreover, academics

promoted incremental change as a means of avoiding inertia and extreme transformational changes that can be detrimental to companies (Dunphy & Stace, 1993). However, as business environment volatility increased, academics began to acknowledge that stability is an uncommon and difficult-to-achieve state for businesses and that transformations are frequent and often long-lasting (A. M. Pettigrew, Woodman, & Cameron, 2001; K. E. Weick & Quinn, 1999). As a result, the interest in how organizations transition between periods of stability and instability has increased.

Thus, the delimitation of organizational transformation models also lies in the perception of inertia which has to be understood before the organizational change can be understood (K. E. Weick & Quinn, 1999). As depicted by the punctuated equilibrium model, during the times of stability or equilibrium, interdependencies between internal organizational parts strengthen, and inertia increases by sacrificing continuous adaptability to external changes. Consequently, adaptation gaps widen. They pave the way for severe effectiveness issues and incur a high risk of laying the foundation for transformational change in the future. Therefore, the new equilibrium that is created after a punctuated change is considered an outcome of adaptation failure (Dunphy, 1996). It is essential to underline that such a significant shift is being considered a planned managerial response to the problems or high risks that have been identified.

Therefore, some scholars argue that the punctuated equilibrium approach and reconfigurations as a response to critical problems may be the determinant of the eventual downfall of an organization as they are reactive measures and might be taken too late (Sastry, 1997). Organizations may be unable to address accumulating threats and pursue radical reconfiguration in the face of them, thus putting themselves at risk of critical failure. Several scholars, for similar reasons, criticized both the incremental and the punctuated models of change, by arguing that continuous change should be embraced within organizations instead (S. L. Brown & Eisenhardt, 1997).

The proponents of this paradigm asserted that, in order for businesses to survive in the long run, they need to develop the ability to continuously reinvent and transform themselves (K. E. Weick & Quinn, 1999). The idea that the environment in which organizations operate is changing swiftly, profoundly, and in an unpredictable manner, and will continue to change in these ways, is the fundamental rationale for the continuous transformation paradigm (B. Burnes, 2017). According to the proponents of this approach, in order for organizations to be sustainable over the long term, they must be able

to continuously change and adapt in response to fluctuating environmental conditions.

Furthermore, this view has received widespread support from academics who were aiming to apply complexity theories to organizations (Wheatley, 1994). Numerous scholars who endorsed this perspective claimed that organizations are complex adaptive systems that must run on the edge of chaos and pursue a state of being capable of spontaneous, self-organizing transformation in response to changing demands of their environments in order to survive (Bernard Burnes, 2005; Lewis, 1994; MacIntosh & MacLean, 1999, 2001; MacLean & MacIntosh, 2011; Stacey, 1996, 2007; Stickland, 2002). Even though there have only been a limited number of empirical studies that offer compelling evidence to support the complexity view of organizations, this perspective has garnered a significant amount of attention and support as having a significant amount of potential to explain organizational behavior and the capacity to transform.

Hence, with these new studies, the criticism directed toward the punctuated equilibrium model evolved even more, and even scholars who had previously claimed that organizational system members are unable to initiate revolutionary changes due to withholding inertia (Tushman & Romanelli, 1985) later shifted their focus on the organizational capability of proactive transformation (Tushman & O'Reilly III, 1996). The transformation research employed a novel organizational ecology perspective which proposes that organizational populations are under environmental pressure and threaten extinction if they do not adapt quick enough. Companies adapt to environmental changes incrementally, and only those survive that gain the best fit. However, this process extends only until the fundamental discontinuities in the environment when the already existing strategies and practices are unable to cope with changes anymore. Paradoxically, then, the organizations with the strongest fit (and inertia) are the weakest and become the objects of natural selection. However, these authors also affirm that the fit is never perfect, and thus it requires continuous enhancement through evolutionary changes. In a long period of organizational development, incremental changes form structural and cultural inertia, whereas the complexity and organizational system interrelations grow.

Therefore, sometimes, in order to survive, managers might be required to destroy the fit that has made their organizations successful. With these assumptions, scholars concluded that organizations must become ambidextrous – simultaneously implement incremental changes and operate in full readiness to proactively transform (discontinue) the existing fit and

36

configuration of the organizational system. According to the authors (Tushman & O'Reilly III, 1996), ambidextrous organizations share some specific commonalities which are listed in Table 1.

Table 1. **Commonalities of ambidextrous organizations** (Based on (Tushman & O'Reilly III, 1996))

Element	Commonalities
Organizational architectures	1. Units are small and autonomous, with delegated ownership and responsibility for their results. 2. Consistency is attained through individual accountability, information sharing, and strong financial control. 3. Risk tolerance is high. 4. Decisions centers are as close to the customer or the technology as possible. 5. Top management focuses on operational improvement. 6. Employees possess specific expertise in the field of occupation. 7. Reward systems emphasize results and risk-taking.
Multiple cultures	1. Reliance on simultaneously tight and loose social controls. 2. Strong reliance on a firm, widely shared corporate culture, which integrates and encourages identification and sharing of information and resources. 3. Critical norms of innovation, such as openness, autonomy, initiative, and risk-taking, are highly prioritized. 4. The expression of common values varies loosely according to the type of innovation required. 5. Culture is supported by a shared vision and by supportive leaders who not only encourage the culture, but also allow appropriate variations to occur across business units. 6. Promotion of autonomy and risk-taking. 7. Local responsibility and accountability are assured through strong, consistent financial control systems.

Element	Commonalities
Ambidextrous managers	1. The long tenure of managers. 2. A social control system is continuously reinforced. 3. Leaders are low-keyed, but they still embody the culture and act as visible symbols of it. 4. The senior team continually reinforces the core values of autonomy, teamwork, initiative, accountability, and innovation. 5. Managers are always striving to renew themselves. 6. Promoted variation through strong efforts to decentralize, to eliminate bureaucracy, and encouraged individual autonomy, accountability, experimentation, and risk-taking.

Although researchers identified a long list of qualitative features of organizations that could enable the ability to pursue proactive transformation, their study can still be vigorously challenged as it was based only on one company case study. Their characteristics are overly broad, and therefore they suffer from weak practical significance. Nonetheless, their insights that the ability to take risks and introduce proactive discontinuous changes before a performance decline would give a definite advantage for organizations to survive contributed significantly to further research. Several years later, scholars expanded this explanation of the capability of proactive discontinuous change execution. They added that it is the primary responsibility of senior teams to implement such strategic orientations proactively. However, they are very risky, and therefore, often, top management teams have to be transformed in advance to interrupt inertia (Tushman & Smith, 2002). They also pointed out that transformations are inevitable, and, if not done proactively, they will have to be implemented reactively with a higher risk and time pressure. These statements had a more theoretical and observative nature in comparison to empirically tested statements. Nonetheless, they represent one of the few examples of organizational proactivity in the change initiation research.

In summarizing the research on the organizational transformation concept evolution and the relevant theoretical models, it can be concluded that there were significant differences of opinion regarding the nature, intensity, and scope of change in organizations (B. Burnes, 2017). According to what has been covered in this part of the dissertation, the three most significant and

prominent models are those that evolved from these different points of view. They can be encapsulated and differentiated based on the primary ideas that they present as well as the criticism that they have received:

1. *The incremental model*. This viewpoint dominated the field of organizational change research for a long time. It sees change as the organization's deliberate and progressive response to external or internal influences. This school of thought contends that transformation occurs when a series of independent changes in various parts of the organization are successfully implemented. However, because it is based on organizational and environmental stability, this strategy has been heavily criticized since the 1980s. Given today's fast-paced environment, when stability is more of an exception than the norm, the level of attention to this perspective has dramatically decreased.

2. *The punctuated equilibrium model*. Advocates of this view claim that organizations evolve through long periods of equilibrium (stability) which are punctuated by short, revolutionary moments when fundamental transformations of organizations happen. After each punctuation, organizations stabilize on a new equilibrium. This approach has been at the peak of attention since the decline of support for the incremental model of change. However, this viewpoint was subjected to the same criticism as its predecessor. The concept that businesses operate in long periods of stability and must wait for accumulated threats and hazards to commence transformation was not supported empirically.

3. *The continuous transformation model*. The assumption at the heart of this approach is that businesses in a disruptive and chaotic environment must gain the ability to continuously transform in order to survive. The organization, however, never achieves equilibrium, and each reconfiguration is followed by another one. This is in contrast to the punctuated equilibrium model, in which change is infrequent and episodic. It rejects the gradual approach of organizational change as well. Furthermore, changes might occur in multiple parts of the organization at the same time, which would ultimately lead to transformation. This school of thought contends that the ability to fundamentally transform is required for survival. Complexity theories, which regard organizations as complex systems, greatly support this viewpoint. Despite the

widespread acceptance from modern scholars, this viewpoint still lacks empirical studies and credible evidence.

The historical evolution of the concept of organizational transformation and the current state of the phenomenon research demonstrate that there is no universal theory of organizational transformation. Nevertheless, none of the currently existing models can adequately explain the nature and the causal complexity of organizational transformation in the contemporary business environment which is constantly shifting. The following section of the dissertation is devoted to a thorough examination of the perspective of organizations as complex adaptive systems, as it is currently defining organizational transformation research, and it also most closely corresponds to the tumultuous and fast-paced corporate environment of today.

1.3. Complexity Theory in Organizational Transformation Research

The importance of giving more consideration to complexity theories was highlighted in the organizational transformation concept analysis. There is empirical evidence that organizational transformation leads to qualitative change and adaptation throughout the entire complex system of the organization, which is far more than the enhanced performance or optimized operations and structure. Therefore, the context, time, history, process, meanings, politics, emergence, uncertainty, feedback, creativity, and transition are all important factors to consider while studying organizational transformation (Tsoukas, 1998).

There have been many attempts to provide all-inclusive models of the organizational transformation phenomenon. However, due to its inherent and contextual complexity, it is difficult to represent the phenomena of organizational transformation with a conceptual model that displays more than quantitative outcomes of transition (Baldwin, 2011). They seem relevant for a short period as, with the current development of complexity science it becomes clear that the organizational transformation is even more multilayered and complex, although scholars never tried to simplify it too much. The complexity theory is the least reliant on the linear evolution viewpoint (K. E. Weick & Quinn, 1999), and its advancement and application in organizational research may help to widen the understanding of organizational transformation. Hence, this section delves into how organizational adaptability and transformation are described from a complexity science standpoint.

It must be stressed that there is no single unified theory of complexity, but several different theories and concepts that have arisen from natural

science (Boisot, 2011; Cham & Johnson, 2007; Lawrence et al., 2006; Mitchell, 2009; Mitleton-Kelly, 2003). Additionally, there is a discernible divide between the complexity science and the organizational change studies. However, as many researchers believe, combining both is an unavoidable task if science is to advance to new levels of organizational change research.

Complexity science facilitates a comprehensive exploration of organizational transformation, examining it as both episodic and continuous change concurrently. It also promotes the analysis of the intricate interconnections between these types of change (Eoyang, 2011). As continuous, incremental changes transpire within certain areas of the organization, they may coincide with the emergence of radical and episodic transformations. From a Newtonian point of view that ignores or denies human agency, values, creativity, and social connections, this would never be possible (Eoyang, 2011).

A complex system is defined as a set of various interactions among its large number of constituent parts that act according to their particular context and limited knowledge of the whole system (Maguire, 2011). Their interconnected actions form system behavior which is unpredictable from the viewpoint of its elements. However, there is no universal description of what constitutes a complex system. Some scholars claim that any complex system is in continuous transformation by itself and its environment, and it can be described by ten characteristics (Cilliers, 2002) which are listed in Table 2. There is a more-or-less broad agreement among scholars to use this list as the description of the main features of a complex system (Maguire, 2011).

Table 2. **Characteristics of a complex system** (Based on (Cilliers, 2002))

Characteristics of a complex system
1. Any complex, dynamic system is continuously transformed by both its environment and itself.
2. The elements in a complex system interact dynamically.
3. The level of interaction is rich.
4. Interactions are nonlinear.
5. Interactions have a short range.
6. There are loops in the interconnections.
7. Complex systems are open systems.
8. Complex systems operate under conditions far from equilibrium.
9. Complex systems have histories.
10. Individual elements are ignorant of the behavior of the whole system in which they are embedded.

One of the possibilities to explore organizations and their nonlinear behavior is the *Complex Adaptive Systems* (CAS) approach which can be characterized by four components (P. Anderson, 1999): agents with schemata, self-organization, coevolution on the edge of chaos, and system evolution through recombination. Table 3 below provides a comprehensive description of them. Organizational transformation concept evolution analysis revealed that the notions of self-organization, emergence, and adaptation were early integrated into organizational transformation research. However, this integration is continual, and it is constantly changing the organizational transformation comprehension.

Table 3. **Complex Adaptive System (CAS) characterization** (Based on (P. Anderson, 1999))

Component	Description
Agents with schemata	• The basic idea is that agents (individuals or groups) act according to their specific perception of the environment. • Different agents can have different or the same schemata.
Self-organization	• Agents are connected through feedback loops, and their behavior depends on the behavior of others and on the overall state of the systems. • Systems self-organize as each agent acts according to their own observations and according to the information received through an individual network of feedback loops
Coevolution on the Edge of Chaos	• Agents evolve together. • Each of them is influenced by others and led by their own goals and interest(s). • Agent adaptation to the environment is dynamic, as outcomes are strongly dependent on the other agents' decisions. • The result is a dynamic equilibrium with the continuously changing configuration of elements. It is a state between chaos and a static structure.
System evolution through recombination	• New agents join, while others change in time or exit the system, and the interconnection strength between agents constantly changes, which results in system evolution.

Furthermore, the development of a complex systems theory, as well as the complex and constant changes in the business environment, and also the accelerated technological advancement, have made scientists increasingly hesitant to support the traditional punctuated equilibrium and incremental models of organizational transformation. Scholars aimed to explore the phenomena of organizational change beyond the static understanding of the organization based on the assumption that organizations are dynamic systems that fundamentally change continuously, and the ability to manage this change is a vital capability leading to survival (S. L. Brown & Eisenhardt, 1997). The results of their efforts presented a whole fresh way of understanding the phenomenon.

For instance, scholars presented some critical insights concerning organizational structures and processes for understanding a firm's evolution by integrating one of the key concepts of the complexity theory, the 'edge of chaos', which depicts a complex system as moving autonomously between stability and instability, and never settling into an equilibrium. Following the assumption of the organizational 'deep structure' (Gersick, 1991), researchers came up with the central concept of 'semi-structured' organizations which exhibit partial order, and operate in the middle field between order and chaos, which not only allows change to happen, but also liberates from inertia and resistance (Eisenhardt & Bhatia, 2017). Thus, in order to establish a capacity for change through experimentation, real-time communication, and choreographed transitions, companies must intentionally aim to sustain these 'semi-structures'.

Thus, a main shortage of many past pieces of research was that the concept of organizational transformation was constructed on linear understanding in which the process of change is composed of individual succeeding and manageable steps (Styhre, 2002) directed toward the envisioned ultimate goal. However, with the increased focus that has recently been placed on the complexity theory, it has become abundantly evident that the behavior of complex organizational systems can be neither accurately predicted (Tsoukas, 1998) nor directly managed. Scientists began to incorporate the complexity theory more frequently into organizational transformation research, especially as nonlinear thinking expanded and constant disruptive environmental changes occurred. When the understanding of the emergence of change and its unpredictability, the diversity of organizations, and their capacity to adapt began to expand, a redefinition of organizations also began to develop.

Scholars began to argue that change must be treated as a natural condition of organizational life, and that transformation is the redefinition of behavioral patterns in response to new external data and the consequence of internal interactions (Tsoukas & Chia, 2002). The upshot of this view is that organizations emerge from quasi-stable structures through a continuously evolving agency of its members. This approach again questions the state of equilibrium and stability of organizations. Scholars argued that an organization must be treated as an ever-mutating entity, where even strict rules, hierarchies, and structures are ignored by actors whose actions highly depend on specific conditions and personal choices. Thus, organizational responses to environmental and internal triggers are complex and multilayered rather than fixed. They also are highly dependent on the internal assumptions and interpretations of themselves, as well as on their environment. Therefore, the vital element of survival becomes simple rules which can keep an organization operating "on the edge of chaos" (Stacey, Griffin, & Shaw, 2002). Otherwise, if an organization is too stable, nothing can change. If it is too chaotic, the system will be drowned by change. At the 'edge of chaos', organizations might benefit from sufficient stability and retain the capacity for change (Lewin & Volberda, 1999).

The notion that organizations are static entities has been replaced by the dynamic and complex conception that they are entities existing as islands of order amid an environment of flux and chaos (Farazmand, 2003). From this perspective, every organization is a repetitive reordering of itself in a complex and unpredictable environment rather than a stable structure. Therefore, leaders must be prepared to cope with the chaos and manage organizational complexity. Therefore, change management in organizations must be driven by the loosening of their artificial structures which contain the organization's creative and improvisational capacities. That change might occur naturally, without deliberate intervention, through simplification, the self-evolving process of continuity, and open culture. Thus, the initiation of organizational change is decentralized and nonlinear, stemming from inherent creativity, continuous organizational evolution, and metamorphosis. In this perspective, the self-organization capability, one of the primary characteristics of a complex system, becomes the critical ability of an organization to transform itself.

As previously noted in this study, the changes that businesses face are immense, and the ability to manage them is a critical organizational competence since the failure rates are extraordinarily high, often reaching 80% or more (Bernard Burnes, 2005). As some scholars claim, the reason for

the modest success rate of successful transformation is a top-down approach to the transformational change instead of adopting the self-organizing approach that would keep the complex organizational system operating at the 'edge of chaos' (Styhre, 2002). The organizational competitive advantage in a dynamic environment is temporary and must be sustained through dynamic maneuvering of routines, capabilities, strategy, and resources (D'Aveni, Dagnino, & Smith, 2010). Therefore, organizations must establish structures, policies, and practices that create the conditions for self-organization, thus allowing organizational parts to act promptly and appropriately to environmental triggers.

Large-scale transformations are therefore only possible through a continual change process which is facilitated through the application of key features of complexity theories, such as self-regulation, order-generating principles, and operating at the 'edge of chaos' (Bernard Burnes, 2005). The foundation of business decision-making, action, and the competence to transform itself lies in the organizational configuration. Thus, transformation requires the continual and deliberate realignment of constituent elements (Miller, Greenwood, & Prakash, 2009). Whereas scholars had previously abstracted from nonlinearity to support their equilibrium hypotheses, with the integration of complexity theories, disequilibrium, along with nonlinear change, was regarded as continuous and normal in organizations (A. D. Meyer et al., 2005).

Hence, with the integration of the complexity theory concepts into organizational transformation research, scholars recognized that cognitive structures (schemata) determine what action individuals and groups take based on their perception of the environment (Eisenhardt & Bhatia, 2017). They influence the regularity of experiences, thereby allowing a system to determine the nature of the subsequent experiences and make sense of them (Stacey, 1996). Hence, through self-organization and interconnected actions of agents (who can be individuals or groups), organizations develop the adaptability capacity to interpret environmental changes, anticipate their impact, and determine their own actions (Mitleton-Kelly & Ramalingam, 2011). With the changes in schemata, learning occurs, and system adaptability also changes (Antonacopoulou & Chiva, 2007).

Therefore, the ability to maintain balance on the 'edge of chaos' and the capacity to self-organize is essential survival capabilities. However, there is still a lack of consensus regarding how they ought to be developed. Some scholars claim that organizations move to the state autonomously (Eisenhardt & Bhatia, 2017). There is also an opinion that organizations are inherently

unmanageable and can only be directed through simple rules (Stacey et al., 2002). There are also those who state that it requires intentional managerial actions (Styhre, 2002). Either way, the 'edge of chaos' was claimed to be the desired state of the organization. Although the action research study conducted with 18 organizations points out that behaviors, attributed to this organizational state, are attainable (Eisenhardt & Bhatia, 2017). However, most organizations fail to keep positioning themselves on the 'edge of chaos' as it requires extensive action and attention from management, and it also causes a high level of stress and uncertainty for organizations (MacLean & MacIntosh, 2011).

Hence, the integration of the complexity theory in the organizational transformation research reinforced the understanding that organizations are heterogeneous and composed of many diverse parts, each with its own unique set of properties (D'Aveni et al., 2010). Thus, it is critical to configure organizations in such a way that they can evaluate their environment, as well as their own state, and consequently form competence to transform themselves if necessary. The capacity to manage a portfolio of multiple orchestrating mechanisms and align organizational components to match the contextual requirements of the environment is critical for gaining distinctiveness quickly, and also for remaining adaptive over time (Zhao, Fisher, Lounsbury, & Miller, 2017).

Therefore, the self-organization capacity, from the perspective of the complexity theory, becomes the crucial ability for an organization to renew itself. Organizational adaptation can only be effected indirectly by changing the actors' networks and their behavior (Janssen, Van Der Voort, & van Veenstra, 2015) since organizational systems might react in an unforeseeable way to direct interventions (P. Anderson, 1999). Thus, managers can only set and modify boundaries and constraints within which actors improvise and self-organize to influence adaptive capacity (Eisenhardt & Bhatia, 2002). When an organizational complex system configuration is adaptive and self-organizing, internal components and capacities develop to effectively cope with changes, and, even for radical transformation, small, timely interventions in accordance with the system's internal momentum become more powerful than 'heroic' top-down approaches (Chia, 2014).

However, scholars were unable to agree on how to accomplish this permanent adaptability and competence to manage change emergence through constant organizational reconfiguration. The sole prevalent consensus among the researchers of organizational change is that most transformations fail outright, or else they do not achieve projected results in full, and that the

ability to manage change is the fundamental organizational competence. Furthermore, for many years, transformation failures were attributed to such factors as a lack of experience and knowledge in change management, resistance, and inability to manage change. However, the integrated complexity theory advanced the field by investigating the incapacity to deal with internal organizational dynamics and a multitude of self-interested individuals and their groups interacting with one another. These investigations significantly transformed the field of study and added concerns that all these aspects are the primary cause of the failures of organizational transformation (Janssen et al., 2015). Thus, it is crucial to understand how an organization's complex system configuration affects its proactive transformation ability. However, scholars have still left this field underexplored.

Every single contemporary organization can, at its core, be conceptualized as a complex adaptive system. Thus, organizational transformation research gravitated toward the complexity theory and the CAS approach, which explores a rapid and effective system's ability to adapt to the environment, and to renew and transform itself with the realignment of the components. Organizations, according to the ecological perspective, adapt to the changing environmental conditions, and they transform themselves as the environment selects those that fail to reorient themselves quickly enough. Yet, scientists still struggle to understand how organizations adapt and transform. Moreover, these abilities vary greatly between organizations, and scholars have yet to resolve the questions of what defines this competence, and how it may be developed.

Nonetheless, the currently accrued body of empirical research on organizational transformation analysis indicates that, in a fast-paced environment, where disruptive changes occur repeatedly, businesses must be prepared to deal with external unpredictability and internal uncertainty. Furthermore, Organizations, as complex adaptive systems, are constantly interacting with their dynamic environment, which forces them to adapt and change. It influences the development of the organizational system, as well as the transformation, reinforcement, and stabilization of patterns in it (Cilliers, 2002). Therefore, the capacities and competencies of an organization do not merely increase or decrease. They undergo asymmetrical changes in response to newly manifested events. In addition, the goal of the system is to preserve dynamism rather than its particular elements and/or characteristics.

Therefore, scholars emphasize the importance of the fit with the environment in which the organization is operating, along with the ability to attain and manage resources to be capable of actively renewing itself, change

behavior, internal knowledge, and connections (Merali & Allen, 2011). They also highlight the importance of adaptive capacity as it is in constant need to learn and adapt in the face of new technologies, actions of competitors, legal regulations, and other environmental changes. Scholars claim that organizations, instead of focusing on the maximum operational efficiency, should develop sufficient efficiency combined with sufficient adaptability.

Scholars are essentially in the general scientific consensus that organizational systems must adapt to their environment in order to survive (Boisot & McKelvey, 2011). To be efficaciously adaptive, the system and the external complexity must be aligned. On the one hand, organizations can achieve this adaptability by the simplification of the complexity of the incoming impulses so that to optimize recourses needed for response development. Organizations, in this case, should cope with the risk of oversimplification when unfamiliar triggers can be misclassified. On the other hand, they can add more resources to ensure more adaptiveness seeking responses than strictly necessary. However, there is a risk that extra recourses might get depleted by too complicated a reaction even before adaptation occurs. In either case, managerial interventions can also quickly destabilize the organizational system.

Hence, the necessity of adaptation, renewal, and transformation capabilities is emphasized in the scientific literature, and abstract conceptualizations of adaptability have been developed However, scholars still have not found the path for the organizational adaptability development that they would uniformly and universally agree upon. The reason for this problem is ultimately the same as discussed above. The complexity of organizations does not allow them to provide a one-fits-all' recipe. Organizations are – essentially – unpredictable outcomes of interactions between actors. They possess different networks of constitutional parts, and the actions of their agents are random, therefore generating unpredictable results of the whole system.

Consequently, action taken in one organization will never reproduce the same outcome in another entity (Thietart & Forgues, 2011). It leads back to the organizational configuration that must be adaptive and transformative. If an organizational system is designed correctly, it enhances the organizational capacity to transform environmental and internal impulses into motivated collective actions and anticipate possible outcomes. In recent research, scholars have provided findings which suggest that organizations can coevolve with and adapt to their environments by making use of simple rules which enable improvisation and allow for the capture of opportunities by

rewiring, whereby corporate agents create new connections to enable new collaborations, and also by continuously shaping their structure to fit changes and maintain a healthy balance between flexibility and efficiency (Eisenhardt & Piezunka, 2011).

In addition, researchers seek to extensively broaden the reasoning and understanding that underpins the interconnection between organizational agents and the significance of their network to adaptability. They underline that agents interact not only according to the hierarchies and processes, but, more often, despite them. Therefore, a company's abilities are strongly dependent on the quality of connections that are not replicable with simple organizational charts. Therefore, in order to develop the capacity of active adaptability, organizations need not only talented individuals, but also flexible networks of them to change the configuration according to the environmental requirements (Hidalgo, Allen, Maguire, & McKelvey, 2011).

Contextual uncertainty obliges every organization to configure its elements, structure, culture, strategy, and connections with the adaptability, change capacity, and limitedness of predictability in mind instead of aiming for stability. Every organization is connected to other organizations and, ultimately, it functions as a node in a vast network of businesses and organizations. Therefore, companies must develop sensitivity and self-awareness and behave intentionally in accordance with the internal shifts and external triggers. Companies must develop a comprehension of connections and their dynamics to accomplish this. They have to be agile in response to environmental shifts and recover from failures of configuration (Greising, 1998). Therefore, the organizational ability to transform is closely tied to organizational resilience, or to the capacity to adapt to changes and endure unexpected external shocks without jeopardizing the entire system (Holling, 2001).

While implementing changes, organizations should focus on future resilience rather than operational and effectiveness improvements which are based on their own past results. Future organizations have to be not a better version of the past, but rather become qualitatively different (Hazy, 2011). They should anticipate what is needed for future achievements, not to make things better today, and configure themselves and develop capabilities accordingly. Businesses have to change the mindset and comprehension of reality by 'unlearning yesterday' while heading toward 'inventing tomorrow' (Hedberg, Nystrom, & Starbuck, 1976) and reconfigure themselves accordingly to a new future direction.

Whereas the complexity theory accepts that organizational knowledge is limited and constantly changing, it also recognizes that diverse objectives and perspectives of reality can coexist not only within different organizations, but even within the same entity. It emphasizes the organization's dynamic and takes into consideration social relationships, organizational networks, and capacities that are constantly evolving and changing. Given this, complexity is the science of organization and its dynamics, as well as the natural framework for understanding an organization and its interconnected constituents (Maguire, Allen, & McKelvey, 2011). It is the science of evolutionary changes, adaptations, and transformations (Merali & Allen, 2011). Therefore, the mechanisms and interactions through which organizations are changing and transforming have the potential to be explained with the use of the complex systems theory thinking. Additionally, it may be the only foundation that is valid from a scientific standpoint to investigate the organizational transformation process (Maguire et al., 2011) along with the organizational capacities to transform.

Thus, complexity science offers many new perspectives to understanding organizational behavior and transformation. Figure 2 depicts a conceptual cycle of continual organizational transformation, adaptation, and coevolution with the environment, which summarizes the findings of the scientific literature review. The analysis of recent advancements in organizational transformation research reveals that organizations must build capacities and competencies in every phase of this adaptation cycle. However, organizational researchers face more challenges than they have achieved significant wins in integrating them in opposition to a more traditional way of linear thinking that has occupied the field of research for many years. The literature findings indicate that the growing understanding of non-linearity, complexity, multiparity, and the significance of interconnections of modern organizations in today's global environment might lead to a recipe for organizational adaptivity and longevity.

SENSE
internal, external environment at all levels

TRANSFORM
for future resilience

IDENTIFY
threats and opportunities

REBUILD
resilience capacity towards transformation trajectory, sustain knowledge

ANTICIPATE
impact and make local decisions

SOLVE
problems, manage risks, pursue opportunities at executive level

TRANSFER
complex problems and major opportunities

Figure 2. **Organizational transformation and adaptation cycle** (Prepared by the author)

Organizations are open, complex, and adaptive systems which must possess a high specificity to environmental stimuli and internal factors while also continually gathering, decoding, and transmitting the accumulated knowledge. They should monitor their own performance, but, even more importantly, organizations should strengthen network connections to be open to signals that pass through social links and are not observable via business management systems. They should cultivate a culture that is based on improvisation and experimentation, pursue quick wins, and learn from failures. Businesses must have local resources and intelligence to address risks and opportunities as close to their sources as possible. If the local capacity to develop solutions is insufficient, they should develop dynamic and open linkages to transfer the decision-making responsibility promptly.

Thus, it is reasonable to assert with confidence that the ability of an organization to transform and adapt to high-velocity environments is contingent upon the organizational capacities at each stage, as well as the ever-changing dynamic configuration. This assertion finds support in the empirical

evidence and research findings presented above. Accordingly, the objective of this study – which was to explore a previously unexamined area of the proactive transformation initiation process and identify discrete elements and features facilitating this process – was significantly influenced by the recent developments in the complexity science and thinking.

1.4. Misalignment between Organizational Change Management Research and Practice

The nature of organizational change is an issue on which academics cannot agree on a single interpretation. In addition to this, their perspectives in terms of how an organization should go about effecting change are diametrically opposed. However, what is even more significant is the reality that there is a significant divergence between, on the one hand, the business practices that organizations employ to bring about change and, on the other hand, the insights and discoveries that researchers have made. Scholars and practitioners have not yet reached an agreement even on the core organizational change management processes and principles (Stouten et al., 2018). Moreover, the research on organizational change management and the practice of the profession is significantly disconnected from one another.

Hence, not surprisingly, rare are the strategic change implementation initiatives that are both successful and sustainable. The practitioner-oriented literature aims to explain how to lead organizational change, and the field itself is primarily linking executive actions with the outcomes of organizational change (Oreg & Berson, 2019). Furthermore, there are numerous practical, sequential change models available that are based on expert judgment and experience rather than on scientific knowledge and evidence. They are considerably easier for practitioners to access than scientific insights. This divide does not contribute to the effectiveness of the implementation of organizational transformation.

To achieve the fundamental aim of this research, a substantial number of these practitioner models were collected and analyzed. Annex 1 of this work is an overview of the sequential steps they individually advocate. In most cases, the models offer universal advice for senior managers on how to plan and implement changes in sequenced steps, create vision and awareness of the need for change, develop organizational readiness and change capabilities, and manage resistance with the top-bottom approach. The process of the trigger identification and diagnosis of the need for change is not defined, and even strategic transformations are planned and initiated

from some kind of managerial belief or assumption. This expressive silence speaks volumes about the complexities of transformation initiation and the numerous unknown and unsolved issues that practitioners face when making strategic decisions to initiate strategic transformations.

Moreover, there is no 'one best way' to manage strategic changes (Bernard Burnes, 1996). Neither management consultants nor academics have yet been capable of developing a model that fully captured the complexity and uncertainty of organizational change. Thus, the practical notion that change management is just planning and guiding change in consecutive steps to an end state is prohibitively risky (R. Kanter, Stein, & Jick, 1992). It is a self-deceiving management strategy to rely on the ability to conceive future directions at the moment when significant adversities or hazardous events have already occurred. The true source of organizational strength and resilience is not the capacity for reactive problem-solving, but rather the early detection of environmental stimuli that can become change-triggering events. The anticipation of the need to reshape organizational identity and create a new vision is only the second step of the transformation. As indicated by a review of the scientific literature, mobilization behind the new vision and the management of the transition to it has received far more attention than the path from the attention to impulses to the strategic decision of the initiation of organizational transformation.

As scholars cannot come to a consensus on the nature, emergence, and development of organizational transformation, the evidence-based models (Table 4) that they have so far constructed advocate for a variety of beliefs and points of view. Despite the fact that social sciences are constantly challenged to develop scientific knowledge that is useful in practice (A. M. Pettigrew et al., 2001), empirical studies on strategic change and transformation are still fragmented and, unfortunately, frequently focused on specific issues and problems instead of developing practical methods for managing transformations. Thus, there is no comprehensive model and/or approach on which everyone would be willing to agree. Additionally, there is no universally acknowledged definition of organizational change (Bamford & Daniel, 2005). Transformational change is also defined in a variety of ways. This comprehensive set of definitions can be found in Annex 2.

Table 4. **Evidence-based models of organizational change** (Prepared by the author)

Evidence-based models of organizational change and diagnosis
1. 6-Box Model (Weisbord, 1976)
2. Congruence Model (Nadler & Tushman, 1980)
3. TPC (technical, political, culture) Model (Tichy, 1982)
4. Causal Model of Organizational Performance and Change (W Warner Burke & Litwin, 1992)

There is common ignorance of deliberate diagnosis of strategic change triggers and their evaluation research methods in the scientific research and in the practitioner literature alike. However, poorly identified problems, risks, or opportunities cannot lead to quality decision-making in change initiation (Rousseau, 2018). Consequently, a poor understanding of the need for change are coupled with poor strategic decisions, and this concoction can hardly lead to a coherent organizational transformation vision and successful implementation (Stouten et al., 2018). Furthermore, several studies in organizational change (Armenakis & Harris, 2009) and decision-making (Nutt, 1999) have already asserted that the identification and diagnosis of change triggers are undervalued and crucial to the success of change implementation, as they narrow the spectrum of the plausible alternatives and, if not identified in a timely manner, ultimately lead to failures.

Thus, the organizational change management theory has not yet demystified the link between the environmental and internal impulses and their conversion to organizational transformation. The process of identifying environmental triggers, developing plausible solutions, and selecting a suitable change type is a largely unexplored domain. Therefore, the current understanding of the phenomenon of organizational transformation and the organizational capacity for proactive transformational change is only partial.

Organizational change management research streams in two categories: on the one hand, macro-level studies in organizational change strategy, development, and outcomes, and, on the other hand, micro-level research focused on change recipient perspective, individual behavior, and psychological processes, as well as response to change (Oreg & Berson, 2019). The studies representing the first category are concerned with strategic decisions and choices regarding the three essential dimensions of organizational changes and the role of these elements in organizational performance and change outcomes and successful implementation (A.

Pettigrew & Whipp, 1993): the change content (types of changes), the change context (internal and external organizational conditions), the change process (change management capacity and capabilities). While these studies focus heavily on the strategic decision-making quality and process in regard to performance issues, organizational structure, and capabilities, they remain silent on the issue of the early identification of change triggers and proactivity in transformational change initiation prior to the decline of organizational performance or the occurrence of significant risks.

Meanwhile, the second stream of research concentrates mostly on investigating how different types of leaders and the ways in which they behave effectively drive change implementation at various phases of the process. When it comes to research on change initiation, they are also concerned with relationships between the executives' demographics, psychological characteristics, and their proactivity in initiating various types of changes. They argue that it tends to vary depending on the different attributes that are possessed by the leaders. For instance, previous studies have shown that CEO narcissism (Gerstner, König, Enders, & Hambrick, 2013), managerial experience (Weng & Lin, 2014), top management tenure, age, and education (Wiersema & Bantel, 1992) are linked to the likelihood of initiating change. Moreover, managers coming from outside the organization (Friedman & Saul, 1991) and those who are denoted by specific personality traits (Herrmann & Nadkarni, 2014) are more likely to initiate disruptive, transformational changes.

According to the current sample of studies, CEOs exert a substantial influence on transformation initiation. They not only make, but also give sense to strategic changes. They can, however, be the recipients of change initiated by others, such as external boards (Oreg & Berson, 2011), shareholders, governmental regulators and others. Moreover, changes might emerge as bottom-up initiatives (Livne-Tarandach & Bartunek, 2009) from proactive employees and issue-selling actions (Dutton, Ashford, O'Neill, & Lawrence, 2001). Hence, even though current organizational transformation management studies focus on the role of the leader and the strategic leadership choices, the deliberate decision to initiate change has many contributing factors and antecedents that are overlooked by the researchers. There is paucity of knowledge regarding the process by which environmental impulses and triggers are converted into strategic decisions in the course of initiating organizational transformation. Therefore, despite the extensive scientific research and practical insights, many transformations still fail.

According to the findings of an analysis of the existing body of literature, for a considerable amount of time, business transformation was thought of as the outcome of performance issues and internal problems, particularly by those who advocated for the punctuated equilibrium model of transformation. At the same time, it was believed that organizational failure was an inevitable phase in the evolution of a company (Greiner, 1997). On the other hand, as scientific understanding of organizational change is continuing to grow, new potential causes of failure are systematically being discovered.

For instance, after an empirical study of 100 large business downturns, common denominators were identified: the companies were either uncontrolled, or they were tentative to change (Probst & Raisch, 2005). Radical and constant changes lead to the disorientation of the core organizational focus and loss of identity (Bouchikhi & Kimberly, 2003), which is essential for the potential for environment interpretations and actions for change (Fiol, 2001). On the other hand, the inertia that prevents innovation and changeability is another extreme that leads to organizational failures (Dutton & Dukerich, 1991). However, the survival guide for the companies has only one piece of advice – to constantly keep a certain balance between stability and change (Leana & Barry, 2000) so that to be ready to adapt or change the course.

However, scholars and practitioners have not yet solved the algorithm for instantly determining when the ideal opportunity for a business course correction emerges and what complex actions must be taken, and what decisions must be made to avoid the full potential of a possible crisis or to pursue the recognized opportunity as soon as possible. Risk management, corporate controlling systems, financial and performance indicators can only help to a limited extent in this endeavor since environmental complexity and uncertainty are too ambiguous to monitor fully.

Risk management mostly occurs within the framework of corporate controlling while, simultaneously, analysis increasingly confines itself to financial indexes which are expected to help recognize deviations from organizational characteristics when it is already too late to generate proactive decisions, and it is high time to react to the problem. Early signals fall through cracks of these corporate systems and require broader and more focused attention to the complex organizational system as a whole at all levels and boundaries, rather than only top management concentration and direction. Weak or early environmental impulses may not possess significant quantitative characteristics, but they can still be of a qualitative nature, which is not in the scope of strategic attention (Probst & Raisch, 2005). Thus,

sensitivity and strategic decision proactivity are not plausible without broad attention to the environment. The process of organizational transformation is one that involves a high risk and might destabilize an organization's identity. To acknowledge this complex and challenging option as the one that represents the best course of action, the connection between the external signals that may have an impact on the organization and the decision to initiate proactive transformation should be maximally explicit.

On the other hand, organizational identity is flexible and dynamic. It is able to adapt to new circumstances and help facilitate transformation. Therefore, disrupting an organization's core for the sake of strategic transformation is among high potential and viable measures to catalyze transition (Gioia, Schultz, & Corley, 2000). Consequently, maintaining a balance of adaptability and being proactive in projecting and inducing identity change in preparation for transformation is necessary (Gioia & Chittipeddi, 1991; Gioia & Thomas, 1996).

Furthermore, scholars have already been arguing for decades that failing organizations are either too active or too passive (Hambrick & D'Aveni, 1988). They have also come to the conclusion that organizations are experiencing parallel forces of stability and change that are pulling and pushing them (Leana & Barry, 2000) along their development trajectories. However, organizations possess only a limited capacity to manage these forces. Sensing signals, anticipating their influence and potential, and making strategic decisions are the critical steps in initiating proactive transformations, and they must be taken long before the change project management starts. Furthermore, their relevance is understudied, and organizational scholars and practitioners know relatively little about the dynamic configuration of organizational characteristics and attributes contributing to their efficacy and facilitating the entire process. This goes in contrast to the many different practical change management methods that are offered and available to facilitate the transition from the present state to the envisioned end state.

Hence, it can be concluded that change management has been studied extensively, in contrast to change initiation which has received far less scholarly attention, and the factors determining when and why transformational changes are initiated proactively are unknown (Sverdlik, Oreg, & Berson, 2019). However, based on the current empirical evidence analysis and synthesis, it is still plausible to conclude that sensing, anticipating, and decision-making are cyclical processes in the proactive transformation initiation process. After each cycle, an organization evolves into a new configuration. Adaptation typically leads to relatively minor

changes. However, when an organization embarks on a journey of transformation, it alters the configuration of its sensors, anticipation, and decision-making mechanisms. As a result, the organization's ability to transform and its capacity to manage the process in each distinct phase are also impacted.

Ultimately, the initiation of change depends on complex organizational characteristics in each process phase rather than only on the leadership, its characteristics and demographics (age, tenure, and level of education) (Datta, Rajagopalan, & Zhang, 2003; G. Wang, Holmes Jr, Oh, & Zhu, 2016), prior career experience, and positive self-concept (G. Wang et al., 2016), distinct personal traits (conscientiousness, emotional stability, agreeableness, extraversion, and openness to experience) (Herrmann & Nadkarni, 2014), or coping style, proactivity, and organization's internal emphasis on stability (Sverdlik et al., 2019). Leaders vary in organizational change '*sensemaking*' and '*sensegiving*' (Gioia & Chittipeddi, 1991) and the level of motivation to initiate transformations (Martins, 2005). Moreover, the change decision may emerge from far more triggers than only measurable and controllable shifts in the organization's performance. Therefore, the aim of this study was to investigate how organizations can cultivate the ability to initiate proactive transformations, and how such transformations can be strategically launched to ensure their effectiveness, sustainability, and the realization of the expected benefits.

1.5. Capacities and Capabilities as Determinants of Organizational Competence

Academics often utilize a wide range of terminologies when discussing organizations, which can lead to misunderstandings. The ideas and concepts of *capability*, *capacity*, and *competence* are frequently utilized in different theoretical frameworks and practical settings. This section delves into and clarifies these diverse concepts as they pertain to the phenomenon of organizational transformation. Additionally, the author explains the decisions made regarding the research path, with ultimately opting for the concept of *organizational transformation competence* to encompass all the capabilities, capacities, and abilities that facilitate transformation. As the study progressed, the focus shifted toward a new, emerging definition – *proactive transformation competence* – which highlights the importance of the proactive organizational transformation initiation process.

It is important to note that for a considerable amount of time, academics focused their attention exclusively on the organizational capacity to manage and implement change after it had already commenced. The majority of their studies concentrated on the change management process and organizational learning components, with an emphasis on human resource management, organizational practice development, continuous improvement, and knowledge management in particular (Soparnot, 2011). Eventually, the concept of *Organizational Change Capacity* (OCC) emerged in scientific research based on the *Resource-Based View* (RBV). RBV is a theoretical framework exploring the ways in which businesses create and keep their competitive advantage over time.

RBV views business entities as collections of resources (D'Aveni et al., 2010). In turn, OCC is favorably associated with the change project performance, and its development is hypothesized to aid organizations in managing sequential or parallel change projects (Heckmann, Steger, & Dowling, 2016). It centers on the culture of the organization, its structure, and the capabilities of the employees to manage and maintain change (Shipton, Budhwar, & Crawshaw, 2012). Annex 3 provides an overview of numerous OCC definitions.

A comparison demonstrates that the idea encompasses only a portion of the complexity of the concept of organizational transformation competence, which is already evident from the characteristics and attributes synthesized through the literature review. They are dependent on the dynamic interplay of organizational connections and the configuration of the organization itself considerably more than they are dependent on the collection of resources. Thus, despite the fact that scholars do highlight the concept as crucial for sustaining the competitive potential and identify it as a relevant component of the effective implementation of organizational transformation projects, static conceptualization has been heavily criticized for failing to adequately represent the complexity and dynamics of business organizations (Colbert & Kurucz, 2011).

Furthermore, RBV contends that competitive advantage is gained through the identification and prioritization of critical organizational axes which benefit the most from the development and exploitation of unique resources (Greenwood & Miller, 2010). The paradigm is clearly distinguishable from the complexity of organizational transformation competence since it focuses on configuring organizations through enabling critical axes, even though other aspects of companies may be in danger of deprivation. According to what has been discovered in this body of research,

competitive advantage may only be temporary. As a result, continuous maneuvering with multiple recourses would be required, which would therefore be incapacitating (D'Aveni et al., 2010). Instead of focusing on the static configuration of resources, it is much more important to enable businesses to constantly sense their environment and subsequently develop the competence to transform themselves continuously in response to the shifting contexts.

RBV did not explain how resources are converted into organizational transformability, and the concept of dynamic capabilities (Teece, Pisano, & Shuen, 1997) has been addressed in the more recent organizational transformation research. Some have claimed that dynamic capabilities are a set of distinct and distinguishable processes which use resources to create change. Consequently, dynamic capabilities are the organizational and strategic practices utilized by businesses to generate new resource configurations in response to the market shifts (Eisenhardt & Martin, 2000). Meanwhile, there are researchers supporting the notion by claiming that the aim of the company is to balance diverse capabilities and environmental uncertainties through value-creating processes such as product development, strategic decision-making, and knowledge management (Dagnino, 2004). Although scholars do acknowledge that dynamic capabilities are organization-specific, they also contend that dynamic capabilities are homogeneous and replaceable best practices. Since they are replicable, the value and competitive advantage lie in the resource configurations that they generate rather than in the dynamic capabilities as such.

Thus, dynamic capabilities routinely manage resource acquisition, integration, and reconfiguration. Their strength and structure change in response to the market conditions and evolve through organizational learning. Therefore, a company's greatest strength is its ability to change and adapt quickly, and in fast-paced environments, whereas competitive advantage is as temporary as the relevant dynamic capabilities themselves (D'Aveni et al., 2010). Moreover, dynamic capabilities diffuse throughout industries, and their uniqueness erodes over time, thus forcing companies to learn and develop new practices and create new configurations to stay ahead. Consequently, it may cause exhaustion by continuous efforts, or else it may put the organization on the track of inertia of false perception of long-term competitive advantage.

Hence, scholars subsequently redefined the concept as a company's intention to continually integrate, reconfigure, refresh, and regenerate its resources and capabilities and reconstruct its fundamental capabilities in response to a changing environment in order to achieve and preserve

competitive advantage (C. L. Wang & Ahmed, 2007). In contrast to the prior findings, it is proposed that dynamic capabilities are embedded in processes and developed through intricate interactions between resources. Thus, they are unique to the company and cannot be replicated. Hence, the ability to recombine processes and resources to meet the needs of the environment and respond to rival actions has been determined to be an advantage. Scholars (C. L. Wang & Ahmed, 2007) also identified three constituent components of dynamic capability which become unique to companies through integration, reconfiguration, renewal, and recreation processes:

1. *Adaptive capacity* – the ability to identify and capitalize on emerging market opportunities;
2. *Absorptive capacity* – the ability to recognize the value of new information and apply it;
3. *Innovative capacity* – the ability to develop new products, services, and markets.

Although the concept of dynamic capacities is linked with an organization's ability to adapt to the changing environmental conditions, it is not applicable to the research on organizational transformation competence. It focuses on the renewal and reconfiguration of resources. However, the organizational transformation competence concept, as evident from the analysis of empirical research, must consider the organization as a coherent, indivisible system, taking into account culture, social connections, history, knowledge, and other complex factors. On the other hand, academics acknowledge that the concept of dynamic capabilities is still evolving, and empirical research has not yet reached maturity (C. L. Wang & Ahmed, 2007).

Scientists have also tried to relate this concept to organizational transformation and dynamic capabilities directly. Some stated that dynamic capabilities and strategic flexibility are mechanisms facilitating profound transformation and continuous morphing which seeks to regenerate competitive advantage (Rindova & Kotha, 2001). Yet, this is one of the examples of how significantly the phenomenon of business transformation has evolved. These scientists consider it mainly as significant changes in the product and services portfolio by reconfiguring resources, capabilities, and structures employed to develop them.

Transformation is defined in the context of this study as a major and permanent change in the entire organizational system altering its identity and fundamental competencies. Thus, the immediate temporal competitive advantage may not be a motivating factor by itself, as the primary goal of a

business might also be long-term survival and resilient adaptability. The viewpoints of RBV and dynamic capabilities both have their foundations in the equilibrium seeking assumptions. The complexity view of the organization, on the other hand, considers stability to be a position that ought to be avoided. In the light of the findings of the literature review, it has become clear that the application of these concepts to the objectives of this study is inappropriate.

It is also crucial to understand the concept of organizational competence which this research identifies as the highest expression of an organization's transformational capacities. There are numerous approaches toward tackling the issue. Some scholars even assert that the relevance of organizational competence to the achievement of corporate objectives is common sense (Zangiski, de Lima, & da Costa, 2013). However, there is an alternative claim that there are five modes of competence that an organization must build and maintain in its diverse activities in order to achieve comprehensive core competence (Sanchez, 2004):

1. Cognitive flexibility is required to develop alternate strategies;
2. Cognitive flexibility to create diverse management processes;
3. Flexibility in coordination to identify, configure, and allocate resources;
4. Resource adaptability for use in alternative activities;
5. Operation flexibility for diverse uses in operations.

It must be emphasized that scholars consider organizations as open systems, therefore addressing the complexity and interconnections of their elements. The dynamic, systemic, cognitive, and holistic aspect of the concept is addressed through the definition that competence is the capacity to sustain the synchronized utilization of resources in ways that assist a business in meeting its objectives (Sanchez, 2004). The capacity to generate business value is highly reliant on a company's flexibility which is derived from its competence modes. Thus, system-wide flexibility is a critical aspect of organizational competence as a whole.

Other scholars define organizational competence as the capacity of an organization to achieve specific goals, where the capacity is the unique combination of all the possible attributes directly manageable by an organization and available to it in the situation (Taatila, 2004). Several assumptions define the concept's underlying position in this instance:

1. Organizational competence refers to an organization's internal characteristics allowing it to achieve its goals;

2. The recognized attributes of organizational competence are numerous and potentially limitless;
3. All organizational competence attributes can be categorized under three distinct super attributes: assets, competence of the individuals, and structural competence (see Table 5);
4. The environment is not an attribute of organizational competence, but it has a continuous impact;
5. Organizational competence is observer-specific since different stakeholders have different objectives;
6. Organizational competence is situation-specific, with the necessary set of traits changing dynamically.

Table 5. **Super-attributes of organizational competence** (Taatila, 2004)

INDIVIDUALS:	STRUCTURE:
- Creativity	- Roles
- Motivation	- Managerial practices
- Emotions	- Manager (s)
- Commitment	- Expert
- Intelligence	- Strategy
- Skills	- Processes
- Knowledge	- Organizational knowledge
- Communication	- Values
	- Organizational learning
ASSET:	- Information systems
- Cash	- Work environment
- Fixed assets	

This research is consistent with the complexity view that the organization functions as an open and complex adaptive system, and it lays an emphasis on the significance of the organization's constantly shifting configuration. In this context, organizational competence is a situational and company-specific concept that combines everything that is bounded inside the organization and impacts its capacity to achieve goals. Consequently, these broad conceptualizations of organizational competence served as a supplement to the process of establishing the direction of the study which aimed to shed light on what and which attributes constitute the organizational transformation competence and how the configuration of the competence attributes can be

reconfigured to facilitate the organizational competence to proactively initiate fundamental transformations.

The academic community has not yet provided adequate answers to these questions. Due to this gap in scientific knowledge, this study is theoretically and practically significant, and it focuses on a particular research problem. There is no scientific comprehension as to how enhanced organizational transformation competence might facilitate proactive business transformation. It entails identifying specific attributes from the list of limitless organizational competence characteristics (Taatila, 2004) that are directly associated with the initiation of organizational transformation and with comprehending how they can be developed and configured to achieve effectiveness in the process. In addition, it is crucial to comprehend how this complex and dynamic configuration may remain adaptable to the constant external and internal changes in a fast-paced and turbulent environment. The research thus seeks to recognize what and how can be replicated if this arrangement is adaptive and specific to the organization and its unique context. Lastly, the research aspires to identify the factors facilitating the organizational multilayer proactivity.

1.6. The Dynamic Underpinnings of Organizational Transformation Competence

Businesses are confronted with a wide variety of unpredictable occurrences in their day-to-day operations and must function under a significant amount of uncertainty. As demonstrated by the concept analysis of organizational transformation, the capacity for a company's radical renewal is inseparable from the capacity to recognize and adapt to external changes. Organizational adaptation has always been recognized as a complex phenomenon, and researchers have long acknowledged the difficulty of investigating it due to the inherent complexity and volatility of the adaptation process (Miles, Snow, Meyer, & Coleman Jr, 1978). Nonetheless, in the course of this research, multiple dynamic underpinnings of the organizational transformation competence have emerged from the organizational adaptation research literature.

First and foremost, it is of the utmost importance to recognize that the collective consciousness of an organization is the primary factor in determining its behavior (K. E. Weick & Roberts, 1993). Actors of the organizational system act with shared knowledge, and the system itself is composed of their interconnected contributions. Consequently, they interrelate their activities inside the system, thus eventually developing

behavioral patterns. A network of interrelationships exists throughout the system, the elevation of which leads to an increase in attentive awareness. This network is located where the collective consciousness originates.

As it addresses the paradoxical phenomenon of an organizational system's potential and capabilities, this concept is relevant in investigating the organizational transformation competence. Even though two organizations may have the same structure and even have comparable product lines and technological infrastructures, there may still be a significant gap between their capacities for collective decision-making and collective action. An intelligent, self-organizing system can operate continuously and make smart decisions regardless of the structural constraints or environmental instability it is facing. The collective consciousness manifests itself clearly when unexpected events and marginal situational needs are promptly connected with the correct individual know-how. Consequently, by going beyond structure, interconnectivity not only prevents failures, but also allows the pursuit of potential opportunities. Therefore, it is essential to maintain the system flexibility (K. E. Weick & Roberts, 1993) by leaving room for improvised actions and developing the actors' social skills as these skills fuel social connections and the collective mind of the organization, thereby reinforcing a common perception of the environment.

Beyond standardization and operational excellence, every company possesses a non-procedural action repertoire which manifests itself in unforeseen circumstances and is unique to a certain organization. In addition, this action repertoire is the key to the organization's ability to the collective mind and to the identification and effective management of unexpected events. In this context, scientists argued that *Highly Reliable and effective Organizations* (HRO) possess two capacities: first, the capacity to anticipate and prevent potential dangers, and second, resilience – the capacity to deal with unexpected threats effectively (K. E. Weick, Sutcliffe, & Obstfeld, 2008). Organizational transformation is a potential outcome in both scenarios. Consequently, it was necessary to comprehend these organizational capacities in this research.

Thus, an additional literature review was conducted in order to gain a comprehensive understanding of the phenomenon of organizational resilience and its process in organizations from a variety of academic perspectives. The following terms were used to collect books, edited volumes, and journal articles: resilience thinking, organizational resilience, resilience capacity, and resilient organization. The content was assessed, narrowed to organizational transformation-related studies, and analyzed to find limitations and challenges

that researchers experience in understanding the interrelationship between these concepts, as well as to identify the potential for future research. Despite that, researchers agree on the process of organizational resilience which shall be discussed in the following section. However, relativeness to organizational transformation and the weight placed on the underlying organizational competencies and capabilities are frequently interpreted and prioritized differently.

Originally, resilience was introduced as an ecosystem's capacity to remain in the existing state despite various attractors and environmental disruptions (Holling, 1973). The word itself originated in the 17th century from the Latin term 'resiliere' which means to jump back (Fraccascia, Giannoccaro, & Albino, 2018). Resilience is a multidisciplinary concept spanning across natural and environmental science, social sciences, and engineering. Multiple definitions (Annex 4) might be summed up as the capacity to withstand the occurrence of unanticipated change and utilize it proactively to renew and transform itself in response. It is the capacity to address problems by utilizing a network of complex internal interconnections.

The enduring underpinnings of resilience in a complex environment are the self-organization of such networks, the ability to combine existing knowledge with improvisation beyond the operational routines, and continuous learning. Thus, resilience is the enhancement of an organization's entire capacity to identify external alterations, to continuously learn, and to acquire the capacity to act quickly and deliberately without knowing in advance what actions would be required (Wildavsky, 1988). As a result, businesses improve their ability to deal with threats that have a high degree of unpredictability, as well as their capacity to learn from each high-risk situation and get back to a state of equilibrium following it (Normandin & Therrien, 2016).

The notion that business design and stated procedures do not encompass all available routines and maneuver combinations and that organizations are in a perpetual state of flux echoes the perspective of the complexity theory. Moreover, it is essential to note that organizational learning in the organizational resilience research literature does not refer to repeating behaviors, but rather to the cognitive capacity to absorb the lessons that have been learned, and to apply that unique knowledge to build new, unique solutions. To be resilient, organizations must learn to self-organize and solve problems that never happened before. Thus, the more complex the organization is, the more critical are its decentralized decisions, and the more critical the local authority balance becomes. They must develop all-

encompassing resilience and sensitivity to internal and environmental triggers while also acting quickly when a problem is being faced, risk encountered, or when an opportunity arises. Operational excellence practices, rigid quality control, error intolerance, lean practices, decision centralization, structured communication channels, squeezed slack, and information technologies controlling every action, on the other hand, may become impediments to the development of organizational resilience.

It should be underlined that, for a long time, organizational resilience theorists have been focusing on identifying survival-related organizational characteristics and attempting to comprehend how an organization efficiently overcomes hurdles and threats. Consequently, resilience was frequently associated with an organization's capacity to absorb rapid change and recover from unexpected negative events. However, later, scholars contended that resilience contributes to the organizational ability to continuously accomplish desirable results in a turbulent environment through positive adjustments (Sutcliffe & Vogus, 2003). Resilience is not an exceptional trait, but rather a state that can be achieved through capacity building and a strong emphasis on growth and effectiveness.

It is dependent on the availability of diversified and high-quality resources, conceptual slack maintenance, the ability to reconfigure the resources and competencies, and the development of prompt feedback loops (Sutcliffe & Vogus, 2003). Hence, it may emerge from conventional processes and structure when the organizational configuration is adaptable and has strong structural, cognitive, and emotional connectedness. Therefore, resilience is an organizational capacity that is constantly evolving and dynamic. It varies based on the circumstances and obstacles the business is facing.

Resilient organizations can effectively adjust their functioning pre or post-disturbances by using prepared responses, monitoring the environment, as well as by their own system performance, and by dealing with asymmetrical threats through anticipated disruptions, pressures, and their outcomes. Its resilience develops over time as it learns from experience (Hollnagel, Woods, & Leveson, 2008). Organizational learning enhances future readiness for unforeseen adversity (Vogus and Sutcliffe, 2007). Therefore, every change in a resilient organization has the potential to improve future flexibility and evolve the organizational capacity to better handle future problems and opportunities, as well as to reconfigure the organization in an agile response.

Furthermore, numerous recommendations have been highlighted by the existing body of literature for organizations to become more resilient. There are claims that organizations should (Vogus & Sutcliffe, 2007):

1. Anticipate unexpected events through ongoing monitoring of their performance limits and the environment;
2. Run practice tests and simulations to develop the ability to detect unexpected events and deviations from performance sooner and recover faster;
3. Enable rigorous risk management;
4. Maintain open and timely communication, enabling quick error detection and fix;
5. Through continuously developed sensitivity, equip the whole system to spot weak signals, and, with the right configuration of capabilities, be ready for an agile response;
6. Keep frontline employees as an essential link to better detection of emerging errors and develop their competence to solve problems promptly and autonomously so that to minimize adverse outcomes;
7. Keep emotional health of the organization at its peak.

These considerations for the development of organizational resilience are premised on the existence of large organizational slack. Nonetheless, the fundamental challenge is then underscored in terms of how businesses should navigate between two extremes: on the one hand, while maintaining organizational slack, and, on the other hand, managing high operational and cost-effectiveness levels. This task must be resolved in order to identify the correct approach for developing resilience and transformation competence.

Furthermore, from a perspective of social-ecological systems, organizational resilience can be viewed in terms of the system dynamics and future trajectories. Three possible vectors with distinct properties have been identified (Walker, Holling, Carpenter, & Kinzig, 2004):

1. Resilience is the capacity to absorb disturbance and reconfigure, while retaining, in principle, the same function, structure, identity, and feedback, in the process of undergoing change;
2. Adaptability is the capacity of actors to make an impact and manage resilience;
3. Transformability is the capacity to create a fundamentally new system when the existing one becomes untenable.

Consequently, an organizational system must be governed adaptively. The dispute over the choice to maintain the resilience of the current

configuration in the face of known (and some unknown) shocks and simultaneously building capacity for transformability is inevitable. There are times when large-scale change is desirable. Thus, the resilience of the system must be overcome intentionally. At some point, an entirely new configuration is necessary, and all layers of the system and constituent adaptive cycles must transform. Thus, for sustainable development, not only the development of adaptability and transformability is needed, but also the ability to manage them adaptively depending on situational requirements is required as well. In addition, it is also essential to consistently maintain and improve the adaptability and transformability attributes in an agile manner, as they frequently overlap.

The three abilities of resilience, adaptability, and transformability are intricately connected to one another. Therefore, organizational resilience is the capacity to consistently change and adapt while yet remaining within the key boundaries (Folke et al., 2010). While being part of resilience, adaptability helps absorb the changing external and internal triggers and develop along a stable vector. Transformability, on the other hand, is the capacity to jump to a new course of development. This turns every problem, danger, and threat into an opportunity for a novel business trajectory.

The resilience capacity evolves with each small-scope change, but organizational transformation necessitates breaking the equilibrium and configuration of resilience, and then constructing a new one. Therefore, deliberate and proactive transformation requires evaluating alternatives and enhancing the resilience of the new development trajectory in the direction of transformation (Folke et al., 2010). The evaluation of feasible scenarios in a timely manner together with the quality of decision-making becomes, as a result, not only a prerequisite for proactive transformation, but also one of the essential characteristics of competence of organizational transformation.

For many years, organizational resilience was being viewed as an arsenal of routines by which organizations adapt to the environment. The key message that academic studies tended to send was the identified need for an adaptive fit between the organizational configuration and the outside world. The traditional (physics and engineering-based) resilience approaches have always emphasized robustness, efficiency, and recovery or returning to equilibrium, rather than adaptive change (Limnios, Mazzarol, Ghadouani, & Schilizzi, 2014). With the development of the complexity science and the recognition of organizations as complex systems in which small changes can result in a wide range of unexpected outcomes, organizational resilience has been explored as the major strategic objective of an organization (Lengnick-Hall & Wolff,

1999). The conceptualization of this phenomenon changed significantly as three potential resilience pathways (resilience, adaptability, and transformability) were identified (Walker et al., 2004). More recent research on resilience capacity yields key insights regarding the proactive transformation competence research in organizations.

The relevance of proactive decision-making in initiating transformation, as well as the quality of the decision-making process itself, has been more widely acknowledged. Scholars came to the conclusion that, if organizational resilience is effectively developed, it not only provides the organization with a repertoire of effective routines, but also – and this is the essential point – enables motivated choice between adaptation and transformation (Lengnick-Hall & Beck, 2005). In addition, whenever an organization makes a decision to initiate transformation, whether planned or spontaneous, it encounters uncertainty. Therefore, it must be able to pick and implement routines to manage complexity and ambiguity, as well as accept the outcomes and performance consequences of decisions.

The capacity to endure shocks and adapt can be developed through the accumulation of resources and the maintenance of organizational slack. Organizations can use adaptation to either respond in a reactive manner to the changes in their environment, or to try to predict probable disruptions and respond in a proactive way. However, the adaptive capacity incurs limitations in extremely unpredictable environmental jolts. While protecting itself, an organization might not be able to respond effectively with previously untested actions.

Therefore, the transformation capacity is the right alternative to exploit new opportunities and develop new capabilities to operate in a new state. Transformation moves the organization to an unknown dynamic state in a complex and fluid reality instead of adapting to a new environmental equilibrium. Organization, as a complex socio-ecological system, fluctuates between numerous equilibrium states with the changing resilience capacity during the transition periods (Limnios et al., 2014). This extends the concept of organizational resilience, shifting its purpose from purely being about systems efficiency and reestablishing equilibrium, to preserving critical system functions and activities, even amidst constant changes in the environment and the organization's own state.

Consequently, if the environment finds a new equilibrium, adaptation is the best alternative. Transformation is the appropriate course of action when the environmental change is ongoing, complex, and unstable. However, a developed resilience capacity is required to pursue this goal. It improves the

ability to determine which behaviors are most appropriate for specific uncertain situations in a complex environment and enables the differentiation between equilibrium and nonequilibrium environmental changes (Lengnick-Hall & Beck, 2005). Moreover, it enhances the ability to interpret unfamiliar situations and creativity not only to form original responses, but also mobilize people and resources.

Thus, in order to develop the potential of the proactive transformation choice, organizations have to create processes to generate plans that are adaptable and generic enough to be used across a wide range of contexts, to maintain attention for unanticipated occurrences, and to avoid imposing a strict structure on decision making. Furthermore, scholars (Lengnick-Hall and Beck, 2005) propose that there are three essential components of resilience capacity that have to be developed: cognitive, behavioral, and contextual resilience, which include a list of contributing factors (Table 6):

Table 6. **Components of resilience capacity** (Based on (Lengnick-Hall & Beck, 2005, 2016))

Component	Definition	Contributing factors
Cognitive resilience	Creative interpretation of unfamiliar. Ability to notice, analyze, and formulate responses in ways that go beyond simply surviving.	1. Constructive sensemaking; 2. Strong ideological identity.
Behavioral resilience	Ability to implement both types of actions: familiar and out-of-the-ordinary repertoire through collaborative actions, encouraged risk-taking, innovation and ideation.	1. Complex and varied action repertoire; 2. Functional habits; 3. Resourcefulness; 4. Preparedness.
Contextual resilience	Capability to advance through connections, relationships, and effective recourse combination.	1. Deep social capital; 2. Broad resource network; 3. Deference to expertise.

The transformative perspective presented on organizational resilience transcends the limits of conventional conceptualization. It assumes that

71

disruptions and unanticipated events can be opportunities that may be pursued via organizational transformation. Therefore, businesses must develop adaptability not only for survival from shocks and jolts, but thrive even on risks, problems, and threats through transformation. Hence, the capacity of organizational resilience is viewed as an organization's ability to effectively absorb environmental disruptions, develop situation-specific responses to them, and eventually engage in transformation in order to capitalize on the opportunities given by the environment (Lengnick-Hall, Beck, & Lengnick-Hall, 2011). In contrast, early organizational resilience studies, which focused on recovery from crises, defined the concept by only three functions: situational awareness, vulnerability management, and adaptive capacity (McManus, Seville, Vargo, & Brunsdon, 2008).

Organizational resilience necessitates the ability to maintain the appropriate balance of efficiency and adaptation, unity and diversity (Limnios et al., 2014). Therefore, organizations must also act as a harmonious duo of adaptive capacity to move toward the existing momentum (Miller & Friesen, 1980) and transformability, and also to have the competence to choose a new direction and trajectory. Otherwise, the threat is being posed not only by the environment, but also by organizational rigidity. Even the most successful organizations can fall into the traps of their luck if they lack organizational resilience and the ability to transform themselves. Inertia will eventually lead them to a collapse (Miller, 1992).

Organizational resilience is the ability to adapt to new circumstances, both internal and external, and to gracefully degrade whenever necessary (Allenby & Fink, 2005). Thus, it is a form of organizational system control (K. E. Weick & Sutcliffe, 2011) that involves the reduction or eradication of undesirable variability, either in one's own performance, or in the environment (Hollnagel, Woods, & Leveson, 2006). A fundamental characteristic of a resilient organization is its continuous ability to endure and recover while maintaining control over its behaviors. However, it combines numerous discrete abilities (K. E. Weick & Sutcliffe, 2011) allowing the organization not only to bounce back to its previous stance following the shocks, but also to learn and evolve from past actions of resilience. Furthermore, it involves transformation into a different position and evolution into a different entity with new capabilities.

Organizations must therefore acquire knowledge, fast learning capacities, agility, effective internal communication, and also encourage experimentation and improvisation in order to become resilient. It is a demanding obstacle to overcome since the system must learn to cope with

unexpected events whose form is unknown, and whose appearance timing is uncertain. Literature on organizational resilience offers various recommendations that can increase the resilience capacity of organizations, and they can be summed up as follows:

1. Building equally strong improvisation and problem-solving capabilities;
2. Enabling consciousness, developing agility, and flexibility to learn, restructure;
3. Making knowledge about the system transparent and widely known;
4. Establishing resilience bays with informal networks of on-demand subject matter experts;
5. Creating a set of activities that help identify the people with the right knowledge for the problem and allow to recruit them to temporarily sized-up teams, even despite operational and hierarchical boundaries;
6. Keeping resource slack as an asset rather than a liability;
7. Extracting expertise from group thinking, interconnections, and the network itself, rather than from individuals.

The conclusion that can be drawn from these findings is that resilience is preparation for the unexpected, and it is intended to enhance the overall organizational efficiency and ongoing development. It is enhanced by the accumulated knowledge, effective communication, distributed decision-making authority, the capacity to reconfigure, and the maintenance of the overall sensitivity. If a capacity for resilience is established, it adapts after each response to a threat or an opportunity. Moreover, it provides key dynamic underpinnings for proactive organizational transformation. The repertoire of adaptive knowledge and actions is thus expanded. Therefore, resilience studies contribute to one of the objectives of this research which is to uncover the features and characteristics of proactive transformation competence in organizations.

In addition, the capacity of organizational resilience increases with the increased competence, action repertoires, and continuously expanding knowledge from traditional learning in order to deal with repeating events and to manage the unexpected by using information from the lessons that have already been learned. Supported by fast feedback loops, self-organization, and identifiable experts, *ad hoc* informal networks allow managing an organization toward continuous long-term growth. It also enables organizations to switch trajectories and transform with confidence on the

foundation of the developed integrated competence instead of being led by luck or accident. Thus, on the opposite, a stretch of operations and careless lean practices may jeopardize the slack and harm the resilience. Therefore, it is possible to claim that organizational transformation competence and resilience are contained in the balance of overlapping components and organizational characteristics.

Overall, the existing literature on organizational resilience asserts that organizational transformability is directly dependent on resilience capacity. Moderate levels of resilience capacity allow a business to recover from disturbances and return to normal operations, whereas high levels of resilience capacity can enable a company to undertake a radical transformation and thus thrive in part due to unfavorable occurrences (Lengnick-Hall & Beck, 2016). The subsequent sections of this research, however, present new analytical and theoretical evidence for why this dependency is not direct. These findings subsequently determined the empirical research design and the organizational transformation competence research strategy.

Another significant finding is that the organizational flexibility, creativity, and rapid action selection and implementation – all of which have been identified as important elements of organizational resilience – are components of the concept of strategic agility in the literature on organizational research. It can be defined as the ability to identify and exploit opportunities, change direction, and avoid obstacles (McCann, 2004), or as anticipation, initiation, and taking advantage of change quickly, decisively, and effectively (Jamrog et al., 2006). Strategic agility enables resource and capability configuration alternatives, mobilization, complex problem solving, and prompt actions.

However, strategic agility addresses the continuous change, while the resilience capacity, as scholars define it in the current literature, copes with unfamiliar and disruptive jolts, absorbs complexity, and ensures means for recovery and renewal through transformational change (Lengnick-Hall & Beck, 2016). A resilient organization must be agile in order to respond to both incremental and radical alterations in its environment simultaneously. The breadth and depth of the changes that an organization must navigate through are proportional to the degree and extent to which it must be agile. When the environment changes rapidly, and it is impossible to predict its developments, organizations must change rules to operate with experimentation, innovation, agility, adaptability, and co-evolution. Businesses have to decentralize, enable networks, assemble project teams, and empower individuals (Stacey, 2007).

Therefore, enhanced strategic agility might potentially be identified as an integrated part of the total organizational transformation competence.

Hence, initially, resilience was associated with stability and the capacity to absorb shock and return to the equilibrium of prior functioning. Recently, a proactive adaptation viewpoint and the capacity to reconfigure and transform for growth have been integrated into the concept. From this perspective, the resilience capacity to avoid, absorb, adapt, and recover from disruptions is critical, and it consists of the three core characteristics of a complex system: self-organizational ability, adaptive capacity, and absorptive capacity (Fraccascia et al., 2018).

Recent research, however, reinforces claims that the capacity of organizational resilience can fluctuate in response to the environmental adversity, whereas transformative change might potentially mitigate the risk of reaching the adaptation limitations when turbulence makes a return to the original state impossible. Through the transformation process, an organizational system reorganizes itself with entirely new components, capacities, structures, and processes (Clément & Rivera, 2016). As social systems that learn and change consciously, organizations take deliberate actions in response to environmental shifts. Frequently, their adaptation limits are attained. Hence, transformation as a strategic choice for a new direction may also be repetitive and cyclical.

Therefore, the organizational change may be a reactive response to adaptation limits that have been achieved, or it may be initiated proactively when adaptation limits are expected. Consequently, resilience cannot be entirely characterized by defensive and reactive behaviors (Annarelli & Nonino, 2016). It must become a proactive practice to enhance daily operations and process effectiveness. Resilience extends beyond mere survival. It entails taking proactive actions to address the recognized potential risks, threats (Somers, 2009), and opportunities.

Based on the findings of the concept development analysis of organizational transformation, it can be concluded that organizational transformation research supports both action and response types. The punctuated equilibrium paradigm calls for reactive transformation which occurs in response to major decreases in performance or changes in the environment. The continuous transformation model and complexity view of organizations, on the other hand, allows both reactive and proactive options.

Furthermore, organizational research makes strong claims that companies can control their adaptation cycles (Tushman & O'Reilly III, 1996). They can actively configure processes and resources to adapt in the short term

and develop the competence and capacities necessary to transform proactively toward a new trajectory with an entirely new configuration in the long term (Clément & Rivera, 2016). Thus far, scholars have not yet offered clear insights into the specific organizational characteristics and strategies that facilitate proactive transformation, nor have they addressed how to effectively maintain equilibrium between reactive and proactive approaches.

None of the scholars have yet been able to establish a viable theory to capture the emerging proactive aspect of the organizational transformation phenomenon and explain the proactivity underpinnings of the process of transformation initiation. Above all, it is vital to understand the ways in which proactive transformation is sparked within organizations, how this process unfolds over time, and the specific organizational traits necessary at different stages of the transformation initiation process. It emphasizes the need for comprehensive exploration of proactive organizational transformation competence and its constituent components, such as collective consciousness, organizational resilience, and strategic agility. This study has aimed to address these relevant knowledge gaps that are currently prominent.

Hence, resilience has many interpretations and lacks consensus across many definitions, components, and influencing factors. It is divisible by two different complex system objectives: maintaining stability on the one side and transforming on the other side. Since the introduction of the concept in the 1970s, the focus and the primary attention of scholars have been on the recovery and survival of organizations, while recently, they have been concentrating on resilience manifested as a foundation of transformation (Normandin & Therrien, 2016). There have also been many attempts to develop frameworks for resilience measurement, and various resilience factors have been studied, but most of them have been focused on crisis and risk management. For instance, (Normandin & Therrien, 2016) developed a framework to assess resilience to cope with crises by analyzing the dynamics of negentropy (order, stability) and entropy (disorder, change), whereas (Lee, Vargo, & Seville, 2013) developed a method to measure the strengths and weaknesses in the light of the effectiveness of resilience to recover crises, while (McManus et al., 2008) developed a tool to assess and improve resilience management in the face of emergencies.

To sum up, the literature offers two perspectives toward organizational resilience. First, it simplifies it as an ability to recover from adversities and shocks. Secondly, it presents organizational resilience as an ability to evolve and pursue new opportunities and capitalize on every change going beyond the previous equilibrium. Consequently, it is tied to the ability to absorb

complexity and develop a repertoire of actions enabling one to step up on each challenge (Lengnick-Hall & Beck, 2005). However, the complexity of organizations and the environment still limits certainty and predictability, and change constantly occurs in novel ways; consequently, there is no potential assurance of success in transformation (Stacey, 2007). Nonetheless, organizations must still strive to be resilient and have the necessary capacity to reconfigure to new states.

The Greek philosopher Heraclitus left us a remarkable saying that best describes the nowadays business world: "The only thing that is constant is change...". Change is inevitable, and only agile, resilient, and continuously evolving organizations will survive and thrive in the surroundings of disruptive and constant environmental changes. Regardless of the internal or external trigger(s), organizations must be ready to cope with surprises and have the capacity to effectively select and implement responses to both familiar and unfamiliar events. Proactive transformation also has to be included in the repertoire of actions by developing the competence of proactive organizational transformation.

1.7. From Surviving to Thriving: how Organizational Resilience Drives Proactive Change

According to a review of the research on organizational resilience, resilience is a natural and indispensable aspect of organizational change. However, scholars exploring organizational transformation generally ignore this phenomenon in their studies (Sutcliffe, 2021). Furthermore, the currently available literature on organizational resilience strongly indicates that resilience capacity is directly related to organizational transformability. Moderate levels of resilience capacity enable a business to recover from disruptions and resume normal operations, whereas high levels of resilience capacity enable a company to undergo a radical transformation (Lengnick-Hall & Beck, 2016). This section presents new analytical and theoretical evidence as to why organizational resilience serves as a primary catalyst for proactive transformation in a non-direct manner. These findings subsequently shaped the methodology of the empirical research on the organizational transformation competence.

Researchers in organizational resilience have been attempting to explain how organizations anticipate and adapt to hazardous events and crises, as well as why some organizations are more resilient than others. However, researchers adopted the viewpoint that crises occur abruptly and

unexpectedly, and resilience allows the system to re-align. They concentrated on failure recovery, rather than on failure avoidance or potential opportunities identification, and on problem-solving strategies rather than on the dynamic resilience development and governance strategy (K. Weick, Sutcliffe, & Obstfeld, 1999). Even though there have been many demands for organizational research to explain how to develop it with the objective to reduce the impact of shocks before they have reached the organization, or even avoid them altogether (Williams, Gruber, Sutcliffe, Shepherd, & Zhao, 2017), very few studies of the sources of adversities and the determination of their hazardous potential have been conducted.

There is a gap in scientific understanding of the phenomenon, and researching it is notoriously difficult due to the fact that the phenomenon is comprised of multiple complicated factors, characteristics, and capacities (Van Der Vegt, Essens, Wahlström, & George, 2015). The phenomenon's dynamic, complex, and multilayered nature is challenging to describe by using merely the conventional organizational study methods. Businesses tend to operate with many unknowns and inevitably face a variety of nonrepetitive events. Thus, scholars sought to define resilience as the capacity to deal with these surprises and to comprehend why some organizations are better able to withstand internal and external shocks than others. However, little is known about how the resilience capacity levels must be actively managed and controlled so that to ensure the organizational ability to withstand external shocks and maintain continuous readiness for transformation simultaneously.

Originally defined as an ecosystem's ability to maintain its current state in the face of multiple attractants and environmental disruptions, organizational resilience is now recognized as a diverse and complex concept encompassing environmental, social, and engineering studies. Due to advances in the conceptualization of *organization*, the concept has sparked great interest in the academic community. Scholars have thus recognized that businesses coevolve in ecosystems over time, by aligning themselves toward the directions of one or more central organizations while competing and cooperating.

Organizations are not static structures, but rather they are human-made formations capable of self-organization, adaptation, and transformation. Therefore, the capacity for transformation varies across businesses. Beyond the defined processes and structures, organizational actors frequently act by using shared knowledge. They interrelate their activities within the system, thus eventually developing behavioral patterns, with the elevation of which, failures decrease, and collective consciousness and adaptability are

enhanced (K. E. Weick & Roberts, 1993). When a system is reliable and can transcend its formal structure, fostering interconnectivity and nurturing a shared understanding of the environment, it can prevent failures and seize opportunities. This intelligent, self-organizing system can operate continuously, making smart decisions irrespective of structural limitations or environmental volatility.

As evidenced by the literature review conducted in the preceding sections of this study, the definitions of organizational resilience ranged from business capabilities, processes, and structures to collective consciousness. Some defined it as the ability to investigate, learn, and act (Wildavsky, 1988) under conditions of considerable uncertainty and ambiguity. Meanwhile, others ascribed it to highly reliable businesses which develop the ability to anticipate and prevent potential problems, as well as the capability to cope with hazards that occur unexpectedly. (K. E. Weick et al., 2008). The concept was also frequently regarded as the ability to deal with risks involving high unpredictability, to learn collectively, and to leverage the corporate knowledge to develop new creative solutions to the issues that have never occurred before (Normandin & Therrien, 2016).

Moreover, for a considerable amount of time, theorists have been concentrating on studying those business characteristics which contribute to the survival and the capacity to cope effectively with hurdles and problems. They frequently referred to a company's capacity to absorb rapid external changes and rebound from unexpectedly negative circumstances. The consensus of their opinion was that it is an organization's capacity to endure and recover from the effects of an external shock, resist change, and adapt to a disruption (Annarelli & Nonino, 2016), continue to function (Fraccascia et al., 2018), or bounce back to the equilibrium promptly (Sheffi & Rice Jr, 2005).

Scholars realized, however, with the emergence of the complexity theory, that organizations are in perpetual flux and emerge from continuous change (Tsoukas & Chia, 2002). They began to rethink organizational resilience and change after arriving at new conceptualizations of the organization as an entity (a review of these new concepts is provided in Annex 5 of this study). It was understood that the architecture of the business and the procedures that are specified do not represent all of the maneuvers and combinations of routines that are at their disposal. Their complex internal social networks are formed by multilayered heterogeneous groups of individuals (Hidalgo et al. 2011).

Although they appear comparable on the surface, organizations ultimately achieve very distinct outcomes. Their accomplishments and

abilities to act are the outcomes of the quality of interdependent activity choices (Baumann & Siggelkow, 2011) and complex processes of interactions between internal actors (Stacey, 2007). Resilience is a common property of complex organizational systems (Fraccascia et al., 2018). Nevertheless, the capacity of an individual system to anticipate and adapt to unexpected events by absorbing the disruption to sustain its functions or by transforming into a new state and choosing alternative development trajectories varies significantly.

As a consequence of this, academics have advanced further by defining resilience as a capacity to change rather than the ability to preserve the current state. They began to consider that it may be an explanation for the issue how businesses consistently achieve desirable outcomes by making positive adjustments in turbulent environments (Sutcliffe & Vogus, 2003). Hence, in the contemporary organizational research, resilience is viewed as a dynamic organizational capacity that is constantly evolving. It varies according to the circumstances and obstacles that the company is facing. It is an achievable condition that may be proactively guided and managed. Formal structures and processes, as well as consistent cognitive and social interconnectedness, are fostering resilience capacity. Furthermore, every change has the potential to improve the future adaptability and enhance the ability to confront future obstacles and pursue possibilities, as well as to reconfigure the organization in an agile manner in response to the challenges.

The quality and diversity of resources, the maintenance of slack and the flexibility in the architecture, along with the development of rapid feedback loops, are all essential to the process of organizing for resilience in companies (Sutcliffe & Vogus, 2003). Learning inside an organization can boost the future capabilities and a company's level of readiness for unforeseen challenges. A resilient business should be able to predict unexpected events by continuously monitoring its performance boundaries and the environment, and it should prepare to immediately cope with these events by being flexible and inventive in its approach toward determining solutions (Vogus & Sutcliffe, 2007).

Hence, in order to continuously evolve, organizations must be able to develop and implement prepared responses to various frequent and irregular threats, monitor the environment and their own system efficiency, cope with asymmetrical threats through anticipated instabilities, pressures, and consequences, and learn from experience. A resilient organization must not only be prepared to deal with disruptions, but it must also develop proactivity with the goal of adjusting its functioning prior to the occurrence of shocks that

have been anticipated (Hollnagel et al., 2008). Therefore, business leaders must guide organizations between two extremes: continuing to innovate and anticipate on the one hand, and managing high operational and cost-effectiveness on the other hand.

Thus, the dominant resilience conceptualizations and the state-of-the-art body of literature align on the conclusion that it is the strongest in organizations which anticipate and avoid threats from materializing, effectively manage change and cope with unanticipated events, and adapt to their consequences (Figure 3). It constantly learns and evolves in order to recognize and manage new dangers and opportunities (Leflar & Siegel, 2013), and it is enhanced by accumulated knowledge, distributed decision-making authority, established effective communication and comprehensive organizational sensitivity, awareness, and the ability to reconfigure quickly. It modifies itself after every response to a threat or an opportunity, thereby expanding the organization's adaptive knowledge and action repertoire. The capacity of resilience continuously evolves as a result of a cyclical process. The complexity view of organizations, on the other hand, explains why these advances do not follow a linear path.
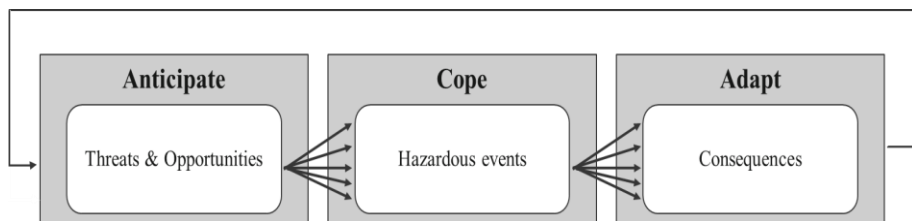
Figure 3. **Process of organizational resilience** (Prepared by the author)

Although the scholarly interest in the phenomenon of organizational resilience has increased in recent years, there are still multiple interpretations and a lack of consensus regarding numerous definitions and perspectives. Despite various attempts to identify the components constituting the concept and to quantify its capacity, the resilient organization configuration, its influencing factors, and its effect on organizational development still remain unclear. Until recently, scholars mostly focused on the recovery and survival capabilities of organizations. However, in most recent studies, resilience has emerged as a possible foundation for the ability of organizational transformation (Normandin & Therrien, 2016). Moreover, the present theoretical and empirical findings are based on historical studies and centered on the viewpoint of the past. As a consequence, they are rarely

applicable to unforeseeable events and scenarios that are yet to take place in the future (Linnenluecke, 2017).

However, with the development of the complexity theory and the considerations of organizations as complex systems where tiny changes can result in a wide range of unpredictable outcomes, concept studies have recently taken a different path. In the social-ecological sciences, the nonparallel resilience trajectory of transformability, or the ability to develop a fundamentally new system when the current one becomes untenable (Walker et al., 2004), has been identified. There are times when it is desirable to bring about fundamental change. Thus, the governance of organizational systems must be flexible and adaptable. When it is necessary to implement a new configuration, the resilience capacity of the system must be purposefully decreased (Allenby & Fink, 2005). Therefore, the development of adaptability and transformability capacities, as well as the strategic management capabilities necessary to control them in an adaptive manner based on the requirements of the environment, are necessary for the continuation of a business.

Resilience resides at the confluence of adaptability and transformability. It is the ability to continuously adapt and change (Folke et al., 2010), the capacity to transform in the face of potentially harmful circumstances (Cumming et al., 2005), or in pursuit of new business development directions. Adaptability aids in the absorption of the changing environmental stimuli, shifting circumstances, and the continuous development on a stable vector. Transformability, on the other hand, is the capacity to change the direction of organizational development by taking new business paths. Hence, the dilemma for organizations over whether to maintain the *status quo* configuration resilience in the face of known familiar threats whilst concurrently expanding the capacity for transformability is unavoidable and constant.

If an organization is capable of balancing its resilience capacity and navigating between these conflicting vectors, every difficulty, danger, or threat becomes an opportunity for a novel business trajectory in the long run. Resilience capacity evolves with each small scope adjustment, and sustainable development is still maintained. However, proactive organizational transformation necessitates dismantling the current configuration of resilience capacity and establishing a new one, assessing the current state in comparison to alternatives, and developing resilience across the new desired trajectory (Folke et al., 2010). Hence, the proactive transformation competence of an organization is largely shaped by scenario planning, envisioning directions of

the potential development, establishing the competencies necessary for the future trajectory, and the enhancing the quality of decision-making.

The capacity to adapt and return to an earlier state (i.e. to bounce back) and the capacity to leap to a new state by making effective use of transformation are the two components that make up an organization's resilience (K. E. Weick et al., 2008). It is imperative for businesses to enhance their resilience capacities accordingly not only for surviving, bouncing back from shocks, and absorbing disturbances, but also to thrive on each challenge and risk that threatens survival by developing situation-specific responses (Lengnick-Hall et al., 2011) and initiating proactive transformations.

When turbulence makes it hard to revert to the initial state, transformability may make it possible to mitigate the risks associated with nearing the adaptive limits. The level of capacity for resilience tends to go through fluctuations whenever there is a change in the surrounding environment (Clément & Rivera, 2016). These alterations can be attributed to the organizational transformation competence if they are intentionally observed and managed. There is a possibility that the limitations of adaptation will be reached on a frequent basis, and transformation as a strategic choice for a new business development trajectory may also be recurrent and cyclical. It is possible for it to be a reactive response to the already reached adaptability limits, or a proactive action that is initiated when it is anticipated that adaptation limits will eventually be reached.

There is a substantial overlap between the organizational attributes associated with adaptability and those associated with transformability. In order to possess a sufficient resilience capacity, businesses must be capable of achieving a balance between the efficiency and flexibility, as well as between the cohesiveness and diversity (Limnios et al., 2014). Organizations must operate as a dynamic combination of adaptability capacity and transformability to be continuously capable of choosing new directions and trajectories and of advancing in the direction of the currently existing momentum (Miller & Friesen, 1980). Otherwise, the threat stems not just from the environment, but also from organizational rigidity. Even the most successful companies can fall into the traps of their luck if they lack organizational resilience as well as the capacity and competence to transform themselves. Inertia will eventually lead to self-destruction.

Consequently, with these efforts, balancing the resilience capacity becomes a mechanism for governing a complex organizational system and its interconnections (K. E. Weick & Sutcliffe, 2011). By having the ability to degrade their organizational systems in a systematic fashion when necessary

(Allenby & Fink, 2005), organizations can have the capacity to evolve (Hollnagel et al., 2008) in response to shocks and changes in their environments. Resilient organizations are able to resist unexpected and disruptive shocks, absorb complexity, and have the capacity for organizational renewal through transformational change (Lengnick-Hall & Beck, 2016). When it is not possible to anticipate a situation and have an awareness of the environment due to a large number of changes in it, businesses need to iterate with experimentation and be swift in selecting the actions to take (Stacey, 2007). Prompt mobilization and the problem-solving capability are the two primary advantages of being transformable (Jamrog et al., 2006). A resilient organization must be agile in the reconfiguration of resources and capabilities, the identification of threats and opportunities, and the switching of trajectories to prevent crises (McCann, 2004), thereby ensuring business longevity.

Hence, the concept of resilience cannot be simplified to merely organizational reactiveness and resistance to disruptions (Annarelli & Nonino, 2016). It goes beyond simple survival and must develop into a proactive approach toward identifying threats and potential opportunities as well as fostering the day-to-day effectiveness of operations and processes (Somers, 2009). The resilience capacity is the configuration of adaptation capacities that allow for recovery from adversities and shocks, as well as transformation competence which is the ability to evolve, explore new opportunities, and capitalize on any change that goes beyond the prior equilibrium.

The organizations that are resilient are capable of managing their cycles of development and adaptation (Clément & Rivera, 2016). They are denoted by the ability to actively reconfigure the organizational architecture, processes, and capabilities in the near term in order to adapt and absorb external turbulence, and they possess the ability to develop the competence and capacities necessary in the long term in order to transform proactively toward a new development trajectory with a completely new configuration (Tushman & O'Reilly III, 1996). This perspective changes the emphasis from the organizational system efficiency aiming for a stable equilibrium to the maintenance of essential system functions undergoing continuous fluctuation and transformation between multiple states (Limnios et al., 2014).

Under this viewpoint, the boundaries of organizational resilience extend well beyond the crisis management to the ongoing process of sensing, anticipating, decision-making, and acting. Hence, the presently available scientific evidence indicates that the proactive transformation competence research must transition from an event-centered approach to one that examines the environment, specific occurrences, stimuli, and the progression of the

transformation process within the context of a particular organization. Proactive organizations encounter various environmental impulses and respond to them with organizational changes at various stages, often before the actual hazardous events have even reached their full potential. The ability of sensing the weakest cues of dangers and opportunities at many levels of the business enables continuous and quick adaptation and evaluation of their potential to initiate preemptive actions.

The transformation process may function as a mechanism for an organization's long-term advancement. Each adaptation cycle may consist of the same phases, but the organizational signal detection, interpretation, sensemaking, and response competence evolves because of adjustment, learning, and the development of the organizational resilience. However, following the transformation, the organization's development trajectory changes, and it advances into a new configuration. Whereas the resilience capacity is in a constant state of flux whenever in a transition period, new threats and/or opportunities are detected and addressed, or, if they are overlooked, they tend to cause turbulence (Williams et al., 2017).

Therefore, the capacity for initiating proactive transformation depends on the organizational resilience capacity. While managers face the complexity of the resilience capacity governance, scholars must explore how capacity might be balanced so that to enable scenarios of adaptation and transformation. As a consequence of this, the subsequent section of this research concentrates on investigating and broadening the state-of-the-art level of understanding the resilience capacity governance in order to develop proactive transformation competence. These considerations eventually shaped how this empirical research was conducted.

1.8. Proactive Transformation Enablement via Resilience Capacity Management

Despite various attempts to explain the management of resilience capacity, evaluation, and constituent characteristics, previous research has mostly concentrated on developing resilience capacity in the face of emergencies and crises and enhancing the risk management efficacy. In addition, researchers attempted to identify resilience through retrospective organizational analysis, with particular case characteristics establishing a subjective orientation and limiting the significance and impact of the findings and conclusions (Cumming et al., 2005).

Organizational characteristics and individual capacities of corporate actors, as well as their social interconnections, contribute significantly to the difficulty of detecting the overall resilience capacity of an organization. There is a multitude of significant factors which could potentially have varying effects on resilience. They have intricate structures and are linked together through a complex organizational network at many different levels. They evolve over time and manifest themselves in situations of opportunity or adversity which create a threshold (Linnenluecke, Griffiths, & Winn, 2012) that organizations must overcome.

Moreover, the concept is future-centered. Therefore, scholars must strive to produce critical insights which will enable active and adaptive future management. Furthermore, industrial, sociological, governmental, and legal variables can all have an impact on an organization's readiness and ability to act proactively. To discover influences beyond the business level of analysis (Linnenluecke, 2017), multilevel and multidisciplinary perspectives must be employed.

However, the research that has been done up to this point has not yet been able to successfully develop a viable paradigm to capture the proactive aspect of the phenomenon. Consequently, the creation of a new framework that could capture and evaluate the overlapping components of organizational resilience and transformation capacity attributes may be able to advance the current state of knowledge in the organizational science. Not only practitioners, but also executives would benefit from gaining insights into the practical aspects of this phenomenon, such as how to structure, manage, and activate it.

Furthermore, the complexity of the modern companies, along with the uncertainty of the environment, inhibits their ability to anticipate their long-term development accurately (Stacey, 2007). Thus, only those businesses which are agile, resilient, and constantly transforming can survive and thrive in the face of frequent disruptive environmental changes. Companies must be continually prepared to deal with surprises and possess the ability to sense environmental shifts, select and implement responses to not only common impulses, but also to unfamiliar harmful situations due to contextual ambiguity and uncertainty. Managers must acquire strategic capabilities in order to prepare organizations for transformational changes in the business development trajectory. Therefore, getting insights into the practical aspects of a phenomenon, such as how to structure it, manage it, and activate it, is beneficial to both practitioners and executives. This study sought to provide this social impact and value.

Furthermore, firms must adapt to the changing environmental conditions and transform themselves, as the environment mercilessly eliminates those who do not reorient quickly. Most of the time, companies gradually adjust to the environmental changes until fundamental discontinuities have occurred, and the currently available strategies and practices are unable to cope with changes. Paradoxically, however, firms with the strongest environmental fit become the most vulnerable and are subject to natural selection (Tushman & O'Reilly III, 1996) due to their withholding inertia. Despite having a greater capacity for consistent operational performance, organizations with substantial inertia lag in terms of adaptation in the face of environmental turbulence (Hannan & Freeman, 1984) and fail to transform because they are sluggish to react and fail to anticipate disruptive environmental developments proactively.

The current wealth of research shows that businesses resist change even in the face of substantial environmental risks (Miller & Friesen, 1980) because they seek stability and avoid uncertainty, while rarely deviating from the established paths. Inertia may eventually cause them to fail and undertake forced, reactive changes (K. E. Weick & Quinn, 1999). Instead of being the result of unmanageable and unexpected convergence periods, organizational transformation in an organization that is resilient and possesses transformational competence is the recombination of both reactive modifications and proactive actions led by corporate goals and deliberate managerial decisions.

However, no organizational architecture and configuration is ever flawless, and the resilience capacity necessitates ongoing improvement and active management in the context of environmental alterations. Therefore, in order for businesses to be sustainable, they need to develop not only operational efficiency, but also a significant level of adaptable and transformative competencies (Merali & Allen, 2011). Businesses must comprehend all internal and external connections and their dynamics. (Hidalgo et al., 2011), as well as direct and shape reactive reorientations while balancing organizational inertia and the need for radical transformation when incremental adaptive changes fail to achieve a sustainable level of performance (Tushman & Romanelli, 1985). They must develop the capacity and competence to initiate proactive transformation in response to the changing competitive conditions, difficulties, or the discovered prospective business opportunities.

Organizations are always changing, and they never establish a fully stable equilibrium. Thus, considering resilience to be a system's capacity to adapt

and absorb change while keeping the function and the structure (Duchek, 2019) is an incomplete and insufficient attitude. Moreover, preserving the existing fluctuating state of an organization's resilience capacity blindly strengthens inertia, and this approach is only adequate for dealing with familiar, recurring challenges. However, in order to achieve sustainable development, one must be forward-thinking and establish new business trajectories while simultaneously building the capacity to transition rapidly in between these pathways.

Consequently, businesses must continuously balance their resilience levels, shape capabilities, and reconfigure in order to enable fast adaptation to the unpredictable market volatility without putting the entire system at risk (Holling, 2001). Transitioning to a fundamentally different state necessitates advanced planning and concentration on future resilience. Organizations must thus foresee what is necessary for the prospective development on a new trajectory in the future, rather than just making things better presently, and organize their businesses and build capabilities accordingly. Thus, an organization's capacity to proactively adapt and dynamically coevolve within a fast-paced environment largely depends on its resilience. Through the synthesis of current organizational research, the author came to conclusion that a well-maintained balance and harmonious relationship among resilience attributes, achieved through deliberate organizational efforts, is what largely drives the organization's capacity for proactive, transformational changes initiation. This balance is not static but rather, it requires ongoing management to ensure sustained effectiveness.

As discussed in the preceding section, there is disagreement on what level the resilience capacity contributes to the organizational transformation capacity. According to the research of certain academics, an organization's capacity to proactively transform itself increases in proportion to the degree of its resilience (Lengnick-Hall & Beck, 2016). However, resilience is not limited to the capacity to absorb disruptions through adaptation. It is active, deliberate, and purposeful thriving on change (K. E. Weick et al., 2008). Therefore, the resilience capacity that the current organizational state possesses must be purposefully reduced for future objectives (K. E. Weick & Sutcliffe, 2011). This must be done in order to make it possible for the organization to transition into a new, more desirable state in the wake of a possibly hazardous event (Carvalho, Barroso, Machado, Azevedo, & Cruz-Machado, 2012) or in order to take advantage of a valuable strategic business opportunity.

The author of this research explores the concept beyond the current academic considerations, while arguing for the need to develop high resilience capacity and asserting that, while a modest level of resilience capacity facilitates recovery, only a high level of resilience capacity may enable organizational transformation. The conceptual framework demonstrates the proposition (Figure 4) how businesses must establish strategic capabilities to balance the tension between the eagerness to build resilience capacity around the currently existing state, and sustain it to adapt and absorb the potential shocks on the one hand. Meanwhile, on the other hand, scenarios are being simultaneously developed, and the need is being navigated to build capacity for the uncertain but envisioned future state that might be achieved through a directed transformation in a proactive response to the identified opportunities and threats. During the phase of transition, the adaptability and transformability components overlap and move progressively closer toward alignment.
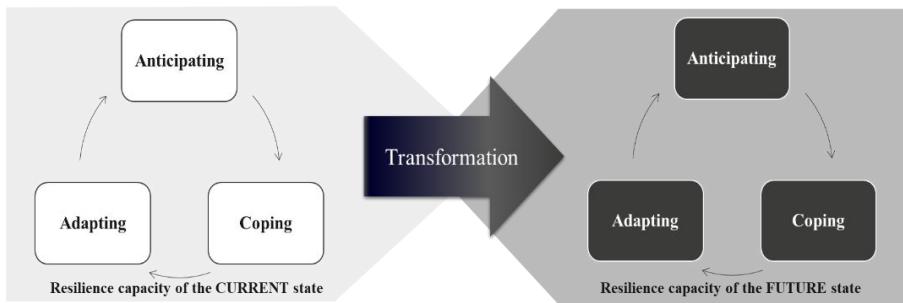
Figure 4. **Organizational resilience capacity management** (Prepared by the author)

Organizational transformation is irreversible after it has commenced and the transition has gained momentum, thus releasing the organizational system from the holding inertia of the entrenched capabilities and interconnections. Because of this, the resilience configuration cannot revert to its initial capacity level. It must be reconfigured in consideration of the context and all the organizational system modifications that have occurred. Therefore, the resilience capacity necessitates continuous and active governance. Organizations must manage resilience capacity to ensure sustainable development and avoid crises by either enhancing it to adapt and absorb environmental changes, or by decreasing their level to enable proactive transformation.

Thus, scientific literature and the analysis of the latest findings jointly support the proposition that the resilience capacity management is active

balancing between the current state system's capacity and the required level for the aim of transformation, and the envisioned future organizational state. As the inertia of the complex and multilayered organizational system prevents transitions, building resilience around the future state necessitates a decline in the already existing system's resilience capacity. Meanwhile, an unbalanced resilience capacity can be detrimental. It has the potential to lock the organization into such withholding rigidity and destructive configuration that it may culminate in abrupt, unpredictable, and difficult-to-manage change.

Thus, in order to enable transformation competence, organizations are obligated to develop a strategy for enhancing their resilience capacity when it is necessary to maintain the currently existing development trajectory and diminish it when it features the potential to cause unintended effects and impede the transition to a new business trajectory. Businesses must thus be able to deal with potentially dangerous situations, withstand environmental disruptions, and be proactive in identifying those external and internal stimuli which can disrupt the system or present new opportunities. Thus, they ultimately develop the ability to forecast their impact and to generate scenarios for the organization's long-term future development in pursuit of the desired objectives.

In conclusion, a strong assumption was made based on a synthesis of the existing evidence that the organizational transformation competence is intertwined with the resilience capacity which can be developed and controlled. Furthermore, in order to attain longevity, companies must have strategic capacities to identify, examine, and comprehend environmental and internal stimuli that may result in disruptions, as well as manage their resilience capacity proactively in proportion to these triggers. In an uncertain and unpredictable business landscape, organizations must be adaptable and agile, ready to design alternative future scenarios and make informed and deliberate decisions about the path of development. Otherwise, companies will be unable to mitigate the negative consequences of frequent hazardous events or explore new potential business directions. Therefore, in order to create whole-system sensibility, foresee capacities, and the potential for proactive organizational transformation, businesses need to control and manage the resilience capacity levels in a proactive manner toward the strategic organizational objectives while simultaneously exploring new business routes.

However, in the field of organizational research, there is paucity of knowledge on the competencies and capabilities comprising the organizational resilience as well as their dynamic configuration and

management. The scholarly literature is still rife with doubt about this phenomenon, its emergence, and the adequate capacity for sustainable business development and proactive business transformation. Therefore, the above discussed conceptual propositions contribute to the complex and heterogeneous field of organizational resilience research and a better understanding of the phenomenon by providing original insights and recommendations for the development of the business resilience capacity.

In addition, the comprehensive literature review on organizational resilience concept has offered tangible implications for the organizational transformation initiation process research. Although academics concur that there are three stages in the process of organizational resilience - *anticipating, coping*, and *adapting* - as demonstrated by the discussion of the literature review findings. Nonetheless, the interpretation of relativeness to the emergence of organizational transformation and the emphasis placed on the underlying organizational competencies and capabilities at each of these phases frequently vary. Consequently, the empirical research strategy of this study has aimed to follow the identified direction and, inherently, to close this gap in the scholarly knowledge.

1.9. The Role of Attention and Sensemaking in the Initiation of Proactive Transformation

Following the widely held belief that changes are initiated in response to environmental pressures (Rheinhardt & Gioia, 2021), studies of organizational transformation emphasize the importance of the upper-echelon strategic decisions and leadership in planning organizational changes and controlling the sensemaking through initiation and implementation (Gioia & Chittipeddi, 1991; Ravasi & Schultz, 2006). However, managers may also be the recipients of change originating from the influence of shareholders, government legislation, or other sources (Oreg & Berson, 2011). Moreover, changes frequently emerge as bottom-up initiatives (Livne-Tarandach & Bartunek, 2009) from proactive employees and their issue-selling actions (Dutton et al., 2001). Thus, although the top-level managers are primarily responsible for monitoring significant environmental changes and developing responsive organizational strategies (Ancona, 2012), the deliberate choice to initiate change has many contributing factors and antecedents that still remain understudied.

Organizational changes are initiated and executed through sensemaking (Rheinhardt & Gioia, 2021), a cognitive process by which individuals and groups construct meaning from their experiences and surroundings. Scholars

have recognized that it is a dynamic and continuous process (Hernes & Maitlis, 2012; K. E. Weick, 1995), and that it necessitates the development of meanings across multiple layers and hierarchies of individuals to be effective in organizations (Balogun & Johnson, 2004). Moreover, leaders vary in terms of their organizational change sensemaking capacities (Gioia & Chittipeddi, 1991), and their motivation to initiate transformations largely differs (Martins, 2005).

Despite the significant attention given to the senior management in the literature discussing organizational change, the contributions of lower-level employees to the transformation initiation and environmental sensemaking processes are often overlooked. Additionally, the lack of research on the processes leading up to change initiation decisions highlights a gap in scholarly understanding of how these decisions are formulated from an organizational sensemaking perspective (Rheinhardt & Gioia, 2021). Thus, there is a need to examine further the decision-making processes preceding change initiation from the perspective of the entire complex organizational system.

Cognitive structures and internal social networks determine what actions individuals and groups should take based on their perception of the environment (Eisenhardt & Bhatia, 2017). Their experience and capacity allow a complex organizational system to make sense of the context shifts (Stacey, 1996). Through the self-organization and interconnected actions of agents, organizations develop the adaptive capacity to interpret environmental changes, anticipate their impact, and determine their actions in response (Mitleton-Kelly & Ramalingam, 2011). However, the mechanisms by which external cues and triggers influence the formulation of strategic decisions that initiate organizational transformation and how organizations can develop proactive change capacity still remain unknown.

On the other hand, the attention-based view of the firm (Ocasio, 1997) suggests that the allocation of attention within an organization plays a crucial role in shaping the decision-making processes and strategic actions taken by the organization (Ocasio & Joseph, 2005). Its information-processing perspective on attention allocation has important implications for the initiation of the strategic change within the organization (Ocasio, Laamanen, & Vaara, 2018). It emphasizes that the attention of decision-makers affects the strategic choices and influences the outcomes, is contextually situated, and is socially structured (Laureiro-Martinez, 2021). By directing attention through structured channels toward certain issues or opportunities, organizations can prioritize issues and opportunities, and initiate and implement the desired changes. Conversely, if attention is not properly focused, change initiatives

may struggle to gain momentum, and may thus ultimately fail. Therefore, understanding and managing attentional processes and structures within a company can be a key factor in the initiation of a successful strategic change.

Despite its widespread adoption in various contexts of research, the attention-based view exhibits several limitations in terms of its ability to explain the initiation of transformational change. First, this perspective is primarily focused on the attention of the top management to the environmental factors, and it does not adequately address the role of other organizational actors in the change process. Additionally, the emphasis on internal communication structures as the primary means of passing attention through the organization may not be sufficient to fully capture the complex and dynamic nature of attention allocation within organizations. Furthermore, the attention-based view does not adequately consider other factors influencing the change initiation, such as external pressures, resource constraints, and organizational culture (Laureiro-Martinez, 2021). Thus, this research focuses on an understudied area of attentional flexibility (Laureiro-Martinez, 2014) and organizational capacity to identify weak, less structured cues in the areas where management attention was not necessarily focused in advance.

Poorly identified sources of potential problems, hazards, or opportunities cannot lead to proactive quality decision-making in change initiation (Rousseau, 2018). Consequently, a lack of comprehension regarding the need for change and inadequate strategic decisions are likely to hinder the development of a cohesive organizational transformation vision and impede the successful implementation of the required changes (Stouten et al., 2018). Furthermore, several studies on organizational change (Armenakis & Harris, 2009) and decision-making (Nutt, 1999) have already asserted that the identification and diagnosis of change triggers are undervalued and crucial to the success of change implementation. Their comprehension narrows the spectrum of the plausible alternatives, and failing to recognize them on time leads to hasty decisions and the eventual failure to implement the changes successfully.

The dearth of the understanding of the nature of change might be one of the reasons why as many as 60–70% of attempts at change are unsuccessful (Jørgensen et al., 2009; Maurer, 2010; Thomas et al., 2016). Moreover, despite the broad consensus that the failure rate is high, and in spite of all the variables that may cause failure, organizations still continue to change because the nature of change is significantly more complex than merely rational choices, and the causes of failure are far more multifaceted (Heracleous & Bartunek, 2021). It emphasizes the scholarly necessity to reconsider the change

processes in organizations (Hughes, 2016) and the sources of their capacity to respond proactively to environmental shits with the initiation of change.

The recognition of environmental stimuli and their impact is contingent upon the organizational context, and the same events or cues that stimulate change in one organization may only have a minimal impact on the development of another business. An unlimited number of complex external and internal, rational and irrational, variables have the potential to become catalysts for transformational change (Paton & McCalman, 2008). This uncertainty makes it more difficult for businesses to manage and allocate attention to the turbulent environment, evaluate an infinite amount of data and cues, select the appropriate response, and take proactive actions.

Furthermore, organizational transformation is a high-risk endeavor. For leaders to acknowledge this complex and challenging option as representing the optimal course of action, the connection between the external signals that may potentially impact an organization, and the decision to initiate proactive transformation should be maximally explicit. However, weak and early environmental impulses may lack substantial quantitative qualities, and, at the same time, they might possess a qualitative dimension outside the scope of strategic consideration (Probst & Raisch, 2005). Thus, it is essential that the complex organizational system should maintain vigilance at all levels and boundaries within its environment to effectively identify these potential threats and opportunities and engage in proactive sensemaking.

Although scholars have extensively explored the change management processes and practices, change initiation has received far less attention, and the factors determining the capacity for the initiation of proactive transformational change are largely unknown (Sverdlik et al., 2019). Scholars and practitioners know little about what contributes to the efficacy of organizational attention and what facilitates sensemaking in the change initiation process. Therefore, the unpredictability of the environment reduces the applicability of the previously developed theories and prescriptive models of change management, which inherently leads to a reactive stance and imperfect choices in organizations. This research aimed to fill these gaps of scientific knowledge and provide significant practical value by exploring the initiation process of the transformational change in organizations.

1.10. Implications for Research Methodology

Recent research on organizational transformation examines the organization's dynamic and ever-changing state, as was discussed in earlier sections of this study. In order to better comprehend this phenomenon,

academics agree that they must alter their language from 'change' to 'changing' (K. E. Weick & Quinn, 1999). The review of the currently available literature and the concept evolution analysis of organizational transformation had major implications for the design of the empirical research methodology, which was incessantly leading toward a postmodern mode of thought.

In this research, these points lead to the adoption of postmodernist concepts. The postmodern paradigm represents the ontology of becoming. It accentuates the momentarily, continually fluctuating, and emergent reality (Chia, 1995). In contrast to modernism, which is based on a solid ontology and static representations of organizations and sequential events in their existence, postmodern thought does not permit a static picture of a commercial organization. Postmodernism accepts the ambiguity, complexity, and diversity of organizations and necessitates their consideration in scientific research while emphasizing activity and movement.

Another important point to consider is that complexity theory, especially the models of complex adaptive systems, provides significant value in studying the process of proactive organizational transformation initiation. This area of research is geared toward unraveling how organizations manage to sustain, adapt, and advance in environments filled with uncertainty by proactively triggering transformative changes. These insights have directly influenced the research approach of this study.

Simultaneously, scholars have frequently emphasized the importance of case studies and traditional deductive approaches to triangulation in research (Eisenhardt & Bhatia, 2002). Moreover, many scholars have claimed, all in support of the same position, that multimethod research is the approach that is best suited for studying complex organizational systems. The view of organizations that is presented by the complexity theory provides an advantage for researchers (Baumann & Siggelkow, 2011) because it does not necessitate them to comprehend all of the components that make up a complex organizational system. Therefore, researchers are not obligated to represent the entire behavior specification of a system. Instead, the emphasis is placed on the local agents and the system element interdependencies.

Consequently, research can identify interconnection among the components and processes which they facilitate. Moreover, by virtue of recognizing that, as complex systems, organizations evolve qualitatively rather than incrementally, qualitative methods are advocated for studying the phenomenon of organizational transformation (Byrne, 2011). It requires a nominal and categorical assessment which would address nonlinear and

radical shifts in the size, culture, effectiveness, and functions rather than a continuous ratio scale.

On the other hand, scholars have contended that neither method is superior to the other or more worthwhile than the alternative when researching ambiguous organizational behaviors (Eoyang, 2011). Both quantitative positivism and qualitative interpretation have their place in the academy, but which one is more appropriate varies depending on the particular circumstances, as well as on the uniqueness, predictability, and the quantifiable or qualitative nature of the phenomenon in question. The use of mixed methods is also valuable. Nonetheless, the significance of the prospective organizational transformation analysis is heavily highlighted by the assertion that it can greatly add to the modern scientific studies of adaptation and change. Thus, rather than deconstructing historical theories and practices, scholars must focus on identifying patterns for the future (Eoyang, 2011) through theory development, testing, outcome prediction, and performance evaluation.

Scholars also advise to innovate in building the research methodology by claiming that researchers should forsake the previous research instruments, and must instead follow these recommendations while designing their research methodology (A. D. Meyer et al., 2005):

1. Researchers should be where and when the change is happening as the initial impacts and the social actors' initial responses provide especially rich data.
2. Mixed methods in the research design are helpful in raising the level of analysis from individual to group, from organizations to the environment.
3. Theoretical sampling and narrowed observations are more effective before selecting intensive observations; they are a valid path for research.
4. Process apprehension through observational and qualitative data is more valuable than variance explanation and verification of enduring relationships. Hence, longitudinal and temporally sensitive methods are preferable.

Moreover, the use of general linear methods is not sufficient to represent the social reality (A. D. Meyer et al., 2005). These methods which make one variable linearly dependent on a series of antecedent variables presume that the reality is made up of stable entities. Complexity science, on the other hand, calls for an ongoing flux. Monotonic relationships that are studied do not allow the possibility of nonlinear and substantial effects of small changes. The

traditional methods consider that the given attributes can have only one casual meaning, and they do not value a sequence of the events and the context. Whereas, nonlinearity, uncertainty, and ambiguity are crucially important in exploring the organizational ability to initiate the change proactively, which is dependent on various intricate factors and the environment in which the business is operating. There are several guidelines (A. D. Meyer et al., 2005) that, if implemented, could make the research methodology more flexible and agile in order to capture and interpret the complexities of the processes:

1. To explore cycles, pacing, and event sequences, longitudinal research is required because single-point data can only describe stable organizations in static contexts.
2. Comprehending social phenomena in their entirety can be aided by the historical research of their context.
3. In determining variables, units, and even theories, research designs should be renewable and correctable rather than permanent, as new circumstances may develop throughout the longitudinal study, or assumptions may not materialize, which would necessitate quick changes.
4. Combining linear and nonlinear modes of thinking and triangulating methodologies can provide more beneficial outcomes.
5. To comprehend nonlinear systems, a multilayered approach to the inquiry is required.
6. Organizational systems in flux, when change is happening, must be the focus of the research since these turning points may be undetectable for linear approaches, but the adequate research design will yield the most relevant qualitative data.
7. Choosing the appropriate combination of methodological tools is crucial when researching organizations in transformation, and, therefore, the selection must be well-reasoned.

Hence, studies of organizational transformation should switch from 'What' to the aim of explaining 'Why' and 'How' (Van de Ven & Poole, 2017). It is thus critical to refocus on the process studies of organizational development and transformation. Temporal events and the sequence of radical organizational changes cannot be adequately represented by statistical explanations of variations between independent and dependent variables. There is a need to transition from explaining the causes and consequences of transformation to examining and comprehending how it emerges, develops, and terminates, how organizations adapt and reconfigure, how resilience can

be enhanced, and what impediments or contingencies there exist. However, given the scarcity of empirical research on the organizational transformation process (Vogus & Sutcliffe, 2007), many avenues for future research still remain open.

Hence, exploring organizational transformation on multiple levels demands, consequently, substantial planning. All these scholarly ideas, findings, and recommendations provided a vector for the direction of the present study and the proactive organizational transformation initiation process research design. In the next chapter of this study, the research methodology and its development shall be addressed in detail.

2. RESEARCH METHODOLOGY: GROUNDED THEORY AND MULTIPLE CASE STUDY INTEGRATION

2.1. Research Approach

According to the findings of a comprehensive review of the currently available literature, when entrenched scientific knowledge silos are avoided, and a broader view of organizations is allowed, multiple factors combining in complex and often conflicting vectors appear before causing the decision to initiate strategic change. Furthermore, it is evident that the complex and multifaceted nature of organizational transformation can also lead to multiple alternative paths and plausible outcomes that could not have been foreseen before starting the exploration. Therefore, proactive organizational transformation initiation can be characterized by causal complexity (Furnari et al., 2020; A. D. Meyer, Tsui, & Hinings, 1993; Misangyi & Acharya, 2014). Thus, instead of aiming to simplify this organizational phenomenon, theoretical complexity is needed to explain it (Tsoukas, 2017).

In the light of these developments, management scholars have come to a consensus that the field of management science lacks 'new theories' which would be able to adequately capture the complexity of the modern organizations. The current ones have failed to keep pace with the changes in the size, complexity, and influence occurring in the business environment and are detached from the reality as well as contemporary management practices (Suddaby, Hardy, & Huy, 2011). Thus, scholars need novel theorizing approaches so that to develop more creative and insightful theories in order to answer complex research questions. Therefore, configurational reasoning was employed in the preparation of the research design to comprehend the causal complexities of the phenomenon of organizational transformation. Theorizing that is iterative and discovery-oriented is a formidable instrument that offers the ability to lead to new advancements (Furnari et al., 2020).

Empirical research was more appropriate for explaining the organizational transformation initiation process, and also for advancing scientific knowledge about the phenomena while using this approach. Meanwhile, correlational theorizing, which is the predominant method in management research, was less suitable for these objectives. The comprehensive literature review has demonstrated that multiple explanatory factors with complex interdependencies uniquely contribute to the organizational transformation initiation, and later to the success of its

implementation. More importantly, it is still unknown how organizations initiate strategic transformations.

Consequently, the empirical research of linear relationships of dependent and independent variables in testing organizational theories tends to oversimplify, and thus only partly explain, the phenomenon in question. The correlational thinking model *The more of X, the more of Y* follows the linear reality assumption that each variable might be capable of causing the effect of interest, and the impact of all other variables is insufficient (Delbridge & Fiss, 2013). It provides an opportunity to measure the causality of distinct predictors, but can hardly serve to study such a complex phenomenon with asymmetrical effects of the relations. The research aimed to convert this multidimensional complexity of the potential internal and external components contributing to the process into a novel theory and contribute considerably to the scientific comprehension of the phenomenon.

The analysis of the body of the relevant empirical studies revealed that the spectrum of explanatory components which may contribute to an organization's ability to initiate transformations proactively is potentially limitless. Nonetheless, the theoretical insights that emerged from a comprehensive review of the current scientific knowledge, the empirical research as well as the academic literature at researcher disposal, allowed their categorization into a set of configurational abstract blocks (Figure 5). They contribute to the organization's ability to recognize opportunities and threats emerging from environmental impulses and convert them into decisions to initiate organizational transformation. Hence, the conceptual configuration of the phenomenon of the proactive organizational transformation initiation is defined by the theoretical construct of the interrelationship between Sensing, Anticipating, and Decision-making capacities and attributes. It allows the highest level of complexity to be scoped for the subsequent design of empirical research on the proactive transformation initiation process.
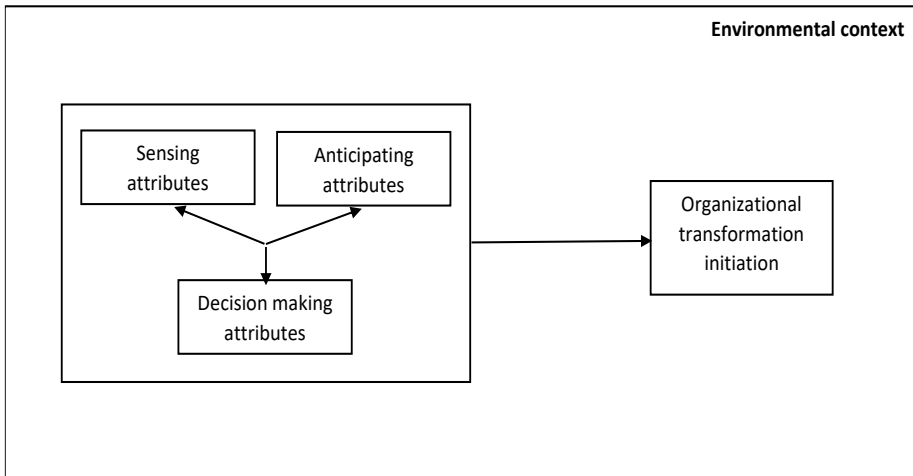
Figure 5. **Interrelationship between Sensing, Anticipating, and Decision-making in the organizational transformation initiation process** (Prepared by the author)

Hence, the research was focused empirically on the evolving phenomena of the organizational transformation initiation process, and it addressed concerns about how and why it emerges, develops, grows, or terminates over time. Therefore, the research was designed to facilitate the theorizing which explicitly incorporates temporal progressions of activities as components of explanation and comprehension (Langley et al., 2013). Therefore, the research aimed to explore how organizational attributes combine into Sensing, Anticipating, and Decision-making individual configurations and how the process of organizational transformation initiation emerges through it. In addition, the research sought to identify the numerous characteristics that comprise the configuration and investigate their interrelationships, how these parts interact, and how they might be purposefully managed. Additionally, the research sought to comprehend the absence of whichever factors would contribute to the effective configuration of the organizational transformability and proactiveness.

Hence, the object of the empirical research was the proactive transformation initiation process. The research was initially focused on the three abstract phases which resulted from the literature review and analysis. The sensing phase refers to strategically scanning the business environment and capturing the relevant changes and potentially impactful information, events, and external alterations, including regulations, customer preferences, actions of competitors, technology changes, and many other qualitatively and

quantitatively measurable impulses. The anticipating phase refers to filtering out irrelevant information, anticipating the potential impact for strategic orientation and business performance, building scenarios, considering strategic moves, and defining and prioritizing opportunities and threats. The third phase is conceptualized as where an organization initiates decision making, where the relevant action and development pathways must be evaluated in often-not-full awareness of the full plausible outcomes and based on the subjective quantitative and qualitative data and the irreversible decision to choose a transformational trajectory.

It should be noted that the subsequent change implementation process has been thoroughly researched, and its quality is directly tied to the capacity to utilize the currently existing change management practices and methods. Therefore, it falls outside of the proactive strategic transformation initiation process and the resulting scope of research. Moreover, the organizational transformation competence is viewed not as several independent individual elements, but as a complex configuration of the organizational attributes which are relevant to each phase, and which combine to make the initiation of the organizational transformation an outcome. Figure 5 illustrates the abstract configuration and the complex simultaneous interactions between all the unidentified attributes in each phase, whereas the capacity of the organizational transformation competence and the causal complexity of the outcome depend on specific organizational and environmental contexts.

Furthermore, by simplifying the phenomenon of high-order conceptual constructs from previous theoretical complexification of the explanation, the number of attributes for the further theoretical consideration and empirical research was reduced, and the research approach was structured accordingly (Furnari et al., 2020). Thus, in order to identify the plausible coherence of the organizational attributes contributing to the process and organizational competence to initiate transformation proactively, the phenomenon was bounded by the logic of a configuration (Park et al., 2020) to the abstract level elements that are important to the outcome. Those components that were not identified as causally relevant were not targeted throughout the development of the research design. Nonetheless, the emergence of new elements was allowed through research and theory building.

Within a given combination of elements, the configuration is imperfectly formed, but it still explains the inherent logic and the orchestrating themes underlying the configuration (Miller, 2018) of organizational transformability. Moreover, it allows a relatively simple description of the complex patterns of causality (Park et al., 2020) leading to the initiation of organizational

transformation. However, no previous discovery of the combinatorial logic and coherent organizational transformation competence configuration and its contribution to the proactive transformation initiation process was known to the best of the author's knowledge, and thus it had to be grounded by substantial theoretical and empirical evidence. Thus, how these elements are formed by lower-level attributes and how they are linked together to produce the outcome were the questions of the conducted empirical research.

Hence, the empirical research was designed to answer the question: *How does the process of proactive transformational change unfold in business organizations?* It aimed to understand the emergence of the transformational change and to ascertain how business organizations configure and develop their capacities and capabilities in order to proactively initiate transformational changes effectively. Furthermore, it was also influenced by several assumptions that were identified during the literature review. First, the timely identification of the threats and opportunities might positively affect the transformation effectiveness. Secondly, the effective opportunity and threat diagnosis, along with the impact anticipation have a strong impact on the selection of the appropriate form of change (adaptive versus transformative). Thirdly, the organizational attention capacity is positively related to the timely identification of the threats and opportunities. Fourthly, the communication processes and structures are necessary to convert the identified threats and opportunities to the decisions pertaining to change. Fifthly, the decision-making capabilities and capacity determine the ability to choose the organizational transformation pass.

Thus, the purpose of the empirical research was to follow the core practice in organizational research (Eisenhardt, 1989a) and to expand the scientific knowledge about the organizational transformation phenomenon and the strategic change initiation process in business organizations by developing and grounding the theory on the proactive organizational transformation initiation competence. The research methodology regarding the way how the data was collected and analyzed so that to produce and ground a new theory shall be presented in the following chapters of this work.

2.2. Research Design

The comprehensive literature review revealed that no existing theory offers a plausible answer to the research question of how the process of proactive transformational change unfolds in business organizations. Furthermore, the current body of knowledge does not sufficiently elucidate

how organizations can proactively initiate and sustain transformational changes, cultivate essential competencies and capabilities, and foster a continuous state of transformational readiness. In a dynamic environment, proactive strategic decisions are crucial for ensuring the organizational longevity and sustainable development. Unfortunately, this critical topic has been largely overlooked and understudied in the latest research. There is no single compelling theory which would provide a clear explanation of the proactive initiation process of organizational transformation in the midst of continuous ambiguity. Therefore, it is imperative to address this relevant research topic to advance the organizational theory and provide practical value to organizations.

Given the limited theory and evidence on this organizational phenomenon the empirical research employed the inductive grounded theory methodology which was further supplemented by integrating the multiple case study involving 11 firms. The underlying reasons for this include such a design is more suited for generating new ideas, unveiling effective procedures, addressing the complexity of configurations, emergence, and equifinality, so that it can aid in deconstructing complex constructs (Eisenhardt, Graebner, & Sonenshein, 2016). The purpose of the research was to find an answer to the process question, and since there was considerable variation in the data, this methodology proved to be the most appropriate choice (Abdallah, Denis, & Langley, 2011). Furthermore, multiple cases were advantageous to a single case for theory development because replication across cases allowed the emergence of a more accurate and generalizable theory (Eisenhardt & Graebner, 2007).

The design of the theory-building research was largely shaped by an in-depth review of the relevant literature as well as an abstract formulation of the organizational transformation competence abstract construct based on the concepts of identification, anticipation, and decision-making. It also led to the selection of the grounded theory development method because it is best suited to the efforts to comprehend the process by which the actors would make sense out of the intersubjective experience (Suddaby, 2006).

The initial pass for the research was based on the assumption that if these *a priori*-defined elements had shown significance in the empirical research that followed the research question, the foundation for the emergent theory would be stronger (Eisenhardt, 1989). Nonetheless, the integrated design of the empirical study allowed for the avoidance of the prevalent generalizations on the links between the variables and the theories.

Moreover, the grounded theory is a methodology for probing the underlying conditions, consequences, and actions by progressing through multiple levels of theory building, from description to abstraction to conceptual categorization (Glaser, Strauss, & Beer, 1967). It is concerned with the generation of a theory that is grounded in data that has been systematically collected and analyzed (Strauss & Corbin, 1994). It is thus appropriate when little is known about a phenomenon, and the objective of the research is to develop a theory that uncovers social relationships and behaviors of groups and explains a process in the course of research (Chun Tie, Birks, & Francis, 2019). Therefore, it perfectly matched the research question of this study which led to an unexplored area.

Furthermore, numerous researchers have argued that the grounded theory methodology is perfectly adapted to the research of managerial and organizational behavior. The methodology adapts well to capturing the complexities of the action setting, helps the conceptualization of the new areas of inquiry, and permits the practical implementation of findings. Thus, researching managerial and organizational behavior is an area that lends itself particularly well to the application of the grounded theory (Locke, 2000). The research centered on organizational behavior in response to environmental cues and the managerial decision-making process. Hence, this research design was the most suitable for the presently explored issue.

The grounded theory methodology, pioneered by Glaser and Strauss (Strauss & Corbin, 1967), is applicable across different paradigms and is used in different disciplines (Walsh et al., 2015). Nowadays, grounded theory has three distinct methodological genres: *Classical* (Strauss & Corbin, 1967), *Interpretive* (J. Corbin & Strauss, 2014), and *Constructivist* (Charmaz, 2014). They differ in the philosophical approach, the role of the researcher, and the data coding and analysis. However, while focusing on interrelations between actors and their actions, they all serve two purposes: first, they assist researchers in analyzing qualitative data by identifying the essential categories and constructs in the empirical data. Secondly, they generate new ideas and theories that are grounded by empirical qualitative data (Žydžiūnaitė, 2019).

Moreover, grounded theory development is a crucial method for conceptualizing the organizational practice processes by presenting them in an empirical data-based theory. It contains clear stages of the execution process, specific requirements for selecting the study participants, and the clearly outlined data analysis process. For grounded theory methodology application, clear process orientation is critical as well. The methodology is designed to capture the actors' actions (individuals, groups, or organizations),

and to reveal the dynamics and contextual motives behind them (Švedaitė-Sakalauskė, 2019). Therefore, it is well-suited for this research which has an explicit action and process vector aiming to determine how organizational transformation processes occur in the real life and how organizational transformation initiation emerges through decision-making in various organizational contexts. However, it obliges to initially decide what specific version to choose for the research (Žydžiūnaitė & Sabaliauskas, 2017).

Hence, the development of the research design adhered to Eisenhardt's postulations (Eisenhardt, 1989), Eisenhardt and Graebner's (Eisenhardt & Graebner, 2007), and Yin's (Yin, 2018) recommendations for theorizing from multiple cases were thus followed. To achieve the research objectives, it was integrated with the interpretive grounded theory development approach (J. Corbin & Strauss, 2014). This included specific techniques for qualitative data analysis and the theory development, as well as critical process research-oriented analytical strategy and tools. As the literature review resulted in the formulation of the initial assumptions and abstract high-level constructs, as well as in the identification of the presently existing research gaps, this version also enabled the use of initial lenses for the analysis. Additionally, this made it possible to consult scientific literature in parallel.

On the other hand, this inductive research was intended to adhere rigorously to the interpretative techniques and procedures for developing a grounded theory (J. Corbin & Strauss, 2014). Data collection was informed by theoretical sampling, whereas coding was performed through open, axial, and selective phases, while micro and constant comparative analysis was performed by using the analysis paradigm and the conditional matrix, memo writing, diagraming, and theoretical sensitivity was continuously ensured.

As a result, even the initial abstract concept of the proactive transformation competence configuration was built to accept the evolving findings and adjustments as the research was progressing. It enabled both the structure and the process of the dynamic and ever-changing nature of the phenomena under investigation to be captured. The core elements of the grounded theory and the strategies used to enhance rigor (Pryor, Walker, O'Connell, & Worrall-Carter, 2009) are represented in Figure 6. In addition, this figure outlines the procedures and elements of the grounded theory development that were integrated into the research design and strictly adhered to during its execution. Therefore, the rigor and trustworthiness of the research were ensured.
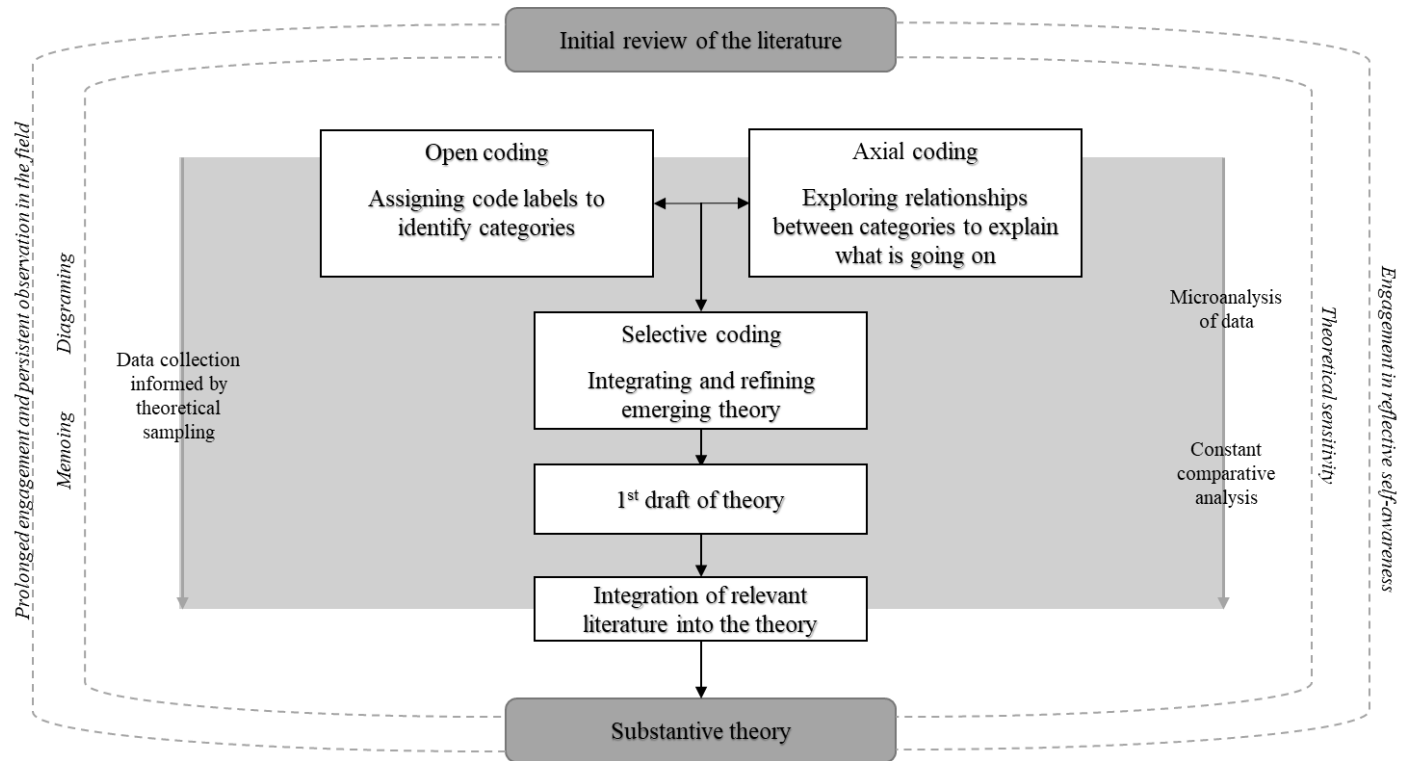
Figure 6. **Schematic representation of the core elements of the grounded theory and strategies used to enhance the research rigor** (Adapted from (Pryor et al., 2009))

Because of the circular and iterative structure of the design, theoretical sampling, selection, and data collecting could all take place concurrently (Švedaitė-Sakalauskė, 2019). Each of these procedures was carried out in an iterative manner and followed a cycle that was running continuously. In other words, when the very first data point was collected in the course of the study, it was instantly analyzed. The analytical input demanded more data, which spurred additional data gathering, and which was then analyzed without delay once again. The subsequent sections of this work provide an in-depth description of the procedures and techniques used for the collection of data as well as its subsequent analysis.

Thus, the research was focused on the 'how' and 'why' questions, and they consistently and naturally led to a multiple case study research approach (Yin, 2018). It aimed to explain how organizations develop the proactive transformation competence and why one organization differs from another in terms of proactiveness and the strategic change initiation decision-making effectiveness. Due to the paucity of the relevant theory and evidence regarding the research question, a multiple case theory-building approach (Eisenhardt, 1989) was utilized in order to accommodate the process-oriented focus of the research (Langley, 1999). Thus, inductive data collected from the multiple cases offered the missing insights into complex social processes and the environmental complexity which quantitative data fails to reveal.

Moreover, the initial literature review provided evidence that the initiation of organizational transformation is an outcome of conjunctural causation and equifinal paths, and that it requires new theories which could reflect the full complexity of the causation. Due to the complexity of the organizational transformation competence phenomenon and the multilayered attributes of its configuration, it was essential to understand how varying contextual conditions affect it. Case-based theorizing (Eisenhardt, 1989; Eisenhardt & Graebner, 2007) strives to capture the causal complexity of the research phenomenon by identifying the common patterns leading to the outcomes that the research is focused on (Furnari et al., 2020). Thus, it was well-fitted to address the research question of this study.

Noteworthy, configurational methods are being more and more utilized to build new and rethink the already existing theories in management (Fiss, 2011; Misangyi et al., 2017). However, there still is largely untapped potential to advance theorizing and to discover new theories (Furnari et al., 2020). Nonetheless, the evidence created from a multiple case study is considered robust and reliable as this methodology provides reliable tools for the complex phenomenon research in real contexts (Baxter & Jack, 2008).
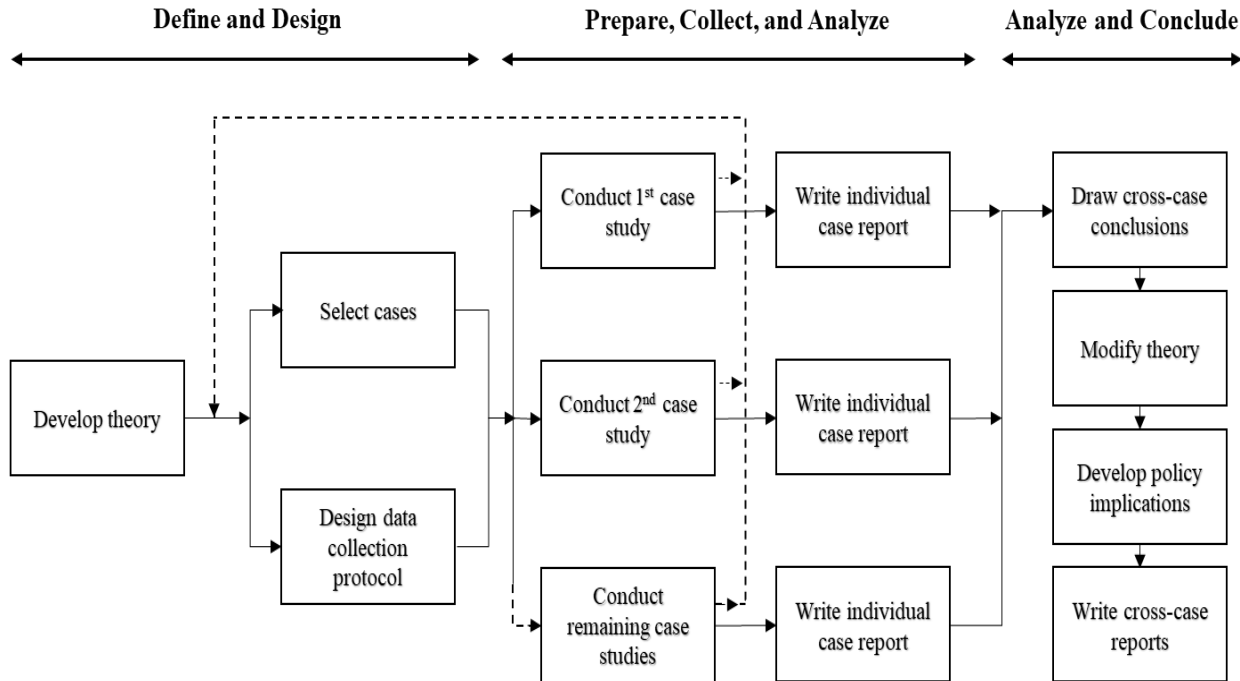
Figure 7. **Multiple case study procedure** (Yin, 2018)

Moreover, the case study methodology is aimed at understanding the specific and complex phenomenon ('the case') in its specific environmental context through an in-depth inquiry into the phenomenon itself and its interactions with the context (Yin, 2013). Therefore, in order to enhance the generalizability of the findings, the multiple-case study framework (Yin, 2018) for data collection and in-depth comparative cross-case analysis (Figure 7) was chosen.

Additionally, in order to ensure the rigor of the study, the research design was structured to follow the iterative process of the building theory from the case study research (Eisenhardt, 1989) which is described below (also, see Table 7). It must be noted that the evidence created from a multiple case study is considered robust and reliable as this methodology provides reliable tools for the research of complex phenomena in real contexts (Baxter and Jack, 2008). The results of a study involving multiple cases are more generalizable and more solidly grounded (Eisenhardt & Graebner, 2007). Therefore, novel theories generated from multiple cases are among the most valuable ones (Bartunek, Rynes, & Ireland, 2006).

However, the integration with the techniques of the interpretivist grounded theory and the relevant procedures allowed avoiding potential weaknesses of the theory building from cases – which could have yielded the development of overly complex or inadequately narrow and idiosyncratic theories (Eisenhardt, 1989). With that in mind, the research design ensured the quality of the achieved results through theoretical sampling, simultaneous constant comparison, and iterative data analysis conducted by using a hierarchical structure of categories (J. M. Corbin & Strauss, 1990). Consequently, the integration of the principles of the multiple case study and the grounded theory building enabled the emergence of a novel, testable, and empirically valid substantive grounded theory.

Table 7. **Process of building theory from case study research** (Eisenhardt, 1989)

Step	Activity	Reason
Getting started	Definition of the Research question	Focuses efforts
	Possibly *a priori* constructs	Provides better grounding of the construct measures
Selecting cases	Neither theory nor hypotheses	Retains theoretical flexibility

Step	Activity	Reason
	Specified population	Constrains extraneous variation and sharpens external validity
	Theoretical, not random, sampling	Focuses efforts on theoretically useful cases – i.e., those that replicate or extend theory by filling conceptual categories
Crafting instruments and protocols	Multiple data collection methods	Strengthens grounding of theory by triangulation of evidence
	Qualitative and quantitative data combined	Synergistic view of evidence
	Multiple investigators	Fosters divergent perspectives and strengthens grounding
Entering the field	Overlap data collection and analysis, including field notes	Speeds analyses and reveals helpful adjustments to data collection
	Flexible and opportunistic data collection methods	Allows investigators to take advantage of the emergent themes and unique case features
Analyzing data	Within-case analysis	Gains familiarity with the data and preliminary theory generation
	Cross-case pattern search by using divergent techniques	Forces investigators to look beyond the impressions obtained from initial techniques and see evidence through multiple lenses

Step	Activity	Reason
Shaping hypotheses	Iterative tabulation of evidence for each construct	Sharpens construct definition, validity, and measurability
	Replication, not sampling, logic across cases	Confirms, extends, and sharpens theory
	Search evidence for 'why' behind the relationships	Builds internal validity
Enfolding literature	Comparison with conflicting literature	Builds internal validity, raises the theoretical level, and sharpens construct definitions
Reaching closure	Comparison with similar literature	Sharpens generalizability, improves construct definition, and raises the theoretical level
	Theoretical saturation when possible	Ends the process when marginal improvement becomes small

Following the planned sequence of stages and the empirical research process of the integrated approach (Figure 8), each case was treated as a stand-alone entity and explored for unique patterns in the strategic transformation proactive initiation decision-making process before generalizing patterns across the cases. The selection of the cases and the data collection were informed by theoretical sampling. Each time the need for additional data occurred, new cases were chosen iteratively for the research. Through iterative cycling among the case data, the existing literature, and the emerging theory, case study theorizing was utilized to generate theoretical constructs, propositions, and draft theories from empirical evidence (Eisenhardt, 1989). Each case was analyzed by integrating an interview and other alternative data sources into a detailed case history for each organization.

MULTIPLE CASE STUDY PROCEDURE:

GROUNDED THEORY BUILDING TECHNIQUES AND PROCEDURES:

- Initial literature review

1. DEFINING AND DESIGNING

Develop abstract theoretical propositions and a priori constructs

- Data collection informed by theoretical sampling

Select multiple cases

Design the protocol for data collection

2. PREPARING COLLECTING AND ANALIZING

Conduct the first case study

Conduct the second case study

Conduct the remaining case studies

- Micro-analysis of the data
- Constant comparative analysis
- Open, Axial, Selective coding
- Draft theories

Ground the individual case theory

Ground the individual case theory

Ground the theories of remaining case studies

Complete within-case analysis

Complete within-case analysis

Complete remaining within-case analysis

3. ANALYZING AND CONCLUDING

Draw conclusions between cases

Develop theoretical implications

Complete cross-case analysis

- Integration of relevant literature

4. ENFOLDING LITERATURE

- Substantive theory

5. REACHING CLOSURE

Figure 8. **Research design: integration of grounded theory and multiple case study** (Prepared by the author)

Microanalysis of the data, together with the constant comparative analysis, was carried out continuously through iterations as new data was being gathered. This was accomplished by employing a hierarchical structure of codes, concepts, and categories. Draft theories were developed for each case by open, axial, and selective coding within the cases themselves. Meanwhile, the theory was inductively developed through multiple case theorizing by discovering patterns and relationships across constructs within and across the cases while emphasizing specific environmental contexts in which the phenomenon of interest occurred (Eisenhardt & Graebner, 2007). Subsequently, the substantive theory was developed through the continuous integration of the relevant literature. When saturation had been reached and no new data was surfacing anymore, the research was completed.

Hence, the research was designed to explore the process of proactive organizational transformation initiation and to produce findings that were both theoretically valid and practically applicable. Within the scope of its objectives, the target was to explore the organizational inner and outer contexts in which the change idea emerges and through which the strategic decision-making process develops. The research also attempted to capture the evolving content and processes of the emergent and planned strategic changes, as well as the interconnections of these elements throughout time (A. M. Pettigrew, 1990). This analysis explored the complex, multifaceted, and often contradictory rationalities of the change trigger emergence, organizational sensemaking, conflicting objectives and internal paradoxes, and behaviors beyond linear and sequenced planning efforts and actions toward the publicly declared organizational objectives. The following sections of this section discuss in detail how the theory on the Proactive organizational transformation initiation competence was grounded following the research design.

2.3. Sample

The data collection process was open and flexible. The initial data for the analysis stemmed from a purposeful sampling strategy. The cases, data sources, and participants were purposefully chosen to address the research question. By using the codes and categories derived from the initial data set, theoretical sampling was subsequently conducted. Theoretical sampling allowed following the lead of the research and collect data in the areas that were most relevant to the development of the theory.

Thus, the research process advanced at its own pace and adjusted to the emerging fresh concepts as they developed. It was guided by the goal of gathering data that would maximize opportunities to construct concepts in terms of their attributes and dimensions, discover variants, and identify the linkages between them (J. Corbin & Strauss, 2014). Following the collection of the initial data, the analytical procedure was commenced. Concepts emerged as a result of the analysis. Questions evolved because of these concepts. Consequently, more cases were getting selected, and information was being gathered to better comprehend these topics. This circular process was iterated until the research had achieved saturation.

The theoretical sampling and the purposeful selection of companies were based on the outcomes of the initial literature review, the developed abstract theoretical propositions, and *a priori* constructs. Moreover, the design of the multiple case research was organized according to an analogous rationale. For

this reason, the cases were purposively chosen very carefully, thereby ensuring that each one could provide similar or different results but, in essence, comparable findings (Miller, 2018; Yin, 2018). Throughout this approach, it was possible to come up with generalizable research results by comparing numerous instances of strategic organizational changes and combinations of organizational attributes contributing to the proactivity and transformation initiation. Furthermore, it allowed for the reconciliation of different views and the grounding of the theory by exploring diverse organizational settings and contexts and by utilizing qualitative data while still keeping equifinality and asymmetric causation in mind.

As a result, the population of potential cases consisted of business organizations, and the manufacturing sector was chosen as the setting. This sector was attractive because its continual product and service development cycles, a high level of rivalry, and a high market velocity, as well as the constant need for innovation, made the strategic change initiation an important and likely executive-level activity throughout the life of businesses. Furthermore, major global crises and technological changes have had a substantial impact on this business in the recent decades.

Moreover, the sector was confronting additional challenges during the study period. Supply chain disruptions, the push for digital transformation, workforce changes and shortages, and the rising demand for the environmental safety and sustainability are just a few examples. Consequently, the operating environment of these companies has been regarded to be exceedingly volatile, thereby making proactive transformations highly probable. In addition, it was expected that the past organizational experience with strategic changes would be substantial.

Therefore, in accordance with the principles of theoretical sampling, the business organizations operating in the manufacturing sector were selected as the ones in which the process of the initiation of the organizational transformation was the most likely to occur. Furthermore, this is a prominently open sector. Lithuania is an industrial country with an industrial contribution of about 20% to its GDP. After successful involvement in the EU trade value chains, industrial goods account for more than 80% of Lithuania's exports of goods and services. As a result, organizations in this sector are highly dependent on environmental changes and must maintain constant awareness of the surrounding trends and external signals in order to stay competitive.

Specifically, those companies which were either in the process of an organizational transformation at the time of this research, or had recently completed one were selected for this study. In addition, businesses were

selected to represent a wide range of industries within the manufacturing sector. The research involved companies ranging from industrial engineering to furniture and wood processing and from food and beverage to glass and paper manufacturers. In addition, organizations were selected on purpose from a variety of geographic regions within Lithuania (Figure 9) to ensure that the sample is representative of a wider range of perspectives.
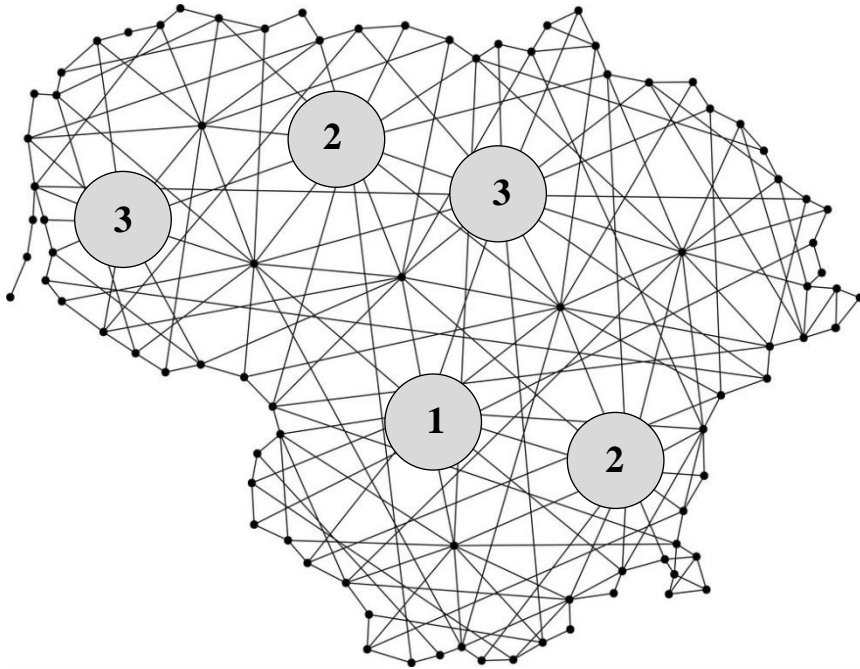
Figure 9. **Sample organizations by the region** (Prepared by the author)

However, because the potential population was large, the selection had to be limited by three characteristics in order to produce a sample that was both diverse and representative. For the purpose of the study, only businesses that had been in operation for more than 15 years, employed more than 100 people, and generated revenues of more than 5 million euros per year were being considered. Given the research goal of understanding how organizational actors interpret the environmental information and initiate changes in response, a longitudinal approach was used to track multiple decisions across the long-term operations and changes of the organizations. Therefore, the age of the organizations was a significant factor. The size of an organization was an indicator of the larger hierarchy and processes, as well as the communication network. It was an indication that the choice to initiate change had to pass through several levels of an organization and stages of the

decision-making process. Thus, these cases could yield more comprehensive and illustrative data.

In order to comprehend the temporal dynamics of the change initiation process, it was important to get familiarized with a sufficient extent of the history of each company. This condition was more important than having a random sample, particularly because the research question was process-oriented and focused on theory building (Siggelkow, 2007). This theoretical sampling necessitated extensive archival research, diverse case stories, and multiple interviews. In turn, studying such a broad set of cases provided more solid grounding for theory than exploring a more homogeneous one. As a result, the total sample consisted of 11 organizations (Table 8) which collectively accounted for approximately 10 percent of the GDP generated by the manufacturing sector in Lithuania in 2020. In order to maintain confidentiality, the names of the organizations are not disclosed in this work, but each is assigned a distinct color name.

Table 8. **Description of sample organizations** (Prepared by the author)

Organization	Number of employees	Turnover (Eur, 2020)	Age	Industry
Green Company	> 160	> 31 Mln.	27	Pulp, paper, and paperboard
Orange Company	> 270	> 20 Mln.	31	Glass and glass products
Yellow Company	> 200	> 20 Mln.	23	Industrial engineering
White Company	> 150	> 15 Mln.	30	Industrial engineering
Blue Company	> 280	> 30 Mln.	29	Industrial engineering
Brown Company	> 5000	> 390 Mln.	19	Furniture, wood processing
Black Company	> 270	> 10 Mln.	28	Food and beverage
Purple Company	> 250	> 27 Mln.	30	Industrial engineering
Pink Company	> 270	> 55 Mln.	27	Food and beverage
Grey Company	> 120	> 6 Mln.	28	Industrial engineering
Red Company	> 2000	> 215 Mln.	23	Industrial engineering

Furthermore, even though the selected organizations had been successfully operating for a long time, they displayed a significant variety in their transformation initiation decisions and consequences, such as failed actions and severe mistakes, thereby contributing relevant variance to the theory building. Thus, the multiple case study involved cross-case analysis

between diverse yet comparable organizations within the same and different industries and revealed the temporal patterns, multifaceted causes, and the complexity of the strategic change decision-making process and organizational trajectory shifts.

The study benefited from a large sample size and a diverse spectrum of companies involved in it. Observations, in addition to multiple rounds of interviews with the top executives and directors, supplied the depth and variety required to yield trustworthy research findings. Since common patterns in organizational transformation initiation emerged among the organizations, this sample size had reached theoretical saturation.

2.4. Data Collection

The tracking of the management decisions made by each organization throughout the process of change initiation was the primary focus of the data collection. Therefore, a longitudinal, multi-source data collection strategy was utilized to get a comprehensive and longitudinal understanding of the organizational proactivity in the transformation initiation process. In addition, this research explored how change emerged in organizations, how it was triggered by external cues and stimuli, and how it progressed to the decision to initiate change in response.

The research made use of a variety of data sources, including: (1) qualitative data obtained from semi-structured interviews with organizational executives; (2) longitudinal archival data comprising corporate documents, press releases, and annual reports; (3) observations, such as visits to the headquarters of multiple companies; (4) participation in a number of the manufacturing sector and business conferences; and (5) follow-up interviews, e-mails, and phone calls to fill up any gaps in stories that had been previously identified. It is of importance to note that the triangulation of data collected from multiple sources throughout multiple time periods enhances the trustworthiness of the research results and the robustness of the resulting theory (Jick, 1979).

The data collection began with the collecting of comprehensive internal and external archival data. The progress of organizational changes, from their announcement through their implementation to their results and the final outcomes, was tracked. This archival data analysis assisted in shaping and personalizing each subsequent interview with a representative from an organization. Furthermore, by utilizing this large-sized archival data, historical case histories for each organization were created, which

subsequently contributed to grounding individual case theories and completing thorough case analysis throughout the data analysis phase.

Longitudinal and in-depth access to CEOs, directors, and senior top management team (TMT) members is a key strength of the research. Thus, interviews that were semi-structured and lasted for 40 to 120 minutes were the main source of data. Over the period of three months, 27 interviews with 17 senior executives from 11 organizations were conducted in total. The recordings of the interviews were made, and transcriptions were later created. The overall amount of time for the recordings totaled 1830 minutes, and the total number of pages for the transcriptions reached 403 pages, formatted with single spacing in an 11-point font. Table 9 contains a comprehensive summary of the information collected through the interviews.

Table 9. **Detailed interview data** (Prepared by the author)

Organization	Informants	Interviews	Recording (min.)	Transcription pages
Green Company	3	5	321	78
Orange Company	3	4	243	52
Yellow Company	1	3	163	29
White Company	1	2	154	35
Blue Company	2	2	187	44
Brown Company	2	3	121	30
Black Company	1	1	119	25
Purple Company	1	2	187	44
Pink Company	1	1	89	22
Grey Company	1	2	133	21
Red Company	1	2	113	23
Total	**17**	**27**	**1830**	**403**

Three criteria were used to select the internal informants from the organizations: (1) decision-making authority in the business, which would provide a perspective on the firm's decision-making process; (2) direct involvement in major change initiation decisions, which would provide profound, first-hand knowledge; and (3) functional and hierarchical diversity, which would allowed for a variety of perspectives to be captured. The use of several informants also allowed for the induction of richer and more intricate outcomes since different individuals tend to focus on the complementing facets of significant choices (Santos & Eisenhardt, 2009). Furthermore, by

allowing information to be confirmed by multiple sources as well as the initially created case histories, the utilization of multiple informants minimized the possible biases of individual respondents. The complete list of informants who took part in the research is provided in Table 10 below.

Table 10. **Informants** (Prepared by the author)

Organization	Informant Code	Position
Green Company	GN 1	CEO (Chief Executive Officer)
Green Company	GN 2	CFO (Chief Financial Officer)
Green Company	GN 3	CSO (Chief Sales Officer)
Orange Company	OE 1	CEO (Chief Executive Officer)
Orange Company	OE 2	CSO (Chief Sales Officer)
Orange Company	OE 3	Head of the analytical department
Yellow Company	YW 1	Chairman of the Board
White Company	WE 1	CEO (Chief Executive Officer)
Blue Company	BE 1	Chairman of the Board
Blue Company	BE 2	CMO (Chief Marketing Officer)
Brown Company	BN 1	CEO (Chief Executive Officer)
Brown Company	BN 2	Chairman of the Board
Black Company	BK 1	CEO (Chief Executive Officer)
Purple Company	PE 1	CEO (Chief Executive Officer)
Pink Company	PK 1	CEO (Chief Executive Officer)
Grey Company	GY 1	Chairman of the Board
Red Company	RD 1	President of the Group

The interview protocol was created to ensure that the interviewees could engage with the researcher and provide insights into the unknown areas which were not included in the questions. Bringing up a matter that had never been mentioned yet is of utmost importance in their practice and experience. As a consequence of the less-structured nature of the interviews, a wide range of themes unanticipated in the course of preparation surfaced.

To design an interview protocol which would answer the research question, the deductive approach, professional experiences, and an initial literature review was utilized (Table 11). While conducting interviews, it aided in the discovery of new patterns, the formulation of new relevant questions (Thornberg & Charmaz, 2014), and the identification of aspects that would require additional exploration (J. Corbin & Strauss, 2014).

Following a review of the literature, it was concluded that specific core topics were essential, and the following themes were used to develop the interview protocol: strategic management, environmental sensing, anticipating impact, decision-making, initiating changes, and managing resilience. Thus, empirical research began deductively with some assumptions about the topics to be investigated in order to understand the strategic decision-making in the initiation of change. As a result, the interview questions were created in accordance with the knowledge acquired in the course of the initial literature review. Simultaneously, all the questions of the interview protocol were open-ended, thereby allowing for collecting and analyzing the interview data while utilizing inductive reasoning.

Table 11. **Interview protocol** (Prepared by the author)

Theme	Questions
Strategic management	1. How was your business strategy developed? How is it incorporated into the organization's strategy?
	2. What time span is covered by your organization's strategy? Why did you choose particularly this time period?
	3. How do changes in your organization's strategy occur?
	4. How do you plan on putting the strategy into action? How far into the future do you look when planning activities and evaluating risks, threats, and opportunities? Why?
	5. What is your organization's strategic planning process? What organizations and individuals are engaged in strategy formulation and implementation planning?
	6. To create a plan, what knowledge and data do you use?
	7. How do you personally participate in the organizational strategy formulation and management?
	8. In this process, what is essential to you?
	9. What tools, methods and techniques do you use in strategic planning? Which ones are the most beneficial and effective for your company?
Environmental sensing	1. Who gathers and analyzes external environment information in your organization?

Theme	Questions
	2. What sources of environmental information do you use? Which ones are the most relevant and why?
	3. When you notice important information or an event which may impact the operation of the company, what actions are you taking? How does such information find its way to you as a manager?
	4. How do you share critical information within your organization or group? What methods and tools do you use for information exchange?
	5. How do you balance your attention between the external environment, trend monitoring, and operational tasks on a personal level?
	6. What external data is your organization continuously monitoring? Is this an organized and managed process? Who is responsible for this monitoring? Which tools do you employ? How does your organization's environmental monitoring adjust as the environment is changing?
	7. What are the challenges you encounter while evaluating environmental data?
	8. Were there any instances where an external opportunity or risk went unnoticed? What caused this to happen? Were there any situations when you were the first to notice? How and why did that happen?
	9. Have you ever experienced situations in which your company overlooked critical information, data, or signals jeopardizing your business continuity?
	10. How do organization employees participate in the external information exchange? Is there a specific process to be followed? What motivates them to express their ideas and insights? How do your organization's employees determine which information is important and which is not?
	11. How do you decide which external information and data are important to you? How is it being categorized and prioritized? What are your quantitative and qualitative criteria?

Theme	Questions
	12. How do you monitor external information on a personal level? How do you evaluate it and share your insights? What are the sources of signals and cues? How have they changed over time?
	13. How do you identify new external risks, dangers, and opportunities? What methods and tools do you use?
Anticipating impact	1. How do you assess the external environmental factors and events that have already caught your attention? Who evaluates the external environmental factors and events that have already come to your attention?
	2. How do you choose what information to analyze? How do you categorize it?
	3. How do you handle unexpected knowledge, threats, or opportunities? What specific structures or procedures are in place for this?
	4. How do you come up with potential response scenarios and solutions? What methods do you use to monitor whether your forecasts and scenarios are materializing?
	6. Can you think of any obstacles you have encountered when evaluating environmental information?
	7. What are the constraints on the accuracy with which the essential information/signals may be estimated?
	8. Have you got any particular continuous environmental indications which would alert you to possible issues or possibilities in the near future? What methods do you use to interpret the information you have received?
	9. How do you personally interpret external impulses and events?
	10. What actions do you take when you receive unexpected critical information, risks, threats, or opportunities?
	11. How do you manage risks, threats, and opportunities? What causes these processes to get adjusted? When did this happen last time, and why?
	12. What environmental indicators do you monitor on a regular basis to see whether they indicate possible issues or opportunities? What methods do you use to

Theme	Questions
	understand and make sense of the data? Who is taking part in this assessment?
	13. How do you manage ambiguity and make decisions when you lack complete information and are uncertain of the significance of environmental signals or events?
Decision making	1. How do you make strategic decisions regarding the organizational development and change? Do you have any special structures or procedures in place for this purpose? What data do you rely on to make these decisions? What do you do if you lack the necessary information?
	2. How does your organization's strategic decision-making work? Who is taking part in the strategic decision-making? What structures or processes are in place to facilitate this?
	3. What impact does being a member of a group of organizations have on your decision-making process? The question is: how do you coordinate your decisions within a group of companies?
	4. When do decisions become binding in their formality? What methods are used to communicate them in your organization? How are they conveyed to the parent and other group companies?
	5. What are the most significant impediments to making strategic choices promptly and on time in your organization today?
	6. How do you make decisions when you lack all of the factual information? How do you strike the balance between intuition and objective analysis?
	7. Have there been any instances in which you wished you had taken a different course of action? Have there been instances when you regretted you had not made a decision?
	8. How does your organization amass experience and knowledge, and how does it utilize this experience and knowledge to make decisions?
	9. How has your decision-making process evolved and changed over time?

Theme	Questions
	10. What would be the most beneficial to improving strategic decision-making in your organization?
	11. How do you, as a manager, make daily operational decisions? How does it find its way to you?
	12. What would you perceive as the greatest obstacles to timely and efficiently making strategic decisions in your organization? What would help you make better and faster decisions?
	13. In your company, what factors accelerate decision-making the most, and what factors slow it down the most?
	14. When faced with a difficult choice in an unclear situation, what do you consider to be the essential factor to make a decision and choose an alternative?
	15. How have decision-making mechanisms evolved throughout the years and in the course of the development of your organization?
Initiating changes	1. In the absence of a clearly specified scenario, what factors influence your decision to act or wait?
	2. What would you do if you received critical information today that might have a major effect on the success or continuation of your company if the strategic change is not implemented?
	3. What is your organization's strategic change initiation process? Which people and structures are involved in the change-initiation process? How does their involvement differ depending on the magnitude of the change?
	4. What would you do if you were to acquire important information today that might have a significant impact on the success or continuance of your business if a strategic change is not implemented immediately?
	5. How do you set the strategic transformation objectives?
	6. Can you remember any strategic transformation that took place, as well as the individuals who were involved in its formulation and initiation? What was the underlying reason for this shift?

Theme	Questions
	7. How are strategic decisions being made in your organization? What are your strategic decision-making processes and procedures?
	8. What information and data do you use to make strategic decisions? How have these sources of information changed over time?
Managing resilience	1. What factors were the most important in ensuring the long-term viability of your organization?
	2. Your organization has been operating for a long time and has faced a lot of crises. What has helped your company overcome crises?
	3. What do you believe is for your organization the most significant restriction/impediment to changing its course fast and efficiently?
	4. What was the most difficult for you to overcome in order to initiate change? How did you do that?
	5. How do you decide which transformation trajectory to pursue if there are many options and a significant level of ambiguity around the choices?
	6. How do you envision the organization's future look after a strategic change or a strategic decision you have made? How far ahead do you create projections?
	7. How do you foresee/plan organizational structures, resources, and procedures in order for them to be compatible with the future environment in which the business will be operating?
	8. Which characteristics of your company are most advantageous in executing change and transitioning to a new state?
	9. How does your company acquire the necessary experience and knowledge?
	10. What role does belonging to a group have in the success of the individual organization? How are these mechanisms managed across your group of companies?
	11. How does the collaboration between the group's organizations work? What mechanisms are in place to guarantee that they communicate with one another efficiently?

Theme	Questions
	12. Who are your organization's partners? What methods do you use to manage and maintain partnerships? What happens to your company's relationships when your organization undergoes a transformation?

Therefore, the goal of the interviews was to cover all of the initial topics and allow for the development of new ones, but not necessarily by using all of the questions from the protocol in the process. In addition to serving as a guideline through the themes, they functioned as a tool to open up the conversation and hear the participants' wide-ranging views about the phenomena, with less focus being placed on the specific questions that initially seemed to be relevant regarding a specific issue. Additional questions concentrated on facts, events, and direct interpretations, rather than hearsay or imprecise commentary, which led informants to share the chronological story of the decisions they had made and/or observed (Eisenhardt, 1989). The triangulation of data by combining archive information with retrospective accounts lowered the risk of retrospective bias.

In this way, semi-structured interviews were open and dynamic, while shifting toward more focused questions and adjusting to themes if the informants strayed too far from the topic, while using more open-ended questions which would encourage open interaction, trust to share information and data, and which would make the necessary adaptations as soon as they were needed. It was necessary to control the dialogue continuously and make trade-offs between asking questions that would motivate the participants to talk until a strong rapport had been formed ,and focusing on the topics most directly relevant to the research was ensured (Roulston & Choi, 2017).

Furthermore, the informants frequently divulged additional data which permitted the reconstruction of the richly detailed histories of transformation initiation decisions from multiple perspectives. Occasionally, informants disclosed internal tensions associated with the organizational responses and choices, which was essential for tracing the progress of the change initiation process. The interviews revealed details and motivations for the decisions that were absent from (i.e. not reflected in) the archive data, which was a significant strength of the research design. Moreover, when additional information was needed, the informants were contacted by phone or email and asked to provide the relevant details.

During the time period of the data collection and data analysis, the data from the interviews was combined with the archive-based case stories. The

context, the decision-making process, and the relevant organizational characteristics that made an impact on each change decision and initiation process were collected. The further development of the final case chronologies resulted in a detailed longitudinal analysis of each organization's development and transformations. For instance, the interview data revealed the internal company tensions, motives, and processes, whilst the media coverage highlighted important organizational events and clarified the business context that was affecting the behaviors in question.

Thus, the combination of the longitudinal archival data collection and the extensive interview data from a variety of diverse informants enabled a thorough, triangulated, and accurate explanation of the proactive transformation phenomenon and grounded the substantive theory. In addition to continuously developing and preserving the theoretical sensitivity all the way through the procedures of data collecting and analysis, the author of the research made use of the previous experience and knowledge. The previous experience and knowledge was of assistance in the selection of cases, the accessing of the pertinent informants, and the conducting of the in-depth interviews.

It is essential to emphasize that, during the data collection period, multiple measures were taken to ensure the data validity and reliability as well as to address the potential bias of the participants. First, more trustworthy data was acquired through interviewing techniques, such as *nondirective questioning*, which avoided questions about specific constructs. Furthermore, interviews were designed to elicit open-ended narratives via nondirective questions about choices, situations, and behaviors. Second, the events that took place during the transformation initiations were chronicled, and the informants were invited to walk through a step-by-step timeline (Eisenhardt, 1989). In some cases, the *courtroom questioning* and *event tracking* techniques were used which focused on factual accounts and observations rather than the informant supposition (Martin & Eisenhardt, 2010). The informants were asked to elaborate on whoever was involved, what meetings took place, what decisions, and when they were made. This method of recalling events in the chronological order frequently reduces the informant bias (Ott & Eisenhardt, 2020). Thirdly, interviews were conducted by using multiple sources of information coming from a variety of hierarchical levels and organizations. By utilizing a variety of lenses allowed for the acquisition of full-scale and complete comprehension (Ozcan & Eisenhardt, 2009) of the proactive transformation initiation process as well as the organizational competence that enables it. A fourth source of the validity support came from

a combination of the informant and longitudinal archival data. The interview data was supplemented with an extensive archival and observational data, such as analyst and financial reports and business publications, social media posts, online publications, observations, and conference data. These data sets complemented one other with the interview data yielding especially valuable insights (Ott & Eisenhardt, 2020). Lastly, the informants were given the assurance that their confidentiality would be maintained, which served as an incentive for them to participate openly in the research.

2.5. Data Analysis

Following an integrated multiple case and grounded theory building research design, data analysis began with individual case analysis and the preparation of detailed chronological histories (Eisenhardt, 1989) for each organization by synthesizing the interview and archival data. Each case underwent a comprehensive analysis that was conducted through the lens of the research question. The focus of the within-case analysis was to determine how each firm made the change decision(s), specifically, whether they were implementing proactively or reactively initiated strategic organizational changes and major transformations. In each case, the objective was to independently determine the theoretical structures, linkages, and longitudinal proactive transformation initiation process patterns in relation to the study question and to ground individual case theories.

As a result, an initial timeline of organizational changes in each case was constructed from archival longitudinal data triangulated from various sources, which assisted in the preparation for interviews and confirmed the information provided by the informants about significant events, activities, and decisions. The data obtained from the interviews provided the timelines with a wealth of facts and insights that would not have been available otherwise. The interviewees explained the reasoning behind the decisions, as well as the participants in the process of the initiation of transformation, the order in which the events took place, and the alternatives that were explored but, ultimately, not pursued. The research question continuously served as a guideline in the process of identifying the relevant emergent categories and concepts within the cases.

After a thorough comprehension of each case had been attained and individual case theories grounded, the cross-case analysis (Eisenhardt & Graebner, 2007) was initiated. Iteration in a continuous manner across the cases helped bring similarities and differences into a sharper focus and

contributed to the formation of tentative theoretical structures and propositions, as well as possible relationships between the emerging concepts and categories. These relationships were further enhanced by using replication logic (Campbell & Yin, 2018) by revisiting each case on a regular basis to validate the concepts, the theoretical logic, and the established connections. Moreover, given the focus of the research on the transformation initiation process, the decision and event sequences in each case were analyzed and compared.

Each case study was expected to yield either similar or opposing results (Yin, 2018). Therefore, in order to identify concepts, patterns, and categories, comparative data analysis was conducted with an iterative approach, thus exposing similarities and detecting the differences in each particular case, while continuously collecting and analyzing new data until theoretical saturation had been achieved, and sufficient categories along with related concepts had been defined. Therefore, the findings and the results produced through the grounded theory and multiple case study integrated research design are empirically valid because they consider the specific data of each particular case along with the generalizing patterns across all the cases (Eisenhardt, 1989).

Eventually, the concept definitions, the proactive transformation initiation process phases, the theoretical linkages between the categories, and the underlying logical arguments were developed by iteration between the theory and the data. Once the theoretical insights had been crystalized and the initial theoretical framework had been constructed, it was compared to the existing literature (Eisenhardt et al., 2016) in order to highlight parallels and contrasts with the earlier research, to increase the internal validity, and to refine the categories, concepts, and their interrelationships, to improve the generalizability and precision of the theoretical reasoning (Eisenhardt & Graebner, 2007).

In the course of the data analysis process, small pieces of data, i.e. episodes, were systematically compared to one another, and a hierarchy of 'categories' was gradually developed to define the organizational transformation initiation process. The categories evolved from a number of 'concepts', as well as the associated 'sub-categories', which were progressively developed and refined as specific instances were analyzed, rigorously coded, and compared. During the development of the categories, the data that could be used to verify the features of the developing category hierarchies was being actively sought. Ultimately, the proactive transformation initiation process analysis led to the identification of two

categories and one central category which combined to tightly integrate all the theoretical concepts into a cohesive, evidence-based architecture (Langley, 1999). Collectively, these efforts contributed to the development of the midrange theory of the *Proactive organizational transformation initiation competence*.

The creation of the substantive midrange theory was the central objective of the study. Thus, the data analysis was an essential step to ensure the theoretical saturation and the rigor of the research. Therefore, all the interviews were audio-recorded, transcribed, and analyzed per the techniques and procedures for developing grounded theory developed by Julien Corbin and Anselm Strauss (J. Corbin & Strauss, 2014). Throughout the course of the research, the analysis process was continuous, and new concepts were being constantly updated and revisited, new concepts were being added, new properties, and dimensions were identified, and, ultimately, new conceptual relationships were defined.

To ensure rigor, the data analysis and interpretation was conducted through an iterative open, axial, and selective data coding process (J. Corbin & Strauss, 2014). During the open coding phase, which consisted of going through the transcriptions and memos line-by-line, codes were assigned to the key episodes, relevant statements, or events. Additionally, the emergent concepts in the data were consistently compared with the already outlined concepts in the literature. The set of codes was the ultimate result of the open coding procedure which involved going over the amassed data and identifying the concepts to stand in for the data. During this initial stage, a total of 2320 open codes were assigned to the data that had been gathered.

Analyzing the data for the context was critical for the theory construction because it focused the research on change initiation action-interaction within a set of settings and indicated the potential consequences of organizational decisions. Therefore, in the consequential step of the process of analysis, through the axial coding phase, by breaking down and splitting up the interview data and grouping open codes into discrete units of meaning which represented issues and factors that emerged during the interviews, the data was interpreted and given conceptual labels (concepts). Furthermore, sub-categories and categories were conceptualized and grouped.

The paradigm was utilized as an analytical tool (J. Corbin & Strauss, 2014) during the process to sort out the concepts and to develop connections by focusing on the three key components: conditions, actions-interactions, and consequences. This allowed for a thorough explanation of differentiating the organizational behavior in response to the changing conditions. Consequently,

similar events, actions, and interactions were thus grouped to form subcategories and categories. Moreover, the coding and development of the categories was continuous as the data was being constantly accumulated while new cases were being added. Moreover, through cross-case analysis, new concepts, categories, and patterns constantly emerged.

Maintaining a constant focus on the changing context was necessary in order to create a substantive theory, as well as to fully understand and explain the action-interaction and transformation initiation decision-making conditions which are present in a variety of contexts. When it came to examining the data for the context, it was helpful to make use of such analytical techniques as questions, comparisons, writing memos, and drawing diagrams. Furthermore, the research author was constantly committed to upholding and enhancing the theoretical sensitivity in the processes of data collection and data analysis, as well as leveraging the prior expertise and knowledge in the analytical process.

Selective coding was the end process. It defined the core category which emerged from the identified categories and took a more abstract form, and which represents the phenomenon (Piekkari & Welch, 2018). Such an approach facilitated the synthesis of findings in an organized manner, as well as the constant comparison of codes and categories contributing to the substantiation of the theory. The verification of the theory was achieved through the validation of the theoretical constructs from multiple perspectives by comparing to the currently available literature so that to highlight parallels and contrasts with the earlier research.

The proactive organizational transformation initiation process is caused by the combination of micro factors associated with the individual or a group of individuals and the macro conditions that are external to the individual (regulations, environment, historical, social, political, and many other aspects). Consequently, it was essential to manage the distinction between the multiple levels of conditions, contexts, and organizational decision-making process variables. Conditions of the action–interaction advance and surround it in a non-linear fashion. They also create a complex setting in which action–interaction occurs. They interact in dynamic and complex ways, with a number of sources from which they may emerge, and a variety of areas on which the consequences of action-interaction may have an impact. Thus, at the same time, the consequences and effects of action–interaction ripple outward.

Hence, the conditional/consequential matrix (J. Corbin & Strauss, 2014) was an analytic strategy used throughout all stages of the data analysis process serving to discover the range of the probable transformation initiation decision-making process conditions and micro or macro factors which might enable or impede action and interaction. Moreover, the range of outcomes that emerge from action–interaction within different organizational contexts was determined (Figure 10). As a conceptual guide, it assisted in navigating the complexities of the numerous circumstances and outcomes possible in various cases. It also aided in the exploration of the complex and dynamic relationships between conditions, actions–interactions, and consequences. Finally, it supported the research in recognizing variances in the views of various actors and tracing links between internal and external organizational contexts that influence the transformation choices.
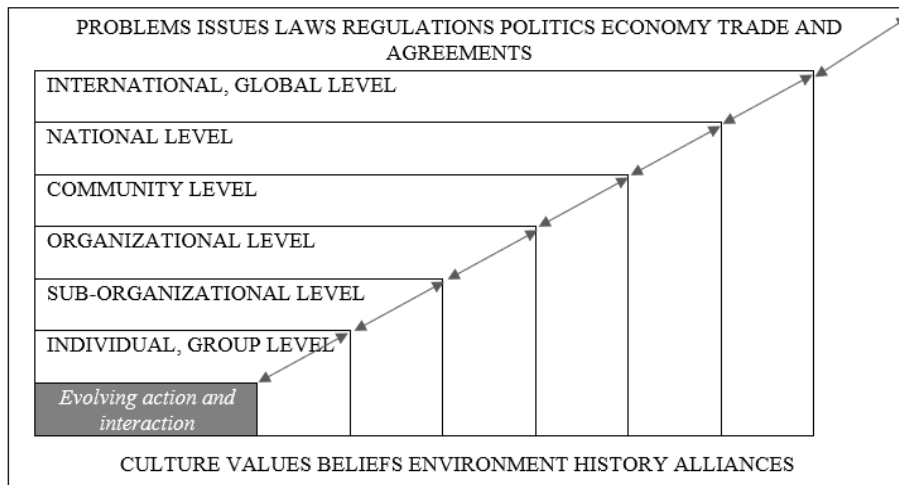
Figure 10. **Conditional/consequential matrix** (Adapted from (J. Corbin & Strauss, 2014))

A prominent component of the data analysis process was the memos that were written and categorized throughout the entire research period. Research memos documented the mental processes that went into denoting these categories and concepts and were used for data analysis and interpretation (J. Corbin & Strauss, 2014). Memos not only allowed documenting thoughts about the collected data and the emerging conceptual categories as they unfolded, but they also assisted in maintaining the theoretical sensitivity in the research process (Glaser, 1978). They made the data analysis process dynamic and

evolving. During the course of the research, a total of 315 memos were recorded and archived.

The use of the qualitative data analysis software *NVivo* helped to facilitate a number of the important processes involved in the construction of the grounded theory, which, in turn, contributed to the execution of high-quality grounded theory research (Hutchison, Johnston, & Breckon, 2010). The interviews were transcribed and managed with the help of the application, and the coding procedures were also carried out within the environment provided by the software. All the researcher memos and observations were also recorded in the software. The application of the technology made it possible to generate charts, graphs, and tables, all of which contributed to the process of conducting a cross-case analysis.

Furthermore, the tool helped improve the quality of the archival data analysis by allowing to analyze many different types of data in the written, audio, and video forms. Effective and consistent use of the software made it possible to experiment with a variety of perspectives on the data and to examine a number of different relationships in an efficient and quick manner, both of which led to enhanced creativity and increased the capacity for interpretation during the analysis process.

In addition to this, it ensured that there was a continual possibility of retracing each step of the analytical process (J. Corbin & Strauss, 2014). It assisted in navigating through the complexity of the data while also making the research process transparent. The aspects of accessing the concepts, returning to the raw data to double-check, locating examples and quotes, retrieving memos, producing graphs, editing, discovering logical errors, and rewriting were facilitated by the software during the data analysis, and, generally, in the entire process of writing this doctoral dissertation.

2.6. Ethics

In this multiple case study, the lines between the researcher and the participants were often blurred as close contact was continuously being maintained. Hence, ethical considerations were of utmost importance. The researcher was aware of and came to terms with the fact that, in his capacity as a researcher, he would be allowed to participate in the day-to-day activities of the organizations which were the subject of the investigation, as well as to serve as an instrument of the research during the research itself (J. Corbin & Strauss, 2014). In addition, he was aware of the ways in which his own personal biases and values had the potential to affect the findings of the study.

Therefore, the ethical principles of honesty and transparency, informed consent, privacy, confidentiality, no harm, and reciprocity (Bell & Bryman, 2007) were the guides to address the initial and ongoing tensions between the needs and objectives of the research and the participants' (as individuals and as organizations) rights and goals.

These ethical considerations were taken into account in both data collection and analysis. In addition, throughout the entirety of the research, the researcher made all of his decisions while adhering to the core research ethics principle of beneficence, which he was using as a compass for directing all of his efforts. Each decision was taken by giving priority to maximizing the outcomes for science, society, and the individual research participants, while simultaneously avoiding and eliminating any unnecessary risk or harm (Brear & Gordon, 2021). There was a consistent and persistent effort to assess the potential impacts of the research and to develop strategies to minimize risks while maximizing benefits (Pieper & Thomson, 2016).

Therefore, the selection of the cases and participants for the study was equitable; it considered both the goal of the research and the context in which it was carried out. No cases or participants were chosen with whom the researcher had maintained some previous connections or had shared some professional experience. This was done to ensure the trustworthiness of the data and to avoid any biases that might have been present. This approach made it more challenging to access the required data. On the other hand, it ensured the reliability of the purposefully selected sample and the participation of the most knowledgeable participants and decision-makers. With this, the reliability and representativeness of the obtained data were ensured, and the study's credibility was strengthened.

Additionally, all the invited participants were informed of the scope of the study, its goals and expected outcomes, as well as the raw data they might contribute to the research with the unrestricted option to withdraw from the research at any time (Ciuk & Latusek, 2018). The informants who took part in the research provided their free consent to take part in the research prior to the meetings, and they reaffirmed their decision to voluntarily contribute their time and effort at the beginning of each meeting, when they were re-informed (J. Corbin & Strauss, 2014) about the purpose of the study and the role which they would play. Furthermore, all of the study participants were top-level executives, many of whom had complete decision-making authority in their organizations. It also ensured that their participation decisions were made voluntarily. In addition, in order to get an agreement to engage in the research,

the time, location, and form had to be agreed upon and negotiated long in advance, thereby allowing participants to withdraw at any moment.

The confidentiality and anonymity of those who participated in the study were of the utmost importance, and numerous measures were taken to ensure that the identities of the organizations and individuals were always protected. It necessitated omitting certain information from the presentation of the research findings that could lead to the identification of the individuals and businesses who participated in the study, while also substituting names with pseudonyms. Furthermore, rephrasing and avoiding direct quotes (Kozinets, 2015) that could identify the case or a person was required. Each participant's statement was professionally translated, thus preserving anonymity through persistent attention. Furthermore, the organizations that took part in the study were unaware of the other organizations that were also involved. In addition, all the data that was gathered over the course of the research was saved in a local researcher's computer storage, where it was protected from any unauthorized access. In some instances, non-disclosure agreements were signed with the organizations to assure their confidentiality and willingness to share the relevant data during the interviews.

Moreover, it was of the utmost significance to not only gain access to the businesses and the highest-level executives, but also to create and maintain relationships with the individuals who took part in the research. Consequently, during the fieldwork preparation phase, the manner in which the connections would be initiated, maintained, and terminated was thoroughly considered (Ciuk & Latusek, 2018). Therefore, each case required its own unique approach and preparation to build trust, to manage mutual expectations, and to establish relationships that would be beneficial to both parties involved. The communication principles, goals, duration, and the format of the meetings had all been agreed upon in advance with each specific participant and were always being followed. In the subsequent interviews, the opportunity of asking more questions or requesting clarification via alternate channels of communication was always agreed upon in advance. Furthermore, the preparation for each meeting was done on an individual basis after longitudinal archival data analysis, with consideration given to the specifics of each particular case as well as the characteristics of each participant.

Moreover, once the needed data had been acquired, there was always a mutual and unambiguous agreement regarding the conclusion of the participant's involvement in the study. This not only assisted in obtaining more truthful responses from the study participants and richer data, but it also assisted the organizations that were being explored in finding solutions to the

challenges they were facing within the scope of the research phenomenon. Thus, relationships based on mutual trust and respect with the research participants enabled the collection of substantially more data than the individuals were initially open to sharing (Duncombe & Jessop, 2002). Furthermore, it is essential to note that many participants of the study stated that their involvement was advantageous, as it made them rethink their approach to the organizational change management processes and prompted the development of new solutions inside their businesses.

In addition, the research activities strictly adhered to the principle of integrity throughout the process, and the premises for the responsible, honest, and ethical conduct of the study were adhered to in a systematic and disciplined manner. Consequently, it had a direct influence on the research approach (Watts, 2008) and the choice to use an integrated research design which combined multiple case studies with the development of the grounded theory. The methodological integrity was also ensured by adhering to established frameworks. Significant time and effort were devoted to data collection to conform to the scientific standards, and there was continuing adherence to the predetermined criteria and sampling objectives. Furthermore, the researcher was constantly focusing on developing theoretical sensitivity and expanding the interpretative capacity to think theoretically rather than simply reflect clear observations.

Thus, the research integrity remained a practical concern throughout the analysis and reporting stages when interpretation issues were critical. Moreover, the research design required performing data collection and coding concurrently, and quality iterations until theoretical saturation and validity of the new theory were reached (J. Corbin & Strauss, 2014). Thus, every attempt was made to explore all the possibilities before making conclusions of meaning. They were continuously compared against data or checked with participants. The researcher acknowledged the work and accomplishments of other scholars by accurately recognizing their publications and giving their contributions the appropriate credit to the study. He did everything to steer clear of any potential conflicts of interest. The purpose of these efforts was to produce high-quality work, publish meaningful and impactful research, and contribute to the scientific knowledge base as well as the practical side of the change management profession.

2.7. Rigor and Trustworthiness

The research was underpinned by a firm commitment to trustworthiness which played an essential role in establishing confidence in the results and conclusions. The researcher systematically and methodologically ensured the trustworthiness of the study by employing a high degree of confidence in the data, methods, and interpretation. Additionally, clear protocols and procedures were established at the outset to guarantee the quality of the research (Amankwaa, 2016). While the topic of trustworthiness remains a subject of ongoing debate in the literature (Leung, 2015), there is a widespread consensus among qualitative researchers that certain criteria must be met, including credibility, dependability, confirmability, transferability (Lincoln & Guba, 1985), and authenticity (Guba, 2004; Guba & Lincoln, 1994). These criteria were the critical components of ensuring trustworthiness in the present study, and their careful application resulted in a research outcome that can be relied upon with confidence.

The credibility of this research has been established through a rigorous and comprehensive approach. The researcher invested significant effort in extended engagement and persistent observation in the field, while ensuring profound understanding of the context under investigation. In addition, multiple rounds of interviews were conducted, which would span several weeks from the initial contact to the final meeting. The researcher also incorporated peer review within the study process by reporting and discussing the preliminary methods and general findings at doctoral seminars, scientific communities, and international doctoral summer schools and consortia. Valuable feedback was gathered through mentorship sessions with seasoned scholars, thus further strengthening the credibility of the research. Furthermore, this research presents its evidence through iterative questioning of the data, by virtue of returning to examine the data multiple times in order to ensure accuracy and completeness. The investigation includes a range of cases, including negative ones, which have been thoroughly explored and analyzed to provide contrasting explanations. This extensive examination of the data has enabled the researcher to establish a comprehensive and robust analysis, thereby increasing the reliability and validity of the research findings.

To establish the dependability of the research, the researcher meticulously described the study methods and the decision-making process, while also providing a comprehensive rationale for each and every choice that has been made. In order to bolster the dependability of the research, the use of

data analysis software was essential in constructing a grounded theory. This software facilitated various tasks, such as transcribing and managing interviews, coding procedures, and recording researcher memos and observations. The software also allowed for nuanced and interpretive analysis while maintaining transparency and auditability throughout the entire process of the research. By leveraging the data analysis software, the researcher was able to streamline the analysis process, thus ensuring the accuracy and validity of the resulting grounded theory. Additionally, the use of the software enabled the researcher to navigate the complex data with ease while also maintaining a transparent research process. To further enhance the audit trail possibility, the researcher archived all the research memos, recordings, and transcriptions, thus providing a continual possibility of retracing each step of the process.

The confirmability of the research conducted in this study was a top priority, and multiple measures were taken to ensure the reliability and corroboration of the results. The data was triangulated from various sources across different time periods, thereby enhancing the potential for generalizability and making the findings more robust. The researcher provided a comprehensive list of all open codes generated during the study, thus allowing for the tracing of the emergence of the grounded theory. In addition, each method used in the research followed its respective process and quality standards, thus further bolstering the validity of the results. To maintain neutrality and ensure repeatability, an audit trail of analysis and methodological memos was kept, and all data was securely stored so that it could be observed by an external person if needed. The avoidance of biases was also ensured through peer debriefing in doctoral seminars, consortia, and international conferences. The research approach was approved by the scientific committee and underwent peer review by the Faculty represented by the researcher, thus increasing the trustworthiness of the research results and the strength of the resulting theory. All of these measures contributed to the confirmability of the conducted research.

The researcher placed significant emphasis on the transferability of the conducted research, with the primary goal of ensuring that the study findings and conclusions could be practically applied. To this end, the researcher provided a comprehensive and detailed description of the study context, location, and participants, as well as complete transparency in the analysis and research process. The inclusion of vivid descriptions and direct quotations from the participants further bolstered the study's transferability, thereby enabling readers to assess the applicability of the grounded theory to the organizational change management practice. The researcher's extensive

practical experience in the change management field, supported by methodological and theoretical sensitivity acquired through continuous study, facilitated the selection of the most suitable methodology and the appropriate methods. The researcher also purposefully selected cases to address the research question, achieve the study aim, ensure the theoretical saturation of the resulting grounded theory, and enhance the transferability of the research to other situations and contexts.

The researcher placed significant emphasis on the transferability of the conducted research with the aim of enabling the findings and conclusions to be applied in a diverse range of settings and contexts. To achieve this objective, the researcher provided a comprehensive and detailed description of the study context, location, cases, and participants. Furthermore, the research and analysis process was transparently reported to enhance the transferability of the study. Illustrative descriptions and direct quotations from participants were also included, which further strengthened the study's transferability and allowed the readers to assess the applicability of the findings. With extensive practical experience in the change management field and a methodological and theoretical sensitivity acquired through continuous study, the researcher was able to select the most appropriate methodology and methods so that to address the research question and achieve the study objectives. Consequently, the purposeful selection of the cases enabled to achieve theoretical saturation of the resulting grounded theory, and to further enhance the transferability of the research to other situations and contexts. Overall, the comprehensive and transparent reporting of the research process, combined with the careful selection of the methodology, cases, and participants, highlights the researcher's commitment to promoting the transferability of the research findings, and underscores the potential value of the study for a broad range of applications.

To ensure the research authenticity, the researcher took a methodical and systematic approach by ensuring that all perspectives and constructions of the reality presented by the research participants were fairly represented and considered when shaping the inquiry product. To achieve fairness, all the interviews were guided by the same detailed interview guide which was adjusted depending on the developing meanings and the interviewee's decision-making level in their organization. This allowed all participants to express their opinions on various aspects of the issue. Additionally, the same theoretical and methodological approach was used to analyze all interviews, which resulted in all the generated open codes substantiating the grounded theory. During the presentation of the findings, all perspectives were discussed

and interpreted as social constructions, without being labeled as 'absolute truth'. This comprehensive and unbiased approach ensures that the research is both rigorous and authentic.

Moreover, the research is motivated by a pertinent and authentic purpose and holds the potential to make a substantial impact on the field of change management and the advancement of scholarly knowledge. Notably, it has already served as a catalyst for change, by benefitting both individuals and organizations involved. The study's authenticity is evident from the positive feedback received from numerous participants who have attested to its advantageous and impactful nature. Their active participation prompted them to reevaluate their approaches to change management processes and develop innovative solutions within their businesses, thus leading to tangible changes in their organizational practices. Therefore, the study's catalytic authenticity has been unequivocally proven by the practical benefits it has already brought to its participants.

3. RESEARCH FINDINGS

The research question centered on investigating the mechanisms by which business organizations initiate transformational changes and on delving into the factors contributing to their proactivity and potential to manage the initiation process. As the literature review provided evidence that the interrelationship between sensing, anticipating, and decision-making capacities in organizations plays a significant role in the transformation initiation process, this served as the foundation for the research. However, by following the open configurational theorizing approach and the adaptive research design, new themes emerged through research iterations.

Consequently, while relying on the adaptive research strategy, the researcher enabled the results to expand the boundaries of the already existing knowledge by leveraging on what was already known, while concurrently seeking to fill the gaps that the literature review had revealed. Thus, the primary focus was on the abstract configurational structure of the transformation initiation (Figure 5) which assisted in generating questions and preparing for each interview individually through individual case analyses and stories. The case-specific data points complemented one another during the data analysis process, and novel concepts and categories emerged due to the discovered contrasts and similarities.

Therefore, by gaining an in-depth understanding of the historical context of the specific case, the researcher was able to effectively interpret the responses of the participants, which served as an essential source of data. Moreover, the researcher employed the paradigm (J. Corbin & Strauss, 2014) as a method of analysis, which entailed dissecting the context, both current and potential, into three distinct components: conditions, action-interaction, and consequences. Conditions refer to the rationale and explanations that individuals offered for the occurrence of events, as well as the reasons for their corresponding behavior and actions-interactions. The action-interaction refers to the observable behaviors and responses exhibited by individuals or groups in response to specific occurrences or problematic situations within organizations. It should be noted that the correlation between an event or a set of circumstances and the resultant action-interaction is not necessarily one of direct causality. Consequences refer to the anticipated or actual outcomes resulting from actions-interactions. Individuals and groups consider potential outcomes prior to taking action and make decisions based on those possibilities. However, outcomes may not always occur as expected, which may require adjustments to actions and interactions.

142

Hence, the study aimed to expand upon the previous research by shifting the focus from identifying direct and apparent linkages between conditions and actions-interactions to interpreting the complex meanings inherent in complex conditions and interdependent actions of multiple actors. Rather than solely identifying problems and solutions, the research sought to understand the complex system interplay and configurational dynamics that, through self-organization, deep structures, and social connections, would influence actions that may not necessarily lead to quantifiable objectives, but rather contribute to the sustained momentum and growth of the organization. By utilizing own expertise, experience, and theoretical sensitivity, the researcher sought to uncover more profound, explanatory meanings and insights within this coordinate system beyond the surface level observations.

This chapter presents the findings of the research and the qualitative data collected through interviews which played a crucial role in identifying variations and similarities among the studied cases, while ultimately leading to the development of the substantive theory. It defines all the conceptual elements of the comprehensive set of 23 concepts, 7 subcategories, 2 categories, and the central category that emerged during the data analysis process and subsequently formed the substantive grounded theory. Moreover, it provides evidence from the interview data for these pieces by highlighting specific case-related conditions, actions-interactions, and consequences. The presented data structure of the analysis (Figure 11) provides a graphical representation of how the research progressed from the raw data to the central category. This progress depiction also demonstrates the level of rigor inherent in this qualitative study.

Open coding	Axial coding		Selective coding
Codes	**Concepts**	**Sub-categories** **Categories**	**Central category**

Making the Choice / Releasing → INITIATING

Building Momentum / Structuring / Preparing → INCUBATING

Experimenting / Guiding Exaptation / Emerging → ITERATING

Sensemaking of Signals / Creating Trajectories / Expanding Ideation Capacity → IDEATING

Enhancing / Managing Capacity / Steering Directions → BALANCING RESILIENCE

→ TRANSFORMATION INITIATION PROCESSING

Opening / Connecting / Sensing → RECEPTOR SYSTEM

Aligning Organization / Encouraging Exploration / Channeling Attention → TUNNELING

Developing Agility / Adapting Decision-making / Empowering Leadership → BEHAVIORAL RESPONSE

→ ORGANIZATIONAL OLFACTION PROCESSING

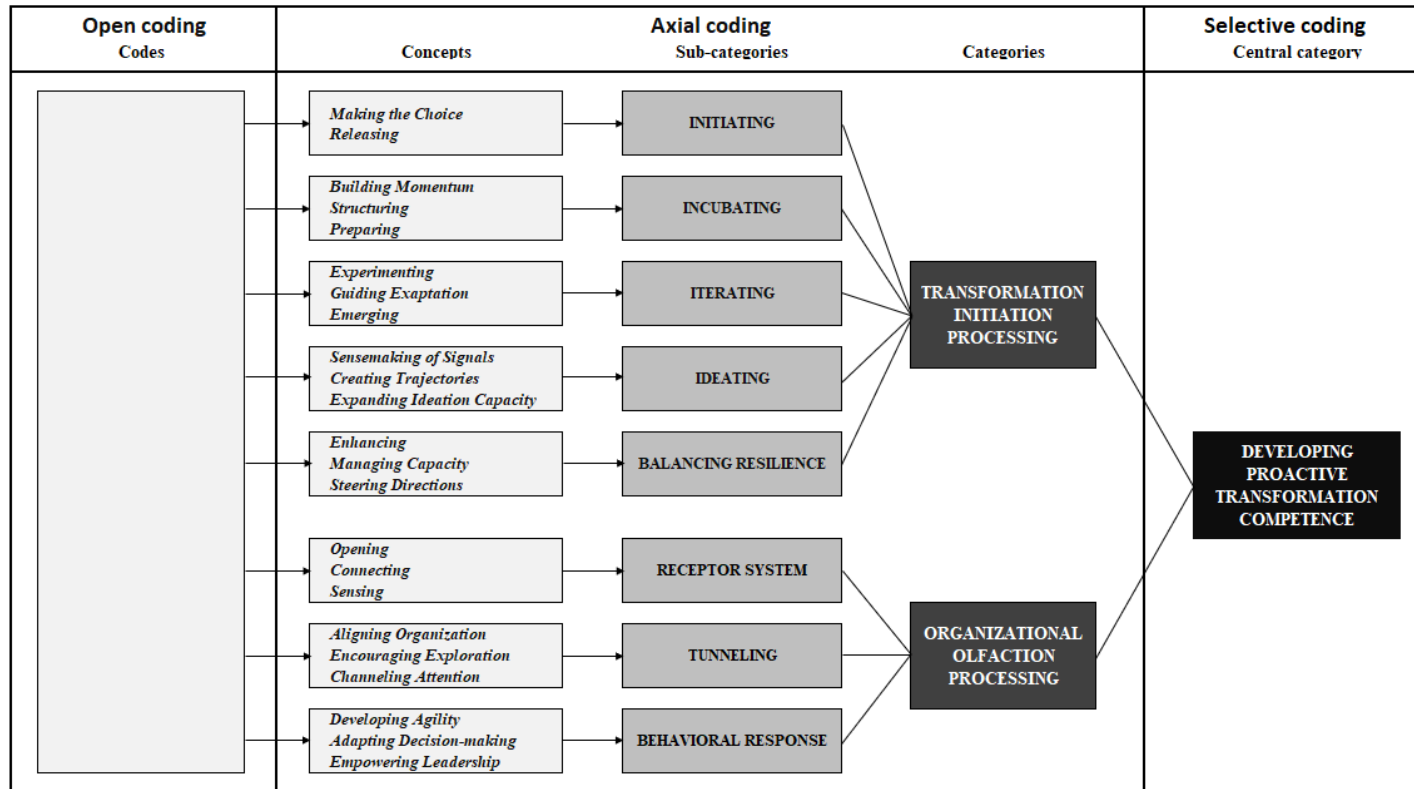→ DEVELOPING PROACTIVE TRANSFORMATION COMPETENCE

Figure 11. **Data structure** (Prepared by the author)

The initial section of the chapter examines the decomposition of the category *Organizational Olfaction Processing* which explains the mechanism by which the input for the transformation initiation process is generated and how the organizational capacity to detect changes in the environment is developed. The subsequent section delves into the process of proactive transformation initiation, which is broken down under the category of *Transformation Initiation Processing*. Furthermore, it outlines the conditions, configurational organizational attributes, and characteristics that are essential at each stage of the process for the action-interaction to occur and yield specific consequences. Together, these two categories constitute the central category, *Developing Proactive Transformation Competence* which emerged during the selective coding phase, and which serves as the focal point of the substantive theory. The final section presents the grounded theory and elucidates the interconnections between the components of the central category.

The qualitative research approach employed in this study prioritized the attainment of validity and reliability standards to ensure the trustworthiness of the findings. To accomplish this objective, a meticulous approach was taken to maintain consistency with the data structure when presenting the research findings in this section. Each sub-category and concept are thoroughly discussed, and the associated findings are presented in accordance with the categories that emerged from the data analysis. Moreover, the data structure of the research was leveraged to explore each individual element in-depth, while the study's findings were supported by the evidence collected to reinforce their validity. The discussion section of this doctoral thesis includes further consultations with the relevant body of research literature to fortify the theoretical saturation of the emergent grounded theory. Specifically, the focus is on findings lacking acceptable theoretical referents in the current literature or those only partially explained by the currently existing theories.

3.1. Organizational Olfaction Processing

This study, by virtue of utilizing the initial configurational approach, aimed to delve into the complex concept of environmental sensing in the transformation initiation process. By distilling the current scientific knowledge into distinct elements, the objective was to better understand how organizations process environmental information to initiate change. The research findings, however, showed that organizational sensing and sensemaking are much more intricate, with the initial configuration elements

only representing a small part of the process. In response to these findings, this chapter introduces the *Organizational Olfaction Processing* category which encompasses three sub-categories (*Receptor System; Tunneling; Sensing*) and nine distinct concepts (*Opening; Connecting; Sensing; Aligning Organization; Encouraging Exploration; Channeling Attention; Developing Agility; Adapting Decision-making; Empowering Leadership*) extracted from the data. These concepts illustrate how organizational attention and sensemaking play out in organizations and what constitutes their crucial role in the transformation initiation process.

3.1.1. Receptor system

The research findings indicate that environmental sensing in organizations is a dynamic process where diverse stimuli traverse an intricate network of organizational receptors, and organizational actors make sense of them. As per the findings of this study, the term *organizational receptor* refers to an internal organizational actor or external connection with the capacity to observe, collect, and transmit environmental information within the organizational ecosystem. The research highlights that employees, leadership teams, shareholders, suppliers, partners, and clients, among many others, can act as an organizational receptor. The interactions between the environment and these internal and external sensors create an organized perception akin to the functioning of the olfactory system. The study found that some organizations possess a much higher ability to gather more meaningful signals, thus leading to a stronger initial capacity for transformational idea generation and proactively driving the transformation initiation process.

The research findings highlight that, in order to ensure that the decision to initiate organizational transformation is thoroughly deliberated and made on time, a wide variety of environmental factors must be evaluated. The larger are an organization's business activity areas, the more development directions it has, the more interconnected it is, and the more complicated the spectrum of variables that influence its decisions is as well. Consequently, an organization must be able to continuously attune and employ its receptor system in order to respond not only to significant external events that have a direct impact on business, but also to sense subtle environmental cues and weak stimuli and to proactively make sense of the environment and make decisions based on them.

In this section, the researcher delves into the reasons behind why some organizations are better equipped to understand their operating environment.

Through comprehensive analysis of the interview data, the researcher sheds light on the key concepts of *Opening, Connecting* and *Sensing* that emerged from the research and constitute the *Receptor System* sub-category. The section also provides data-driven explanations of conditions and actions-interactions on how organizations can enhance their capacity to sense the environment and sustain the effectiveness of their environmental receptors.

The research findings, observations, and evidence presented in this section focus on the organizational patterns that enhance environmental sensitivity and can serve as a blueprint for other organizations to follow. Moreover, the list of open codes presented in Annex 6 provides substantial evidence for the emergence of key concepts. These codes, generated through the analysis of interview data, have played a crucial role in the interpretation of findings, which enables the identification of the common themes and patterns that have emerged in relation to the research question. These concepts offer insights into the underlying factors influencing the organizational sensemaking and decision-making processes.

Opening. Based on the conducted interviews, it emerged that organizations must strive to maintain a high level of naiveté and minimal preconceptions in order to foster sensemaking and further ideation. To achieve this, organizations should cultivate a broad and open field of sensing to detect any external cues or stimuli that may be of assistance in the ideation process. The participants acknowledged that they cannot predict the source of inspiration that would motivate them to pursue the next trajectory. Therefore, it is crucial to be receptive to both external and internal organizational motions and consciously make sense of them. Overall, the findings emphasize the importance of creating an environment that encourages ideation by preserving an open-minded and receptive attitude.

Consequently, an organization must not only possess and enable a wide network of receptors capable of sensing a diverse variety of stimuli, but it must also possess and exhibit openness and the capacity to receive and make sense of the often abstract and complex data that these receptors generate. Informant BK1 emphasized (Quote No. 1) the importance of fostering a culture of vigilance and genuine interest in the organization's explorations throughout its ecosystem to maintain an open receptor system. The research highlights the need for openness to be promoted across all aspects of the organizational systems.

Quote No. 1: "I would venture to say that such a cultural element is one of our characteristics. Just stay alert and take an interest in our environment, the one we are operating in. There is no such thing as a formal, mandatory process. Simply, naturally."

The data analysis reveals that solely relying on formal communication processes and structured knowledge exchange is inadequate in absorbing all the available information and stimuli within the organization. Researched cases from the business world demonstrate that, in most instances, the underlying mechanisms of strategic change do not manifest themselves in a single discrete event that can be tracked through time. They are seldom contained within well-defined boundaries, and they are rarely triggered by a single source or event. These findings emphasize the need for organizations to adopt a flexible and adaptive approach to sensemaking in order to capture and respond to the complex and dynamic nature of strategic change.

As a matter of fact, frequently, it is a collection of little bits, occurrences, or clues which combine to create a vibrating wave that has gone through a large number of receptors. When an organization is sufficiently open to its surroundings to sense them, it is possible to develop innovative change ideas by connecting these dots through cognitive sensemaking. The proactive transformation process becomes feasible when an organization achieves a strategic balance between its resilience and transformability. This enables the company to manage the process of initiating change from ideation to initiation.

Conversely, when a business is focused solely on continuous development, thus placing its emphasis on technical advances and operational efficiency, it is more likely to disregard the fragmented cues from the sensors because it is not open enough to receive and interpret them properly. For instance, by focusing entirely on signals of technological advancement, a business may miss even the most evident business trends that are fairly loud in the market. This is due to the organization's failure to establish comprehensive communication channels with its clients, suppliers, and partners. As a result, it has a limited capacity to absorb and comprehend the relevant stimuli. Its main goal becomes to capitalize on the current development trends, follow the technology lifecycle, and organize itself at maximum capacity and efficiency.

The findings from the interviews suggest that companies striving to broaden their environmental focus are paradoxically constrained by their limited sources of information. Despite their efforts to expand their knowledge base, organizations still rely on a few key receptors, thus inevitably restricting their ability to generate highly innovative ideas that may initiate transformative change. While the focus on efficiency can enhance the core developmental direction of a business, the interviewees noted that this approach often results in missed opportunities due to a lack of initiative or motivation from organizational actors to bring them to the attention of the decision-makers. As a result, significant opportunities may be overlooked or underutilized.

Thus, even when external stimuli are detected, they become mired in the organizational quagmire of restricted communication among organizational actors. As a consequence, the whole organization must not only be sensitive to the environment and market signals, as well as interested in the future trends, but it must also be open to connections and constantly endeavor to expand its own network. Furthermore, as an informant, WE1 exemplifies (Quote No. 2) that organizational actors must utilize organizational network to acquire and exchange knowledge on a continuous basis, as well as to be open to conversations, ideas, and challenges. The leadership of an organization ought to have an open mind, constantly work to increase its capacity for making decisions, be receptive to criticism, and look for ways to improve.

Quote No. 2: "Every day, I walk throughout the organization, looking at who is doing what, talking to everyone, what is good, what is wrong, and hearing suggestions from the employees themselves."

According to the interview data, maintaining an open culture and avoiding hierarchical barriers is a critical aspect of organizational success. To achieve this, organizations must prioritize establishing an open communication culture at all levels. Interviewees stressed the need for leaders to take proactive steps, including the elimination of physical barriers, to facilitate an open and inclusive culture. GY1, one of the informants, specifically emphasized the removal of physical barriers as the most crucial step in the organization's cultural transformation process (Quote No. 3). These findings suggest that organizational leaders must be intentional in their efforts

to create a culture of openness and accessibility in order to foster innovation and success.

Quote No. 3: "It was fascinating to witness the transformation when we destroyed all of the internal barriers. We look the same on the exterior, but you won't recognize us on the inside. Because we eliminated everything, the old workers don't recognize the organization. Our maturation prepares us for a transparent, new process culture, where there is nowhere to hide and where we lift everything up. Along with the removal of the walls, such a message was sent."

The interview data highlights the importance of taking a comprehensive approach to foster an open and collaborative organizational culture. This includes everything from physical changes, such as dismantling and repainting office walls to developing communication tools and platforms promoting openness and transparency across the entire business. If an organization maintains silence, it really has reached a critical level of vulnerability. An excellently illustrative representation of such an organization was provided by the CEO of the *Black Company*, Informant BK1 (Quote No. 4).

Quote No. 4: "Another instance that has left a lasting impression on me is one that I will never forget. During the first executive meeting, there were about 15 people there, and I cannot recall what question I posed to which no one reacted. It came as a shock to me: and now what? Just silence, with everyone remaining silent. It was a time of great significance. Such a tense silence it was...."

It is essential for proactive organizations to be sensitive to all employee and business partner initiatives and identified threats. When a business operates to develop and expand its external connections while simultaneously fostering an internal culture of cooperation, trust, and openness within the

organization, the capacity to absorb more insights and cues increases. Nevertheless, it is of the utmost importance to stress that the primary objective should not be quantity, but rather the overall coherence of receptors. This is necessary in order to recognize individual components in a qualitative manner and combine them into coherent and meaningful sensemaking of changes in the environment.

However, there is no way how an organization can anticipate and plan precisely for the pivotal moments and opportunities which will arise during its existence. A lot of it is about being able to sense interconnections that others may miss, integrating these insights in unexpected and creative ways, and learning how to recognize the moments when seemingly random or unrelated impulses merge to create new opportunities. Serendipity, many little details, significant, yet often accidental meetings, and fortuitous events frequently contribute to the construction of a comprehensive idea and the discovery of new development horizons. The anecdotes provided by the business leaders who were interviewed for the research make for outstanding demonstrations of this point.

The interview data highlights that, while some leaders and organizations seem to have a greater knack for creating the conditions for coincidences to occur and exploiting them, others are not as successful. Therefore, proactive businesses must strive to cultivate an environment that nurtures serendipity and encourages creativity, impact, and opportunities across the organizational ecosystem. This can be achieved by fostering openness and creating the right conditions which would enable serendipity to flourish. The data strongly indicates that organizations prioritizing these approaches are likely to reap the benefits of chance occurrences and make more significant strides toward their goals.

Connecting. The interview data suggests that creating and managing organizational linkages is vital for enhancing proactive transformational initiation capacity and facilitating the emergence of new development paths. Participants emphasized the need to establish a network of connections which should function as an ecosystem of organizational receptors that enhances the resilience and adaptability of the organization. The effective management of these linkages is crucial as it enables the core development trajectory to be continuously improved and expanded. By establishing and maintaining these connections, organizations can better position themselves to adapt and thrive in changing environments.

Based on the interview data, it was found that building partnerships with other companies could facilitate the identification of common goals and the exploration of fresh avenues for development through collaboration. Informant BE1, who played a key role in setting up a business organization association, offered valuable insights (as stated in Quote No. 5) indicating the importance of proactively seeking connections. This approach may lead to organizations joining clusters, groups, or communities aimed at tackling ecosystem-related challenges by establishing effective communication channels and coordination mechanisms.

> *Quote No. 5: "The primary goal was to improve communication and reduce internal competition among our businesses."*

Several organizational cases have revealed that these organizational network nods may also act as a reliable source of additional knowledge and new alliances when problems or opportunities arise, as well as serve as a reservoir of solutions and the necessary credible expertise. Thus, companies may bolster their proactive transformation capacity by becoming part of an existing group or even pioneering the establishment of a new one. The transformation journey of the *Brown Company* serves as a notable case study, as the organization's leader BN2 (Quote No. 6) has been actively inviting other companies to join a cluster for projects of collaborative innovation. This approach demonstrates the company's commitment to fostering innovation and building a community of like-minded organizations working together toward a common goal. The leader's actions showcase the potential benefits of cross-organizational collaboration of encouraging others to follow suit and further support a culture of innovation within the industry.

> *Quote No. 6: "We invite others to join us in all of our initiatives. We have projects that are innovative. Capital is lacking. We are not frightened to invite in this circumstance... Of course, banks fund us, but we also welcome private investors and companies interested in participating within this cluster."*

Based on the interview data, businesses can enhance their environmental sensor system by fostering stronger connections with their customers. By building lasting relationships, they can better understand their customers' evolving needs and gain valuable insights. Informants repeatedly emphasized

the importance of developing mutually beneficial relationships with the customers in order to achieve growth together. As Informant GY1 stated, businesses must be discerning in selecting their customers in order to cultivate these types of relationships (Quote No. 7).

Quote No. 7: "We go where there is intelligence, where there are some intellectual solutions to problems, where they don't want to grab your bottom dollar, but instead they see you as a partner because we are equals. The client then raises us, and we raise the client."

However, only businesses with a broad network of connections and the capacity to manage it effectively are privileged to be able to do so. Those firms, on the other hand, that rarely go beyond a transactional level of engagement with their clients are less likely to demonstrate resilience or the capacity for proactive transformation of their businesses. They are preoccupied mostly with exploitation and operational efficiency. Instead of focusing on creating relationships with the clients, businesses are more concerned with battling competitors.

Hence, those organizations which make sense of the world by observing environmental changes through the prism(s) of their clients seek to be as close as possible to every one of them. They are committed to meeting obligations, and often to exceeding customer expectations by solving issues, delivering more value, and educating in order to earn the trust of their clients. The fundamental differentiating characteristic of these firms is that they are not being directed by the market or their users. In their industry, they are at the vanguard of innovation, and they are endeavoring to co-create with their clients.

Hence, they devote significant resources to client relationship development, thereby developing a thorough understanding of their present and prospective future needs. As mentioned by Informant RD1, their emphasis is on value creation (Quote No. 8). Therefore, they take proactive initiatives to assist their customers in solving their challenges and guiding them toward new options because of their unwavering concern for the client. Businesses may cooperate directly with clients on new ideas and product development when they have solid working relationships with them. Hence, they have a variety of options for acquiring clients for pilot projects and experiments, while also allowing them to iterate on multiple firm development paths.

As they seek to get as close to each customer as possible and are committed to providing them with a unique value, even a problem or a crisis is considered as an opportunity to strengthen the connection with the client. They can monitor market competitiveness without concentrating on how they compare to their competitors because of their unique network of client connections. On the contrary, they focus on the present and future client demands and seek opportunities to uncover new market areas to which new developments may be directed.

These companies gain an advantage because they derive insights, are able to solve the problem more easily, have more opportunities for experimentation, and can guide their customers in new development directions due to the high level of trust they have already established with them. This is all thanks to the increased investment they have made in broadening and strengthening their relationships with their customer base. As a result, they are in a position to capitalize on opportunities and possess the potential to proactively initiate transformative changes.

On the other end of the scale, there are the businesses which take full advantage of their core development trajectory by concentrating their efforts only on a small number of key clients and avoiding the expansion of their customer base. By pursuing one or a few key strategic connections, they have the opportunity to concentrate only on the operational efficiency and continuous improvement in order to meet their customers' expectations. While they are effectively exploiting the present path of growth, they only have a limited ability to explore the alternative paths of development. They are reliant on a limited number of clients and are directed by them. The limited number of connections inhibits their ability to sense their environment, restricts their flexibility, and places them in a vulnerable position.

According to the interview data, organizations striving to maintain the highest levels of resilience and adaptability also place a high value on the establishment of partnerships with their vendors. The suppliers they choose are carefully selected in order for them to be confident in the quality of the products or services they will be able to give to their clients with their participation. Moreover, maintaining strong linkages helps to improve an organization's ecosystem of environmental receptors because they facilitate

learning, information exchange, and quick absorption of the stimuli and insight from their environment.

The interview findings reveal that proactive organizations are seeking to establish enduring, mutually advantageous partnerships with their vendors while building connections with them. Conversely, organizations maintaining short-term, transactional relationships with the suppliers create a misleadingly tranquil environment, as they receive neither positive nor negative signals from these connections. Consequently, such companies are often blindsided by crises without any forewarning and lack the capacity to take proactive steps to mitigate them or to take advantage of proactive change.

The interview data provides evidence that organizations seeking long-term success and growth that is grounded on resilience and a persistent search for new directions engage in extensive environmental exploration and connection-building as part of their strategy. They are working diligently to maintain partnerships once they have been created. As Informant YW1 stated, the development of personal relationships with peers at all levels of a partner organization while carrying out contractual responsibilities assists them in earning trust (Quote No. 9).

Quote nr. 9: "Relationships are continually evolving. It is critical that you deliver and implement what you have promised, as well as that your partner and supplier do so."

The interview data suggests that establishing and maintaining mutual trust among members is vital for developing a robust organizational ecosystem. However, because each of these connections is distinct, businesses must put up significant effort to ensure that each one remains strong. When organizations recognize the critical nature of this issue, everyone at the highest echelons is focused on it. Moreover, each and every employee, from the front-line staff to the senior executives and board members, is involved in the process of establishing and maintaining connections. As a consequence of this, as Informant RD1 pointed out, they are developing connections and complete industry and market awareness, as well as acquiring sense of the environment in which they are operating, through the use of personally targeted efforts and engagement, (Quote No. 10).

Quote No. 10: "We are actively working. Our management regularly engages with both customers and suppliers. It is not correspondence, but conversation. Information is exchanged, expectations are expressed, yet human interactions must exist here. It is with some and not with others. It's not that consistent. This is an attempt to work with everyone individually and comprehend the industry to the full extent."

Even though it requires a great deal of effort, informants from companies that have been successful in creating multiple unique development trajectories have offered evidence that it is worthwhile. A broad network of strong partner connections enables the rapid acquisition of information, the early diagnosis of environmental disturbances, and the provision of assistance during crises, and they might even offer extra capacity and skills when exploring new opportunities. Resilient organizations actively manage all connections and are willing to follow the leads and opportunities provided by the ecosystem connections.

Furthermore, it is essential to point out that the establishment of an organizational connection is not contingent on concluding an agreement on a transaction, such as the purchase or the sale of products, or the provision of services. Organizations with proactive transformation competence respond eagerly to any interest piqued by being sensitive to new connections, and they are able to broaden the scope of prospective relationships through proactive behaviors.

As per interview data analysis findings, by actively engaging in connections that have no contractual commitments, but which, instead, foster strong social ties, they contribute to the advancement of knowledge exchange as well as the identification of new business development trajectories. In this way, as illustrated by YW1 insight (Quote No. 11), they broaden not only the spectrum of different activities, but also enhance their own system of environmental sensors and discover new opportunities. Universities, research and development institutes, public and governmental institutions, non-profit organizations, and other organizations are examples of such entities that businesses collaborate with.

Furthermore, oftentimes, the capacity of a single firm is insufficient to initiate a transformational business trajectory as specialized knowledge, experience, or resources are needed. Finding the initial partner with whom to cooperate while developing a new product or a new service concept, or a new business model, may prove to be the hardest passage of the development process to navigate through. Those businesses that are denoted by an extensive network of contacts and potential connections will be able to identify it more quickly and expand it more readily thereafter. Every existing and potential relationship may benefit a business when it is faced with a crisis, or when it is looking for new growth opportunities. The interviewees provided multiple stories of how such relationships aided their firms in developing new products or even embarking on new transformational business paths.

However, the gathered evidence implicates that each company should take into account its development horizons, strategic orientations, and capacity to keep each relationship in good shape and manage the entire network while developing its links and receptor ecosystems. Despite the fact that organizations should be open to new connections and actively seek them out, they should also be swift and thorough when it comes to de-partnering. Each link involves the commitment of time and resources by the organization. It is, therefore, necessary to terminate any linkages that cannot be maintained in an excellent state or that have been proven to be unreliable.

Hence, developing and managing a network of organizational connections enhances the proactive transformation capacity and organizational resilience. Furthermore, by developing and maintaining a partner ecosystem, the value may be created not only for one firm but also for many related companies. By operating as a group, or by pursuing diverse development routes, a company can create a network of separate ecosystems which can then be linked together to create a multiplied network of interconnection. If the organization is effective in maintaining the long-term robustness and durability of these connections, the efficacy of the organization's environmental receptor system will be greatly enhanced. As a

result, the business will expand its capacity for the early detection of environmental signals and their interpretation. Therefore, the adaptation process will be expedited. Moreover, continuously new input for organizational ideation and the proactive transformation initiation process will be created, and will ultimately serve as a source of new possible development trajectories for the company.

Sensing. The interview results indicate that environmental perception relies on a diverse range of stimuli passing through numerous organizational receptors. Rather than originating from a single source, environmental sensing involves a dynamic and constantly changing flow of stimuli which navigate a complex network of organizational receptors. To capture this complexity, the study employs the term *Olfaction* to describe how the environment influences a vast number of receptors, ultimately resulting in an organizational sense that resembles the olfactory system. This highlights how environmental sensing is a multi-dimensional and interactive process which involves a myriad of stimuli and organizational receptors.

While the decisions in an organization may be made by a small group of people or even by a single individual, a wide range of environmental factors must still be considered in order to ensure that the decision is of high quality and is made in a timely manner. The more extensive an organization's business activity areas are, the more development directions it has, the more interconnected it is, and the more complex the spectrum of variables influencing its decisions is as well. Therefore, as findings suggest, an organization must be able to use its receptor system on a continuous basis in order to respond not only to significant environmental events directly affecting it, but also to sense various factors and cues of a changing environment and proactively develop meaning and make decisions based on those factors and cues.

According to the findings of the study, the capacity of various businesses to sense environmental changes varies significantly from one to another entity. Some organizations are only capable of spotting those market trends and adhering to them as long as they are well-defined and well-established, or those that get the form of a direct warning as illustrated by GN2 statement (Quote No. 12). Meanwhile, other interviewees employ a more complex set of indicators, but still remain narrowly focused on a few market development areas.

There are also companies which detect changes in the environment by merely observing what their competitors are doing. Some organizations prefer to be led by one or more key clients or partners and to focus only on them rather than on the environment. Alternatively, they simply follow their competitors to guide them in their own direction, as Informant OE1 described (Quote No. 13). Hence, when compared to those organizations which have established extensive networks of environmental sensors and strive to be the pioneers in identifying new business development opportunities, risks or threats, these companies put forth minimal effort to be proactive in their awareness of the environment.

Consequently, reactive businesses respond only to significant shocks or competitive acts. They are largely incapable of generating their own insights through sensing and interpreting the environmental stimuli. Additionally, these businesses recognize and accept that they do not have complete control over their environment, nor do they aim to change this by broadening the coverage of their environmental sensing. When they establish organizational connections, their attention is completely focused on the transactional exchange of products and services rather than on the opportunity for ideas and knowledge to be exchanged and pursued together.

Based on the evidence gathered from the interviews, it was found that a lack of sensitivity to the external factors can ultimately lead to organizational rigidity. When inertia and a lack of leadership involvement are present, this can impede the growth of a business by inhibiting innovation and horizon extension. In such cases, limited awareness of the environment may force the organization down a narrow development path. It was also noted that, while having a goal to develop numerous organizational linkages and create a

receptor system is definitely important, this approach becomes unsustainable without the necessary structures and processes to carry it out effectively. Without a cohesive organizational ecosystem where all the members are actively involved, the system becomes vulnerable to instability and disruptions caused by the shifting conditions and changes in leadership.

Consequently, these organizations frequently fail to form long-term collaborations or to maintain the already existing connections. They are unable to anticipate and plan for the future, as a result of which, they frequently lack strategic alignment on a single aim and are unable to be certain of their decisions and the risks associated with them. Moreover, they frequently overlook significant opportunities, and they only initiate strategic changes in response to crises or external shocks. Furthermore, decision-making is often more influenced by intuition than by the structured guidance of analytics and forecasts. Therefore, even their core development trajectory is brittle. These organizational inclinations are vividly illustrated by the statements made by Informant BK1 (see Quote No. 14; Quote No. 15).

> *Quote No. 14: "Those decisions and strategies can be summarized as follows: I had a feeling that such a solution – transformation – was required."*
>
> *Quote No. 15: "There were a lot of opportunities that were lost. A good illustration of this would be the formation of joint ventures with partners from other countries. We are currently undertaking our own exploration for opportunities of this kind."*

Meanwhile, those organizations which understand the complexity and interconnection of the environment aim to intentionally expand and develop receptor systems which would allow them to track a pulse on their surroundings, even as the conditions are changing. Hence, a comparison of case histories demonstrates how important it is for the leaders to take an active role and engage in the proactive environmental sensing process in order to ensure its continuity and consistency. This includes putting in place a structure and facilitating an efficient process, as well as directing organizational attention to it and demonstrating its significance throughout the entire organizational ecosystem. Ignorance of the organizational environmental will ensue if there is no such guidance.

Hence, leadership must ensure that, even in the face of changing circumstances, the emphasis on environmental sensing and openness throughout the receptor system remains constant. Consequently, businesses will have a varied range of sources from which to choose, and will be able to balance them. Additionally, the coherent receptor ecosystem will direct their attention to the critical factors and environmental cues. The organization's task will continue to be to connect the dots, to make sense of the vast amount of the accessible data and information, and to make informed and future-oriented decisions. However, interview analysis and interpretation of the emerging codes suggests that the decision-making structure must be poised to receive receptor signals as they are relayed through the complex networks of organizations.

Thus, the entire organization must be configured in such a way that these signals may be transmitted through the system to its decision making center without interruption. Businesses must ascertain that continuous feedback and attention focus of their receptors is maintained or seamlessly redirected, as needed. Furthermore, decision makers must be prepared to make sense of the signals and steer the organization in the righteous directions. While making organizational adjustments and initiating changes, they must keep the organization consistently aligned, the resilience capacity balanced, and the sensor system open.

Moreover, the gathered data suggests that proactive transformation competence requires organizations to possess a long-term perspective, an ambition, and a direction to which all the members of the organization would align. Otherwise, even the leaders with a strong environmental awareness and extensive attention capacity may be less interested in converting the environmental stimuli into transformational ideas than in pursuing the immediate goals and generating prompt value. On the other side, if an organization is not aligned, or structured appropriately, and if the receptor signals do not reach the decision-makers, even the most innovative and ambitious leaders will struggle to continuously identify the new development trajectories and initiate strategic change in a timely manner.

Thus, organizational transformation competence must be developed, and the necessary conditions must be created and maintained in order for the business to be proactive in initiating strategic changes. Furthermore, environmental stimuli – in the same way that odors drive the behavior or cause a person to wonder what is going on in his or her thoughts when they have reached olfaction receptors – stimulate organizational action or the search for

an explanation. Organizational sensing improves in the same way as a human nose does. The more it is used, the more powerful it becomes.

Furthermore, the intricacy of organizational environmental sensing bears a striking resemblance to smelling, as opposed to the other senses to which scholars frequently compare it. Sight is dependent on four different types of light sensors in the human eye which convert light into the electrochemical language of our brain, whereas touch is dependent on several receptor types for pressure, heat, cold, and pain, but this pales in comparison to what is required for smell detection. There are at least a thousand distinct types of scent receptors which regenerate throughout the human lifespan and vary in response to smells an individual is accustomed to. As a result of this complexity, humans are capable of discriminating between an unlimited number of distinct odors.

Similarly, people are adept at describing how things look or sound, but when it comes to smells, they are limited to labeling them according to the objects they are linked with, as we lack labels for all the distinct scents. The fluctuating wave of environmental changes is comparable to a novel odor that humans try to classify and explain. An organization's environmental consciousness is shaped by its receptor system, internal state, and the context in which it operates. Therefore, organizations behave uniquely in response to the diverse stimuli because they perceive and interpret them in different ways. Their proactive transformation competence configuration and capacity is unique.

3.1.2. Tunneling

The results of this study reveal that the initiation of organizational transformation is largely determined by a company's ability to incorporate environmental awareness into its decision-making processes. The collected evidence suggests that businesses can effectively assess and respond quickly to structured events defined by the time, content, and context. However, in order to initiate proactive change, firms must also possess the capacity to detect and interpret weak stimuli and ambiguous environmental shifts that fall outside the predefined categories and boundaries.

Moreover, the interview data revealed that an organization's capacity to tunnel the external stimuli within its ecosystem and to create thorough environmental awareness is what ultimately causes actions to be taken. Organizations need to have internal coherence and be in sync with their ecosystem so that to identify the varied waves of the environmental stimuli

which come from a wide variety of sources. Consequently, businesses need to create a specific capacity to tunnel these vibrations through the organizational sensemaking capabilities in order to activate decision-making and eventually trigger their behavior. The findings of this research indicate that there is a significant disparity across organizations with regard to this capacity and their ability to develop it.

In the following paragraphs, the researcher delves into the underlying conditions and interplay of actions-interactions that contribute to the ability of a business to synchronize organizational systems for continuous sensemaking. By utilizing the collected evidence, the researcher performs comparative analysis of various organizational approaches, while thoroughly examining the key concepts of *Aligning Organization*, *Encouraging Exploration*, and *Channeling Attention* which emerged in the course of the research.

The research also explores the organizational practices and essential components that play a critical role in shaping an organization's ability to sense its environment and steer its focus in a particular direction. The findings, observations, and evidence gathered from the study are then highlighted to provide valuable theoretical and practical insights into the subject. Additionally, the open code list presented in Annex 7 provides compelling evidence for the emergence of the key concepts. Generated through the analysis of the interview data, these codes played a pivotal role in interpreting findings, identifying the common themes and patterns, and addressing the research question.

Aligning Organization. The interview data highlighted the importance of alignment within an organization so that to prevent tensions and foster trust. Alignment aides in staying focused on the horizon and sustaining the organizational identity throughout the times of transition by ensuring that all stakeholders have a common view of the organization and its development along multiple trajectories. The internal communication system of the organization should facilitate the constant and quick interchange of information and knowledge inside the organization. Furthermore, the flow of ideas and expertise, as well as the communication of progress on growth directions, cannot be delayed or rushed in any manner inside an organization's ecosystem. As stressed by Informant RD1 (Quote No. 16), timely and accurate communication is vital and cannot be overemphasized.

*Quote No. 16: "The exchange of information is
essential for ensuring that everyone has the same
understanding. Different opinions give rise to
conflicts and mistrust. Then, one loses faith in either
the information or the source. Therefore, we strive to
disseminate this information promptly via all internal
communication channels. There is no room for delay
or haste. Everything must be absolutely timely."*

Because of the inconsistent and unstructured architecture of an organization's internal communication system, a limited number of organizational actors may emerge as the exclusive proprietors of information and expertise. Stories told by the interviewees implicate that if there are internal disputes inside an organization, it is possible that individuals will withhold information in order to further their own personal interests and objectives. This will obstruct and complicate the decision-making process. Additionally, it will inhibit the organizational sensemaking and the creation of new development trajectories. Hence, expertise and information silos can cause organizational ecosystems to become fragmented, thus reducing their resilience and impeding the initiation of proactive strategic changes.

In addition, alignment is essential at all levels of the hierarchy of an organization. Those employees who are disengaged will keep their voices and ideas to themselves and will be resistant to any changes that are being proposed. A lack of alignment among the top management will cascade down an organization fast, and will inevitably result in a rapid shift to the reactive mode with any change being motivated solely by an overly narrow vision and a preference for adaptation rather than growth and transformation.

Failure to connect and align the organizational actors reduces the resilience capacity and fosters environmental insensitivity, while also weakening the culture of positivity and trust in the organizational ecosystem. The ability of an organization to notice these fractions determines whether it will lose or it will continue to win by recalibrating promptly in the future. According to the insights shared by leaders of the observed organizations, there are many different sources of the emerging fractions. Nevertheless, during the inquiry, several instances were discovered that serve to illustrate how the cracks might have originated without being immediately noticeable: loss of power and authority (Informant PK1, Quote No. 17), demotivation because of a lack of feedback (Informant GN1, Quote No. 18), competing

aspirations (Informant OE3, Quote No. 19), and a lack of congruence in the value creation perspectives (Informant GN1, Quote No. 20).

Quote No. 17: "It's challenging for me because no one has agreed with me that my changing role is robbing me of authority."

Quote No. 18: "It's naturally demotivating for me because I don't get that opportunity to get that feedback."

Quote No. 19: "For the past three years, he has been dreaming about establishing a brand-new factory. It is always the board that stops him."

Quote No. 20: "The board sees some value in these things, and they may pass that value on to the shareholders. On the other hand, as the CEO, I don't find that it generates very much value for me personally."

Thus, the foundations for proactivity and resilience within an organization and its loosely coupled network of connections become forces binding all organizational actors and ecosystem elements in the same direction. Synergy allows for both the expansion of the core developmental trajectory and the exaptation to new developmental trajectories to take place. By virtue of being capable of generating ideas and reconfiguring to iterate in numerous directions, the ecosystem can aid in the incubation and initiation of new development pathways. Misalignment within the organization, competing interests, silos, and hidden fractions all work together to prevent organizational olfaction from functioning to sense context shifts and to make sense of the environment fluctuations on a continuous basis.

As proven by the cases, synergy and integration are built on the foundation of two critical components. The first is the organization's identity, whereas the second component is its purpose. When organizations are unable to identify and define one or the other, alignment becomes nearly impossible. As long as these two axes of organizations are well-defined and robust, they will enable the actors of an organization and its connections to align themselves with them. Meaning and motivation will be found in this

synchronicity as well. Conversely, as soon as the clarity of an organization's identity and purpose begins to erode, the synergy of its constituent elements begins to weaken as well. Hence, organizational resilience and transformability can only be achieved by ensuring the preservation of these two components.

Hence, a question arises: *What exactly this organization is, and why does it exist?* These are the kinds of questions that every business must address to itself. Some of the informants stated that money is the sole goal of their organizations, and that their organizations exist solely for the purpose of making revenue today and in the future. Interviewee PE1 offered the most direct comment on this (Quote No. 21). Hence, they strive to continuously improve and enhance their operations in order to generate more profit and provide a greater monetary value to their stockholders. In pursuit of maintaining employee personal engagement toward this goal, they are rewarded with increasing personal compensation as a result of the organization's consistently increasing earnings.

> *Quote No. 21: "Let us not forget why we've gathered here in the first place. We assembled in order to make money both now and in the future. It's about being able to commercialize the service while also accomplishing all those engineering tasks. Furthermore, by recognizing that we live in a developing economy, everyone on this team expects to be able to earn an increasing wage."*

However, as a comparison to other companies indicates, such a transactional connection between organizational actors is not sustainable, as it appears to be primarily focused on rapidly depleting the core trajectory of the business. This is mostly owing to the fact that identifying and pursuing new development trajectories takes a major investment of time and effort, which does not necessarily provide fruit in the short term. Furthermore, exploration entails heightened risks, which can result in short-term financial losses on occasion. This implies that only the ability to maintain a purpose in sight will inhibit organizational actors from engaging in exploration activities and prevent organizations from initiating a proactive transformation.

Furthermore, the interview data suggests that this approach could have a detrimental effect on the organization's long-term profitability and sustainability. Such companies may be highly resilient to external shocks as a

result of their operational efficiency. While refocusing on issue resolution, they may be able to find a solution fast, bounce back, and adapt as a result of their expertise. However, a decline in the pace of growth would promptly cause organizational misalignment and fallout rather than a focus on exploration activities being prioritized and carried out.

The case data indicates that the purpose of a company must also be genuine and not just an expression of the intent or a short-term objective for the organization. It must arise from the nature of the organization and be consistent with its identity instead of being imposed on it by the environment into which the business is striving to fit. The organizational revenue and profit, as stated by several interviewees from the organizations which have successfully transformed multiple times, established numerous development trajectories, or are constantly exploring new development horizons, are simply tools for achieving greater organizational purposes (Informant RD1, Quote No. 22; Informant GY1, Quote No. 23).

> *Quote No. 22: "What matters most is why you do it. It is a very short-sighted business if the only goal is to make money. It is, in my opinion, unsustainable. <...> There are values that supersede such objectives."*
>
> *Quote No. 23: "Perhaps, we are a business in which the mission comes before the profit."*

It is a myopic and unsustainable strategy to focus solely on the profit and revenue. Organizations possessing proactive transformation competence and continuous environmental awareness prove that the purpose should come first and should bind all organizational actors together inside the organization. It assists in surviving crises and facilitates the initiation and implementation of strategic changes in a timely and effective manner by keeping the organization aligned. Additionally, it facilitates the formation and maintenance of the connections within the organizational ecosystem. Furthermore, by pursuing its purpose, the organization will contribute to the growth and development of the entirety of its ecosystem. Organizations lacking a sense of the common purpose, on the other hand, are condemned to failure and, as a result, have considerably less ability to contribute to the sustainability of the ecosystem.

The organizational purpose is a unique asset. Those businesses which are able to initiate strategic changes in a proactive way have named a few of their purposes. One interviewee asserted that it exists with the purpose of realizing

creativity and is motivated by the urge to explore (Informant WE1, Quote No. 24). Another interviewee claimed that its purpose is to help individuals, communities, and other organizations in their growth and development. Thus, the enterprise in question is expected to contribute significantly to the long-term development and sustainability of the society in which it operates (Informant RD1, Quote No. 25). As each organization's mission is unique and cannot be replicated, equally, an organization's identity cannot be imitated.

> Quote No. 24: *"I believe that no one works here for a wage because it is all about creativity."*
>
> Quote No. 25: *"Our value, my value, which I have imposed on the whole company, is to help others."*

However, the unique identity of an organization can be both a strength and a weakness, depending on the extent to which the organization itself is able to define and communicate it internally and externally. Case data suggests that, when the external image does not match the internal perspective of the organization, or when different groups of actors inside the company or ecosystem connections interpret the organization's identity differently, this creates a significant barrier. The exchange of knowledge and skills is impeded, and ideas are unable to break through the limiting beliefs that have been erected as a result of the differing perspectives on the company.

However, multiple case study and observations have revealed that identity, despite being a distinct and enduring core aspect of the organization, is also a flexible and dynamic concept. It is subject to alteration in response to the shifts that take place within a company. Therefore, the organization is faced with the challenge of recognizing and representing its identity dynamics at this time of transformation in order to sustain internal and external connections during this period of transformation.

The most substantial fractures in an organization's ecosystem occur when the business attempts to build a new image during a moment of strategic transition, and this outward representation is disassociated from the organization's current identity. Consequently, there is a conflict created by this division between those who are creating a new image for the organization and those who identify themselves with the organization's current identity. As a result, strategic changes are doomed to fail, and the proactive transformation competence of the organization is diminished. Therefore, the organization's resilience, environmental sensitivity, and capacity for change are harmed.

The implication of this finding is that organizations must pay attention to and comprehend their own multifaceted identity before moving forward with strategic changes. It should be the foundation of all decisions and behaviors. Hence, an organization's identity dynamics and changes must be under constant attention. Before initiating strategic changes or releasing new development trajectories, a business should ensure that they are consistent with the organization's identity. Often, it is necessary to alter one's identity first and foremost, and this necessitates deliberate action. Hence, it is possible to agree with Informant BK 1 who argued that organizational self-identification is the necessary initial step in initiating change (Quote No. 26).

> *Quote No. 26: "It is in the genes of the organization. First, you listen, understand, and then purify what is a gene and then think about how to touch and how to continue to stretch. You must listen to the company and understand it, in the sense that not to do anything, but not to attack your hands here and now, you know, the changes they are constantly going on we are constantly changing, but they have to feed what the main umbilical cord, I think, and not interrupt it."*

According to the interview data, the fluctuating identity of an organization, on the other hand, is what is almost certain to survive after it has gone through a transformation. Changes in identity dynamics can be triggered before organizational changes are enacted if identity dynamics are proactively observed and addressed by the organization. As a result of these modifications, a solid foundation will be laid for the forthcoming organizational changes.

Furthermore, when employees align with the organization's purpose and identity, they are more likely to engage in ideation and iteration activities, become advocates for the business, and support new explorations and change initiatives. On the other hand, when organizational actors disassociate from its identity, a company's efficiency and operations start declining. Despite the efforts to present a 'perfect' image, struggle and demotivation become obvious from the outside. As a result, organizational connections and the ecosystem deteriorate. Thus, the organization's purpose and identity are the key components in developing a structure of *belonging* for both internal organizational actors and external organizational ecosystem connections.

As a result, the strength and alignment of organizational multilayered and complex network connections not only enable proactive transformation competence through enabling the tunneling of environmental sensemaking, but also allow for organizational resilience to be balanced. Meanwhile, if a business pushes through resistance to change, many ideas and initiatives fail due to a lack of natural support and conflicting aspirations. In practice, as demonstrated by the explored cases, it takes a substantial amount of managerial effort to achieve this organizational alignment. Maintaining synergy and alignment across a group of companies or a wider organizational ecosystem is an even more challenging task.

Thus, the need for adaptability and flexibility cannot be overstated. The upper echelons must communicate on a frequent basis with a clear strategic vision and commitment. They must make every effort to develop a clear and consistent view of the organization and its future aspirations. This view is relayed to the whole ecosystem, and alignment to it is ensured. However, businesses must avoid locking themselves in a narrowed focus in rigid processes. Thus, they should continually make an effort to increase people's aspirations to explore toward the future horizon and to foster mutual trust to enable experimentation. Moreover, they must maintain the commitment to the purpose and a sense of identity. Otherwise, the capacity to initiate a proactive transformation will be constrained because of the incapacity to transmit environmental fluctuation through the organizational system.

The organization's ability to make decisions and monitor multiple development trajectories is limited, as are its resources. Furthermore, because attention is inevitably distributed throughout an organization in its entirety, it is common for multiple independent conversations to be taking place at the same time. If they are not properly managed, they can also easily become a hindrance to the strategic change and adaptation.

However, as long as there is alignment and synergy, loosely connected ecosystem connections, as well as a flexible organizational structure, should allow for self-organization and rapid autonomous decision making across the ecosystem. As stimuli are absorbed and tunneled through a dense network of an organization's environmental receptors, a constant awareness of the environment's changes can be transmitted through an ecosystem, thus allowing the organization to remain in perpetual readiness for proactive transformation. By keeping everyone in the loop and involved in collaborative decision-making, organizations may ensure continuous environmental sensitivity and generate input for sensemaking, thus ultimately catalyzing ideation.

According to the evidence gathered by the study, those firms which are struggling with strategic change are also more likely to possess a knowledge management system that is incoherent – or it is even nonexistent in their business. Thus, it is vital, however, to ensure transparency and a collaborative culture, as well as to manage knowledge and exchange expertise across organizational actors and external connections. As Informant OE3 frankly acknowledged, failure to build a knowledge management system and procedures led to the emergence of expertise silos in which groups or individuals hold knowledge and know-how (Quote No. 27). This circumstance may once again cause fragmentation in the ecosystem, thus preventing full engagement in the transformation initiation process and denying instant access to the crucial insights and information. Moreover, it may hide a significant risk for the core development of the business.

> *Quote No. 27: "The technology aspect is a weakness for us. On our team, there was a highly experienced technological engineer. However, he did retire. I learned everything I know from him. There is extreme knowledge scarcity now."*

Maintaining comprehensive transparency and integrity within the organization is, nonetheless, essential. Multiple cases have demonstrated that it is critical to actively promote a culture of openness and trust. Leadership must strive tirelessly to create an internal environment that is inclusive, authentic, wholesome, and supportive, and this must be accomplished through the organization and its ecosystem connections.

To guarantee that involvement in the process of decision-making is transparent, that alternative possibilities are considered in a unified manner, and that strategic changes are initiated through the effective implementation of all stages, a structure and the corresponding processes must be put in place. It is essential that information flows smoothly and efficiently throughout the organization in order to maintain employee engagement and the comprehension of the company's direction. Furthermore, it is fundamental to ensure cohesive environmental awareness at all levels of the organization.

However, interview data implies that the authenticity of the company's culture must be upheld. Any attempt to artificially replicate or compel a cultural change might swiftly have the opposite – and highly harmful – outcome. The culture must be aligned with the purpose and identity of the organization in order to contribute to both the exploitation of the core

development trajectory and the exploration of new ones. Any inconsistency would eventually become apparent to the organization's actors and connections, thus eroding confidence and transparency in the organization. This would have the effect of decreasing the ability for environmental sensing and sensemaking.

Those organizations that exhibit proactivity in the transformation initiation base their company development and connections on their values and a 'clueing' culture, according to the findings. They aim to engage with and instill a sense of culture in new recruits right away. Their growth strategy is to establish values and create a culture from the ground up, and their leaders are tasked with the responsibility of ensuring that the culture is being nurtured and maintained. They must guide the subordinates consciously and always set an example. Thus, adhering to values and building cultural alignment at the top and then distributing it downwards throughout the firm and its ecosystem is of critical importance.

Additionally, organizations aim to propagate it via connections and to sustain it amid organizational transitions. Cases provide evidence that maintaining the culture and ensuring its long-term survival are extraordinarily tough tasks. If, on the other hand, an organization's culture has become a burden rather than a facilitator, changing it may be much more challenging. Depending on the organization, it may already be too late. Moreover, the culture becomes a barrier not only to the identification of new development trajectories and the implementation of strategic changes in a timely and proactive way, but it may also retard the growth of the core development pathway. Newcomers find it harder to adapt in such businesses, employees get less motivated, they lack initiative and silence their ideas, executives frequently change, internal tensions arise, and fraud and unethical conduct are more and more common.
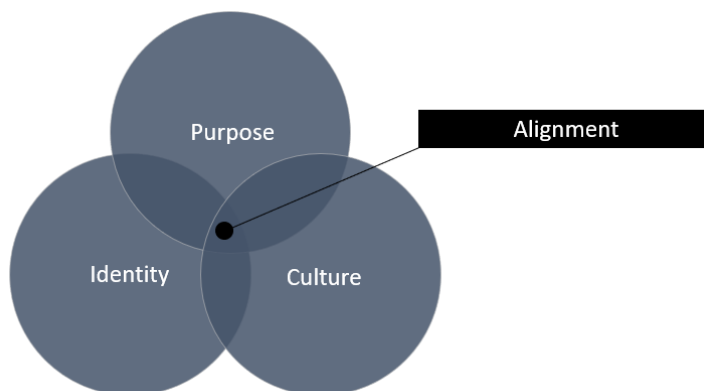

Figure 12. **Elements of organizational alignment** (Prepared by the author)

The sense of purpose, the sense of identity, and the sense of culture of organizational actors is what binds them together and helps them form a structure of belonging. During an organizational transformation, these elements of organizational alignment (Figure 12) should be expected to alter. One unique triangle of elements may be formed by every new exaptation and formation of a new organization. It is still the current one, though, that enables organizations to sense the environment fluctuations around them and tunnel those external stimuli into their decision-making processes. Consequently, in order to develop proactive transformation competence and resilience, businesses must identify and nurture their distinctive configurations.

Encouraging Exploration. The interview data underscores the need to continuously monitor and anticipate changes in an organization's identity, purpose, and culture in order to establish the new growth trajectories. While these elements cannot be directly manipulated, companies can still influence configuration dynamics and affect the organizational players and ecosystem connections through deliberate actions. Findings show that, within some cases, active measures are performed to develop and maintain the full capacity so that to exploit the core trajectory since the triangle of identity, purpose, and culture facilitates the resilience capacity management and organizational proactivity. Additionally, companies may continually promote and encourage the exploration of new development trajectories while adjusting configuration dynamics, thereby sustaining readiness and competence of proactive transformation.

Based on the interview data, the essential thing to note is to avoid concentrating solely on the short-term achievements, and instead to keep track of the pace of development, the course's objectives, and the tendencies in the direction of the desired trajectory instead. Informant RD1 provided a clear illustration of what it is like to do so by comparing it to directing a plane to its targeted destination by continuously managing the trajectory of flight (Quote No. 28). Therefore, the use of the *key performance indicators* (KPIs) and performance metrics by organizations can help them identify areas that require more attention. Having stated that, research evidence indicates that it is of the utmost importance that the organizational system be capable of maintaining the autopilot mode along the specified course.

Quote No. 28: "It is more focused on trends or course tracking. I like to use the cockpit analogy: if I have too many arrows, I'll get off course. I'm simply watching what I can see on one page or one window – the essentials, the major ones, the summary. Furthermore, I'm not so much monitoring the numbers as I am observing their change. It's the dynamics that pique my curiosity. It is far more vital to understand a trend than to analyze what is being accomplished there. Everyone enjoys discussing what has been achieved. But we're talking about the past. It's a trend assessment, and if it's some kind of progression growth curve, you have to look at the angle to determine if you're getting to that point or not."

Moreover, the research findings indicate that businesses should also monitor their resilience state and exploration abilities on a continuous basis. This constant monitoring is essential in order to ensure that the organizational olfaction system is always active, and, as a result, that the proactive organizational transformation competency is being continually fueled in order to remain at its top performance level. By taking preemptive measures, organizations can impact tendencies, correct deviations, and mitigate their long-term implications.

Following the informants' arguments and case study findings, it is reasonable to conclude that organizations base their actions on identity, purpose, and cultural perspectives when deciding on approaches to improve the organizational olfaction tunneling. Organizations have an almost limitless number of possible actions and combinations of options to choose from. However, there is also the issue of uncertainty because the true impact of actions cannot be foreseen in advance, and the same activities may bear different consequences in various companies. Thus, any attempt to modify the tunneling dynamics should be thoroughly evaluated to ensure that the change has no or only a negligible probability of being deleterious.

However, the interview data analysis results suggest that, in order to maintain a pace of continual proactive organizational transformation competence development and organizational capacity for change, deliberate efforts toward encouragement of continuous exploration are especially vital.

Thus, the aspiration to explore new horizons and to chart new developmental trajectories should be maintained. Moreover, this persistent commitment to ambitious goals must be fostered throughout the business at all levels. For the organization and ecosystem to be an integrated system capable of sensing and tunneling environmental stimuli, it is vital that its exploration efforts take into consideration all of the ecosystem's connections – partners, consumers, and suppliers.

In addition, the investigated cases revealed that, whenever businesses focus on operational excellence, they tend to become trapped in a continuous spiral of repetitive tasks and become overly reliant on a limited number of external connections. There is little collaboration, and individuals are more concerned with their own personal accomplishments than they are with the aims of the organization. as they are focused on short-term objectives and do not view themselves as being a part of the company's exploratory potential, many areas of the organization lack attention to the future perspective and ambitions for change.

Aside from that, businesses are prone to developing expertise silos. In the face of the threat of losing influence and power, they may become barriers to change since they only have a limited incentive to modify their current situation. As stated by Informant OE1, if these silos are allowed to evolve, they can amass enough power to influence the fundamental development trajectory progress (Quote No. 29). On the other hand, they possess the capacity to block the free flow of attention, communication, and action. This makes it significantly more difficult to initiate organizational transformation because the drive to pursue complex transformational objectives is low, and the capacity of the leaders to ignite this motivation and mobilize an organization fast enough is severely limited in such settings.

> *Quote No. 29: "There are crucial roles without which it would be quite impossible to operate. It would be extremely difficult to change them. There are directors like me on every corner."*

Hence, to stay conscious of the environment and maintain proactiveness, the organization's mobilization capacity and desire, as well as its ambition to explore new territories, must be maintained at a high level on a continuous basis. The case study findings indicate that companies with proactive transformation competence characteristics, as well as a track record of success in implementing strategic changes effectively, are more likely than other

organizations to anchor their motivating systems in a way that encourages creativity and initiative, as well as experimentation and collaboration. On the other hand, those who push organizational actors through short-term goals, revenue, and profit margins, and operational KPIs are looking for operational excellence and continual improvement in the short-term as well as in the longer term.

Among proactive organizations, a strong sense of business ambition is established when exploration is promoted at all levels within the business. Therefore, the whole organization strives to be the first to introduce new ideas as well as be the leader in its industry or regional market. According to the explanation given by Informant YW1, those businesses which demonstrate proactiveness in change initiation first and foremost look to avoid direct confrontation by occupying the open territories (Quote No. 30). The pursuit of becoming the first in the industry results in the establishment of a competitive advantage that may be used well into the future. A short-term lead in the creation of new business models may be gained from this. Because of this, organizations investing heavily in innovation may swiftly occupy positions and establish themselves in new business niches as they are becoming better prepared for the future.

> Quote No. 30: "Because if you enter a market after everyone else has already started doing it, you are going to have to pay a very high price to attract clients."

Hence, the importance of self-organization, teamwork, and the stimulation of initiative are all emphasized in such businesses which also put a high amount of confidence and trust in their employees. This goes in contrast to the companies measuring their progress by how well they govern their people and their activities. Exemplar cases indicate that the development of the proactive transformation competence is severely hampered in such a setting, which inhibits creativity and initiative very quickly.

Creativity and experimentation are welcomed in the environment of organizations with the proactive transformation competence. Their top executives have made it abundantly apparent that they want their company to be both the best and the most inventive in its field (Informant PK1, Quote No. 31; Informant RD1, Quote No. 32; Informant YW1, Quote No. 33; Informant BE1, Quote No. 34). Still, it is essential to bear in mind that the aspiration of being the first and unique entails a risk of failure. However, these firms have

a high-risk appetite, as well as a high risk and error tolerance. These organizations consider each setback or mistake as a learning experience and/or an opportunity to grow and improve.

Quote No. 31: "I believe the sky is the only limit."

Quote No. 32: "We're among the best in the world. I will brag about it, but it is true."

Quote No. 33: "For example, we were the first in Eastern Europe to manufacture these things 11 years ago. In general, all of our businesses were the first of their kind."

Quote No. 34: "These were most likely the first or second of their kind in Lithuania."

Furthermore, they are unconcerned about direct competition since they are striving to be the first to the market in their industry. The upshot is that their personnel are united in their belief that the organization's main constraint in achieving its goals is the passage of time. Thus, they endeavor to explore, innovate, and experiment in order to achieve the organizational purpose, and they are willing to put forth their best efforts in order to achieve it.

Organizations denoted by high ambitions make every effort to adopt and deploy in their operations only the most cutting-edge technologies currently available as stated by Informant BE2 (Quote No. 35). In the same vein, when they are looking for new business partners, they want to be certain that they are trustworthy, have a track record of success, and provide the opportunity to benefit and learn from their experiences. Throughout the hiring process, they adhere to the same philosophy and approach. The goal is to recruit the most qualified applicants and motivate them through the organization's work culture and ambitious objectives.

Quote No. 35: "In general, our goal is to acquire all of the most advanced technology that is currently available."

Nonetheless, data reveals that it is vital to manage the motivation and engagement of the long-term personnel as well as newcomers to the organization. Keeping an eye on the pulse of the organization and adopting proactive steps to impact positivity, trust, and motivation is essential. Thus, it

is required to encourage and sustain the maximum level of exploration and tunneling as is reasonably possible. Moreover, the ability to maintain a high level of motivation throughout time is also necessary in order to easily form temporary teams of highly talented and motivated employees to collaborate on and execute new ideas as they emerge. Even the most brilliant idea conceived by a leadership will fail if it is not accompanied by employee engagement and motivation.

Hence, as exemplar cases demonstrate, maintaining employee engagement necessitates a large investment of time and attention from the leadership team. The capacity of an organization to keep long-term and continuous attention, on the other hand, is severely limited. Disruption of the organizational focus can occur for a variety of objective and subjective reasons. Businesses must therefore have monitoring methods in place in order to notice shifts in the employee motivation and alter their activities accordingly. Due to the complexity of the challenge and the top management's limited attention span, organizational leadership is usually required to distribute the responsibility and authority, as well as to develop self-organization and permit autonomous decision-making to enable fast preemptive actions.

The organizational sensemaking ability, the capacity to withstand external jolts, and the proactivity to initiate change are built on a foundation of continuous employee motivation and ambition to explore new frontiers. Consequently, in the words of Interviewee PK1, the most serious threat that companies may encounter is a decrease in the degree to which these characteristics are prevalent in organizational actors (Quote No. 36). Therefore, in order to remain continually transformation ready and resilient, businesses must manage and mitigate this risk in a proactive manner, while also continually assessing and improving the workplace environment and atmosphere.

Quote No. 36: "The only actual threat is people. The primary risk here is that people cease improving and pursuing new goals. Everything else is achievable. We can adapt to the acts of our competitors and technological advances. People development is the most difficult component."

It is important to emphasize that the approaches to developing exploration ambition and employee motivation in businesses that have

demonstrated a continuous, long-term ability to adapt to the changing environment and initiate proactive transformations are wide-ranging. However, instead of compiling a comprehensive list of all of these potential measures, the purpose of this research is to investigate the process of the proactive transformation initiation as well as the organizational characteristics which would make this process possible and repetitive in the first place. Hence, the findings of this study indicate that one such essential characteristic which facilitates tunneling and the development of organizational transformation competence, in particular, is the commitment and ability to share the value created with the organizational actors and ecosystem connections.

The axiom is straightforward. The capacity of an organization to generate and distribute value is directly related to the ability of the organization to maintain these capabilities and transformation competence. If organizations exhibit a constant and strong ability to change and establish new growth trajectories over time, they are also committed to the principle that, as the value generated increases, more of it must be shared with the employees, as well as with the society and the environment. During the interviews, leaders of these kinds of organizations reiterated over and over again the importance of adhering to this principle (Informant RD1, Quote No. 37; Informant WE1, Quote No. 38; Informant YW1, Quote No. 39).

Quote No. 37: "However, we may distribute equitably a portion of the value created. We strive to share and benefit people with whom we work."

Quote No. 38: "They make money, and I've pledged the payout fund from the margin proportionately, so it will be distributed based on what the company earns."

Quote No. 39: "Once you divide up that entire pie, you can begin to take advantage of economies of scale."

This principle applies to all organizational decisions, particularly those pertaining to the organization's continuous culture development and employee motivation. Transparency and consistency in the sharing of results and accomplishments are practiced at all levels of the organization. Employees must be aware of how their company is operating, and where it

intends to go. In addition to exerting influence on their long-term aspirations, this awareness motivates them to become involved and strive for a shared purpose. As a result, these companies are able to deliberately balance their resilience capacity even in a constantly changing environment while simultaneously preserving their core development trajectory and encouraging persistent exploration.

Channeling Attention. The concept of organizational olfaction was identified as a sub-category in the study, which refers to how businesses use their network of receptors to sense their environment. This includes both tangible events and intangible stimuli jointly combining to create waves recognized by organizations as environmental changes or trends. The interview data revealed that businesses must recognize and evaluate the impact of structured events that can be clearly described in terms of time, content, and context so that to make prompt reactive decisions. Additionally, businesses must be capable of detecting and comprehending environmental changes lacking such specific characteristics in order to take proactive measures.

When tunneled through an organizational receptor system, internal networks, and structures, these events and vibrations impact the choices as well as the prompt organizational behavior. As a result, organizations must be cohesive and coordinated in order to recognize the various environmental waves emerging from a variety of sources. Their environment receptors must be in sync in order for these vibrations to be tunneled through the organizational sensemaking capabilities, to activate decision-making, and to stimulate activity. When these complex signals reach an organization's decision-making center, they can respond and initiate activities, thereby prompting organizational behavior.

If an organization's olfaction system is robust, and if environmental changes are sensed, processed, and interpreted effectively, businesses may make proactive decisions quickly and effectively. The organizational decision-making aptitude and attention capacity, on the other hand, are both highly restricted. Consequently, as the interview data analysis reveals, those firms which seek to maintain their environmental sensitivity must be able to concentrate greater attention on certain areas as deemed necessary. Moreover, resilient and transformation-ready organizations actively strike the right balance between the overall openness and the targeted efforts. They are able to maneuver in a constantly changing environment by adjusting to the external stimuli and controlling the internal circumstances.

Furthermore, since they are consciously refocusing their attention, organizational decision-making hubs must channel new target vectors down the organization and across the ecosystem connections for the organizational olfaction system to stay synchronized. In this way, in addition to being active and deliberate explorers of their environments, organizations with proactive transformation competence simultaneously manage to maintain a high degree of attention vigilance in their respective contexts and shifting internal circumstances. Hence, the concept of *Channeling Attention* emerged from the analysis of the interview data as the one characterizing the distribution and allocation of attention within an organization.

The researched cases revealed that, through the use of both formal and informal communication channels, organizations can guide the attention of organizational actors in a particular direction. First and foremost, organizations are cascading certain KPIs in order to achieve a balance between the exploitation of the core development trajectory and the exploration of new prospective growth opportunities. It should be underlined that, in proactive organizations, planning and goal setting is adaptive. Strategic goals for the long term are supplemented with tactical objectives for the immediate future.

When it comes to monitoring and controlling, they employ an iterative approach. Fundamental to the structure and routines of processes serving as the foundation for organizational development governance are the concepts of strategic agility and the principles of adaptive management. Creative ideation and environmental sensemaking efforts are successfully integrated with strict operational control processes in these organizations. While they are striving for a lean and efficient business, they are also aiming to be adaptable and responsive to the changing conditions. Therefore, they consistently allow some wiggle room in their resource allocation.

As a result of their ability to constantly monitor their environment and process the real-time insights and information which they get from their sensors and internal operational data, they may make daily adjustments to their changing circumstances. Furthermore, they have the potential to refocus organizational elements on certain areas by modifying their KPIs, as well as to alert them to a vulnerability, or to an opportunity by channeling effective communication throughout the structure. Through enabled continuous two-way communication and collaboration, the separate units not only participate in achieving the organization's goals by being assigned specific KPIs to execute but also contribute to their development and modification as needed. Given the great degree of distributed decision-making autonomy in these organizations, it is thus possible to reorient the entire organization quickly.

Companies relying on long-term planning and a rigid hierarchy of goals, where the results are rarely tracked collectively, and where the objectives are rarely modified until the plan execution cycle has been completed, stand in stark contrast to these operational concepts and practices. Such companies not only adapt substantially slower to the environmental changes, but they are also more prone to encounter crisis situations. Contrasting cases reveal that this happens because communication is one-way, and the attention of the organization's components is narrow and fixed. Organizational actors are misaligned with the collective purpose and are driven only by personal KPIs. As a result, any effort to promptly redirect attention to new areas will hopelessly fail.

The establishment and continuous improvement of a durable and comprehensive feedback loop between the decision-making centers and the organizational receptors thus becomes essential. Business organizations, according to the data gathered through interviews, are presented with yet another significant managerial dilemma. The top-down approach is commonly used to define and cascade organizational objectives which are intended to guide the attention of the organization's units, employees, and other stakeholders.

However, cases demonstrate that the creation of growth KPIs from the bottom up is critical to the success of resilient and proactive businesses. It is those organizations that are able to successfully establish high aspirations, sustain a culture of exploration, and empower people to convert their ambitions into personal goals that are aligned with the organization's purpose accomplish comprehensive proactivity in the initiation of organizational change. This is reinforced by the claim that this approach facilitates further navigation and sustains comprehensive alignment of the organization made by Informant RD1 (Quote No. 40). Nonetheless, constant and fluent bidirectional communication is essential in order to make this viable.

Quote No. 40: "They have goals that they have set for themselves. That is not something I do for them. This is an extremely critical moment. The goals are not worked their way down from the top. Everyone determines their own objectives in accordance with the abilities they possess. Everyone establishes their own rate of progress as well as their own growth strategy, and I have nothing more than a

Furthermore, this ensures that the organization's attention and development path is guided by the engagement of a critical mass of organizational actors, each of whom contributes to the environmental sensing and attention calibration in their individual roles within the organization. Interview data indicates that, by motivating ambition, sharing the created value, and cultivating a culture of trust among its members, an organization's full potential may get to be realized. This is especially the case when organizational members are engaged in the process of setting objectives from the bottom up. When given the opportunity, they tend to set themselves lofty objectives and to make consistent contributions to the organization's attention calibration, their own perceptions, and the environmental information that is made accessible to them in their respective areas of expertise.

Therefore, prioritizing internal communication that is both timely and of high quality is vital for channeling attention without delay in response to the changing environmental conditions. Although, as Informant RD1 admitted, it is a challenging task (Quote No. 41), however, it is imperative that all communication channels and components within an organization flow efficiently and without interruptions.

Quote No. 41: "It is quite challenging to distribute the very same information throughout an organization. There is a department of internal communication that, with the assistance of HR and by using all available means of internal communication, strives to expedite the interchange of this information. There is no room for delay or haste. Everything must be absolutely timely."

Otherwise, the insights by organization member may be overlooked or dismissed, thus limiting the future input from the employees. Organizational members will then not share their knowledge and insights, and collaboration will suffer as a result. The case of the *Orange Company* is an especially vivid example of such an organization, with each of the informants clearly characterizing the organization's severe fragmentation. This is manifested and can be attested between the managers and the employees (Informant OE1,

Quote No. 42), between the board and the CEO (Informant OE1, Quote No. 43), between the owners and the personnel (Informant OE3, Quote No. 44), among the top management team's members and departments (Informant OE2, Quote No. 45),

> Quote No. 42: *"The most challenging issue for this company, as it is for many others, is communication. It simply does not exist between a manager and a master, or between a master and an employee. There is an unwritten rule that the staff must ignore and remain silent if they see a defect."*
>
> Quote No. 43: *"There is no compelling reason or advantage to provide the board with an excessive amount of information."*
>
> Quote No. 44: *"However, this was a period of stagnation, during which owners paid no attention to our manufacturing. Therefore, we made it, but we didn't try really hard to follow their instructions."*
>
> Quote No. 45: *"There was considerable conflict between organizational divisions. For example, between the sales and production. The manufacturing department always argued that the sellers were selling nonsense, and the sellers were always complaining that if the production [department] didn't manufacture nonsense, we could sell a lot more."*

Moreover, the interview data highlights the potential for the organizational olfaction system to be compromised promptly, and for environmental sensing and tunneling to be obstructed. If communication disruptions occur, these processes may become desynchronized and result in a dysfunctional organizational olfaction system. This can lead to the rapid development of blind spots for external stimuli recognition, as observed in various cases.

The interview data highlights the high risk of information and knowledge silos emerging in organizations. Individual subjective aspirations may start dominating the strategy formulation and goal setting efforts in such situations

owing to the insufficient knowledge and expertise of the organization members taking on this role. Hence, the organization's capacity for growth will be limited, as will its ability to adapt. It will return to a reactive state and inevitably get to gravitate toward inertia. Organizational leadership will be unable to channel a new attention focus through the organization under these circumstances due to the inability of the communication channels to facilitate this transmission.

Hence, taking such a position can hinder an organization's ability to develop proactive transformation competence. This, in turn, makes it challenging for organizations to identify and pursue new business niches and directions. Additionally, organizational fragmentation can make the core development trajectory more susceptible to disruption. It is worth noting that this condition can quickly spread throughout the organization's ecosystem and the network of interconnections, as highlighted in the interview data.

As some of the analyzed cases illustrate, companies might even achieve a paradoxical state of complete environmental apathy when organization members begin to disregard evident external hazards and risks, refuse to voice risks, and refuse to initiate changes so that the company could survive. Internal tensions, conflicting interests, and power competition, in addition to creating a management and communication quagmire, have been seen to increase the likelihood of fraud. Even worse, it can go unnoticed for an extended length of time in such a context, which would result in long-term negative consequences for the business and its ecosystem.

The following are some examples of behavior that may be symptomatic of this condition: the CEO exploits (i.e. abuses) the board's lack of organizational governance experience to avoid strategic initiatives and control (Informant OE1, Quote No. 46); the establishment of total ignorance, negligence, and reconciliation in the organization, which stifles any initiatives is observed (Informant GN2, Quote No. 47; Informant GN1, Quote No. 48); pervasive fraud within an organization is observed, yet other members choose to overlook and disregard it (Informant GN3, Quote No. 49); unethical behavior is disguised by the appearance of strong social relationships and phony company culture (Informant GY1, Quote No. 50).

Quote No. 46: "To be honest, it's convenient for me. However, given the organization's needs, it undoubtedly inhibits control. Control is inconvenient for me because I must implement everything. Such ambiguity occurs. If the owner suggests operating at

that daily routine level, you usually do it for selfish reasons. Even though you are well aware that the firm needs a formalized strategy."

Quote No. 47: "There are those who say, "Okay, it's your business," or "I simply care that the machine doesn't break down." They obstruct the internal conversation that is occurring."

Quote No. 48: "One thing that struck me a lot when the issue erupted was that a certain level of negligence, reconciliation, sailing downstream, and flattery was being tolerated."

Quote No. 49: "Following that, the production director and the general manager were fired for wasting assets, and when you put all of that together, you realize that certain things are playing, and that not all the information is presented to the management board. That there are those who can put it all in their pocket."

Quote No. 50: "Even if those red flags had been present, I wouldn't have been able to believe it. We managed to maintain a strong and friendly contact. The magnitude of the shock cannot be overstated. Turning the story back on, however, reveals that there were warning signs which we overlooked."

Thus, in order for the leadership to have the capacity and mechanisms necessary to coordinate the organization's attention, communication channels must be appropriately designed and monitored on a continuous basis. As the organization develops, and especially as it grows, it is necessary to modify them in order to maintain not only the environmental sensitivity, but also the effective channeling of attention. This endeavor is made even more difficult if the business is structured as a group of organizations, as then it must ensure sufficient communication between autonomous entities. The emphasis provided by Informant GN2 demonstrates that point quite strongly (Quote No. 51). Nevertheless, the gathered data implies that all organizations must strive for high-quality communication with each connection inside their ecosystem.

Quote No. 51: "Every year, we identify internal group communication, or centralized communication, as our top issue. It is always too little, too late. Or we just don't get it. However, we just keep repeating how terrible it is."

It must be stressed that trust must be placed in the members of an organization, as well as in their ability and initiative to self-organize and function effectively within a complex network of connections that is aimed at consciously making sense of the environment and basing behavior on that continuous awareness. With that, those companies which are denoted by proactive transformation competence may constantly urge their employees to contribute their insights and solutions to the challenges or issues that the leadership places a high priority on. Due to the consistent and persistent environmental sensing and the pursuit of operational efficiency, the issue, and opportunity selling, on the other hand, is a continuous and proactive process which assists organizations in determining where they should (re)focus their attention.

Consequently, as the interview data synthesis indicates, in order to sustain continuous attention channeling, firms must be able to communicate their strategy clearly and concisely to their core audience. They must thus provide updates as soon as they occur that are relevant to the direction in which the business is heading. There are numerous cases that indicate unequivocally that when communication is one-way, organizations fail in their attempts to initiate and execute strategic change. Demotivated employees quit their jobs, projects are rescheduled and fall behind schedule and exceed budget expectations. In addition, leadership must be constantly engaged in problem solving due to a lack of initiative on the part of organizational members, which causes decisions to be delayed or stalled completely.

Thus, effective internal two-way communication is a necessary attribute of a company with a high capacity for resilience and proactive transformation competence. Through formal processes and a communication monitoring architecture, consistency, and efficiency of attention channeling, as well as synergy management, must be maintained. Organizations have a wide variety of alternatives when it comes to selecting the most appropriate communication formats for their needs. They make a broad array of various choices in this field, as the present research has revealed. Even within firms that have

similarities in their proactive transformation initiation approach, the manner and frequency of communication in use largely varies.

However, the interviews revealed that the temptation to rely on informal or unstructured communication is powerful since it requires less effort in terms of the preparation and execution. On the other side, the interview findings indicate that consistent management, regular communication formats, and processes improve the flow and consistency. Additionally, it enables concurrent improvisation and creativity. As a result, the companies that exhibit high environmental awareness and continuously enhance their sensemaking capacity are using an iterative approach so that to constantly improve their communication performance and attention allocation in response to the changing conditions.

They establish clear progress control stages and communicate periodic updates to the rest of the organization about their development. This persistent, ongoing feedback helps to maintain or concentrate attention on specific activities throughout time. The organization's communication flow is ensured through the architecture of group meetings and checkpoints throughout the business. This communication paradigm provides possibilities for enabling consistent communication loops with external connections inside the organization's ecosystem by including them in the communication architecture design.

The interview data indicates that highly proactive organizations employ a consistent and meticulous approach to managing issues, risks, and opportunities. They continuously assess, prioritize, and manage each identified item as part of their decision-making process. These organizations strive to involve all of their members in the identification process, thus allowing everyone to contribute to the solution through participation in temporary teams. This approach helps align the entire organization and focus attention on the critical issues. Additionally, the progress monitoring and continuous feedback ensure that the most pressing matters remain within the organization's primary focus.

Furthermore, the data indicates that risk, issue, and opportunity management can be a source of new potential business development trajectories if appropriately handled, and on condition that organizational members are motivated to participate actively. When ideas or challenges identified through the organizational olfaction system are deliberately managed and prioritized, the process can become a component of the continuous idea generation and decision-making efforts, and also catalyze the initiation of the proactive transformational change. Furthermore, it enables the

distribution of limited and constrained organizational attention in a more coherent, controlled, and rational manner. It may enable an organization to channel attention continuously through the organizational structure and its ecosystem by defining the priorities and orchestrating the exploration of the potential solutions and the pursuit of opportunities.

3.1.3. Behavioral response

The study's findings revealed that the ability to generate behavioral response choices to the recognized stimuli and to promptly select the most appropriate ones for each given circumstance is critical for an organization's ability to create new development trajectories possessing the potential to transform it. The ideation toward change is catalyzed, and the proactive transformation initiation process is enabled by organizational sensemaking. Therefore, proactive transformation can only be pursued if certain conditions allow actions-interactions facilitating the decision-making process. The interview data indicates that empowering the leadership, aligning their objectives, and providing the conditions for collaborative and prompt decision-making can help organizations maintain control over their decision-making architecture and processes, thus ultimately enabling them to respond quickly and effectively to the changes in the environment.

Even though organizational leadership is in charge of an organization's strategic decisions, the ability to navigate the complexity, to sense the environmental impulses, to anticipate their possible impact, to create multiple future development alternatives, and to respond with strategic decisions is not solely the responsibility of the top echelon of the management, according to the findings of the study. According to the gathered evidence, the entire complex and adaptive organizational system must develop proactivity as well as agility, and to establish alignment in scanning the environment, evaluating its changes, and determining the appropriate response. Therefore, managers must strive to configure businesses so that they consistently demonstrate inventiveness and maintain the olfactory system capacity at its highest.

According to the interview data and multiple case analysis, an organization's capacity to govern and adapt its decision-making process in response to the changing conditions is vital for building the proactive transformation competence and making effective behavioral responses in dynamic environments. This section of the study emphasizes the concepts of *Developing Agility*, *Adapting Decision-Making*, and *Empowering Leadership* which emerged from the outcomes of the data analysis. Furthermore, through

evidence presentation, the researcher identifies various organizational characteristics and strategies linked to these concepts constituting a complex organizational olfaction capacity configuration, facilitating continuous environmental sensing and organizational sensemaking.

Moreover, in the subsequent paragraphs, the interview data presenting behavioral response actions-interactions and outlining how companies construct their decision-making architectures, and how they iterate in making choices so that to maintain the resilience of the current configurations in the face of the recognized risks and threats while simultaneously developing their transformation potential is presented. Moreover, the open code list for this sub-category presented in Annex 8 provides compelling evidence for the emergence of the key concepts. These codes, generated through the analysis of the interview data, were integral in interpreting the findings, identifying the common themes and patterns, and addressing the research question.

Developing Agility. If the organizational olfaction system is effective in capturing the environmental stimuli and cues, this will result in changes in the organization's behavior through proactive choices in response. However, the multiple case study and the interview data jointly indicate that companies react in a variety of ways to the sensory input. Their decisions differ in the same way that their perceptions of the environment vary. On the other hand, it may be claimed that they are heavily influenced by the state of the organization itself at a given point in time, as well as by the organization's decision-making architecture. Moreover, the capacity with which an organization's olfaction system functions, and the direction in which the organization's attention is directed, both affect the changes in the organization's behavior.

The interview data suggests that an organization's response to the external stimuli is heavily influenced by its risk tolerance. As illustrated by a quote from the interview of Informant BK1, it may eventually lead to regrets of not making a choice fast (Quote N. 52). Evidently, when it comes to proactive strategic change, decision-making goes beyond the rational calculation due to the high level of uncertainty being involved. As the organization progresses through the proactive transformation initiation process, the certainty level gradually increases. However, even in the early stages of this process, at ideation and iteration phases (as defined in the subsequent chapters of the study), significant business commitment, as well as considerable time and human resources, are required to facilitate it.

> *Quote No. 52: "Perhaps I would simply state that our business rhythm and direction have been consistent. Yet, if I had my current level of expertise, I believe, it would be easy to identify occasions in which we could have responded more decisively and boldly."*

Once the new business trajectory idea has been formulated and the experimentation phase has been completed, organizations can commence incubation with more clearly defined bounds for the scope of change. The potential risks become more apparent at this point as well. However, despite this, it is impossible to forecast how a company would look after undergoing a transformational change. Moreover, these major changes are not only difficult and expensive, but also they very frequently fail. As a result, in order to make an informed decision and act proactively under such circumstances, a business must be driven not just by logical reasoning and financial predictions, but also by a great appetite for risk.

Hence, the choice is also frequently influenced by emotions, as evidenced according to some informants (Informant WE1, Quote No. 53; Informant BK1, Quote No. 54), since high and risky objectives are not advantageous in the short term, and large benefits are difficult to acquire fast. However, once a business has experienced the thrill of exploration, the desire to be the first to do something new and innovative becomes infectious and invigorating. They then have the potential to spread it across their ecosystem. As a result, it serves as a catalyst for change while also increasing risk and mistake the tolerance levels. They also manage to keep them under control.

> *Quote No. 53: "At the outset of their development, all innovations are confronted with the answer 'no' based on rational and financial calculations. They are merely 'yes' for emotional reasons."*
>
> *Quote No. 54: "Those who worked here in the past were making judgments that could only have been guided by the sixth sense."*

Those organizations which change rarely, reactively, and only when compelled by the environment, on the other hand, virtually always rely on rational derivation of short-term gains. They are risk-averse. As illustrated by a statement of Informant GN1 (Quote No. 55), they are always concentrating

on a strong decision validity and a high predictability of the consequences, and they are attempting to prevent larger risks by all means necessary. The consequential result is that their decision-making sluggishness and reactive behavior are inescapable consequences that organizations must cope with. This inevitably results in lost opportunities, as Informant BK1 duly pointed out (Quote No. 56).

> *Quote No. 55: "Everything must be prioritized based on when they may be executed or how they should be implemented harmoniously. Since investment and change management must both be sustainable. You may only invest as much as you have earned in profit."*
>
> *Quote No. 56: "I believe we could have come up with better ideas. We could have been quicker and more daring. We could have taken a lot more risks, taken more opportunities, and experimented."*

According to the information acquired from informants and case analysis, the decision regarding *when* to initiate a transformation is influenced by the organization's sense of identity, purpose, and culture. In situations when there is no immediate external threat, and the organization is proactively striving to uncover new distant frontiers of growth, rational reasoning and analysis are important, but not sufficient to make a choice to transform. Only when this triangle is in equilibrium may more risky decisions be taken. Additionally, basing decisions on these organizational pillars leads to greater motivation to pursue the transformative path, and, as a consequence, a higher-quality change implementation level overall.

In spite of this, the data that has been acquired indicates that businesses need to keep it up on a constant basis while also being adaptable and agile. As a matter of fact, changes in the environment can have a direct impact on the ability of an organization to develop alternative behavioral response options, as well as its capacity and speed of decision-making; hence, organizations need to develop the agility to operate in a variety of conditions and keep proactive transformation competence at all times.

Otherwise, only in the presence of an existential threat or when the current area of development approaches its limit would a major organizational transformation initiative be conceivable. When asked about the strategic

change initiatives of their organizations, the members of businesses who appear to lack proactive transformation competence and agility stated that their organizations only initiated strategic change by rationally reacting to very specific and quantifiable variables that were brought to their attention directly because of the declining operational effectiveness or market losses.

For instance, the leaders of the *Brown* (Informant BN1, Quote No. 57) and *Green* (Informant GN2, Quote No. 58) companies openly acknowledged that, for them, the evident demand and the diminishing decision-making time compelled them to transform, as there was no other option left. These organizations were unable to make such a choice prior to that, i.e. they were unable to make alterations proactively.

Quote No. 57: "We've finally reached the limits of our current business development. We have every opportunity to build new factories. However, no raw materials are available. So, from a market and future perspective, we were forced."

Quote No. 58: "The necessity for modernization arose since the equipment had become obsolete. The decisions were prompted and pushed by competitors publicly declaring that they would either swallow us or force us to close our business."

The interview data indicates that waiting until an organization is faced with severe difficulties and threats to prompt change is detrimental, as it results in missed opportunities for identifying the new business development trajectories and making timely and agile decisions. It is essential for the organizational olfaction system to remain fluid and responsive to the changing environment from the moment when an external input is received. Moreover, the system's adaptability and capacity management capabilities should allow it to maintain its efficacy prior to and following the behavioral responses. The failure to do so can limit the ability of an organization to effectively respond to the changing circumstances and capitalize on new opportunities.

Although it may be necessary to devote additional attention and resources to execution, the olfaction system must always maintain its effectiveness, regardless of the extent of the initiated change. Even when an organization is actively involved in the implementation of change, the environment can still supply fresh stimuli that could lead to new ideas for proactive transformation.

Therefore, it is critical to always retain environmental sensitivity and organizational sensemaking capacity at its peak. Additionally, as a result of the loss of the system's efficiency and balance, it would be extremely difficult to recover sensitivity, as well as to reestablish the agility and control of the scattered attention of a company.

It is possible that fewer external surprises will be encountered, which would mean that the organization would place far less blind faith in its own survival if the organizational olfaction system operates flawlessly. Organizational behavioral responses become not just more proactive and forward-looking, but also more consistently driven and always well-grounded. Therefore, the process of a case for a change development is made simpler and more reliable as a result. Moreover, an organization becomes far more effective at managing its readiness for change.

In this way, the proactive transformation competence and the organizational olfaction system become the foundation for not only initiating change in a timely manner, but also for providing the opportunity to take advantage of the best available practices with the least amount of resistance and early engagement of the organization and its stakeholders in its implementation. Hence, in order for an organization to sustain its optimal level of capacity at all phases of the transformation initiation and the subsequent execution, the agility of the organization must be continually developed.

Adapting Decision-making. The interview data suggests that changing environmental conditions may exert direct influence on an organization's ability to produce alternative behavioral response options and on the speed and capacity with which it makes decisions. Therefore, business decision-making processes must be adaptive in order to make informed behavioral response choices on a continual basis and behave proactively in the face of the constantly changing conditions. Flowlessness must be maintained at all times in order to retain the proactive transformation competence under any conditions, no matter how rapidly the circumstances would be changing.

The findings of the multiple case research indicate that the ability of an organization to make effective decisions in a changing environment is largely dependent on the decision-making architecture and the management of repeatable processes in the organization. When comparing organizations, it was observed that they feature highly varied decision-making structures, processes, and authority delegation. However, there were still some illuminating patterns observed during the course of the research

Some firms are heavily focused on continuous improvement, operational effectiveness, and market demand. At the top of the hierarchy, they make almost all choices. Furthermore, decisions in these organizations are made by a single 'top manager', or by a small number of people, shareholders, the CEO, or the board, and then delegated for implementation down the hierarchy. Executives are those who are expected to provide options for decision-making and who have relatively few opportunities to express their ideas, usually through non-permanent and unstructured communication mechanisms.

As a result, there is a significant gap between organizational layers, and decisions are delayed, focused on narrow possibilities, not inclusive, and far distanced from their implementation. A short-term focus is usual for these businesses, with little consideration being given to the company's long-term aspirations beyond the next few years. Therefore, the decision-making architecture in such organizations is based on an explicit pyramid of the hierarchical levels. It is relatively weakly affected by the environmental conditions, and it alters only in rare instances.

Executives and CEOs may find themselves in a position of a personal dilemma and organizational paradox as a result of the unstructured or informal decision-making processes of their organizations. They must decide whether to undertake process adjustments and enhancements while sharing authority, or to maintain full control at the expense of environmental sensing and the capacity for proactive reaction. The observed cases and interview data indicate that it is extremely challenging for the leaders of these organizations which lack proactive transformation competence to choose the latter path.

It is essential to note that those managers who are leading in such settings ultimately lack environmental awareness, and therefore they make transformational decisions only when the environmental trend is well-established and quantified. As a result, they postpone the decision-making process by subjectively limiting risks and double-checking their decisions in terms of alternatives with a wide range of stakeholders before proceeding with any action. Consequently, organizations are trapped in a never-ending cycle of small, low-risk incremental, and slow actions which eventually have only a minor impact on the organizations. However, the endless chain of these choices absolutely obstructs proactive organizational transformation competence. The case of the *Orange Company* and its impenetrable inertia is the best illustration of such dire outcomes (Informant OE1, Quote No. 59; Informant OE1, Quote No. 60).

Quote No. 59: "We were largely submerged in mundane tasks, leaving little time for strategy. The most pressing issues and flames. Objective strategic decisions were rare."

Quote No. 60: "Just waiting for real-world data and confirmation of the insights. Formally, you can predict how things will turn out. If this has been typical for thirty years in a row, then these four will be nothing out of the ordinary. However, because it is based on intuition rather than data, we do not include it into the true plan or strategy. Even though you know it will be different, you try to ignore the possibility for some reason."

Moreover, as the same case illustrates, the use of informal and often *ad hoc*-implemented decision-making structures and procedures allows individuals to exercise complete decision-making authority while simultaneously avoiding responsibility. As evident from Informant's OE2 remark (Quote No. 61), such an environment allows them to make choices that are convenient for them, but not for the business, and they disclose information exclusively for their own gain. Consequently, it may drive decision makers to steer companies in a safe and very clear route by encouraging them to shun high ambitions and ambiguity.

Quote No. 61: "I'm trusted and have the decision-making power. CEO or Board involvement has no agreed-upon boundaries. I can make 90% of my own choices. However, I don't want to carry this load alone, so I often share it by sharing information."

The interview data underscores the importance of recognizing that, when a business operates as a group of companies, this leads to subjective strategic choices being made at the group level as well as disputes being negotiated amongst the different organizations. If a business is unable to adapt quickly enough to the shifting conditions in the surrounding environment, there may be serious implications for the business in the long run. This strategic drift

will, in the end, lead to a severe threat, which will have the potential to become a matter of survival for the entire group.

Consequently, strategic changes in businesses with an ineffective and unstructured decision-making process often fail as a result of ill-conceived and/or poorly timed initiatives. An excellent example of this dire issue can be observed in the comment that was made by Informant BK1 since this provides a highly powerful representation of the point (Quote No. 62). Moreover, competence gaps may be seen throughout the entire proactive transformation initiation process (discussed in the subsequent section) in such organizations. They lack ideation capacity, avoid experimenting and taking risks during the iteration stage, and show little perseverance during the incubation phase. It implies that the ability of an organization to govern and adapt its decision-making process to the changing conditions is critical to the development of the proactive transformation competence and the ability to make the appropriate behavioral response choices in a changing environment.

> *Quote No. 62: "Some of the changes I introduced in 2015 were premature. I initiated them with eagerness since it appeared that they could be executed, and therefore we would become a more modern organization. However, it soon became clear that there was no need to haste, or we would have had to change the majority of the personnel. It taught me that all changes must emerge at their own pace. They must be organic. Yes, there have been mistakes, but they also teach us valuable lessons. It was a mistake to make changes too abruptly, to initiate those changes too soon."*

Meanwhile, those organizations that are continually exploring new business development frontiers and establishing new business development trajectories are on the other end of the spectrum. These organizations are distinguished by the fact that they attempt to make collective decisions. As illustrated by Informant RD1 describing the organizational decision-making process within the change committee (Quote No. 63), these individuals collaborate to generate ideas and make decisions, and, as a result, they are more driven to put those ideas and decisions into execution and to keep the organization moving toward the commonly aligned direction. Aside from that,

197

members share the same vision for the organization and have a strong sense of belonging to it.

> *Quote No. 63: "We debate and decide, we all share our opinions, we say what suits us, what doesn't suit us, and then we accept or reject those changes, because changes occur continuously, and because they occur continuously, we debate and discuss continuously. We debate both the positive and negative aspects of the situation, and then reach a collective decision on what must be done."*

The decision-making mechanisms of these organizations are constantly shifting and evolving. These organizations are intentionally adjusting their processes and structure in response to the changing circumstances. Additionally, since they are constantly exploring, their adaptations are geared toward the long-term ambitions rather than toward just meeting the immediate demands. It is of importance to note that businesses might make a wide variety of adjustments at any time. Alterations in the structure and processes, as well as modifications in the participation of different members of the organization, may be made rapidly and with little effort. All of this is done to uphold the notion of collaboration and collective decision-making as a guiding principle across the organization.

Hence, organizations are adapting in order to keep environmental sensitivity while enhancing their capacity to discover alternative possibilities and be at their highest level of potential in response to a specific challenge or business opportunity. Organizations manage the organizational olfaction system by enhancing and balancing features through the use of decision-making adaptations that are specific to their business. They not only ensure that they choose the most appropriate behavioral response to the environmental inputs at that exact time and in that optimal context, but they also swiftly and continually liberate the olfactory system for flow, thereby allowing it to operate in the most efficient mode possible.

As per the interview data, those organizations which grant individuals a high degree of the decision-making autonomy are better positioned to maintain broad decision-making flexibility and adapt quickly to the changing circumstances. There are several ways to establish the boundaries of one's authority and freedom of action, such as financial, functional, or structural constraints. Nevertheless, this organizational approach encourages organizational actors to take ownership and make prompt decisions, thus, as a

result, swiftly resolving issues and seizing new opportunities. The interviewees emphasized that this mindset of continuous responsibility sharing and collective decision-making was and still is critical for businesses to stay ahead in today's rapidly changing environment (Informant RD1, Quote No. 64).

> *Quote No. 64: "It is a collaborative effort with a matrix of responsibilities. By using the same change committee, we continually compose, establish objectives, establish responsibilities, and adhere to our agreements."*

The fact that when the limits of responsibilities and decision-making overlap between different departments or leaders, they strive to resolve the conflict by first addressing it with one another and perceive it as an important component. They seek to reach and apply a solution that does not necessitate additional moderating from a higher level of the hierarchy. However, if such an engagement is necessary or advantageous, they can make use of it at any time. Because of the freedom to act granted to parts of their organization, they are more attentive to their environment, due to being aware that they will be able to respond to changes in the surroundings quickly and freely while reaping the most potential benefit.

Important and strategic decisions, on the other hand, are made at the top echelons of the company. The manner in which these formal decision-making structures are constructed is the most significant differentiator between proactive and reactive organizations. Those that fall under the first category tend to form committees of managers in order to gain consensus on decisions and alignment on the organization's overarching strategic vision. Involving leaders in strategic decision-making encourages them to get engaged in implementation. Furthermore, the logic for the choices is immediately apparent and understood by them. Since these structures are larger in size structurally, they are able to maintain the rigidity and formalization of the procedures necessary to guarantee the operational efficiency.

The ability to quickly implement changes to a decision-making framework in response to environmental changes is made possible by including the majority of top-level leaders or a bigger fraction of them. Additionally, the fact that the leaders of these firms have considerable latitude and leeway to make tactical decisions within the scope of their responsibilities while also taking part in the strategic decision-making enables organizations

to manage the priorities of issues and opportunities and to delegate the implementation quickly. Consequently, they have more control over their attention, processing speed, and decision-making pace.

The second category of firms adheres to the more traditional management principles in which the strategic management is kept apart from the tactical execution. They depend on hierarchy and subordination, and there is minimal decision-making autonomy available at the lower organizational levels. Due to their long-term strategy, objectives rarely shift, and the oversight of implementation is limited to the control of major stages. In most cases, this is accomplished through the use of the management board structure.

The interview data indicates that, while these organizations are capable of maintaining a strategic direction for an extended period of time, shifting their priorities and adapting to the changing conditions is exceedingly difficult for them. Furthermore, their inflexible decision-making mechanisms and rigid routines create a chasm between the strategic management and the tactical implementation structures. The remark made by Informant GY1 serves to highlight (Quote No. 65) that the exchange of information is rare, and misalignment is common as the real-time feedback is missing. This impairs their capacity to alter their attention and, over time, causes them to lose their sensitivity to their external environment. The organizational olfaction system deteriorates, thus rendering the organization unable to initiate proactive strategic change.

Quote No. 65: "Typically, the speed of decision-making does not alter. However, there are some topics on which we may debate longer than we'd like. However, I believe that we are most hindered by interruptions in the flow of information and sometimes by differing perspectives between the board and the management. When the board is less involved in the operational activities, they have less intuition, just some strategic sight, and no information on what is truly required. However, they still want an objective figure indicating how much load there will be and how much the investment will cost when it pays off."

Furthermore, according to the interview data, these organizations are prone to falling into the trap of stringent frequent progress measurement and

reporting. They move and set the pace from one report to the management board to the next by implementing long-term strategic plans. Communication between them is limited. This not only prevents attention from being diverted to anything other than the previously planned aims, but it also prevents innovation and improvisation.

Those companies which rely on collaborative decisions, on the other hand, establish the rhythm by creating the framework, but they also allow for improvisation and accept any alterations that improve quality, allow attention to be refocused, and speed up the process. Moreover, they sustain adaptability by determining who should be involved in decision-making at any given time and in any particular circumstance, depending on the problem. They are equipped with set options from which they can choose to involve partners or other stakeholders as well.

However, they want to make certain that the intrusion is sufficient to generate alternatives and develop solutions but not excessive to the point where it slows down the process or diminishes its quality. As a result, depending on the nature of the problem, different levels and formats may be employed. The engagement of outside subject matter experts or consultants to assist in the organization of the process or the formation of viewpoints is also common among these organizations.

This adaptive decision-making architecture enables companies to remain resilient during the times of crisis when they are confronted with complex and unknown situations. Organizations using an *ad-hoc* or inflexible decision-making process, on the other hand, frequently fail to comprehend the implications of their actions or the value of their decisions, and they are unable to agree on difficult solutions due to inadequate decision-making procedures for a given context. They simply do not have the capacity to make decisions and, therefore, they postpone actions. Additionally, because of the low level of resilience, these process inefficiencies put the entire business at risk.

It is also of importance to note that the leaders of the firms who participated in the study frequently highlighted intuition as one of the key components of the decision-making process, while considering that there are always more unknowns than there are certainties in the world of organizations. The main difference between the reactive organizations and those that are denoted by proactive transformation competence is that the latter are also capable of using individual subjective reasoning to reach conscious collective decisions. The first, on the other hand, either reject them outright, or follow solely the subjective choices of one or a few individuals within the business.

There is always a shortage of complete information to make the best decision possible. While choosing the behavioral response, it is, therefore, always vital to find the right balance between rational and subjective arguments. This is especially important when dealing with complex issues, such as initiating the organization's transformational change. Adaptive decision-making allows businesses to balance intuition, experience, and knowledge when deciding on the behavioral response. Although the majority of organizational executives recognize intuition as a factor in decision-making (Informant RD1, Quote No. 66; Informant BE1, Quote No. 67; Informant OE1, Quote No. 68; Informant YW1, Quote No. 69; Informant BK1, Quote No. 70; Informant PK1, Quote No. 71), only those businesses which have developed proactive transformation competence are able to successfully leverage and enhance this subjective quality.

Quote No. 66: "Because of your intuition, your knowledge, and your experience, you are able to make better decisions."

Quote No. 67: "Experience always offers the ability to see into the future. There is still intuition, there is intuition, you can sense it – it will be good, or I doubt it."

Quote No. 68: "We have that intuition most of the time, but we don't include it in our plan. It would be strange. If you prefer to play, you may then need to engage in the stock market, speculating by intuition. We are manufacturers of the concrete object, and relying on intuition is too sophisticated."

Quote No. 69: "Not because the crisis had already begun in the spring of the eighth year, but because I had a strong intuition."

Quote No. 70: "Another factor I must note is this, I'm not sure what to call it – intuition, perhaps... some sort of the fifth or sixth element, it still exists."

Quote No. 71: "I place a high value on intuition and empathy. Perhaps even above the numbers. You can count the numbers afterward, but there must be both. You lose speed simply by calculating."

Hence, the findings suggest that organizations exhibiting the proactive transformation competence develop their own decision-making cadence that is in sync with the current environmental context instead of following the standard. They are, on the other hand, iterative in their prioritization of problems and agile in their process adjustments. They aim to achieve results while avoiding the impact of being slowed down by the rigidity and inflexibility of the process itself.

Since they are perpetually in a state of flux, such organizations can continually mature ideas for transformational change. At the same time, because of the adaptive decision-making process, they are competent and able to perform effectively at all phases of the transformation initiation process despite the often dramatically changing external and internal contexts. As a result, since its capacity is maintained throughout the organization's ecosystem, the organizational olfaction system is constantly supplying the proactive transformation initiation process with inputs for ideation, and it allows the selection of the most appropriate behavioral response to the environmental stimuli.

Furthermore, organizational olfaction is the first to be impaired prior to the emergence of any decision-making process disruption symptoms, which indicates that the early organizational proactive transformation competence imbalances may be identified and characterized by environmental sensemaking capacity alterations. Therefore, these companies evaluate their state of environmental awareness on a regular basis, both quantitatively and qualitatively, and they make proactive efforts to adapt the decision-making process in response to any alterations.

Empowering Leadership. The explored cases also demonstrate that the decision-making process, as well as its enhancements, exerts a significant impact on an organization's ability to initiate strategic changes. Those organizations which have changed their governance model and decision-making mechanism have seen significant improvements in a short period of time. They were able to unleash and empower the potential of ideation by transitioning from a hierarchical to a consensus-based decision-making process, and they were able to effectively launch multiple transformational business development trajectories.

It follows that the ability of an organization to perceive its surroundings and change its behavior in a timely manner is one of the most critical components in ensuring that the proactive transformational competence functions effectively, and that it is being sustained and enhanced over time.

However, processes and structures alone are insufficient to enable proactive transformation processes in an organization. According to the findings of the interviews, the management layers of a company must be firmly interwoven and appropriately coordinated throughout the organization's daily business activities. A prerequisite for this is that the organization's leaders have the power and commitment to take action.

First and foremost, creating governance structures which would empower the senior executives to make strategic decisions represents an important step toward implementing collaborative decision-making principles into practice. These collective decision-making authorities in proactive organizations are composed of managers from all around the organization who have the power to initiate and execute changes. As indicated by Informant RD1, they generally possess full authority and base their decision-making on consensus (Quote No. 72; Quote No. 73).

> *Quote No. 72: "This committee has complete authority to implement all necessary changes."*
>
> *Quote No. 73: "Consensus is used to make decisions. In that sense, if someone disagrees, another proposal must be made. We keep looking till we find the best."*

With the concentration of authority and implementation responsibilities, it is then possible to interpret diverse points of view, generate a variety of alternative scenarios, and then select the most appropriate one. Organizations can swiftly assign specific critical activities, monitor them, and delegate a portion of the decision-making responsibilities to the lower-level management by utilizing these configurations. In addition, everyone in the organization is on the same page and is aware of the decisions that are being undertaken and the changes that are being implemented in real-time. It enhances alignment and increases support for the initiatives, as well as the ability to mobilize resources.

As a result, managers will only raise issues at this strategic level if they are involved in a larger issue that they are unable to resolve, or if the scope of the change impacts the whole organization. This allows for the identification of the organizational fractures and silos, as well as the resolution of any conflicts. Furthermore, the members of leadership are given the authority to act and are provided with a conduit through which to exchange opinions on the operational issues and calibrate the mutual environmental awareness. It is

advantageous since they have the framework to present opportunities and issues to affect the others' attention and to raise awareness of the events, developments, and trends that have significance for the organizational performance or the future developments.

Consequently, such an organizational structure becomes capable of absorbing environmental sensing information quickly; it is also capable of formulating ideas, and initiating strategic change. Organizations develop the ability to manage the core development pathway as well as to establish new business development trajectories, and to select the most appropriate behavioral response to the environmental stimuli when necessary. In this way, the responsibility and the collective power to initiate proactive transformations are entrusted to the leadership of the business. It also gives an opportunity to regularly monitor organizational capacity and to ensure that the organization's top priorities get the appropriate level of attention on a consistent basis. Additionally, it is a platform where the purpose, identity, and culture of an organization may be safeguarded and perpetuated.

Moreover, when changes are proposed throughout such a structure and process, they are more likely to be successfully implemented in the long run. If they are initiated as a result of a collective choice, they will encounter significantly less resistance because everyone was involved in the decision-making processes, as vividly emphasized by Informant's RD1 comment (Quote No. 74). The change impact and organizational readiness assessment may also be more comprehensive and thorough as an outcome of this. As a result, firms may be able to prepare for change implementation in a more timely and quality manner. Furthermore, such companies have a significant advantage over other organizations which participated in this research in terms of being able to plan in considerable detail and with a greater precision for the long term.

> Quote No. 74: "We are not in an autocracy where one says, and everyone acts. We do the opposite. If we all agree, we do, and it doesn't matter if I don't like it. But if we believe it is good for the organization and everyone agrees, we will execute it."

However, the interview data analysis indicates that it is critical to consider the makeup of the set of people who will be involved in the decision-making process. It is not enough for this structure to reflect the structural units of an organization or a group of organizations. This structure must be able to

205

quickly refocus on particular issues and mobilize on execution, whenever necessary, while simultaneously maintaining constant awareness of the environment. Therefore, individuals must complement one another in order for the full extent of their creativity to be exposed and for trust and openness to be established. It is critical to put together a team that is both integrated and dedicated from the start, as well as future-focused and exploratory in nature. It would be significantly more difficult to modify its processes and culture after it had already been established.

The capacity of this structure to self-organize and adapt flexibly to the changing external circumstances is yet another important characteristic to address. Business cases show that many issues can be left to this team to determine without the interference of the organization's head. It may also engage the services of the subject matter experts or consultants from third-party sources to provide advice or to facilitate the decision-making processes. Hence, if an organization's CEO effectively engages with this formal collective decision-making mechanism, it may be of substantial value to the organization. Businesses can benefit from this by expanding their organizational attention capacity as well as the spectrum of the behavioral responses which they can evoke.

A fundamental effect of this is that when all organizational leaders are given extensive authority to act in their areas of responsibility, and a formal strategic leadership team is formed from these empowered individuals, two key poles emerge within the organization. They are complementary to one another and stimulate action. The CEO is compelled to act and keep the pace of the decision-making processes. Furthermore, this provides a structure for debating and exploring rapid and effective solutions when the CEO necessitates advice. Meanwhile, the leadership team has a conduit through which to provide feedback, to voice and sell issues and opportunities, and align the environmental awareness.

However, the role of the organization's head still remains crucial. While the organization may have no formal collective decision-making structure, the CEO's efforts and integral relationship with the senior management team are critical to the organization's capacity to transform. It might either be a catalyst for organizational growth and transformation, or a roadblock to the progress and innovation. Hence, as several informants mentioned, the CEO's mission through senior management is to establish an environment which would foster the manifestation of specific competencies as well as the emergence of new ideas in the firm (Informant PE1, Quote No. 75; Informant PK1, Quote No. 76; Informant GY1, Quote No. 77). In addition, the person at the helm of the

organization is responsible for ensuring that the other layers of leadership should have the power to make decisions and take action.

Quote No. 75: "We are an eight-person team with critically necessary competencies. It's eight of us, the team, who are driving this entire factory. We are experts in our respective fields. So, that decentralization means that I'm not controlling everything alone and that I'm allowing them to build their units on their own, in their own area, as they see fit. That, I believe, is a huge part of the success. That progress would be impossible for us if I sat here alone and began explaining how to work to everyone."

Quote No. 76: "You are not a genius, so you cannot solve every problem. My role as a leader, I believe, is to foster an environment that maximizes everyone's potential and ability."

Quote No. 77: "It cannot be accomplished by one person. It must be done by the entire team. Because when 8 or 10 managers are talking about it, it is much more powerful than one person talking about it, no matter how impressive. Therefore, the team is key."

The balance between the formal governance and flexibility, on the other hand, must be established in order for these components to interact and contribute to the organization's environment sensing capacity and ability to develop behavior responses. According to the interview data, dealing with uncertainty, continuous ideation, and proactive transformation initiation is all possible only with a senior management team that is not only creative and agile but also actively manages and integrates its attention capacity and capabilities for the benefit of the organization.

Hence, for the organizations possessing proactive transformation competence and displaying environmental sensing and organizational sensemaking capabilities, constant formal progress monitoring and process management serve to enable behavioral responses, while also giving practical tools for empowering the leadership. However, as stressed by Informant RD1,

a balance between qualitative and empirical data, as well as between intuition and rational control, must be achieved (Quote No. 78). On the other hand, as several cases indicate, eschewing formalized and structured management in favor of informal communication and collaboration between the CEO and the senior management team results in disintegration.

Quote No. 78: "It is vital to sense and regulate it. Sometimes, you must slow down artificially and pause. Again, intuition is important here because you must feel. Monitoring the outcomes, controlling the dashboard, anticipating what is to come, and attempting to progress to the next stage."

The ability to generate behavioral response alternatives and promptly select the most appropriate ones for each given context is essential for an organization's leaders to be empowered to act and to have autonomy in their decision-making processes. As one of the informants stated, it is only when the interaction between the primary organizational actors has reached a certain level of maturity that magic begins to happen. To achieve this purpose, it is also necessary to maintain control over the movement. Furthermore, there must be a constant effort to maintain this maturity and the leadership architecture capabilities that have been developed and accumulated.

As a result of the interview data analysis, it was discovered that this is one of the conditions for an organization's proactive transformation competence to be viable, as well as for an organizational olfaction system to be able to process and respond to constant changes in the environment. Proactive transformation is only feasible when the leadership is empowered, integrated, and capable of making collective decisions fast, especially given the fact that it is only at this point that the key organizational elements will self-mobilize and instantly engage the entire organization in conquering new development trajectories. Because only then will it be possible to manage the organization's attention and to ensure the proper functioning and continuous vigilance of the organizational olfaction system, thus allowing the receptors to record changes in the environment and decision-makers to select the most appropriate behavioral responses to those changes.

3.2. Transformation Initiation Processing

The study revealed significant insights into the emergence of transformational change within organizations. The investigation sheds light on the intricate and interrelated tensions arising at various levels of the organization, including formal and informal interactions between actors and inter-organizational connections among individuals and groups within a constantly evolving context and environment. The findings presented in this section offer a more profound understanding of the disparities in the capacities of organizations to proactively initiate change and the underlying factors that would lead to the failure of even successful organizations to undergo transformational change.

The findings presented in this section offer a process-based definition of the proactive transformation initiation, while highlighting several stages. The gathered evidence and interview data indicates that organizations displaying characteristics of proactive transformation competence which have undergone successful transformations do so through a sequential process, including the phases of *Ideation*, *Iteration*, *Incubation*, and *Initiation* (Figure 13). The data analysis revealed that specific distinguishing organizational characteristics and conditions are crucial for organizations to navigate the transformation initiation process effectively, and these unique attributes, qualities, and strategies make up the organization's configuration of proactive transformation competence.
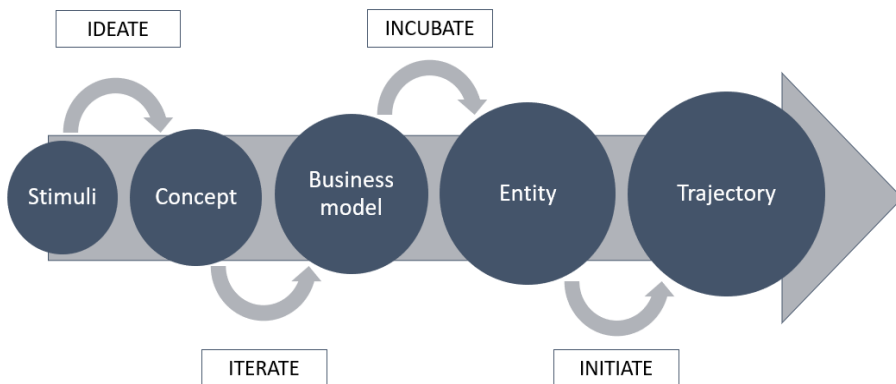

Figure 13. **Proactive transformation initiation process** (Prepared by the author)

The competence of an organization to initiate transformation proactively is dependent on its ability to detect and analyze changes and the potential

stimuli in its environment. However, the number of detected environmental signals does not necessarily correlate with the organization's ability to pay attention to these stimuli. The focus of attention has a limited impact on the quality and/or value of transformational ideas. Additionally, new business opportunities can emerge from unexpected areas where the organization was previously not focused. Serendipitous events, such as a single interaction with a partner or a valuable connection with the right individual, may lead to a large opportunity for an organization which would fuel the transformation initiation process. Hence, the openness to the environment and capacity for sensemaking and attention management, as defined by the *Organizational Olfaction Processing* category, enables conscious response to external stimuli.

The *Transformation Initiation Processing* category is comprised of five sub-categories: *Ideating*, *Iterating*, *Incubating*, *Initiating*, and *Balancing Resilience*. The results of the data analysis revealed a multitude of concepts related to the proactive organizational competence characteristics that are present at each stage of the transformation initiation process. In this section, these constituent concepts are defined and presented, along with the supporting evidence derived from the conducted interviews. Additionally, the researcher delves into the conditions that facilitate action-interaction in the transformation initiation process, which is driven by the processes of sensemaking and organizational attention.

3.2.1. Ideation

The sub-category of *Ideating* characterizes the initial stage in the initiation process of organizational transformation, by virtue of preceding the recognition of the need for change. Within this phase, organizations convert environmental stimuli into new potential concepts and ideas (Figure 14). This stage is driven by an organization's exploratory mindset and propelled by the interpretation and attention paid to environmental stimuli. In this part of the study, the researcher employs a combination of evidence which emerged from data analysis to conceptualize the concepts of *Sensemaking of Signals*, *Creating Trajectories*, and *Expanding Ideation Capacity*, which contributes to an organization's capacity for ideation.

Figure 14. **Proactive transformation initiation process: Ideation phase**
(Prepared by the author)

The research outcomes offer a deeper understanding of the underlying mechanisms involved in the initial phase of the proactive transformation initiation process. The analysis of the interview data highlights the presence of specific organizational attributes and the creation of enabling conditions which support the ideation process. The key concepts emerging from this study, their defining features, and the related organizational strategies are meticulously described in the following sections. The author also explores the impact of these elements on an organization's capacity to make sense of the external stimuli, ideate with them, as well as discusses how they collectively foster the identification of new transformative business development trajectories.

In this section of the doctoral thesis, the author presents the emergent concepts which were derived from the interview data and case analysis. The open code list for this sub-category, which is presented in Annex 9, provides compelling evidence for the emergence of the key concepts. These codes were generated through the analysis of interview data and were crucial in interpreting the findings, identifying the common themes and patterns, and addressing the research question. Additionally, Table 12 outlines the organizational attributes and the associated strategies which emerged during the research as being conducive to enhancing the organizational configuration to consciously perceive the environmental stimuli. These characteristics interact to enable the discovery of new, transformative business developmental trajectories.

Table 12. **Ideation: organizational attributes** (Prepared by the author)

Ideation	Organizational attributes
Sensemaking of Signals	1. Ideas emerge through deliberate, collaborative action 2. Mechanisms for processing ideas are implemented 3. Incentive systems support sensemaking 4. The process permeates the whole organization 5. External connections contribute to sensemaking 6. Sensemaking is autonomous from main operations 7. Ideation is distinct from analysis 8. Continuity is maintained in changing circumstances 9. The effort has unequivocal backing of leadership 10. A consistent approach across all organizational layers
Creating Trajectories	1. The future is the focus of organizational attention 2. Continuous learning is managed to meet the potential future needs 3. Resources are committed to new idea development 4. Processes for ideating and opportunity management are established 5. High-risk tolerance and perseverance 6. The strategy focuses on several broad alternative strategic directions 7. Short-term and long-term objectives are balanced, and the reward system is in sync 8. Core competencies and capabilities are identified 9. Strong analytical skills and abilities 10. Management is capable of dealing with ambiguity 11. Stakeholder management is extensive and consistent 12. Continually growing external connection network 13. Environmental sensing and ideation involve various organizational parts and stakeholders 14. Initiative and creativity are encouraged at all levels 15. Rationality and irrationality coexist in the decision-making process
Expanding Ideation Capacity	1. A vast network of organizational connections 2. Established formal ideation processes and delegated responsibilities 3. Mechanisms and activities for idea generation are dispersed throughout the organization

Ideation	Organizational attributes
	4. Leaders visibly strive to maintain organizational creativity and ideation capacity at their peak
	5. Communication channels for ideation purposes are established and fostered
	6. Established KPIs and efficiency targets guide employee ideation and creativity
	7. Consciously created and maintained organizational slack to promote creativity
	8. A culture of openness, creativity, and collaboration is cultivated
	9. Organizational structure facilitates cross-company collaboration and communication
	10. The upper echelon maintains a balance across long-term and short-term aspirations
	11. The composition of teams and units promotes collective and collaborative activities
	12. Leaders possess personal characteristics encouraging ideation
	13. A knowledge management system has been implemented and is being continuously developed

Sensemaking of Signals. Ideation is the first proactive activity taken by a company in response to a consciously recognized environmental stimulus, regardless of how it was captured. It could be the outcome of the organization's active exploration efforts, or it could be a product of the organization's extensive network of connections and its receptor system. The collected empirical data suggests that making meaning of complex and frequently abstract signals requires commitment of time, effort, and resources separate from the core business operations. Furthermore, all organizational layers must be engaged in the identification and assessment of environmental fluctuations, and sensemaking must be methodical, continuously driven, and under strict supervision. Otherwise, organizational inertia eventually silences organizational actors and decreases their initiative. As a result, the ability of businesses to identify risks, threats, and opportunities is impeded.

In some cases, informants were able to provide a clear approach or process for decoding environmental cues and signals in their companies. Several CEOs have established strategies for obtaining employee

recommendations in order to improve the productivity of their organizations and the capacity to address operational challenges. As described by GY1 (Quote No. 79), their respective organizations devised systematic approaches and procedures for prioritizing and managing them, and they shared their experiences.

Quote No. 79: "It is critical to be systematic, to record everything in writing, and to communicate effectively in groups with very opposing perspectives and responsibilities."

The interview data reveals that maintaining continuous environmental sensemaking management is a significant challenge for organizations when confronted with shifting circumstances. This often leads to process management concluding with *ad hoc* discussions overlooking important topics, as noted by the informants. The inability of organizations to sustain the consistent environmental sensing capacity can be attributed to a myriad of variables that are constantly changing.

Nonetheless, there are successful businesses in which the owner or CEO is completely responsible for idea generation and innovation. For example, despite the fact that the firm had been there for a couple of decades, according to the CEO of the *Yellow Company* (Quote No. 80), only one person came up with three critical ideas over that time. When questioned why there was only one individual, the interviewee stated that it is the one-of-a-kind qualities that only very few people possess (Quote No. 81) that allow for creativity and idea generation. This attitude that ideas are created through individual effort rather than collective activity has frequently been mirrored in other companies where ideation abilities appear to be weak.

Quote No. 80: "Only one employee surprised us. And, sadly, no more similar cases occurred to me throughout the time I had to dictate that future."

Quote No. 81:" These are unique human characteristics. I think that only the unique qualities of a person."

On the other hand, other businesses are unable to process the volume of ideas and insights generated by their employees (Informant BN1, Quote No. 82; Informant GN1, Quote No. 83). In either of these extreme cases, the

inability to maintain one's potential for ideation and the foundation of inventive thinkers is an outcome. Employees become muted as a consequence of the approach inconsistencies and process flaws. When the staff becomes deafeningly quiet and unresponsive to the environmental stimuli, it is a significant weakness for a business. It stifles creativity and, as a result, it mitigates the ability of organizations to develop new development trajectories in response to environmental changes.

> *Quote No. 82: "There are more ideas than the strength to implement them. It's true that there really is no shortage of ideas."*
>
> *Quote No. 83: "There are always such ideas, but you can only follow them if you have the financial resources."*

Furthermore, another important discovery that came out of the case and interview data analysis was the significance of aligning the motivation and the reward systems. Pushing for individual job efficiency maximization and setting lofty personal goals discourages environmental sensemaking and proactive ideation. When there is no larger purpose connecting all employees, and no alignment toward the common objectives, the motivation of individuals to go above and beyond their daily responsibilities is stifled and eventually disappears.

Moreover, according to some of the informants, environmental insensitivity, a lack of ideation capacity, as well as organizational inertia, and employee silence have the potential to pull the entire company into potentially dangerous situations. Even the most senior members of the executive team might mislead their CEO into believing that everything is under control and that managers are empowered to tackle difficulties until it is realized that a significant problem has struck the company. The explored cases demonstrate that crises in such businesses usually occur at the most inconvenient and unexpected moments.

The study also revealed that having strong connections with other companies can help individual organizations enhance their resilience and awareness of the environment. Through the exchange of ideas amongst members of a business group, those organizations that are members of the group may be able to compensate to some extent for the lack of the internal ideation capability. However, because of the tensions existing between

companies and the need to maintain internal competitiveness, it is probable that trustful and mutually beneficial ideation will be fairly limited in scope.

However, companies may still be able to increase their environmental awareness through alliances and partnerships. Organizations that do not have a strong and sustainable external network must make sense of their situation and produce insights based on their limited internal information and experience, as well as their creative capacity. In the absence of external connections, an organization becomes incapable of creating new breakthrough ideas because it becomes locked in bounded creativity that is constrained by a limited amount of the internal information and knowledge.

Another scenario in which environmental awareness and the ability to make sense of the changing context are jeopardized is when a certain formal organizational unit assumes the total responsibility for making sense of the environment and creating ideas. For example, a freshly formed, motivated, focused, and high-performing marketing team at manufacturing *Black Company* acquired the CEO's unwavering confidence (Informant BK1, Quote No. 84). Thus, it is to the team that he first presents his ideas and seeks analysis and assistance in order to develop measures in response to the environmental threats or in order to make sense of environmental cues.

> *Quote No. 84: "Let's say there is a marketing department. Our girls are incredible. And they're bringing so much fire there now that I'm just standing back and saying, wow, I never would have thought of that. Now I'm thinking I just don't disturb them."*

The entire organization then becomes solely focused on implementing the new team's marketing initiatives. However, it is making an effort to suit the needs of today's consumers. As a result, they are more prone to prioritizing their own ideas over those of others. Therefore, every effort and all resources are focused on accomplishing the short-term goals proposed by a few individuals. Moreover, when a company lacks future vision and direction, short-term goals do not allow for the consideration of long-term ambitions. There is no route to subsequential *iteration* and *incubation* phases from there. Therefore, proactive transformation initiation becomes unfeasible.

Hence, when an organization's development is guided by a consistent focus on ideation, it will meet a few external shocks and surprises from rivals. If ideation is consistent, environmental receptors are developed, and they continuously feed insights into the decision-making process; sensemaking is

cultivated through increased knowledge, attention, and creativity, and the industry trends and innovations are followed. Then, the organization will grow and change based on the internal potential instead of reacting to the market and competitors.

Additionally, the case study revealed that such businesses eventually become reliant on and driven by their own technology and its lifecycle. Gradually, the organization's human side becomes incapable of aligning with it. Thus, by continuously focusing on effectiveness, problem-solving, and improving the organizational effectiveness while ignoring ideation and devoting scarce effort to designing new development paths results in stagnation, and to a total lack of creativity and drive. It breeds inability to envision how technological advancements in the relevant industry will affect the company. As a result, it will respond only to urgent and apparent threats to survival.

The major objective of all new ideas in firms struggling with innovation management is efficiency maximization. They generally try to improve processes and operations. However, large innovative ideas are typically perceived as superfluous costs and time wasters. Comprehensive analysis and implementation are impossible with lean operations. Thus, organizations are solely focused on maximizing the current technological potential. As a result, innovation is penalized indirectly through greater workload to all those who must prepare plans and assessments (Informant GN3, Quote No. 85). As a result, there is a dearth of innovative ideas and creative individuals.

> *Quote No. 85: "...as the saying goes, the initiative is punishable. And if you show it, you must take it to the end."*

Furthermore, the study showed that it is common practice in firms to hold people who submit ideas accountable for presenting financial explanations for more valuable proposals, as well as conceptual implementation plans. As a result, organizations effectively prevent many of them from being presented by employees. It takes a lot of self-motivation and determination to pursue. Thus, to continuously develop ideas for the organization's future, it is vital to stimulate and support the ideation phase, as well as to encourage sensemaking of external signals throughout the organization, and to delegate responsibility for comprehensive analysis and assessment of the ideas to the iteration phase.

It is, therefore, a difficult endeavor to make sense of the environmental information collected from various receptors while also visioning,

strategizing, and ideating on a continual and methodical basis. The potential for organizations to initiate proactive transformation initiation increases significantly when they have built a continuous loop of generating ideas, sharing insights, and building implementation scenarios. They manage to maintain process continuity in the face of the changing circumstances.

Sensemaking of the external stimuli received through organizational receptors necessitates investing time, effort, and resources in areas other than the core firm functions. Ideation must thus be encouraged at all levels of the company, beginning with the top. When a company invests time and resources in areas other than its primary competence, it has the capacity to create new development opportunities and gain significant transformation potential since it is not pursuing profits from a specific activity, but it is rather laying the groundwork for a future organization. However, it is an investment with no defined deadline for demonstrable return. As a result, those companies which lack leadership support rarely reach this conclusion through formal decision-making.

The collected empirical data implies that organizations use different levels of sensemaking and idea-generation formalization. There are businesses where the leadership, owners, and executives generate all the significant ideas and insights in response to the environmental stimuli. They occur spontaneously, without formal processes, and are addressed according to the priority level they themselves provide. For example, in one of the cases, the fundamental transformation of the company was initiated based on the ideas of the owner who merely delegated the responsibility of cascading the transformation vision to more tangible strategic directions and initiatives to the company's top management team.

Employees are also encouraged to provide suggestions. Regardless, they are expected to improve the day-to-day operations and the process performance. Employees are thought to be incapable of spotting opportunities outside of continuous improvement. As a result, the sole owner's decision-making and attention span limit the strategic insight as well as the transformation potential. Moreover, the value of the suggested ideas decreases, as does the employee motivation and initiative. As a result, the formal processes are preoccupied with low-value ideas that often lack the resources to be put into practice. Hence, the general organizational aptitude for ideation is stifled and has little chance of growing because of the inconsistencies of approaches at different organizational layers.

Organizational transformation is thus conceivable in such organizations, but it will always be a reactionary process under these circumstances. The

company is not leading the new way, but rather following the secure pass of others, where risks are clear and manageable. Transformation is initiated when the change paths are obvious and have already been tried and tested by someone else when the cost of *not* making a change outweighs the cost of actually making a change. When confronted with a crisis, leaders desperately seek new ideas and new directions. They are reacting to change rather than initiating it.

It is worth noting that the study found that organizations make a conscious decision about how they approach change. Leaders choose the course that they believe is the most appropriate to them. As Informant GN3 remarked (Quote No. 86), the board of directors of the firm has explicitly declared that they prefer to follow and adapt rather than to create in their business strategy. Thus, reactivity or proactivity in this particular case is a deliberate choice made by organizations. Only later in the organization's life may it uncontrollably descend into reactivity.

> Quote No. 86: "...the attitude of our board is, well, even loudly, I would say it has been stated that we will be following others, we are not the idea generators, we are following what is on the market. Let's look around and try to adapt."

Changing the direction of movement, on the other hand, will be exceedingly difficult from the moment the decision to adopt the reactive path has been made. It does, however, create vulnerabilities in the organization's resilience and weakens its ability to change, which becomes evident during challenging and complex crisis-type situations. Several organizations have found themselves in situations where transformation is either impossible or prohibitively expensive and complex, thus risking the organization's survival. Thus, from the outset, the choice of reactivity impairs the ideation capacity and environmental sensemaking. Additionally, cases demonstrate that it might have severe implications and even jeopardize the business continuity. The constantly changing leadership, a precipitous drop in performance, or employee fraud are just a few examples.

Never will proactivity be disguised by reactive organizational behavior. It is evident if a company is following or leading change based on the ideation stage and organizational attention. Certain recurring characteristics have been discovered in reactive organizations. There are no ideation processes, or they are operations-focused, with the ideas that can generate revenue and profit

being quickly favored. Leadership is distanced and entirely driven by personal analysis and experience, and they are the only ones who can provide strategic insights. Organizational connections are either non-existent or extremely weak. There are no resources completely dedicated to innovation.

Additionally, firms of this sort do not handle risks consistently. Sensemaking and ideation are sparked by concerns and problems, as well as by the inability to satisfy the critical performance and efficiency metrics. The strategy is focused on the near term, on efficiency and short-term profitability. Planning and forecasting is based there on the historical data rather than on the analysis of future patterns. The workplace is becoming increasingly pessimistic, and this attitude is mirrored in the organization's lack of ambition when setting goals.

On the opposite side, those firms that are pioneers in new markets and which thrive in innovation processes have an ideational ability that is ingrained in the DNA of the business (Informant PK1, Quote No. 86) rather than merely formalized processes. Their leaders are making sense of environmental impulses as well. However, there is no such visible distinction between those who ideate and those to whom implementation is delegated. Organizations, from day one, explore new directions as integral, constantly innovating organisms.

Quote No. 86: "Everyone is involved in that process, and I don't believe you can rely solely on one department here. To succeed, it must be ingrained in the DNA of the entire organization."

They are devoting time, effort, and resources to the advancement of innovation. In an environment where the firm has an optimistic outlook and strives to be the market leader, it is encouraged to come up with new ideas and develop them. Organizations demonstrate willingness to collaborate and openness to new ideas. They pay close attention to the trends, technological advancements, and market movements, and they work hard consistently to come up with new ideas and stay on the cutting edge of innovation in order to retain competitiveness.

Moreover, they are steadily striving to unleash their employees' creative potential by establishing rewarding systems, recognizing and praising the initiative, and cultivating an open and collaborative atmosphere. By systematically managing ideation, they are also encouraging informal knowledge sharing among partners, clients, and other stakeholders at the same

time. A leadership that is both visible and participative is a distinguishing characteristic of proactive organizations.

According to the interview data, organizations may find it easier to lose their environmental sensemaking and ideation abilities than to enhance them by shifting their focus from the already existing paths to exploring new ones. In order to maintain these critical capabilities, businesses must take deliberate steps to avoid inertia and artificial creativity, which would prioritize quantity over quality in idea generation. Collective sensemaking plays a critical role in promoting organizational development toward a shared goal, thereby fostering alignment among organizational actors. This alignment enhances the organization's resilience capacity and enables it to be orchestrated effectively.

Based on the interview data, the study found that no 'one-size-fits-all' organizational approach exists for fostering creativity. Instead, creativity can only be discovered outside of the bounds of rigid processes through increased external connections and sensitivity to external stimuli. As a result, businesses must be prepared for the unexpected, given the highly unpredictable and ever-changing nature of today's corporate environment. Businesses must be ready to adapt to the new rules of the game quickly, even if it means replacing a soccer ball with an ice hockey puck. Forward-thinking and proactive firms are better equipped to anticipate such game-changing events and to respond to them promptly.

Creating Trajectories. The empirical findings of this multiple-case study reveal that businesses aspire toward the future throughout the ideation process. Although proactive firms are focused on maximizing the advantages of their present growth route, they are also constantly exploring alternate ideas for the future development trajectories. Cues, trends, and environmental impulses are transformed into ideas for new development trajectories by combining them with the current expertise and knowledge that these organizations possess. Hence, while opportunities are identified in the current context, their attention is drawn to the future, which is still mostly unknown to most enterprises.

Consequently, these opportunities can only be pursued to a limited extent unless certain contextual and environmental prerequisites have been met. Organizational learning and development, then, is targeted toward the future context of the organization in order to prepare it for implementation concurrently. In addition to building new capabilities, the organization also commits resources to developing the idea and increasing the potential for opportunity realization while patiently expecting and monitoring the realization of the conditions for change initiation.

Furthermore, when developing new development paths, firms focus on niche industries and market areas where competition is restricted or even non-existent. Avoiding confrontation allows businesses to devote fewer resources and organizational capabilities to preparedness. Furthermore, companies with mature transformation competence are constantly monitoring the changing environment and adapting to it during the following stages of change initiation. As Informant YW1 mentioned (Quote No. 87), they put effort, resources, and a portion of their current capacity into being ready for the future rather than attempting to be at the pinnacle of effectiveness at the current moment.

> *Quote No. 87: "When the internet reaches its full potential, it will enable us to be present in the 'here and now'."*

Ideation is used by organizations to identify the future development prospects and to anticipate the future context in a proactive manner. Furthermore, when establishing new paths, businesses search for ways to iterate with a variety of alternatives and put concrete measures in place to test and experiment with each one of these choices. The efforts to explore new options, gather knowledge, reject ideas that have no potential, and be ready to pursue the best ideas rapidly when the projected environment has developed enable them to be prepared to pursue the best ones quickly when the predicted environment has developed.

Hence, those organizations which develop their ideation ability and learn to make sense of environmental data choose to focus on numerous wide strategic directions (Informant YW1, Quote No. 88) rather than on single short-term accomplishments. Moving to a new, unoccupied business area, on the other hand, allows them to disrupt industries, service new customers, gain the market share quickly, and establish a strong presence. This deliberate strategy, however, necessitates a high level of risk tolerance and patience.

> *Quote No. 88: "So, how are we progressing toward those strategic directions."*

Furthermore, a well-developed ideation capability allows for the quick multiplication of the prospective transformation directions in parallel with the development of the company's core business trajectory. With the ability to be flexible and creative in managing the core capabilities, an organization can

explore a variety of transformational pathways while also building different collaboration networks and developing synergies with other organizations.

In the case of the organizational strategy development, data analysis supports the claim that confining organizational strategy development to merely low-risk, guaranteed-profit activities results in the inability to discover new opportunities stemming from environmental stimuli as they are emerging. Organizations are trapped in a tight cycle of the current operational KPI monitoring, issue resolution, and problem-solving as a result of their continuous focus on efficiency and a lack of tolerance for potential capacity losses and inefficiencies created by the allocation of resources for innovation.

An organization's new development trajectories are created via the employment of a range of the tried-and-true tactics that are implemented in a proactive way. One of the many things which organizations do is to utilize their analytical ability to spot the global trends in the most profitable sectors, industries, and geographical areas. They are also monitoring the market on a constant basis, as well as the technological advancements and changes which are laying the groundwork for ideation that goes beyond the observed patterns and into the realm of possibility. Subsequently, the organization's core strengths and competencies may be linked to the anticipated possible future demand, which would result in the generation of new business concepts that can lead to new business frontiers. Companies find it much simpler to come up with innovative options if the top management incorporates them into their regular activities.

During the ideation phase, companies may come up with a slew of potential future options that they can pursue. Additionally, linking the core strengths and capabilities with the targeted trajectories and market sectors can help to prioritize the future opportunities and decrease ambiguity in a variety of contexts. Organizations with extensive ideation capabilities can foresee alternative pathways even if the obvious one has not yet been identified. Being able to strategize far in advance and foresee the alternate routes outside the limitations of the current organizational capacity are advantages for organizations with extensive ideation capabilities.

The decision as to which idea to pursue, on the other hand, is a critical one. Making that decision is only possible for those who are denoted by certain key attributes of the proactive transformation competence. The risk-benefit ratio is frequently difficult to determine. The time it takes for a new trajectory to be established is frequently impossible to anticipate in advance. The new business model itself is abstract at this point, and it is concentrated more on the future target area rather than it is focused on the future organization vision.

It is difficult for the traditional management thinking to allocate resources and attention to an initiative with an unknown payoff when a company is operating effectively within a set of strategic objectives, with no significant risks to organizational continuity identified, and with numerous routine projects ongoing. In the eyes of the investors, shareholders, and other stakeholders, immediate results and value generation are essential. As a result, it is essential to be able to handle ambiguity and influence a large number of stakeholders in order to make decisions and explore alternatives.

The interview data indicates that the process of developing quantitative and definite strategic predictions for only one or two years is significantly less difficult than the process of developing ideas for a longer period of time. Consequently, businesses become entangled in the process of continual effectiveness improvement and become stuck there. They are adamant about making improvements to the current *status quo*. As a result, many companies have silenced more ambitious ideas, and managers have little place for contemplating the long-term future of the organization and the future trajectories as a result of the company's exclusive concentration on operational effectiveness. There are numerous examples of businesses that have failed to change and have frequently found themselves in crisis situations, which demonstrates that this is a sure-fire path to failure.

Hence, case stories reveal that organizations must be open to new connections and collaborations on a constant basis in order to enhance the environment attention capacity while also facilitating the exploration of the new opportunities. Companies involved in strong strategic partnerships and cooperative connections are better positioned to sense their surroundings and exchange knowledge and insights for their mutual advantage. A network of valuable connections may bring together the knowledge, technologies, and experience of diverse businesses, thereby allowing them to not only ideate, create and expand, but also change and adapt as an ecosystem.

For example, the *Yellow Company* and its present partners recognized that their abilities and technology complement one another, thus allowing them to collaborate on the development of wholly new products as well as the transformation of the company's development path into a new trajectory. The collaboration not only established the conditions for a collaborative climate for transformation, but it also laid the foundation for a long-term successful strategic alliance.

The integration of a readily available external technology with the internal core competence is an example of a frequently used approach in the creation of new company trajectories that have been successfully

implemented. Companies acquire existing solutions and technologies, enhance and improve them to the point that they are suitable for the demands of new or emerging market segments, and then offer those products and services to those new or growing business sectors (Informant YW1, Quote No. 89). Consequently, companies may be able to embark on a new development trajectory as a result of this, which may then be exploited further.

Quote No. 89: "My idea was to bring electronics
from the West, put our minds on it, and sell it."

This approach, on the other hand, carries a significant amount of danger. In order to avoid failure, companies may feel compelled to follow the shortest and safest option available. In order to prevent failure, this may lead to a focus on the short-term aims rather than long-term ambitions. Organizational transformation fails as a result of failing to recognize the size of a niche and the full potential of the demand in the future market, while instead focusing on the existing solutions and low-risk options, which would lead enterprises into business sectors that are already saturated with numerous competitors.

The *Black* food manufacturing company is a great illustration of a transformation that began with an inadequately formulated idea. It transformed the entire production line and organization to generate healthier, sugar-free food. Several times during the interview, the CEO of the company emphasized that the organization has initiated transformation with the firm assumption that the market has not yet developed but will undoubtedly soon reach the desired and anticipated future condition. Furthermore, they were self-assured in their ability to bring their new business concept to fruition.

However, the interviewee acknowledged that he had urged the organization to undergo a rapid transformation in order to be eligible for financial assistance from the European Union. The organization skipped over the critical steps of the concept iteration and incubation. As a result, when they entered the market with new products, they quickly learned that the market had already been saturated with similar products, and that they lacked a clear differentiator to take a significant share of it (Informant BK1, Quote No. 90).

Quote No. 90: "There is currently a variety of these
nutritious goods available, and the competition is
intense. Now, when everyone acknowledges: 'Done,
we have nothing to offer in this market, and will not

sell anything'. Then you start considering the
possibility that we may not sell at all.''

The case history reveals that, as a result, the company is currently concentrating its resources and capacity on the less innovative and costly products in order to reduce the risk for business continuity. Moreover, they brought the idea back to the discussion on the viability of implementation. They once again began to investigate novel techniques to enable the newly acquired organizational capabilities to be fully realized. However, attempts to find a means of survival have severely curtailed creativity.

According to the interview data, organizations with specific ideation capabilities, on the other hand, are learning to juggle crucial competencies and knowledge for the ongoing transformation. They establish a repeatable pattern of ideation and organizational change. By integrating the core experience and competency in the thin film coating technology, one of the firms was able to restructure itself in a repeatable manner.

The history of the *Yellow Company* revealed how new businesses were created by merging core expertise with new ideas. Throughout time, it evolved from CDs to solar elements and then to eyeglasses manufacturing. Furthermore, the company was operating numerous independent business trajectories simultaneously for a while. In these cases of transformation, the *Yellow Company* was developing new parallel development trajectories while exploiting the core one. In order to reach possible business niches and future customers, it developed ideas and formed new, separate organizational structures, which were usually separate entities, in response to newly detected external stimuli that were converted to a new business concept.

Hence, organizations exhibiting proactive transformation competence are continually creating new development trajectory ideas. While exploring previously incubated concepts, they are continually ideating and iterating in order to discover new potential paths. By taking proactive actions, they are continually and effortlessly pursuing new directions and evolving into incubated ones. Ideation has become part of their daily business practice. This type of organization is adaptive, and it encourages natural bottom-up initiatives.

These businesses are prominently different from other researched cases in which the strategic management is more traditional, and only the upper echelon is engaged in ideation. Consequently, new strategic directions can only be introduced during periodic formal strategy updates in the course of

senior management formal meetings. As Informant BN 1 stated, it therefore happens very rarely (Quote No. 91). In these companies, the corporate strategy is determined at the top management level, with little or no involvement from the other parts of the organization. Typically, there is little adaptation, spontaneous initiative, or autonomy in such a company.

> *Quote No. 91: "Well, not often, but as I say, every year when we do an update, it can occur. But not infrequently."*

There is a lack of flexibility, consistent individual engagement, and organic growth of bottom-up initiatives. In companies exhibiting the proactive transformation competence, many different organizational parts and stakeholders are being involved consistently in environmental diagnosis and ideation. Hence, creative bottom-up ideas arise naturally in contrast to the top-down approach, where directions are allocated for delivery.

As a result, as the interview data revealed, in reactive organizations, this separation leads to a significant loss of the attention capacity in sensing the environment as well as momentum in initiating changes. As a result, the organization's ability to generate ideas and pay attention to its surroundings, as well as its motivation, suffers. Furthermore, these firms were found to have weak external connections, and, as a result, they often follow solely the trends and impulses identified at the top management level and are blind to other environmental stimuli.

According to the study's findings, a lack of ideation abilities can lead to not only missed opportunities, but also to forced organizational transformations when development limitations have been reached, or when significant risks are overlooked. The *Green Company* exemplifies how a major manufacturing modernization and capacity augmentation change project can be undertaken in the face of a potential threat to business continuity. In response to the pressure from large competitors, the organization embarked on a transformational journey. As Informant GN1 described, the industry has reached a stage where anyone producing less than a certain amount yearly will be unable to compete (Quote No. 92).

> *Quote No. 92: "There was a need to modernize, to modernize in principle because the equipment was worn out. Well, that prompted, accelerated all that decision-making, the fact that it was publicly*

announced that "we will either eat them, or they will have to close." There was no plan to give up, or close, either. We were forced to, so the decision is so twofold. From both coercion and need…"

Because of the heavy external pressure, the organization was unable to adequately incubate ideas for the creation of large organizational transformation potential which went beyond the technological components of the organization. Consequently, technical change has dominated, with little regard for the possible consequences on the culture and people. The result was that it was extremely difficult, and it was met with vehement resistance.

Regardless that, in this case, a new enthusiastic CEO joined the business immediately after the modernization. When he started with his agenda for change, while being eager to overhaul the business and its culture, he encountered the management board's reluctance to accept significant changes soon. The organization had become locked in the continuous improvement and effectiveness mode once more, thus disregarding the potential to explore new paths and initiate changes as a result. Even though there was an opportunity for proactive transformation, it was squandered.

The interview data suggests that a great amount of time and effort must be invested in order for complex organizational transformations to be accomplished. In the event that they are coerced, they are pushed through their resistance, which, in turn, damages social relationships and disrupts the established culture, thus creating a vicious cycle. Furthermore, it contributes to change fatigue. As a result, it will take time for the organization to recover to a point where it will be capable of making major changes.

Another extreme case is when the upper echelon team, or solely the CEO, is exclusively responsible for ideation, thus determining the company's trajectory and growth goals based on subjective intentions and analysis, beliefs, and ambitions rather than objective evidence. Poor corporate governance, in this case, ignores the reality that there is insufficient proof and rationale. Meanwhile, due to personal ambition, the CEO may be motivated to pursue risky initiatives in order to transform the firm.

In this case, the appointed leader may be more motivated to initiate change rather than see it through to completion. Due to the length of the implementation process for these strategic changes, one may even consider not working for a company until the execution has been completed. Hence, a lack of efficient corporate governance and control over the ideation stage may

set the stage for establishing and pursuing trajectories that are not the best option for the organization.

It is critical to retain alignment and keep the company's identity in mind when developing new development trajectories and guiding the organization down them. This entails avoiding alluring but out-of-step market niches which are notoriously difficult to resist. Organizations denoted by a strong sense of identity and a shared awareness of their core competencies have a higher chance of navigating unfamiliar situations and making decisions than those that do not.

As numerous informants indicated, even in organizations exhibiting proactive transformation competence qualities, the ultimate decision to undertake a strategic change is frequently influenced by subjective criteria as well (Informant YW1, Quote No. 93). Thus, these processes must be qualitatively managed in order to maintain a healthy balance of rationality versus irrationality.

Quote No. 93: "If it aligns with my inner philosophy.
Let us say that I believe it when I look to the future."

The findings indicate that the development of new pathways can only occur as a result of purposeful activities including the sensemaking of environmental stimuli. When it comes to discovering new trajectories, there are certain common company approaches to consider. For example, evaluating the market demand, projecting the market trends, and attempting to capture a share of the turnover by developing new products to meet that demand – these are all examples of consumer research. Direct conflict and competitiveness can be avoided by anticipating the sequence of technological advancements and attempting to design products and services that are compatible with the future technology. In addition, global leaders are being followed and scrutinized in order to find the potential development prospects.

Moreover, identifying new prospects based on the information gathered from the already existing clients is common practice. Furthermore, it is imperative to analyze competitors and their behaviors in order to gain a sense of a pulse on the market and foresee its evolution. This involves investigating the profitability of various sectors in order to determine the potential development directions. Collaborating with strategic partners to gather information and insights is one of the potential strategies as well.

It is important to note that just a tiny fraction of the sample firms have their own specialized research and development (R&D) departments or teams.

As a result, the leadership of an organization is typically in charge of all the listed activities. It presents an additional difficulty for the executives to manage the tension between the tangible organizational short-term KPIs, while successfully exploiting the current core development trajectory and resources, and at the same time exploring the potential future opportunities.

A variety of options for making sense of and translating the external stimuli into new development trajectories are available to businesses as a result of this. At this stage, however, it is the collective conscious commitment toward the finding of the trajectory that is key, and not the approach that has been selected. Efforts made by the organization to convert these inputs into useful and meaningful outputs must be consistent with this purpose. Those who are capable of making major contributions must be considered for involvement in this continuous initiative.

It should be mentioned that, as evidenced by the gathered data, for constantly and persistently strategizing leadership and subject matter, experts are required in order to discover new development frontiers and to create new transformational opportunities. Furthermore, finding the appropriate individuals inside the organization to be involved is essential. In addition, a company must have developed a broad network of corporate and social partners who could serve as information sources during the ideation stage or as strategic partners later on if an opportunity is being pursued to be taken advantage of.

Organizations that are part of a group may also benefit from the group's resources. This, however, is significantly more challenging due to the fact that there are sometimes conflicting interests and aims among different organizations. Therefore, the parent firm should be heavily and continually involved in the process of ideation and sensemaking, both as the leader and the manager of the process, in order to ensure that the process at this stage is successful.

Based on the gathered interview data, it is reasonable to assume that opportunities are frequently discovered by chance and serendipitous events, by being in the right place at the right time, and by meeting the right people based on the stories shared by the informants. However, only organizations understanding their core competencies are aligned toward the common goals, and they engage in continuous sensemaking and ideation; thus they would be able to multiply new development trajectories in a sustainable manner.

Expanding Ideation Capacity. The interview data analysis findings indicate that the organizational attention capacity is restricted. There is no

single organization that is capable of detecting and following all industrial and environmental advancements and changes. While conducting research, it was observed that external organizational connections allow for the collection of significantly more important signals. If they have been enabled, they can function as a vast network of sensory receptors for the surrounding environment.

Regardless of how many cues, impulses, and triggers have been received, the organization must make sense of them and prioritize them. Some can be ignored, while others must be continuously observed. For this reason, the capacity for ideation must be cultivated and maintained in order to be able to absorb that input consciously and continually.

An organization's goal may be perpetual vigilance, which would include recognizing and reacting to the received information, as well as developing ideas and insights internally. However, empirical data reveals that those businesses which are placing a strong emphasis on environmental monitoring through a formal process that is supervised and in which individuals are held accountable would reap the most benefits. The structure and formalization, on the other hand, are intended to foster creativity rather than to facilitate control.

The *Green Corporation*, for example, was observed to be thoroughly studying trends and making a concentrated effort to maintain a high level of environmental awareness and attention capacity outside of the organization's doors. Everything, however, is guided by a formal division of authority and cascaded responsibilities. As a result, there is a notably high risk of fragmentation and narrowing stemming from the division of attention among different roles, which could result in the dots not being connected (Informant GN2, Quote No. 94). Thus, an evident element contributing to the tendency of decreased attention capacity and span is the fact that institutionalized activities and tasks are given such a high level of formalization.

> Quote No. 94: *"We see that we only subscribe to what is very important to us and what can help us make decisions. We don't take all the traffic. There is niche information we pick up. Of course, I also have all kinds of production and technological communications there. But there are many of us. We share what information needs to be received, analyzed, and transmitted. So far, there is no such thing as, say, a communication with a specialist, and he kills that information in his drawer and does not*

Furthermore, the findings revealed that there is always considerable attention attraction to measurable and controllable indicators. If the organization's potential for ideation is uncontrolled, it will instinctively gravitate toward them. This propensity is especially noticeable during the times of crisis, when strategic choices can be easily changed. This is particularly true when the organization's CEO or very few senior management team members monopolize ideation and sensemaking. The failure to create and sustain ideation capacity eventually leads to missed opportunities or to the emergence of new crises, the warning signals of which were disregarded due to a solitary focus on operational metrics and efficiency (Informant GN2, Quote No. 95).

Quote No. 95: "There have been missed
opportunities. When the is a technical failure, and
we're standing there, and we all know we've missed
an opportunity, it's all gone, and we won't be able to
pursue it once more."

By engaging in personal interactions and close communication with personnel throughout the business, the senior management team and the CEO may strive together to ensure that the firm maintains the maximum possible degree of creativity and ideation capacity. Nevertheless, the resources and capacity that they have to do so are limited by the daily needs and issues of the organization and the changing nature of their own personal aspirations.

Moreover, there are excellent conditions for an increase in environmental apathy and organizational inertia to take place in this setting. Consequently, an organization's ability to establish new development trajectories is directly dependent on its ability to manage the ideation capacity consistently in a changing context.

Informant OE1 shared an experience that demonstrated how attention capacity might be degraded even at the highest levels of management (Quote No. 96). Communication channels have narrowed to non-regular interactions and shifted to *ad hoc* operational meetings from regular and frequent extended sessions with the board, which were also held for ideation purposes. Because of this, there was no longer any structured organizational foundation for

establishing new trajectories. Given the organization's observed limited capacity for proactive change, this could be one of the explanations for the lack of proactive transformation competence.

Quote No. 96: "These official meetings with the board were held once a week throughout the first year I started working, especially in the first half of the year. Apparently, until they got to know me and started trusting me, those meetings got less regular over time. Finally, no such meeting has taken place in the recent year and a half."

While newly founded businesses are bursting with creativity and passion, they usually face a fall in ideation output as operations, management, and employee numbers are growing. This is especially true for the firms that are growing in size. The formalization of their interactions causes the behavior of organizational actors and innovation to be guided by formal KPI and efficiency targets, which constrains their behavior and innovation. The ability to preserve organizational ideation capabilities through the initial employees and the team is, in fact, a possibility. This, however, is a short-term solution that will not be able to sustain the long-term development and expansion of the relevant company. Thus, it is critical to make proactive efforts to maintain and improve the firm's capacity to generate new business development ideas. For the long-term maintenance of proactive transformation competence, it is a necessary precondition.

Instead of focusing on the future growth potential, the ability of organizational management to think creatively may be channeled toward maximizing the added value now by improving efficiency or cutting expenses. This is a risky venture. This could be advantageous to the company in terms of meeting its short-term goals. While this appears to be a great step forward, it may once again prevent the significant potential for proactive organizational transformation from emerging. Under many circumstances, reckless continuous improvement initiatives exert negative influence on the potential to discover new development paths, thus reducing the ideation capacity.

According to the findings from the interviews with organizational executives, bureaucracy and hierarchy have a major impact on organizational creativity. There are numerous examples of organizations in which the potential to innovate has been significantly curtailed as a result of a rigid hierarchy and subordination. In these organizations, the ideation capacity is

structured and supported from the top of the hierarchy all the way down to the lowest levels.

Case histories also revealed that CEOs usually consider themselves to be time-constrained professionals who derive value exclusively from strategic and tactical operations which increase the system throughput and efficiency. Expanding ideation capacities, they believe, necessitates committing time and resources that may not yield a return during their term in the position. As a result, they concentrate their efforts on creating "*real*" value today rather than on "*intangible*" future directions. As a result, their organizations are designed to follow them in this approach.

The following quote (Quote No. 97) is an excerpt from a remark made by Informant GN1, the new CEO of the manufacturing firm in this research called *Green*, who is laser-focused on growth and business outputs, as well as on manufacturing effectiveness. When asked about the long-term strategic ideation techniques and the value gained from them, the informant indicated that the value of ideas must be considered in the short term, as the long-term perspective is unpredictable, as is the duration of one's career in the company.

> *Quote No. 97: "Because I am a hired manager, I evaluate them as a person in terms of how much value they would bring to me as a manager. I don't see much benefit in that, because the unpredictability over the next five years is enormous."*

When the same question concerning the drivers of organizational change was posed to Informant GN2, the Chief Financial Officer of the same company responded in a manner that was identical to the first informant (Quote No. 98). In particular, the upper echelon is concerned with, and dedicated to the organization's continuous development and enhancement that is controlled through rigorous project portfolio management. It has not changed much, as they are focusing on the biggest wins in the short term. Hence, it is evident that such an approach has the potential to pervade the entire organization, thereby limiting the ideation capacity to a relatively short-term perspective. Therefore, organizations are unconcerned about the long term as there is a pressing need for rapid outcomes for them.

> *Quote No. 98: "All of these changes are characterized by growth. We're still going in the same way we planned in the eighteenth year. We've seen great gains in recent years, a significant difference in certain areas, as well as in production. We don't even take a day off from working on projects. We have a roadmap for at least a year and a half, and we've established a list of investments that we're putting into execution."*

Hence, as the interview data indicates, as a result of a company-wide culture of continual improvement and innovation, the employees and the top management are growing increasingly estranged from one another. When there is no other purpose in mind but to improve profit and effectiveness, it is the role of the managers to innovate and create visions. They delegate to their subordinates the obligation to continuously improve and accomplish more with fewer resources. Thus, as a result of this division, both organizational sensemaking and environmental sensing capacity are greatly diminished.

According to the exemplary comment of Informant BN1, the CEO of the multimillion-dollar manufacturing *Black Company*, these businesses purposefully focus employee attention on improvement ideas and innovation based on two criteria (Quote No. 99). First and foremost, those that have the highest value and, second, those that can generate it in the quickest amount of time.

> *Quote No. 99: "We're attempting to direct personnel to areas where they're most likely to realize those benefits the quickest."*

Furthermore, concentrating primarily on the daily operations and short-term objectives erodes organizational ambitions and reduces the organization's potential to execute significant change in the long run. These initiatives become increasingly difficult to justify and allocate resources to as a result of the operational thinking limits and stringent efficiency objectives being imposed upon the organization. When the focus is on rational and quantitative reasoning, the long-term benefits and potential new development directions are often missed in the shuffle.

Furthermore, executives are typically overloaded with issue-solving and day-to-day tasks, which means that ideation is pushed way down to the bottom of their priority list, and it thus receives less attention. Even when the necessity of ideation is evident, as indicated by Informant GY1, the owner and the chairperson of the board of directors of the *Grey Company*, the rigors of everyday operations provide little time for it (Quote No. 100).

> *Quote No. 100: "I am probably the person most responsible for those things in our organization. Now the agenda fails to systematically allocate time for this. This is probably a separate issue, and perhaps a more personal one. It is not always possible to reconcile and allocate systematically between those different responsibilities."*

Additionally, this highlights one of the most perplexing organizational paradoxes: managers, although conscious of their limited capacity for environmental sensing and limited attention span, tend to concentrate organizational attention and ideation responsibilities on themselves and a small number of other executive-level employees. Because of this, the organizational ideation capacity tends to fluctuate according to the personal agenda, and it eventually runs the risk of being neglected by the management.

Hence, the personal characteristics of the upper-echelon individuals, board members, CEOs, and senior managers serve as hurdles or enablers to motivation and the development of the ideation capacity. Furthermore, when a company grows in size, its ability to pay attention to and interpret external cues gets reduced if it is not balanced, which has a direct impact on the potential of proactive organizational transformation initiation.

Furthermore, when confronted with a crisis or major challenges, organizations with scattered attention and a low ideation capacity are compelled to prioritize survival above everything else. The lack of these capabilities may prevent all other possibilities from being recognized for an extended period of time. Thus, these downturn periods will not only have an impact on the organization's current efficiency but will also reduce its long-term potential.

The findings of the research also demonstrate that, in addition to individual characteristics, the composition of teams and units within an organization is important. Collective and collaborative efforts are critical for the ideation process. Consequently, the efficacy and strength of the social ties,

as well as the internal culture of the company, have a considerable impact on the effectiveness and strength of these efforts. For instance, according to Informant OE1, the CEO of the *Orange Company*, the board of directors in his organization has little expertise, knowledge, and capacity for ideation, sensemaking, and strategizing due to its composition of members with narrow areas of expertise (Quote No. 101).

> *Quote No. 101: "Again, while the board of directors should typically make strategic decisions for the company, this is not always the case. It depends on the composition of the board. If there are true professionals on the board and knowledgeable individuals, it is certain that it can be done. In this case, our board members are specialists, but not particularly in this field."*

On the opposite end of the spectrum is the leadership where innovation and creativity in the pursuit of *future* directions is valued more than the financial return and operational performance *today*. This mindset provides the possibility for the entire organization to develop innovative thinking and explore new opportunities continuously despite the changing circumstances.

The case of the *Red Firm* serves as an example. This international corporation which employs thousands of people and runs operations in dozens of countries is governed by an owner who places a larger value on creativity than on production efficiency and throughput (Quote No. 102). This brings the entire organization into alignment and makes it possible to generate new ideas for change on a consistent basis. Thus, the organization is successfully thriving toward new development trajectories constantly.

> *Quote No. 102: "I want a different system of management. I want to approach it creatively. I consider myself to be a creative person, and I believe that business is about more than just the business itself. For me, it's all about opportunity discovery, idea generation, and experimenting."*

Evidently, investing the organizational resources in activities aiming to create rather than manufacture more through the organizational manufacturing

throughput is the first step in encouraging and developing ideation in the company. Furthermore, setting an example and aligning the organization around ideation requires a great amount of personal effort on the part of the management team. Expansion of the ideation capacity through increased employee involvement, the establishment of connections and partnerships for collaboration and knowledge exchange, and the promotion of creativity through broadening perspectives, risk tolerance, and courageous investment in the long-term strategic goals are all attributes of organizations possessing proactive transformation competence.

As a result, few organizations tend to pursue this complex aspiration. In most cases, failing to pay close attention to the environmental signals in a proactive manner is justified by the argument that it is a time-consuming task with no visible benefits. As a result, proactive actions are continually postponed. Due to the fact that these organizations are not developing alternate future trajectories, they have fewer alternative avenues to transformation and fewer options for enduring crises and environmental shocks.

Hence, developing the proactive organizational change competence will demand a significant transformation in the way the business is conducted. The research reveals that consistent and persistent management and capacity development is required to ensure that ideation is continuous and fruitful in its outcomes. Maintaining the proper balance between the process management and the development of organizational culture, engagement, and motivation inside the organization is crucial to the organization's overall performance and sustainable development.

As per the interview findings, the top management must play a direct role in the process of establishing and maintaining relevance so that to ensure that sensemaking and ideation remain robust and ongoing throughout the organization, even during changes in management. It is critical that process management is designed to support the continuous growth of ideation capacity, and maintaining a constant state of attentiveness is essential for the sake of achieving this goal. Therefore, the top management must actively participate in the process, and thus ensure that the process is purposeful and that sensemaking and ideation continue to thrive. This will help to establish a resilient and continuous ideation process which would remain effective, even during the times of management transition.

It is essential to establish and maintain a network of reliable partners and strategic customers so that the relationship is not only transactional but also organized in terms of the flow of insights and opportunities. Knowledge is handled in order for it to be gathered and sensitized, and for decisions to be

made efficiently. A large network of engaged actors and a well-managed ideation ecosystem would prevent a decline in attention to environmental sense-making and ideation. Moreover, the lack of discipline, competence, and integrity of an individual or a group would become less of a hindrance. Eventually, this would assist in the establishment of a daily agenda and a habit that would aid in driving a change-focused and ambitious organization.

Hence, the interview data provides evidence that the development of an organization's ideation capacity needs a major time, resource, and effort commitment. As it is a time-consuming and costly endeavor, most organizations do not consistently pay proactive attention to the environment. Paradoxically, by focusing solely on the operational efficiency and continuous development, they jeopardize their long-term viability by passing up opportunities to initiate transformations in a timely manner, achieve success, and ensure their firm's long-term survival.

3.2.2. Iteration

The analysis of data revealed that the key to proactive organizational transformation is to take incremental steps toward new directions. The *Iteration* phase, which follows the *Ideation* phase, aims to broaden the horizons and generate new development routes that would concentrate on previously unexplored industries, markets, and regions. Nonetheless, research demonstrates conclusively that no company can be confident from the outset that expansion into new sectors would result in a strategic change. Rather than focusing on bringing about change, organizations are driven by the exploration process itself. Hence, within this phase, organizations develop new potential business models from ideas and concepts by constructing, evaluating, and improving them in multiple iterations until a viable business model has emerged (Figure 15).
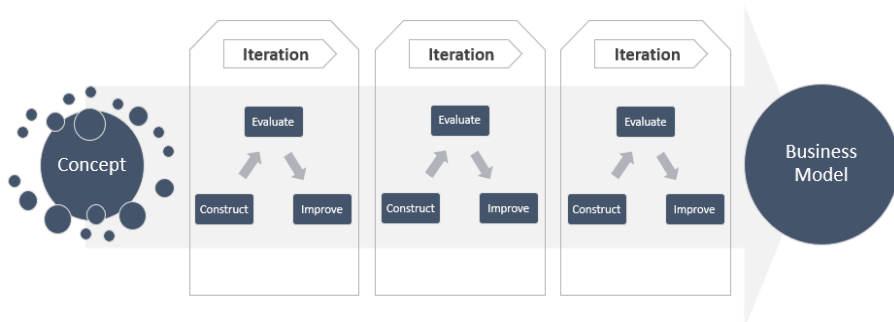

Figure 15. **Proactive transformation initiation process: Iteration phase** (Prepared by the author)

The subsequent paragraphs of this study offer a comprehensive analysis of the collected evidence that gave rise to the sub-category of *Iterating*. Along with presenting the research findings, observations, and evidence, the researcher utilizes the interview data to illustrate organizational behavior patterns and elaborate on the three associated concepts (*Experimenting*, *Guiding Exaptation*, and *Emerging*). Additionally, the open code list for this sub-category, provided in Annex 10, provides compelling evidence for the emergence of key concepts. These codes were generated through the analysis of interview data, and they played a critical role in interpreting the findings, identifying the common themes and patterns, and addressing the research question. Table 13 outlines the organizational attributes and associated strategies which emerged from the research as potentially enhancing a company's capacity to establish deliberate movement along a prospective business development trajectory and facilitate the action interaction throughout the process.

Table 13. **Iteration: organizational attributes** (Prepared by the author)

Iteration	Organizational attributes
Experimenting	1. The top echelon has the tools and methods necessary to monitor and participate in processes in real time
	2. Mechanisms for getting market feedback are established
	3. Numerous techniques for experimentation and innovation are utilized
	4. The approach is established for building temporary teams
	5. Collaborative consensus decision-making is the rule
	6. Creativity receives strong support from the senior leadership.
	7. The company is using an existing allocation mechanism to facilitate and transfer key competencies on demand
	8. There is a rewards and recognition system in place that adapts to the changing goals and orientations
	9. There is a high-risk appetite
	10. Risk, issues, and opportunity management is conducted in a systematic manner
	11. Dedicated research and development capacity

Iteration	Organizational attributes
	12. Systematic application of agile management practices
	13. The top management has the tools and methods necessary to monitor and participate in processes in real time
	14. Internal communication is methodical, with the appropriate tools, processes, and channels in place
Guiding Exaptation	1. A comprehensive resource management system is established
	2. A comprehensive system for managing the workforce is established
	3. Tools and processes for project-based collaboration management are put in place
	4. Competence and capabilities in the portfolio, program, and project management are developed
	5. Agile methods and iterative project management methodologies are being used
	6. Those management processes and governance structures that are mature and adaptive
	7. There are mechanisms in place for making decisions based on evidence and data
	8. Advanced level of competence, experience, and talent in change management
	9. The culture of experimentation is embraced by the organization
	10. An organization has access to a large network of subject matter experts
	11. Creation of multiple future scenarios and utilizing foresight techniques in a systematic manner
	12. Throughout the organization, self-organization and autonomy are fostered
	13. Tools, processes, and KPIs for real-time monitoring and guidance of activities are devised
Emerging	1. The management system and organizational cultural demand agility and adaptability are observed
	2. A distinct core development trajectory is identified, along with long-term and short-term objectives

Iteration	Organizational attributes
	3. Core capabilities and competencies are recognized and continuously enhanced
	4. Data and knowledge management system is established
	5. Multiple development pathways are monitored and developed systematically
	6. A phase-based process to manage the emergence and development of organizational changes is established
	7. There is a continuous development of strategic alliances and partnerships
	8. The organization is highly conscious of and able to influence the ecosystem in which it operates
	9. Employee engagement and collaboration are monitored and managed to maximize potential
	10. A culture of openness, cooperation, and transparency exists in the organization
	11. Ambidextrous top-echelon teams and managers

Experimenting. The key to solving the proactive organizational transformation puzzle is to take incremental actions toward new directions that were developed during the ideation phase rather than focusing on a particular future state vision. The ideation phase expands the horizons and creates new development paths focusing on the previously unexplored areas, industries, and markets. Thus, proactive transformation requires continuous recalibrating and assurance that the selected path is the right one. Additionally, no one can be certain from the outset that exaptation into new areas would result in strategic change.

Furthermore, when businesses are leaning in a new direction, they take concrete steps to construct a new business model, service, or product that will distinguish them from their competitors and the current development path. A consequence of this is that the process phase begins with experimenting and gathering feedback.

Organizations that go through numerous changes and employ a number of diverse approaches to develop new paths demonstrate extraordinary resilience and are willing to experiment on a regular basis. For example, the manufacturing *White Company* went through five years of trial and error before coming up with a viable electric engine solution that ultimately

succeeded. Furthermore, it developed twenty-two prototypes of an electric bike gear before finally settling on the ultimate version of the technology. As Informant WE1 stated multiple times throughout the interview, organizational perseverance is critical in this context (Quotes No. 103 and No. 104).

> *Quote No. 103: "What helps is mainly perseverance, I believe. Guess how many times we had to modify that gear? We were disappointed 22 times, and this was the most difficult struggle for me."*
>
> *Quote No. 104: "We spent all of our profits on truck production for five years. We just agreed not to count and not to feel nervous at some moment."*

Companies must devote time and effort in the pursuit of a new idea or opportunity in order to establish new business development directions. The approach used by enterprises with proactive transformation competence to this quest distinguishes them from other businesses. To them, this entails putting together temporary teams that are solely focused on concept development and the transformation of abstract notions into actual services or products.

Furthermore, during the course of these experiments, these organizations would put up significant effort to examine the viability of future organizational changes that may occur. These assessments are intended to determine whether the organization has the essential readiness and potential capacity to execute the transition. Furthermore, as Informant RD1 noted, organizations prefer to consider these attempts as a continuous process that takes place throughout the company and base their success on the overall success of the organization rather than a specific experimental stream (Quote No. 105).

> *Quote No. 105: "There are frequently experiments in which we predict, for example, how much we should produce to load the line in general, say, how much capacity we have, how much product can be sold in the market, what is happening in the market in general, what the competitors are doing, or whether there is a new product in general, or it will fall into the category, and we will have competitors. It is always more of an experiment, and I believe that if more shots are hit than missed, those tests are*

worthwhile. Because you can't always foresee how the market will react, and it's possible that you won't hit at all."

Time and resources are also frequently spread between a number of experiments until the transformation process has begun and the new organization has been established. During the iteration phase, it is also necessary to maintain the proper control over the core development trajectory. Following that, it is necessary to relocate the temporary team to focus on increasing the activities of the newly established business in the future. According to the findings of the study, organizations with proactive transformation capabilities do not seek to dismantle and reintegrate these interim structures into the core trajectory of development. They actually do the contrary, i.e. they attempt to create the foundation of a new business around them.

Therefore, constructing these teams and expert groups in such a way that they are really willing to experiment and iterate continuously and persistently in the face of severe ambiguity and uncertainty is crucial. The motivation and shaping of these temporal structures is essential in order for them to be capable of being reoriented quickly while thriving toward a changing end goal at an uncertain time in the future while also exhibiting the highest level of creativity and teamwork possible.

The development of an organic culture of ideation and iteration in which resources and people are not completely dedicated to certain responsibilities – but instead are being continuously shifted between the core activities and innovative work on new development trajectories – may appear to be a highly attractive option for businesses. However, the bulk of the observed organizations clearly illustrate that company inertia prohibits long-term employees from devoting their full attention to temporary innovative activity. Furthermore, managing the transition between positions takes a significant amount of time because it causes distractions and reduces employee focus and motivation. Those organizations which are able to distinguish between these processes are more likely to be effective in proactively initiating change.

Making mistakes and squandering valuable resources and time are two hidden dangers that might occur when attempting to rank ideas based on their anticipated value. Future development paths are, at their core, speculative in nature. Favoritism based on the expected future worth may, as a result, actually prevent selecting the riskiest options. In this way, pursuing these safe paths will not result in transformational change, and the most valuable

contribution of resources dedicated to generating alternative possibilities will be forfeited in the process.

As a result, businesses with a high tolerance for risk and confidence in their ability to generate new ideas prefer collaborative decision-making in which the top management's rational viewpoints and judgment are balanced against an agreed-upon adequate risk appetite. Collaborative decisions and risk tolerance ensure a seamless progression of ideas in the course of the experimentation process. Additionally, it enables the company to operate at top speed during iteration cycles. Informant GY1 provided a detailed description of his company's idea prioritizing process which excludes long-term, high-risk, and abstract ideas, by delivering the following example (Quote No. 106). With this approach, no innovative concepts that have the potential to transform the company will ever be developed or selected.

Quote No. 106: "We create a bank of such ideas, which the committee then considers. We start with the best, lowest-hanging fruits, which are the cheapest and quickest to implement. Of course, we filter out the most significant, best, and greatest potential ideas, which cost more or take longer to implement, and include them in the strategic projects table, and also implement them."

On the contrary, companies that have acquired transformational capability continuously experiment with many concepts concurrently. Moreover, a considerable portion of their immediate and main attention is directed toward the most significant and high-potential ideas that are also the riskiest to explore and engage in. They dispel uncertainties and impediments to the ongoing development of new trajectories and transformational opportunities through collaborative consensus decision-making and strong leadership support from ideation to iteration. Informant WE1 shared a remark which exemplifies this concept perfectly (Quote No. 107). Co-decision catalyzes the movement while also ensuring long-term engagement and effort.

Quote No. 107: "You're not going to do it yourself, after all. There must still be a team to accomplish the work."

Therefore, regardless of how confident the organizational leaders are and how much they trust their own ideas and judgment(s) in firms where transformation competence has been established, they are constantly seeking confirmation and collaborative decision-making from the management team in order to move forward. They are attempting to build on each other's enthusiasm and drive in order to steadily explore and develop a new business concept.

An extremely high level of synergy and alignment around the same purpose and direction is essential in order to encourage one another as well as to avoid disappointment when numerous attempts have failed. Furthermore, collaborative decision-making processes in a firm preclude choosing new growth paths for iteration only based on CEO ambitions and aspirations, which may be the product of personal goals and a desire for speedy outcomes in a temporal position.

Companies may also conduct some type of experimental study during the ideation phase so that to determine whether the emergence of a new direction is realistic. As a result, it is common to undertake a study of possibilities in which an attractive hypothesis or idea is investigated. Then, they ask themselves: *What is the valuation, how much potential does it have, and how competitive is the environment?* Following the ideation phase, a firm may begin testing specific services and products or developing early-stage business model concepts based on the conducted research. As Informant RD1, the CEO of the *Red Company*, pointed out, no new phase can begin until the previous one has been completed (Quote No. 108).

> *Quote No. 108: "After all of this has been completed, such analytical work is followed by some degree of prototyping or development based on the conducted research. And when we recognize the potential, when we believe we can get there and succeed, we assemble a core team that is creating, constructing."*

Additionally, regardless of whether the ideation phase used a formal analytical approach, or intuition and brainstorming, the iteration phase must be followed by persistence and consistency in iterations until tangible products or service prototypes have been developed, and tests or market feedback confirming the idea's validity and potential has been gathered. Furthermore, firms are confronted with the decision of whether to prioritize time or team capability at this point. A large amount of time may be spent

throughout the iteration stage till the new ideas have been verified by assigning key experts to work on them and granting them the necessary authority and freedom to do so.

Despite this, it will be significantly more expensive. Second, these professionals will be transferred away from their current roles in the core business development. Because of this, expecting high-quality iteration execution from the assigned team in a short amount of time is only realistic when the team is comprised of individuals who have the appropriate experience and knowledge. Moreover, the systematic use of agile management concepts enables the efficient management of this process. Without the essential changes and commitments, organizations will be restricted to only incremental and negligible improvements in the development and implementation of their strategies and plans.

Without a doubt, executives or the CEO alone may generate, develop, and initiate important strategic changes without going through iterative cycles of evaluation and adjustment. However, if an organization adapts to this approach, it will be ill-equipped to handle the transformation. Even while management meetings, planning, and brainstorming sessions are standard components of change initiation, they would still be considerably less effective and would result in constant change redevelopment, unplanned expenses, and failures in the implementation phase.

A number of cases prove this. *Yellow* and *Brown* organizations seek organizational changes to implement innovations very quickly, although almost all of them are initiated by the organizational leaders and executive teams without sufficient iteration and incubation. Priority is given to speed above (and at the expense of) analytics and research. In terms of the project execution, they both suffer from a low rate of success. The *Yellow Company* faces issues because the resources for the iteration phase are not entirely dedicated, whereas the *Brown Company* suffers because it completely skips this step.

Meanwhile, expecting high-quality idea implementation is only possible if the strategic change initiation process has progressed through all of its stages. The company has been adequately prepared for the initiation phase of the process. The change has been well conceived, with adequate time and expertise efforts. The remark made by Informant YW1 neatly summarizes this scenario (Quote No. 109*)*.

Quote No. 109: "Implementation is a weakness."

Another pattern of organizational behavior was discovered in the course of the research of multiple organizations. Certain businesses are experimenting by bringing inventive new ideas to the market right away rather than by initially incubating and testing them. As a result, the time to the market is cut in half. However, if these efforts and investments do not produce the expected results, they may result in costly disappointments, thus creating opposition to future change initiatives and causing stagnation. Surprisingly, this fast method is frequently employed for both minor product and service development and substantial organizational changes.

The empirical data highlights a noteworthy finding that a significant degree of resistance to the idea is observed during this phase. This resistance may be influenced by the composition of the team assigned to the task. It is crucial, therefore, for upper management to be proactive in selecting team members and vigilantly tracking their motivation. If overlooked and not properly managed, this resistance can pose a significant threat to the success of the entire process and its implementation.

On the other hand, interview data also indicates that employee burnout may arise, if projects and experiments in the iteration phase are driven solely by the personal motivation of employees and they do not receive sufficient external support from the top management. Such a story of the *White Company* is illustrated by Informant WE1 who gave a corresponding statement (Quote No. 110). Under these conditions, new business model and trajectory development efforts may be stymied as a result. Therefore, expectations and efforts must be crystal clear and balanced in order for the process stage to be successful.

> *Quote No. 110: "Currently, all of our projects and products are driven by the individual initiative of each employee – which is not good."*

Furthermore, it is critical to emphasize that the interpretation of interview data implicates that, at this stage, there may be two potential sources of organizational opposition to the emergence of new business models. The first is the assigned team, and the second is the other side of the organization as a whole. The first one's causes are due to its composition and management. Meanwhile, the latter stems from resistance against new business concepts for a variety of reasons, which involves lack of attention to the arising issues and priorities, a hazy perspective, lack of information, and a range of other factors.

It must always be kept in mind in order to protect the potential for the iterative development of new business models.

There might also be a desire to push ideas through resistance and implement the change without proper iteration and incubation when the assigned team resists the idea of change. However, this is a risky strategy since the desired result may fail to be achieved, and the team energy and enthusiasm may be depleted to the point where they become resistant or apathetic to any new ideas. It is clearly exhibited in the case of a manufacturing firm, the *Black Company*, which executed strategic transformation in order to pursue a new healthy food production trajectory. The team resisted change and failed to achieve the anticipated outcomes because the iteration and incubation stages were ultimately not completed.

The firms displaying proactive transformation competence, on the other hand, are better able to avoid or handle opposition than their competitors. They have established tools and strategies for systematic internal organizational communication in order to engage the audience and obtain support and visibility. Hence, after failing in the first iteration, they are resuming the experimentation process with new perseverance and drive. It separates them from others who give up after the first setback or are unable to involve the entire organization in the creation of new business development trajectories and manage the resistance.

It is critical to emphasize that the observed organizations create temporary teams in two different methods during this phase. In the first instance, personnel of multiple organizational divisions is brought together to form temporary teams that are allocated to the project and report to the project manager, all the while continuing to carry out their primary responsibilities and reporting to their immediate supervisor.

By contrast, when the qualitatively distinct approach is used, resources and subject matter experts are committed to a project from the early ideation phase through the iteration, incubation, and initiation phases. They report to the executive committee, which is responsible for strategic management and project portfolio management, via the team manager. These organizations allow temporary teams to be formed from pooled resources for the sole purpose of pursuing urgent and vital ideas.

With this strategy, the company maintains a laser-like focus on the creation of new business trajectories, spends more but gains speed, and is able to maintain the greatest pace throughout the iterations. It is also essential to note that only one team may work on a single idea at a time, or else a highly intense internal rivalry will be spawned. The use of a range of diverse tactics

while working on various trajectories may enable teams to compete in a healthy way. It must be emphasized that the leaders of businesses with the ability to continuously initiate transformations recognize and thoroughly evaluate these challenges. The statement made by Informant RD1 perfectly exemplifies this (Quote No. 111).

> *Quote No. 111: "If you need something done quickly, you can gather a virtual team committed to the project and put out the fire, and then everyone can return to their normal job. But these things are bad, unacceptable, since they throw the team off track unless there is a great level of motivation. It has to be a highly inspiring and exciting idea, otherwise forcing them to pursuit it is a tremendous demotivator."*

More importantly, while the ideation phase may be initiated only on the basis of intuition and confidence in an idea, iteration is grounded on the research and development of best practices, as well as the successful implementation of experiments and pilot development. In summary, the core idea is introduced first, and the iteration phase begins when an organization has recognized a potentially open area to which it intends to move by committing to exploration through experimentation. When the decision has been made to explore it further, it becomes a concept that is being pursued and developed throughout the iteration phase.

However, at the end of the day, all concepts and trajectories must fit with the company's strategic goals and purpose. The iteration phase should provide a clear image of the near future as well as a long-term view of the pursued trajectories. The top management team must analyze and simulate how opportunities and strategic directions may be realized, stimulate and control their development, and prioritize constantly, and also actively oversee and control the appropriate distribution of the organizational resources.

Based on the interview data, at this point, the primary impediments to pursuing the potential transformation opportunities includes a low-risk appetite for R&D and experimentation, as well as the possibility of a high failure rate across multiple iterations, thus limiting pursuit to mature ideas with a high-profit margin and a high return on investment. They routinely cease the iteration process due to the ever-increasing costs. Additionally, it precludes them from attempting re-starts in the future. Instead of being motivated by a desire for immediate gratification rewards, organizations

demonstrating the ability to navigate perplexing experimental processes in order to meet the requirements of potential future development areas are driven by a strong focus and aspiration to achieve an advantage in the future.

One option, leading to new development trajectories, is to take one step at a time and come up with short-term alternatives for each milestone along the route. This is the process of iterating toward new directions. Meanwhile, strategizing for future open business sectors and directions, as well as establishing a new business model concept must be carried out until the necessary change prerequisites have been met. Until a firm choice has been established, and a development scenario has been discovered, the key to the process is to keep experimenting and developing alternative products and solutions while continuously gathering feedback from partners, clients, and the market.

Guiding Exaptation. Research findings indicate that proactive organizational transformation is the outcome of an unambiguous and intentional reassignment of the function of the current organizational resources to the new development trajectories. Resources and competencies that already exist inside an organization can be repurposed to develop new organizational features, products, and services. It is not the consequence of haphazard environmental selection and accidental organizational adaptation, but it is rather the result of deliberate guidance toward exaptation.

Once an open area has been discovered, it is critical for the organization to move continuously and relentlessly toward the horizon in smaller manageable increments. To achieve exaptation of a new possible organization concept from the current organizational development vector, it is important to continue iterating while maintaining the core development trajectory's direction and control. As illustrated by a statement of Informant RD1, sustaining a continuous iterative approach is essential to find the best solution (Quote No. 112). Hence, establishing the methodologies, structure, and processes is critical in order to have instruments to guide the exaptation process.

Quote No. 112: "There are failing initiatives and businesses that you improve. We concentrate on what has failed and make it work. If it does not meet the customer's expectations, we do it according to expectations, change it, and make changes all the time. All products and services are not developed

251

perfectly the first time. Perfection knows no bounds.
That signifies that you are continually improving."

During this stage of the proactive transformation initiation process, an organization is making significant strides in new directions as a result of its fundamental strengths and capabilities. Therefore, the core development trajectory serves as a foundation upon which the organization's future growth and development can be based. It is feasible to facilitate exaptation by exploiting resources, competencies, and creative energy that have been accumulated over the development of the core development trajectory of the organization.

Accordingly, as per the interview findings, unless the necessary potential has been recognized and developed, shifting the organizational focus and resources to the exploration of other areas will be extremely difficult. Organizational expertise, as well as the distinct potential of new capabilities and competencies, is built with each stride in a new direction. As a result, finding the right balance between the development of the core trajectory and the guidance of the exaptation of a new one is critical for organizations.

There is a tremendous deal of ambiguity about how things will unfold in the future. Because of this, persons in positions of leadership are faced with the difficult task of managing this uncertainty. The formation of a new development pace is aided by gradual stages that are properly controlled, involving short-term goals, and promising quick wins. In this way, stumbling on new paths is associated with the inability to manage the delicate balance of stakeholder tensions and interests, maintain control over teams in the face of uncertainty, or maintain the commitment and development pace that is essential to make progress. In addition, it is critical to have consistent and mature management processes and governance structure since it is critical not only to implement ideas but also to be able to discard them as soon as they are discovered to lack sufficient potential.

The case of the *Pink Company* demonstrates how this incapacity to make informed decisions and evaluate progress may trap businesses. The company was able to forge a new development path in a relatively short period of time. It immediately entered the mineral water sector while also producing a number of other beverages. A new business, a new market, and a new set of clients have left this company struggling to run it.

As a result, an organization needs time to adjust its own structures and processes to the new demand. The threats that could have been predicted were not taken into account. The absence of a framework for making confident

decisions based on evidence and data presented a problem for the company. Consequently, the new operations were not completely prepared when they began when they were supposed to be transformative capacity and able to significantly boost the whole business. As Informant PK1, the CEO of this organization, stated, the organization's management regrets its decisions and missed opportunities to prepare more effectively today (Quote No. 113).

> Quote No. 113: "It's time to assess whether all has been accomplished here. But it's unlikely. Because, for example, three years ago, we built a mineral water plant, where a whole new business was launched. We now agree it would have been better, that we would be stronger without the water."

Hence, a certain spectrum of management skills, as well as the leadership commitment to the process over an extended period of time, are required. Even though companies may thrive at ideation, if they fail at iteration, or ignore other phases, observations imply that they will almost certainly fail at transformation. It is highly likely that the creative process itself has played a significant role in inspiring these organizations. They have the ability to complete the development and implementation of a new product, service, or organization from start to finish. Such a company will commonly be capable of completing the implementation process, and the execution of the final initiation phase may be considered a substantial accomplishment for the time being. However, those outcomes will almost certainly fall short of the anticipated return on investment and long-term benefits.

As a result of the findings of this study, a fundamentally new perspective on the phenomena of organizational transformation is provided that has previously been established in the earlier research on organizational transformation. The outcomes of the research emphasize the importance of managing the process of initiating strategic transformation from the outset, i.e. from the moment the idea arises. They give evidence that is critical not only for the following successful implementation of the change but also for the overall impact and the long-term sustainability of the organizational change.

Additionally, they present a compelling case for benefits realization planning to begin within the iteration stage of the process of initiating a strategic transformation. That is also sooner than the current practices and organizational studies have asserted as a starting point. The exaptation leadership is gaining more organizational expertise about the new path as the

exaptation progresses. Besides that, it may be used to confirm the feasibility of changes as well as their potential benefits, and it can be used to aid the organization in managing, arranging and prioritizing its change project portfolio from the outset.

This way, those firms which manage ideation in an organized and systematic manner and then drive iterative exploration of new alternative pathways by rigorously guiding exaptation have the capacity to develop the potential for proactive transformation in their organizations. In contrast, those organizations which have had less success in transformation frequently believe that the quality of a change program can only be determined after it has been executed. The following comment, provided by Informant BN1, serves as good representation of this point of view (Quote No. 114).

> *Quote No. 114: "We have an infinite number of initiatives. We set priorities. Some succeed, while others fail. There isn't a lot of art in it. That's the management of each individual project. To execute it fast, on time, within budget, and so forth. However, only time can tell whether the project's concept is excellent or bad."*

Also discovered through the research was that these organizations are also frequently capable of implementing even the most complex strategic changes. They have recourses, strong leadership, experience, and skills in managing the change process itself. However, the observed cases illustrate that, despite the mature change management competence, the transition will almost always be more difficult, more costly, it will take longer, and generate more opposition when the initiation process is being overlooked.

Furthermore, in these organizations, this process often turns into a reactive shift to solving the issues, mitigating risks, or even saving the firm, which is contrary to the organizations which manage the initiation in a repeatable as well as controllable manner. Guiding exaptation of new development trajectories by taking proactive tangible measures sets the solid foundation for proactive change initiation by increasing the organizational readiness and capacity for change.

Thus, as the interview data indicates, when experiments are conducted by newly formed temporary teams, they provide an opportunity to choose which concept of the idea is the most appropriate. Later on, organizations with proactive transformation competence expand the number of individuals involved in a particular exploration of the exaptation trajectory and conduct a

thorough analysis and validation of the potential project's viability, as well as evaluation of its transformative capacity.

Additionally, they guide these efforts toward the creation of a concrete vision for the future business model and the current organization within it. Organizations with proactive transformation competence demonstrate a high level of diligence throughout this stage, by devoting time, resources, and management attention. Following these actions and efforts, the development of the test models and pilot projects that may be utilized to validate concepts with clients and partners may be the outcome (Informant RD1, Quote No. 115. This provides the company with a significant advantage because it can accurately estimate the trajectory's potential and its own ability to transition to new business models.

> Quote No. 115: "In other words, some type of pilot activity that would eventually determine whether there are opportunities. This is essentially a feasibility study in which we determine the value of the idea, its potential, and the competitive environment."

Based on the interview data, businesses can create teams in a range of configurations that best meet their specific needs. However, a team with a diverse range of experts who are fully committed to developing the concept is likely to produce superior results. It was noted during the interviews that dividing one's time between multiple pursuits can be counterproductive, thus increasing the stress levels while simultaneously decreasing the productivity and commitment to the project.

Consequently, a business that has a sizable network of subject matter experts at its disposal is better equipped to advance more quickly under these circumstances. It is possible for organizations that are part of a larger group to pool their resources in order to form a task force that can investigate alternative transformation solutions. Customers and business partners may also be involved in the ongoing conversation. Even though broad inclusion has the potential to be beneficial, it still requires the ability to manage stakeholder expectations and engagement.

Exaptation of the potential business trajectory will be achieved by developing new business models, scenarios, and alternate pathways to create a market footprint and occupy a recognized open area, which will be among the responsibilities of the expanded team in order to achieve this goal.

Informant YW1 illustratively stated that their organization's strategy is to always strive for market leadership in selected markets by offering differentiated products or services. The goal is to establish a significant presence while avoiding direct competition and confrontation in order to occupy some unoccupied market space (Quote No. 116).

> *Quote No. 116: "We always gravitate toward areas of open space. Pushing others is pretty difficult. However, if you arrive in advance. As long as the market is not mature, but you can foresee its path, you can build a presence in it. Because once everyone is interested, there are relatively few opportunities to enter the market."*

Hence, the initial guided exaptation steps could include conducting a hands-on examination of the market and its potential, utilizing foresight methodologies to develop multiple scenarios, developing product prototypes and conducting trial sales to gather feedback, and identifying prospective strategic partners. This throws a high burden on organizational leadership, which must create an environment conducive to self-organization and autonomy, as well as set tools and procedures for real-time monitoring and guidance. When change is imposed from the outside, on the other hand, there is no time to build a vision or strategy for a complex organizational transformation in a planned and proactive manner. In order to survive, organizations must move swiftly and focus their resources on initiatives that will aid them in their survival.

Based on the interview data, the process of incremental development and continuous governance requires a high degree of competence in program and project management. To remain on track, businesses must regularly reprioritize projects, tasks, and activities. This can be achieved through the use of iterative project management approaches and agile practices which were deemed essential by the interviewees (Informant BN1, Quote No. 117). By creating the necessary conditions and adopting these approaches, businesses can ensure that their decision-making processes remain adaptive and capable of responding to the evolving circumstances.

> *Quote No. 117: "For us, change management is project management. These projects are never-ending. We are prioritizing. Some succeed and others fail. It's also true. All of this is art."*

Although organizations may have ambitious goals, in order to achieve them effectively, they must consider taking incremental, controllable measures that are observable in nature and produce tangible outcomes. Organizations can grant flexibility to dedicated teams by not imposing strict schedules and budget constraints, as well as by allowing future vision to be modified in time due to unanticipated circumstances.

Comprehensive resource and workforce management systems become essential as several teams can explore distinct horizons at the same time. Nonetheless, they must all be creative and eager to innovate, as well as competent in implementation, thereby allowing them to function smoothly even in the absence of explicitly defined and measurable end goals. For the organization's leadership, this presents a challenge in the areas of team formation and process control, specifically, the duty of evaluating the consequences and ramifications of smaller steps in the direction of the horizon.

Hence, process management, on the other hand, requires the use of structured procedures to be able to handle the development and prioritization of multiple scenarios. Organizations that exhibit proactive transformation characteristics integrate a range of methodologies that are particularly fit to their specific needs. They have the flexibility to quickly select and adapt them.

Hence, patience is a virtue in the process of creating a new organization and overseeing the trials, errors, and the ongoing explorations of teams. In many cases, getting there took a long time, Informant RD1 produced an illustrative statement describing the *Red Company*'s journey (Quote No. 118). The future cannot be predicted with full certainty, and organizations cannot be certain that the envisioned future horizon will materialize at the precise time they anticipate. Therefore, ambitions and investments, on the other hand, must be controlled, and the process must be continuously and systematically governed. Furthermore, leadership should provide motivation and inspiration to ensure that iterations are of high quality and executed at a fast, or even at a continuously increasing pace.

Therefore, in those businesses that have proven their potential to successfully transform and establish fundamentally new development trajectories, not only are the progress and outcomes monitored and evaluated on a regular basis, but the process itself is also evaluated and tracked. If there is a need for modification, changes to the approach and structure are implemented as quickly as possible. Organizations may keep track of their exploration progress and velocity by establishing specific KPIs. Organizations use them to define control levels, and also to cascade responsibilities, thus allowing them to make decisions faster. Because the process of exaptation exploration must occasionally be halted, it is useful in making strategic decisions about how fast or slow to proceed.

During the research, it was discovered that these organizations are constantly striving to maintain alignment with their exploratory objectives, to establish collective leadership at the top management, and to be led by collective decision-making as a result of their efforts. It highlights the importance of collaborative decision-making, which goes hand in hand with the previously identified requirement for collective sensemaking. This is a noteworthy finding of the present study. Hence, the development and maintenance of proactive transformation competence necessitates a combination of these two components.

As a result, during the ideation phase of the proactive transformation initiation process, businesses actively make sense of the environmental stimuli and turn collective insights into new development paths, alternatives, and scenarios through purposeful activity. Collaborative conscious interaction results in the identification of multiple potential trajectories which are then explored further during the iteration phase. At the end of this stage, through guided exaptation, iterations should result in a collective choice and acknowledgment that the particular identified business model is denoted by transformational potential and can be pursued as a new business development trajectory.

For as long as it takes to uncover a viable and feasible new business model, the process must iterate and develop alternatives on a continual basis,

while evaluating them with a variety of internal and external stakeholders such as partners, customers, and industry players. When a new, promising trajectory has been discovered, exemplary organizations possessing proactive transformation competence do not hesitate to pursue it with zeal and determination. Despite this, they are still continuing to make the essential preparations during the next phase of the process, i.e. incubation.

Emerging. The interview data highlights that proactive companies do not simply wait for the optimal conditions to arise before initiating a transformation. Instead, they pursue exaptation opportunities and explore new avenues while simultaneously implementing changes across the entire organizational system. These businesses strive to maintain a state of constant motion and development in order to remain effective and prepared for strategic change. As Informant RD1 emphasized, change is the only constant in such an organization (Quote No. 119). Accordingly, speed and agility are deemed to be essential traits by these businesses.

> *Quote No. 119: "There is nothing more constant in our company than change. The most constant thing about us is change because you can't stand still."*

Moreover, as the interview data indicates these organizations have a clearly defined core development trajectory, as well as clear goals and aspirations that are associated with it. It is imperative that their strategic capabilities and competencies, their capacity are being continually monitored and developed. They are confident in their ability to estimate the future demand for their products and services based on the substantial data they have accumulated. Proactive organizations never lose control of the core trajectory development and can enhance it in concert with new explorations. They have the ability to successfully exploit the current pathways while also exploring and constructing new ones.

Organizations employ a range of techniques and practices in order to purposefully control these different pathways. The most successful firms, on the other hand, do not enter the transformative game blindly without first developing a strong strategy. Future developments are being closely observed, and a plan for initiating the transformation process, as well as a threshold for initiating the transformation process, are being established. Consequently, transformation in these businesses is never a 'shock to the system'. There is a

controlled progression toward it, and a significant portion of the organization is involved in the development process before it is launched.

While innovative ideas have the ability to hypnotize (Informant WE1, Quote No. 120), organizational leaders never allow themselves to become enthralled by them and lose sight of the core organizational development trajectory that they are guiding their organizations along. They are constantly on the lookout for new territories, and they do so with determination and confidence. Nevertheless, the advance toward unexplored territory is intentional and methodical. Hence, rather than focusing solely on today's requirements, they are always making investments for the future in both directions at the same time.

> *Quote No. 120: "It was a very strong idea, the key idea, that hypnotizes: it should happen."*

Thus, when forming a future-ready company, the core development trajectory facilitates explorations and vice versa. Moreover, these explorations serve to fuel enhancements and alterations to the existing business. The ability to align these opposing poles is demonstrated by organizations that have displayed proactive transformation competence in multiple instances. It is essential to note that they consider their perspective on organizational transformation to be more evolutionary than revolutionary, and the process of transformation is viewed as such, according to Informant YW1 (Quote No. 121). Hence, even the most significant and fundamental changes that emerge in these businesses are expected and planned for. Leadership guides organizations toward them in a planned and controlled manner.

> *Quote No. 121: "This is the process of evolution. Things here aren't revolutionary. They're evolutionary. Although they may sound revolutionary."*

According to the interview data, the use of the essential competencies, resources, and capabilities may be leveraged, and existing alliances can be exploited to progress the organization in new directions when a company is guided toward exaptation, and when the core trajectory management is in synergy. It is necessary to maintain more proactive and competent management under these circumstances, but it also has benefits for all parties

participating in the process. It is possible to increase the knowledge exchange and communication by working in temporary teams that are denoted by shared competencies and resources. Within an organization, a group of companies, or a network of partners is involved, and this further increases the collective decision-making and environmental sensitivity.

Therefore, in order to successfully transform an organization, it is imperative to first identify and then build on a solid foundation of the current core competencies and knowledge. Consequently, companies gain access to new strategic avenues as a result of this development. As summarized by Informant YW1, they can leverage their acquired knowledge and skills to achieve a competitive edge in emerging markets and industries (Quote No. 122). Because of these proactive actions, the accumulation of knowledge, and the strengthening of an organization's internal and external network of connections, even if the involved organization does not reach the point of transformation initiation, each iteration still results in the emergence of a qualitatively different organization.

> *Quote No. 122: "The ability to adapt and explore new opportunities to apply your knowledge. This, I believe, is the most critical and strategic point. Even if your knowledge is limited, you can apply it precisely in those new emerging niches that have a future. That, I believe, is the sentence that contains everything we're discussing."*

Modifications and alterations implemented during the iterations continuously lead to the emergence of a new organization. Per the evidence gathered, exceptional organizations that successfully transformed on several occasions aim to advance by taking increasingly difficult and risky decisions in order to anticipate, invest in, and develop high-value innovations that will be in demand in the future. As Informant RD1 remarked, their objective is to meet the potential demands of the future state organization which will emerge as a result of the development along the core trajectory, as well as explorations of new potential ones (Quote No. 123). They are striving toward this goal by expanding connections, building partnership networks and alliances, and forming clusters and ecosystems.

These efforts assist in keeping the employees highly motivated, and working on the high-end products which would provide great value and are in high demand fosters employee engagement while also providing the opportunity for substantial compensation. The CEO of the *Red Company*, Informant RD1, eloquently illustrates this point with his remark (Quote No. 124). In addition to encouraging employees to participate in the environmental sensing and innovation process, it aids in the maintenance of the high levels of employee engagement and collaboration. This contributes to the development of an open, cooperative, and transparent organizational culture in the workplace. Furthermore, it provides mechanisms to create a change-ready internal environment in which a high velocity of iterations may be maintained.

Quote No. 124: "I don't invest in areas where there isn't room for growth. In that sense, it's not ballooning but rather growing – and growing implies providing value. We do not enter such a business if the goal is not to generate value but rather to compete on pricing and turnover. We go to areas where we can add value. This is where we can truly generate distinctive value, earn a reasonable margin on that value, and compensate the personnel properly. Because wasting this energy on items of low value will result in people becoming unhappy, they will simply not be adequately rewarded for performing a good job."

Accordingly, adaptive governance, agility, and the ability to lead exploitation and exploration efforts simultaneously are the features of a company's leadership team. As Informant RD1 pointed out, they are self-motivated and more concerned with the process of continual innovation and change than they are with short-term outcomes (Quote No. 125). Therefore,

among those ambidextrous executives that lead businesses with proactive transformation competence, such key characteristics as ambition, the desire to be the first, a high-risk appetite, and a high tolerance for making mistakes are all prevalent characteristics. They go hand in hand with deft execution and strong leadership abilities. These individuals adapt well to change and prefer to focus on teamwork rather than on individual accomplishment. Additionally, their daily effort and attention are focused on leading the emerging organizations rather than operating the current systems.

> *Quote No. 125: "Do we live for the money or for the sake of enjoying it? It must be interesting so that you can enjoy what you're doing rather than what you have done."*

3.2.3. Incubation

The findings of this study indicate that, after successfully completing the first two stages of the proactive transformation initiation process, a company is prepared to move into the *Incubation* stage with the selected business model. The analysis of the accrued data shows that organizations first create transformation potential, followed by the development of the readiness for organizational change, before initiating the transformation. This preparation process is essential for companies to effectively transition into a new business area. The results suggest that companies take a comprehensive and proactive approach to prepare for the transformation until the necessary external conditions have been met and all preparations have been completed. Within this phase of proactive transformation initiation processing, a new entity is developed around a new emergent business model (see Figure 16).
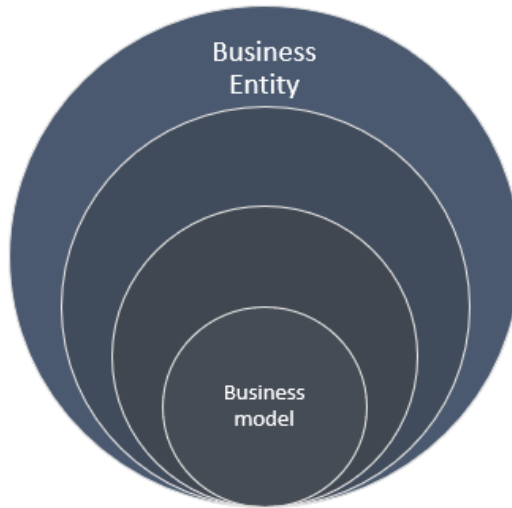
Figure 16. **Proactive transformation initiation process: Incubation phase**
(Prepared by the author)

In this section, the concepts of *Building Momentum*, *Structuring*, and *Preparing*, which emerged from the research, shall be discussed. Additionally, the organizational characteristics associated with these concepts that are critical at the preparatory phase for facilitating action and interaction, as well as creating supportive conditions, are highlighted. The researcher provides an in-depth analysis of each concept, including study findings, observations, and evidence obtained from detailed interviews. The findings of the study suggest that each of these components has a significant impact on an organization's capacity to plan and prepare for the initiation of transformation toward a new business development trajectory.

The open codes offered in Annex 11 for this sub-category provide solid evidence for the emergence of vital elements. These codes were crucial to comprehending the findings, recognizing similar themes and patterns, and answering the study question, as they were developed through the analysis of the interview data. Presented Table 14 outlines the organizational characteristics and the associated strategies that surfaced during the research as being favorable to boosting the ability of the organizational configuration to consciously perceive environmental inputs. These attributes interact to enable the creation of the essential processes of a new business, its structures, and capacities.

Table 14. **Incubation: organizational attributes** (Prepared by the author)

Iteration	Organizational attributes
Building Momentum	1. Mechanisms are put in place to estimate the future demand, create goals, and align strategy to meet future client needs
	2. The organization is constantly on the lookout for and responsive to collaborative opportunities
	3. Management displays conscious leadership abilities and attributes
	4. Leaders inspire and motivate employees while managing tensions to avoid conflict
	5. Individuals possessing transformational leadership capabilities lead the organization
	6. The workplace environment motivates, intellectually stimulates, and inspires ambition
	7. Organizational change readiness and capacity are continuously monitored and adjusted
Structuring	1. A flat organizational structure that facilitates rapid decision-making, teamwork, and self-organization is present
	2. Quality interconnections between organizational components facilitate information and resource flow
	3. Ability to manage complex processes and design effective organizational structures
	4. There is a strategic investment process in place, as well as investment portfolio governance procedures
	5. The vision of an organization is the outcome of collaborative efforts and collective reasoning
	6. Adaptive mechanisms for collective decision-making and creative collaboration are developed
	7. An organization systematically and adaptively maintains its ecosystem of external connections
Preparing	1. Change sponsorship is acknowledged and developed as a core leadership competence
	2. There is a strong emphasis on the self-organization and individual initiative
	3. Resource slack is an integral part of the organization's system for addressing unforeseen circumstances and demands

Iteration	Organizational attributes
	4. Capabilities for business analysis and long-term planning are in place
	5. The organization possesses capacity for managing multiple directions simultaneously
	6. A change ready organizational culture is established
	7. Risk management is integrated with the complexities of change management
	8. An organizational governance system is capable of managing rapid growth and development

Building Momentum. The interview data indicates that, in order for a new path to gain momentum and develop on its own, it must first be detached from the core trajectory in such a way that the primary development is not disrupted. Acquiring skills, information, and technology, as well as putting together teams and mobilizing resources, are all critical to decreasing the risk of rapid failure. It is therefore imperative that managers prepare for this moment of separation and lay a foundation for a new business trajectory to be capable of gaining the momentum of development itself.

The purpose of the proactive business transformation initiation process is to get the company ready for a change prior to its emergence. Therefore, the development of a new business model, and thus, a new business direction, is closely linked to this process of organization-wide preparation. The new business concept was conceived during the ideation phase, and it was experimented with and tested during the iteration phase. A new business model is developed as an outcome of it. Meanwhile, during the incubation phase, it becomes a standalone entity with the ability to act as a fully autonomous business organization.

The interpretation of data analysis findings emphasize that, in the course of this phase of the proactive transformation initiation, all of the strategic actions are intended to position the business to meet the future demand when the appropriate conditions occur rather than to provide immediate advantages and a return on investment to the organization's shareholders. The goal of a business is not to sell to each and every consumer today, but rather to be the first choice for future customers, per the notion (whether in terms of pricing or quality).

For instance, when asked about the transformation objectives during the interview, Informant BK1, the CEO of the *Black Company*, indicated vividly that one of the essential components of the success of change in business is to

forecast the future demand and strive to be where your potential consumers will be going (Quote No. 126). This paradigm encapsulates the shared viewpoint of organizations featuring proactive transformation competence.

> Quote No. 126: *"They'll grow up, and you'll need to be close to them and able to emerge next to them."*

Hence, the key distinction between proactive and reactive organizations is that proactive businesses actively seek out new paths on their own and aim to be ready to adapt to the changing market conditions through the development of new solutions and innovations. These organizations aspire for long-term development. Reactive businesses, on the other hand, make changes only when faced with a threat to their existence, or when they are gradually responding to the increased market demand or new customer requirements as a result of their competitors' actions. The rest of the time, they are looking to capitalize on the current market trends and are focused on meeting the current client needs in the most effective way possible.

Furthermore, proactive companies are always on the lookout for new connections and are actively exploring opportunities to collaborate with other businesses, clients, suppliers, and institutions. Through partnerships, they not only acquire a better understanding of the market but are also better prepared to face the challenges of the future. Due to a shared interest, proactive organizations are collaborating to develop and secure future market share.

Also important is the development of the core expertise and skills, which serves as the foundation for future organizational change and the basis for exploring alternative development trajectories. It is vital to strike the right balance between the efforts to continue the core trajectory growth while also creating a new route. In order to prepare the organization for change, it may be necessary to devote more resources and attention to a new growth trajectory during the incubation period. Therefore, inter-organizational tensions may arise as a result of the necessity to devote more resources and attention to a new development trajectory.

As a result, leadership efforts and behavior become critical for building energy and maintaining an appropriate level of patience. Conscious leadership qualities are essential for guiding multiple paths while remaining completely aware of the core trajectory and its needs, as well as nourishing the development potential and developing emerging organizations in new directions. Organizational leaders must support and motivate their employees,

as well as manage tensions, in order to avoid resistance and conflicts, and to build momentum.

The research findings also indicate that transformational leadership attributes become increasingly important at this stage of the proactive change initiation process. To achieve success, it is necessary to transform the current state into something that is radically different from what it used to be before. As a result, for the members and stakeholders of the organization, the incubation stage is filled with ambiguity and uncertainty. Individuals and leadership teams having the ability to influence as well as providing intellectual stimulation, and also inspiring motivation may be found in the majority of those firms which demonstrate proactive transformation competence, as evidenced by the explored cases. Moreover, positivity is an essential trait of the top-echelon members (Informant GN1, Quote No. 127; Informant WE1, Quote No. 128). It assists in leading through crises and building momentum for new developments.

> *Quote No. 127 "Others say my positivity is unkillable."*
>
> *Quote No. 128: "I do not permit my positivity to diminish."*

Moreover, research findings indicate that transformational leadership characteristics must be demonstrated by leaders in the companies aspiring to develop proactive transformation competence and possessing the capacity to initiate fundamental changes proactively within those shifting and unpredictable organizational contexts. They must drive organizational actors to perform at their maximum levels when it comes to modifying a component of the overall organizational system or the whole of it. They must be able to mobilize a substantial mass of followers to embrace a new company vision (Informant PK1, Quote No. 129). They must be able to exert influence over their employees' attitudes and motivation during times of ambiguity and uncertainty.

> *Quote No. 129: "A strong idea or concept needs considerable time to mature, but I believe in the power of a long-term vision."*

The incubation phase, as a result, must be meticulously handled in order to prepare the organization for the implementation of strategic change at the

appropriate time and conditions. Occasionally, it is necessary to move more slowly to prevent early confrontation with competitors and maximize the potential for benefits derived from the scenario. Furthermore, as mentioned by Informant YW1, there is no direct need to disrupt the market but rather to occupy it as quickly as possible with the least amount of effort (Quote No. 130). One of the key research findings is that decisions about the speed and duration of incubation, as well as the development of momentum for a new company launch, must be made on an ongoing basis.

> *Quote No. 130: "My objective is to work in that industry and advance more in the future. Move easily and wisely. Without causing any market disruption."*

While an idea might be lost, ruined, or abandoned at any time during the process, the goal of this stage is to maintain the momentum and energy that has been built up. It is necessary to manage a dedicated team and resources in order to maintain its concentration and commitment to the challenging transformational objectives. Organizational readiness must be enhanced to its full potential, and the momentum must be maintained. Until the point of bifurcation has been achieved and transformation has been initiated by a management decision, the organization builds energy for detachment. The efforts, investments, and momentum of firms with proactive transformation competence characteristics are not allowed to get ground to a halt by their leaders.

Structuring. A particular setting and preparation is necessary for the development of the capacity to define, structure, and release change. It is difficult to maintain a long-term perspective when everyone's attention is diverted to day-to-day tasks and problems. Consequently, in order to be successful in this quest, an organization must be not only resilient and efficient but also devoid of chaos and crises. Additionally, it must have the ability to think forward and preserve persistence in moving ahead down a less-known path. The organization and all its components must be in sync.

It is also required that the organization would have a CEO who would have a vision that goes beyond the immediate financial benefit and operational success. The case of the *Green Company* demonstrates the common tension between conflicting goals and attitudes inside the organization that must be often addressed. When it comes to employee well-being, CEOs tend to clearly highlight the value of a healthy work environment and the role that a single

purpose-driven collaborative culture may play in supporting new ideas and change implementation. However, the CEO relegates it to the backburner in favor of immediate financial gain and prevents the commencement of any change that s/he deems to be riskier. Organizational transformation competence is therefore being held back by yet another paradox.

As a result, the companies that are proactive in their approach strive to establish an umbilical cord that can be monitored and regulated in order to provide support for a new structure that emerges from the endeavors of the iteration stage. Furthermore, when it is required, they make clean cuts that have no ramifications on the situation. The greater or lesser connection between the two structures should be maintained at all times, regardless of their size or complexity. Their interdependence will allow them to function as independent entities, but they will also be able to incorporate their existing abilities, recourses, and competencies into this new model if and when the situation calls for it in the future.

The comparison of cases demonstrates that the goal is to flatten the hierarchical structure of the organization and link shattered silos in order to ensure that information and resources flow freely throughout the business and the newly formed entity until the formal separation. It is consequently necessary to prioritize the value of speed and quality of interconnection and agility over the necessity of a hierarchy and subordination.

It is critical for a new organization's growth and expansion that it should maintains open lines of communication and collaboration with the existing one. As a result, it is imperative that formalization, processes, and procedures should be established and efficiently implemented. The viability of the new processes will be determined, in part, by identifying who will be the architects and owners of them.

It is possible that the perspective of a newly formed team working on a transformation project differs significantly from that of the organization's incumbent leaders. The alignment and culture, as well as the possibility of optimal absorption, can be lost very quickly if not properly maintained through active management. Thus, businesses that have repeatedly embarked on new development trajectories have discovered that early formalization management aids in the separation and execution of change later on. A comment from Informant WE1 demonstrates the importance of this prerequisite (Quote No. 131).

Quote No. 131: "They are now made by people who are well-versed in the domain and have been working

> *on it since the beginning. These individuals design*
> *processes to support operations and preserve quality.*
> *But formalization will undoubtedly be unavoidable. It*
> *will have to be."*

In addition, the organization is directly subsidizing the start-up expenditures of new company endeavors from the very start. As a result, investment must be kept under strict control at all times. When making an investment decision and initiating a potentially transformational change, it is critical to consider the parent company's future after the new organization has achieved autonomy. There are several alternative possibilities that could occur, and each one should be considered. It is crucial to note, however, that the emergence of a new organization does not entail the demise of the already existing one.

Hence, there are numerous options to examine, and each one should be carefully investigated and evaluated. The process of preparing firms for separation might entail consideration of all possible options, including acquisitions, mergers, and strategic alliances, as well as large investments made by the parent company in the new business. Those businesses which are managing numerous development trajectories, as indicated by Informant WE1 quotation, tend to assess a wide range of viable possibilities for their future (Quote No. 132). Hence, having arrived at this point, every scenario can be considered in terms of the goal, and decisions must be made as to which path to go first.

> *Quote No. 132: "Clearly, we are preparing to be able*
> *to sell as well as attract external investment. There is*
> *such an idea. However, it is not the end objective in*
> *and of itself."*

Several cases have been observed during the research process in which a single individual with limited knowledge and experience, as well as little information, was the sole initiator of a strategic change. The owner or the CEO makes a critical decision to transform the organization on his/her own, as did Informant YW1 (Quote No. 133). Another case in point is the *Black* food-producing company. The organization initiated a transformation because of the CEO's belief that the market would develop to the anticipated future state and the organization would thus be able to realize its new business model.

> *Quote No. 133: "In practice, I do everything by myself, and it is such a vision from that experience, a vision of what the market needs. Trying to anticipate what the demand will be."*

Furthermore, the *Brown Company* launched a major transformation abruptly when the key shareholder came up with the idea and only gave executives a short period of time to prepare an execution strategy (Quote No. 134). These cases demonstrate that organizational leaders very often create their own visions of the future and attempt to persuade the rest of the company to follow their ideas.

> *Quote No. 134: "The shareholder presented the idea. Gives time, and that is all. We developed a plan, confirmed it, and then began executing in three to four months."*

These transitions commonly fail due to a lack of initial coalition and implementation readiness and capacity, and not because the alternative was ineffective. Implementing a new organizational model will always require broad support from all levels of the organization, as well as collective decision-making and collaboration from the beginning. The ability of the present organization to properly release a new entity, as well as the ability of the new organization to efficiently bounce off the old organization, must be developed in advance of the actual release.

This raises the likelihood of effective implementation while also ensuring that decisions are well-founded and made in a timely manner. In the absence of a well-defined structure and framework, there is rarely anyone who can conveniently find a means to speak up against even the most egregious of decisions. Therefore, most attempts to put these ideas into action fail because they are not supported by the formation of a coalition and the commitment to a common objective.

In some cases, it is also possible that the opposite is true. When an individual idea originator does not have the necessary backing, a change initiation process may seem to have no end in sight. The *Orange Company* provides a case is extremely illustrative in this context. Informant OE1 recalls that the idea to extensively modernize the manufacturing line and build a

modern factory originated before he took over as the CEO several years ago (Quote No. 135). However, it is still not initiated since the organization cannot reach a final decision. Although it will continue to float around in the air as a potential move for the foreseeable future, its adoption will never be acknowledged by the final management decision.

> *Quote No. 135: "From day one, I was informed that there is a plan to modernize and construct a new factory. Because our factory is archaic. Yes, from the 1960's and 1970's era of construction. And it's a little out of date to say these days. Repairing it is almost certainly more complex than building it new. This plan was already here almost three years ago."*

Hence, cases of organizations that have successfully established new business development paths or have transformed radically vividly demonstrate the importance of establishing an effective decision-making process and framework, as well as prioritization, scenario development mechanisms, and analytical techniques, among other things. If there is no defined approach throughout the process, from the beginning of ideation to the end of implementation, only short-term, low-risk projects will have the potential to become strategic change at the most. An organization's potential to transform itself in a proactive manner will be thwarted.

The case evidence and the acquired data indicate that once the structure and formalization have been established, other organizations and partners can be brought on board to pursue the opportunities. Organizations build bridges to bring in other organizations from within the existing group, or they form strategic partnerships or alliances with other organizations. This also provides the opportunity to make quick and effective decisions on how to bring about change or interact with others in an effective manner. As a result, the range of options accessible to businesses for dealing with change is expanding.

In this managed ecosystem, when a considerable number of relationships have been built, high potential and momentum from the network have been established, and effective linkages have been maintained, new transformations can be initiated by the network. This ecosystem will also aid in the ideation and iteration phases, which will both be facilitated as a result of its existence. The opposite is also truly the case: if interconnections are not properly managed, it may be impossible to initiate a transformational endeavor from the ground up.

Additionally, it will increase adaptability and resilience. Through the development of mature relationships with prominent market actors, it will be possible to get novel environmental insights through their requirements and requests. As a result, businesses may decide not to undertake proactive environmental attention concentrating and analyzing actions. They can simply respond to these leads by implementing organizational changes.

When an organization is quick to respond to changes, this is the optimal reactive transformation approach to take. However, in this case, it provides little added value to clients and puts the organization at significant risk. Actually, it is only a matter of time before one is no longer able to implement a strategic change promptly enough, and a competitor is ready to take over the position of the leader.

Among the most extreme scenarios are those in which a company simply waits for stated consumer requirements before making significant changes. Employee reluctance to change is addressed by claiming that it is necessary due to the unexpected shift in the client needs. Everything is based on the sense of urgency to make adjustments since it is critical for the firm not to lose the client base and their contracts. However, it is a poor and short-sighted tactic. There are numerous examples of organizations which have failed to execute changes as a result of inadequate preparation for the initiation of organizational transformation, despite having a clear direction and ambition at the outset.

In contrast, those organizations which are resilient and proactive have the ability to forecast their own performance and the best time to implement changes because they track numerous indicators and are able to analyze stimuli through a wide network and make informed decisions through established processes, which allows them to define and structure the changes quickly.

Furthermore, because of the established effective structure and a vibrant ecosystem, they have the capability to accelerate the process of proactive transformation initiation at each stage (*Ideation*, *Iteration*, and *Incubation*). Businesses lacking proactive transformation competence, on the other hand, skip over these stages and launch strategic changes without enough planning and structuring, thus putting their future at risk as a result of the change experiments they conduct.

Hence, transformation can only be properly initiated if synergies have been formed inside the company and throughout the ecosystem, at which point the new organizational model may be adequately constructed and developed. This necessitates substantial organizational planning as well as the ability to

manage complex interdependencies and tensions. Thus, while each component must maintain a certain level of autonomy, they must also interact in harmony with one another in order to ensure the development of the organizational transformation potential.

Preparing. The interview data analysis indicates that, to sustain change momentum, the concept's creators must be captivated and completely engaged in the idea as it emerges from ideation. Furthermore, during incubation, new members join the team, the structure expands, and the development pace must be increased with the entire team catalyzed prior to initiation. As a result, unwavering support from the initiative's sponsors is required who must believe in long-term ideas and objectives while also overseeing and monitoring the endeavor's growth with consistency and tenacity. Informant PK1, the CEO of the *Pink Company*, made it abundantly clear that long-term efforts must be undertaken, and that spontaneous decisions must be avoided in new business development (Quote No. 136).

> *Quote No. 136: "Because it takes more time to build an exceptional idea, vision, or concept. I am not a believer in spontaneous illuminations. I believe that if you persist for a long enough period of time, it will eventually illuminate."*

Several of the investigated companies openly admit that they fail during the incubation phase. Employees are reluctant to participate in collaborative initiatives, and numerous project delays and reschedules occur. Thus, initiatives require the CEO and top management to participate directly in order to prioritize and address difficulties, as well as solve problems. However, the management's capacity and span of attention are limited, thus making this demand a substantial impediment to the progress of the process and the eventual change initiation.

Furthermore, it is critical that team development activities and preparation for a launch be carried out in a deliberate and methodical manner, with the goal of creating a self-sufficient and self-organizing organization as an outcome. Employees with responsibilities in sales, information technology, and customer service, as well as those with other relevant competencies, are being sought by the company both within and outside the organization at this stage. Thus, it is critical for organizations to have resource slack to pull upon

and external sources via which they may rapidly acquire the requisite competencies.

By the time a product, service, or business model emerges from the transformative initiatives, a functional organization must already be in place to facilitate its launch. It denotes the need for the business to build a new, separate organizational structure throughout the preparation process. It is critical to make a planned investment in this development based on the potential identified during the earlier stages of the proactive transformation initiation process. This distinct structure serves as the foundation for making the following critical decisions more quickly. Companies with the appropriate energy and capacity to initiate transformation are those that can set the foundation for a future organization while maintaining the momentum and advancing in multiple directions of growth.

Furthermore, there are firms which manage to undertake this process in a repeatable and intelligent manner. They are developing at the same time along a number of different developmental trajectories, all of which are evolving at different rates and are in various stages of incubation and planned preparation. The *Red Company* is a prime example of multidirectional management and planning. It was clearly failing at change and innovation management until it devoted separate resources and dedicated expertise to creating a solid foundation for the company's future development paths. By separating organizational structures and allocating resources and autonomy early in the process, the company identified a mechanism to succeed in continuous changes (Quote No. 137).

Quote No. 137: "We start to structure. We start to build a team of programmers, salespeople, and others. By the time the product is available, there must already be a full team because, otherwise, it is not such a quick job again. It is a bit of an investment that does not generate a return, but which becomes the basis for taking the next step."

Consequently, at this stage, some of these structures develop into independent organizations, while others develop into a different service or product line inside the core firm upon completion. Some, on the other hand, may take over as the main development trajectory, while significantly altering the current trajectory in the process.

The failure to establish coalitions and support change from its inception throughout an organization, on the other hand, is frequently the result of a failure to ideate and iterate sufficiently throughout the change design process. The incubation phase, on the other hand, is critical. If change is undertaken without sufficient preparation and planning, it is doomed to remain trapped in resistance for the foreseeable future. Because of this, implementation will be costly, will take longer than anticipated, and will fail on a frequent basis.

For instance, the *Black Company* established a new production line for healthy products while simultaneously shutting down its most profitable product development line. Because there were only temporary investment funds available, the organization was determined to move quickly from concept to implementation. Since the incubation period for the organization's future idea was very brief, it was unable to accomplish the intended outcomes and got mired in readjustments and continuous change. Demotivation of employees, as well as a loss of direction, was the result.

Failing to incubate potential changes will result in failing to execute them in the long run. Lack of planning and analysis, the inability to create a supportive culture and coalition before the start, and the failure to establish a new organizational structure prior to the initiation will result in an organization dealing with frequent unpleasant surprises and problems that might have been avoided.

Once again, the *Black Company* is a perfect example. The company excels at coming up with new ideas and creating fresh products based on the already available manufacturing. They move really swiftly when it comes to putting products to market and selling them. They try out different solutions, experiment, and iterate on them. They fall short, however, when it comes to making strategic organizational decisions. Their transformation competence has a fault, and that flaw is the inability to incubate concepts. As a result, they fail at execution in part because of this. As Informant BK1 stated, they fail frequently and at a high cost (Quote No. 138).

Quote No. 138: "It was unquestionably a failure here. The problem was that we allowed ourselves to experiment with logistics and distribution when we implemented the change without evaluating the entire supply chain and its value. We are most likely one of the rare organizations in Lithuania that have changed logistics warehouses three times in the last two years.

*There aren't many of them. You won't call it success
in this case, either."*

As cases demonstrate, it is necessary to continue this parallel development of organizational capacity, infrastructure, processes, resources, and organizational structure in order to prepare for a new trajectory of autonomous growth following separation at the initiation phase. The assessment of how significantly the new organization will change as it grows and develops is also fundamentally important. As a result, risk management and organizational governance strategies must be carefully considered in the context of these complexities. It is possible for a fledgling company to face a substantial uphill battle in order to keep control over its development if this is not fulfilled.

The establishment of a new development trajectory and the scaling-up of the operations of the *White Company* is one of the most notable examples of this type of danger. Because there was no structure and only a few processes in place, the organization was unprepared to deal with its rapid growth while still maintaining high-quality service standards. It thus means that the company must devote more time and resources to process improvement rather than solely expanding its client base and increasing its new revenue stream.

However, while it is plausible that an organization might really succeed in initiating a new transformative trajectory with the proper preparation, the organization may also fail if the capacity of the new trajectory is developed in such a way that it is unable to maintain itself or manage its own development after the initiation phase. For this reason, in order to proceed with the proactive transformation initiation process, it is necessary to make an accurate projection of growth potential.

For example, the *Purple Company* increased its manufacturing capacity to the extent that it will take several years to produce enough output to fill the increased capacity. It does, however, have a specific strategy for how and when the target objective will be reached. Consequently, it is working confidently and in accordance with its initial business strategy. A direct outcome of this is that the business has no concerns about the direction it has taken. This is manifested in the words of the CEO of the company stating that the company is confident in its ability to move forward into the future (Informant PE1, Quote No. 139).

Yet another risk is the tendency to identify too many opportunities and to pursue too many of them. The organization's capacity to incubate multiple new trajectories at the same time without interfering with the core operational tasks is limited. The priorities for which there are pathways to pursue must therefore be properly studied, and decisions must be made after extensive deliberation and the evaluation of the potential constraints. Throughout the research, numerous instances of organizations experiencing losses as a result of neglecting these factors were uncovered.

For the purposes of summarizing, the core organization serves as a support system for all the prospective future business trajectories and efforts during the incubation phase by making services, infrastructure, and resources available to dedicated teams. A concept is developed during the ideation phase and then transformed into a project throughout the iteration stage. Following that, the organization attempts to create a business case for structuring a stand-alone entity through planning and preparation. It recruits independent stakeholders and executives who are preparing to operate as a fully autonomous entity as soon as possible following the initiation of the transformation initiative, according to the gathered evidence.

3.2.4. Initiation

The gathered empirical evidence suggests that the proactive organizational transformation initiation process culminates in the formalization of a new business trajectory through the enablement of a standalone and distinct organization and the initiation of its autonomous business at full capacity. Upon the completion of the final phase of the proactive transformation initiation process, the new organization is endowed with the autonomy and capability to function independently. With the initiation of transformation, a new path for a business is established (Figure 17). The research found that the most successful organizations have devised an adaptive mechanism for managing the transformation initiation and continuously maintaining the organizational capacity for making strategic decisions and launching new organizations.
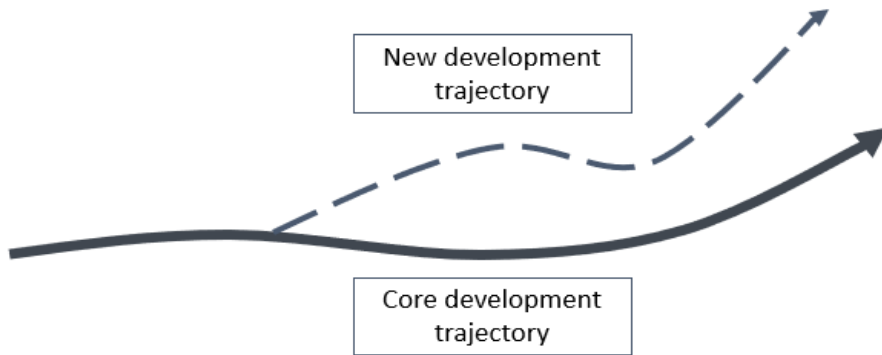
Figure 17. **Proactive transformation initiation process: Initiation phase** (Prepared by the author)

In this section, the findings from the research shall be presented by highlighting the emergence of the concepts of *Making the Choice* and *Releasing* that comprise the *Initiating* sub-category. The organizational characteristics associated with these concepts which facilitate action interaction and play a crucial role in the decision-making process are discussed in detail. The research evidence is analyzed and expanded upon to provide more profound understanding of the dynamics involved in organizational decision-making. Furthermore, the collected data is used to showcase organizational strategies and characteristics having a significant impact on the organization's ability to initiate transformation and establish a new path for business growth at the end of the process.

The emergence of this sub-category is supported by the open codes presented in Annex 12. These codes were essential for comprehending the findings, recognizing comparable patterns, and addressing the research question as they were derived through interview data analysis. Table 15 highlights the organizational features and approaches which were identified during the course of the research as advantageous for enhancing the capacity of organizational decision-making. These characteristics interact to enable the initiation of new business trajectories.

Table 15. **Initiation: organizational attributes** (Prepared by the author)

Initiation	Organizational attributes
Making the Choice	1. The organization has an approach and capability for maintaining external relationships
	2. Strategies are in place to accommodate changing business trajectories
	3. Capability to balance resources among multiple objectives and business trajectories
	4. A methodical and planned approach to organizational change is followed
	5. Capacity for developing alternative scenarios in a planned and methodical manner
	6. The decision-making process is both efficient and high-quality in design
	7. Strong alignment and integrity among the leadership of the organization
	8. Organizational leadership is committed to the vision and leads by example
	9. Change resistance is considered an anomaly that should be avoided by collaboration and alignment
Releasing	1. Organizational tensions and opposing interests are identified and managed effectively
	2. Competence in organizational design is acquired and enhanced through time via experience
	3. The management system can achieve decisions by combining rationality, intuition, and ambition
	4. Capabilities in the formulation of transformation cases, strategies, and plans
	5. Proficiency in change management and adherence to the change management process
	6. There is a strong sense of organizational identity that permeates the whole company
	7. There is a low level of bureaucracy
	8. Ability to develop and lead a self-sustaining and reinforcing ecosystem of external connections
	9. A framework for acquiring resources and knowledge within the ecosystem is established

Making the Choice. The completion of the initiation phase signifies the completion of the proactive organizational transformation initiation process when formal choices are taken to separate a new business trajectory by launching a new independent organization. The new company becomes autonomous and begins to act independently at full capacity, with its own CEO, management team, and resources. However, the interview data indicates that the degrees of independence and autonomy may vary in the new enterprises, as financial, knowledge, and skills support may be needed for some time from the parent organization (in terms of the core business trajectory). Moreover, if the operations of the core path are sustained throughout time, strong ties between enterprises can be maintained for an extended period of time. Organizations may even be reorganized and operate as a group of firms with diverse commercial objectives.

For example, the *Yellow Company*, which has been in operation for several decades, has already undergone several transformations, including the addition of new directions, the sale of firms, and the closure of others. Furthermore, their core business trajectory has been altered numerous times. The gathered pieces of evidence indicate that both the old and the new businesses must be well-equipped to maintain one's own structure autonomously, while sustaining mutually beneficial connections in order to be effective in initiating the subsequent changes on the foundations of future collaboration.

Furthermore, this multiple case study provides additional empirical evidence that organizational transformation is a continuous process of business trajectory adjustments and reconfigurations rather than a one-time event which occurs over a specific period of time. Due to the rapid growth of the other firms, the *Yellow Company* launched numerous new business trajectories and ran them in parallel for several years until the initial core business was consistently reduced to a small portion of the group's portfolio. At this point, the group decided to sell the company.

As a result, the transformation of this organization may be observed by comparing the configuration of its trajectories at various periods in time. However, unlike a distinct series of events, decisions, and actions that resulted in the creation of new trajectories, the start and the endpoints cannot be specified. The transformation was never the ultimate aim by itself. Environmental sensing and conscious signal sensemaking encouraged proactive ideation and the creation of new companies. The goal was to pursue new ideas and opportunities while maintaining the core direction. Hence,

empirical evidence strongly suggests that organizations do not have to obliterate the 'old' self in order to create the 'new' and to transform.

It is considerably more important that, were it not for the organization's failure to execute the ideas proficiently, the transformation may have been even more significant. As the CEO explicitly acknowledges, it is the weakest capability in the organization's overall development and operation (Informant YW1, Quote No. 140). It pioneers in ideation but often fails in iteration and incubation. For this reason, in order to be effective in initiating proactive organizational transformation, a business must have a particular configuration of attributes for each separate stage of the process.

> *Quote No. 140: "I need to make a concerted effort to improve because I am fully aware that this is the weakest spot in our group."*

Furthermore, it is possible to establish new directions while simultaneously terminating or extending existing ones in a group configuration. The group of businesses benefits from the flexibility, resources, and opportunities for knowledge-sharing that are available. However, as the company grows and more businesses are added, the ability to successfully juggle multiple directions becomes a critically important capability to have.

However, the gathered data provides evidence that, in order to successfully complete the initiation phase, it is necessary to adhere to the sequential process of developing an idea into a self-sustaining organization from the beginning. Without thorough coordination and proper process management, even the most brilliant ideas may be squandered, and the organization may be forced to repeat the process several times. According to the *White Company*'s CEO, for example, they were unable to initiate their robotization business until their third attempt (Informant WE1, Quote No. 141).

> *Quote No. 141: "We are building a new factory since we do not have an appropriate area for the manufacturing robotization lines. However, it was only after the third time that robotization commenced being implemented."*

Based on the conducted interviews, it was found that there are multiple underlying factors contributing to the failure of strategic transformations within organizations. It was noted that change implementation by itself was seldom the main cause of the failure. However, the exemplar cases point to the reality that companies struggling to transform have not gone through all the required preparatory stages before starting a strategic transformational journey. Essentially, they reacted to changes in their environment and followed them instead of forging their own routes.

The data collected from the interviews suggests that those organizations which prioritize profit and operational performance often focus solely on maximizing the shareholder value and extracting as much as possible from the available resources. Such businesses may not fully comprehend the magnitude of the environmental change, and, as a result, they may fail to set strategic change objectives which extend beyond mere survival. It was observed that those organizations that are driven solely by profit may be resistant to change until they are forced to do so by external factors. These organizations may fail to recognize the importance of proactive measures to anticipate and adapt to environmental changes, which could ultimately lead to their downfall. The interviews underscore the importance of adopting a more holistic approach to change management, one that prioritizes long-term success over short-term gains.

Furthermore, they will look for partners and assistance at pivotal moments since they will be unable to compete with those who had anticipated and proactively entered uncharted territories first, obtained expertise, and established a foothold in those territories. Hence, when firms are compelled to react to environmental shifts and undertake strategic transformations because of an external influence, they find themselves in an unprepared position. Even more to the point, when change is initiated with little or no time for incubation, major problems might occur over the course of the implementation.

It is particularly troublesome when the external environment plainly signals that an organization's transformation is required, but the company procrastinates and fails to initiate the transformation until it becomes a question of business survival. At this point, the transformation of the *Green Company* which had the potential to provide the company with a competitive advantage over its competitors in the region, if initiated timely, as stated by the company's CEO, had become a matter of life and death (Informant GN2, Quote No. 142). Consequently, the change was difficult, faced with opposition, and proved to be very costly. It had a twofold impact. Instead of

increasing the potential of the company, it had a detrimental effect on the organizational climate and culture, as well as on the employee motivation.

> *Quote No. 142: "There was no intention of giving up or closing. Therefore, we were forced to make a decision, so it's a two-sided choice. Because of both coercion and necessity."*

Another instance in point is the *Green* manufacturing company which, according to Informant GN3, has been postponing serious modernization for more than a decade (Quote No. 143). During the span of the change initiation process, this inability to generate alternatives and make decisions systematically becomes more pronounced. Each stage of the process involves preparation on the part of the entire company, as well as collaboration among those involved. Unless a firm takes action, it will almost likely find itself in a scenario where none of the currently available options looks to be the best choice for the organization. It will very likely become mired in decision-making paralysis and get dragged by inertia with no way out.

> *Quote No. 143: "The issue has been investigated extensively in the past. Both in the year 2011 and in 2010. This is an issue the CEO raises, presents to the board, and the board considers. However, since we re-analyzed the issue, there has been a shift in the management. Now the board itself reminded us of the opportunity, and then the team of directors began working again."*

Focusing exclusively on project execution while ignoring incubation for full preparation and neglecting to assess alternatives during iteration fully exposes the business to all of the main problems which will inevitably emerge during the phase of change implementation. This leaves little time to consider the organization's future and how it will function after transformation and concentrating exclusively on undergoing change with as minimal losses as possible. Thus, the choice to start change should be made after thorough analysis and after a new organization has been established and is able to function independently. The implementation of change cannot begin until the

necessary groundwork has been completed, as well as iterations of analytical testing, focus groups, and other techniques have been performed to verify that the change is really necessary and well-targeted.

The empirical evidence from a number of instances indicates that the process may be used not just for large-scale changes but also for any other kind of organizational change. The likelihood of successful implementation would increase as a result of this. In the modernization case of the *Black Company*, for example, informant BK1 claimed that the poor execution of the project was mostly due to the fact that it was launched at an inopportune moment.

> *Quote No. 144: "Let's say I also learned that changes must occur at their own speed. They must be organic, and some of the things we implemented in the 15th year required a great deal of personnel turnover. The question is whether we would have lost more or discovered more. Because these individuals continue to work and make decisions."*

Meanwhile, examples of successful transformation show that change should be started by leveraging the anticipated future trends and core competencies. In this instance, the new production line does not function as well as the CEO had anticipated (or planned), and he asserts that the market has not yet progressed to its future state. However, the business leader initiated the change without incubating it, preparing the opposing team. He chose when and how to modernize the organization only based on his personal intuition and ambitions.

According to the interview data, the premature decision to begin a transformational journey endangered the future of the organization. The company chose to abandon profitable product lines in anticipation of a desired future market. However, this decision was made without going through the necessary iteration and incubation phases. As a result, the organization was led astray and pursued a new development direction that had little potential for success. Skipping these preparatory phases, as observed in this case, may lead to misguided decisions and wasted resources. The interviews suggest that organizations should take their time to properly assess market conditions and develop a clear understanding of their own capabilities and limitations before embarking on a transformational journey. This approach can help ensure that

the chosen direction is aligned with the organization's goals and has the potential for long-term success.

Meanwhile, the *Black Company* faced significant challenges after realizing that the market was already saturated with comparable products, thus making it difficult to reach the intended consumer. This realization came too late, as the organization had already committed significant resources and destroyed its prior trajectory. The interviews suggest that initiating changes without going through the necessary iteration and incubation phases can be risky. This approach can lead to unanticipated and dangerous paths, even if the idea seems appealing. On the other hand, the option of following a proactive transformation initiation approach can help organizations avoid such complications and maintain control over the pace and build momentum for change. The interviews underscore the importance of taking a deliberate and measured approach to transformational change which involves careful planning and assessment of the potential risks and opportunities.

Furthermore, the CEO of the *Brown Company*, Informant BN1, highlighted one of the key causes of shortcomings in the execution of the planned strategic changes as being the inadequacy of the timeliness of the final decision (Quote No. 145). According to him, not only can organizational transformation ideas be insufficient, but they can also be timed for execution at the wrong moment. Furthermore, this is one of the primary reasons why many of their transformation efforts fail to fulfill their initial objectives.

Quote No. 145: "Failures are caused by two major factors. First and foremost, the concept of transformation is flawed. The second cause is ineffective execution. If all ideas could be good, the company should be tremendously successful. Unfortunately, this is not the case. Obviously, not everything is a success. Thus, being in the right place at the right moment is critical in any endeavor."

Moreover, the interview data indicates that even when an organization's environment changes and the need for change appear obvious, revolutionizing the organization without adequate preparation and the goal of being quick in initiation leaves only a few supporters who are frequently the only justification for making this choice. A lack of consensus among the board, the shareholders, and the senior management team may lead the organizational leader to discover that he or she is acting alone due to withholding inertia and

that the organization is being pushed through tremendous resistance. Even the greatest effort may be vain in this scenario.

Furthermore, strategic change management devolves into organizational change survival management as a result of poor management choices. In addition, one of the most astonishing findings of the study is that, very commonly, organizational leadership perceives organizational resistance as a natural condition of change that has to be overcome by all means. Even the most severe expression of resistance, as Informant BN1 vividly highlighted, is regarded as natural and unavoidable in these organizations, even though it is profoundly destructive to organizational alignment and the effectiveness of the day-to-day operations (Quote No. 146). Therefore, every organization that is imitating transformations is trapped in a closed cycle of inadequate strategic change planning and opposition to it on the other end because of such assumptions.

Quote No. 146: "They have identified so many obstacles to the change and reasons why we cannot execute it that I could deliver a lecture. Yes, it was initially really challenging; we have all experienced these cycles of change. All chronic diseases, all symptoms, vomiting, and stabbing. Ultimately, you must simply do it."

As a result, CEOs and other top-echelon teams typically underestimate the significance of the ideation, iteration, and incubation phases while believing that the success of change is primarily based on the ability to overcome resistance to change. When, on the other hand, many other parts of the organization vigorously resist these changes, it is possible that the CEO and the top management team have played a big role in this through their own actions. Therefore, making the final choice of change initiation should be the final determination in the sequential process of the initiation of organizational transformation. The choice should only be made after extensive preparation and deliberation.

According to the interview data and analysis of the cases, organizational changes often face significant opposition because they are based on ideas that have not been thoroughly explored or verified. Moreover, there may be a misalignment between the current actions and the vision of the organization and its anticipated future trajectories. The interviews suggest that successful transformational change requires consensual decision-making on critical

factors, such as timing, scale, and trajectory. This approach can help ensure that all stakeholders are on board with the proposed changes, thus reducing the likelihood of resistance and increasing the chances of success. The data highlights the importance of engaging stakeholders in the change management process, while providing clear and open communication, and also addressing concerns and issues as they arise. This collaborative and inclusive approach can help organizations navigate complex change scenarios and achieve their transformational objectives.

Releasing. According to the interview data, organizations face significant challenges when trying to effect meaningful transformation due to divergent attitudes and perspectives. This is particularly evident when the current operations of a core trajectory, with efficiency and effectiveness objectives, are contrasted with a new trajectory that involves uncertain investment and potentially detrimental developments into the unknown future territory. The interviews reveal that the contrast between these competing perspectives can be stark, and also create significant resistance to change. In such situations, it is important to ensure that all stakeholders are involved in the decision-making process and that their concerns and perspectives are taken into account. The interviews underscore the importance of fostering open and honest communication and creating a shared understanding of the rationale for the proposed changes. By doing so, organizations can help mitigate resistance and build momentum for successful transformational change.

Based on the interview data, the transformation initiation process is considered complete when the 'new' organization has acquired the necessary structure, autonomy, and capacity to operate independently of the 'old' organization. This is typically achieved by dividing the company functions into different entities, which enables organizations to pursue innovation and large-scale proactive transformation by creating autonomous organizations for each trajectory. By doing so, the focus of the current organization on the core business trajectory can be preserved while also allowing for the pursuit of new opportunities and avenues for growth. The interviews suggest that this approach can help mitigate the risks associated with transformational change and enable organizations to better manage the inherent complexity and uncertainty of such initiatives. The data underscores the importance of creating a robust and flexible organizational structure that can adapt to the changing market conditions, and support continued growth and success.

However, in order to appropriately prepare the change for its launch, this formal release should always be preceded by sufficient incubation phase

activities and preparation. Gaining the initial momentum is required for the new organization to continue progressing on its own. At the same time, the inability to properly prepare before attempting to make strategic changes from even the most brilliant of ideas will result in failures during the stage of execution. This is a moment when the rational decisions of the leaders and their reasoning should take precedence over their intuition and ambitions.

As the interview data and case histories suggest, in order to catalyze efficient separation, the release must be planned, and the point in time when it is bound to occur must be considered. Consensus must be reached among the stakeholders of both the current and the future organizations. Its absence, according to the findings of the study, will represent a risk that could prohibit even the most creative ideas from being implemented. The potential of a conflict is exemplified by the comments that Informant WE1 recalled from an internal disagreement over the implementation of an organizational change (Quote No. 147).

> *Quote No. 147: "Why do we need to pay? We did not originate this idea. Perhaps you are fulfilling some of your ambitions. We do not support it, and we do not desire it."*

The interview data suggests that rushing from an idea to its implementation without the proper planning and preparation is likely to result in the failure of the change implementation. Furthermore, this approach can increase the organization's resistance to any new changes that may be introduced in the future. The interviews reveal that such a haphazard approach can lead to a growing level of cynicism among the employees and other stakeholders about the management decisions and strategies of corporate development. This can undermine trust and confidence in the organization and create significant barriers to the future change initiatives. The interviews highlight the importance of taking a deliberate and measured approach to change initiation management, which involves careful planning, assessment, and communication. By doing so, organizations can build trust, manage resistance, and create a culture that is more receptive to future change initiatives.

Furthermore, it is critical to pass all the decision-making authority to the new CEOs after separating into different organizations. To fully exploit the potential for growth and development that has been built up within the new team during the planning and preparation phases, it is critical that this should

be done immediately. Otherwise, the potential for growth and development will be lost. Bureaucracy and organizational tensions will squander the opportunity for rapid advancement and expansion if this does not happen. This is well understood by organizations exhibiting proactive transformation competence, as Informant RD1 indicated (Quote No. 148).

Quote No. 148: "This is intended to fully empower that manager to act in his own territory."

This is the point of no return. After the release has taken place, there is no way to revert to the pre-release condition. Separated organizations will be unable to re-establish themselves as the same single entity. It is not going to make any rational sense anymore. If the projected trajectory does not result in transformation, it will be easier to dissolve the new organization than to return it to its previous state due to the fact that its competencies, capabilities, and resources have been established to serve an infrastructure that is fundamentally distinct from that required by the core development trajectory.

Those companies which have developed proactive transformation competence, on the other hand, are well-positioned to initiate strategic change and establish new courses on a continuous basis. These organizations also create a great deal of flexibility and maneuverability for themselves. For instance, in the case if a new organization does not absorb the existing one when it first begins operating on its own but instead achieves its full potential and begins to decline, a sale or a transformative merger may be initiated through the retained linkages between the two organizations. In the case of the *Yellow Company*, Informant YW1 recalled an illustrative situation (Quote No. 149).

Quote No. 149: "In 2004, I also sold a waste recycling company to a prominent German corporation. We used the finances to build a new factory at the time."

Hence, a proactive transformation is possible for those organizations which can develop numerous trajectories and a robust network of interconnections as well as operate as a self-sustaining and reinforcing ecosystem in conjunction with one another and do so continuously. They possess a solid individual identity which aids them in navigating through each

transformation. Because of a strong sense of purpose and individual direction, these organizations have the ability to make collective decisions which would benefit the entire ecosystem rather than just one business. Moreover, a single proactive organization may contribute to the development of the entire ecosystem. Additionally, it is capable of imparting its knowledge and competence to other integrated firms. The example provided by Informant GN2 regarding the multinational manufacturer IKEA demonstrates how a huge firm may lead the entire ecosystem and assist the growth of its individual members (Quote No. 150).

Quote No. 150: "IKEA consistently conducted quarterly usage studies. We have all reported our usage, and even IKEA has questioned the cost of our supplies. IKEA does an analysis and returns the results to us, alleging, for instance, that we procure glue at a 20 percent higher price than our competitors. They then encourage to take action. Therefore, we must act."

More importantly, within the ecosystem of separate but interconnected companies that serve to benefit one another, the division of business trajectories into smaller organizations may aid in the identification of opportunities to reduce the fixed costs, share resources, and remain flexible and resilient in a competitive market. In accordance with Informant YW1, those organizations which possess proactive transformation competence attributes can comprehend and take advantage of this approach (Quote No. 151). These links, however, should be used with prudence and discernment, not only to serve transient improvement and efficiency, but also to enable maintaining the continuous cycle of ecosystem transformation. They may also be able to supply the resources that are required for the release of new entities in the future.

Quote No. 151: "In small countries like ours, it is possible to split the entire business down into individual companies."

Additionally, the expansion of the network of connections results in an increase in the number of potentially viable environmental receptors. They not

only aid in the development of the organization ecosystem adaptability and resilience, but they also aid in the development of the critically necessary capacity for environmental sensitivity, which is vital for the survival and longevity of a business. The ability to generate collective sense through a well-structured and connected network of different actors also contributes to the development of new ideas for transformative development trajectories through the ideation of new concepts.

Hence, in order to transform proactively, an organization must first generate an idea for a new business trajectory, iterate with it to find the best approach to the market, incubate by developing a business plan, assembling a team, and developing a strategy, and then initiate the change by releasing a new business model when the time is right. Simultaneously, organizations must maintain resilience and a constant amount of sensitivity to environmental changes in order to respond proactively to the new stimuli as they emerge.

On the other side, case histories demonstrate that if organizations do not engage in transformation at the appropriate stage of their development, they risk becoming stagnant. Whenever a company holds on to unreleased paths, it binds itself up, and even its primary business suffers as a result. They pull the organization into a survival spiral instead of moving it forward into the next phase of growth. When a significant amount of work is expended, yet the reward is no longer guaranteed, tensions arise, and they prohibit leadership proactivity and decision-making from taking place. Therefore, the way to succeed is to build the ideal momentum and seize the ideal moment.

Thus, the competence to multiply disruptive models across a number of domains and businesses, as well as the ability to proactively and consistently manage the process of transformation initiation in response to a variety of new opportunities, are all goals that can be achieved by organizations. Nonetheless, a company's success in undergoing a transformation in the past is no guarantee of future success. This competence must be continuously maintained and orchestrated in order to adapt to the ever-shifting conditions, both within and outside the organization.

In the most successful organizations, it has been observed that once an appropriate mechanism for managing transformation initiation has been developed, the rate of development may be increased by orders of magnitude. Exemplifying this ability to continuously map new development trajectories as well as to release brand new companies is the case study of the *Red Company*. As Informant RD1 mentioned (Quote No. 152), the companies in this cluster are experiencing steady growth as a result of their enhanced capacity to transform and adapt to the changing environments. Meanwhile,

those companies which do not develop proactive transformation competencies frequently struggle to identify the root causes of their failures and stagnation, and the changes they initiate are rarely smooth; also, they hardly ever culminate in a breakthrough.

> *Quote No. 152: "As a result of this transformation,*
> *we have grown by 93 percent in six months, which is*
> *an outstanding outcome."*

3.2.4. Balancing resilience

According to the interview data, those organizations which establish conditions that promote action-interaction through a dynamic, proactive transformation initiation process can build the competence needed to create new business opportunities and pursue them effectively. The data also suggests that organizations with the capacity for proactive change initiation are able to balance their organizational resilience levels across multiple trajectories, as depicted in Figure 18. This enhances their reconfiguration capabilities and enables them to adapt quickly to the changing market conditions. The interviews reveal that such organizations have a keen ability to make sense of environmental shifts and anticipate future requirements for progression into new areas of development. Moreover, they possess the ability to construct their capabilities to meet those requirements, which helps them maintain a competitive edge in the market.

This section presents the research findings establishing a direct relationship between the organizational proactivity in the transformational change initiation process and the capacity of organizational resilience. The interviews suggest that purposeful governance of the resilience level and maintaining a dynamic equilibrium of its elements is crucial to initiate transformational change. The evidence indicates that organizations, in order to enable proactive transformation competence, must develop an ability to enhance the resilience capacity when it is necessary to maintain the existing development trajectory and to diminish it when it has the potential to cause unintended effects and impede the transition to a new business trajectory. The interviews reveal that a high-level resilience capacity can prevent change, whereas a diminished resilience capacity can enable the transition to a new development trajectory. Hence, change-ready organizations create conditions

facilitating action-interaction in order to navigate the resilience levels proactively.
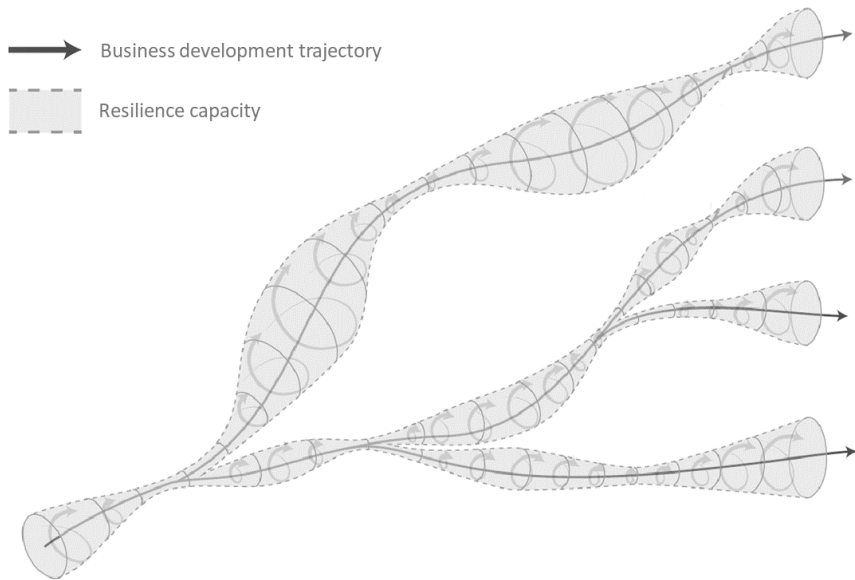
Figure 18. **Proactive transformation initiation process: Balancing resilience** (Prepared by the author)

The present section introduces the concepts of *Enhancing*, *Managing Capacity*, and *Steering Directions* which have emerged from the data analysis. These concepts are supported by the open codes presented in Annex 13. In addition, the researcher outlines the relevant organizational attributes that have emerged during the data analysis (Table 16) and which are deemed essential for the organizational resilience capacity management. The interview data indicates that these components play a significant role in the firm's ability to maintain the resilience equilibrium and adapt to future uncertainties. This is achieved by creating conditions for capacity changes through continuous governance and the management of the levels of organizational resilience. The researcher provides in-depth analysis of these three concepts by presenting the study findings, observations, and evidence related to them.

Table 16. **Balancing resilience: organizational attributes** (Prepared by the author)

Balancing resilience	Organizational attributes
Enhancing	1. Goals for continuous operational excellence and efficiency improvement are established and pursued 2. An organization pursues measurable targets to benefit the society and the environment 3. Across the value chain, there is a coordinated effort to achieve the highest level of efficiency 4. Change management is regarded as a core competence and is continuously enhanced 5. Processes are evaluated and updated on a regular basis, and leadership roles and responsibilities are delineated 6. A system for continuous learning and development of employees is established 7. Employee appraisal and incentive systems are tied to performance and competence development objectives 8. Leadership is constantly learning new skills and competences 9. A state of continuous change is considered both natural and desirable 10. The improvement of the organizational structure and management system is continuous 11. The formation of strategic alliances and partnerships, as well as the management of organizational connections, is continuously enhanced 12. Building mutually trusting and collaborative relationships with consumers 13. There is a concerted effort to improve the organizational ecosystem and the coordination of its constituents 14. A system for quality management is established 15. High level of tolerance for mistakes 16. Leadership and employees are open to new ideas and address problems swiftly and creatively

Balancing resilience	Organizational attributes
	17. Planning, governance, and control mechanisms promote innovation, environmental sensing, and the emergence of new opportunities
Managing Capacity	1. The organization is allowing for resource slack and leveraging excess capacity for managed innovation
	2. Managing resources and capacity through the application of methods that are driven by data
	3. Periodic reprioritization and flexible reallocation of skills and competencies to operations and projects based on their importance
	4. The organizational capabilities management and development system is deployed and enhanced continually
	5. The recruitment process adapts to changing organizational needs and environmental conditions
	6. There is a mechanism in place to provide new hires with quick and flexible onboarding
	7. Continuous efforts are made to strengthen social connections inside the organization
	8. Collaborative decision-making structures and processes are designed to govern initiatives and manage capacity
	9. There is managed ecosystem of relationships that may be exploited to obtain the required talents and experience
	10. The framework and mechanisms for managing portfolios of initiatives and projects are established
	11. The business manages its ecosystem to enhance its own resilience and capacity
	12. Diversification of the client and supplier portfolios exists to prevent significant dependencies

Balancing resilience	Organizational attributes
	13. Measures are in place to expedite the organizational structure and the adaptation of processes to changing conditions
	14. Profit centers and supply networks are diversified by a dispersed business structure
Steering Directions	1. Leadership steers development trajectories with continuous, disciplined, and targeted effort
	2. There is a framework in place for the formation of self-sustaining and self-organizing teams
	3. The organizational structure is modular and decentralized
	4. Management develops synergy and a collaborative environment among organizational components
	5. Strategic management and planning practices establish and maintain the synergy between development trajectories
	6. The authority to make decisions is decentralized across autonomous organizational structures
	7. Communication channels are established, and communication is consistent, inclusive, and continuous at all levels
	8. The bonds of a shared purpose and a unified organizational identity are forged throughout the organization
	9. Adaptive structures and processes for collaborative decision-making and leadership are established
	10. Rapid decision-making and strategic agility
	11. The established set of KPIs governs the pace and progress of the development of trajectories
	12. A firm is equipped with methods and tools required to provide timely, high-quality business analytics
	13. Transparency in organizational performance, development, and objectives is established
	14. Tools and capabilities that enable real-time tracking of operational indicators are established

Balancing resilience	Organizational attributes
	15. Leadership demonstrates a high level of strategic alignment in their aspirations, actions, and decisions
	16. A vision and an ambition for the long term are collectively formulated
	17. Progress transparency and controlled accountability are established throughout individual business niches

Enhancing. The interviews suggest that the development of a continuously transformation-ready company requires a commitment to the ongoing improvement and advancement. The goal is to evolve into a resilient organization which perceives any difficulty, risk, or threat as an opportunity to forge a new course of development. The initiation of proactive transformation requires an organization's ability to foresee the future and identify the competencies it will need to thrive. The interviews underscore the importance of embracing a growth mindset and fostering a culture of continuous learning and improvement. By doing so, organizations can create the conditions necessary to pursue proactive transformation and adapt to changing market conditions. The data suggests that such organizations are better equipped to navigate uncertainty, manage risk, and achieve sustainable growth and success in the long run.

The interview data suggests that an organization must balance efficiency in its daily operations with the need for growth and development. To support and foster growth, an organization's processes must be reliable, its management efficient, and its culture cohesive. By striving for efficiency and operational excellence, an organization can improve its ability to respond quickly to the changes in the external environment and to endure crises. However, it is crucial that the organization should maintain flexibility and adaptability to balance the exploitation and exploration objectives. The interviews highlight the importance of creating a culture of continuous improvement which would support both the pursuit of operational excellence and the exploration of new business opportunities. By doing so, organizations can achieve a delicate balance between efficiency and innovation, which can help them navigate uncertainty and achieve sustainable growth and success in the long run.

Therefore, the ability to bounce back from setbacks and, at the same time, create and pursue new business development trajectories necessitates active and ongoing governance of the organizational resilience capacity. In order to avoid crises and achieve sustainable development, organizations must manage their capacity either by increasing it or reducing it in response to the context changes. An active balancing act between the existing state system capacity and the necessary level of the transformation target is what resilience management entails. Because of the complexity and the multifaceted nature of organizational systems, it is necessary to reduce the resilience capacity of the currently existing system to build resilience around a future state or a new development trajectory.

The interview data indicates that business efficiency and operational excellence serve as the building blocks upon which proactive business transformation competence may be created, thereby allowing organizations to transform themselves more successfully. The ultimate end goal of these transformation-ready businesses, on the other hand, is never to become lean, cost effective, and profitable. These aspirations only serve as a stepping stone toward the achievement of the loftier objectives that they have set for themselves. Representatives of these organizations claim that their purpose is to benefit the society and the environment while simultaneously encouraging growth, value distribution, and employee wealth through continuous innovativeness and creativity. Every day, there is a conscious endeavor to enhance, with the goal of achieving the optimum efficiency across the whole value chain.

Moreover, these organizations do not allow themselves to be driven by the unpredictability of the environment in which they are operating. It is the goal that the organizations are striving for, and some of them do succeed in achieving widespread market awareness, as indicated by Informant GN2 (Quote No. 153). However, only those organizations which possess the proactive transformation competence manage to make changes to enhance their operations and management system so that they can maintain continuous control over the internal data and environmental information and make proactive, rather than reactive, decisions in response to the changing market conditions. Thus, change management is regarded as a fundamental ability of the company enabling fast decision implementation, and this competence is always being refined and enhanced.

> *Quote No. 153: "We have a clear view of the market. There are certain waves in the market, which might be either narrowing or expanding, indicating a faster or a slower process. We are aware of when and at what rate it will begin to descend."*

The research data indicates that, as a result of the experience gained from implementing each change initiative, lessons are being learned, processes and practices are being modified, organizational knowledge is being expanded, and the capacity for decision-making is being enhanced. They avoid the change fatigue that other businesses get to experience because of the inefficient change management, which allows them to strengthen rather than undermine the core aspects of the organization whenever the change is being implemented.

On the other side, there is considerable evidence to suggest that, in the absence of formal processes (that are kept regularly updated) and effective management, unclear leadership roles and responsibilities contribute to poor performance and demotivation among the employees. For example, Informants GY1 (Quote No. 154) and BN1 (Quote No. 155) stated that, while both firms are aware of the risks involved in change and strive for continuous development, case analysis and comparison reveal that they still lack proactivity and competence to manage changes successfully. Furthermore, they face frequent change fatigue and change saturation, while also suffering from staff demotivation and poor teamwork. Thus, the ability to initiate and implement change requires a complex organizational architecture and its effective continuous governance.

> *Quote No. 154: "We meet after each major project to evaluate how our process has worked, whether it was effective, whether the client was satisfied, and whether we exceeded or fell short of expectations. There is an ongoing conversation. We're looking at the process and working to improve it."*
>
> *Quote No. 155: "You must listen to and comprehend the organization. In this meaning, it does not imply inaction, but rather refraining from battling to break everyone's hands. Organizational transformations*

are continuous. Changes are inevitable, but they must
feed on the core umbilical cord."

It is also important to ensure that the personnel at all levels of the business are constantly learning new skills and practices. Hence, those organizations which demonstrate proactive transformation competence provide employee training on a regular basis to guarantee that the expertise of their employees remains fresh and relevant. They not only make use of external learning possibilities, but they also create and implement their own training systems and programs, including the training of internal lecturers and coaches. The formation of communities of practice is also a common occurrence in learning organizations. Another point to emphasize is that employee appraisal and incentive systems are frequently linked not just to productivity, but also to achieving competence development targets and displaying continuous improvement behavior.

Additionally, the leadership at all levels of an organization is continuously learning in order to better serve their employees and the company. Both of these types of leaders and organizations want to be in a state of constant change since it is a condition that is both natural and desirable. That viewpoint is strongly illustrated by the remarks of the leaders of the *Red* (Informant RD1, Quote No. 156) and the *Pink Companies* (Informant PN1, Quote No. 157). As a consequence of this continuous strive for learning and development, companies are consistently looking for innovative ways to improve the management systems and organizational structures within their organizations in order to maintain a competitive advantage.

Quote No. 156: "What exactly are the problems? The problem is a previous decision. Because of something that happened, I had to make a decision, and that decision resulted in some change. That adjustment has resulted in a new issue. That's what I'm aiming for, and that's what it'll be. It's a problem, another problem, and a further problem. As a result, there is perpetual change, change after change after change. Well, it is a never-ending process of change."

Quote No. 157: "In addition, we concurred that we do not wish to remain orphaned, that we wish to progress to a better level, that we must instantly grow

302

and learn, and that we must invest in professional
growth. We must also grow as leaders. <…> If you
want to progress, I believe that learning is essential.
As Einstein said, if you want to maintain your
equilibrium, you must weigh pedals; if you stop, it is
the end of the game."

Moreover, they place a great priority on forming strategic alliances and expanding their professional networks with other companies, and they are also actively seeking advice from the prominent figures and peers in their sector. They are able to work together, share information, and gain knowledge from the experiences of one another as a result of the establishment of alliances and clusters, as well as the initiation of collaborative projects.

In addition, businesses work hard to develop relationships with customers that are founded on the principles of reciprocal trust and collaboration between all involved parties. As a consequence of this, they become aware of a great number of opportunities to gain knowledge from their customers. In addition to this, they disseminate their newly acquired information and experience to other partners in the ecosystem in order to ensure that they continue to benefit from and contribute to the development of the ecosystem as a whole. The businesses taking this approach may also find that they are able to reduce their reliance on a limited number of customers or suppliers.

They are constantly aiming to improve the overall production quality through the application of the stringent problem and quality management methods. Firms seek to build and sustain a high-quality process and culture of quality management. As a result, they are willing to have external partners review and advise them, as well as conduct external audits and consulting. Exemplary firms are constantly looking for ways to automate operations and apply cutting-edge technology to the production process in order to increase productivity and efficiency while maintaining high quality and decreasing the resource waste.

Nevertheless, it is critical that companies have a high tolerance for mistakes while aiming to sustain reliable operations, continuous learning, and improving. They must put a premium on making quick decisions and acting promptly, focus on how to learn from their mistakes, and prevent making the same mistakes again. This attitude is exemplified by the statements of the leaders of the *Red* (Informant RD1, Quote No. 158), *Blue* (Informant BE1, Quote No. 159), *Yellow* (Informant YW1, Quote No. 160), and *Purple*

(Informant PE1, Quote No. 161) companies. Therefore, organizations possessing proactive transformation competence are impatient with delays. On the other hand, experiments and pilot initiatives are thus frequently and eagerly welcomed. At the same time, they are not engaging in gambling or squandering time on unplanned experiments. These companies put in a great deal of effort in preparation.

> *Quote No. 158: "All of these failures, lessons learned, and improvements have now become the added value, as anyone who begins today will still be required to make these errors."*
>
> *Quote No. 159: "Gaining experience takes time. You live and learn, and mistakes teach you even more if you can transform them into something beneficial."*
>
> *Quote No. 160: "There is no chance of living without making mistakes, and there are no boundaries to perfection and looking back in time, it has always been possible to do better."*
>
> *Quote No. 161: "I'm not saying we're doing everything perfectly or that we're not making mistakes. However, we may be unduly obsessed with how to learn and avoid repeating the same mistakes."*

On the other hand, those businesses which have had less success overall and are less adaptable to change have shown that a fear of failing and being punished is the root cause of stagnation and an inability to adapt to the changing circumstances. As Informant RD1 stated, in businesses that are prepared to adapt and change, it is preferable to make a poor decision quickly rather than none at all (Quote No. 162). The cases of businesses that were not as successful, on the other hand, demonstrated that organizational procrastination and a lack of support for initiatives can result in significant opportunities being missed out on.

> *Quote No. 162: "You notice an opportunity to improve and take action. Your decision is not always correct. Maybe you do, and you need to repent since*

you've already indicated that you're not going halfway. I always tell folks not to be afraid of making errors. It's even terrifying when a person doesn't make a choice. A terrible decision is preferable to no decision at all, since you still have the opportunity to make corrections, and no one punishes you for your mistakes. This is evolution, and there is no other way to discover the way."

Therefore, via its daily operations and core trajectory development, a proactive organization strives to become efficient while also being adaptable, change-oriented, and continually learning in order to succeed in initiating new directions. Their leadership and employees appreciate creating connections, are open to new ideas, and solve challenges quickly and creatively. However, they are eager to always develop and enhance quality. They build companies in which the ending of one change is the start of another, and everyone embraces it.

Nonetheless, the observed organizational reality is that it is far simpler to maintain a resilient, adaptable, and continually developing organization which fosters a culture of trust and collaboration than it is to transform from an organization that has become stagnant and inertia driven. Furthermore, it is evident that before attempting to expand and create new development trajectories, a company must first standardize, formalize, and optimize its operations. Otherwise, the capacity to ideate, iterate, incubate, and initiate changes will be suppressed.

In order to achieve the maximum efficiency while also being innovative, organizations must establish the right balance between these two goals. Flexibility and formalization go hand in hand, and creativity is boosted by standardization, and new development opportunities are identified through the capacity to experiment in the face of uncertainty. Avoiding ambiguity in organizational life reduces risk, but it also narrows the range of possibilities. On the other hand, neglecting formalization and structure leads to decision and action paralysis.

Proactive transformation is primarily concerned with the uncertainty of the future rather than with precise and comprehensive planning. When a corporation attempts to reduce the future uncertainty by curtailing activity, it reduces the number of the available future development possibilities which are always in the high-uncertainty range. Strategic planning, governance, and

control systems must therefore facilitate rather than impede creativity, environmental sensing, and the exploration of new opportunities.

The interview data suggests that organizations possessing proactive transformation competence attributes actively seek out uncertainty as it presents significant opportunities for expansion and growth trajectories. These organizations limit the risk by taking short and swift moves and aiming for a broad horizon rather than particular targets. In contrast, those organizations which seek total control over all of their activities and certainty in development are constantly unsure if their operations have reached the peak efficiency. As a result, they tend to focus primarily on such factors as profit, manufacturing quantities, customer demand, and supply capacity when examining the environment for potential growth. This approach leaves little room for innovation or the exploration of new frontiers or risky alternatives. The interviews underscore the importance of embracing uncertainty and taking calculated risks in the search for transformational opportunities.

The interviews suggest that those organizations which solely focus on efficiency and exploitation of their current core development trajectory have limited influence over their future and operate with a shorter perspective. While such organizations have control over their current situation, they are ill-equipped to navigate future uncertainties and identify new opportunities for growth. Furthermore, the data reveals that transformation competence cannot be built overnight in response to a crisis or a hazardous event. Rather, constant, organized, and controlled effort is necessary for its growth, development, and maintenance, in tandem with continuous organizational enhancement. This proactive development necessitates taking one step at a time in an uncertain context.

Hence, the pursuit and management of continuous organizational improvement must be carried out consistently and structurally. It must be flexible enough to adjust to new situations. Additionally, leadership must devote major attention to this attempt. When an organization grows, time and attention spans of its CEO decrease. Meanwhile, individuals are in need of direction, constant support, and structure. As a result, organizations must be prepared in advance. The continuous improvement culture and exploration ambition must be maintained at all times to ensure readiness for a robust mobilization and take-off toward new horizons.

Managing Capacity. The interview data and case histories reveal that, in order to sustain a state of continuous improvement while simultaneously identifying and establishing new development pathways, it is vital for the

limited capacity of a company to be allocated purposefully and as efficiently as possible. Managing development vectors that crossover in different directions presents a unique challenge to the leaders' concentration, perseverance, and decision-making abilities. Managers may stop exploring and, instead, turn their focus to exploitation if they have short attention spans and a desire for rapid successes, quick wins, and are satisfied with lesser outcomes. Thus, the management structure, process efficiency, and the strength of the organization's connections enable continuity and the upkeep of proactive transformation competence.

For some businesses, having a larger quantity of unutilized capacity is a continuing goal in order to leverage it for expansion or risk mitigation purposes. This is something that proactive transformation competence-driven organizations likewise aim for, as indicated by Informant RD1 (Quote No. 163). However, the observed cases and the interview data provide evidence that organizational adaptability should not be maintained in a straightforward and unthinking manner, as this could result in wasteful resource utilization. As a result of the depletion of resources, confusion regarding their function, and potentially diminishing motivation due to idleness, the steps designed to enhance the organization will instead serve to harm it rather than strengthen it. To effectively manage an organization's resilience capacity, more sophisticated data-driven methods and measures are required.

> *Quote No. 163: "If there is a bottleneck and we are unable to produce, we are expanding manufacturing. We always have more manufacturing capacity for growth."*

The interview data suggests that businesses must take proactive steps to reduce risks that can stifle progress and absorb the time of essential capabilities by redirecting them to problem-solving. All the phases of the change-initiation process, including environmental sensing and stimuli sense-making, require the organization's core skills and recourses, as well as its know-how to be readily available. Adaptive and resilient organizations, as well as their ability to proactively initiate change, suffer when these critical assets are overloaded, they are not focused on generating new trajectories, or the company loses them for a variety of reasons. It is also possible that the drain of highly qualified employees will result in a difficult time recruiting a suitable substitute and regaining expertise. Whereas, if the organizational

equilibrium and inventiveness have been lost, it will be difficult to recapture them after they have been destroyed.

Hence, it is vital to develop a comprehensive understanding of organizational capacity and controllable boundaries before organizational resilience can be proactively balanced and maintained in order to support alternative paths of development. The lifespan of a business can be extended by retaining the core competencies while also acquiring additional expertise and actively managing the ability to allocate attention and resources in a flexible manner in response to specific transformation initiation process requirements as they arise.

The interview data suggests that, while it is possible to recruit resources from the outside sources in an emergency, outsiders may have difficulty assimilating into the organization's culture and working in unison with its momentum. This makes them unsuitable for the ideation phase, as the potential for new trajectories is concentrated in the strong existing relationships of the presently involved actors. Only in the presence of such relationships can organizational sensemaking trigger a cascade of activities which would lead to the identification of the new directions of development. Therefore, the ability of an organization to provide newly hired employees with an onboarding process that is both quick and malleable confers a competitive advantage over those organizations that already have such a system in place. The interviews highlight the importance of creating a culture of openness and inclusiveness, which can help organizations leverage the potential of their existing employees and minimize the risk of turnover. By doing so, organizations create a more stable and cohesive workforce which is better equipped to pursue innovative ideas and drive the growth toward new directions.

The cases, on the other hand, demonstrate that effective resilience and transformability governance will never be implemented from the top downward. Despite the fact that different observed organizations employ a variety of organizational management approaches, the case study, in essence, reveals that collaborative decision-making is the most viable strategy. It is essential to have two-way communication, and the most forward-thinking decisions are made in a group of leaders, specialists, and other key stakeholders who collaborate in their development. Therefore, the failure to form a decision-making group, organize its structure and processes, and secure widespread involvement will result in the failure of the resilience capacity management efforts.

Throughout the entire cycle of the proactive transformation initiation process, this group must be ready and eager to engage effectively in the development and advancement of explorations. It has to be responsible for controlling and providing the required resources and funding for the activities, as well as providing assistance through effective and timely decision-making. For example, the *Red Company* has formed a committee of selected members to make decisions on innovations (Informant RD1, Quote No. 164). All of the organization's ecosystem links should be governed by this company unit which should also strive to maximize the effectiveness of all initiatives directed at maintaining the balance between the organization's resilience and its exploratory capacity.

> *Quote No. 164: "Since we are the ones who are responsible for innovation, we are examining all of the possibilities, but decisions on these topics will be made by a joint committee."*

In addition, the group's equilibrium and energy must be maintained on a constant basis, and the condition and operational capability must be closely monitored. It can be extremely turbulent at times of crisis and upheaval. As a result, in order to establish a change-ready unit, it is necessary to harden the structure and synchronize efforts on a regular basis. Only when such a group is continually alert and proactive, will it be able to overcome crises, confidently initiate new directions, and vigorously develop existing ones. Furthermore, those individuals who have been a member of these transformation teams have stated that they are confident in their potential to succeed despite any setbacks along the route (Informant RD1, Quote No. 165).

> *Quote No. 165: "Those who have been hardened together by the changes and have obtained considerable expertise are now the most effective managers and innovators. This entire team of change."*

Organizations also differ in how resources are allocated during the transformation initiation process, whether they commit them totally to the initiative, or split them between exploration and exploitation. Fully dedicating resources to one project is expensive, but it is the most effective approach to

be fast during the iteration period when a new concept is being generated. Furthermore, it lays the groundwork for the initiation phase, in which all the trajectory development resources are ready to separate at the point of decision. In contrast, when a company employs shared resources, project connections may degrade as workers prioritize individual assignments. It will eventually become an issue for the initiation of rapid transformation.

Since capacity needs to be balanced when creating and working on numerous parallel paths at the same time, the challenge organization phases are essential to achieving success. At the same time, the organization must manage resources and balance attention between the different development trajectories, which can be difficult. Those companies which are proactive in their approach find a means to keep them in incubation for a different period of time in order to prepare for the initiation and release of a new organization or the transformation of an existing one.

A consequence of this is that organizations must manage the allocation of limited attention capacity to numerous development trajectories, while remaining vigilant about the sustainability of the core development path. Processes and structures for managing the initiative and project portfolio provide support for leadership in this endeavor. However, the challenge is to steer the organization in all of these distinct directions while also establishing the capabilities and competencies required for a variety of different potential future scenarios. This creates a challenging situation in which one must retain attention and awareness throughout the process while also making decisions in the face of varying degrees of uncertainty. Moreover, as informants recognized, they have to be on the constant lookout for the new directions (Informant YW1, Quote No. 166; Informant RD1, Quote No. 167).

> Quote No. 166: *"I understood that this would not be achievable in a hurry, that it would take time, but a new direction had to be found."*
>
> Quote No. 167: *"You're unhappy when everything is fine, but when things are awful, you come with a grin and say go – we'll find our way soon, – they always say that about me."*

A noteworthy finding from this research was that proactive businesses purposefully create their ecosystems as these ecosystems allow them to manage resilience and transformation capacity. As a result of the existence of

these managed ecosystems, they gain a stronger capacity to absorb shocks and stimulate the emergence of new trajectories of development. By diversifying their supply sources, markets, and industries, these companies manage their external relationships so that they do not become unduly reliant on a small number of suppliers and clients. They, on the other hand, devote a significant amount of time and effort to making each connection valuable, durable, and long-lasting.

When a company is hit with external shocks, a well-developed network can help it overcome those disruptions. Furthermore, it enables rapid development in circumstances where the need for partners is urgent and only a limited amount of time is available. Aside from the improved ability to efficiently steer various developmental trajectories, a strategically managed organization's ecosystem has the potential to enlarge its environmental sensing receptor system, which is essential in detecting the new growth horizons during the ideation phase.

To minimize risks, to boost resilience, and to facilitate the timely capacity management, these ambidextrous companies also place a high value on the adaptive structure of their organization and the management of their business processes. They frequently find that dividing themselves into a set of smaller enterprises helps them boost their resilience and flexibility. In a perfect scenario, such a group would be able to integrate enterprises with complete control of the value supply chain.

In this manner, the company would lessen the risks associated with having everything concentrated in one area while simultaneously being able to adjust more flexibly to changes in the environment throughout the business vertical. Furthermore, as the acquired interview data and case analysis indicate, organizations can improve their resilience by diversifying their profit centers, distribution networks, and supply chains, which can be accomplished through a group's well-functioning organizational structure.

It is possible to draw the conclusion that, in many of the cases that were explored, a single company would not have been able to generate new ideas for development, would not have had the resources to iterate numerous times, and would not have been able to properly incubate initiatives for a long enough period of time if they had not collaborated with other organizations. Oftentimes, important contributions to these transformations came from third parties, such as customers, partners, or suppliers.

This indicates that the structure of a group could have a dual impact for the organizational transformation initiation process. First, other linked organizations can be involved in all stages of a company's transformation

initiative, support process from the earliest stages through the completion of the change. They can act as environmental sensors, be part of sensemaking, or partner in iterating and initiating a new business concept. Secondly, each company is a new node in a managed network. This results in an expansion of the ecosystem that can be managed and that can support sensing and sensemaking. As a result, it may serve the needs of an entire group as well as the needs of a single organization.

As a result, the composition of a group or a dispersed business structure and the efficacy with which these separate businesses are managed have the potential to confer a competitive advantage on organizations by increasing their capacity for adaptation and agility. It is possible that this will give a mechanism for balancing the capacity throughout the entities. However, this is only the case if a group of businesses is managed in an efficacious manner, the interconnections between the businesses are strong and two-way, and the decision-making implementation is performed instantaneously.

The capacity to rapidly incorporate new paths of development while operating as a group of businesses benefits both the ecosystem and the individual enterprises. In addition, the leaders of group organizations can collaborate together as a steering and change-initiating transformational team which will guide them through the entire process of establishing new development trajectories and implementing organizational transformations.

Through the synergy, it is possible to expand both the organization's network and the number of environmental sensors. Consequently, effective capacity management not only increases resilience to environmental shocks through enhanced absorption capacity, but also fosters creativity and collective sensemaking. It lays the foundation for the initiation of the proactive transformation process.

Steering Directions. The evidence from the multiple case study highlights that the organizational top echelon faces a significant challenge in constantly exploring new opportunities while also retaining effective management of the organization's core development direction. It is essential for the effectiveness of a proactive transformation initiation process in which an organization is involved that its governance is not fragmented and haphazard. Interviews with top executives imply that, in order to sustain their manageability, all stages must be constantly filled with input and action. Consequently, it is critical to ensure that not only are the core operations appropriately resourced, but that the thirst for organizational innovation is fueled by external stimuli as well.

Therefore, the management effort and attention are required at all times in order to steer a variety of development trajectories in their individual intended direction. If disparities in the growth trajectories are not addressed, they have the potential to cause internal organizational tensions. As a result, when making strategic decisions, managers must take these variations into consideration.

Moreover, due to the limited attention span, when an organization chooses to try alternative development pathways, the goal must be to create self-organizing and self-sustaining teams capable of leading them and transforming into autonomous entities later. Unless this is accomplished, leadership will be forced to commit a large amount of time to absorb all problems and issues while also serving as a continual arbiter in debates over priorities and issues. This is consistent with what Informant WE1 characterized as his role (Quote No. 168).

Quote No. 168: "I absorb problems from all other businesses here. I find the balance, and here I am as a judge."

The findings of the research also highlight the fact that the organizations trying to establish a single fully integrated, hierarchically complex structure from the ground up are less adaptable to specific environmental changes than the companies breaking down their structure into smaller components and organizing it in a more decentralized manner. Paradoxically, a large organization can improve its adaptability and speed by subdividing itself into a number of smaller, more autonomous units, all of which remain a member of the larger organizational network structure.

Organizations can take numerous forms under this strategy. This could be a group of organizations or internal divisions of businesses focusing on a specific function, service, or product and engaging with one another as consumers or service providers. A manufacturing division, for example, provides services to each business line or revenue and profit niche, which may be established as a separate business organization or function as a smaller internal unit depending on whether the business model, product, or service is still in the early stages of development (e.g. introduction of a new product).

Such organizational structure is decentralized and composed of separate modules which can rearrange and work with different other departments and units as needed. It streamlines decision-making and change implementation in individual business units. Aside from that, it has the capacity to overcome the

fundamental organizational tension between the exploitation of the firm's core development trajectory and the exploration of new horizons. It allows one to steer all of these diverse trajectories independently, while also building new or removing the already existing individual units or modules.

Meanwhile, organizational leadership is responsible for orchestrating the organization by efficiently steering the numerous paths of development. The management of the organization's coherence and resilience calls for the careful balancing of these multiple potential development pathways, as well as the maintenance of synergy and synchronization throughout the entirety of the network structure. Consequently, if it is managed properly, the functioning of the organizational network is not put in jeopardy, even if a single component fails to operate properly. As stated by Informant YW1, organizations denoted by proactive transformation competence invest deliberate effort to develop such a structure (Quote No. 169).

> Quote No. 169: "These two directions will become
> stronger as independent entities, but they will
> continue to function as a subgroup to sustain the
> overall strength of the group."

In addition, the gathered evidence implies that building synergy and autonomy will allow these dispersed components to enhance overall environmental sensing and decision-making capacity as if they were properly integrated. They will significantly contribute to the collaborative decision-making process. However, the governance will not require a substantial amount of leadership time due to its self-organization capabilities. Therefore, once a new trajectory has been identified, it will be simpler to integrate it into the system, thus providing a solid foundation for future progression.

The new trajectory may swiftly acquire knowledge, adopt the best practices, and replenish resources in such a system. Alternatively, if the potential exists, it may faster become capable of rapidly detaching from or even transforming the entire system, while entirely absorbing it for the advantage of its own development. Moreover, in transformation-ready organizations, the resilience and transformability of the organization as a whole are derived from the interconnection and culture, which both support and do not obstruct separate paths toward their own specific goals.

Strategic management and planning are located where the synergy of components is formed and maintained. Although a company's strategy and

leadership are aligned and effective, fragmentation at the transactional level may arise as a result of the limited capacity of a particular element to provide services or goods to other areas of a system. This can be prevented with the proper capacity management, supply control, demand forecasting, and growth projections for each element and trajectory, regardless of their exploitative or exploratory nature.

As a result, these distinct entities or components operate independently, with no shared resources, and their paths do not crisscross chaotically. As a result, decisions are made within the boundaries of their units. On the other hand, maintaining the availability of common features, services, and products allows for a greater effect and balance across the entire system. Furthermore, new temporary structures may be developed to experiment with new business directions by selecting and combining the most appropriate resources from varied parts. In this case, sharing the capacity and the potential among grouped companies may be viable and advantageous. The group may also provide early support and investment, as well as crisis management support.

In contrast, when the synergy is inadequate, there is no leadership alignment, and internal tensions are not resolved, the same group may inhibit the exploration of new directions. As a result, it will constitute a roadblock to transformation and even gradual change adoption. The troubles of other units will rapidly infect the whole ecosystem, thus becoming an anchor for their development. Since the interaction between them would be constraining rather than stimulating, the autonomy which is essential for development and transformation will be impossible to achieve and maintain. Environmental sensing and conscious sensemaking would become unachievable on the scale of a collective ecosystem. As revealed by Informant GN1 (Quote No. 170), organizations lacking proactive transformation competence regard similar systems as a hindrance for growth and change.

> *Quote No. 170: "In addition, being in a group halts the dynamics – the transformation of organizations, as they attempt to exert influence over you or as you are forced to conform to a shared pattern and vision. Consequently, additional evidence is necessary."*

In addition, for such organizations, it gets very hard to extend the boundaries of an ecosystem by integrating links with customers, vendors, and strategic partners, amongst other things that need to be taken into account. In addition to this, the initiative of the entire organization and the energy that

drives change would be centralized at the highest pinnacle of the hierarchy. However, according to the findings of the conducted research, in order for proactive transformation to emerge, it is necessary for it to be strong even in the most remote sections of the system.

The minute the very top of the system begins to struggle with change, demotivation and resistance develops. A considerable influence on the proactivity and ambition of all structural components might result from this situation. That is the moment when one no longer has the ability to sustain and infect all other units with proactive transformation competence and sustain system resilience. Hence, a reduced freedom of action at the level of a single element, as well as group consolidation and centralization, leads to decreased transformability at the level of the entire system.

Strong links between separate entities, in which communication is consistent, collaborative, and continuous across all levels of the organization, may make it easier to steer the activities of the separate entities. On the other hand, fragmentation and isolation amongst organizations are more likely to occur when organizations are not involved in the decision-making process and do not share knowledge and ideas with one another. Consequently, the capacity to create systemic change is dwindling.

As a result, formal service or product transactions between the system actors are expected to take place and ensure the general sustainability of the ecosystem as a whole. Despite this, they are insufficient for the task of developing resilience and transformability. In order to cooperate on sensemaking and ideation, they must be focused on a common purpose and place importance on value rather than formal communications. It is when the foundation of a relationship is not just one of obligation but also one of trust, aspirations, and motivations to collaborate on joint initiatives, to generate new ideas, and to conduct experiments are at their highest. Furthermore, this happens when the bonds of mutual identity are established.

The networked structure of an organizational system aids in avoiding stagnation and inertia. It is, however, far more complex to orchestrate since it necessitates distinct management in various directions, which, in turn, necessitates collective decision-making rather than a rigid hierarchy. It possesses numerous sources of energy and initiative, as well as the potential to act and develop together. Moreover, if synergy is in place and if efficacious steering of each trajectory is maintained, a single element will have the possibility to transform the orientation of the entire structure.

Therefore, organizational management faces difficult collaborative leadership and decision-making challenges. The creation of a structure and

processes that can ensure continuity, foster growth, and involvement, and reduce bureaucracy is critical. Communication inefficiencies can emerge quickly and are difficult to detect when a large number of parties are involved. Formal processes that are not monitored might operate as a cloak masking the emergence of inertia and fragmentation. Thus, the strategic speed and agility, quick decision-making, and constant attention to the pace and progress of each direction are essential.

As a result, the governance structure of the system should promote loose coupling between the subsystems of each unit. In essence, the components of the system should be connected in such a way that they are as independent as possible. It would, however, ensure that direct information interchange is possible, that one element has adequate knowledge of the other one(s), and that the flow of that knowledge is facilitated. Following that, the potential for collaborative sensing, sensemaking, and ideation would be enhanced.

Furthermore, by keeping orientation toward the development of interconnections, the capacity for adding new components, and the extension of the managed ecosystem, the system's multiple trajectories must be continuously steered in order to permit the continuous creation of new paths. Case analysis and comparison indicate that firms with the competence to proactively initiate strategic changes employ frameworks with varied degrees of formalization for such component and ecosystem management, depending on the organizational maturity.

To make effective and timely decisions, it is therefore vital to continuously monitor and control the trajectory development. All elements of the system should be equipped with processes and tools enabling them to provide business analytics quickly and with a greater quality. Individual objectives should be agreed upon by all parties involved. In order to achieve synergy, it is essential to be transparent about important performance measures and objectives. In addition, businesses should make an effort to establish tools and capabilities which would allow them to monitor operational indicators in real time in order to be effective in steering all trajectories in the proper direction. To effectively manage the pace and momentum, it is necessary to keep track of both prospective and actual performance metrics.

Furthermore, each of the trajectories may be in a different stage of development or proactive transformation initiation, and the supervisory team must keep track of the phase transition. Thus, strong leadership alignment and team composition, as well as a well-structured decision-making process and framework, should enable the management team to monitor and manage the

development pace of trajectories and initiatives. It is heavily stressed in the interview data, and a comment from Informant RD1 is among the most illustrative references (Quote No. 171).

> Quote No. 171: *"It is important to keep in mind that the screw spins once at the top and a thousand times at the bottom in order for the system to turn. If the changes are too large, the axis can move back and forth and fly off any screw. Hence, it is critical to monitor the pace and, at times, to slow down and take a rest."*

The characteristics that should stand out most in strategic planning include high adaptability, transparency, and agility in response to the changing conditions in both the external and internal ecosystems. To maximize the potential inherent in each trajectory, the management should prioritize monitoring the establishment of conditions suitable for initiating the change, as well as maintaining the momentum and motivation of committed teams. As a result, the planning perspective and approach, as well as the control criteria for each subsystem and element, may differ. Without a doubt, this makes the overall ecosystem governance more complex.

As a result, such challenges should be anticipated, and self-monitoring measures should be incorporated to ensure that optimal steering is continuous. Because of this, it is necessary to construct a collaborative strategy that would take into account the input from each separate subsystem. This is something that can only be accomplished through strong strategic alignment. When there is a lack of the necessary alignment, leadership focus, and attention, organizations lose their ability to be proactive and resilient, as well as transform themselves.

Nonetheless, numerous cases have demonstrated unequivocally that not all leaders are committed to proactive business growth. Some simply strive to increase the efficiency of the already existing business models. Therefore, instead of being guided by creativity and the desire to broaden the horizons, financial planning and short-term shareholder interests guide the strategy development and direction setting. There is a strong cascading effect which occurs in such circumstances. Whereas the strategic organizational level lacks ambition and strategic direction, other parts of the ecosystem are left out of the process of strategic aspiration formation, distancing them and leading to acting at the lowest possible level of ambition to produce only the bare

minimum output in response to the delegated objectives. This situation results in alternative choices being narrowed to short-term profitability and survival options.

This approach leads to the formation of a low-aspiration organization with small goals and objectives. Businesses with a narrowly focused short-term vision and a highly safe course of action explore only low-risk alternatives, which are ultimately adopted. Firms of this type are prone to behaving reactively, while attentively monitoring and responding to the actions of their competitors, and they eventually become incapable of initiating proactive strategic change. The behavior of such an organization can be best understood via a statement of Informant GN3 (Quote No. 172).

> *Quote No. 172: "Looking at our group and our organization, we are not the ones to go and propose creative ideas. I wish it were so, but our strategy is to follow others. To offer new products and ideas, one must have a team that will sit down and work on the new idea, perform experiments, and drive the project forward. However, we lack such a team, and our board's attitude is that we must follow. So, we don't come up with those ideas. We observe and try to adapt to what's on the market."*

In pursuit of the safest path, organizations not only lose their potential to transform, but also become less resilient. They are the last to recognize and comprehend the environmental cues. This, in turn, raises the likelihood that these companies would be affected by unanticipated and potentially negative events and crises. In addition, at times of difficulties, these organizations lack creative potential and struggle to manage complexity by connecting the dots beyond the problem borders. Therefore, these organizations seldom have the opportunity to examine their development directions, try to recreate their trajectories, and discover new horizons.

Therefore, collaborative decision-making and strategic alignment, in addition to robust connections and purpose coherence, function as preventative measures minimizing the potentially adverse influence on the development of proactive transformation competence. Additionally, this provides settings to engage organizational actors in sensing and sensemaking activities, as well as the creation of new trajectories. This also facilitates the prevention of a reactive strategy and decision-making, which can be

detrimental to the processes and alignment necessary for continuous ideation and change initiation.

Hence, proactive organizations capable of making strategic changes mix bold collective visioning with prudent planning. A long-term, comprehensive vision enables the steering of abstract trajectories toward new horizons. Effective strategic planning also aids in the management of diverse viewpoints, ideation, and iteration processes, as well as the prioritization and execution of the already initiated changes. As their expertise on a particular development trajectory is growing, these businesses demonstrate the ability to translate an abstract concept into a precise strategy and then into a detailed plan for execution.

Moreover, these businesses are well-positioned to maintain control over the strategic decision-making process while taking into account a range of perspectives and viewpoints. They are devoting a significant amount of time and attention to establishing a vision and developing a strategy. However, they are able to maintain a high degree of consistency and efficiency throughout the different processes while also being sensitive and adaptable to the shifting circumstances.

Regardless of the demand for modifications, their strategic agility enables them to effectively control the pace of development on each trajectory as well as monitor the entire organizational ecosystem. On the other end of the spectrum are the businesses which lack a long-term vision and objectives, are incompetent at strategic planning, and have an inadequate or non-existent strategy creation and planning framework. As a result, formal and declarative strategies and plans are developed, controlled, and managed ineffectively. Additionally, they are incapable of rapidly adapting to the changing circumstances.

Meanwhile, organizations possess proactive transformation competence attributes seek to anticipate the apex of the development of each trajectory and market saturation in order to plan ahead of time and be prepared for a proactive closure or exit decision. When there is a significant degree of uncertainty, the planning horizon of the organization becomes narrower. Alternatively, when they have crystal-clear awareness of the development potential and are able to accurately estimate the development boundaries over a long period of time, they can design precise plans for the long run. It is evident that, as a result of continual control, they are still constantly changing their processes, structure, as well as their approach to strategizing and planning.

Hence, in order to begin exaptation from the core development trajectory, organizations must first identify their own strengths, capacities, and skills.

They must develop the capacity to monitor the whole range of the available data and indicators continually while making fast judgments and taking necessary action to properly steer multiple potential development directions. Otherwise, because of poor planning, they are continually short of resources and prone to making arbitrary decisions about what should be prioritized first, and what becomes one of their key vulnerabilities.

Thus, companies can improve their ability to initiate change and develop proactive transformation competence as they are learning to use operational data creatively rather than solely for the purpose of increasing their efficiency. Thereafter, they can develop the capacity to build new development paths. On the other hand, those organizations which are unable to distinguish attention and actions between multiple growth vectors and have no clear understanding of which is most essential and the core of a business eventually lose control and equilibrium, as well as their balance, and they begin to spiral into chaos.

Hence, the ultimate goal is to ensure that trajectory management is both consistent and adaptable. Organizations should strive to establish performance targets that are based on concrete and quantifiable metrics, therefore increasing their efficiency while yet allowing for innovation. They should implement ecosystem-wide methods which would simplify the process of integrating new nodes, as well as cut the connections if needed. Even if individuals *do* change, the governance framework should be in place to encourage continuity and self-organization, and empowerment.

The gathered data implies that transparency and unambiguous accountability across individual trajectories at all phases of their development process must be prioritized in order to facilitate autonomous decision-making and agility. Aside from that, for ecosystem-wide environmental sensing and sensemaking to be effective, it is necessary for all the complex organizational network nodes to be linked and coordinated, as well as actively involved in the knowledge exchange and collaborative decision-making.

To sum up, multiple case study findings demonstrate that this complex strategy enhances the resilience of the entire organizational ecosystem and the proactive transformation competence, as well as its potential and capacity to forge and steer new development trajectories and initiate strategic changes proactively. Additionally, continuous alignment around a single purpose narrows the gap between the executive vision and employee perceptions of the organizational development objectives, and also enables the ongoing resilience capacity management, information exchange, and resource sharing across different trajectories. Because of this, trust is established throughout

the organization, which has a positive impact on all stages of the transformation initiation process, as well as the implementation of changes.

3.3. Substantive Theory

The central category of *Developing Proactive Transformation Competence* was derived from the results of the data analysis. The grounded theory, as depicted in Figure 19, illustrates the interrelated dynamics of the emergent concepts and highlights the key mechanisms for initiating proactive organizational transformation and the organizational characteristics contributing to the development of the proactive organizational transformation competence. The central category comprises all the emergent elements: categories, sub-categories, and concepts.

The grounded theory on the proactive transformation competence development defines the four stages of the initiation of proactive organizational transformation and emphasizes the crucial role of organizational attention and sensemaking capacities in commencing this process. In this section, the researcher explicates the substantive theory surrounding the central category and delineates the relationships between the emergent concepts, sub-categories, and categories which have contributed to the development of the grounded theory.
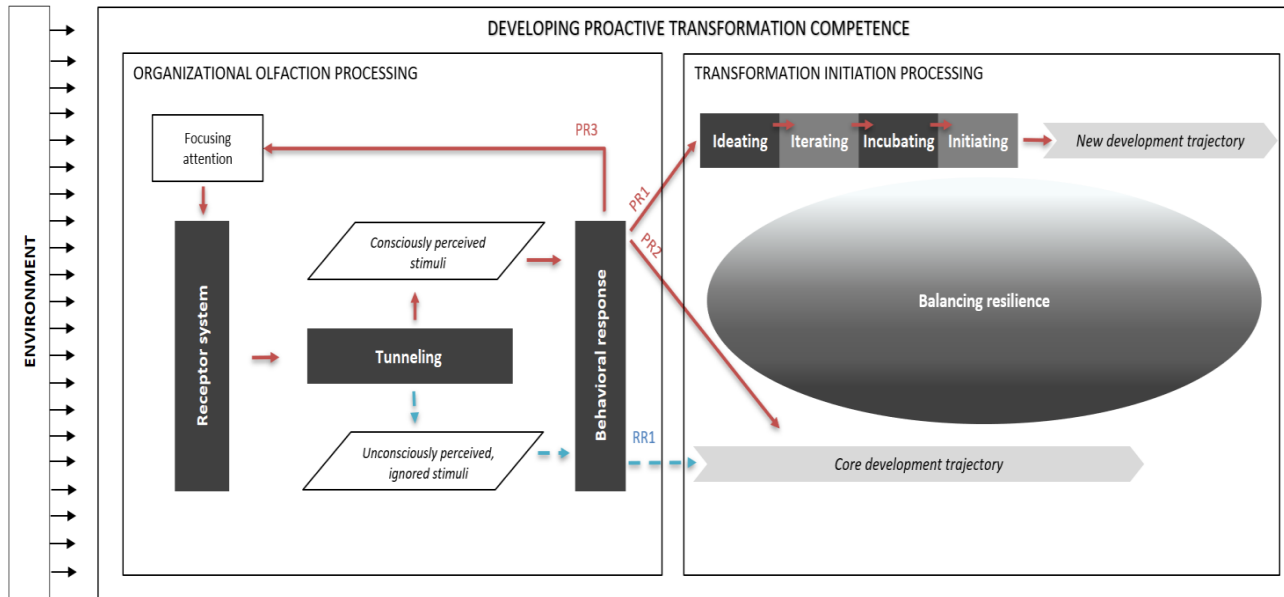
Figure 19. **Grounded theory on proactive transformation competence development** (Prepared by the author)

The grounded theory presented in this doctoral thesis consists of two distinct components which have been derived from the examination of the distributed processing of organizational attention. The first component, referred to as *Organizational Olfaction Processing*, encompasses the pre-attentional system which has a larger capacity and is responsible for detecting the external stimuli. It denotes an organization's ability to identify external contextual changes and provide input for the transformation initiation by collectively interpreting these shifts through sensemaking. The second component, labeled *Transformation Initiation Processing*, represents the post-attentional system which processes the attributes related to the identity of specific stimuli or combinations of stimuli for the purpose of initiating change. It refers to the four-phase proactive transformation initiation process and the organization's capacity to handle it. The central category of *Developing Proactive Transformation Competence* encompasses both of these categories, thereby representing an organization's competence to initiate the transformational change proactively.

Hence, based on the findings of the study, the researcher argues that the capacity of an organization to sense and perceive its external environment is metaphorically similar to the olfactory system, as the first system passes stimuli through the attention and decision-making bottlenecks into the second, smaller, capacity system where decisions are made, and the transformation initiation process further unfolds through the managerial intervention. Through this analogy, the grounded theory provides the implication that, after environmental stimuli have entered the organizational *Receptor System*, they are consciously processed through *Tunneling*, thereby creating sense and awareness. Ultimately, the proactive *Behavioral Response* is chosen because of the meaning that has been created.

The initiation of the proactive *Transformation Initiation Processing* is a potential outcome of sensemaking conducted within the *Organizational Olfaction Processing* system. Consequently, if an organization successfully completes the stages of initiation of proactive transformation through *Ideating*, *Iterating*, *Incubating*, and *Initiating* processes, it can set a new transformational path. However, there are other alternative organizational development possibilities as well. If stimuli are not detected by the organizational sensemaking process, are ignored, or are unconsciously perceived, they may accumulate and result in a reactive organizational response when the underlying risk or threat materializes and begins to impact the organization's core development trajectory. An organization may also

choose to make changes to the core development trajectory without the initiation of the transformational change.

Thus, the *Receptor System* induces *Tunneling*, which results in four possible *Behavioral Responses* that are aimed toward the creation of new development trajectories or adjusting the core development trajectory:

1. *Proactive response (PR1)* – an organization can proactively initiate the proactive transformation process by engaging in the ideation stage in response to the consciously perceived environmental stimuli or a combination of these stimuli.

2. *Proactive response (PR2)* – in response to the consciously perceived environmental stimuli or a combination of them, an organization can choose to make proactive adjustments to the core development trajectory and its operations.

3. *Proactive response (PR3)* – by channeling attention via the network of receptors and redirecting them, an organization can proactively choose to increase the amount of attention and select to focus on a particular area of the environment or track the source of the stimuli for a longer period of time.

4. *Reactive response (RR1)* – those environmental stimuli which slip through the cracks of organizational sensemaking are ignored or are perceived unconsciously may trigger a reactive organizational response when the underlying risk or threat becomes apparent and begins to disrupt the core development trajectory.

Consequently, the findings of the study permit the conclusion that not only is the organizational attention limited in terms of capacity, but there is also a bottleneck in the decision-making capacity which plays a vital role in the organization's management of perceptual information and the initiation of change. This bottleneck occurs at the junction of two systems operating in parallel, with the first possessing a large capacity for information processing and functioning immediately on all the stimuli presented to an organization, while the second system has a significantly smaller capacity, and must therefore be activated and used selectively.

Hence, the second system employs selective organizational attention to manage the process of the proactive organizational transformation initiation. Thus, the research illustrates the necessity of dividing the proactive transformation initiation process into four separate stages (*Ideation*, *Iteration*, *Incubation*, and *Initiation*) in order to manage it effectively. Furthermore, it might be convincingly argued, based on the evidence at hand, that the *Balancing Resilience* process between the core development trajectory and the

new development pathways emerging during the process is a critical organizational skill for the initiation of transformational change.

The sub-category of *Ideating* characterizes the initial stage in the transformation initiation process of organizational transformation preceding the recognition of the need for change. This stage is driven by an organization's exploratory mindset and propelled by the interpretation and attention paid to the environmental stimuli. The input of this process is environmental cues, while its output is the identification of new potential opportunities for organizational development. As a result, this phase serves as a precursor to the iteration stage.

Once a prospective opportunity or open business area has been identified, an organization seeks to determine if the envisaged path has the potential for proactive transformation. Therefore, it progresses toward the aim through a process of iteration with a deliberate, controllable, and incremental advance. *Iterating* is a sub-category involving repurposing the already existing structures, processes, resources, and competences in order to produce new organizational characteristics, products, and services. During this phase, an organization advances incrementally, while developing short-term alternatives for each milestone along the way. This process is essential for determining new directions and developing new concepts of the business model. Continuous experimentation and persistent iteration continue until the company has achieved the necessary conditions for the initiation of change, at which point, a new business development trajectory with the capacity for transformation has already emerged.

Upon the completed experimentation and verification of a feasible product, service, or business model through the iteration process, an organization prepares to embark on a new developmental trajectory. The sub-category of *Incubating* encompasses the deliberate organizational efforts aimed at nurturing and maturing the defined transformational concept and establishing the requisite organizational structure, resources, and competencies. This phase is crucial in imbuing the organization with the readiness for the initiation of transformational change.

The completion of the proactive organizational transformation initiation process is marked by the formal decision to chart a new business direction and establish a separate, distinct entity. This decision signals the final stage of the transformation initiation process and culminates in the creation of an organization with the capacity and independence to operate effectively. The *Initiating* sub-category encompasses a suite of adaptive organizational mechanisms supporting the transformation initiation process, and also

ensuring the consistent management of the organizational capacity to make strategic decisions and to continually create new entities. In addition, this sub-category defines organizational characteristics that foster high levels of flexibility and maneuverability throughout the process.

Research provides evidence that, in the process of initiating proactive transformation, it is crucial for organizations to maintain the right balance between their core development trajectory and the emergent ones in terms of their resilience capacity. Failure to achieve this balance can significantly hinder an organization's ability to proactively transform itself. In fact, it may result in the organization becoming stuck in a state of inertia, unable to initiate any proactive change, and leading to unexpected and uncontrollable damaging shifts. The *Balancing Resilience* sub-category outlines specific organizational approaches that can be taken to develop and maintain the resilience capacity while also ensuring that it is appropriately balanced to support the already existing development trajectories and, when necessary, to reduce it so that to facilitate the transition to new ones.

The four-stage transformation initiation process can be halted at any point during the progression. However, if carried through, a new trajectory of organizational development is established which has the potential to transform the organization. Nonetheless, for the organizational transformation potential to emerge and the organizational readiness to develop, the ability to manage each of the proactive transformation initiation stages continuously and at a high-quality level, as well as to balance resilience across multiple trajectories while still ensuring the organizational capacity of olfaction, is essential. Therefore, the ability to develop and govern both of the systems in a manner that is consistent whilst also adaptable to the changing contexts is what constitutes the proactive transformation competence of business organizations.

Hence, the central category, *Developing Proactive Transformation Competence*, comprises both systems and offers explanations of *how*, in a systematic and consistent manner, an organization can become equipped to initiate change anytime the surrounding environment presents opportunities for it. Based on the research findings and the collected evidence, the key research argument is that the proactive transformation competence of an organization needs to be configured and continually enhanced. Furthermore, it defines an organization's proactive transformation competence as the capacity to initiate and effectively manage the proactive transformation initiation process. As presented by the substantive grounded theory, this involves managing and allocating the dynamic attention capacity and

engaging in sensemaking activities so that to generate the necessary input to start the transformation initiation process and complete it with the transformational change initiation. The ability to sense and interpret the stimuli in the external environment, labeled as organizational olfaction, is crucial in this process.

Hence, the research delved into the mechanisms controlling an organization's capacity for processing information from its environment and the specific organizational characteristics facilitating these mechanisms. The results highlight the decision-making bottleneck-control strategies and organizational features which appear to significantly influence an organization's ability to generate alternative responses and proactively pursue change. Furthermore, the findings and the presented grounded theory explain the dynamic interplay between various organizational characteristics and strategies. The data collected in this study provides evidence that organizational attention is flexible, constantly evolving, and adaptable. The grounded theory presented in this doctoral thesis provides a comprehensive understanding of the relationships contributing to change initiation, organizational attention, and sensemaking outcome variations.

3.4. Discussion

This study aimed to investigate how business organizations initiate proactive transformational changes and to explore an understudied area of the change initiation process. In addition, the research sought to identify how organizations can develop the capacity and competence to effectively initiate transformational change proactively. Based on the findings of the multiple case study, the researcher has developed the grounded theory consisting of two distinct components: the pre-attentional system (referred to as *Organizational Olfaction Processing*) and the post-attentional system (referred to as *Transformation Initiation Processing*). They comprise a central category of *Developing Proactive Transformation Competence*.

The research findings provide evidence that the pre-attentional system is responsible for detecting the external stimuli and determining their relevance, while the post-attentional system is responsible for actively processing and initiating change based on these stimuli or their combination(s). The researcher posits that this dual process is analogous to the way in which the olfactory system functions in the human body by detecting and identifying various smells before determining an appropriate response. The grounded theory implies that the interplay between these two systems mediates an

organization's ability to sense and respond to its environment with initiatives of proactive transformational change. The findings presented in this doctoral thesis are firmly rooted in the data, and they provide insights into the dynamics of the process of the initiation of proactive transformation.

The research focused on a diverse range of comparable organizations across various industries within the manufacturing sector and discovered the temporal patterns, multifaceted causes, and the complexity of the decision-making process of the initiation of transformational change along with the shifts in organizational trajectory. The large sample size and the variety of the involved companies, including those that experienced instances of failed transformation and severe mistakes, added valuable variance to the development of the grounded theory. Observations and multiple rounds of interviews with the top executives provided the necessary depth and diversity so that to yield reliable findings and reach theoretical saturation. The common patterns discovered in the initiation process of the organizational transformation within the sample enabled the proactive transformation initiation process to be defined.

Hence, the research makes a significant contribution to the organizational science theory by addressing an area of the organizational change initiation process that has been previously overlooked. In addition, the study identifies and presents specific organizational attributes and strategies that are bound to facilitate effective action-interaction and create the necessary conditions in the organizational transformation initiation process. The grounded theory presented in this doctoral thesis is explanatory (Morse et al., 2016), and it provides valuable insights for the management practice and for guiding changes in organizational development approaches. As a result, the findings of this doctoral study have the potential to make a significant impact on the field of change management. To expand on these contributions, this section delves into two emerging categories, theoretical and practical implications, and outlines future research directions.

Organizational Olfaction Processing. Olfaction is a multi-stage process that begin with the molecules of the odorant entering the nose and ending with the odorant being recognized by the brain. The process is virtually instantaneous. As soon as a few molecules have entered the nose, they are caught by specialized olfactory receptors, and their chemical identities are then transmitted to the brain, thus notifying it that summer has arrived, and that the honeysuckle is in bloom (McFadden & Al-Khalili, 2016). An odorant molecule can bind to several receptors and, vice versa, with the

physicochemical properties of the molecule determining the affinity. Binding induces structural and electrochemical changes which result in a change in the neuron cell potential and in the generation of an action potential (electrical signal) which communicates the odor information to the brain. The mechanism underlying the binding and activation is currently still unknown (Pandey, Pal, Saha, & Ganguly, 2021).

The essential attribute of a molecule that determines its odor has long been the subject of speculation among scientists, and the two most prominent theories are the geometric shape and the vibrational energies. According to the initial *Vibration Theory*, olfactory receptors function similarly to chemical spectroscopes sensing the localized vibrations of odorant molecules as they pass through the olfactory receptors. As per the *Shape Theory*, the odorants bind to the receptors, thus causing the receptors to undergo a conformational shift transitioning from an inactive state to an active state. The process would be analogous to that of a docking or a lock-and-key mechanism.

In the 1990s, Luca Turin revitalized the *Vibration Theory* by presenting the *Inelastic Electron Tunneling Spectroscopy* (IETS) as a method for sensing the vibrational energy via which the olfactory receptors within the hose sense vibrations. Despite some early skepticism, there is now growing evidence to support the role of molecular vibrations in olfactory perception. A number of experiments have shown that the presence or absence of specific vibrational frequencies can impact the perceived scent of a given molecule. These findings have significant implications for the scientific understanding of how humans perceive odors and how the olfactory system is able to distinguish between different smells.

Moreover, tunneling is an intriguing and fundamental quantum phenomenon which enables the wave function of a particle to pass through a potential barrier that is impenetrable. Despite being considered impossible by the *classical* physics, tunneling involves the traversal of a particle through a barrier by means of its wave-like properties. The barrier can be a physically impenetrable area of space characterized by a lack of sufficient energy to overcome its potential which can be comprised of a narrow insulating material separating two sides, or be entirely vacant. The phenomenon of tunneling has been studied extensively in various fields, including physics, chemistry, and engineering, as it is a key mechanism underlying numerous processes, such as quantum tunneling devices, nuclear fusion reactions, and biological processes.

Small-scale particles like electrons are particularly adept at this phenomenon due to their wave-like qualities and characteristics. When the vibrations of an odorant molecule induce electrons in a nasal receptor to tunnel

between the energy levels, nerve signals are delivered to the brain. Different vibrational frequencies are recognized by different receptors. Distinct parts of the brain are connected to different receptors, which results in a wide variety of odors. Hence, odorants smell differently because they have different frequencies (Brookes, Hartoutsiou, Horsfield, & Stoneham, 2007).

A crucial feature of quantum tunneling is that, like many other quantum phenomena, it depends on the spread-out wave-like nature of matter particles. Coherence and the ability to remain consistently *'in tune'* are required for a body composed of many tiny particles to tunnel. The system must maintain the wave characteristics of all of its components marching in sync. Upon the occurrence of decoherence, quantum waves swiftly lose synchronization, thereby eradicating the capacity for quantum tunneling (McFadden & Al-Khalili, 2016).

Hence, the only process that can explain how receptors sense vibrations in odor molecules is quantum tunneling. However, a hypothesis of the olfactory system that incorporates both form and vibration is the only one that is largely supported by experimental evidence. There are many experiments that can be explained by this combination of shape and vibration recognition. In the light of these findings, the phenomenon of tunneling, whereby the combined recognition of shape and vibration is transferred through the otherwise impenetrable or indirectly connected areas, provides an illuminating analogy for how sensemaking and attention processing operate within organizations.

Thus, the olfactory system has a strong resemblance to an organization's capacity to sense its environment. Businesses must identify and analyze the effect(s) of events that have shape, and can be characterized accurately in time, content, and context in order to make prompt reactive decisions. Simultaneously, organizations must be capable of sensing and making sense of the changes in their environment which lack such defined characteristics and boundaries in order to take proactive actions. These changes in the environment may be compared to the movement of odorant molecules through the olfactory system. Many times, it is a mosaic of little bits, occurrences, and stimuli which come together to generate a wave-like vibration with peaks and troughs that have tunneled through a large number of organizational receptors that influence the choices and the prompt behavior.

Hence, organizations must be coherent and in sync in order to sense these varying environmental waves from a variety of sources. Their environment receptors must be engaged in a choreographed dance, not a chaotic rave, in order to tunnel these vibrations via organizational sensemaking capabilities,

to activate decision-making, and to stimulate behavior. This choreography has the capacity to enhance an organization's resilience capacity and proactive transformation competence.

This study sheds light on the dynamic nature of the organizational attention by showing that its focus is constantly in flux. The research has found that certain organizational characteristics can be leveraged to implement effective control mechanisms for environmental awareness processing and attention distribution. The research also illuminates the decision-making strategies and organizational attributes playing a pivotal role in enabling organizations to respond proactively to the external stimuli, including the ability to choose proactive transformational change. Furthermore, the research has gained valuable insights into the complex interrelationships among various aspects of an organization, thus revealing the nuanced and multifaceted nature of the organizational attention and sensemaking dynamics.

Transformation Initiation Processing. Organizations are riddled with paradoxes. Throughout the study, some extremely intriguing findings were discovered which shed light on how strategic transformation emerges in organizations through contradictory and interdependent tensions within multiple levels of structure, as well as the interactions of individuals and groups, and inter-organizational connections in a changing context and environment. Furthermore, the research findings explain why some businesses are better at initiating and managing transformational change than others, and why seemingly successful organizations fail to transform.

The research has found that the perception of organizational environments can vary significantly among individuals, with each interpreting events and cues in a unique manner. This includes board members, CEOs, and top management teams, which leads to a diverse array of responses to the environmental stimuli. Such responses are shaped by a range of contextual, temporal, and interrelated factors which cumulatively yield a complex spectrum of organizational behavior. Additionally, the complex network of organizational connections and the broader ecosystem in which it operates jointly play an integral role in the process of environmental sensemaking and the ability to proactively initiate transformational changes.

The current scholarly comprehension of organizational change relies on four fundamental process models involved in the change emergence in organizations (Van de Ven & Poole, 1995): teleology (planned change), life cycle (regulated change), dialectics (conflictive change), and evolution

(competitive change). Although they do not define the genesis of change or the mechanisms necessary to facilitate the emergence of change proactively, they have served as the foundation for developing theories and practice models for explaining and managing organizational change (Van de Ven & Sun, 2011). Furthermore, they provide prescriptive management orientation for the change process management (W Warner Burke, 2021) while aiming to transition an organization toward an envisioned end state (Van de Ven & Poole, 2021). As a result of ignoring the relevance of the cause of the change and the organizational change initiation capacity, the already existing theories and models have failed to keep up with changes in the size, complexity, and influence occurring in the business environment. They have disconnected from the reality, and from the contemporary management practices alike (Suddaby et al., 2011)

Moreover, the initiation phase of the organizational change process is largely unresearched as it is shrouded in uncertainty and complexity. Therefore, despite the wealth of research on organizational change, there is a significant disconnection between this research and the practices employed by businesses to bring about change. This disconnection hinders the effectiveness of the transformation efforts and contributes to the rarity of successful and sustainable initiatives of strategic change. Practitioners often rely on models offering universal advice on the implementation of change (Stouten et al., 2018), but these models are not necessarily based on scientific knowledge, nor do they address the intricacies of proactively identifying the need for change and/or diagnosing the potential stimuli early. Too often, organizational transformations are only triggered by crises rather than a proactive exploration of new business horizons. The lack of clarity and understanding of the change initiation process presents a significant challenge for practitioners as they attempt to make strategic decisions regarding the initiation of change.

In this context, the findings of this study have revealed that proactive organizations approach strategic transformation not as a singular solution to a particular issue but rather as an ongoing exploration. These organizations continuously experiment and develop multiple business trajectories simultaneously, thereby fostering creativity and embracing the possibility of failure so that to facilitate continued transformation toward their desired direction rather than a final objective. Moreover, if an organization can already specify the end goal and the future stage of its transformation in terms of time, context, and other relevant characteristics, it is likely already too late, and it is merely a retrospective action to a specific issue or risk that has rendered it vulnerable or ineffective. Problems often evolve as organizations

attempt to resolve them, and thus, the imposition of a preconceived end state from the outset limits the organization's flexibility and adaptability.

Proactive organizational transformation stems from the conscious awareness of environmental cues and the generation of innovative ideas for the future. This process often involves making decisions in the absence of complete evidence, while relying on experimentation, and while also embracing mistakes as opportunities for learning. Data analysis and interviews have revealed that organizations denoted by proactive transformation competence exhibit a continuous pursuit of multiple initiatives in the light of fostering a culture of innovation. They are undergoing a transformation in a certain direction, and *not* toward a specific goal. Therefore, an organization's competence to proactively initiate change largely depends on its capacity to recognize and interpret environmental changes. However, the research has found that an organization's attentiveness to the environment does not necessarily correlate with the number of the detected environmental triggers. Rather, the quality and value of transformational ideas are largely independent of the capacity to concentrate attention.

The research findings illustrate that a small area of focus, or even a chance, a serendipitous event (a single interaction with a partner, or a valuable connection with the 'right' person) may be all that is required to capitalize on a massive opportunity. Furthermore, very often, new business development directions emerge from some areas where an organization had not been previously focusing. Thus, an organization's openness and ability to consciously sense and respond to the environmental stimuli become critical components of the proactive transformation competence.

Drawing on the results of the conducted empirical research and gathered evidence, this doctoral thesis addresses the research question by offering a novel process-based definition of the proactive transformation initiation by highlighting several stages that have been identified. The data analysis has revealed that organizations with a track record of successful transformations possess distinct characteristics enhancing proactive transformation competence, which is reflected in a sequential process encompassing the phases of *Ideation*, *Iteration*, *Incubation*, and *Initiation*. In contrast, organizations struggling to enact the transformational change tend to neglect these essential stages of the transformation initiation process.

Thus, the presented grounded theory not only fills the gap in the body of knowledge of the emergence of transformational changes in business organizations but also offers practical guidance for organizations and their leaders. The goal of the practitioner literature is to shed light on the art of

leading organizational change, particularly by examining the link between the executive actions and the outcomes of change (Oreg & Berson, 2019). In this vein, the findings of this research have significant practical implications for organizations and their leaders who are striving to boost their business capacity for transformative change, thus ultimately empowering them to navigate unforeseen business challenges, or to seize opportunities with grace.

Theoretical contributions. The decision to initiate organizational change is influenced by a multitude of factors – which are often complicated and conflicting in nature. The intricate and multifaceted nature of organizational transformation presents a range of potential outcomes, thus making it difficult to predict the most plausible path forward. As a result, the process of initiating proactive organizational transformation can only be explained by considering its causal complexity (Furnari et al., 2020; A. D. Meyer, Tsui, et al., 1993; Misangyi & Acharya, 2014). Previous studies suggested that theoretical complexity is required to fully comprehend this phenomenon (Tsoukas, 2017). In this doctoral thesis, the researcher provides a range of theoretical contributions to enhance the scholarly understanding of how transformational change emerges in organizations, and how businesses can proactively pursue it.

Managers are in control of the strategic choices of organizations (Park et al., 2020). This research does not seek to refute the consensus that the interpretations stemming from the top-level management are crucial in deciding whether and how organizational change will occur (Jansen, 2004), nor does it aspire to reject the currently existing issue diagnosis and interpretation models (Dutton & Duncan, 1987). However, it contributes to expanding the existing body of scientific knowledge by highlighting the significance of organizational attention allocation, sensemaking, and decision-making capacities in defining the necessity of transformation and creating the momentum for change.

One of the most significant contributions of this research to the academic discourse is the exploration of the largely under-researched area of the initiation of organizational change (Rheinhardt & Gioia, 2021; Van de Ven & Poole, 2021). While the change management processes and leadership practices in change implementation have already been extensively studied, the initiation of proactive changes within organizations has so far received minimal attention (Sverdlik et al., 2019). Through this research, more comprehensive understanding of the organizational change initiation process and the factors contributing to its efficacy is attained.

Additionally, this research provides insight into the intricate interplay of organizational attributes and characteristics which underlies proactiveness in this behavioral response. Furthermore, it adds to the knowledge of the role of the lower-echelon members in bottom-up change initiatives (Livne-Tarandach & Bartunek, 2009) and their individual proactive behavior in identifying opportunities, solving problems, and advocating for change (Dutton et al., 2001). This research also advances the understanding of the role of these members in the processes of organizational attention allocation (Laureiro-Martinez, 2021) and sensemaking (Rheinhardt & Gioia, 2021).

By exploring the causal effects of the organizational attention on the organizational change, the study contributes to the comprehension of how the distributed organizational attention (Ocasio, 1997; Vuori & Huy, 2016) among various actors within an organization can be leveraged to attend to the environmental cues, issues and emerging opportunities (Laureiro-Martinez, 2021), and how it can be integrated to facilitate high-quality decision-making in the course of change initiation processes. Building upon the attention-based view of the firm (Ocasio, 1997), this research furthers the understanding of the mechanisms by which organizations proactively focus and channel their attention, as well as how these attentional dynamics are influenced by contextual and social factors. Furthermore, this study responds to calls to go beyond the existing information-processing perspective on attention allocation (Ocasio et al., 2018) and contributes to the scholarly understanding of the influence of proactive organizational actions on the attention dynamics.

Furthermore, the prior research has not adequately examined the sensemaking processes preceding the decision to initiate change (Rheinhardt & Gioia, 2021). As a result of this research, the scholarly grasp of how changes are formulated in organizations and how a shared sense of meaning and action is negotiated and produced (Gephart, Topal, & Zhang, 2010) in a constantly changing environment is expanded. Moreover, the literature on sensemaking in the context of organizational changes has largely centered on the role of top executives (Balogun & Johnson, 2004) in planning and implementing changes (Corley & Gioia, 2004; Gioia & Chittipeddi, 1991) in response to the external stimuli. This perspective emphasizes the leadership at the highest levels of the organization and their duty to anticipate and respond to shifts in the external environment (Nag, Corley, & Gioia, 2007). Hence, the research adds to the body of research on organizational sensemaking by highlighting the important role which the lower-echelon actors and external organizational connections play in this dynamic process.

This doctoral thesis makes a significant contribution to the theoretical understanding of organizational resilience. The research highlights the importance of adaptability and transformability as essential components of the resilience of a complex organizational system. The thesis challenges the traditional static view of resilience and asserts that it is a dynamic capacity which evolves, varies according to circumstances, and can be actively managed. Additionally, the study emphasizes the need for organizations to balance their resilience capacity and navigate between adaptability and transformability so that to respond effectively to the arising challenges and risks.

Furthermore, the thesis proposes a shift in the scholarly understanding of resistance to change by arguing that resistance is directly linked to organizational resilience. The research provides evidence that organizational resilience must be weakened to facilitate the initiation of transformational change by contrasting the previous understanding which emphasized the need to continuously strengthen resilience (Lengnick-Hall & Beck, 2016). The study proposes that balancing the resilience capacity enables adaptation and transformation scenarios and serves as a mechanism for governing a complex organizational system and its ecosystem of interconnections. Overall, this thesis offers valuable insights into the dynamic nature of organizational resilience and responds to calls to provide a novel perspective on resistance to change (Sutcliffe, 2021).

CONCLUSIONS

The research was aimed to be credible, original, resonant, and useful. It has been striving to adhere to the highest standards of scientific rigor and integrity so that to produce findings that can be trusted and relied upon. By using robust research methods and thorough data analysis, this study has sought to establish a strong empirical basis for its conclusions. Moreover, this research has aimed to contribute to the field of organizational change by presenting novel insights and original perspectives that have not been explored before. By making its findings resonant with the broader academic community and organizational change practitioners, it has sought to contribute a meaningful impact on both theory and practice. Finally, this research has endeavored to be useful by providing practical recommendations and actionable insights that can inform decision-making and improve outcomes in the real-world settings.

This research has answered the research question and made a significant contribution to the understanding of the proactive transformational change initiation process in business organizations by constructing a substantive grounded theory on proactive organizational transformation competence development which systematically explicates the mechanisms and dynamics underlying this phenomenon. This grounded theory provides valuable insights into the dynamic interplay between various organizational characteristics and strategies and offers a detailed understanding of their relationships contributing to the transformational change initiation process.

The presented grounded theory defines the proactive transformation process through a multifaceted approach. By identifying and emphasizing the critical roles of the phases of *Ideation*, *Iteration*, *Incubation*, and *Initiation*, the proposed framework provides organizations with a more nuanced understanding of the complex dynamics involved in proactive transformation. The study highlights the significance of adopting a systematic and iterative approach, as it facilitates effective navigation through the intricate relationships between actors, environments, and organizations, thereby ultimately leading to proactive transformation.

This research has presented a novel perspective on organizational transformation by challenging the conventional belief that it must entail a complete obliteration of the old organization. By highlighting the importance of environmental sensing and conscious signal sensemaking, the research has demonstrated that organizations can effectively balance proactive ideation and new company creation and exaptation while maintaining their core direction.

This paradigm shift in the scholarly understanding of organizational transformation underscores the need for a more nuanced, agile, and adaptive approach to organizational change.

In addition, the research also underscores the critical role of organizational alignment in proactively initiating the process of organizational transformation. The study has found that the intertwined dimensions of *Organizational Purpose*, *Identity*, and *Culture* are central to this alignment. The research has identified specific organizational strategies enabling the establishment and maintenance of alignment within the organization. The study demonstrates that such alignment fosters an environment conducive to ideation, as it promotes sensemaking and attention to the relevant signals from the environment. This alignment, in turn, acts as a catalyst for the proactive initiation of the transformation process, thereby empowering organizations to navigate the transformational change initiation proactively and more effectively.

Furthermore, the study has brought to the fore the crucial role played by organizational networks and ecosystems in initiating proactive transformations. The findings demonstrate that, by fostering an extensive network of connections and effectively managing their ecosystems, organizations can enhance their proactive transformation competence and resilience, thus ultimately creating value for both themselves and their connections. The research underscores the importance of being open to new connections while also recognizing the need to maintain the already existing relationships, and to swiftly sever ties with unreliable ones. The continuous development of interconnected ecosystems and the augmented ability to identify and decipher the environmental cues within the ecosystem of connections further augments an organization's adaptability and innovative potential.

In conclusion, this study has advanced the scholarly understanding of the attention allocation and sensemaking processes within business organizations, particularly during the onset of transformational change. By highlighting the often-overlooked roles of the lower-level actors and external organizational connections, the study has broadened the academic comprehension of the change formulation and the negotiation of shared meaning and action in an ever-changing landscape. The introduction of the novel concept *Organizational Olfaction* which incorporates an organization's capacity to sense its environment, allocate attention, tunnel focus within the organization and its ecosystem, and make sense of environmental stimuli, ultimately leading to proactive behavioral responses, emphasizes the importance of the

organization's ability to perceive and interpret the external stimuli through its extensive network of connections.

The findings also reveal a direct relationship between an organization's proactive transformation competence and its resilience capacity by underlining the importance of balancing adaptability and transformability. Therefore, the delivered outcomes offer fresh insights into the dynamic nature of organizational resilience and present a new perspective on the transformation potential enhancement through resilience capacity management. The study accentuates the imperative to equilibrate resilience amidst the core and emergent developmental trajectories, while also positing that an organization's proactive transformation competence necessitates perpetual augmentation in congruence with the balanced resilience levels across these pathways.

Ultimately, this doctoral thesis bridges the gap between the academic understanding and practical application in organizational change management. Furthermore, the study identifies potential areas for further research, thereby creating a platform for scholars to build upon the current findings and expand the scholarly understanding of these organizational concepts of critical importance. The researcher has presented the results of the study at numerous international scientific and business conferences. The reception from both the academic and the business communities indicates the substantial importance and relevance of the research. Furthermore, the findings have been extensively circulated and published across various international peer-reviewed publications, thereby amplifying its outreach and influence. This extensive dissemination of doctoral research has the potential to facilitate the advancement of the field and encourage further investigation and discourse. Overall, this research serves as an essential building block for advancing knowledge in terms of how organizations can navigate uncertainty and thrive in today's dynamic business environment.

Practical implications. The findings of this research offer relevant practical implications for organizations and their leaders striving to boost their business capacity for transformative change, thus ultimately empowering them to navigate unforeseen business challenges, or to seize the emerging opportunities**.** By identifying the key factors contributing to the effectiveness of the proactive transformation initiation process, this research offers valuable insights for organizational leaders and managers seeking to enhance the capacity for change in their organizations.

The grounded theory developed in this study provides a framework for organizations to assess and improve their change management processes, thereby increasing the likelihood of successful and sustainable transformations. The research findings also offer valuable insights for enhancing proactive transformation competence in organizations. By adopting the key characteristics and strategies in the stages of *Ideation*, *Iteration*, *Incubation*, and *Initiation* which this research has identified, businesses can strengthen their capacity to navigate the complexities of the proactive transformation initiation process.

Based on the findings of this doctoral research, organizations should prioritize the alignment of their purpose, identity, and culture as a means to enhance their competence and readiness for proactive transformational change. By implementing specific organizational strategies identified in the study to establish and maintain this alignment, organizations can foster an environment which would encourage ideation, sensemaking, and attentiveness to the relevant environmental signals. Practitioners and managers can use these insights to design and implement interventions aimed at fostering alignment, thus ultimately empowering their organizations to more effectively navigate through the challenges and opportunities associated with the shifting industry landscapes.

Moreover, the research findings have implications for the development of organizational resilience as they demonstrate the critical relationship between the proactive transformation competence and the resilience capacity. The provided practical strategies have the potential to enable organizations to actively manage their resilience capacity, thereby ensuring adaptability and responsiveness to the evolving market dynamics. By understanding and enhancing the balance between adaptability and transformability, organizations can bolster their resilience and better navigate through the challenges and risks presented by today's volatile business environment. This practical knowledge can be utilized by leaders and managers to create more resilient organizations which can withstand and adapt to the rapid pace of change.

In conclusion, the practical significance of this doctoral thesis lies in its potential to inform and guide organizational leaders, managers, and practitioners in their efforts to foster the proactive transformation competence and enhance the organizational resilience. The grounded theory and the empirical findings presented in this study provide a valuable resource for organizations seeking to improve their change management processes, adapt to the shifting business landscape, and maintain a competitive advantage in an

increasingly complex and dynamic environment. By applying the insights gained from this research, organizations can strengthen their capacity for change, resilience, and long-term success.

Limitations and future research avenues. The present study, while providing valuable insights into the proactive transformation initiation in the rapidly evolving high-tech industry, is not without its due limitations. Firstly, the study is confined to a single sector, which may limit the overall generalizability of the findings. The manufacturing sector is characterized by frequent complex changes and a particularly turbulent business environment, which may not be reflective of some other industries. Therefore, future research should explore proactive transformation initiation in less turbulent sectors to enhance the external validity of the findings and establish a more comprehensive understanding of this phenomenon across different industries.

Secondly, it is important to acknowledge that no theory or model in the field of management research can be expected to fully explain the full range of the observed variance. The list of organizational attributes provided in this study is not exhaustive, and other scholars may propose additional components of the proactive transformation competence development. Future research should focus on identifying and examining these additional attributes so that to provide a more holistic framework for the initiation of proactive transformation in organizations.

Furthermore, the current study aimed to develop a well-substantiated grounded theory from qualitative data, and future research should include quantitative studies to complement the findings. Quantitative studies will allow for a more rigorous examination of the relationships between the different attributes of the proactive transformation competence development and help to identify the key drivers and potential moderators of these relationships. This will not only enhance the robustness of the findings, but also facilitate the development of more effective interventions for fostering proactive transformation competence within organizations.

Another potential avenue for future research is addressing the limitations of this study's somewhat restricted sample. The selection criteria constrained the applicability of the findings to larger, more established companies. As a result, it is essential for future research to explore the proactive transformation process within various organizational contexts, such as smaller or younger organizations, as well as those with global operations. By doing so, a more comprehensive understanding of the phenomenon can be achieved, thus ultimately allowing for the development of strategies customized for

organizations of various sizes and representing different stages of development.

Additionally, the research findings highlighted the critical role of organizational alignment in proactively initiating transformation processes, while also emphasizing the intertwined dimensions of *Purpose*, *Identity*, and *Culture*. Thus, future research avenues should include conducting longitudinal studies, cross-cultural and cross-industry comparisons, while examining the role of leadership, developing quantitative measures of alignment, investigating the impact of technological advancements, and exploring individual-level factors. These research avenues shall contribute to comprehensive understanding of organizational alignment and its role in fostering successful transformation efforts across various contexts.

Moreover, the most significant contribution to the field of organizational change research would likely come from an action study. Future research should seek to test the practical implications and process of the initiation of proactive transformation through systematic inquiries aimed at bringing about change and developing proactive transformation competence in real-world organizational settings. By doing so, researchers can not only validate the proposed grounded theory but also contribute to the refinement of strategies for developing proactive transformation competence within organizations.

In conclusion, while the present study offers valuable insights into the initiation of proactive transformation in the high-tech industry, there are still ample opportunities for future research. By expanding the scope of the study to include other industries, examining additional attributes, and incorporating quantitative methodologies, as well as focusing on action research, scholars can continue to further advance our understanding of the proactive transformation initiation process and its practical implications for organizations in various contexts.

REFERENCES

Abdallah, C., Denis, J. L., & Langley, A. (2011). Having your cake and eating it too: Discourses of transcendence and their role in organizational change dynamics. *Journal of Organizational Change Management, 24*(3), 333-348.

Abernathy, W. J., & Clark, K. B. (1985). Innovation: Mapping the winds of creative destruction. *Research Policy, 14*(1), 3-22.

Ackerman, L. (1986). Development, transition or transformation: The question of change in organizations. *OD Practitioner, 18*(4), 1-9.

Allenby, B., & Fink, J. (2005). Toward inherently secure and resilient societies. *Science, 309*(5737), 1034-1036.

Amankwaa, L. (2016). Creating Protocols for Trustworthiness in Qualitative Research. *Journal of cultural diversity, 23*(3), 121-127.

Ancona, D. (2012). Framing and Acting in the Unknown. *S. Snook, N. Nohria, & R. Khurana, the handbook for teaching leadership, 3*(19), 198-217.

Anderson, D., & Anderson, L. A. (2010). *Beyond change management: How to achieve breakthrough results through conscious change leadership* (Vol. 36): John Wiley & Sons.

Anderson, P. (1999). Perspective: Complexity theory and organization science. *Organization Science, 10*(3), 216-232.

Annarelli, A., & Nonino, F. (2016). Strategic and operational management of organizational resilience: Current state of research and future directions. *Omega, 62*, 1-18.

Anthony, S. D., Viguerie, S. P., & Waldeck, A. (2016). Corporate longevity: Turbulence ahead for large organizations. *Strategy & Innovation, 14*(1), 1-9.

Antonacopoulou, E., & Chiva, R. (2007). The social complexity of organizational learning: the dynamics of learning and organizing. *Management Learning, 38*(3), 277-295.

Armenakis, A. A., & Harris, S. G. (2009). Reflections: Our journey in organizational change research and practice. *Journal of Change Management, 9*(2), 127-142.

Ashkenas, R. (2015). We still don't know the difference between change and transformation. *Harvard business review, 15*(01), 3.

Baldwin, J. S. (2011). The complexity of industrial ecosystems: Classification and computational modelling. In *The SAGE handbook of complexity and management* (pp. 299-332). London: SAGE Publications Ltd.

Balogun, J., & Johnson, G. (2004). Organizational restructuring and middle manager sensemaking. *Academy of Management journal, 47*(4), 523-549.

Bamford, D., & Daniel, S. (2005). A case study of change management effectiveness within the NHS. *Journal of Change Management, 5*(4), 391-406.

Bartunek, J. M., Rynes, S. L., & Ireland, R. D. (2006). What makes management research interesting, and why does it matter? *Academy of Management journal, 49*(1), 9-15.

Battilana, J., & Casciaro, T. (2013). Overcoming resistance to organizational change: Strong ties and affective cooptation. *Management Science, 59*(4), 819-836.

Baumann, O., & Siggelkow, N. (2011). Complexity and competitive advantage. In *Handbook of complexity and management* (pp. 494-505). London: SAGE Publications Ltd.

Baxter, P., & Jack, S. (2008). Qualitative case study methodology: Study design and implementation for novice researchers. *The qualitative report, 13*(4), 544-559.

Beer, M., Eisenstat, R. A., & Spector, B. (1993). Why change programs don't produce change. In *Managing change* (Vol. 2, pp. 99-107). London: A Sage Publication Company.

Bell, E., & Bryman, A. (2007). The ethics of management research: an exploratory content analysis. *British Journal of Management, 18*(1), 63-77.

Bennebroek Gravenhorst, K. M., Werkman, R. A., & Boonstra, J. J. (2003). The change capacity of organisations: general assessment and five configurations. *Applied Psychology, 52*(1), 83-105.

Boisot, M. (2011). Knowledge management and complexity. In *The SAGE handbook of complexity and management* (pp. 436-453). London: SAGE Publications Ltd.

Boisot, M., & McKelvey, B. (2011). Complexity and organization-environment relations: Revisiting Ashby's law of requisite variety. In *The SAGE handbook of complexity and management* (pp. 279-298). London: SAGE Publications Ltd.

BostonConsultingGroup. (2020). Flipping the Odds of Digital Transformation Success. Retrieved from https://www.bcg.com/publications/2020/increasing-odds-of-success-in-digital-transformation

Bouchikhi, H., & Kimberly, J. R. (2003). Escaping the identity trap. *MIT Sloan Management Review, 44*(3), 20.

Bower, J. L., & Paine, L. S. (2017). The error at the heart of corporate leadership. *HBR'S 10 MUST READS*, 165-192.

Brear, M. R., & Gordon, R. (2021). Translating the principle of beneficence into ethical participatory development research practice. *Journal of International Development, 33*(1), 109-126.

Brookes, J. C., Hartoutsiou, F., Horsfield, A., & Stoneham, A. (2007). Could humans recognize odor by phonon assisted tunneling? *Physical review letters, 98*(3), 038101.

Brown, D., & Harvey, D. (2001). An experiential approach to organization development 7th edition. In: New Jersey: Pearson Education.

Brown, S. L., & Eisenhardt, K. M. (1997). The art of continuous change: Linking complexity theory and time-paced evolution in relentlessly shifting organizations. *Administrative Science Quarterly, 4*(1), 1-34.

Buono, A. F., & Kerber, K. W. (2008). The Challenge of Organizational Change: Enhancing Organizational Change Capacity. *Revue Sciences de Gestion*(65), 99-118.

Buono, A. F., & Kerber, K. W. (2010). Creating a sustainable approach to change: Building organizational change capacity. *SAM Advanced Management Journal, 75*(2), 4.

Burke, W. W. (1982). *Organization development: Principles and practices*: Little, Brown.

Burke, W. W. (2017). *Organization change: Theory and practice*. London: Sage publications.

Burke, W. W. (2021). Historical Currents in Scholarship of Organization Change. In *The Oxford Handbook of Organizational Change and Innovation* (2 ed., pp. 23–49): Oxford University Press.

Burke, W. W., & Litwin, G. H. (1992). A causal model of organizational performance and change. *Journal of management, 18*(3), 523-545.

Burnes, B. (1996). No such thing as… a "one best way" to manage organizational change. *Management decision, 34*(10), 11-18.

Burnes, B. (2005). Complexity theories and organizational change. *International journal of management reviews, 7*(2), 73-90.

Burnes, B. (2017). *Managing Change*: Pearson.

Busch, C. (2022). Toward a theory of serendipity: a systematic review and conceptualization. *Journal of management studies*, 1-42.

Byrne, D. S. (2011). Exploring organizational effectiveness: The value of complex realism as a frame of reference and systematic comparison as a method. In *The SAGE handbook of complexity and management* (pp. 131-141). London: SAGE Publications Ltd.

Cabantous, L., Gond, J.-P., & Johnson-Cramer, M. (2010). Decision theory as practice: Crafting rationality in organizations. *Organization Studies, 31*(11), 1531-1566.

Campbell, D. T., & Yin, R. (2018). Case study research and applications: Design and methods. In: California: SAGE Publications.

Carvalho, H., Barroso, A. P., Machado, V. H., Azevedo, S., & Cruz-Machado, V. (2012). Supply chain redesign for resilience using simulation. *Computers & Industrial Engineering, 62*(1), 329-341.

Cham, K., & Johnson, J. (2007). Complexity theory: a science of cultural systems. *M/C Journal, 10*(3), 21-34.

Charmaz, K. (2014). *Constructing Grounded Theory* (2 ed.). London: SAGE Publications Ltd.

Chia, R. (1995). From modern to postmodern organizational analysis. *Organization Studies, 16*(4), 579-604.

Chia, R. (2014). Reflections: in praise of silent transformation–allowing change through 'letting happen'. *Journal of Change Management, 14*(1), 8-27.

Chun Tie, Y., Birks, M., & Francis, K. (2019). Grounded theory research: A design framework for novice researchers. *SAGE open medicine, 7*, 1-8.

Cilliers, P. (2002). *Complexity and postmodernism: Understanding complex systems*. London: Routledge.

Ciuk, S., & Latusek, D. (2018). Ethics in qualitative research. In *Qualitative methodologies in organization studies* (pp. 195-213): Springer.

Clément, V., & Rivera, J. (2016). From Adaptation to Transformation: An Extended Research Agenda for Organizational Resilience to Adversity in the Natural Environment. *Organization & Environment, 30*(4), 346-365. doi:10.1177/1086026616658333

Colbert, B. A., & Kurucz, E. C. (2011). A complexity perspective on strategic human resource management. In *The SAGE handbook of complexity and management* (pp. 400-417). London: SAGE Publications Ltd.

Cooperrider, D., Srivastva, S., Woodman, R., & Pasmore, W. (1987). Research in organizational change and development. *Research in organizational change and development, 1*, 129-169.

Corbin, J., & Strauss, A. (2014). *Basics of qualitative research: Techniques and procedures for developing grounded theory* (4 ed.). London: SAGE Publications Ltd.

Corbin, J. M., & Strauss, A. (1990). Grounded theory research: Procedures, canons, and evaluative criteria. *Qualitative sociology, 13*(1), 3-21.

Corley, K. G., & Gioia, D. A. (2004). Identity ambiguity and change in the wake of a corporate spin-off. *Administrative Science Quarterly, 49*(2), 173-208.

Cumming, G. S., Barnes, G., Perz, S., Schmink, M., Sieving, K. E., Southworth, J., . . . Van Holt, T. (2005). An exploratory framework for the empirical measurement of resilience. *Ecosystems, 8*(8), 975-987.

D'Aveni, R. A., Dagnino, G. B., & Smith, K. G. (2010). The age of temporary advantage. *Strategic management journal, 31*(13), 1371-1385.

Dagnino, G. B. (2004). Complex systems as key drivers for the emergence of a resource-and capability-based interorganizational network. *Emergence: Complexity & Organization, 6*(1), 61-69.

Datta, D. K., Rajagopalan, N., & Zhang, Y. (2003). New CEO openness to change and strategic persistence: The moderating role of industry characteristics. *British Journal of Management, 14*(2), 101-114.

Delbridge, R., & Fiss, P. C. (2013). Editors' comments: Styles of theorizing and the social organization of knowledge. *38*(3), 325-331.

Duchek, S. (2019). Organizational resilience: a capability-based conceptualization. *Business Research, 13*(1), 215-246.

Duncombe, J., & Jessop, J. (2002). 'Doing rapport' and the ethics of 'faking friendship'. In *Ethics in Qualitative Research* (pp. 107-122). London: SAGE Publications Ltd.

Dunphy, D. (1996). Organizational change in corporate settings. *Human Relations, 49*(5), 541-552.

Dunphy, D., & Stace, D. (1993). The strategic management of corporate change. *Human Relations, 46*(8), 905-920.

Dutton, J. E., Ashford, S. J., O'Neill, R. M., & Lawrence, K. A. (2001). Moves that matter: Issue selling and organizational change. *Academy of Management journal, 44*(4), 716-736.

Dutton, J. E., & Dukerich, J. M. (1991). Keeping an eye on the mirror: Image and identity in organizational adaptation. *Academy of Management journal, 34*(3), 517-554.

Dutton, J. E., & Duncan, R. B. (1987). The creation of momentum for change through the process of strategic issue diagnosis. *Strategic management journal, 8*(3), 279-295.

Eisenhardt, K. M. (1989). Building theories from case study research. *Academy of management review, 14*(4), 532-550.

Eisenhardt, K. M., & Bhatia, M. M. (2002). Organizational complexity and computation. *The Blackwell companion to organizations*, 442-466.

Eisenhardt, K. M., & Bhatia, M. M. (2017). Organizational complexity and computation. *The Blackwell companion to organizations*, 442-466.

Eisenhardt, K. M., & Graebner, M. E. (2007). Theory building from cases: Opportunities and challenges. *Academy of Management journal, 50*(1), 25-32.

Eisenhardt, K. M., Graebner, M. E., & Sonenshein, S. (2016). Grand challenges and inductive methods: Rigor without rigor mortis. *Academy of Management journal, 59*(4), 1113-1123.

Eisenhardt, K. M., & Martin, J. A. (2000). Dynamic capabilities: what are they? *Strategic management journal, 21*(10-11), 1105-1121.

Eisenhardt, K. M., & Piezunka, H. (2011). Complexity theory and corporate strategy. In *The SAGE handbook of complexity and management* (pp. 506-523). London: SAGE Publications Ltd.

El Hussein, M. T., Kennedy, A., & Oliver, B. (2017). Grounded theory and the conundrum of literature review: Framework for novice researchers. *The qualitative report, 22*(4), 1199.

Eoyang, G. (2011). Complexity and the dynamics of organizational change. In *The SAGE handbook of complexity and management* (pp. 317-332). London: SAGE Publications Ltd.

Farazmand, A. (2003). Chaos and Transformation Theories: A Theoretical Analysis with Implications for Organization Theory and Public Management. *Public Organization Review, 3*(4), 339-372.

Feldman, M. S., & Orlikowski, W. J. (2011). Theorizing practice and practicing theory. *Organization Science, 22*(5), 1240-1253.

Fiol, C. M. (2001). Revisiting an identity-based view of sustainable competitive advantage. *Journal of management, 27*(6), 691-699.

Fiss, P. C. (2011). Building better causal theories: A fuzzy set approach to typologies in organization research. *Academy of Management journal, 54*(2), 393-420.

Folke, C., Carpenter, S., Walker, B., Scheffer, M., Chapin, T., & Rockström, J. (2010). Resilience thinking: integrating resilience, adaptability and transformability. *Ecology and society, 15*(4), 20-29.

Fraccascia, L., Giannoccaro, I., & Albino, V. (2018). Resilience of complex systems: state of the art and directions for future research. *Complexity, 2018*, 1-44.

Friedman, S. D., & Saul, K. (1991). A leader's wake: Organization member reactions to CEO succession. *Journal of management, 17*(3), 619-642.

Furnari, S., Crilly, D., Misangyi, V. F., Greckhamer, T., Fiss, P. C., & Aguilera, R. (2020). Capturing Causal Complexity: Heuristics for Configurational Theorizing. *Academy of management review, 46*(4), 778-799.

Gartner. (2019). Changing Change Management. Retrieved from https://www.gartner.com/en/human-resources/insights/organizational-change-management

Garvin, D. A., & Roberto, M. A. (2005). Change through persuasion. *Harvard business review, 83*(2), 26-33.

Gephart, R., Topal, Ç., & Zhang, Z. (2010). Future-oriented sensemaking: Temporalities and institutional legitimation. In T. Hernes & S. Maitlis (Eds.), *Process Sensemaking and Organizing* (pp. 275-312). Oxford, UK: Oxford University Press.

Gersick, C. J. G. (1991). Revolutionary Change Theories: A Multilevel Exploration of the Punctuated Equilibrium Paradigm. *The Academy of Management Review, 16*(1), 10-36.

Gerstner, W.-C., König, A., Enders, A., & Hambrick, D. C. (2013). CEO narcissism, audience engagement, and organizational adoption of technological discontinuities. *Administrative Science Quarterly, 58*(2), 257-291.

Gibson, B. (2007). Accommodating critical theory. In A. Bryant & K. Charmaz (Eds.), *The Sage handbook of grounded theory* (pp. 436-453). London: SAGE Publications Ltd.

Gioia, D. A., & Chittipeddi, K. (1991). Sensemaking and sensegiving in strategic change initiation. *Strategic management journal, 12*(6), 433-448.

Gioia, D. A., Schultz, M., & Corley, K. G. (2000). Organizational identity, image, and adaptive instability. *Academy of management review, 25*(1), 63-81.

Gioia, D. A., & Thomas, J. B. (1996). Identity, image, and issue interpretation: Sensemaking during strategic change in academia. *Administrative Science Quarterly, 41*(3), 370-403.

Glaser, B. G. (1978). *Theoretical sensitivity: Advances in the methodology of grounded theory*. Mill Valley, CA: Sociology Press.

Glaser, B. G., Strauss, A. L., & Beer, S. (1967). *The discovery of grounded theory*. Mill Valley: Sociology Press.

Goss, T., & Pascale, R. (1993). The reinvention roller coaster: Risking the present for a powerful future. *Harvard business review, 71*(6), 97-106.

Greenwood, R., & Hinings, C. R. (1993). Understanding strategic change: The contribution of archetypes. *Academy of Management journal, 36*(5), 1052-1081.

Greenwood, R., & Miller, D. (2010). Tackling design anew: Getting back to the heart of organizational theory. *Academy of Management Perspectives, 24*(4), 78-88.

Greiner, L. E. (1997). Evolution and Revolution as Organizations Grow: A company's past has clues for management that are critical to future success. *Family Business Review, 10*(4), 397-409.

Greising, D. (1998). *I'd like the world to buy a coke: the life and leadership of Roberto Goizueta*. New York, NY: Wiley

Guba, E. G. (2004). Authenticity criteria. In M. S. Lewis-Beck, A. Bryman, & T. F. Liao (Eds.), *Encyclopedia of social science research methods* (pp. 44-46). London: Sage Publications Ltd.

Guba, E. G., & Lincoln, Y. S. (1994). Competing paradigms in qualitative research. In *Handbook of qualitative research* (Vol. 2). Thousand Oaks, CA, US: Sage Publications Inc.

Gustafsson, B., Knudsen, C., & Uskali, M. (1993). *Rationality, institutions and economic methodology* (1 ed.). London: Routledge.

Hambrick, D. C., & D'Aveni, R. A. (1988). Large corporate failures as downward spirals. *Administrative Science Quarterly, 33*(1), 1-23.

Hannan, M. T., & Freeman, J. (1984). Structural Inertia and Organizational Change. *American Sociological Review, 49*(2), 149-149.

Hazy, J. K. (2011). More than a metaphor: Complexity and the new rules of management. In P. Allen, S. Maguire, & B. McKelvey (Eds.), *The SAGE handbook of complexity and management* (pp. 524-540). London: SAGE Publications Ltd.

Heckmann, N., Steger, T., & Dowling, M. (2016). Organizational capacity for change, change experience, and change project performance. *Journal of Business Research, 69*(2), 777-784.

Hedberg, B. L., Nystrom, P. C., & Starbuck, W. H. (1976). Camping on seesaws: Prescriptions for a self-designing organization. *Administrative Science Quarterly, 21*(1), 41-65.

Heracleous, L., & Bartunek, J. (2021). Organization change failure, deep structures and temporality: Appreciating Wonderland. *Human Relations, 74*(2), 208-233.

Hernes, T., & Maitlis, S. (2012). *Process, sensemaking, and organizing*. Oxford, UK: Oxford University Press.

Herrmann, P., & Nadkarni, S. (2014). Managing strategic change: The duality of CEO personality. *Strategic management journal, 35*(9), 1318-1342.

Hiatt, J. (2006). *ADKAR: a model for change in business, government, and our community*. Loveland, Colorado, USA: Prosci Learning Center Publications.

Hidalgo, C., Allen, P., Maguire, S., & McKelvey, B. (2011). The value in between: organizations as adapting and evolving net-works. In *The SAGE handbook of complexity and management* (pp. 557-569). London: SAGE Publications Ltd.

Holling, C. S. (1973). Resilience and stability of ecological systems. *Annual review of ecology and systematics, 4*(1), 1-23.

Holling, C. S. (2001). Understanding the complexity of economic, ecological, and social systems. *Ecosystems, 4*(5), 390-405.

Hollnagel, E., Woods, D., & Leveson, N. (2008). *Resilience Engineering Perspectives: Remaining Sensitive to the Possibility of Failure* (Vol. 1): Ashgate Publishing, Ltd.

Hollnagel, E., Woods, D. D., & Leveson, N. (2006). *Resilience engineering: Concepts and precepts*: Ashgate Publishing, Ltd.

Hughes, M. (2011). Do 70 per cent of all organizational change initiatives really fail? *Journal of Change Management, 11*(4), 451-464.

Hughes, M. (2016). Leading changes: Why transformation explanations fail. *Leadership, 12*(4), 449-469.

Hutchison, A. J., Johnston, L. H., & Breckon, J. D. (2010). Using QSR-NVivo to facilitate the development of a grounded theory project: an account of a worked example. *International journal of social research methodology, 13*(4), 283-302.

Jamrog, J. J., McCann, J., Lee, J. M., Morrison, C. L., Selsky, J. W., & Vickers, M. (2006). *Agility and Resilience in the Face of Continuous Change: A Global Study of Current Trends and Future Possibilities*: American Management Association.

Jansen, K. J. (2004). From persistence to pursuit: A longitudinal examination of momentum during the early stages of strategic change. *Organization Science, 15*(3), 276-294.

Janssen, M., Van Der Voort, H., & van Veenstra, A. F. (2015). Failure of large transformation projects from the viewpoint of complex adaptive systems: Management principles for dealing with project dynamics. *Information Systems Frontiers, 17*(1), 15-29.

Jick, T. D. (1979). Mixing qualitative and quantitative methods: Triangulation in action. *Administrative Science Quarterly, 24*(4), 602-611.

Jørgensen, H. H., Owen, L., & Neus, A. (2009). Stop improvising change management! *Strategy & Leadership, 37*(2), 38-44.

Judge, W. Q. (2011). *Building organizational capacity for change: The leader's new mandate*. New York, USA: Business Expert Press.

Judge, W. Q., & Elenkov, D. (2005). Organizational capacity for change and environmental performance: an empirical assessment of Bulgarian firms. *Journal of Business Research, 58*(7), 893-901.

Judson, A. S. (1991). *Changing behavior in organizations: Minimizing resistance to change*. Cambridge, Mass.: Blackwell Business.

Kanter, R., Stein, B., & Jick, T. (1992). *The Challenge of Organizational Change: How Companies Experience It and Leaders Guide It*: New York: Free Press.

Kanter, R. M. (2008). Transforming giants. *Harvard business review, 86*(1), 43-52, 136.

Klarner, P., Probst, G., & Soparnot, R. (2007). *From change to the management of organizational change capacity: A conceptual approach*. University of Geneva, Switzerland. Retrieved from http://archive-ouverte.unige.ch/unige:5739

Kotter, J. P. (1995). Leading change: Why transformation efforts fail. *Harvard business review, 73*, 59-67.

Kotter, J. P. (2012). *Leading change*. Boston, Massachusetts: Harvard Business Review Press.

Kotter, J. P., Kotter, J., & Rathgeber, H. (2006). *Our iceberg is melting: Changing and succeeding under any conditions*: Pan Macmillan.

Kozinets, R. V. (2015). *Netnography: redefined*: Sage.

Langley, A. (1999). Strategies for theorizing from process data. *Academy of management review, 24*(4), 691-710.

Langley, A., Smallman, C., Tsoukas, H., & Van de Ven, A. H. (2013). Process studies of change in organization and management: Unveiling temporality, activity, and flow. *Academy of Management journal, 56*(1), 1-13.

Laureiro-Martinez, D. (2014). Cognitive control capabilities, routinization propensity, and decision-making performance. *Organization Science, 25*(4), 1111-1133.

Laureiro-Martinez, D. (2021). Call for papers: Special issue of strategic organization: Research frontiers on the attention-based view of the firm. *Strategic Organization, 19*(1), 176-180.

Lawrence, T. B., Suddaby, R., Clegg, S. R., Hardy, C., Lawrence, T., & Nord, W. R. (2006). Complexity Science and Organization Studies. In *The SAGE handbook of organization studies* (pp. 165-214). London: SAGE Publications Ltd.

Leana, C. R., & Barry, B. (2000). Stability and change as simultaneous experiences in organizational life. *Academy of management review, 25*(4), 753-759.

Lee, A. V., Vargo, J., & Seville, E. (2013). Developing a tool to measure and compare organizations' resilience. *Natural Hazards Review, 14*(1), 29-41.

Leflar, J. J., & Siegel, M. H. (2013). *Organizational Resilience: Managing the Risks of Disruptive Events-A Practitioner's Guide*: CRC Press.

Lengnick-Hall, C. A., & Beck, T. E. (2005). Adaptive fit versus robust transformation: How organizations respond to environmental change. *Journal of management, 31*(5), 738-757.

Lengnick-Hall, C. A., & Beck, T. E. (2016). Resilience capacity and strategic agility: Prerequisites for thriving in a dynamic environment. In *Resilience Engineering Perspectives, Volume 2* (pp. 61-92). Boca Raton, Florida: CRC Press.

Lengnick-Hall, C. A., Beck, T. E., & Lengnick-Hall, M. L. (2011). Developing a capacity for organizational resilience through strategic human resource management. *Human Resource Management Review, 21*(3), 243-255.

Lengnick-Hall, C. A., & Wolff, J. A. (1999). Similarities and contradictions in the core logic of three strategy research streams. *Strategic management journal, 20*(12), 1109-1132.

Leung, L. (2015). Validity, reliability, and generalizability in qualitative research. *Journal of family medicine and primary care, 4*(3), 324.

Levy, A., & Merry, U. (1986). *Organizational transformation: Approaches, strategies, theories*. New York, USA: Praeger Publishers.

Lewin, A. Y., & Volberda, H. W. (1999). Prolegomena on coevolution: A framework for research on strategy and new organizational forms. *Organization Science, 10*(5), 519-534.

Lewis, R. (1994). From chaos to complexity: implications for organizations. *Executive development, 7*(4), 16-17.

Limnios, E. A. M., Mazzarol, T., Ghadouani, A., & Schilizzi, S. G. (2014). The resilience architecture framework: four organizational archetypes. *European Management Journal, 32*(1), 104-116.

Lincoln, Y. S., & Guba, E. G. (1985). *Naturalistic inquiry. Newberry Park*. Thousand Oaks, CA, US: SAGE Publications Inc.

Linnenluecke, M. K. (2017). Resilience in business and management research: A review of influential publications and a research agenda. *International journal of management reviews, 19*(1), 4-30.

Linnenluecke, M. K., Griffiths, A., & Winn, M. (2012). Extreme weather events and the critical importance of anticipatory adaptation and organizational resilience in responding to impacts. *Business strategy and the environment, 21*(1), 17-32.

Livne-Tarandach, R., & Bartunek, J. M. (2009). A new horizon for organizational change and development scholarship: Connecting

planned and emergent change. *Research in organizational change and development, 17*(1), 1-35.

Locke, K. (2000). *Grounded theory in management research*. London: SAGE Publications Ltd.

MacIntosh, R., & MacLean, D. (1999). Conditioned emergence: A dissipative structures approach to transformation. *Strategic management journal, 20*(4), 297-316.

MacIntosh, R., & MacLean, D. (2001). Conditioned emergence: researching change and changing research. *International Journal of Operations & Production Management, 11*(10), 1343-1357.

MacKay, R. B., & Chia, R. (2013). Choice, chance, and unintended consequences in strategic change: A process understanding of the rise and fall of NorthCo Automotive. *Academy of Management journal, 56*(1), 208-230.

MacLean, D., & MacIntosh, R. (2011). Organizing at the edge of chaos: Insights from action research. *The SAGE handbook of complexity and management*, 235-253.

Maguire, S. (2011). Constructing and appreciating complexity. In *The SAGE handbook of complexity and management* (pp. 79-92). London: SAGE Publications Ltd.

Maguire, S., Allen, P., & McKelvey, B. (2011). Complexity and management: Introducing the SAGE handbook. In *The SAGE handbook of complexity and management* (pp. 1-26). London: SAGE Publications Ltd.

Martin, J. A., & Eisenhardt, K. M. (2010). Rewiring: Cross-business-unit collaborations in multibusiness organizations. *Academy of Management journal, 53*(2), 265-301.

Martins, L. L. (2005). A model of the effects of reputational rankings on organizational change. *Organization Science, 16*(6), 701-720.

Maurer, R. (2010). Applying what we've learned about change. *The journal for quality and participation, 33*(2), 35.

McCann, J. (2004). Organizational effectiveness: Changing concepts for changing environments. *People and Strategy, 27*(1), 42.

McFadden, J., & Al-Khalili, J. (2016). *Life on the edge: the coming of age of quantum biology*. New York: Crown Publishing Group.

McKinsey&Company. (2016). The 'how' of transformation. Retrieved from https://www.mckinsey.com/industries/retail/our-insights/the-how-of-transformation

McManus, S., Seville, E., Vargo, J., & Brunsdon, D. (2008). Facilitated process for improving organizational resilience. *Natural Hazards Review, 9*(2), 81-90.

Merali, Y., & Allen, P. (2011). Complexity and systems thinking. In *The SAGE handbook of complexity and management* (pp. 31-52). London: SAGE Publications Ltd.

Meyer, A. D., Brooks, G. R., & Goes, J. B. (1990). Environmental jolts and industry revolutions: Organizational responses to discontinuous change. *Strategic management journal, 11*(Special Issue: Corporate Entrepreneurship), 93-110.

Meyer, A. D., Gaba, V., & Colwell, K. A. (2005). Organizing far from equilibrium: Nonlinear change in organizational fields. *Organization Science, 16*(5), 456-473.

Meyer, A. D., Goes, J. B., & Brooks, G. R. (1993). Organizations reacting to hyperturbulence. In G. P. Huber & W. H. Glick (Eds.), *Organizational Change and Redesign*. Oxford: Oxford University Press.

Meyer, A. D., Tsui, A. S., & Hinings, C. R. (1993). Configurational approaches to organizational analysis. *Academy of Management journal, 36*(6), 1175-1195.

Meyer, C. B., & Stensaker, I. G. (2006). Developing capacity for change. *Journal of Change Management, 6*(2), 217-231.

Miles, R. E., Snow, C. C., Meyer, A. D., & Coleman Jr, H. J. (1978). Organizational strategy, structure, and process. *Academy of management review, 3*(3), 546-562.

Miller, D. (1982). Evolution and revolution: A quantum view of structural change in organizations. *Journal of management studies, 19*(2), 131-151.

Miller, D. (1992). The Icarus paradox: How exceptional companies bring about their own downfall. *Business Horizons, 35*(1), 24-35.

Miller, D. (2018). Challenging trends in configuration research: Where are the configurations? *Strategic Organization, 16*(4), 453-469.

Miller, D., & Friesen, P. H. (1980). Momentum and revolution in organizational adaptation. *Academy of Management journal, 23*(4), 591-614.

Miller, D., Friesen, P. H., & Mintzberg, H. (1984). *Organizations: A quantum view*. Englewood Cliffs, New Jersey: Prentice Hall Inc.

Miller, D., Greenwood, R., & Prakash, R. (2009). What happened to organization theory? *Journal of Management Inquiry, 18*(4), 273-279.

Misangyi, V. F., & Acharya, A. G. (2014). Substitutes or complements? A configurational examination of corporate governance mechanisms. *Academy of Management journal, 57*(6), 1681-1705.

Misangyi, V. F., Greckhamer, T., Furnari, S., Fiss, P. C., Crilly, D., & Aguilera, R. (2017). Embracing causal complexity: The emergence of a neo-configurational perspective. *Journal of management, 43*(1), 255-282.

Mitchell, M. (2009). *Complexity: A guided tour*. Oxford: Oxford University Press.

Mitleton-Kelly, E. (2003). Ten principles of complexity and enabling infrastructures. In *Complex Systems and Evolutionary Perspectives*

*on Organizations*The Application of Complexity Theory of Organizations*. Boston: Pergamon.

Mitleton-Kelly, E., & Ramalingam, B. (2011). Organisational learning and complexity science: Exploring the joint potential. In *The SAGE handbook of complexity and management* (pp. 349-365). London: SAGE Publications Ltd.

Nadler, D. A., & Tushman, M. L. (1980). A model for diagnosing organizational behavior. *Organizational Dynamics, 9*(2), 35-51.

Nag, R., Corley, K. G., & Gioia, D. A. (2007). The intersection of organizational identity, knowledge, and practice: Attempting strategic change via knowledge grafting. *Academy of Management journal, 50*(4), 821-847.

Normandin, J. M., & Therrien, M. C. (2016). Resilience factors reconciled with complexity: The dynamics of order and disorder. *Journal of Contingencies and Crisis Management, 24*(2), 107-118.

Nutt, P. C. (1999). Surprising but true: Half the decisions in organizations fail. *Academy of Management Perspectives, 13*(4), 75-90.

Ocasio, W. (1997). Towards an attention-based view of the firm. *Strategic management journal, 18*(S1), 187-206.

Ocasio, W., & Joseph, J. (2005). An attention-based theory of strategy formulation: Linking micro-and macroperspectives in strategy processes. In *Advances in Strategic Management: Strategy Process* (Vol. 22, pp. 39-61). Bingley, UK: Emerald Group Publishing Limited.

Ocasio, W., Laamanen, T., & Vaara, E. (2018). Communication and attention dynamics: An attention-based view of strategic change. *Strategic management journal, 39*(1), 155-167.

Oreg, S., & Berson, Y. (2011). Leadership and Employees'Reactions to Change: The Role of Leaders' Personal Attributes and Transformational Leadership Style. *Personnel psychology, 64*(3), 627-659.

Oreg, S., & Berson, Y. (2019). Leaders' impact on organizational change: Bridging theoretical and methodological chasms. *Academy of Management Annals, 13*(1), 272-307.

Orlikowski, W. J. (1996). Improvising organizational transformation over time: A situated change perspective. *Information systems research, 7*(1), 63-92.

Ott, T. E., & Eisenhardt, K. M. (2020). Decision weaving: Forming novel, complex strategy in entrepreneurial settings. *Strategic management journal, 41*(12), 2275-2314.

Ozcan, P., & Eisenhardt, K. M. (2009). Origin of alliance portfolios: Entrepreneurs, network strategies, and firm performance. *Academy of Management journal, 52*(2), 246-279.

Palthe, J. (2014). Regulative, normative, and cognitive elements of organizations: Implications for managing change. *Management and organizational studies, 1*(2), 59-66.

Pandey, N., Pal, D., Saha, D., & Ganguly, S. (2021). Vibration-based biomimetic odor classification. *Scientific reports, 11*(1), 1-8.

Park, Y., Fiss, P. C., & El Sawy, O. (2020). Theorizing the Multiplicity of Digital Phenomena: The Ecology of Configurations, Causal Recipes, and Guidelines for Applying QCA. *Management of Information Systmes Quarterly, 44*(4), 1493-1520.

Parker, G. G., Van Alstyne, M. W., & Choudary, S. P. (2016). *Platform revolution: How networked markets are transforming the economy and how to make them work for you*. New York: WW Norton & Company.

Paton, R. A., & McCalman, J. (2008). *Change management: A guide to effective implementation*. London: SAGE Publications Ltd.

Pautasso, M. (2019). The structure and conduct of a narrative literature review. *A Guide to the Scientific Career: Virtues, Communication, Research and Academic Writing*, 299-310.

Peters, T. J. (2004). *Re-imagine!: Business Excellence in a Disruptive Age. TNT: Dealing with Change*. Cambridge, MA Enterprise Media.

Pettigrew, A., Ferlie, E., & McKee, L. (1992). Shaping strategic change - The case of the NHS in the 1980s. *Public Money & Management, 12*(3), 27-31.

Pettigrew, A., & Whipp, R. (1993). *Managing change for competitive success*. New Jersey: Wiley-Blackwell.

Pettigrew, A. M. (1990). Longitudinal field research on change: Theory and practice. *Organization Science, 1*(3), 267-292.

Pettigrew, A. M., Woodman, R. W., & Cameron, K. S. (2001). Studying organizational change and development: Challenges for future research. *Academy of Management journal, 44*(4), 697-713.

Piekkari, R., & Welch, C. (2018). The case study in management research: Beyond the positivist legacy of Eisenhardt and Yin. In *The Sage handbook of qualitative business and management research methods* (pp. 345-359). London: SAGE Publications Ltd.

Pieper, I., & Thomson, C. J. (2016). Beneficence as a principle in human research. *Monash bioethics review, 34*(2), 117-135.

Poole, M. S., Van de Ven, A. H., Dooley, K., & Holmes, M. E. (2000). *Organizational change and innovation processes: Theory and methods for research*. Oxford, UK: Oxford University Press.

Porras, J. I., & Robertson, P. J. (1992). Organizational development: Theory, practice, and research. In D. M. D. & H. L. M. (Eds.), *Handbook of industrial and organizational psychology* (pp. 719-822). Palo Alto: Consulting Psychologists Press.

Porras, J. I., & Silvers, R. C. (1991). Organization development and transformation. *Annual review of psychology, 42*(1), 51-78.

Prahalad, C., & Hamel, G. (1989). *Strategic Intent*. Harvard, Massachusetts, United States: Harvard Business Recview Press.

Probst, G., & Raisch, S. (2005). Organizational crisis: The logic of failure. *Academy of Management Perspectives, 19*(1), 90-105.

Pryor, J., Walker, A., O'Connell, B., & Worrall-Carter, L. (2009). Opting in and opting out: a grounded theory of nursing's contribution to inpatient rehabilitation. *Clinical Rehabilitation, 23*(12), 1124-1135.

Pudjiarti, E. S. (2018). Elements of entrepreneurship in private universities: Organizational change capacity, innovative capability and the performance. *Journal of Entrepreneurship Education, 21*(2), 1-15.

Quinn, J. B. (1980). *Strategies for change: Logical incrementalism*: Richard D Irwin.

Quinn, J. B. (1982). Managing strategies incrementally. *Omega, 10*(6), 613-627.

Raelin, J. D., & Cataldo, C. G. (2011). Whither middle management? Empowering interface and the failure of organizational change. *Journal of Change Management, 11*(4), 481-507.

Ravasi, D., & Schultz, M. (2006). Responding to organizational identity threats: Exploring the role of organizational culture. *Academy of Management journal, 49*(3), 433-458.

Rheinhardt, A., & Gioia, D. A. (2021). Upside-Down Organizational Change: Sensemaking, Sensegiving, and the new generation. In *The Oxford Handbook of Organizational Change and Innovation* (2 ed., pp. 77-105). Oxford, UK: Oxford University Press.

Rindova, V. P., & Kotha, S. (2001). Continuous "morphing": Competing through dynamic capabilities, form, and function. *Academy of Management journal, 44*(6), 1263-1280.

Romanelli, E., & Tushman, M. L. (1994). Organizational Transformation as Punctuated Equilibrium: An Empirical Test. *The Academy of Management Journal, 37*(5), 1141-1166.

Rothwell, W. J., Stavros, J. M., & Sullivan, R. L. (2015). *Practicing organization development: Leading transformation and change* (4 ed.). New York, United States: John Wiley & Sons.

Roulston, K., & Choi, M. (2017). Qualitative Interviews. In U. Flick (Ed.), *The SAGE Handbook of Qualitative Data Collection* (pp. 233-249). London: SAGE Publishing Ltd.

Rousseau, D. M. (2018). Making evidence-based organizational decisions in an uncertain world. *Organizational Dynamics, 47*(3), 1-12.

Sanchez, R. (2004). Understanding competence-based management: Identifying and managing five modes of competence. *Journal of Business Research, 57*(5), 518-532.

Sandberg, J., & Tsoukas, H. (2011). Grasping the logic of practice: Theorizing through practical rationality. *Academy of management review, 36*(2), 338-360.

Santos, F. M., & Eisenhardt, K. M. (2009). Constructing markets and shaping boundaries: Entrepreneurial power in nascent fields. *Academy of Management journal, 52*(4), 643-671.

Sastry, M. A. (1997). Problems and paradoxes in a model of punctuated organizational change. *Administrative Science Quarterly, 42*(2), 237-275.

Senge, P. M. (2006). *The fifth discipline: The art and practice of the learning organization*. Sydney, Australia: Currency Press.

Sheffi, Y., & Rice Jr, J. B. (2005). A supply chain view of the resilient enterprise. *MIT Sloan Management Review, 47*(1), 41.

Shipton, H., Budhwar, P. S., & Crawshaw, J. (2012). HRM, organizational capacity for change, and performance: A global perspective. *Thunderbird International Business Review, 54*(6), 777-790.

Siggelkow, N. (2007). Persuasion with case studies. *Academy of Management journal, 50*(1), 20-24.

Somers, S. (2009). Measuring resilience potential: An adaptive strategy for organizational crisis planning. *Journal of Contingencies and Crisis Management, 17*(1), 12-23.

Soparnot, R. (2011). The concept of organizational change capacity. *Journal of Organizational Change Management, 24*(5), 640-661.

Spalding, W. B., & Lippitt, R. (1958). *The dynamics of planned change: A comparative study of principles and techniques* (W. B. Spalding Ed.). New York, USA: Harcourt, Brace & World.

Stacey, R. D. (1996). *Complexity and creativity in organizations*. Oakland, California: Berrett-Koehler Publishers.

Stacey, R. D. (2007). *Strategic Management and Organisational Dynamics: The challenge of complexity to ways of thinking about organisations*. London, UK: Pearson Education.

Stacey, R. D., Griffin, D., & Shaw, P. (2002). *Complexity and management*. London: Routledge.

Stickland, F. (2002). *The dynamics of change: Insights into organisational transition from the natural world*. London, UK: Routledge.

Stouten, J., Rousseau, D. M., & De Cremer, D. (2018). Successful organizational change: Integrating the management practice and scholarly literatures. *Academy of Management Annals, 12*(2), 752-788.

Strauss, A., & Corbin, J. (1967). *The Discovery of Grounded Theory*. London, UK: Aldine Transaction.

Strauss, A., & Corbin, J. (1994). Grounded theory methodology: An overview. In N. K. Denzin & Y. S. Lincoln (Eds.), *Handbook of qualitative research*. Thousand Oaks, CA, US: Sage Publications Inc.

Styhre, A. (2002). Non-linear change in organizations: organization change management informed by complexity theory. *Leadership & Organization Development Journal, 23*(6), 343-351.

Suddaby, R. (2006). From the editors: What grounded theory is not. *Academy of Management journal, 49*(4), 633-642.

Suddaby, R., Hardy, C., & Huy, Q. N. (2011). Introduction to special topic forum: Where are the new theories of organization? *Academy of management review, 36*(2), 236-246.

Sutcliffe, K. M. (2021). From Resistance to Resilience. In *The Oxford Handbook of Organizational Change and Innovation* (pp. 839-846). Oxford, UK: Oxford University Press.

Sutcliffe, K. M., & Vogus, T. J. (2003). Organizing for resilience. In K. S. Cameron, J. E. Dutton, & R. E. Quinn (Eds.), *Positive organizational scholarship: Foundations of a new discipline* (pp. 94-110). San Francisco, CA, USA: Berrett-Koehler Publishers.

Švedaitė-Sakalauskė, B. (2019). Kaip pradėti grindžiamosios teorijos tyrimą? Nuo tyrimo klausimo iki tyrimo dizaino ir apie teorinę atranką. In *Tirti pagal grindžiamąją teoriją* (pp. 96-103). Vilnius, Lithuania: Vilniaus universiteto leidykla.

Sverdlik, N., Oreg, S., & Berson, Y. (2019). When Do Leaders Initiate Changes? The Roles of Coping Style and Organization Members' Stability-Emphasizing Values. *Applied Psychology, 69*(4), 1338-1360.

Taatila, V. (2004). The concept of organizational competence - a faundation analysis.

Teece, D. J., Pisano, G., & Shuen, A. (1997). Dynamic capabilities and strategic management. *Strategic management journal, 18*(7), 509-533.

Thietart, R.-A., & Forgues, B. (2011). Complexity science and organization. In *The SAGE handbook of complexity and management* (pp. 53-64). London, UK: SAGE Publications Ltd.

Thomas, J., George, S., & Rose, T. (2016). Deciphering value discourse's role in explaining the persistent perception of change failure. *Journal of Change Management, 16*(4), 271-296.

Thornberg, R., & Charmaz, K. (2014). Grounded theory and theoretical coding. In *The SAGE handbook of qualitative data analysis* (Vol. 5, pp. 153-169). London, UK: SAGE Publications Ltd.

Tichy, N. M. (1982). Managing change strategically: The technical, political, and cultural keys. *Organizational Dynamics, 11*(2), 59-80.

Tsoukas, H. (1996). The firm as a distributed knowledge system: A constructionist approach. *Strategic management journal, 17*(S2), 11-25.

Tsoukas, H. (1998). Introduction: chaos, complexity and organization theory. *Organization, 5*(3), 291-313.

Tsoukas, H. (2017). Don't simplify, complexify: From disjunctive to conjunctive theorizing in organization and management studies. *Journal of management studies, 54*(2), 132-153.

Tsoukas, H., & Chia, R. (2002). On Organizational Becoming: Rethinking Organizational Change. *Organization Science, 13*(5), 567-582.

Tushman, M. L., & O'Reilly III, C. A. (1996). Ambidextrous organizations: Managing evolutionary and revolutionary change. *California Management Review, 38*(4), 8-29.

Tushman, M. L., & Romanelli, E. (1985). Organizational evolution: A metamorphosis model of convergence and reorientation. *Research in organizational behavior, 7*(3), 171-222.

Tushman, M. L., & Smith, W. (2002). Organizational technology. In *The Blackwell companion to organizations* (pp. 386-414). London, UK: Blackwell Publishers Ltd.

Van de Ven, A. H., & Poole, M. S. (1995). Explaining development and change in organizations. *Academy of management review, 20*(3), 510-540.

Van de Ven, A. H., & Poole, M. S. (2017). Field research methods. In *The Blackwell companion to organizations* (pp. 867-888). London, UK: : Blackwell Publishers Ltd.

Van de Ven, A. H., & Poole, M. S. (2021). Introduction: Central issues in the study of organizational change and innovation. In *The Oxford Handbook of Organizational Change and Innovation* (2 ed., pp. 1–20). Oxford, UK: Oxford University Press.

Van de Ven, A. H., & Sun, K. (2011). Breakdowns in implementing models of organization change. *Academy of Management Perspectives, 25*(3), 58-74.

Van Der Vegt, G. S., Essens, P., Wahlström, M., & George, G. (2015). Managing risk and resilience. *Academy of management review, 58*(4), 971-980.

Viguerie, S. P., Calder, N., & Hindo, B. (2021). Corporate Longevity Forecast. Retrieved from https://www.innosight.com/wp-content/uploads/2021/05/Innosight_2021-Corporate-Longevity-Forecast.pdf

Vogus, T. J., & Sutcliffe, K. M. (2007). *Organizational resilience: towards a theory and research agenda.* Paper presented at the 2007 IEEE International Conference on Systems, Man and Cybernetics.

Vuori, T. O., & Huy, Q. N. (2016). Distributed attention and shared emotions in the innovation process: How Nokia lost the smartphone battle. *Administrative Science Quarterly, 61*(1), 9-51.

Walker, B., Holling, C. S., Carpenter, S., & Kinzig, A. (2004). Resilience, adaptability and transformability in social–ecological systems. *Ecology and society, 9*(2). Retrieved from https://www.ecologyandsociety.org/vol9/iss2/art5/inline.html

Walsh, I., Holton, J. A., Bailyn, L., Fernandez, W., Levina, N., & Glaser, B. (2015). Rejoinder: Moving the management field forward. *Organizational Research Methods, 18*(4), 620-628.

Wang, C. L., & Ahmed, P. K. (2007). Dynamic capabilities: A review and research agenda. *International journal of management reviews, 9*(1), 31-51.

Wang, G., Holmes Jr, R. M., Oh, I. S., & Zhu, W. (2016). Do CEOs matter to firm strategic actions and firm performance? A meta-analytic investigation based on upper echelons theory. *Personnel psychology, 69*(4), 775-862.

Watts, J. H. (2008). Integrity in qualitative research. In L. M. Given (Ed.), *The Sage Encyclopedia of Qualitative Research Methods* (Vol. 1, pp. 440–441). Thousand Oaks, California: Sage Publications.

Weick, K., Sutcliffe, K. M., & Obstfeld, D. (1999). Organizing for high reliability: processes of collective mindfulness. *Crisis management, 3*(1), 81-123.

Weick, K. E. (1995). *Sensemaking in organizations* (Vol. 3). Thousand Oaks, CA, USA: SAGE Publications Inc.

Weick, K. E., & Quinn, R. E. (1999). Organizational change and development. *Annual review of psychology, 50*(1), 361-386.

Weick, K. E., & Roberts, K. H. (1993). Collective mind in organizations: Heedful interrelating on flight decks. *Administrative Science Quarterly, 38*(3), 357-381.

Weick, K. E., & Sutcliffe, K. M. (2011). *Managing the unexpected: Resilient performance in an age of uncertainty* (Vol. 8). New Jersey, USA: John Wiley & Sons.

Weick, K. E., Sutcliffe, K. M., & Obstfeld, D. (2008). Organizing for high reliability: Processes of collective mindfulness. *Crisis management, 3*(1), 81-123.

Weisbord, M. R. (1976). Organizational diagnosis: Six places to look for trouble with or without a theory. *Group & Organization Studies, 1*(4), 430-447.

Weng, D. H., & Lin, Z. (2014). Beyond CEO tenure: The effect of CEO newness on strategic changes. *Journal of management, 40*(7), 2009-2032.

Wheatley, M. J. (1994). *Leadership and the new science: Learning about organization from an orderly universe*. Oakland, California: Berrett-Koehler Publishers.

Wiersema, M. F., & Bantel, K. A. (1992). Top management team demography and corporate strategic change. *Academy of Management journal, 35*(1), 91-121.

Wildavsky, A. B. (1988). *Searching for safety* (1 ed.). New York, USA: Rotledge.

Williams, T. A., Gruber, D. A., Sutcliffe, K. M., Shepherd, D. A., & Zhao, E. Y. (2017). Organizational response to adversity: Fusing crisis management and resilience research streams. *Academy of Management Annals, 11*(2), 733-769.

Yasir, M., Imran, R., Irshad, M. K., Mohamad, N. A., & Khan, M. M. (2016). Leadership styles in relation to employees' trust and organizational change capacity: evidence from non-profit organizations. *Sage Open, 6*(4), 1-12.

Yin, R. K. (2013). Validity and generalization in future case study evaluations. *Evaluation, 19*(3), 321-332.

Yin, R. K. (2018). *Case Study Research and Applications: Design and Methods*. Thousand Oaks, CA, USA: SAGE Publications Inc.

Zangiski, M. A. d. S. G., de Lima, E. P., & da Costa, S. E. G. (2013). Organizational competence building and development: Contributions to operations management. *International Journal of Production Economics, 144*(1), 76-89.

Zhao, E. Y., Fisher, G., Lounsbury, M., & Miller, D. (2017). Optimal distinctiveness: Broadening the interface between institutional theory and strategic management. *Strategic management journal, 38*(1), 93-113.

Žydžiūnaitė, V. (2019). Grindžiamoji teorija ir kiti kokybinio tyrimo metodai: svarstymai apie metodų esmes, panašumus ir skirtumus. In *Tirti pagal grindžiamąją teoriją* (pp. 37-80). Vilnius, Lithuania: Vilniaus universiteto leidykla.

Žydžiūnaitė, V., & Sabaliauskas, S. (2017). *Kokybiniai tyrimai: principai ir metodai*. Vilnius, Lithuania: VAGA.

ANNEX 1. Change management models

Model, Author, Year	Sequence of change management steps
Unfreeze-change-refreeze model (Lewin, 1948)	1. Unfreeze 2. Change 3. Refreeze
Seven-phase model of planned change (Spalding & Lippitt, 1958)	1. Development of a need for change 2. Establishment of a change relationship 3. Diagnosis 4. Examination of alternatives 5. Actual change 6. Generalization and stabilization of change 7. Achieving a terminal relationship
7 phases of consulting model (Wyatt Warner Burke, 1982)	1. Entry 2. Contracting 3. Diagnosis 4. Feedback 5. Planning 6. Intervention 7. Evaluation
The Appreciative Inquiry 4D Cycle (Cooperrider, Srivastva, Woodman, & Pasmore, 1987)	1. Discovery – Appreciating 2. Dream – Envisioning 3. Design – Co-constructing 4. Destiny – Sustaining
Five-step Change Model (Judson, 1991)	1. Analyzing and planning the change 2. Communicating the change 3. Gaining acceptance of new behaviors 4. Changing from the status quo to the desired state 5. Consolidating the new conditions and institutionalizing the new state
The ten commandments for executing change (R. Kanter et al., 1992)	1. Analyze the organization and its need for change 2. Create a shared vision and common direction

Model, Author, Year	Sequence of change management steps
	3. Separate from the past 4. Create a sense of urgency 5. Support a strong leader role 6. Line up political sponsorship 7. Craft an implementation plan 8. Develop enabling structures 9. Communicate, involve people, and be honest 10. Reinforce and institutionalize change
Six Steps to Effective Change (Beer, Eisenstat, & Spector, 1993)	1. Mobilize commitment to change through joint diagnosis of business problems 2. Develop a shared vision of how to organize and manage for competitiveness 3. Foster consensus for the new vision, competence to enact it, and cohesion to move it along 4. Spread revitalization to all departments without pushing it from the top 5. Institutionalize revitalization through formal policies, systems, and structures 6. Monitor and adjust strategies in response to problems in the revitalization process
The reinvention roller coaster (Goss & Pascale, 1993)	1. Assembling a critical mass of key stakeholders 2. Doing an organizational audit 3. Creating urgency, discussing the undiscussable 4. Harnessing contention 5. Engineering organizational breakdowns
Eight steps to transforming an organization (Kotter, 1995, 2012)	1. Establishing a sense of urgency 2. Creating the guiding coalition 3. Developing a vision and strategy 4. Communicating the change vision 5. Empowering employees for broad-based action 6. Generating short-term wins

Model, Author, Year	Sequence of change management steps
	7. Consolidating gains and producing more change
	8. Anchoring new approaches in the culture
Change Through Persuasion (Garvin & Roberto, 2005)	1. Convince employees that radical change is imperative; demonstrate why the new direction is the right one
	2. Position and frame a preliminary plan; gather feedback; announce the final plan
	3. Manage employee mood through constant communication
	4. Reinforce behavioral guidelines to avoid backsliding
ADKAR change management methodology (Hiatt, 2006)	1. Awareness of the business reasons for change Awareness is a goal/outcome of early communications related to an organizational change
	2. Desire to engage and participate in the change. Desire is a goal/outcome of sponsorship and resistance management
	3. Knowledge about how to change. Knowledge is a goal/outcome of training and coaching
	4. Ability to realize or implement the change at the required performance level. Ability is a goal/outcome of additional coaching, practice and time
	5. Reinforcement to ensure change sticks. Reinforcement is a goal/outcome of adoption measurement, corrective actions and recognition of successful change

ANNEX 2. Organizational transformation definitions

Author, Year	Definition
(Miller, 1982)	Change is said to be of a quantum nature when many elements change in a major or minor way within a brief interval. It is revolutionary only when quantum changes radically transform many elements of structure.
(Tushman & Romanelli, 1985)	Representations are relatively short periods of discontinuous change where strategy, power, structure and controls are fundamentally transformed towards a new coalignment.
(Levy & Merry, 1986)	Organizational transformation deals with a radical, basic, total change in an organization, in contrast with improving the organization and developing it or some of its parts. <…> Second-order change is a multidimensional, multi-level, qualitative, discontinuous, radical organizational change involving a paradigmatic shift.
(Orlikowski, 1996)	Organizational transformation – substantially changing an organization's structure and practices.
(Clément & Rivera, 2016)	The transformation of a system in this way can be defined as the process by which a system reorganizes itself with entirely new components, functions, structures, and processes.
(Porras & Silvers, 1991)	OT is also planned and primarily directed at creating a new vision for the organization. Vision change occurs most effectively when an organization develops the capability for continuous self-diagnosis and change; a learning organization evolves – one that is constantly changing to more appropriately fit the present organizational state and better anticipate desired futures.
(Porras & Silvers, 1991)	The extension to organization development that seeks to create massive changes in an organization's structures, processes, culture and orientation to its environment.

Author, Year	Definition
(D. Brown & Harvey, 2001)	Organization transformation (OT) may be defined as the action of changing an organization's form, shape, or appearance, or changing the organization's energy from one form to another.
(Rothwell, Stavros, & Sullivan, 2015)	Transformational change: It is the "most complex type of change facing organizations today. Simply said, transformation is the radical shift from one state of being to another, so significant that it requires a shift of culture, behavior, and mindset to implement successfully and sustain over time."
(D. Anderson & Anderson, 2010)	Transformational change is the least understood and most complex type of change facing organizations today. Simply said, transformation is the radical shift from one state of being to another, so significant that it requires a shift of culture, behavior, and mindset to implement successfully and sustain over time. In other words, transformation demands a shift in human awareness that completely alters the way the organization and its people see the world, their customers, their work, and themselves. In addition, the new state that results from the transformation, from a content perspective, is largely uncertain at the beginning of the change process and emerges as a product of the change effort itself.
(Ashkenas, 2015)	The overall goal of transformation is not just to execute a defined change – but to reinvent the organization and discover a new or revised business model based on a vision for the future. It is much more unpredictable, iterative, and experimental. It entails much higher risk.

ANNEX 3. Organizational change capacity definitions

Author	Definition
(Buono & Kerber, 2008)	[…] capacity for change that includes (1) an understanding of the different approaches to change and when each is appropriate; (2) a change facilitative organizational culture and ongoing strategizing; (3) the willingness and ability of organizational members (change leaders/strategists, change agents/implementers, change recipients) to assume responsibility for continuous changing; (4) an infrastructure that makes continuous changing possible (e.g., lavish communication, flexible systems and processes, responsive training and education); and (5) sufficient and appropriate resources devoted to changing (e.g., mind share, time, people, money).
(C. B. Meyer & Stensaker, 2006)	We define change capacity as "The allocation and development of change and operational capabilities that sustains long term performance." This implies that the potential adverse effects on daily operations and subsequent change processes is outweighed by the positive effects on subsequent change processes and improvement in performance as a result of the change process. Hence, while implementation of change only can have adverse effects on daily operations, the particular change initiative can have negative or positive effects on the subsequent change processes.
(Klarner, Probst, & Soparnot, 2007)	Organizational change capacity is the organization's ability to develop and implement (change process perspective) appropriate organizational changes (change content perspective) to constantly adapt to environmental evolutions (external context) and/or organizational evolutions (internal context) in either a reactive way (adaptation) or by initiating it (pro-action).
(Judge & Elenkov, 2005)	Organizational capacity for change (OCC) is defined as a broad and dynamic organizational capability that allows the enterprise to adapt old capabilities to new

Author	Definition
	threats and opportunities as well as create new capabilities.
(Bennebroek Gravenhorst, Werkman, & Boonstra, 2003)	The term change capacity refers to the degree to which aspects of an organization and aspects of a change process contribute to or hinder change.
(Judge, 2011)	OCC is a dynamic, multidimensional capability that enables an organization to upgrade or revise existing organizational competencies, while cultivating new competencies that enable the organization to survive and prosper.
(Yasir, Imran, Irshad, Mohamad, & Khan, 2016)	Organizational change capacity (OCC) is a relatively new theoretical development for effectively managing change.
(Buono & Kerber, 2010)	The ability of an organization to change not just once, but as a normal response to changes in its environment. It is ongoing capability that reflects: 1) a dynamic process of continuous learning and adjustment, enabling organization to thrive in the midst of ambiguity and uncertainty; and 2) the ability to implement those changes.
(Shipton et al., 2012)	In essence, OCC represents a particular subset within the resource-based literature labeled 'dynamic capabilities', encompassing an ability "to integrate, build and reconfigure internal and external competences to address rapidly changing environments."
(Palthe, 2014)	Change capacity is also determined by the organization's ability to adapt, learn, and apply new innovations through human, strategic, technological, and structural competencies and methods.
(Soparnot, 2011)	[...] we consider that the change capacity is the ability of the company to produce matching outcomes (content) for environmental (external context) and/or organizational (internal context) evolution, either by reacting to the changes (adaptation) or by instituting

Author	Definition
	them (pro-action) and implementing the transition brought about by these changes (process) in the heart of the company. <....> Change capacity can therefore be defined as a capacity of adaptation and pro-action. However, it focuses more on the outcome of the capability than on the capability itself.
(Pudjiarti, 2018)	Organizational change capacity is associated with the organizational members' willingness and ability to modify and change, in term of ensuring appropriate resources in creating a continuously facilitative culture and infrastructure.

ANNEX 4. Organizational resilience definitions

Author, Year	Definition
(K. E. Weick et al., 2008)	Resilience is not only about bouncing back from errors, it is also about coping with surprises in the moment. It is important to retain both connotations of resilience to avoid the idea that resilience is simply the capability to absorb change and still persist. To be resilient also means to utilize the change that is absorbed.
(Wildavsky, 1988)	Improvement in overall capability, i.e., a generalized capacity to investigate, to learn, and to act, without knowing in advance what one will be called to act upon, is a vital protection against unexpected hazards.
(Sutcliffe & Vogus, 2003)	"Resilience refers to the maintenance of positive adjustment under challenging conditions."
(Walker et al., 2004)	Resilience (the capacity of a system to absorb disturbance and reorganize while undergoing change so as to still retain essentially the same function, structure, identity, and feedbacks) has four components – latitude, resistance, precariousness, and panarchy – most readily portrayed using the metaphor of a stability landscape.
(Folke et al., 2010)	Resilience in this context is the capacity of a SES to continually change and adapt yet remain within critical thresholds.
(Hollnagel et al., 2008)	[...] a resilient system is defined by its ability effectively to adjust its functioning prior to or following changes and disturbances so that it can continue its functioning after a disruption or a major mishap, and in the presence of continuous stresses.
(Lengnick-Hall et al., 2011)	Organizational resilience is defined here as a firm's ability to effectively absorb, develop situation-specific responses to, and ultimately engage in transformative activities to capitalize on disruptive surprises that potentially threaten organization survival.

Author, Year	Definition
(K. E. Weick & Sutcliffe, 2011)	Formally, resilience is the "capability of a system to maintain its function and structure in the face of internal and external changes and to degrade gracefully when it must."
(Annarelli & Nonino, 2016)	The ability to resist and respond to a shock (internal or external) and recover once it has occurred is called resilience.
(Fraccascia et al., 2018)	A common property of many complex systems is resilience, that is, the ability of the system to react to perturbations, internal failures, and environmental events by absorbing the disturbance and/or reorganizing to maintain its functions.
(Holling, 1973)	Resilience determines the persistence of relationships within a system and is a measure of the ability of these systems to absorb changes of state variables, driving variables, and parameters, and still persist.
(Sheffi & Rice Jr, 2005)	Ability to bounce back from a disruption.
(Carvalho et al., 2012)	Ability to return to the original state or to a new, more desirable one, after experiencing a disturbance.

ANNEX 5. Organization definitions based on the Complexity Theory

Author, Year	Definition
(Baumann & Siggelkow, 2011)	Organizations are seen as sets of interdependent activity choices.
(Hidalgo et al., 2011)	Organizations are networks formed by heterogeneous groups of individuals who accomplish tasks that no single individual can.
(Tsoukas & Chia, 2002)	Organization is the attempt to order the intrinsic flux of human action, to channel it towards certain ends by generalizing and institutionalizing particular cognitive representations. Secondly, organization is a pattern that is constituted, shaped, and emerging from change. Organization aims at stemming change but, in the process of doing so, it is generated by it.
(Stacey, 2007)	Organizations are complex responsive processes of relating between people. Since relating immediately constrains, it immediately establishes power relations between people.

ANNEX 6. Receptor System: concepts and open codes

Concept	Open code
Opening	Gaining insights through serendipitous events
	Opening to serendipitous connections
	Aiming to hear each employee's idea and identify risks
	Alertness and genuine interest in the organization being part of the culture
	Asking for insights without enablement
	Asking for insights without consistent periodical attention
	Avoiding hierarchy and keeping open culture
	Awakening by silence
	Being awakened by the huge crises
	Relaxing until significant trouble has occurred
	Being forced to be attentive to the environment and market signals
	Being open and interested in future trends
	Being open and networking to gather information and trends
	Being open to conversation, ideas, and problems
	Being open to critique
	Being open-minded broadens options
	CEO is listening but not asking to speak up
	Demolishing physical walls to promote an open culture
	Ignoring and/or not involving all employees
	Ignoring environmental signals until they have directly hit balance sheets
	Ignoring significant insights from partner(s)
	Keeping a culture of open communication at all levels
	Missing major trend due to full trust in partner(s)
	Overlooked risks due to trusting partners
	Missing market trends while focusing on technology and operations
	Monitoring the opening of new factories and analyzing their impact
	Serendipity – creating partnerships with friends
	Meeting the right people through serendipitous happenings
	Gaining valuable connections through serendipitous events
Connecting	Abandoning businesses without confidence
	Selling businesses you do not believe in
	Achieving the position of client teachers
	Acting fast to let go of people, not allowing bad situations to occur
	Actively exploring innovations and building connections

Concept	Open code
	Researching new ideas
	Making and seeking new connections
	Adapting to individual customer needs
	Building relationships to value source
	Generating mutual benefits
	Identifying unique customer objectives
	Expanding value creation through an individual approach to clients
	Aiming to be near every client
	Aiming to create long-term and mutually beneficial partnerships with clients to grow together
	Aiming to fulfill clients' expectations
	Aiming to keep good relationships with partners even in situations of huge dispute(s)
	Aiming to strengthen family ties and involve children
	Allowing no doubts about choosing and keeping people
	Attracting partners with unique propositions
	Avoiding partnerships in investment
	Balancing personal and business arguments in selling business
	Bartering with clients to create shared value
	Becoming long-term partners and outsourcing centers
	Being in a position where you can choose customers and limit supply for them
	Being led and co-create with clients
	Being open to institutional connections and making an effort to make them strong
	Being professional and saving client money and time
	Being committed to partnerships that generate value and prestige
	Being true and making reliable guarantees to customers
	Board members CC are building partnerships
	Bringing clients back to reality
	Bringing constant value to partners
	Building and managing a partner(ship) network
	Building connections with other organizations
	Seeking mutually beneficial connections with other organizations
	Strengthening connections with other organizations
	Controlling the network of organizational connections
	Building the best quality products to deliver the highest value to customers
	Building partnerships

Concept	Open code
	Building partnerships and trust through delivering contractual obligations and expecting the same
	Building mutually beneficial partnerships
	Growing confidence in partners through continuous relationship development
	Building personal relationships and trust at the highest level
	Building strong and reliable partnerships
	Building trust in partnerships to avoid disappointment
	Working with customers who are willing to pay a premium for the quality and long-term partnership
	Building long-term relationships with clients
	Choosing partners by regional capabilities
	Choosing partners by culture and soft skills
	Choosing suppliers only better than themselves to be sure of the quality they will deliver to clients
	Considering clients and suppliers' partners
	Competing for each client with an individual approach
	Competing with clients' internal engineering resources
	Identifying client business inefficiencies
	Conflicting with partners on their own idea
	Growing conflicts with partners
	Connecting through connections
	Connecting to competitors through shareholders
	Connecting to partners through shareholders
	Connecting to other organizations
	Connecting to partners in a specific location
	Connecting with institutions to solve problems
	Considering clients as a market
	Converting every issue and crisis in client-partner relationships to the possibility
	Cooperating to reach ambitious productivity goals
	Creating partnerships through technology acquisition
	Creating partnerships with institutions
	Delivering customer value through a change of companies
	Delivering high value to small clients
	Delivering specific value to partners
	Encouraging partners in failures
	Establishing the first partnership to enable a vertical framework
	Establishing long-term partnerships
	Forming long-term contracts
	Failing to understand own customer
	Finding new partners to replace those resistant to the idea

Concept	Open code
	Fulfilling clients' expectations
	Gaining competitive advantage through unique complex solutions for each client
	Getting knowledge and expertise from partners
	Growing fast with the right partner
	Having no strategic partners
	Avoiding strategic partnerships
	Having one major client
	Failing to fulfill the demand(s) of smaller clients
	Developing dependability on one client
	Losing attention to gaining new clients
	Imposing strict requirements on suppliers
	Interconnecting with a very limited number of large clients
	Investing a lot in being near the client and bringing unique value
	Keeping shareholders and owner(s) involved
	Keeping limited and transaction-based ties with suppliers and partners
	Longitudinal customer acquisition process
	Losing partners due to fear of losses
	Losing partnerships due to failed fulfillment of obligations
	Making cooperative procurements with partners
	Establishing personal connections and friendships with partners
	Managing strategic partnerships personally
	Managing the throughput of project organization which creates qualitative value for the customer
	Manufacturing unique products in full to solve the clients' issues in full
	Multiplying partnerships to enable all processes for transformation
	Downplaying the significance of partners.
	Not able to maintain partnerships
	Not looking for partnerships
	Offering unique manufacturing process for the clients
	Owner keeping relationships with clients at the highest level
	Owner overtaking problem-solving with partners during major issues
	Owner working directly with strategic clients
	Partnering for creativity and innovations
	Partnering
	Partnering based on transaction and profit goals
	Partnering to optimize costs
	Partnering with innovation and science hubs to gather knowledge

Concept	Open code
	Partnering with institutions
	Partnering with science partners in R&D
	Partners helping to solve major problems and withstand crises
	Preparing for imagined future with growing knowledge and capabilities
	Responding to partner connection requests to work on innovations
	Seeing no value in connection with a related company
	Seeing value in long-term and sustainable relationships
	Seeking cooperation in projects
	Solving financial capital problems through cooperation
	Sharing risks through cooperation
	Seeking cooperation to break through the regional competitive stagnation
	Seeking friendship connections inside the company
	Seeking to cluster together with other companies in the country to compete with other regions
	Seeking to establish equal status with the board and shareholders
	Seeking to establish pass to end customer
	Selling through reliability and quality
	Sharing with partners to attract new ones
	Solving client issues with internal standard manufacturing
	Solving unique issues and delivering unique value to small clients
	Starting all projects and then seeking partners for your ideas
	Starting partnerships with contractual obligations
	Starting to build partnerships at the highest organizational level
	Strengthening relations with partners
	Struggling to cooperate with institutions
	Having difficulty in collaborating with institutions
	Sustaining partnerships through a common philosophy
	Sustaining partnerships through a common perception of technological trends
	Testing the reliability and trust of the partner at the start
	Thinking about a client and taking proactive actions to help him
	Understanding and specifying clients' needs
	Understanding collaboration as mutual gain
	Understanding partnership as mutually beneficial material transaction
	Un-partnering fast
	Valuing customers and seeking their restored trust
	Respecting clients

Concept	Open code
	Widening partnerships with new product developments
	Working closely with clients in new solutions and product developments
	Working hard to build and sustain partnership relationships
	Working individually with partners and building unique relationships
Sensing	Accepting that you are not in control of the situation
	Analyzing and evaluating institutional and environmental context
	Analyzing changes in competition
	Analyzing competitors to confirm that modernization solutions are good
	Analyzing the political environment in which the organization is operating
	Analyzing competitive products technically to make one's own products better
	Analyzing competitors and their actions in detail
	Being able to forecast market fluctuations and performance very accurately
	Sustaining external awareness
	Being attentive to the environment and current developments
	Being attentive to the global market ideas and actions to follow the latest trends
	Being confident in full control of market trends
	Broadening personal attention
	Cultivating own environmental vigilance
	Closing or selling development trajectory
	Collecting and analyzing information from suppliers to inform decision making
	Communicating and hearing clients directly behind the counter
	Communicating proactively with suppliers and customers to gather information
	Comparing and analyzing competitors and their investments
	Conducting long qualitative and quantitative research
	Considering and analyzing competitors in the resales business
	Considering other organizations as NOT competitors
	Creating connections from the highest organizational level
	Declaring high focus and attention on people management
	Dedicating environment and innovation exploration to executives
	Doing and buying market research, changing analysis with the group

Concept	Open code
	Doing informal personal analysis
	Environmental monitoring is performed by the marketing department
	Establishing a shareholder engagement structure
	Expecting all management to be involved in environmental sensing
	Failing to create partnerships
	Finding solutions to one organization's problem by discussing with (an)other organization
	Following clear market trends
	Following mature market developments
	Following competitors
	Following major trends in different sectors by reading reviews
	Identifying market development indicators
	Following market development indicators
	Following market indexes
	Following the market and environment development
	Fracturing organizational connections and motivation due to changing organization
	Gaining environmental information through conversations with clients and their requirements
	Gathering all the data and discussing it in an informal management meeting
	Gathering data and market trends through the association of manufacturers
	Gathering information and trends through association
	Gathering knowledge and their development directions from core partners
	Getting valuable insights through social connections with clients and suppliers
	Hearing and evaluating customer opinions and insights
	Initiating major change from CEO sense and intuition
	Lacking information and accepting that as natural conditions
	Lacking partnerships with customers and suppliers
	Major partner acting as data collector
	Major partner acting as insight generator
	Major partner uplifting all smaller ecosystem organizations
	Making personal connections
	Making political and institutional connections
	Making unique products and solutions in a changing and uncertain environment
	Moving if competitors move first

Concept	Open code
	Not realizing that you can see trends earlier than in the case when you no longer receive an order
	Overloaded with the amount of information available
	Reaching for partnerships and advice with consistency and persistence
	Receiving different information and insights from team members depending on the project and client size
	Receiving a direct warning from the biggest competitors
	Receiving information from suppliers if they are interested
	Receiving only bad and late news from customers due to a lack of partnership
	Receiving trust and positivity from stakeholders
	Receiving warnings through associations and public information
	Reducing analytical functions
	Avoiding analytics
	Narrowing data sources
	Minimizing data analysis
	Restoring connections with existing clients very fast
	Saying goodbye to business
	Securing know-how in partner network connections and complexity
	Seeing the future more clearly through joint focus and calibration with partners
	Seeing a wider context
	Seeking the highest political connections
	Building connections in government institutions
	Seeking partnerships with global multinationals only
	Segmenting clients by continent and size
	Segmenting competitors to compare their actions and plan their own strategy
	Sensing signals and anticipating the impact
	Subscribing to business outlooks
	Using global business analytics services
	The organization has limited integration into the group
	Trying to guess and feel what clients want
	Understanding environmental complexity and interdependencies
	Applying manufacturing data to manufacturing associations to receive an analysis of the market

ANNEX 7. Tunneling: concepts and open codes

Concept	Open code
Aligning Organization	Acting as a communication channel to CEO and Board member
	Being an insight filter to the CEO and a Board member
	Establishing distance between other organizational members and the CEO
	Adapting personally and leading the adaptation of the organization to changing group and management
	Admitting there is no desired connection and discussion possibility with the board and shareholders
	Agreeing and implementing principles of trust, honest communication, and cooperation
	Aiming to establish a uniform view of organization development and a common sense of direction
	Aiming for everyone to be part of the team
	Aiming for faith, trust, and fun at the organization
	Aiming for higher values than money
	Aiming only for profit is unsustainable and short looking
	Aiming to change to digital processes to preserve the knowledge of the people
	Aiming to communicate in real-time
	Communicating with all employees
	Establishing real-time communication methods
	Aiming to create representative culture and environment to be trusted by clients
	Aiming to create a self-organizing and maximum efficiency culture
	Aiming to cut costs and align culture through the holding organization
	Aiming to help others in and outside the organization
	Aiming to involve and align newcomers with the culture right from the start
	Aiming to keep everyone in the communication loop and the decision-making moment
	Aiming to keep even most distant employees in direct communication
	Aiming to make a profit today and tomorrow
	Aiming to separate directions
	Running separate synergies of several companies
	Aligning strategic directions and views firmly at the board and CEO level
	Aligning values and culture at a board and executive level first

Concept	Open code
	Always putting employees and honest, trustful human social relationships first
	Avoiding consistency in communication with the CEO and Board
	Avoiding direct contact and involvement in organizational life and communication due to lack of time
	Balancing group and organization ambitions and capabilities through strategic project investments
	Being consistent and persistent in personal values
	Being happy by being active and discussing people
	Being a phenomenon, not a simple organization
	Being socially responsible
	Being supported by the board, and especially by the head of the Board
	Being sure that internal culture and connections will not suffer from organizational growth
	Being sure that results can be achieved only together with people
	Being unique and incomparable due to a long history and family ownership
	Being a visible and approachable leader in making employees trust the CEO
	Believing in the organization until bad things have come to light
	Thinking that best reward and achievement is when outside people love your brand as much as you do
	Building own credibility to represent the organization directly to partners and employees
	Blocking attention to new opportunities by conflicting the CEO's and/or owner(s)' interest
	Losing attention by conflicting interest
	Bringing personal values and culture to the company
	Building culture through live social connections
	Building employee silence and inertia through avoidance to communicate strategy and goals
	Building employee silence and inertia through poor communication
	Business is managed by three families
	Cascading and changing organizational culture from TMT changes
	Cascading and cultivating trust throughout the organization
	CEO navigating between personal aspirations and the need for change
	CEO convincing others of the necessity of change
	CEO cultivating ability to persuade others
	Acknowledging personal desires in the context of change

Concept	Open code
	Persuading organizational members
	CEO Balancing between personal desires and the ability to persuade others regarding the need for change
	CEO not trusting his/her organization
	CEO seeking internal competition, self-focused, unsupportive culture
	CEO talking about identity but then neglecting to follow it and seeing it as a need for a paradigm shift
	Changing the culture from cutting costs to gaining and enjoying results
	Changing organizational value base
	Communicating directly with all employees periodically
	Communicating organizational vision directly to all employees
	Communicating periodically at the group level
	Companies are unsuccessful when they do not have a purpose
	Conflicting CEO's and owner(s)' visions cascade down to employees
	Conflicting CEO's and shareholders' demand
	Conflicting CEO's and Shareholder Board's interests
	Conflicting internal divisions
	Conflicts arising from poor management and lack of strategic course
	Establishing rapport with initial employees
	Considering sustainability as part of formation of a new culture
	Excluding sustainability from the strategy
	Constant presence and attention of owner(s) to the organization(s)
	Constantly working to maintain positive organizational culture and the spirit of positivity
	Converting to a positive culture
	Aiming to establish a culture of positivity
	Creating family business
	Managing family business
	Creating a business from scientific research
	Sourcing insights from science
	Establishing a culture starting from the very first individual in an organization
	Creating culture is extraordinarily difficult
	Creating a culture of constant development by cascading examples
	Creating a culture based on values
	Creating intense internal competition between employees
	Fostering a fierce internal rivalry among staff
	Enhancing competition between organizational parts

Concept	Open code
	Cutting numbers of employees with ease
	Cutting out employees from strategic information
	Cutting out even the best experts from the company if they show disrespect to and distrust in the vision
	Declaring clear values and rules
	Dedicating a lot of time, effort, and attention to solving issues of individual people
	Dedicating employees to specific tasks based on stereotypes
	Stereotyping employees
	Assigning tasks based on preconceived notions about staff
	Dedicating full personal focus to organization
	Dedicating only one task at a time to employee(s)
	Being sure that employee(s) cannot multitask
	Differentiating from competitors with a culture where everyone wants to work
	Distancing from organizational identity
	Losing organizational identity
	Changing organizational identity
	Distancing from other divisions, employees and organizational identity
	Identifying organizational DNA
	Lack of managerial understanding and unclear procedures make employee (s) indispensable
	Employees do not believe in the CEO's vision
	Enabling employees through trust
	Motivating employees through trust
	Encouraging different opinions and discussions
	Energized and motivated by the reflection on changes
	Establishing the grounding values from the start
	Every employee becomes your organization's ambassador if s/he identifies with it
	Everyone focusing on their own work
	Everyone is learning to work with the new CEO
	Expecting the change of culture due to organizational growth
	Expecting constantly growing profits and compensation
	Expecting full dedication and belief in the company from employees
	Experimenting with people
	Pushing people over the limits based on personal beliefs
	Failing to align organizations and cultures
	Failing with changes due to ignored organizational culture and identity

Concept	Open code
	Setting up a family business
	Establishing a family business
	Creating a family business
	Developing a family business
	Growing a family business
	Finding purpose is the essence
	Formation of different interests and conflicting goals inside the organization
	Fostering absolute trust
	Fostering employee trust
	Gaining a new understanding of sustainability
	Gathering environmental information through managers who are enabled and motivated
	Giving all heart and living with the brand
	Grounding actions and decisions on the traditions and identity
	Grounding organizational development and employee relationships on the values and gluing culture
	Growth to a top management position with minimal experience and from a low position
	Hard infrastructure and some clients remained the same during cultural transformation
	Having a strong understanding of organizational identity
	Holding formal quarterly meeting of all managers of the organization
	Holding knowledge and know-how in the heads of the employees
	Having no formal knowledge of management
	Developing organizational knowledge through individual employee growth
	Keeping information and expertise in the heads of employees
	Holding knowledge inside employees' heads
	Identifying no connection and distancing him/herself from the other company development stream
	Identifying the organization as part of a larger group of similar companies
	Acknowledging the organization as part of a wider group of comparable firms
	Identifying and associating with the organization
	Identifying the organization and its services with a specific territory
	Infecting all organizations with the values
	Infecting newcomers with the organizational disease in order to achieve corporate goals

Concept	Open code
	Investing time and effort to establishing trust
	Involving sustainability goals into strategy only after a scandal
	Keeping high standards while working and consulting with clients
	Keeping high moral principles
	Keeping knowledge in the minds of employees
	Keeping main principles, traditions, values, and organizational identity through transformations
	Keeping pulse on the market through daily management meetings
	Keeping relicts of the old organization to contrast changes
	Keeping synergy between all companies
	Aligning common culture among all companies
	Knowledge management is absent
	Lack of knowledge management
	Losing knowledge
	Leaders take over the responsibility of fostering a culture
	Leading by example
	Setting a behavioral standard
	Leading culture by example
	Leading to a clear vision
	Setting vision
	Leading toward the broad vision
	Limited organizational identity distinction from outside
	Listening to organizational members
	Trying to understand organizational identity first
	Living the organization
	Living the organization and its success
	Losing organizational identity and losing market
	Losing knowledge when losing employees
	Maintaining startup DNA, creativity, and passion for working on new things
	Maintaining absolute transparency throughout the whole organization
	Major changes are in values and culture
	Taking action only when necessary
	Making significant effort to find the right people to work
	Management team meeting only once a year to prepare a strategy
	Managers seeking to justify decisions in advance
	Managing knowledge
	Managing knowledge through formal process updates
	Marketing and framing the vision
	Misleading internal perception of organizational objectives and transparency

Concept	Open code
	Money is not important
	Money is not meaningful and is not the most important goal
	Money is not an objective
	Money is a single motivation, and organizations exist to make money today and in the future
	Newcomers find fit harder and have bigger retention
	Newcomers hardly adapt to the team
	Newcomers have to decide: either they fit the organizational culture, or else they leave
	Recognizing organizational culture as hard to align to
	Newcomers unfitting to the organizational culture
	Not all people fit into the team
	Not buying other organizations, as cultures cannot be merged
	Not tolerating open disbelief and distrust in the organizational vision
	Not trying to overcome cultural barriers
	Noticing breaking confidence in business sustainability
	Organization and work are inseparable from life
	Organization as a home for employees
	Organization is a live system, and it cannot align and merge with other(s)
	Organization is successful because mid-managers love their work
	Organizational internal connections becoming part of the DNA
	Emphasizing the value of social connections
	Tying organizational members together
	Owner acting as coach, mentor and teacher, and as culture aligner
	Owner focusing on creativity and future vision development and less on operational questions
	Owner keeping distance from organization(s)
	Owner keeping distance from the organization enabled the development of autocracy
	The owner is determined to achieve the strategic direction without any interruptions
	People always come first
	People are intertwined with the development of the organization
	Possessing accurate knowledge of exact needs and environment
	Possessing a hundred years of history
	Possessing a strong belief that the organization is very important for the country
	Proxy acting as a saver and avoiding responsibility for the problems
	Blaming others

Concept	Open code
	Purpose comes first and aligns everyone
	Reflecting on historical organizational development
	Rooting current business development on the company history
	Risking losing the know-how if shared with employees, and then they leave
	Recognizing the loss of organizational identity
	Searching for organizational identity
	Seeing employees' poor psychological state as direct costs and lost profit
	Seeking a higher purpose with the business
	Selling competencies to gain more profit and deliver more value to shareholders
	Setting a foundation through creating values and culture
	Setting a foundation by establishing team
	Establishing group connections as a knowledge exchange network
	Sharing knowledge with the group companies at different levels
	Distributing experience among the group companies at different levels
	Sharing knowledge through internal training
	Sharing organizational vision and developments only once a year with an organization
	Showcasing achievements
	Slow and painful cultural transformation
	Speaking with specialist to identify the root causes of a sick culture and mentality
	Spreading culture around the global offices
	Starting from scratch or zero without knowledge transfer
	Starting to regain personal confidence and internal will after a scandal
	Stepping into CEO from the position of a family member
	Strengthening team spirit of long-term employees
	Strong identification with organizational identity
	Struggling and demotivated organization visible from outside
	Supporting initiative and value-based culture
	Supporting, enabling, and motivating the team to perform at their best
	Encouraging, enabling, and inspiring teamwork
	Sustainability became the factor uniting all companies of the group in strategy making
	Synergizing with core partners toward new directions
	Caring for people

Concept	Open code
	Talking about the region but investing in other countries to save millions
	The essence of an organization is to make money with the lowest costs
	Transforming the culture of the organization over a long time
	Transforming culture with the help of crises
	Transforming organizational culture and mindset
	Trusting people fully to gain full trust back
	Trying not to change but to preserve and foster the organizational culture
	Trying to build team spirit
	Trying to create a safe and engaging environment for employees
	United by the scandal
	Undoubted and unhesitant support from the owner
	Using intuition in deciding on the personality of another person
	Using previous personal knowledge in the new organization
	Using shared knowledge and expertise to make solutions
	Using subjectivity to objectively evaluate people
	Value-based organizational identity
	Vegetating due to demoralized culture and loser syndrome
	Working for an emotion and idea, not for more profit and turnover
	Working not for the money, but for fulfillment of creativity
	Absence of formal risk and opportunity management
Channeling Attention	Board members contacting directly
	Cascading alertness
	Pushing over the limits through the managers
	Delegating attention distribution
	Controlling attention and alertness flow through the organization
	Cascading communication duties to TMT
	Cascading individual KPIs to managers
	Cascading objectives IMPOSED by the Board
	Cascading strategic objectives to assigned actions
	CEO allowing informal communication
	CEO asking questions and initiating discussions to embed ideas
	CEO asking questions and initiating discussions to find solutions
	CEO asking initiating discussions to hide inability to make decision(s)
	CEO capable of identifying a problem and explaining the context
	Challenging shareholders' attitudes
	Collecting, prioritizing, and finding ways to use information
	Communicating informally with a limited number of people
	Constantly identifying issues within the organization

Concept	Open code
	Prioritizing issues within the organization
	Consistently managing issues within the organization
	Systemizing issue identification, prioritization, and control
	Constantly sharing information, risks, and opportunities with partners
	Creating operational quagmire as CEO's self-interest
	Dedicating risk management and environmental attention to the board
	Disengaged board
	Distancing from employees
	Engaging every manager in opportunity identification and tendencies tracking, and idea generation
	Involving all managers in risk management
	Growing internal communication misalignment
	Slowing communication among organizational members
	The growing distance between connections
	Failing to manage consistency and persistence in communication and management practices
	Failing to formalize communication and control
	Filling the gaps to solve only obvious risks
	Fractured and inconsistent communication on the strategic level
	Fragmentation among employees
	Fragmented and disbalancing communication at the group level
	Fragmenting organization
	Getting information first from internal personal connections
	Giving feedback to employees and considering their opinion
	Having informal conversations with the organization's managers
	Having no communication with clients on strategic directions
	Having no risk management
	Helping community and society continuously
	Hiding information from the board for personal interest
	High cost of employee silence
	Identifying organizational skepticism toward a new CEO
	Igniting employees to voice their ideas and solutions to problems
	Ignoring employee insights
	Limiting employee voice
	Disregarding the opinions of others
	Ignoring obvious external signals
	Losing external awareness
	Blocking opportunity flow through the organization
	Implementing innovation management system
	Integrating into partner infrastructure

Concept	Open code
	Intentionally creating stress and alertness atmosphere for employees
	Inviting partners to project to borrow cheaper money and cover lacking capital
	Involving owners by potential current profits
	Prioritizing current benefits before future opportunities in
	Lacking proactivity in communication with major partners
	Lacking proactivity in communication with suppliers
	Lacking speed in communication within the group
	Lacking consistency in communication within the group
	Lacking subordination and coordination
	Limiting analytical information to avoid questions and work
	Listening attentively to core specialists
	The long tenure of employees
	Looking for confirmation
	Losing communication flow in the group because of growth
	Losing modernization idea due to CEO change
	Magic happens from communication and cooperation
	Ignoring major and significant ideas
	Being deaf to the ideas of others
	Managing risks and mitigating them at the group level
	Managing risks at the group level
	Solving problems at the group level
	Managing risks proactively and consistently throughout the whole organization
	Establishing an organization-wide risk management system
	Managing risks proactively throughout the whole organization
	Enhancing organizational members' proactivity in risk identification
	Middle managers with individual objectives and limited knowledge overtaking the strategy-making role
	Minimizing competition between top management team members
	Missing clear internal signals of employee fraud
	Unnoticing employee fraud
	Naturally motivated to be attentive and engaged employees
	Unrecognizing clear time spot of the trend and insight
	Unrecognizing the clear origin of the trend and insight
	Failing to sustain follow-up on risks and issues
	Not declaring risks to not lose operation capacity and profit
	Ignoring midrange trends and paying attention to those that reoccur
	Failing to follow identified trends by postponing attention until significance peaks

Concept	Open code
	Not sustaining organizational changes and newly established communication channels
	Occupying two positions CEO and Head of the Board
	The organization is resisting involvement in proactive risk and opportunity management
	Organizational fragmentation to confronting silos
	Organizational objectives and growth KPIs are being developed from the bottom up
	Owner communicating directly with executives to feel the pulse of organizations
	Owner participating in the strategic committee
	Persistently aiming to engage every employee by asking his/her opinion and insight
	Prioritizing internal connections before connections with clients
	Developing internal social connections
	The problem identifier is responsible for the solution
	Identifying opportunities only from operational data
	Using solely operational data to detect issues
	Proxy changing communication and control systems up to the personal level of interest
	Proxy seeking to be in full control of information
	Growing communication silos due to emerging proxies
	Controlling information flow for personal aspirations
	Pushing employees over their limits
	Putting a lot of effort in internal communication with all employees
	Putting a priority on internal timely and quality communication
	Reconciliation, even with visible problems
	Developing ignorance of issues
	Prioritizing informal social connections among managers
	Seeking informal communication between managers
	Selling opportunities to the group
	Showing employee initiative
	Simplifying organizational strategy to communicate it clearly and comprehensibly
	A small number of problems and risks identified at one time
	Spreading of indifference
	The whole organization is on alertness and attentive
	Theoretical knowledge led to proactive risk management
	Using knowledge management to manage risks and use it on replicable projects
	Well-hidden fraud and wrongdoing invisible for longest-working managers

Concept	Open code
Encouraging Exploration	Adapting and using only the best available technologies
	Acknowledging the human element
	Admitting the possibility and impact of the human factor
	Aiming for long-term and sustainable growth
	Aiming for quick wins
	Moving fast to quick wins
	Identifying low-hanging fruits
	Aiming for superiority in the core specialization
	Sustaining uniqueness in core development
	Aiming just for survival
	Being stuck in survival mode
	Aiming to be a few steps ahead of the market trend
	Aiming to be first
	Aiming to find the best candidates
	Motivating with the work culture and vision
	Aiming for the best available solutions
	Aiming for individual solutions
	Always focusing on team motivation and attention
	Always sharing value with people
	Avoiding financial incentives
	Avoiding monetary motivation
	Becoming highly dependent on expertise silos
	Being ambitious and always aiming for more than what is required by stakeholders
	Being first
	Being unique
	Being first in the market
	Leading the innovation in the market
	Being in the top organizations of the region
	Believing ambitions and abilities to achieve them are limitless
	Believing that all humans possess student syndrome
	Believing that all employees have to be under constant control and pressure to perform
	The best strategy will not work if people are not interested
	CEO dreaming of more employee initiative in change initiation
	CEO not allowing to look weak and doubtful
	CEO setting bigger investment ambition than the Board
	Changing the engagement of the people
	Believing that constant changes make employees feel like newcomers
	Recognizing change fatigue
	Avoiding changes

Concept	Open code
	Creating future competitive advantage by being first
	Declaring care about people
	Decreasing growth and motivation of people is the only real risk organization is facing
	Demonstrating optimism and ambition
	Employee motivation depends on work tenure and personal attributes
	Failing to motivate employees
	Finding the right place for everyone in the organization
	Fitting group and organizational ambitions enables support
	Fraud sources from lack of financial motivation, even in trust-promoting organizations
	Gaining and sharing profits through reached economies of scale
	Growing leaders and dedicating them authority to make decisions
	Growing production due to the changed formal motivation system
	Growing resistance ad demotivation due to group centralization and process formalization
	High demand of CEO time for employee motivation maintaining
	Initiating changes with minor ambition
	Planning changes with shared responsibility
	Avoiding personal risks in change initiation
	Avoiding high-risk changes
	Intolerant to overworking and exhaustion
	Engaging in management by the board decision to counter resistance and motivate entities
	Keeping open internal culture throughout all organizations
	Keeping honest internal culture throughout all organizations
	Keeping healthy internal culture throughout all organizations
	Keeping supportive internal culture throughout all organizations
	Keeping open culture throughout all organizations
	Lacking ambition and focusing on survival mode
	Sustaining long-term employees
	Measuring and developing a working environment and atmosphere constantly
	Motivating employees through games and giving them a lot
	Motivated by full decision authority and risk-taking liberty without board control
	Motivated not by the money but by the working environment and the team
	Motivating employees with material incentives to engage
	Motivating people who do more and faster
	Recognizing top performers

Concept	Open code
	Motivating through money and career
	The oldest employees very rarely leave the organization
	Only motivation and ambition enable achievements, not analysis
	The organization is motivated by constant growth together
	Paying no attention to competitors
	Aiming to be first movers
	Trying to sustain market leadership
	Presenting added value to partners
	Putting people first (declaring)
	Raising ambition and optimism of the employees
	Raising productivity and salaries
	Replacing employees who got bored with work
	Delivering added customer value through opportunity identification
	Seeking objective compensation for objectives achievement
	Sharing the biggest part of the created value with employees and others leaving to investment
	Sharing part of the turnover and profit with employees
	Sharing profit and success with employees constantly
	Sharing with employees and society
	Sharing created value gains with the employees constantly
	Staying always positive to motivate people
	Testing competencies deeply during job interviews
	Thinking that employees must be under constant control
	Distrusting employees
	Micromanaging
	Tracking the development course and trajectory
	Trying to involve all employees, even those who focus on formal requirements and tasks
	Willing to wait until employees unfold
	Young employees reaching high career in short time

ANNEX 8. Behavioral Response: concepts and open codes

Concept	Open code
Adapting Decision-making	Acting conveniently with limited knowledge in high uncertainty
	Aiming to speed up organizational pace through informal board discussions and collective decisions
	Supporting CEO in decision-making
	Aiming to solve all questions directly and locally without change committee
	Aligning responsibilities and authorities with the allocated budget
	Avoiding taking full responsibility for the decisions
	Avoiding mitigating existential risks and relying on the goodwill of partners
	Avoiding taking too many responsibilities
	Avoiding proactive actions and self-deception
	Avoiding proactive behavior
	Balancing intuition and data to not lose speed
	Combining intuition and data to maintain velocity
	Balancing intuition and measurable KPIs in making decision to move to consequential phase
	Balancing intuition and pragmatism
	Combining intuition and data at Board-level decision-making
	Being courageous to resist forced changes with the logical arguments
	Being fast in reacting to new situations and making fast decisions
	Reacting and making decisions swiftly
	The board is making decision about major changes based on payback
	The change committee discussing and making decision on everything
	The change committee meeting periodically once a month
	Change committee members are constantly gathering to discuss and initiate changes, make decisions
	Changing strategic planning activities in the face of crisis
	Changing Board governance style and avoiding responsibility
	Changing one-person management to collective decision-making to enable creativity and motivation
	Collectively solving organization-wide important questions
	Complying with the collective agreement, without exception

Concept	Open code
	Consulting with the middle managers before making strategic decisions
	Consulting with middle managers before making strategic decisions informally
	Consulting with the team
	Decision-making authority cascaded by the decision material value
	Decision-making by informal delegation of authority
	Making decisions through informal authority
	Dealing with conflicting requirements
	Decision making as series of confirmations down the hierarchy
	Decision-making quality and speed are limited due to the different views of the CEO and the Board
	Decision-making speed is limited by internal communication barriers
	Dedicating decision-making authority based on the value of the decision
	Dedicating full authority and responsibility to make local decisions and solve local issues
	Delegating responsibility and requiring solving problems directly
	Distrusting intuition and experience
	Maintaining skepticism toward both intuition and experience
	Establishing a change committee as the highest decision-making authority
	Failing to analyze, forecast and make rational decisions
	Failing to implement changes due to unprepared decisions – failing in the *Incubation* phase
	Feeling demotivated by taking decision-making authority and lack of communication
	Filtering information to inform objective decisions for personal interests
	Forming collective decision-making authority from managers around the organization
	Dedicating responsibility to implement changes to collective decision-making authority
	Generating decisions by combining market and competitors' analysis, organizational identity, and trajectory
	Having diverse Board with external people
	The head of the board was making the final decision on what to invest in the group context

Concept	Open code
	Implementing collective decision without any resistance as everyone was part of it
	Implementing the same decisions and solutions in different organizations within the group
	Applying the same decisions and solutions across many organizations within the group
	Informal and collective decision making
	Informal risk management and decision making
	Involving intuition
	Trusting intuition
	Maintaining intuition
	Guiding by intuition
	Backing on intuition
	Involving the Board in operational decisions and occupying it with limited value questions
	Engaging the Board in operational decisions and occupying it with low-value questions
	Involving functional middle managers in Board decisions due to lack of knowledge
	Involving personality and coaching to solve major problems
	Lacking environmental information, data, and analysis to make faster and quality decisions
	Limited decision-making capacity and flexibility
	Looking for a subjective excuse to justify a former decision
	Losing decision freedom and recourses due to centralization
	Making autonomous decisions within budget boundaries
	Decision-making autonomy within budgetary constraints
	Major decisions are made by a single person
	Major decisions authority dedicated to one person
	Making all decisions and controlling everyone by him/herself when the organization was small
	Making all decisions in the single Board meeting format
	Making all operational and business decisions through the Board
	Making collective decisions and assigning a responsible person
	Making collective decisions based on rational arguments more than on intuition
	Making collective decisions in consensus
	Making collective decisions on the area of responsibility, authority and objectives and plans
	Making decisions what to include in the transformation direction based on the competitive situation

Concept	Open code
	Making decisions based on intuitions, experience and knowledge
	Making decisions fast and without delay
	Making final and unquestionable decisions alone
	Making strategic decisions through the Board
	Making a survival or death decision
	Organizations are being led by autonomous CEO
	The owner always makes the final decision
	Keeping the ultimate decision-making authority
	Owning full responsibility for urgent decisions
	Poor project management creates area for procrastination and delayed critical decisions
	Putting priority on profit making rather on problem-solving
	Quickly abandon decisions that have not worked
	Reflecting on the value of decision based on profit and production amount
	Seeking collective decisions
	Seeking consensus in unequal shareholder decisions
	Shareholders making decision to make progress and not stagnate
	Sharing responsibility and pushing decisions through the Board
	Solving major problems fast and informally
	Solving problems by him/herself
	Solving problems quickly to stabilize production
	Splitting responsibilities between shareholders
	Distributing obligations among owners
	Struggling to prioritize and possessing no objective criteria
	Subjective strategic decisions at the group level
	The subjectivity of owner's decisions and CEO's fear of decisions
	The formal and actionless role of the Board
	Trusting intuition more than logical reasoning
	Turning to mass production and profit-seeking decisions
	Being unable to identify decision-making moment and initiation moment of a major transformation
	Blurring the decision-making process
	Losing control of decision-making
	Emerging transformation from an unknown source
	Losing transformation initiation control
	Initiating transformational change without formal decision making
	Undermining the role of the Board

Concept	Open code
	Undervaluing the importance of time and fast action
	Using analytics to justify strategic decisions, not to inspire them
	Using intuition to make decisions
	Utilizing intuition in decision making
	Involving intuition in decision making
	Winning in crisis situations through nonstandard decisions and ambition, and believing in the organization
Developing Agility	Avoiding higher risks to secure guaranteed profitability
	Avoiding small margin and profit risk
	Avoiding uncertainty and focusing on the highest profit with the lowest risk and cost
	Avoiding small steps and risking big – costly lessons
	Balancing profit, risks, and trends while choosing sales regions
	Being too slow, inconsistent, and risk-averse
	Defining and communicating organizational identity
	Facing unexpected employee resistance
	Being blocked by resistance
	Growing employee resistance
	Facing unexpected paradigm shift during the implementation of change
	Failing due to high unforeseen expenses
	Failing to implement changes alone
	Failing to achieve effectiveness through changes
	Failing to plan and prepare for changes
	Fighting expert employees' resistance with personal expertise
	Fighting resistance to pursuing opportunities
	Focusing on reliability and predictability and avoiding bigger risks
	Following imposed strategy
	Gaining early supporters in the change
	Generating problems due to ignored signals and employee insights
	Implementing modernization projects with a structured and repeatable approach
	Infecting customers with emotion and idea as logic and profit does not work in setting future
	Informal but strong push masked in positive vibes
	Initiating change without preparation despite changing managers
	Initiating changes and work groups to solve the raised issues
	Initiating changes from day one
	Initiating changes in the organization

Concept	Open code
	Initiating joint projects with group companies
	Initiating major organizational transformation as development limits in the current area are reached
	Once development has reached its limitations, initiating substantial organizational change
	Initiating major organizational transformation in response to reached boundaries of development
	Initiating major transformation because of a warning
	Initiating modernization when profit in the market is low
	Initiating a periodical review of objectives and results
	Initiating sustainability and social projects outside the strategic plan
	Initiating social and cultural projects proactively
	Investing mutually into the future with high risk and uncertainty
	Following trends, innovations and being open-minded helps generate ideas on time
	Listing project portfolio as transformation implementation action plan
	Cascading transformation objectives to projects
	Distributing responsibilities to project leaders
	Aligning transformation implementation through project control
	Fixating the transformation implementation plan as a combination of individual projects
	Looking for young and energetic people to drive changes with no holdback
	Making courageous and risky decisions and investments
	Making courageous decisions with high-risk tolerance
	Making risky and courageous decisions in unknown territories
	Missing significant dependency
	Failing to prepare for major dependency
	Failing to adapt to emerging changes
	Losing flexibility to adjust
	Missing major opportunities
	The organization is always resisting changes
	The organization shows extreme resistance to changes
	Pushing changes through the organization with the power
	Using power to push changes through an organization
	Pushing with force through change
	Forcing change through pressure

Concept	Open code
	Responding to obvious market demand with major investment and modernization projects
	Investing and modernizing significantly in response to evident market demand
	Seeing no change in a major change
	Seeking sustainable investments and low-risk projects
	Trying to find investments with low risk and lasting value
	Taking significant financial risks
	Thinking that, for major organizational change, goodwill and determination are enough
	Thinking that people are naturally resistant to changes
	Using standard procedures and action for unique projects
	Waiting for a crisis to initiate changes
	Putting off necessary adjustments until a crisis occurs
	Willing to risk for a higher purpose
Empowering Leadership	Admitting that not all managers are proactive and effective
	Admitting that TMT is not fully open with the CEO
	Building TMT team with trust and cooperation from the start
	Building TMT with internal people
	CEO aiming to create an environment where everyone can reveal their best qualities and generate ideas
	CEO allowing TMT to operate autonomously enables success
	CEO and top management team trying to stick together even in unavoidable external change
	CEO considering tensions and problems as a normal part of work with TMT
	CEO constantly surprising the Board
	CEO happy working together and achieving results together with the TMT
	CEO has established different quality connections with the TMT members
	CEO keeping some distance from TMT despite being very close
	CEO listens attentively to the board and TMT and acts on what s/he has heard
	Changing team members constantly
	Converting from formal communications commitments to informal communication inside TMT
	Creating a more diverse TMT
	Creating TMT and changing the collective mindset is the hardest

Concept	Open code
	Creating value and complex, unique solutions stemming from teamwork
	Dedicating full authority to managers to decide what is good and what is bad for them
	Dedicating responsibility area for managers and dedicating full authority
	Providing managers with complete power over their areas of responsibility
	Dedicating representation of specific areas top specific Board members
	Delegating tasks to management team members
	Giving members of the management team certain responsibilities
	Delivering bad news personally to save the CEO's face
	Discussing in CC until the best alternative has been found
	Enabling autonomous and self-organizing TMT
	Enabling managers to provide insights and risks, and solutions
	Establishing a strategic committee with external consultants who advise and moderate strategy planning
	Expecting to keep the TMT as the backbone during organizational growth
	Finding balance in consistent work with the team
	Finding the biggest strength is the opportunity to discuss decision alternatives with TMT openly
	Formal monthly TMT reviews to track progress on the budget and make decisions
	Forming a complementary team to generate creativity and diverse solutions
	Forming a highly skilled team
	Growing management team through enablement and full decision-making authority
	Initiating long-term strategic visions for new business niches from strategic plans
	Initiating major changes from personal ideas and without Board approval
	Initiating team building and creative activities for the board
	Keeping motivation of the execution team at the highest level
	Long-working team
	Looking for a counterweight of reality on the Board
	Magic happens with a connected long-working team
	Managers as a reflection of the team

Concept	Open code
	Motivated by working together and creating new things, and achieving results
	Motivated by creating better results
	Seeking consensus decisions on the Board level
	TMT as a gang of friends for a decade
	TMT is the growth engine and change initiator
	TMT is the key to changing the organization
	TMT members have very different opinions on the CEO
	Top management team avoiding formal tracking and procedures
	Trusting in team members
	Turning to the senior management team
	Waiting for team approval
	Wanting good team relationships and work atmosphere but seeing it as not personal responsibility
	Desiring excellent teamwork and work culture but not taking responsibility for it

ANNEX 9. Ideating: concepts and open codes

Concept	Open code
Creating Trajectories	Active shareholders drive and support strategy
	Aiming for the future, not the current context, when opportunities are identified
	Aiming for the future with new development trajectories
	Aiming to fulfill the full demand of a related company
	Aiming to identify new market niches
	Aligning global trends and practical knowledge to create new things
	Aligning new direction opportunities with internal philosophy, trust, and intuition
	Analyzing market demand, forecasting trends, and aiming to take part in its turnover through new products
	Analyzing market trends and forecasting demand
	Anticipating the sequence of technological advancements
	Avoiding competition and direct confrontation
	Avoiding creating scenarios and opportunities when the horizon is more uncertain
	Avoiding profitable sectors as long as they are not aligned with core competence
	Being at the right place at the right time, meeting the right people – serendipity
	Building new ideas on existing technologies with core competencies
	Building strategic vision and direction with a team of directors
	Changing only from the profit
	Combining knowledge and competence with partners to develop and transform together
	Comparing core strengths with desired trajectories to decide on development trajectories and actions
	Creating new businesses by joining external technologies and internal core competence
	Failing to find a niche in the full market
	Combining core knowledge and competence with future trends to develop new future trajectories
	Combining external idea and internal competence – forming a partnership
	Learning to juggle core competence and knowledge for repeatable transformation
	Major modernization by force decision

Concept	Open code
	Creating new business trajectories
	Creating new businesses through core intellectual competence
	Making strategic projections only for one or two years
	Creating new development trajectories with core competence and knowledge (DNR)
	Creating new opportunities in the future for the customer ecosystem
	Creating new with joint group resources
	New strategic direction can be included during yearly updates
	Setting directions by potential revenue streams and global future trends
	Setting growth targets based on stars
	Creating several development streams with the similar technological line
	Creating unique solutions based on visualized future and perspective analysis
	Developing new directions and visions when the current is reached
	Establishing new parallel development streams
	Finding new development trajectories from internal analytics
	Identifying new development trajectories from research and studies
	Generating new trajectories through market analysis and core competencies alignment
	Identifying new horizons
	Identifying opportunities through strategizing with senior managers and core specialists
	Identifying global inefficiencies and trends to apply their core competence
	Identifying competitive advantage in product or solution
	Identifying future development directions by analyzing sector profitability
	Identifying key persons inside the organization
	Creating new development trajectories
	Identifying market trends by market and competitors' analysis and actions
	Identifying open space and avoiding competition by innovative solutions
	Identifying opportunities from crisis
	Identifying opportunities from clients
	Identifying opportunities through personal interest and environmental context match

Concept	Open code
	Identifying specific niche and developing toward it
	Identifying core specialization
	Emphasizing core specialization
	Learning to move wiser and aiming not for the first but largest opportunity
	Focusing on the future, not on the technologies
	Multiplying the transformation framework to set several alternative directions
	Operating in a niche segment that is of no interest for major companies
	Owning only short-term organizational perspective due to short own tenure
	Proactively looking for opportunities in profitable sectors through creativity and core competence
	Searching for available solutions
	Searching for the new direction
	Searching new development path by looking at major global trends
	Searching new development path by looking at global leaders
	Seeding new business outside the current business
	Recognizing future potential
	Aiming for future potential
	Setting broad, long-term direction
	Creating opportunities to reach end customers in the future
	Moving to the most profitable markets with a mission to serve the customer
	Starting and initiating strategic direction from shareholders and the board
	Taking challenges from partners to develop joint innovations and deliver more value
	Targeting future niche segments and sectors with uniqueness
	Using core capabilities and competencies to develop new, less innovative products
	Moving toward strategic directions
	Multiplying transformation directions in parallel
Expanding Ideation Capacity	Admitting attentional capacity is limited
	Aiming to think outside the box
	Attention to clients and hearing them fuel you for a long term
	Being in constant alertness and reflecting to generate ideas and insights
	Being in constant alertness to inspire continuous growth

Concept	Open code
	CEO putting attention to strategic developments in the market and global leaders' decisions
	CEO working in extreme conditions and situation
	Changing CEOs often
	Changing positions from manager to head of the Board and back
	Changing the role of the Board to micromanagement
	Changing strategy-making activities in the face of crisis
	Considering environmental attention as the main function of the CEO
	Constantly the whole organization focused on the price and profit
	Creativity is more important than making business
	Originating creativity from long-term creative employees' backbone
	Decreasing board attention due to lack of discipline and consistency
	Seeing way for creativity to add more value
	CEO identifying himself as hired employee and temporal in a position
	Changing owners in times of crisis
	Focusing fragmented attention to the environment
	Focusing on constant growth not a specific future vision
	Encouraging and promoting creativity
	Focusing on effectiveness and continuous improvement
	Failing to pay enough attention to the environment personality
	Focusing on employee safety first
	Limiting attention to the environment to CEO, Board, and shareholder responsibilities
	Narrowing attention to survival during the crisis
	Owning responsibility to constantly focus attention on trends, analyze and forecast
	Focusing on continuous growth to survive
	Focusing on cutting costs
	Focusing on everyday operations
	Lacking ambitions
	Focusing on the fastest and the highest value improvements
	Focusing on making fast money, not to long-term strategy
	Having no defined owner's involvement in the organizational management formal process
	The head of the Board cannot admit he knows less
	Investing a lot in expanding environmental attention
	Involving third parties to solve problems
	Limited shareholder attention

Concept	Open code
	Losing attention unnoticed
	Not focusing much attention on the environment proactively as it is a costly effort
	Finding tranquility and allowing ample time for creative pursuits
	Owner focusing no attention on new developments in the specialized field
	The perception that the Board has no capacity for strategy making
	Personal characteristics of the Board members block motivation and progress
	Prioritizing personal attention
	Getting reconciled that the situation cannot be changed
	Scattered attention
	Shrinking owner's attention capacity as organizations grow
	Using internal creativity
Sensemaking of Signals	All ideas come from everyday work
	All major ideas come from the owner and executives spontaneously without any process or brainstorming
	Being dream makers
	Being on the other side of the counter gives plenty of experience
	Being sure there is no way to predict the future
	Being unable to predict even obvious growth of demand in the short term
	Board members offering ideas
	Brainstorming and discussing issues informally
	Breaking down the uncertainty into smaller components
	Breaking global trends into smaller parts until identifying opportunities
	Categorizing environment
	CEO adapting organizational actions and activities to personal goals and needs
	CEO thinking of himself as an idea generator
	Thinking that the rational mind is limited
	Experimenting in sensemaking to get answers instead of calculating and analyzing
	Checking the reliability of the source of information
	Connecting dots and making conclusions from environmental information
	Connecting the dots and seeing the big picture
	Considering employees not to have the potential for indicating opportunities outside operations effectiveness
	Constantly courageously ideating and consistently iterating
	Constantly looking for value-added opportunities

Concept	Open code
	Converting old to new
	Copying ideas to justify new trajectory
	Creating many ideas as only part of them survive
	Creating things and generating ideas that no one has thought before
	Creating unique solutions for the future, not the present needs
	Dedicating no resources to innovations
	Dedicating time, effort, and resources to creative innovation
	Employees submitting potential opportunities for process effectiveness
	Encouraging idea generation throughout the organization
	Enjoying ideating and creating
	Finding new ideas through openness and partnerships
	Collecting insights and expectations from the management team during long-term strategy setting
	Cultivating insights only on limited internal knowledge and experience
	Forecasting the impact of environmental and political triggers and actions, following on them
	Forecasting several steps ahead to be in control of the situation
	Forecasting with pessimism so that to outperform
	Generating ideas and solutions to solve clients' problems with robotization solutions
	Generating ideas from hobbies
	Generating ideas from informal conversations
	Generating ideas inside the organization
	Generating new ideas from customers' requests and requirements
	Generating new ideas from internal open tension and disputes
	Generating new ideas in fear when facing a crisis
	Generating new ideas with the team in times of crisis
	Generating solutions to generate added value without investments
	Growing courage to create and ideate
	Having everyday meetings and discussing ideas and trends as a routine
	Having limited resources in front of unlimited opportunities
	Having more ideas then can pursue
	Having no special process to generate new ideas for new projects
	The idea comes first, and conducting an analysis to support it, or an investment
	Ideating and sharing insight during formal quarterly meetings of all managers

Concept	Open code
	Ideating through all organizations constantly
	Ideating through formal meetings of all group organizations managers
	Dedicating time, effort, and resources to not only core business activities
	Generating significant ideas from employees
	Failing to capture significant ideas from employees
	Generating (failing) significant ideas from the employees
	Ideating and interchanging ideas within the group
	Ignoring major trends until they start impacting local operations
	Inability to perceive major trends and signals and act consciously
	Visioning, strategizing, and ideating constantly and methodologically
	Strategizing and ideating methodologically
	Creating products and innovations with organizational people in mind
	Innovating to optimize operations
	Inspiring to use infrastructure to create new things and add value
	Managing ideation systematically
	Creating products which will have global demand
	Discouraging people from innovating and creating
	Organizing a fair of initiative and problem identification
	Lacking sources of investments
	Looking for recurrence of the trigger or cue to prioritize it
	Looking from different perspectives
	Continuously generating ideas
	The owner and executives being major sources of ideas
	Establishing inability to visualize how technological changes will change the organization
	Never stopping on achievements and moving forward with new ideas and solutions
	Noticing things no one else sees
	Organizational ideation as part of organizational DNA
	Using *Kaizen* to generate and register even minor ideas
	The owner as an idea generator and business initiator
	Owner dreaming and setting vision – the Polaris
	The owner imagining where organizations need to travel
	The owner is always motivated to generate new ideas
	Taking ownership of the ideation process and visionary direction within the Board
	Justifying ideas before raising them

Concept	Open code
	Participating in different networking formats to broaden the mindset
	Planning only certain and tangible things
	Possessing a very long history
	Preparing a business case for the Board
	Prioritizing emotions and ideas over processes and procedures in organizational management and changes
	Prioritizing ideas that can create revenue and profit
	Reacting fast to market signals
	Reading between the lines
	Realizing the future is unpredictable
	Relying on analytics and customer insights just to confirm business case, not to spot the trends proactively
	Lacking ideas and innovative people
	Self-analyzing and criticizing
	Most of the ideas are being generated by the new marketing team
	Sharing business analytics insights directly with stakeholders
	Strategic directions are formed from new ideas
	Supporting innovation at all levels of the organization
	The Board and CEO encouraging ideas
	The Board deciding to follow and adopt rather than innovate
	The whole organization is generating and offering new ideas
	Thinking inspired by the red flag
	Trusting only personal analysis and experience
	Unleashing the creative potential of employees
	Using experience from the field
	Using various sources of information to forecast sales, prices, and demand
	Visualizing the future by analyzing trends

ANNEX 10. Iterating: concepts and open codes

Concept	Open code
Emerging	Aiming for acquisitions to fulfill the desired new development trajectories
	Aiming for future open areas
	Waiting until appropriate circumstances to initiate change are manifested
	Aiming to be in constant change
	Building capabilities and organization for the future demands
	Holding the development of the future by focusing on measurable parameter
	Investing in future recourses for desired growth needs
	Investing only in high-added-value innovations
	Not holding back when the trajectory has been confirmed
	Reaching the future point that you aimed for first and leaving everyone behind
	Transforming through moving core knowledge to new open spaces
	Transforming through moving core competencies to new open spaces
	Collecting knowledge proactively to form a new foundation
	Enjoying strategic change
	Enjoying what you are doing, not what you have done
	Investing into the future directions, not into today's needs
	Moving to open space
	Transforming through directing core competencies in new directions
	Building new competencies around core competence toward new development direction
	Using shared competencies without a charge
Experimenting	Dedicating temporary teams to work on the idea and trajectory
	Managing ideas and problems identified by employees consistently and proactively
	Materializing ideas through prioritization and project management
	Moving on with the ideas only with management and engineering team support
	Showcasing ideas to the group companies and headquarters
	Creating prototypes and minimal viable products
	Dedicating technological puzzle tasks
	Demand and ideas come from internal audit

Concept	Open code
	Developing and implementing only minor and insignificant ideas
	Emphasizing feedback to voiced ideas.
	Enabling and dedicating core specialists to work with new opportunities
	Executive planning owners' transformation vision implementation through a series of meetings and brainstorms
	Expecting quality execution of ideas from the team
	Experimenting with new ideas straight to the market
	Facing huge resistance in the iteration phase but still implementing the change without incubation
	Facing strong internal resistance to the idea
	Failing and starting again with persistence and determination
	Finding support in expert teams and management teams
	Following up on ideas and brainstorming informally
	Forming temporary project teams
	Forming temporary teams from shared resources only for urgent and very important projects
	Generating technology and solution first, then creating a business plan
	Having precise near-future visualization
	Innovating through long-term work and iterations
	Internal competition between organization on ideas and solutions implementation
	Identified new development territories and moving step by step to them
	Involving employees in implementation of new ideas
	Keeping optimism always at the peak
	More believing than analyzing
	Owner and financial team analyzes and models how opportunities and strategic directions might be brought to life
	Ensuring persistent investment in R&D with a high failure rate
	Projects are being driven by personal motivation of employees
	Pursuing ideas without direct profit only when profit has been made
	Justifying investments by aiming to fill the market where outsourced products were in high demand
	Pushing ideas with persistence through resistance
	Puzzling the technological processes to meet the requirements of possible directions

Concept	Open code
	Looking for justification after changes have been completed
	Relying on the support of people who ground CEO ideas with data and analysis
	Seeing the path to a major change
	Seeking the best qualification advice
	Sharing the best resources from the group companies to develop the idea and iterate
	Stopping changes because of costs
	Using group profits to keep iterating on new ideas
	Working solely on new ideas
	Splitting strategy into strategic directions
	Assigning owner to each strategic direction
Guiding Exaptation	Aiming for natural step-by-step development
	Aiming high but moving with manageable and measurable small steps
	Allowing future vision to be moved in time due to unexpected events
	Avoiding distractions from similar fields and focusing on strengths
	Building organization and products through trials, errors, and constant explorations
	Building temporary teams from different companies of the group
	Calculating results and achievements of smaller moves toward the targeted direction
	Conducting a feasibility study
	Converting issues into new opportunities by courageously investing in novel solutions
	Converting issues into opportunities
	The executive board meets once a week to solve major organizational questions and track progress
	Growing expertise while transforming toward a new direction
	Improving in new directions through a core competence
	Keeping iterating and focusing on the trajectory
	Moving consistently and persistently toward the horizon with small manageable steps
	Building organization for clear future visions and exact future state
	Developing various scenarios and developing several alternatives how to reach the desired trajectory
	Putting all personal effort and strength into building an organization step by step

Concept	Open code
	Establishing a footprint and occupying open space
	Saving costs and streamlining, optimizing processes through innovation
	Developing in small increments
	Starting with smaller steps and aiming for high objectives
	Continuously experimenting
	Targeting trajectory with the future vision
	Tracking organizational pulse and pace through a dashboard of KPIs
	Planning major change from one feasible step to another
	Transforming step-by-step
	Planning no benefit realization
	Struggling with new trajectories
	Uncertainty of moving further until the short-term goal has been reached

ANNEX 11. Incubating: concepts and open codes

Concept	Open code
Building Momentum	Losing development pace
	Losing competitive position due to changing and unnoticed market trends
	Aiming for growth but sounding not very determined
	Losing image and value due to high employee turnover
	Being hypnotized and fully focused on the idea
	Believing in long-term ideas and visions
	CEO declaring personal attitude and values
	CEO recognizing achievements
	Declaring unbreakable positivity
	Delivering on time and in full scope
	Demonstrating confidence
	Spreading optimism through the organization
	Emphasizing CFO pessimism
	Losing pace due to inefficiency spiral
	Having tremendous faith that the company will endure crisis
	Keeping positivity always on a peak
	CEO keeping strong personal aspirations, energy, and focus
	Leaving no way back
	Losing personal confidence
	Partnering to innovate and secure market share due to mutual client-supplier interest
	Possessing strong admiration for other people who possess specific values
Preparing	Sustaining operations for the preparation
	Losing key people
	Never fully protected
	Losing know-how and commercial secrets when employees leave
	Acquiring competencies, knowledge, and technology
	Aiming to be preferred and purchased by customers, not constantly be selling
	Aiming to be where the customer is
	Utilizing the intellectual capital of the ecosystem
	Balancing the objectives and expectations
	Avoiding long-term planning and commitment and relying on periodical operational meetings
	Establishing future revenue streams by making strategic partnerships
	Connecting fragmented silos

Concept	Open code
	Delivering more than was asked by the Board and shareholder
	Firing people fast
	Recognizing accomplishments
	Finding workarounds in difficult situations
	Following competitors' actions and main customer requirements with main projects
	Formalizing processes and operation control
	Preparing for culture and major changes in organizational management due to growth
	Identifying the root cause of the problem
	Forming competitive advantage through identified strengths
	Seeking cooperation with other businesses and investors
	Taking the role of initiator and coach
	Trying to flatter the organizational structure
	Keeping social ties in the face of disruptions
	Planning decrease of prices due to new competitors
	Working non-stop
Structuring	Avoiding the risk of being too big
	Avoiding cashflow risk
	Facing small margin risk
	Aiming to be a problem solver for global multinationals
	Aiming to be in the premium category
	Aiming to flatten the organizational structure
	Having no clear plan of how the return on investment will come
	Changing client structure
	Keeping creativity capacity at the highest level through personal involvement and direct communication
	Cultivating the hierarchy and subordination
	Employees as the highest value asset of organization
	Expanding team and preparing for launch
	Failing to build a coalition and support change due to failing to prepare
	Failing to implement changes periodically due to a lack of preparation and analysis
	Giving a specific time period before making the final decision on the trajectory potential
	Hiring a CEO for growth and business development
	Hiring a new CEO
	Implementing matrix organizational structure
	Nurturing new business concept
	Preparing to separate new business
	Delegating responsibilities

Concept	Open code
	Moving slowly to avoid early confrontation and save the highest profit potential
	Mobilizing through delegated functions
	Never allowing to return former employees
	Allowing no changes in employee count during the time of two crises
	Organizations will be changing significantly with the growth
	Parallel development of product capacity
	Preparing the desired capacity infrastructure
	Preparing formal process for organizational growth
	Restructuring to separate responsibilities and functions
	Seeing too many opportunities and pursuing to many of them
	Seeking investment from European funds
	Strategic changes and innovations come with client requirements
	Structuring for survival
	Transforming mindset
	Using core specialization as a transformation foundation
	Using outsourced products to fill market demand

ANNEX 12. Initiating: concepts and open codes

Concept	Open code
Making the Choice	Aiming to expand markets and revenue streams
	CEO involvement and influence in the decision-making process
	CEO personally leading sales efforts and acting as a sales manager
	Changing CEO due to ineffective leadership
	Creating organizations and assigning general managers for the new trajectory
	Demolishing old with ease
	Building new with the best technologies
	Failing to control the execution of the idea
	Failing projects due to bad management or poor project idea
	Failing to initiate changes due to unpreparedness
	Fastpacking from idea generation to change initiation
	Following competitors to initiate modernization
	Getting the interest of the CEO
	Involving the CEO to push ideas to the Board
	Ensuring the effectiveness of the Board
	Growing consistently from idea to autonomous business
	Having need to modernize but not changing until forced by external environment
	Occupying multiple top management roles
	Identifying major issues during the change implementation phase
	Identifying personal interests
	Infecting other group companies with the ideas
	Initiating changes from objective need but without iteration and incubation
	Initiating changes just to solve the noticed problems
	Justifying failures on the argument that the market is not ready yet
	Justifying major organizational changes with client requirements
	Establishing a counterweight on the board
	Major change initiated solely on CEO beliefs
	Initiating major organizational modernization changes to follow competitors
	Owner initiating major organizational transformation solely
	Making decisions and pursuing opportunities through power and influence
	Making forecasts and analysis but launching products as experiments
	Making a major transformation due to external forces and impact
	Making orders
	Not innovating and not offering new ideas to the market

Concept	Open code
	Solving reoccurring issues and stabilizing the manufacturing process
	The organization is initiating major changes from the idea without proper preparation
	Procrastinating major modernization for several years
	Procrastinating to make strategic changes
	Relying on one person's expertise and guesses, even in major change initiation
	Seeking productivity through modernization and digitization but not talking about people
	Understanding that the position is temporary and looking to identify the successor
	Apathy in the decision-making process
Releasing	Aiming for a breakthrough by separating business activities into separate organizations
	Looking for an acquisition
	Accumulating knowledge from future partners
	Relying on personal intuition
	Financing new business directly
	Growing exponentially after reorganization
	Understanding the market potential
	Replicating some ideas fast throughout the group
	Initiating changes from an idea without proper preparation
	Initiating major change without proper analysis, just with subjective arguments
	Initiating major changes on CEO white lies
	Initiating manufacturing capacity expansion investments due to the limited possibility of taking new clients and projects
	Intuition as change initiation argument
	Delaying change due to unbreakable principles in the decision-making process
	Lacking capabilities to implement actions, not ideas
	Lacking consensus in supporting all ideas
	Making changes and initiating projects to survive
	Making greenfield investments
	Multiplying disruptive vertical model through different regions and markets
	Multiplying transformations to all new opportunities
	Never-ending construction
	Never-ending transformation initiation
	One client established the whole group and the whole sector
	Preferring own greenfield investment

Concept	Open code
	Preparing organizations for separation – acquisition or major investment
	Pushing change from idea to initiation without analysis and preparation
	Reactive and forced change
	Relying on personal experience in choosing the starting point
	Rising initiative and changing environment
	Reconciling and ignoring problems
	Selling business and building a new one
	Separating business activities into separate organizations
	Splitting to separate business niches and organizations from dedicating full authority to the CEO
	Splitting business into smaller organizations to optimize fixed costs
	Splitting business into smaller organizations to stay independent
	Starting integration moves with the newly established fabric
	Stopping transformational effort from the group
	Converting time to money
	Transformed once already
	Transforming the group due to changing environmental conditions and regulations
	Transforming multiple times
	Transforming through the new branch when partnership saturation has been reached
	Trying to fit the same practices in different organizations does not work
	Reporting directly to the chairman of the Board

ANNEX 13. Balancing Resilience: concepts and open codes

Concept	Open code
Enhancing	Accepting mistakes
	Adapting organization size to market to stay flexible and less regulated
	Adapting organization to higher quality demand customers
	Adapting to market changes
	Adapting to market size
	Admitting the absolute inertia of the organization
	Admitting mistakes and learning from them
	Adjusting constantly the market entry strategy while keeping the focus on the end customer
	Adjusting to a constantly fluctuating market
	Admitting mistakes in changing the organization
	Admitting mistakes and taking responsibility for change
	Admitting organization is in inertia
	Admitting your control is limited
	Adapting to market size
	Aiming to be a small and flexible organization
	Consistently managing the process of continuous improvement
	Aiming for cost-effectiveness in mass production
	Aiming for continuous improvement
	Aiming for continuous growth
	Aiming to be flexible for nonstandard client requirements in unique projects
	Aiming to develop continuous improvement culture
	Aiming to digitize everything in the future
	Aiming to establish an effective and self-organizing organization
	Aiming to grow and be better than before
	Aiming to have a full vertical value chain
	Aiming to increase productivity through digitization above other regions
	Aiming to manufacture standard products internally and abandon suppliers to save time and increase the quality
	Aiming to sell value-added services and products, not raw materials
	Aiming to use the entire quantity of materials without excessive waste
	Aiming to cut human resources with growing automation and digitization
	Allowing no tolerance for anything old
	Always talking about Value, Costs, and Money
	Analyzing failures and mistakes

Concept	Open code
	Automating processes
	Automating individual work streams
	Avoiding dependency on customer
	Avoiding formal processes and procedures whenever possible
	Avoiding formal project tracking
	Avoiding future uncertainty
	Being always in control of the situation
	Being always persistent
	Being constantly in doubt of results to motivate progress
	Being led by constant market flux
	Being led by contextual uncertainty
	Being led by market demand
	Facing a serendipitous coincidence because of a crisis
	Being positively impacted by major global regulations
	Being tolerant of mistakes and patient with learning but principled in sacking for wrongdoing
	Believing that mistakes must be forgiven
	Categorizing employees by competency matrix
	CEO learning constantly
	Conducting periodical employee training to update knowledge
	Considering that, for change management, only studies and training needed
	Continuous changes are a normal and desirable state
	Creating a management system and organizational structure
	Learning from mistakes in developing organization
	Putting emphasis on intuition while setting high goals
	Developing individual development plans for managers to solve problems
	Adapting to dissatisfying conditions
	Dissatisfaction with the current situation
	Diversifying with flexibility
	Encouraging to make decisions and tolerating mistakes
	Ensuring flexibility in critical moments
	Experimenting and making many mistakes but tolerating and learning from them
	Failing many times, learning, and moving forward
	Focusing on learning and on not repeating mistakes
	Process management culture highly evaluated by external partners
	Hiring third parties for analytics and audits
	Investing a lot of time and effort to build process management culture and engagement throughout the whole organization

Concept	Open code
	Investing in personal growth and learning of employees to fit the ambition of organizational growth
	Keeping financial flexibility by abandoning strict budget planning
	Learning and increasing quality by issue and quality management
	Learning by doing
	Learning constantly
	Learning from and implementing processes to the requirements of one client
	Learning from bad experiences
	Learning from clients
	Learning from each failure and change
	Learning from failures
	Learning from industry peers
	Learning from mistakes
	Learning lessons and updating processes after each project
	Learning lessons from mistakes
	Learning to partner and cooperate
	Learning to solve repeatable problems with creativity
	Learning to understand intuition through mistakes
	Learning to use the Board effectively
	Living from Board approval to Board approval
	Making mistakes but tolerating them if a decision is made on the Board
	Motivating continuous improvement behavior
	Recognizing that optimization and LEAN practices are barriers to flexibility in the project environment
	Reaching competitive advantage due to learned lessons that competitors have not learned
	Seeking flexibility, speed, and adaptability with short-term planning
	Standardizing and cleaning organization before aiming for growth
	Strengthening the core of the organization with each change, not weakening it
	Teaching internally new employees and candidates
	Tolerating and learning from mistakes
	Tolerating mistakes and avoiding punishments
	Tolerating no mistakes
	Understanding that you must keep flexibility even if you operate for a very long time
Managing Capacity	Enhancing resilience
	Admitting that there cannot be 100% efficiency
	Aiming for full-capacity operations
	Aiming for a full crisis solution

Concept	Open code
	Aiming for maximum capacity and flexibility in the future
	Aiming not to stop during the crisis
	Aiming to fulfill the full capacity of the throughput
	Aiming to have always bigger manufacturing capacity with the aim to grow even more
	Aiming to always have buffers and surplus in the resources
	Aiming to make more rather than fully load all resources
	Allowing no disruption of processes, even at the highest peaks
	Acquiring for expanding market and manufacturing capacity
	Attracting outsourced resources in urgent cases
	Backing full development and growth of organizations
	Balancing internal resources and outsourced competencies and capabilities
	Balancing resilience through the group organizations
	Distributing support through the group organizations
	Becoming hostage of a few experts' knowledge and motivation
	Becoming strongly dependent on suppliers
	Being dependent on a major client
	Being imbalanced by constant changes in the CEO position
	Being impacted by the growth of specific industries
	Being in a group helps the organization in crisis
	Being at the peak of the manufacturing capacity constantly
	Being led by owned technology and its lifecycle
	Being part of a global closed cycle
	Being tight to single activity and technology
	Building a business vertical
	Building resilience with experience
	Prioritizing business continuity at all costs
	Chaos grows with the production load
	Coexisting naturally with inefficiency and building inertia
	Competing locally to secure market share and minimize risks
	Compressing potential
	Considering crises as a challenge and a point to reconsider the organizational development course
	Creating better quality products and delivering more value to the clients but stagnating in turnover and earnings
	Creating resources and competencies internally
	Crises occurring periodically
	Dedicating human resources only for one project and specializing in an engineering capacity
	Challenges associated with retaining employees
	Depending on one client

Concept	Open code
	Depending on suppliers
	Developing and working on several trajectories in parallel at the same time
	Diversified client base
	Diversifying products, not organizational development trajectories
	Doubling turnover after the crisis
	Doubting that outsiders can join the culture of the organization fast
	Duplicating and reserving resources to create major slack and flexibility
	During the crisis, culture comes after survival
	Developing baby syndrome
	Developing future trajectories and their achievement scenarios in a smaller group
	Developing new competencies for the new trajectory
	Employee fraud is very common in the industry
	Employees fighting for the survival of the organization when owners want to squeeze it
	Encountering unexpected shocks
	Establishing backbone
	Evolving conflicting views and perceptions
	Experiencing direct impact from global events
	Expertise consolidated in individual people
	Extremely difficult competition until organization is small
	The extremely high price of technological investment
	Facing multiple cases of employee fraud
	Facing a series of critical jolts
	Failing multiple times and starting again
	Failing to build a team and find the right people
	Fighting with competitors while entering a new market with disruption
	Exhibiting employee fraud
	Identifying unethical behavior
	Recognizing internal fraud
	Cases of repeating fraud
	Setting free organization from constant problems, enabling complex solutions
	Fulfilling organizational capacity
	Growing by competencies rather than infrastructure
	Growing market because of the global pandemic and the plastic ban
	Growing on global market growth
	Hardening and building the strongest team during crises and changes
	Hidden inefficiency

Concept	Open code
	Highly resilient organization
	Having no issues with reputation crisis due to significant growth in production demand
	Implementing preventive actions for employee fraud
	Increasing competition for supply follows
	Increasing competitiveness through a vertical of smaller split organizations
	Inertia from micromanagement
	Falling in inertia because of the need to oversee old infrastructure
	Tolerating misconduct
	Investing in filling infrastructure capacity with soft skills and software
	Investing only in production capacity in response to demand
	Juggling product parameters to gain more profit
	Keeping prices in the local market
	Lacking digitization and automation engineers
	Limiting the area of operation
	Looking at huge organizational resistance and change failures as a natural process
	Losing a critical amount of sales during a scandal
	Losing expert employees and struggling to find a replacement
	Losing a major client
	Losing control when technology reaches the breaking point of innovation and meets the right partners
	Making no formal changes even in times of crisis – learning by doing
	Making no specific strategic decisions in times of crisis
	Managers are constantly changing and do not work for long
	Missing major fraud
	Mitigating financial risks through distributed profit
	Mitigating risks through distributed functions to separate companies
	Employees mobilized during the crisis
	Moving from fire to fire
	Recognizing that absence of risk is a risk
	Old plans become worthless in times of crisis
	Operating from fire to fire
	Operating in status when you do not know if you will survive or cease to exist
	Operating in high uncertainty and managing major dependencies
	The organization is in doubt and resistant to the newly established board
	The organizational crisis caused by huge fraud by many employees

Concept	Open code
	Organizational manufacturing capacity becomes inert, inflexible, and costly
	Organizational separation postponed by external crisis
	Organizational strategy starts from the amount of production
	Other companies in the group are operating in a stable way in the face of crisis
	Panicking in times of crisis and uncertainty
	Parallelizing business activities
	Plans not working when an organization grows very fast and unexpectedly
	Possessing a lot of free manufacturing capacity
	Preventing manifestation of fear and panic during crises
	Preventing baby syndrome
	Putting all effort into stabilizing production after the crisis
	Reacting fast to environmental jolts potentially impacting operations
	Receiving negative impact from global institutional actions
	Receiving only moral support in the time of crisis
	Recognizing the limits of survival
	Resilience from global impact due to the limited capacity of operations
	Resilience in environmental jolts due to being part of the group
	Risk of depending on one client-partner
	Satisfaction with the insignificant role of the board
	Securing know-how and innovation to prolong existence
	Seeing major risks but doing nothing
	Seeing risk for organizational continuity due to lack of processes and knowledge management
	Seeing small organization as a competitive advantage through flexibility and speed
	Seeing intolerable behavior because of the environment
	Seeking to be more effective and smarter to make more profit with the same capacity
	Seeking to minimize risks to operations
	Selling 80% of the production to one client
	Shareholder interests leading to crisis
	Solving a crisis with minimal costs
	Splitting business into smaller organizations to ensure resilience and reliability
	Splitting organizational life before and after the crisis
	Staying always calm and positive during crises because of experience
	Stepping into an unknown field to pursue an opportunity

Concept	Open code
	Stepping out from CEO position due to exhaustion
	Strongly impacted by external crisis
	Suffering from inconvenience of legacy systems
	Surviving crisis through diversified client structure and financial management
	Surviving major shock through group resilience
	Surviving several crises
	The market is consolidating
	Trying to keep the leadership of the previous owner and CEO
	Unable to move at full capacity
	Understanding capacity and boundaries
	Understanding technological advantages
	Understanding that you are connected and acting globally
	Understanding the timeframe of the development cycle
	Unsuccessfully fighting hidden resistance
	Withholding ties with former owner
	Withholding employee inertia
	Working in parallel to develop competencies and capabilities for future context and opportunities
	Working only with small clients
	Developing group and individual resilience
Steering Directions	Admitting that the strategic focus was always on profit and operating at full capacity
	Aiming for high-quality products
	Aiming for long-term vision and results
	Aiming for maximum profit
	Aiming for maximum turnover
	Aiming for minimal results
	Aiming for-profit and turnover
	Aiming for speed and efficiency in the work of every employee
	Aiming not to spend much time on creating visions
	Aiming to become a multiproduct company
	Aiming to become a renewable energy-using company
	Aiming to give up breastfeeding from the group
	Aiming to increase productivity to create more sharable value
	Analyzing and comparing to budget
	Assigning process manager on each process
	Strategizing at the group level
	Balancing organizational continuity and sustainability by balancing several development streams
	Relating to another group of companies

Concept	Open code
	Being forced by the group to implement changes you know are ineffective
	Being impacted by the growth of other companies in the group
	Being distant from the group generates skepticism
	Being in the group creates internal competition
	Being in the group blocks and limits organizational transformation
	Being in the group strengthens the organization by cutting the costs
	Being not able to fulfill group demand
	Being an old company with old infrastructure and manufacturing line
	Being part of the group creates a baseline
	Blaming others for limited strategic direction management
	Board failing to control CEO initiatives
	Broadening sight and competencies
	Buffering the whole project, not separate parts of it
	Building advantage from quality process management and supply chain knowledge
	Building critical systems
	Building an organization with persistence
	Building an organization with patience
	Calculating business plan for no-risk opportunity
	Calming and relaxing by seasonal trends
	Being unable to supply the entire demand on their own, thus buys from suppliers
	CEO acting as a sales manager for several years
	CEO doing work by him/herself when needed
	CEO helping people to do their work and building teams
	Top management team producing organizational vision
	CEO setting organizational development direction by him/herself without being directed by the group
	CEO's task is setting a plan and delivering set objectives
	CEOs are setting objectives by themselves
	Certifying internal subcontractors separately
	Changing from strategic to operational perspective due to change of owners
	Changing the source of initiative from organizations to a centralized group
	Choosing territory and concentrating on it
	Communicating and comparing prices with large manufacturers
	Communicating and keeping relationships with major clients to prevent fraud and ensure quality
	Communicating with peers on a group mutual project basis

Concept	Open code
	Competing within a specific distance
	Competing globally
	Competing in a specific territory
	Competing through the whole value chain
	Competing with the best available solutions
	Conflicting development streams cause internal competition
	Considering innovation as a loss of profit and production potential today
	Considering only financial benefits, profit, and competitiveness before launching the project
	Consolidating and concentrating on specific market
	Consolidating human resources by the group
	Consolidating infrastructure by the group
	Constantly tracking progress and results of divisions and projects within the executive team
	Controlling strategy implementation projects through strategic committee
	Controlling business development plan quarterly
	Controlling costs in real-time
	Controlling organizational development with the strategic plan periodically
	Controlling the pulse of the organization constantly and acting if needed
	Controlling, managing, and motivating employees by KPI
	Anticipating the peak of current development
	Creating autonomous, different, but integrating paths
	Creating the basis for new businesses in another country
	Creating formal and declarative strategies and plans
	Cascading group-level strategy to organizations through projects
	Creating group-level strategy
	Creating own formula to manage continuous changes
	Creating quality forecasts based on own practice
	Creating a strategy map as a product of transformation directions planning
	Creating three pages dream list of the future organization
	Being in full control of every moment
	Delivering business analytics fast in high quality
	Developing a detailed strategic plan for one year on the Board
	Developing several parallel businesses at the same time
	Developing strategic plans and actions for each product category
	Being proud of modern infrastructure and solutions in the new factory

Concept	Open code
	Differentiating from other companies in the group by competencies and solution complexity
	Differentiating from other companies in the group by selling competencies, not products
	Discussing and agreeing on individual goals with some employees
	Distributing reliability and creditability to group companies
	Diverse understanding of the image in different regions
	Diversifying manufacturing to find new customers
	Dividing business into two streams – standard and unique manufacturing
	Doing everything to keep the manufacturing line operating
	Doing strong market analysis for each category before making strategic plans
	Drawing organizational strategic perspective for a decade
	Being driven by good results
	Being motivated by the opportunity to operate at maximum scale
	Developing five-year strategic vision and plan
	Emphasizing CEO's effort and group's interest in stabilization
	Board control is as periodical as seasons in the year
	Bringing new machinery would only increase efficiency
	Experiencing internal tension due to the obligation to share resources
	Failing to manage human resources underdelivering expected value
	Failing to manage shared resources for group projects
	Failing to choose and hiring people
	Failing to transfer CEO's role due to lack of formal management practices
	Finding and appointing good managers for effective management of organizations
	Feeling comfortable and focusing solely on business due to effective internal processes
	Feeling strong group support for the highest ambitions
	Failing due to the gap between managerial vision and execution
	Financial management competence
	Formulating strict informal rules
	Formulating strategic direction based on organizational structure
	Foreseeing limits of further development
	Freeing organization from micromanagement with micromanagement
	Gaining bigger negotiation power with the support of the group
	Group aiming for a long-term cashflow
	Group acquiring organization from the previous owner

Concept	Open code
	Group CEOs and Board members pushing to deliver major modernization project ahead of the plan
	Group CEOs are participating in strategic sessions
	The group is giving a lot of freedom of action from the start
	Group is in close control of the cash flow
	Group is making targeted investments which could result in group benefits
	Group is preparing a new factory to be ready to expand their product manufacturing capacity on demand
	Group is investing from the start
	Group is supporting in difficult situations
	Group synergies are gained through management
	Group synergies are gained through the provision of common functions and objectives
	Grouping
	Growing autocracy of one person
	Growing bureaucracy due to the growing group
	Being sure that the group will support any robotization investment s/he will request
	Considering change management as project management
	Growing from the bottom and gaining pace
	Growing globally to have the possibility to attract resources
	Growing through territory acquisition
	Constantly lacking resources
	Constantly prioritizing resources
	Having a clear vision of the one year ahead
	Having limited interactions and help within the group before
	Having no clear format who creates and who updates the strategy
	Having no formal strategy-making framework
	Having no strategic analytics and research division
	Controlling the whole spectrum of the data and indicator in real time and acting on them
	Having no major interest in standard productivity and cost management
	Implementing organization management practices through the trial-and-error method
	Increasing competitiveness and reliability of organizational change
	Investing in a 5-year cycle
	Converting strategic questions to operational discussions
	Growing from core specialization
	Growing between people and technology
	Involving the group in problem-solving

Concept	Open code
	Integrating Board in management processes to prepare for major development or business transfer
	Investing in local material resources to create more value and productivity
	Moving from milestone to milestone
	Keeping always moving, searching, and reaching for higher goals
	Keeping moving and acting in the moment of crisis
	Keeping on the course of the established direction and plan
	Keeping some organizations small and concise
	LEAN is for standard manufacturing
	Limited motivation to participate in group projects
	Long-term planning just for formal requirements
	Losing market share in the resale market constantly
	Main company acting as a service provider
	Making Boiler Diagram as a strategic management product
	Making mistakes when hiring managers
	Managing and controlling organization through a balanced scorecard and cascaded KPIs
	Managing and updating strategy through strategic committee periodically
	Managing by processes to be flexible and changeable
	Managing by projects
	Managing by walking around
	Managing each transaction individually as a project
	Managing every day in 15 minutes
	Managing group through periodical meetings of group executives
	Managing high-complexity projects
	Managing HR and dedicating projects to specific people at the board level
	Managing multiple projects in parallel
	Managing multiple projects at one time
	Managing the organization as a group of friends with a less formal process
	Managing the organization since its establishment
	Managing organizational pace to withstand exponential growth
	Managing own business until taking the role
	Managing project portfolio to deliver on the agreed time and on the budget to the client
	Managing projects in high-process quality
	Managing projects by the dimensions of scope, time, and resources
	Manufacturing is acting as a separate profit-seeking business niche

Concept	Open code
	Manufacturing is selling its services with profit to other business niches – organizations
	Seeking the most effective and efficient manufacturing
	Manufacturing different products and serving different markets with different demand trends
	No changes in the management team after the CEO change
	Maximizing margin through a vertical of smaller split organizations
	Maximizing profit through the change in organizations
	Measuring, declaring, and promoting results
	Measuring success by the implementation of the strategic plan
	Micromanaging by aiming to move faster
	Mind-mapping long-term organizational strategy
	Monitoring operational indicators in real time
	Prioritizing projects and aiming to fit into the triangle
	Searching ways to save costs even on actions toward strategic goals
	Seeking added value in strategic planning activities
	Seeking to be savvy and digitized to make a profit and share it with someone
	Tracking ETC but not percentages of resource capacity used or load
	Not believing in the best practices of others
	Not building a new long-term strategy focusing on short-term goals
	Tracking, controlling, reporting, and updating strategic plan constantly
	Not tolerating old-fashioned management
	One organization changing group orientation
	Optimizing cost through shared resources
	Optimizing group fixed costs by sharing resources
	Organizing based on TOC
	Organizing strategic sessions
	Other group organizations acting the same way on investment
	Other group organizations and competitors operate on ABC
	Overtaking the CEO role to develop business after standardization
	Owner absorbing all problems and issues
	Owner acting as a referee in prioritizations and disputes
	Owner distancing him/herself from operational management
	Owner keeping personal relationships with the other companies in the group
	The owner taking responsibility for the strategy and business development
	Planning business development activities for the year ahead
	Planning a detailed strategy for a five-year period
	Planning for the sake of formal financial requirements

Concept	Open code
	Planning to have only one Board for all new organizations
	Playing management
	Possessing a very strong capital connection with the group
	Precisely planning in short terms
	Problem-solving steps as a hierarchy of budget
	Production follows sales
	Profiting through vertical
	Putting a lot of effort into establishing direction and developing a master plan
	Receiving no help from being part of the group in times of crisis
	Reducing the number of people through efficiency
	Relying on the core competencies
	Reporting KPIs every day to have a view of the whole organization
	Reviewing results from retrospective
	Reviewing short-term objectives and results periodically
	Selecting locations based on activities
	Selling services and products mandatory on market price to group companies
	Selling services more expensively due to quality process management
	Selling everything that can produce
	Setting hierarchy of KPIs through organizational structure
	Setting broad KPIs to managers
	Setting short-term and vision directions
	Setting strategy based on the philosophy
	Sharing engineering potential between group companies
	Shareholders might be interested in squeezing the organization for the sake of other companies
	Shortening strategic planning
	Shrinking freedom of action
	Shrinking group consolidation, centralization
	Splitting target into specific steps in time
	Spreading manufacturing through several countries to save costs
	Stagnating due to lack of owner focus and attention
	Stagnating in manufacturing amounts and turnover but growing in quality
	Started working on strategy again, but in a short period
	Staying up to date with environmental requirements due to constant process updates
	Sticking to principles
	Strategizing and board meetings ad hoc

Concept	Open code
	Strategizing and direction setting are led not by creativity but by survival and financial shareholder demand
	Strategizing through informal conversations
	Strategy is being developed and approved collectively in the change committee
	Strong group position and support enable calmness and the ability to deliver bigger projects
	Strong internal competition between organizations
	Structuring internal subcontracting inside the organization
	Taking different approaches to strategy making
	The strategy of an organization is perceived as a short-term pursuit of profit and income
	The strength of the group is hidden in the decentralization and autonomy of the organizations
	The task of the manager is to split complex solutions and projects into manageable tasks for each employee
	Thinking and visualizing the far future and expecting managers to plan and visualize the nearest
	Tracking effectiveness, productivity, and salaries within teams
	Tracking minimal operational indicators
	Tracking potential and actual performance
	Tracking weekly indicators and adjusting prices to supply and demand
	The tradition of producing defective quantities of products
	Transforming delegated strategy to organizational strategic plans and activities
	Transforming group impacts individual organizations significantly
	Transforming the organization from low quality and inefficiency to quality and efficient organization
	Translating vision into a tangible execution plan
	Trying to be the best in quality through repeatable processes
	Updating strategic plan and budget yearly due to the constantly changing environment
	Updating strategy every year for the next three years
	Updating strategy twice a year during strategic sessions
	Updating transformation strategy and implementation plans continuously
	Using expert help in moderating decision and strategy making of the Board
	Using LEAN methods but trying to avoid huge bureaucracy
	Using old but universal infrastructure effectively with the help of quality processes

Concept	Open code
	Using the same management processes and technologies across all group organizations to save costs
	Using the 'follow the competitors' strategy
	With the group support focusing solely on business

PUBLICATIONS AND CONFERENCE PRESENTATIONS

Peer-reviewed publications based on doctoral research:

Nr.	*Publication*
1.	Baublys, G. (2023). Scenting Out Change: The Role of Attention and Sensemaking in Proactive Transformation Initiation. In Academy of Management Proceedings (Vol. 2023., *Forthcoming*). Briarcliff Manor, NY 10510: Academy of Management.
2.	Baublys, G. (2022). Organizational Theater and Change: Rethinking Qualitative Inquiry Through Stanislavski's System. In Academy of Management Proceedings (Vol. 2022, No. 1, p. 11744). Briarcliff Manor, NY 10510: Academy of Management.
3.	Baublys G. (2020). Organization's Proactive Transformation Competence: Identification and Development. Proceedings of the International Conference of Applied Business and Management (ICABM2020). ISAG-European Business School, p. 107–108.
4.	Baublys G. (2020). Organization's Proactive Transformation Competence: Identification and Development. Proceedings of the 15th European Conference on Innovation and Entrepreneurship (ECIE 2020). Academic Conferences International, p. 732–739. DOI: 10.34190/EIE.20.088
5.	Baublys G. (2020). Resilience Capacity Development: Prerequisites for Proactive Organizational Transformation. Proceedings of the 16th European Conference on Management Leadership and Governance (ECMLG 2020). Academic Conferences International, p. 295–302. DOI: 10.34190/ELG.20.047

Conference presentations based on doctoral research:

Nr.	Conference	Presentation title
1.	**83rd Annual Meeting of the Academy of Management** *(Forthcoming)* 4–8 August 2023 Academy of Management, Boston, Massachusetts, USA	"Scenting Out Change: The Role of Attention and Sensemaking in Proactive Transformation Initiation"
2	**82nd Annual Meeting of the Academy of Management** 5–9 August 2022. Academy of Management, Seattle, Washington, USA	"Organizational Theater and Change: Rethinking Qualitative Inquiry through Stanislavski's System"
3.	**Change Management: Global Connect 2022** June 28 – July 1, 2022. Association of Change Management Professionals. Virtual conference.	"Organizational Theater and Strategic Change: Directing Corporate Screenplay, Leading Actors and Onlookers"
4.	**ICABM2020 - International Conference of Applied Business and Management** 25–26 June 2020. ISAG – European Business School (NIDISAG), Porto, Portugal.	"Organization's Proactive Transformation Competence: Identification and Development"
5.	**ECIE 2020 – 15th European Conference on Innovation and Entrepreneurship** 15–16 September 2020. Università degli Studi Internazionali di Roma (UNINT), Italy	"Organization's Proactive Transformation Competence: Identification and Development"
6.	**ECMLG 2020 - 16th European Conference on Management Leadership and Governance** 26–27 October 2020. EM-Normandie Business School, Oxford, UK	„Resilience Capacity Development: Prerequisites for Proactive Organizational Transformation"

ABOUT THE AUTHOR

Gediminas Baublys has dedicated his career to change management across a diverse range of organizations, from public institutions to global private companies. He has consistently been at the helm of strategic change, driving business transformation, culture change, performance improvement, and business development. He has witnessed firsthand the tremendous benefits that organizations reap from being adept at change management, as well as the severe consequences of failing to adapt in a timely and effective manner.

Gediminas' academic path has also played a significant role in shaping his research interests. Holding a Bachelor's degree in economics and a Master's degree in Management from Vilnius University, he has embarked on his doctoral research journey centered on the domain of organizational transformation. His doctoral research, titled "Identification and Development of Business Organizations' Proactive Transformation Competence," aims to unravel the complex attributes and strategies that enable organizations to engage in proactive transformational change.

Motivated by the void he discovered in organizational change literature and business practice, as well as by his firsthand professional experiences, Gediminas recognized the significance of a better understanding of the proactive transformation initiation process. He realized that this understanding could equip organizations with the necessary tools to navigate the increasingly volatile business environment and can provide academics with a more nuanced perspective on the organizational transformation phenomenon.

Today, Gediminas is the CEO of the management consulting company CHANGE LT, which serves as a nexus between independent management professionals and organizations seeking specific problem-solving capabilities. His firm offers a comprehensive range of resources, including teams, capabilities, tools, and methodologies, to plan and successfully execute change programs.

In addition, he actively engages in the educational sphere by sharing his extensive knowledge and expertise with students at Vilnius University, guiding them in the process of acquiring mastery in the discipline of change management. Through his instructional approach, he imparts comprehensive academic knowledge encompassing the latest scholarly advancements in the field. However, his impact extends beyond theoretical understanding, as he also equips these future managers with practical methodologies and tools

that enable them to effectively navigate organizations through the multifaceted challenges presented by a rapidly evolving business environment.

Recognized as an early adopter and influencer in the field of change management, Gediminas holds the distinction of being among the first 500 recipients of the Certified Change Management Professional (CCMP) certification globally. This achievement reflects his commitment to setting high standards in the change management field and further establishes his expertise in change management.

A firm believer in giving back to his professional community, Gediminas dedicates his time to guiding individuals on their journey of learning change management. Recognizing the power of collective effort, he extends his contribution beyond individual mentorship, actively engaging with global professional associations such as the Association of Change Management Professionals (ACMP) and the Change Management Institute (CMI), volunteering tirelessly to advance the discipline of change management and provide support for practitioners. His unwavering dedication to the field is reflected in his relentless pursuit of knowledge and his efforts toward the continued evolution of best practices in change management, catalyzing a profound social impact that ripples far beyond his immediate professional community.

To encapsulate, Gediminas Baublys' exploration into the realms of proactive organizational transformation competence is driven by a passion to illuminate the intricate mechanisms of change and a professional dedication to assisting organizations in staying resilient and competitive. His doctoral research stands as a testament to his unwavering commitment, aiming not only to bridge the gap between academia and practice but also to make substantial contributions to the field of organizational change management at large.

NOTES

NOTES