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(IJEPC)**www.ijepec.com**THE IMPACT OF ORGANIZATIONAL CHANGE ON THE
SUSTAINABILITY PERFORMANCE OF HIGHER EDUCATION
INSTITUTIONS: MEDIATING ROLE OF
TRANSFORMATIONAL LEADERSHIP**Shahawati Umar¹, Khairul Anuar Mohd Ali^{1*}, Wan Mohd Hirwani Wan Hussain¹¹ Graduate School of Business, Universiti Kebangsaan Malaysia (UKM), Bangi, 43600 Selangor, Malaysia,
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DOI: 10.35631/IJEPC.954048**This work is licensed under** [CC BY 4.0](https://creativecommons.org/licenses/by/4.0/)**Abstract:**

The history of sustainability rooted back in 1800s, yet the concept was practically adopted in business in 1980's. Sustainability gain popularity after the SDGs in 2017, and higher education institutions (HEIs) has also adopted sustainability measures in their businesses. This study explores the impact of organizational change on transformational leadership and sustainable performance. Climate of change, process of change and readiness for change are used as the dimensions of change and for sustainable performance the dimensions used are economic performance, social performance, and environmental performance. Furthermore, the mediating effect of transformational leadership between organisational change and sustainable performance. The institutional theory and resource-based view theory are employed to explain the relationship among variables in the conceptual framework in Malaysian context. This is a quantitative, cross-sectional study which adopts positivist approach and self-administered questionnaire are adapted from previous research. The stratified random sampling technique will be used to collect data from higher education institutions (HEIs) in West Malaysia.

Keywords:

Organizational Change, Sustainability, Performance, Transformational Leadership

Introduction

In this research, the researcher is trying to study the impact of organizational change on the sustainability performance of higher education institutions and also looking at the role of transformational leadership as the mediating variable. Organizational change involves both the process of altering an organization's structure, strategy, operational techniques, technology, or organizational culture to achieve change inside the organization and the subsequent consequences of these changes (Srivastava & Agrawal 2020). Organizational change can occur in a continuous or discontinuous manner. To adopt organizational change effectively, transformational leaders of an organization play a pivotal role acting as a role of change agents. As a result, a leader's efforts to bring about change will help a company succeed in a changing environment to achieve sustainable performance. The fact that the environment is constantly undergoing significant changes makes it imperative for firms to maintain a leader who can manage change successfully. The researchers have studied transformational leadership as an antecedent of organizational change (Anandani & Asiemi 2023; Channuwong, S., 2023; Thanh, C. & Le, B.P.2022) yet there is no prior study has been found that has investigated the impact of organizational change on transformational leadership. The present study builds the arguments on contingency theory that situational factors (organizational change) enforce the management of an organization to adopt leadership style (i.e., transformational) that facilitate the situational factor (organizational change).

Change is inevitable when an organization needs to survive for the sustainability of the organization in the future. Organizations with transformational leadership will be more competitive in anticipating a changing environment. Transformational leadership provides support for the sustainable performance of the organization. Thus, managers can use the leadership approach of transformational leadership to encourage organizational improvement in sustainability performance. Several researchers have explored the significant effect of transformational leadership on sustainable performance (Burawat P. 2019; Mungkung R., et al. 2021; Widisatria, D. & Nawangsari, L. 2021; Zhao, W. & Huang, L. 2022). Yet no study has explored the relationship in Malaysian HEIs context. This study investigates the relationship between the variables under the lens of institutional theory and resource-based view theory.

The current study will explore the impact of organizational change on sustainable performance of HEIs in private sector of Malaysia. The research has investigated the impact of sustainability and SDGs in western and developed countries. However, there has been less research in Asian countries, specifically in Malaysia to explore the relationship between organizational change and sustainable performance through the mediation of transformational leadership in HEIs.

Transformational leadership has been studied as a mediating variable between innovative work behavior and healthcare organizations' performance (Anandani & Asiemi 2023), green intellectual capital and green supply chain integration (Zhao & Huang, 2022), new ways of working and intrapreneurial behaviour and cultural intelligence and employee voice behavior (Asfar et al. 2019). To understand the underlying mechanism of organizational change, transformational leadership, and sustainable performance to fully understand the mechanism through which adopting organizational change can help to achieve high levels of sustainable performance.

Literature Review

Sustainability has become more evident in recent years and has received significant attention in a variety of fields, including education, business, agriculture, and transportation (Larivière, B. & Smit E. 2022). Higher education is also confronting a number of challenges related to sustainability. Therefore, Higher Education Institutions (HEIs) have responded to these challenges by taking many initiatives for sustainable performance. HEIs have started addressing these challenges and planned and seeking solutions to modify and transform the way they perform business activities related to environmental performance, economic performance, and social performance.

Organizational change involves both the process of altering an organization's structure, strategy, operational techniques, technology, or organizational culture to achieve change inside the organization and the subsequent consequences of these changes (Srivastava & Agrawal 2020). Organizational change can occur in a continuous or discontinuous manner (Parent, J. D. & Lovelace, K. J., 2018). To adopt organizational change effectively, transformational leaders of an organization play a pivotal role acting as a role of change agents. As a result, a leader's efforts to bring about change will help a company succeed in a changing environment to achieve sustainable performance. The fact that the environment is constantly undergoing significant changes makes it imperative for firms to maintain a leader who can manage change successfully. The researchers have studied transformational leadership as an antecedent of organizational change (Anandani & Asiami 2023; Channuwong, S., 2023; Busari, A., et al. 2019; Thanh, C. & Le, B.P. 2022) yet there is no prior study has been found that has investigated the impact of organizational change on transformational leadership. The present study builds the arguments on contingency theory that situational factors (organizational change) enforce the management of an organization to adopt leadership style (i.e., transformational) that facilitate the situational factor (organizational change).

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The focus of research has been on sustainability in HEIs (Shriberg, M. 2002; Herzner, A. & Hommerová, D. 2022), education for sustainability in HEIs (Figuerio & Raufflet, 2015) and sustainable development goals in HEIs (Abad-Segura, E. & González-Zamar, M.-D. 2021). To the best of our knowledge very few research studies have focused on the sustainable performance of the HEIs as business entities. The current study will explore the impact of organizational change on sustainable performance of HEIs in private sector of Malaysia. The research has investigated the impact of sustainability and SDGs in western and developed countries. However, there has been less research in Asian countries, specifically in Malaysia to explore the relationship between organizational change and sustainable performance through the mediation of transformational leadership in HEIs.

Transformational leadership has been studied as a mediating variable between innovative work behavior and healthcare organizations' performance (Alshahrani et al. 2023), green intellectual capital and green supply chain integration, new ways of working and intrapreneurial behaviour (Gerards et al.2020) and cultural intelligence and employee voice behavior (Asfar et al. 2019). To best of our knowledge, no prior study has explored the mediating effect of transformational leadership between organizational change and sustainable performance in HEIs in Malaysia.

In Malaysian context the studies have investigated the sustainability practices at higher education institutions (Filho, W. et al. 2021), achieving learning outcomes of emergency remote learning to sustain Higher Education during crises (Looi, K.H., et al. 2022), the sustainability of a community of inquiry in online course satisfaction in virtual learning environments in Higher Education (Nasir, M.K.M. & Ngah, A. 2022), and a crucial aspect of higher education's individual and collective engagement with the SDGs (Kohl et al. 2022). To our knowledge, there is no prior research exploring the impact of organizational change on sustainable performance through the mediation of transformational leadership.

Hence, this study will contribute theoretically and conceptually to fill the gap in research in the field of higher education institutions. Previous studies have explored the sustainability in education or sustainable education methodology or curriculum for sustainable education but very few studies have focused to explore the sustainable performance of HEIs as a business entity.

Research Objectives

1. To explore the impact of organizational change on transformational leadership.
2. To investigate the impact of transformational leadership on sustainable performance.
3. To examine the mediating effect of transformational leadership between organizational change and sustainable performance.

Framework And Hypotheses

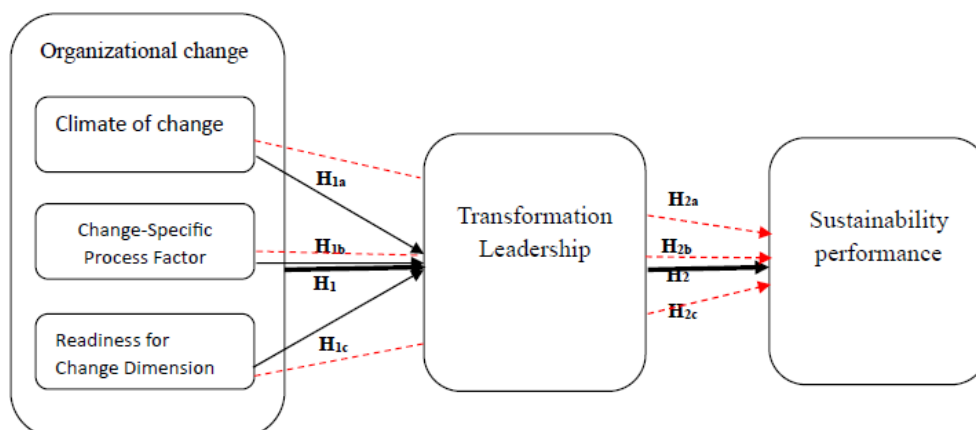


Figure 1.1 Conceptual Framework

Hypotheses

H₁: Organizational change (OC) has a positive impact on transformational leadership (TL).

H_{1a}: Climate for change (CFC) has a positive impact on transformational leadership (TL).

H_{1b}: Change-specific process factors (CPF) has a positive impact on transformational leadership (TL).

H_{1c}: Readiness for change (RFC) has a positive impact on transformational leadership (TL).

H₂: Transformational leadership (TL) has a positive impact on sustainability performance (SP) of an organization.

H_{2a}: Transformational leadership (TL) positively mediates the relationship between Climate for change (CFC) and Sustainability Performance (SP)

H_{2b}: Transformational leadership (TL) positively mediates the relationship between Change-specific process factors (CPF) and Sustainability Performance (SP)

H_{2c}: Transformational leadership (TL) positively mediates the relationship between Readiness for change (RFC) and Sustainability Performance (SP)

Methodology

Research Design

The research framework proposed in this study requires a large sample in order to make some degree of generalization in the findings, and survey design is known to be the best method for studying and describing large populations. Survey research is a method of gathering data from respondents that is assumed to be representative of the population, and the instrument used is composed of structured or open-ended items. The main advantage of using the questionnaire survey is the ability to pool information from a large sample over a relatively short period of time. This study employed a structured questionnaire via a cross-sectional strategy. Items were adapted based on an intensive search of the literature to certify reliability and validity.

Sampling

Random sampling is the purest form of probability sampling. Each member of the population has an equal and known chance of being selected. When there are very large populations, it is often difficult or impossible to identify every member of the population, so the pool of available subjects becomes biased. Stratified random sampling is a statistical approach widely used. A stratum is a population group that has at least one common characteristic. The population of the study is known as the number of private institutes are listed on government official website. First of all, the population is divided into strata and Kuala Lumpur, Klang Valley, Penang and Johor Bahru is selected as the most representative strata of the Malaysian population. In the second phase, a sample of 200 institutes is randomly selected from all these states. In the final stage, only top management (approximately 2-3 members) from each institute will be contacted to fill the questionnaires of the study.

The researcher aims to use drop-off and pick-up methods in distributing the questionnaires and targeting more than 50 per cent will be responding.

Data collection

The questionnaire will be focusing on the relationship of Organizational Change (Climate of Change, Change-Specific Process Factor, Readiness for Change) toward Transformational Leadership and Sustainability Performance. The questionnaire will be developed according to the variables by referring to the previous researches.

Analysis

The collected data will be analysed using the **Structural equation model (SEM)** by Analysis of Moment Structure (AMOS) technique. This analysis method is used due to the explanatory nature of the study and the fact that it is able to test the model concurrently. To analyse the data, a two-step approach was used (Anderson & Gerbing, 1988). In the first step, using the measurement model, the validity and reliability of the variables were investigated. In the second step, the hypotheses were tested.

Conclusions

Even though this is a conceptual paper, it is anticipated that the content will help contribute to supplement literatures and for the reference of researchers as well as a significant impact to all the educators, learning institution and the ministry as policy makers regarding the Sustainability Performance of Private Higher Education Institutions (PHEIs) in Malaysia upon fully completing the research. The focus of this study is to examine the impact of Organizational Change and Transformational Leadership toward the Sustainability Performance. Furthermore, the findings provide a gateway to the study of the relationship between the variables proposed and the challenges to sustain in the Private Higher Education Institutions (PHEIs) in Malaysia. In summary, this study contributes to the research on Organizational Change and Transformational Leadership toward the Sustainability Performance in terms of its theory, methodology, and practicality.

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