

## **The impact of employees' resistance to change on organizational performance in Vietnam listed companies: Moderating roles of organizational culture and innovation capability**

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### **ARTICLE INFO**

**DOI:**10.46223/HCMCOUJS.  
econ.en.15.6.3800.2025

Received: October 15<sup>th</sup>, 2024

Revised: January 09<sup>th</sup>, 2025

Accepted: January 19<sup>th</sup>, 2025

JEL classification code:

J53; L25; M12

**Keywords:**

employees' resistance to change; innovation capability; organizational culture; organizational performance; transformational leadership

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### **ABSTRACT**

The paper aimed to identify the impact of employees' resistance to change on organizational performance in Vietnam-listed companies, with the moderating variables: organizational culture and innovation capability. The framework developed was tested on 230 senior managers of Vietnam Listed Companies using surveys, specifically listed on the Ho Chi Minh Stock Exchange. The data was analyzed through Partial Least Square-Structural Equation Modelling (PLS-SEM) using SmartPLS software. The results indicated that employees' resistance to change impacts significantly on organizational performance, in addition to organizational culture and innovation capability having significant moderating roles between employees' resistance to change and organizational performance. Moreover, factors including transformational leadership, transparent communication, and perceived support are key drivers of organizational performance and have a significantly negative impact on employees' resistance to change. Finally, theoretical and practical implications for Vietnam-listed companies to control employees' resistance to change and improve performance are discussed.

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### **1. Introduction**

Nowadays, in order to adapt to a competitive market, implementing change policies is necessary for most businesses. Resistance to change can be positive, such as open debate and discussion, but it can also be the opposite (Robbins et al., 2018). Differences in views on change can be an input for leaders in adjusting the change process to be accepted by employees in the business or organization. Employee resistance to change can maintain the stability of the organization or expose the weaknesses of the change to improve the change process. Resistance arising from concerns about change can be a useful control parameter in the change process by providing valuable feedback to the organization (Adhikara, 2022). In Vietnam, changes are necessary for every enterprise to have sustainable development. Corporations such as Vingroup or Mobile World Investment Corporation (MWG) must constantly change technology and policies to survive in the competitive business environment and require employees to adapt to these new changes, giving an increase in resistance from employees. Accordingly, based on the financial report of MWG, the number of employees decreased from 74,008 to 65,414 during 2023. Therefore, employees' resistance to change in organizations deserves attention from

enterprises' leaders. To fill the research gap, this study will explore the impact of employees' resistance to change on organizational performance, which has not been researched in Vietnam. Most research in Vietnam focuses on investigating factors affecting employees' resistance to change, which are related to employees' behaviors, especially choosing employees as survey subjects instead of investigating leaders. In addition, listed companies in Vietnam are required to provide accurate information on their performance. This information is extremely important not only for internal use but also for investors to make the decision to invest in particular business. Moreover, the moderating roles of organizational culture and innovation capability in researching the impact of employees' resistance on firm performance are also the novelty of this study, which has not been studied before.

Recent research such as that of Olamilekan and Salam (2022), found that resistance to change plays a significant role in promoting organizational performance in leading banks in Nigeria. Ume and Agha's (2022) study on the employees' resistance to change on organizational performance in universities in Nigeria demonstrated that employees' resistance has a significant impact on organizational performance. On the other hand, Elgohary and Abdelazzy (2020) researched employee resistance to change when implementing an e-government system in Egypt, the results illustrated that employee resistance to new technology did not significantly affect the effectiveness of change implementation. Besides the difference of results from related research, in Vietnam, the number of studies on how changes in businesses will affect company performance, especially employees' resistance to these changes, is still limited. Therefore, the research objectives are identifying and measuring the impact of employees' resistance to change on organizational performance with two moderating variables, including organizational culture and innovation capability, and providing managerial implications for Vietnam-listed enterprises. Moreover, factors affecting employees' resistance to change and organizational performance are also proposed in this paper, including transformational leadership, transparent communication, and perceived support.

## **2. Theoretical basis**

### ***2.1. Employees' resistance to change***

Resistance was the negative attitude or behavior of employees, combined with the delays, cost, and unwanted uncertainties in the process of strategic change of enterprises (Waddell & Sohal, 1998). Lately, resistance is defined as a multidimensional opposition to the undesirable, conveyed by humans through three main ways, including emotions, cognitions, and behaviors (Luminet et al., 2021).

To successfully manage changes in the enterprise, it is necessarily important to first understand the entire enterprise system, as well as understand how these changes will affect (Shala et al., 2022). Change is a difficult process in which is especially difficult to predict the reactions of employees when faced with change (Gonçalves & da Silva Gonçalves, 2012). Resistance to change can occur at the individual, group, or organizational level. Change is considered to be a step out of the comfort zone of employees, which is one of the main causes of stress for employees in the company (Shala et al., 2022). Organizational changes in one form or another cause fear and insecurity for employees, which also leads to the possibility of losing their jobs. Therefore, business managers and leaders, who are under pressure to change the organization to adapt to new circumstances to ensure the survival of the business, must try to alleviate the negative emotions of employees and control employees in the business who are resistant to these changes (Tavakoli, 2010). In addition, organizers must be objective in

assessing changes and have a professional approach to identifying problems in the organization (Shala et al., 2022). When a change in an enterprise is successfully controlled and managed, it not only benefits the business's operations but also minimizes the negative impact of employees' resistance during the change process of the organization or enterprise.

## ***2.2. The impact of employees' resistance to change on organizational performance***

According to Lewin's force field theory of change (1958), the importance of researching about employees' resistance to change and the performance of enterprises when implementing changes is highlighted. This theory was accepted as a general philosophy and provided the basis for research on resistance to change in an approach that focused on identifying and changing the attitudes and behaviors of employees and workers, according to Ume and Agha (2022). When enterprises implement changes, the imposition of the enterprises on employees as a strategy to improve the efficiency of the business, unintentionally regulates the emotions of employees, leading to their resistance to change (Struijs, 2012). Research by Masoud (2013) at private banks in Rasht, Iran, illustrates that employees' resistance to change has a significant negative impact on the performance of these banks. Although every organization needs to make changes to adapt to the business due to competitive environment, it is compulsory to control and provide a high rate of support to help employees adapt to the changes. When employees do not have time to adapt to the new change policy, they will resist and directly affect performance. In addition, research by Sangperm and Chienwattanasook (2019) suggests that when employees are not encouraged to create ideas or solve problems that arise at work when implementing changes, it will stimulate employees to resist change, thereby making the change that is essential for the organization will not be successful, affecting the organization's performance as well as not being able to compete with competitors when they are constantly changing and developing. Furthermore, research by Elgohary and Abdelazyz (2020) also demonstrates that employee resistance to change has a significant negative impact on the performance of organizations in Egypt. From these studies, the author hypothesizes:

*H1: Employees' resistance to change has a significantly negative impact on organizational performance*

## ***2.3. The impact of transformational leadership on employees' resistance to change***

According to Bass and Riggio (2006), transformational leadership is defined as when a leader not only cares about the interests of employees but also enhances the vision of employees, helping them understand the common goals and missions of the entire enterprise. At the same time, leaders will also inspire employees to overcome personal interests and aim for higher goals. In the theory of transformational leadership, effective leaders must understand the needs of subordinates, intervene decisively, and facilitate their motivational satisfaction. Based on this theory, the behaviors or processes that leaders influence the employees will be fully researched (Sangperm & Chienwattanasook, 2019). Transformational leadership style will focus on developing the value system of employees, enhancing their capacity, ethics, and developing their skills. Transformational leadership acts as a bridge between the leader and employees to develop a clear understanding of the interests, values, and capabilities of the employees. Basically, this style will encourage the followers to demonstrate and adapt to new and improved practices and changes in the work environment. With a transformational leadership style, employees feel trust, admiration, loyalty, and respect for the leader and are motivated to do more than what was originally planned (Abdulkadir et

al., 2021). Research by Hariadi and Muafi (2022) results that transformational leadership has a significant positive impact on employees' readiness for change, thereby significantly reducing employees' resistance to change. From these studies, the author hypothesizes:

*H2: Transformational leadership has a significantly negative impact on employees' resistance to change*

**2.4. The impact of transparent communication on employees' resistance to change**

Social exchange theory (Blau, 1964) provides a useful theoretical framework for understanding the importance of communication in a change of enterprises. The way of communicating information to employees when a business has changed will help employees have a clear view of changes, understand the reasons for change, and calculate the benefits of change for each individual (Croppanzano & Mitchell, 2005). Transparent communication is considered one of the powerful tools in the change process (Schulz-Knappe et al., 2019). Transparent communication is an important element in the change management process of corporations (Jiang & Luo, 2018). Effective internal communication helps employees better understand organizational change. One reason behind adopting transparent communication is to help leaders build change specific concerns into developing, maintaining, and strengthening their relationships with employees (Yue et al., 2019). This leads to the reduction of resistance to change from employees because communication makes it easier for employees to understand the change. Another vital factor that emerged in the literature is transparent communication that affects employee resistance to change. Zainab et al. (2022) illustrate that transparent communication has a significant positive impact on employee openness to change, which in turn negatively impacts employee resistance to change. From these studies, the author hypothesizes:

*H3: Transparent Communication has a significantly negative impact on Employees' Resistance to change*

**2.5. The impact of perceived support on employees' resistance to change**

Perceived support from organizations is defined as the extent to which employees perceive and recognize that their contributions are valued and appreciated by the organization and that their well-being is cared for, thereby contributing more to the organization (Eisenberger et al., 1986). This concept shows the employee's perception of whether the organization values the contributions, listens to complaints, cares about the lives and welfare of employees, or treats employees fairly. According to Rehman et al. (2021), the perception of organizational support is rooted in social exchange theory, which suggests that there is a reciprocal relationship between an organization and its employees. More specifically, when employees perceive that the organization is supporting them, they will work more enthusiastically. Sheikh (2023) defines perceived organizational support as employees' perceptions of how the organization values their contributions, supports them, and cares about their well-being. The study by Rehman et al. (2021) found that perceived organizational support has a significant negative impact on employee resistance to organizational change. The study by Fernando (2019) and the study by Raditya and Mukti (2019) also showed similar results that perceived organizational support has a significant and negative impact on employee resistance to organizational change. From these studies, the author hypothesizes:

*H4: Perceived support has a significantly negative impact on employees' resistance to change*

## **2.6. The impact of transformational leadership on organizational performance**

One of the key factors that determines the success of an organization is the leadership style that the organization follows. Research by Lee and Chuang (2009) suggests that an excellent leader not only awakens the potential of subordinates to improve the performance of the organization but also helps achieve the goals set by the organization. Therefore, for leadership style to be effective, the leader must constantly change and be able to direct their followers towards the performance of the organization (Abdulkadir et al., 2021). Transformational leadership also has a significant impact on organizational performance by conducting surveys of 135 medium and large companies in Slovenia (Andrej et al., 2023). From these studies, the author hypothesizes:

*H5: Transformational leadership has a significantly positive impact on organizational performance*

## **2.7. The impact of transparent communication on organizational performance**

The study of Emueje and Tochi (2020) found that information transparency has a significant impact on organizational performance. The study also mentioned that companies' disclosure of information, adherence to clear values, and human-centeredness are ways to increase transparency and ensure organizational performance. When companies provide clarity and insight, employees can see and understand the company, thereby creating trust among employees. The research by Kimathi and Kinyua (2021) was conducted with employees, including all senior managers, middle managers, and functional managers. The study proved that communication within the company has a positive impact on organizational performance. Therefore, enterprises should enhance activities with the aim of improving the effectiveness and transparency of information transmission to support organizational performance. The research by Kalogiannidis (2020) with 110 employees of different banking institutions in Greece also found that effective communication plays an important role in improving sales and promoting business growth. Organizations are encouraged to maintain a good flow of information throughout the organization to improve performance and sustain long-term profits. From these studies, the author hypothesizes:

*H6: Transparent communication has a significantly positive impact on organizational performance*

## **2.8. The impact of perceived support on organizational performance**

Perceived support has a significant positive impact on organizational performance when 200 companies in Pakistan and Saudi Arabia in the information technology sector (Sabir et al., 2022). The study highlighted the importance of organizational support in ensuring that the organization provides support to employees and workers, as well as the completion of each employee's work proficiently and effectively. In addition, studies in Asia have also shown similar results. A study by Kim et al. (2022) in Korea also confirmed the positive impact of perceived support on organizational performance through a strong impact on workforce performance, thereby improving organizational profitability. Surveying 546 small and medium-sized enterprise owners in Banten, Indonesia, also showed that perceived support had a significant positive impact on organizational performance (Utomo et al., 2023). A study by Jeong and Kim (2022) based on employees at 67 companies in Korea also showed that company performance was significantly directly influenced by employees' perceptions of organizational support. From these studies, the author hypothesizes:

*H7: Perceived support has a significantly positive impact on organizational performance*

### **2.9. Organizational culture as moderator**

Organizational culture is a system of shared values in an organization, developed from a set of norms, values, beliefs, expectations, assumptions and philosophies of people in the organization, business; therefore, the behavior of individuals and groups in the business is clearly expressed through corporate culture (Widarko & Anwarodin, 2022). Organizational culture is the norms and values that guide the behavior of employees. Each employee will behave according to the common culture to survive in the corporate working environment (Azizah et al., 2022). Organizational culture is related to the values, habits, ways of working, and traditions accepted by members of the business as a system with common meaning, a set of characteristics used as unwritten rules but kept and implemented daily, some characteristics will be the identity of the business (Widarko & Anwarodin, 2022). The role of organizational culture in implementing a change reform strategy, applying manufacturing methods to promote sustainable competitive advantage of enterprises was assessed and resulted that the development in corporate culture will maximize changes, improvements in quality, delivery and flexibility of employees in production, thereby improving performance (Hardcopf et al., 2021). Therefore, companies can focus on developing organizational culture when implementing changes, reforms to improve business performance. Also, the impact of organizational culture on performance of public service companies in Kenya has a positive and significant impact on the company performance (Kang'ethe et al., 2022). Moreover, by surveying 250 managers, aspects of corporate culture such as employee innovation, involvement, and adaptability of banks in Pakistan have a significant impact on corporate performance (Imran et al., 2022). The study shows that corporate culture has a significant contribution to the performance of the enterprise, not only that, it also supports the enterprise in achieving its goals and managing change in the enterprise. Moreover, based on the theory of organizational excellence, this theory mentions that organizational culture has close relationship with the success of organization performance. Besides that, this theory is considered ideal to explain the influence of corporate culture on employees and the performance of that business, which is a premise to help organizations and businesses identify and develop new strategies, new directions, and emphasize employee performance in the business (Kang'ethe et al., 2022). From these studies, the author hypothesizes:

*H8: Organizational culture moderates the relationship between employees' resistance to change and organizational performance*

### **2.10. Innovation capability as moderator**

Innovation capability is an important factor for the survival and development of companies. Innovation is defined as a multidimensional construct that includes innovation intentions, frameworks for promoting development, essential operational behaviors that influence the business, and value orientation, as well as the environment for realizing innovative progress (Lam et al., 2021). High innovation capability enables businesses to create value and beliefs in guiding employees to transform knowledge into new intellectual assets for the business, such as improving products, services, processes, technologies, and administrative systems (Yusr, 2016). Walker et al. (2015) illustrated that the innovation capability of an organization is related significantly to improving products, enhancing the company performance. Moreover, research by Rajapathirana and Hui (2018) found that innovation capability has a strong and significant impact on firm performance when researching 379 senior managers of insurance companies. The effective management of

innovation capability can help deliver better performance. Innovation capability has a strong impact on the products, marketing, and organizational activities, which is defined by knowledge sharing, motivation, and creative thinking from staff. Creating a broad, diverse set of business ideas with an appropriate level of company resources requires both creative ideas and successfully commercializing them. Ali et al. (2020) also supported that innovation capabilities positively influence enterprises' performance. Therefore, innovation capability related to improving or renewing products and services can enhance the performance of the company significantly. On the other hand, the study is based on the Diffusion of Innovation Theory proposed by Rogers (1995), which is often used in studies to examine the factors that influence the adaptation or ability of employees to apply any change or innovation in business. From these studies, the author hypothesizes:

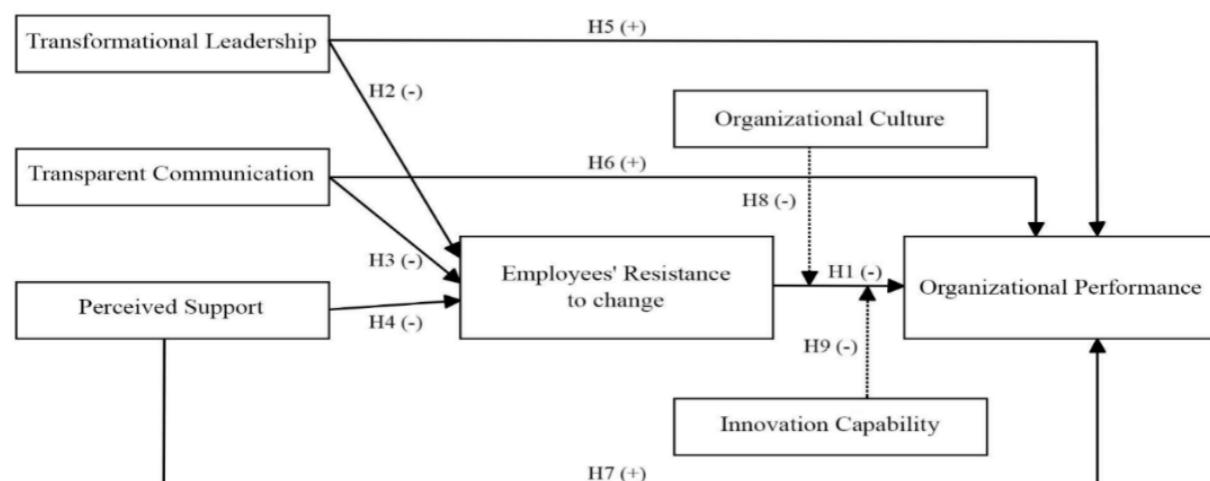
*H9: Innovation capability moderates the relationship between Employees' resistance to change and Organizational Performance*

### 2.11. The research model

Figure 1 shows the research model built from the 09 hypotheses above based on the literature review and previous research.

**Figure 1**

*The Proposed Research Model*



*Note.* Suggested by the author

### 3. Methodology

A combination of qualitative and quantitative research is applied in this study. For the qualitative part, we consulted previously published research areas as well as discussed directly with 09 leaders from 09 listed enterprises to adjust the key factors and scales accordingly. For quantitative research, the impact of employees' resistance to change on organizational performance is measured, simultaneously, determinants impacting the employees' resistance to change as well as the organizational performance of listed companies in the Ho Chi Minh Stock Exchange are also identified and measured.

Our research data is collected through detailed questionnaires in a convenient manner. Based on the statistics of listed companies in Ho Chi Minh Stock Exchange, we conducted a survey of leaders in 230 listed companies. The data was collected through a direct survey from July 2024 to September 2024. The questionnaire consists of two parts, with company

information in the first part and questions for measuring the effects of transformational leadership, transparent communication, and perceived support on the employees' resistance to change and organizational performance of listed companies. The total number of listed enterprises on Ho Chi Minh Stock Exchange that distributed questionnaires was 230, of which 208 are acceptable for evaluation. The number of invalid questionnaires was 22 due to missing and unclear information.

After that, the observed variables and scales will be encoded, entered, and the SmartPLS software will be used to conduct statistics and analyze the data. SmartPLS3 Software is used as a tool for qualitative analysis of this research, through the PLS-SEM model for analysis, with the aim of testing the research model and hypotheses. The PLS method is particularly helpful and composed of reflective and formative constructs. The SEM-PLS method consists of two models:

- Inner model assessment - measurement model, including Cronbach's Alpha, Average Variance Extracted (AVE) and Composite Reliability (CR)
- Outer model assessment - structural model, including VIF, SRMR, and bootstrap for hypothesis testing with p-value and t-value.

The main rationale for choosing SEM as the statistical technique for this research is because of providing simultaneous estimate leading to more accurate results.

#### 4. Result and discussion

##### 4.1. Result

###### 4.1.1. Assessment of measurement model

Regarding the reliability of the scales, the Cronbach's Alpha coefficients of all scales are greater than 0.7, which is acceptable (Hair et al., 2016). In addition, the Composite Reliability (CR) also meets the requirements when they are all greater than 0.7, with the lowest value being 0.871 in the Organizational Culture (EC) scale and the highest value being 0.931 in the employees' Resistance to Change (RC) scale. In terms of the assessment of convergent validity, the Variance Extracted Value (AVE) of all scales meets the condition of being greater than 0.5, with the smallest index being 0.576 in the Organizational Culture (EC) scale. The results are presented in detail in Table 1.

**Table 1**

*Assessment of Measurement Model*

Variables	Cronbach's Alpha	CR	AVE
Organizational Culture (EC)	0.817	0.871	0.576
Innovation Capability (IC)	0.888	0.923	0.751
Transformational Leadership (LS)	0.867	0.904	0.653
Transparent Communication (MC)	0.883	0.919	0.740
Organizational Performance (OP)	0.873	0.904	0.612
Perceived Support (PS)	0.838	0.903	0.755
Employees' Resistance to Change (RC)	0.901	0.931	0.772

*Note.* Author's processing

The discrimination of the scale is also assessed through the Heterotrait-Monotrait Ratio (HTMT) index. Table 2 shows that the HTMT index is all less than 0.9, which is acceptable (Henseler et al., 2015). This shows that the discrimination is satisfied, the concepts in the research still have discrimination, and there is no overlap of concepts.

**Table 2***Results of Heterotrait-Monitrait Ratio (HTMT)*

	Organizational Culture (EC)	Innovation Capability (IC)	Transformational Leadership (LS)	Transparent Communication (MC)	Organizational Performance (OP)	Perceived Support (PS)	Employees Resistance to Change (RC)
Organizational Culture (EC)							
Innovation Capability (IC)	0.155						
Transformational Leadership (LS)	0.266	0.852					
Transparent Communication (MC)	0.144	0.858	0.827				
Organizational Performance (OP)	0.306	0.853	0.882	0.845			
Perceived Support (PS)	0.093	0.802	0.753	0.798	0.790		
Employees' Resistance to Change (RC)	0.154	0.848	0.784	0.748	0.801	0.747	

*Note.* Author's processing

#### 4.1.2. Assessment of structural model

Multicollinearity is one of the serious problems that needs to be checked before starting the data modeling process. Multicollinearity occurs when independent variables are strongly correlated with each other, which can affect and distort the research results. To check whether multicollinearity occurs during the data analysis process, the Variance Inflation Factors (VIF) value is considered. Table 3 shows that the VIF values are all less than 5, indicating that there is no multicollinearity occurring in the research model.

**Table 3***Results of VIF Values*

Items	VIF	Items	VIF
EC1	2.324	MC3	2.185
EC2	1.707	MC4	2.081
EC3	1.716	OP1	2.100
EC4	2.017	OP2	1.671
EC5	2.285	OP3	2.247
IC1	2.637	OP4	1.696
IC2	2.836	OP5	2.030
IC3	1.736	OP6	1.814

Items	VIF	Items	VIF
IC4	4.016	PS1	1.845
LS1	1.965	PS2	2.036
LS2	1.826	PS3	2.056
LS3	2.060	RC1	2.264
LS4	1.917	RC2	2.964
LS5	1.932	RC3	3.969
MC1	2.582	RC4	2.425
MC2	2.324		

*Note.* Author's processing

The results in Table 4 show that the SRMR coefficient in both the saturated model and the estimated model is less than 0.08, indicating the fit of the research model. Therefore, the estimated model satisfies the requirement of compatibility between survey data and market data.

**Table 4**

*Results of Model Fit*

Index	Saturated Model	Estimated Model
SRMR	0.060	0.078
d_ULS	1.761	3.021
d_G	0.816	0.935
Chi-Square	918.196	1,023.755
NFI	0.808	0.786

*Note.* Author's processing

The  $R^2$  coefficient is a coefficient that determines the level of explanation of the dependent variable in the SEM model by the independent variables related to that dependent variable. This coefficient will fluctuate between 0 and 1; as this value approaches 1, the level of explanation for the dependent variable will be higher.

**Table 5**

*Results of  $R^2$*

Variables	$R^2$	$R^2$ Adjusted
Organizational Performance (OP)	0.804	0.796
Employees' Resistance to Change (RC)	0.576	0.570

*Note.* Author's processing

Table 5 shows that the adjusted  $R^2$  is 79.6%, which means that 79.6% of the variation in the dependent variable - Organizational Performance (OP) is adjusted by exogenous variables in the research model. In addition, for the dependent variable Employees' Resistance to Change (RC), the adjusted  $R^2$  is 57%, which means that 57% of the variation in this variable is adjusted by 3 independent variables: Transformational Leadership (LS), Transparent Communication (MC), and Perceived Support (PS).

Examining the role of moderator variables was performed to further test hypotheses H8 and H9 in the paper. Having the moderator variables Corporate Culture (EC) and Innovation Capacity (IC) into the research model to see the impact of these variables on the relationship between RC and OP, still keeping the bootstrapping technique with an exaggerated sample size of  $N = 5,000$ ; the results showed that all hypotheses had p-values less than 0.05 and t-values greater than 1.96, meaning that all hypotheses were accepted. The detailed results are in Table 6.

**Table 6**

*Hypotheses Testing*

Hypothesis	Path	Original Sample	Standard Deviation	T-value	P-value	Conclusion
H1	RC → OP	-0.432	0.077	5.585	0.000	Accepted
H2	LS → RC	-0.361	0.071	5.086	0.000	Accepted
H3	MC → RC	-0.234	0.085	2.742	0.006	Accepted
H4	PS → RC	-0.256	0.101	2.545	0.011	Accepted
H5	LS → OP	0.155	0.067	2.313	0.021	Accepted
H6	MC → OP	0.198	0.061	3.268	0.001	Accepted
H7	PS → OP	0.134	0.053	2.509	0.012	Accepted
H8	EC*RC → OP	-0.100	0.042	2.376	0.018	Accepted
H9	IC*RC → OP	-0.392	0.062	6.305	0.000	Accepted

*Note.* Author's processing

With the results of estimating the SEM structural model in Table 6 and Figure 2, hypotheses H1, H2, H3, H4, H8, H9 all have  $\beta$  coefficient values less than 0 and p-values less than 5%, which shows that these hypotheses have negative impacts and are accepted at the 95% confidence level. In addition, hypotheses H5, H6, H7 all have  $\beta$  values greater than 0 and p-values less than 5%, which shows that these hypotheses have positive impacts and are accepted at the 95% confidence level.

The analysis results also show that the moderating variable Organizational Culture (EC) has a positive relationship with Organizational Performance (OP), with an impact coefficient of 0.219 and a p value of 0.000 ( $< 0.05$ ), which is statistically significant. In addition, the moderator variable Innovation Capacity (IC) also has a positive relationship with Business Performance (OP) with an impact coefficient of 0.142 and a p-value of 0.043 ( $< 0.05$ ), which is statistically significant.

In addition, hypothesis H1 states that Employees' Resistance to Change (RC) has a negative impact on Organizational Performance (OP) with an impact coefficient of  $-0.432 < 0$  and a p-value of 0.000, which is statistically significant at a 95% confidence level. Moreover, in terms of the moderation of the Corporate Culture (EC) factor on this relationship, the estimation results show that the impact coefficient is  $-0.100 < 0$  and the p value = 0.018 ( $< 0.5$ ), which is statistically significant. Therefore, hypothesis H8 that the factor Organizational Culture (EC) will strengthen the relationship between Employees' Resistance to Change (RC) and Organizational Performance (OP) is accepted. In addition, considering the moderation of the factor Innovation Capacity (IC) on the relationship between RC and OP, the results also show that the impact coefficient is  $-0.392 < 0$  and the p value = 0.043

( $< 0.05$ ), which is statistically significant. This concludes hypothesis H9 that the factor Innovation Capacity (IC) strengthens the relationship between Employees' Resistance to Change (RC) and Organizational Performance (OP) is accepted. Details are in Table 7.

**Table 7**

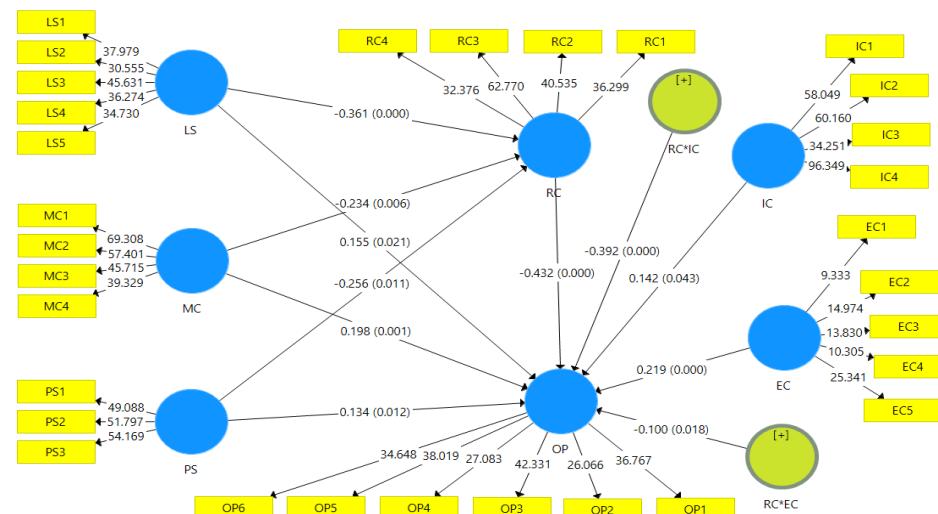
*Result of Moderating Effects Hypotheses*

Path	$\beta$	Relationship	Explanations
RC → OP	-0.432	Negative	The moderator EC strengthens the negative relationship between the independent variable RC and the dependent variable OP
EC*RC → OP	-0.100	Negative	
RC → OP	-0.432	Negative	The moderator IC strengthens the negative relationship between the independent variable RC and the dependent variable OP
IC*RC → OP	-0.392	Negative	

*Note.* Author's processing

**Figure 2**

*Model Evaluation Results Considering the Role of EC and IC*



*Note.* Author's processing

#### 4.2. Discussion

The results show that the theoretical research model fits the data. The study proposed 09 hypotheses and after testing, all 09 hypotheses were accepted.

First, employees' resistance to change has a direct and negative impact on Organizational Performance with a coefficient  $\beta = -0.320$ . This shows that when employee resistance to change is controlled and minimized, organizational performance will improve. The results are also consistent with the research of Elgohary and Abdelazyz (2020) in Egypt and the research of Masoud (2013), which shows a significant negative impact of employee resistance when enterprises implement change. Employee resistance to change not only hinders the transformation process but also reduces operational efficiency, wastes resources, and limits the ability to innovate of any organization or business. When change is implemented, employees will resist when they think they are not capable of implementing these changes or fear of increased workload. Resistance shows that employees do not want any changes that affect their current stable jobs. The more resistant the staff is to change, the more it will seriously affect the performance of the entire business.

Second, the research results demonstrate that the factors transformational leadership, transparent communication, and perceived support all have significant negative impacts on employees' resistance to change. The factor transformational leadership with coefficient  $\beta = -0.361$  shows that the more professional and controlling the transformational leadership is, the more employee resistance will decrease. The paper also supports the result of the study of Hariadi and Muafi (2022). Resistance to change can be significantly reduced when business leaders have the right leadership style, providing employees with inspiration, the need for the business to make changes, and motivating employees to see the positive and be open to innovation. Transparent communication also has a significant negative impact on employees' resistance to change, with a coefficient of  $\beta = -0.234$ , reinforcing the view of the study by Zainab et al. (2022). Maintaining an open communication channel between the leadership, business management, and employees will help reduce complexity and resistance during the change process. Effective communication strategies with the goal of refining and aligning change play an important role in reducing individual resistance to change. Perceived support has a significant negative impact on employees' resistance to change, with a coefficient of  $\beta = -0.256$ . The results of the study also complement the research by Rehman et al. (2021) and the study by Raditya and Mukti (2019), which previously suggested that the higher the perceived organizational support, the lower the employees' resistance to change. When employees feel supported by the organization, they will believe that the organization has carefully considered the decision to change, and this change will benefit both the organization and themselves.

Third, the research results also show that the factors transformational leadership, transparent communication, and perceived support all have significant positive impacts on organizational performance. The transformational leadership with coefficient  $\beta = 0.155$  has a significant positive impact on Organizational Performance, the results also support the previous study by Andrej et al. (2023). When the leader has the right style, which is always inspiring and willing to listen to the opinions of employees, this will create a positive working environment and thereby improve the performance of the entire business. The factor of transparent communication also has a significant positive impact on organizational performance ( $\beta = 0.198$ ). The results also support previous studies by Kimathi and Kinyua (2021), Kalogiannidis (2020). In a business, when communication is transparent, it is not just a simple exchange of information, but also the connection between individuals and departments in the business that is increasingly improved, and then organizational performance is also improved. Perceived Support also has a significant positive impact on Organizational Performance ( $\beta = 0.134$ ), a result that is consistent with previous studies by Sabir et al. (2022), Kim et al. (2022), and Utomo et al. (2023). Perceived support from the organization towards employees, simply the feeling of being cared for, trusted, and supported while working, plays an extremely important role in promoting enterprise performance. When employees feel cared for and supported by the organization, they tend to stay with the business for a long time.

Fourth, organizational culture plays a moderating role in the relationship between employees' resistance to change and organizational performance. Like previous studies by Hardcopp et al. (2021), Imran et al. (2022), the result confirmed that organizational culture has a significant positive impact on organizational performance, illustrating that organizational culture strengthens the negative relationship between employees' resistance to change and organizational performance. Culture plays a significant role in reducing employee resistance and increasing organizational performance. Besides that, the factor innovation capability plays a moderating role in the negative relationship between employees' resistance to change

and organizational performance. The results also partly support the view in the study of Ali et al. (2020). When businesses have high innovation capability, they tend to create a transparent working environment where employees are involved in the decision-making process and implementation of new initiatives. This helps employees better understand the reasons for change and feel respected, thereby reducing resistance.

## **5. Conclusions and implications**

### **5.1. Conclusions**

The objective of this study is to assess the impact of employee resistance to change on Organizational Performance, in which Organizational Culture and Innovation Capability are evaluated as moderators for this relationship. Data was collected directly from the official sample as listed enterprises' leaders through the convenience sample method. By using SmartPLS software, all hypotheses were accepted. Research has provided evidence that reducing employee resistance to change can improve organizational performance, and that organizational culture and innovation capability play significant moderating roles in this relationship. Regardless of the limitations of this study, the study only highlights the listed companies on Ho Chi Minh Stock Exchange (HOSE) in Vietnam, so the study's implications are deliberate, thus suggesting further future research in this topic.

### **5.2. Implications and limitations**

In terms of academic implications, the model of this study is a new model in the research on the topic of employee resistance to change in Vietnam. First, this is the empirical analysis of the study on listed companies in Vietnam on the relationship between employees' resistance to change and organizational performance, with organizational culture and innovation capability acting as moderator variables. Second, the results confirm the significant negative direct impact of employees' resistance to change on organizational performance based on Lewin's theory of change, while some studies conducted in other countries do not have similar results. Third, based on previous foundational theories, the research results also show that the impact of transformational leadership, transparent communication, and perceived support is significantly negative on employee resistance to change and significantly positive on organizational performance. Finally, organizational culture and innovation capability play negative roles as two moderating variables in the relationship between employees' resistance to change and organizational performance.

In practical implications, accepting all the hypotheses, we assert that listed companies should control employee resistance to change to improve performance. Furthermore, companies should have a strategy to improve the skill level of leaders, especially in transformational leadership style, have a clear plan for transparent communication, and raise employee awareness to enhance their support for the business.

Moreover, with the accepted hypotheses that organizational culture and innovation capability play significantly moderating roles, corporations should build a cultural environment that encourages innovation, where leaders need to show openness, willingness to change, and encourage employees to do the same. When enterprises implement change, they should organize meetings, training, and share information so that employees understand the reasons and goals of the change, thereby having a clear and fair reward system to recognize employees' contributions during the change process. That is the core of building a working environment where employees feel respected, listened to, and have the opportunity to develop.

Create conditions for employees to participate in the decision-making process when corporations make changes. Businesses proactively create working groups, including representatives from departments to discuss and make decisions on issues related to change. Besides that, leaders need to build an effective measurement and evaluation system. More specifically, KPI indicators related to innovation, creativity, and operational efficiency need to be established to evaluate progress. Employees need to be continuously given feedback on their performance during the day, especially during the period when the business is making changes.

Creating a flexible workspace will encourage employee interaction and creativity. Failure is seen as an inevitable part of the innovation process, and businesses need to create an environment where employees are not afraid of failure. To achieve this, companies need to have leaders as well as employees with creativity, problem-solving skills, and innovative thinking.

The paper still has some limitations. First, there are many factors affecting employees' resistance to change as well as organizational performance, but only 03 factors are focused on: transformational leadership, transparent communication, and perceived support. Second, demographic elements' impact on organizational performance has not been analyzed in this paper. Finally, only 230 listed companies in Ho Chi Minh Stock Exchange have been surveyed, so broaden the survey to other enterprises in Vietnam should be done in the future.

## **NO CONFLICT OF INTEREST STATEMENT**

All authors declare that they have no conflict of interest.

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