



Governance Mechanisms and Strategic Implementation Success in Public Sector Transformations: The Moderating Roles of Change Readiness and Resource Availability

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ABSTRACT

Emerging markets pursuing rapid transformations face governance challenges requiring simultaneous attention to strategic oversight, organizational readiness, and implementation capacity. This study examines how governance mechanisms influence strategic implementation success in Saudi Arabia's National Transformation Program, considering moderating effects of organizational change readiness and resource availability. Structural equation modeling analyzed data from 384 public sector managers across multiple government entities. Results demonstrate governance mechanisms substantially influence implementation success, explaining 67% of variance. Change readiness and resource availability significantly moderate these relationships—governance effectiveness is 65% and 44% higher respectively in organizations with high versus low levels of these contingencies. Digital infrastructure positively influences success through adaptive capacity development. Findings reveal governance mechanisms operate contingently rather than universally, with effectiveness depending critically on organizational readiness and resource availability. This research provides first empirical evidence of governance-performance relationships in Middle eastern transformations, demonstrating transformation-specific contingencies warranting context-adapted implementation approaches.

Keywords: Governance Mechanisms, Strategic Implementation, Public Sector Transformation, Change Readiness, Resource Availability, Emerging Markets, Digital Governance

JEL Classifications: H11, M10

1. INTRODUCTION

Strategic implementation in public sector organizations requires effective governance mechanisms that enable decision-making, oversight, and adaptation while balancing accountability with operational flexibility (Andrews et al., 2012; Boyne and Walker, 2010). These challenges intensify in emerging markets pursuing comprehensive transformation agendas that integrate modernization principles into existing institutional practices.

Despite governance's recognized importance, significant knowledge gaps persist. Meta-analytic evidence from developed Western economies demonstrates governance mechanisms enhance organizational performance (Dao, 2020), yet whether

these relationships hold in emerging market transformation contexts remains unknown. Wang et al.'s (2022) systematic review revealed that 81% of governance studies focus on developed Western economies, with only 9% examining middle eastern contexts, creating uncertainty about governance effectiveness where transformation occurs most actively.

Existing governance research has not examined transformation-specific contingencies shaping governance effectiveness. While contextual factors matter (Ahrens et al., 2025), the specific roles of organizational change readiness and resource availability in governance-performance relationships remain underexplored. Change readiness—an organization's collective capability and willingness to implement change—may fundamentally shape how

governance mechanisms function (Holt et al., 2007). Similarly, resource availability may enable or constrain governance effectiveness by determining whether organizations can act on governance guidance (Bourgeois, 1981).

Saudi Arabia's National Transformation Program provides an ideal context for addressing these gaps. As a key component of Vision 2030, the NTP represents one of the most comprehensive public sector transformation initiatives in contemporary emerging markets. This transformation represents an exemplar case (Siggelkow, 2007) of comprehensive public sector transformation featuring characteristics shared by numerous countries: ambitious scope encompassing economic, social, and institutional transformation; substantial resource allocation; compressed timeframe; and simultaneous attention to modernization and institutional development. Our theoretical framework deliberately focuses on organizational rather than country-level factors to enable broader applicability across contexts.

Organizations implementing the NTP vary considerably in their change readiness and resource availability, enabling examination of how these contingencies shape governance effectiveness. We integrate institutional theory, resource dependence theory, and stakeholder theory to examine relationships among governance mechanisms, organizational contingencies, technological enablers, and strategic implementation outcomes. The research provides first empirical evidence of governance effectiveness in Middle Eastern public sector transformations, with implications for countries worldwide pursuing national transformation initiatives.

2. LITERATURE REVIEW AND THEORETICAL FOUNDATIONS

2.1. Governance Mechanisms and Strategic Implementation

Governance mechanisms enable strategic implementation by facilitating decision-making quality, improving oversight effectiveness, and building organizational capabilities (Forbes and Milliken, 1999; Hillman and Dalziel, 2003). Meta-analytic evidence supports the governance-performance relationship, though research concentrates in developed economies (Dao, 2020; Wang et al., 2022). Recent meta-analytic evidence highlights strong systematic variations in board effectiveness across contexts (Ahrens et al., 2025), underscoring the importance of examining contextual contingencies—particularly in transformation settings where organizations face unprecedented challenges requiring adaptive governance approaches.

2.2. Theoretical Foundations

We organize our review around three complementary theoretical perspectives explaining governance's role in transformation contexts. Agency theory (Jensen and Meckling, 1976) addresses conflicts arising when ownership and control separate. In public sector contexts, agency relationships become complex due to multiple principals and diffuse objectives. Governance mechanisms reduce information asymmetry and ensure managers act in the public interest (Eisenhardt, 1989). Hillman and Dalziel

(2003) argued governance provides both monitoring and resource provision functions—particularly relevant in transformation contexts requiring balance between control and change enablement.

Resource dependence theory (Pfeffer and Salancik, 1978) posits organizations depend on their environment for critical resources. Governance mechanisms serve as boundary spanners providing access to expertise, information, legitimacy, and networks (Hillman et al., 2009). This resource provision becomes particularly important in transformation contexts where organizations need diverse expertise and stakeholder support. The theory also predicts that organizations with greater resource availability will be better positioned to leverage governance mechanisms effectively.

Stakeholder theory (Freeman, 1984) defines stakeholders as any group affecting or affected by organizational objectives. The theory is particularly relevant in public sector governance because public organizations serve multiple constituencies with potentially competing interests, requiring systematic attention to stakeholder identification and engagement (Mitchell et al., 1997).

These theoretical perspectives offer complementary lenses for understanding governance in transformation contexts. Agency theory explains governance's monitoring function, resource dependence theory explains governance's resource provision function, and stakeholder theory explains governance's engagement function. Together, these theories suggest governance influences transformation outcomes through multiple mechanisms operating simultaneously, with effectiveness depending on organizational contingencies that enable or constrain these mechanisms.

2.3. Change Readiness in Transformation Contexts

Organizational change readiness represents a critical contingency factor in transformation contexts. Armenakis et al. (1993) defined readiness as organizational members' beliefs, attitudes, and intentions regarding the extent to which changes are needed and the organization's capacity to successfully make those changes. Holt et al. (2007) demonstrated that change readiness encompasses both collective capability and willingness to implement change initiatives.

Research demonstrates that change readiness significantly influences transformation outcomes. Weiner (2009) found that organizations with higher change readiness demonstrate superior implementation effectiveness, faster adoption of new practices, and greater persistence in the face of obstacles. Change readiness becomes particularly important in public sector transformation contexts where bureaucratic inertia, and risk-averse cultures can impede transformation efforts (Pollitt and Bouckaert, 2017).

The relationship between change readiness and governance effectiveness has not been directly examined in prior research, yet theoretical predictions are clear. Organizations with high change readiness possess collective beliefs that change is necessary and achievable. In such contexts, governance mechanisms promoting strategic change and stakeholder engagement should encounter receptive organizational environments. Conversely, in organizations with low change readiness, even well-designed

governance mechanisms may prove ineffective because recommendations encounter organizational resistance.

2.4. Resource Availability and Governance Effectiveness

Resource availability represents a second critical contingency shaping governance effectiveness. Bourgeois (1981) defined organizational slack as the pool of resources in excess of minimum necessary to produce organizational outputs. George (2005) demonstrated that resource slack enables organizations to experiment with new approaches and pursue innovative initiatives.

Resource dependence theory provides theoretical grounding for resource availability's importance. The theory posits that resource constraints create dependencies that limit organizational action (Pfeffer and Salancik, 1978). Applied to governance contexts, resource availability may fundamentally shape whether organizations can act on governance guidance. Research on transformation initiatives demonstrates resource availability's critical role in strategic management outcomes (Andrews et al., 2012).

Public sector transformation contexts often feature considerable resource variation across government entities, enabling examination of how resource availability shapes governance-performance relationships.

2.5. Digital Infrastructure and Strategic Governance

Digital technologies increasingly enable strategic governance by facilitating information sharing, decision-making, and oversight processes (Zattoni et al., 2021). Technology acceptance literature suggests perceived usefulness and ease of use significantly influence adoption (Davis, 1989). Al-Ayed et al. (2024) found digitized behaviors significantly improve organizational performance through mediating effects of digitized relationship management, suggesting digital infrastructure may enhance governance by building adaptive capabilities organizations need for transformation success.

2.6. Public Sector Transformation and Strategic Governance

Public sector transformation initiatives require sophisticated governance capabilities to support complex organizational and institutional changes involving coordination across agencies, integration of diverse stakeholder inputs, and continuous learning (Andrews et al., 2012). Organizations with stronger governance practices demonstrate superior performance in transformation initiatives and adapt better to changing requirements (Boyne and Walker, 2010). The complexity of contemporary transformation challenges requires governance approaches that balance accountability with flexibility, enabling strategic adaptation while maintaining stakeholder confidence (Janssen and van der Voort, 2016).

3. THEORETICAL FRAMEWORK AND HYPOTHESES

Building on this literature, we develop a theoretical framework integrating institutional theory, resource dependence theory, and

stakeholder theory to understand how governance mechanisms contribute to strategic implementation success, with particular attention to transformation-specific contingencies.

3.1. Governance Mechanisms and Strategic Implementation Success

Institutional theory provides a foundational framework for understanding how organizations develop governance capabilities through systematic adaptation to environmental pressures (Scott, 2014). The theory posits organizations capable of balancing legitimacy and efficiency demands achieve sustainable competitive advantages, particularly in dynamic environments requiring continuous adaptation (DiMaggio and Powell, 1983).

Effective governance requires systematic attention to four mechanisms creating synergistic capabilities. Composition diversity and expertise enables integration of diverse knowledge and perspectives necessary for comprehensive strategic oversight (Pfeffer and Salancik, 1978). Information transparency and flow involves systematic sharing of strategic information and performance data. Agency theory emphasizes information asymmetry as a primary source of agency costs, making transparency crucial for effective oversight (Jensen and Meckling, 1976). Strategic oversight and monitoring involve systematic monitoring of strategic progress and corrective action implementation. Stakeholder engagement and communication involves systematic engagement with diverse stakeholders to gather input, build support, and maintain legitimacy (Freeman, 1984; Mitchell et al., 1997).

Meta-analytic evidence supports comprehensive governance approaches (Dao, 2020). However, whether these effects extend to public sector transformation contexts in emerging markets remains empirically untested. This leads to:

H₁: Governance mechanisms positively influence strategic implementation success.

3.2. Change Readiness as Moderator

Change readiness represents an organization's collective beliefs, attitudes, and intentions regarding both the necessity of change and organizational capacity to successfully implement change initiatives (Armenakis et al., 1993; Holt et al., 2007). In transformation contexts, change readiness creates organizational conditions where governance mechanisms can operate effectively or face resistance.

Organizations with high change readiness possess collective beliefs that transformation is necessary and achievable. Weiner (2009) demonstrated that change readiness enhances implementation effectiveness by creating shared commitment to change initiatives. In such contexts, governance mechanisms promoting strategic change encounter receptive organizational environments where guidance is welcomed, acted upon, and integrated into organizational practices.

The theoretical mechanism linking change readiness to governance effectiveness operates through multiple pathways. First, change-ready organizations demonstrate greater willingness to

act on governance recommendations requiring organizational change. Second, change-ready organizations show greater openness to diverse perspectives and information sharing—precisely the conditions where governance mechanisms emphasizing composition diversity and information transparency can flourish. Third, change-ready organizations demonstrate stronger commitment to learning and adaptation, aligning with governance’s capability-building functions.

Conversely, organizations with low change readiness may resist governance improvements or fail to integrate governance guidance into operations. In transformation contexts requiring significant organizational change, change readiness may fundamentally determine whether governance mechanisms can influence implementation outcomes. This leads to:

H₂: Change readiness positively moderates the relationship between governance mechanisms and strategic implementation success, such that the positive relationship is stronger when change readiness is high.

3.3. Resource Availability as Moderator

Resource availability—the extent to which organizations possess adequate resources including financial, human, and technological resources to support strategic initiatives—represents a second critical contingency. Resource dependence theory posits that resource constraints create dependencies limiting organizational action (Pfeffer and Salancik, 1978). Bourgeois (1981) demonstrated that organizational slack enables organizations to experiment with new approaches, absorb failures, and pursue innovative initiatives.

The theoretical mechanism linking resource availability to governance effectiveness operates through implementation capacity. Governance mechanisms may provide excellent strategic oversight and recommend corrective actions—yet if organizations lack resources to implement recommendations, governance effectiveness remains constrained. Resource-rich organizations can act decisively on governance guidance, investing in recommended initiatives and sustaining transformation efforts through obstacles (Pettigrew et al., 1992).

Resource availability also shapes governance participation quality. In resource-rich contexts, governance mechanisms can attract high-quality members who perceive governance participation as valuable given organizational capacity to act on recommendations. Furthermore, resource availability enables the adaptive capacity building that governance mechanisms facilitate through investment in learning activities and capability development (Gibson, 2005).

While some might argue that governance becomes more important in resource-constrained contexts by ensuring efficient resource allocation, we hypothesize that severe resource constraints limit governance effectiveness regardless of governance quality. Even optimal resource allocation cannot overcome fundamental resource inadequacy. This leads to:

H₃: Resource availability positively moderates the relationship between governance mechanisms and strategic implementation success, such that the positive relationship is stronger when resource availability is high.

3.4. Digital Infrastructure as Enabler

Technology acceptance theory (Davis, 1989) explains how user perceptions influence technology adoption and utilization effectiveness, identifying perceived usefulness and perceived ease of use as key determinants. Recent empirical evidence supports the theory’s predictions in governance contexts. Al-Ayed et al. (2024) found digital infrastructure significantly enhanced organizational performance through improved information processing and decision-making capabilities, suggesting digital infrastructure may operate through capability-building mechanisms rather than direct automation effects. This leads to:

H₄: Digital infrastructure positively influences strategic implementation success.

3.5. Adaptive Capacity as Mediating Mechanism

Adaptive capacity refers to an organization’s ability to modify structures, processes, and capabilities in response to environmental changes and strategic challenges (Gibson, 2005). In transformation contexts, adaptive capacity is critical because organizations must rapidly develop new competencies while maintaining operational effectiveness. Governance mechanisms contribute to adaptive capacity development by enhancing learning capabilities, improving information processing, and strengthening stakeholder relationships (Forbes and Milliken, 1999). This adaptive capacity enhances strategic implementation success by enabling organizations to respond effectively to implementation challenges (Gibson, 2005). This leads to:

H₅: Adaptive capacity mediates the relationship between governance mechanisms and strategic implementation success.

4. METHODOLOGY

4.1. Research Design and Sample

We employed a quantitative cross-sectional design using structural equation modeling to examine governance mechanisms’ role in strategic implementation success. We targeted public sector managers and officials in Saudi Arabia implementing transformation initiatives. The transformation program represents one of the most comprehensive public sector transformation initiatives in contemporary emerging markets.

We used stratified random sampling to ensure representativeness across organizational types, sectors, and geographic regions. We distributed surveys between March and June 2024, yielding 384 completed responses from 489 distributed surveys (response rate = 78.5%). Surveys were administered online through a secure platform, with participation voluntary and confidential.

Power analysis using G*Power 3.1.9.4 (Faul et al., 2009) indicated that 342 participants were required for detecting medium effect sizes ($f^2 = 0.15$) with power of 0.80 and alpha of 0.05. Our achieved sample of 384 exceeded this requirement by 12%, providing adequate statistical power.

Sample characteristics included diverse representation: 68% male, 32% female; ages ranging from 25 to 35 years (37%), 36-45 years (35%), 46-55 years (23%), and over 55 years (5%); education levels

including bachelor's degree (51%), master's degree (36%), PhD (9%); organizational experience from 1 to 5 years (22%), 6-10 years (31%), 11-15 years (28%), and over 15 years (19%); distributed across administrative (35%), economic development (25%), social development (22%), and infrastructure (18%) sectors.

To assess non-response bias, we compared early respondents (first 50%) to late respondents (last 50%) using t-tests for key variables. No significant differences were found (all $P > 0.10$), suggesting non-response bias was not a significant concern (Armstrong and Overton, 1977).

4.2. Measurement Instruments

All instruments used five-point Likert scales ranging from strongly disagree (1) to strongly agree (5). Instruments were translated into Arabic using rigorous back-translation procedures (Brislin, 1986; Beaton et al., 2000). Complete measurement items are provided in supplementary materials.

Governance mechanisms were measured using 24 items adapted from validated scales (Hillman and Dalziel, 2003; Forbes and Milliken, 1999; Zahra and Pearce, 1989) measuring four dimensions: Composition diversity (6 items), information transparency (6 items), strategic oversight (6 items), and stakeholder engagement (6 items). Sample item: "Our governance structures include members with diverse strategic expertise relevant to transformation objectives."

Change readiness was measured using 8 items adapted from Holt et al. (2007) and Armenakis et al. (1993) assessing organizational members' collective beliefs about the necessity of change and organizational capacity to implement change. Sample item: "Our organization is ready to make the changes required for transformation success."

Resource availability was measured using 7 items adapted from Bourgeois (1981) and George (2005), focusing on availability of financial, human, and technological resources. Sample item: "Our organization has adequate financial resources to support transformation initiatives."

Digital infrastructure was measured using 15 items based on technology acceptance model (Davis, 1989; Venkatesh et al., 2003), measuring perceived usefulness (8 items) and ease of use (7 items). Sample item: "Digital systems help governance structures manage strategic information effectively."

Strategic implementation success was measured using 20 items measuring objective achievement (5 items), process efficiency (5 items), stakeholder satisfaction (5 items), and adaptive capacity (5 items), based on established frameworks (Noble, 1999; Andrews et al., 2012). Sample item: "Our organization successfully achieves its strategic objectives within planned timeframes."

Adaptive capacity was measured using 8 items adapted from Gibson (2005) and Lengnick-Hall and Beck (2005). Sample item: "Our organization quickly adapts its structures and processes to strategic implementation challenges."

4.3. Validity and Reliability Assessment

The questionnaire was translated from English to Arabic using back-translation procedure with two independent bilingual translators, followed by expert panel review (Beaton et al., 2000). A pilot study with 60 participants validated instruments in Saudi context, showing strong reliability (Cronbach's $\alpha > 0.82$). Content validity was assessed through expert panel review ($n = 9$), with content validity index exceeding 0.82 for all items (Polit and Beck, 2006).

Construct validity was assessed through confirmatory factor analysis using AMOS 28.0 (Anderson and Gerbing, 1988). Factor loadings ranged from 0.74 to 0.91, exceeding the 0.70 threshold (Hair et al., 2010). Average variance extracted values ranged from 0.59 to 0.71, surpassing the 0.50 criterion for convergent validity (Fornell and Larcker, 1981). Discriminant validity was established using the Fornell-Larcker criterion and heterotrait-monotrait ratios below 0.85 (Henseler et al., 2015).

Reliability assessment demonstrated strong internal consistency. Cronbach's α values ranged from 0.85 to 0.92: Governance mechanisms ($\alpha = 0.92$), change readiness ($\alpha = 0.89$), resource availability ($\alpha = 0.88$), digital infrastructure ($\alpha = 0.90$), strategic implementation success ($\alpha = 0.89$), and adaptive capacity ($\alpha = 0.86$). Composite reliability ranged from 0.88 to 0.93 (Bagozzi and Yi, 1988). Test-retest reliability over 3 weeks ($n = 45$) showed strong stability ($r = 0.88$) (Nunnally and Bernstein, 1994).

Common method bias assessment. We conducted multiple tests to assess potential common method bias (Podsakoff et al., 2003). Harman's single-factor test showed a single factor explained 31.2% of variance, below the 50% threshold. Marker variable correlations (preference for office décor) were weak (average $r = 0.09$), while study variables showed theoretically predicted patterns. The unmeasured latent method construct approach showed adding a common method factor did not substantially change standardized path coefficients (average change = 0.04) or model fit ($\Delta CFI = 0.01$). Social desirability correlations were weak (range: $r = 0.08$ to $r = 0.14$, all $P > 0.10$). Collectively, these assessments suggest common method bias is not a significant threat.

4.4. Data Analysis

Data analysis followed two-stage structural equation modeling using AMOS 28.0 (Kline, 2016; Hair et al., 2010). Initial data screening revealed minimal missing data (0.8%) handled using full information maximum likelihood estimation (Enders and Bandalos, 2001). Univariate normality was acceptable (skewness within ± 2.0 , kurtosis within ± 3.0). Mardia's coefficient indicated slight multivariate non-normality (coefficient = 89.47, critical ratio = 12.34), leading to use of bootstrap procedures with 5,000 resamples (MacKinnon et al., 2004).

Multiple fit indices evaluated model adequacy (Hu and Bentler, 1999): $\chi^2/df < 3.0$, CFI > 0.95 , TLI > 0.95 , RMSEA < 0.06 , and SRMR < 0.08 . Interaction effects were tested using latent variable interactions with mean-centering (Marsh et al., 2004; Aiken and West, 1991). Simple slope analysis tested relationships at high and

low levels (± 1 SD) of moderators. Johnson-Neyman technique identified regions of significance.

Indirect effects were tested using bootstrap procedures with 5,000 resamples and bias-corrected 95% confidence intervals (Preacher and Hayes, 2008). Variance accounted for (VAF) determined mediation type (Hair et al., 2014): VAF <20% indicates no mediation, 20% < VAF <80% indicates partial mediation, VAF >80% indicates full mediation.

Endogeneity assessment. We employed instrumental variable analysis using organizational founding year and organizational age as instruments (Antonakis et al., 2010). The Durbin-Wu-Hausman test indicated endogeneity was not a significant concern ($\chi^2 = 3.47$, $df = 3$, $P = 0.33$), supporting the validity of our estimates.

5. RESULTS

5.1. Preliminary Analysis

Initial data screening revealed excellent data quality with minimal missing data (0.8%) distributed randomly. Little's MCAR test confirmed data were missing completely at random ($\chi^2 = 47.23$, $df = 52$, $P = 0.68$). Seven multivariate outliers identified using Mahalanobis distance ($P < 0.001$) were retained after verification as legitimate extreme responses (Tabachnick and Fidell, 2013).

5.2. Measurement Model Assessment

The measurement model was evaluated using confirmatory factor analysis. The initial model including all 71 items showed acceptable fit ($\chi^2/df = 2.94$, CFI = 0.93, TLI = 0.92, RMSEA = 0.07, SRMR = 0.06). Following standard practice (Anderson and Gerbing, 1988), we removed 13 items with loadings below 0.70 or cross-loadings above 0.30. The final measurement model including 58 items demonstrated excellent fit: $\chi^2/df = 2.18$, CFI = 0.96, TLI = 0.95, RMSEA = 0.06 [0.05, 0.06], SRMR = 0.04.

5.3. Construct Reliability and Validity

All constructs demonstrated excellent reliability and validity (Table 1). Cronbach's alpha values ranged from 0.86 to 0.92, and composite reliability values ranged from 0.87 to 0.93, all exceeding the 0.70 threshold. Average variance extracted values ranged from 0.58 to 0.69, exceeding the 0.50 criterion for convergent validity. Discriminant validity was established using the Fornell-Larcker criterion, with \sqrt{AVE} for each construct exceeding its correlations with all other constructs. All HTMT ratios were below 0.85, further confirming discriminant validity.

Table 1: Construct reliability, validity, and correlations

Construct	α	CR	AVE	1	2	3	4	5	6
1. Governance mechanisms	0.92	0.93	0.69	(0.83)					
2. Change readiness	0.89	0.90	0.62	0.51**	(0.79)				
3. Resource availability	0.88	0.89	0.60	0.48**	0.54**	(0.77)			
4. Digital infrastructure	0.90	0.91	0.64	0.52**	0.46**	0.43**	(0.80)		
5. Adaptive capacity	0.86	0.87	0.58	0.49**	0.57**	0.51**	0.48**	(0.76)	
6. Implementation success	0.89	0.90	0.59	0.58**	0.61**	0.56**	0.55**	0.59**	(0.77)

** $P < 0.01$. Values in parentheses are \sqrt{AVE}

5.4. Structural Model and Hypothesis Testing

The structural model demonstrated excellent fit: $\chi^2/df = 2.31$, CFI = 0.95, TLI = 0.94, RMSEA = 0.06 (0.05, 0.06), SRMR = 0.04. Table 2 presents hypothesis testing results. All five hypotheses received strong empirical support. The model explained 67.3% of variance in strategic implementation success ($R^2 = 0.67$, $f^2 = 2.04$, a large effect per Cohen, 1988), and 28.7% of variance in adaptive capacity ($R^2 = 0.29$, $f^2 = 0.41$).

Hypothesis 1 predicted that governance mechanisms positively influence implementation success. Results strongly supported this hypothesis ($\beta = 0.61$, $P < 0.001$, $f^2 = 0.52$, a large effect). H_2 predicted that change readiness positively moderates the governance-implementation relationship ($\beta = 0.19$, $P < 0.001$, $f^2 = 0.08$, a small-to-medium effect). H_3 predicted that resource availability positively moderates this relationship ($\beta = 0.15$, $P < 0.001$, $f^2 = 0.06$, a small-to-medium effect). H_4 predicted that digital infrastructure positively influences success ($\beta = 0.23$, $P < 0.001$, $f^2 = 0.18$, a medium effect). H_5 predicted adaptive capacity mediation ($\beta = 0.19$, $P < 0.001$, $f^2 = 0.12$, a small-to-medium effect).

5.5. Moderation Analysis

Simple slope analysis revealed significant moderation effects. For change readiness moderation, the governance-implementation relationship was significantly stronger under high change readiness ($\beta = 0.76$, SE = 0.04, $t = 17.23$, $P < 0.001$, 95% CI [0.67, 0.84]) compared to low change readiness ($\beta = 0.46$, SE = 0.04, $t = 10.87$, $P < 0.001$, 95% CI [0.38, 0.54]). The difference between slopes was significant ($\Delta\chi^2 = 31.24$, $df = 1$, $P < 0.001$), representing a 65% effectiveness differential.

For resource availability moderation, the governance-implementation relationship was significantly stronger under high resource availability ($\beta = 0.72$, SE = 0.04, $t = 16.18$, $P < 0.001$, 95% CI [0.64, 0.81]) compared to low resource availability ($\beta = 0.50$, SE = 0.04, $t = 11.93$, $P < 0.001$, 95% CI [0.42, 0.58]). The difference was significant ($\Delta\chi^2 = 24.67$, $df = 1$, $P < 0.001$), representing a 44% effectiveness differential.

Johnson-Neyman analysis revealed transition points at the 35th percentile for change readiness and 40th percentile for resource availability, indicating where governance effectiveness begins accelerating.

5.6. Mediation Analysis

Mediation analysis using bootstrap procedures revealed that adaptive capacity partially mediated the governance-performance

relationship (Table 3). The indirect effect was significant ($\beta = 0.19$, $P < 0.001$, 95% CI [0.12, 0.25]), accounting for 31% of the total effect (VAF = 0.31), indicating partial mediation. The direct effect remained significant ($\beta = 0.42$, $P < 0.001$), indicating governance influences outcomes through both adaptive capacity (31%) and direct oversight (69%).

Digital infrastructure showed partial mediation through adaptive capacity (indirect effect = 0.08, $P < 0.001$, VAF = 0.33), indicating approximately one-third of digital infrastructure’s effect operates through building adaptive capacity.

5.7. Multi-Group Analysis

Multi-group analysis examined whether governance effects varied across organizational characteristics. Chi-square difference tests indicated significant between-group differences ($\Delta\chi^2 = 23.47$, $df = 3$, $P < 0.001$ for sector; $\Delta\chi^2 = 18.92$, $df = 2$, $P < 0.001$ for size). Governance effects were strongest in economic development entities ($\beta = 0.68$, $P < 0.001$) and infrastructure entities ($\beta = 0.65$, $P < 0.001$) versus administrative entities ($\beta = 0.54$, $P < 0.001$), a 26% differential. Large organizations (>500 employees) showed stronger effects ($\beta = 0.67$, $P < 0.001$) than small organizations (<100 employees; $\beta = 0.51$, $P < 0.001$), a 31% differential, likely reflecting resource availability differences.

5.8. Robustness Checks

Three alternative models were tested. A direct effect only model removing mediation pathways showed significantly worse fit ($\Delta\chi^2 = 89.47$, $df = 4$, $P < 0.001$). A no moderation model showed significantly worse fit ($\Delta\chi^2 = 45.32$, $df = 2$, $P < 0.001$). A single-factor governance model showed significantly worse fit ($\Delta\chi^2 = 234.56$, $df = 8$, $P < 0.001$). All alternative models showed significantly worse fit than the hypothesized model, confirming the theoretical and empirical superiority of our proposed structure.

6. DISCUSSION

This study examined how governance mechanisms influence strategic implementation success in a public sector transformation context, revealing that governance operates contingently based on organizational change readiness and resource availability. Governance mechanisms strongly predicted implementation success ($\beta = 0.61$, $P < 0.001$), explaining 67% of variance—

substantially exceeding typical governance effects. Change readiness ($\beta = 0.19$, $P < 0.001$) and resource availability ($\beta = 0.15$, $P < 0.001$) significantly moderated these relationships. Digital infrastructure positively influenced success ($\beta = 0.23$, $P < 0.001$) through adaptive capacity development (33% mediated), and adaptive capacity partially mediated governance-performance relationships (31% of total effect).

6.1. Governance Effects in Transformation Contexts

Our finding that governance mechanisms strongly predict implementation success ($\beta = 0.61$, $P < 0.001$, $R^2 = 0.67$) substantially exceeds meta-analytic averages (Dao, 2020: $\beta = 0.28$; Ahrens et al., 2025: $\beta = 0.32$). This amplification likely reflects three mechanisms. First, institutional voids in emerging markets may increase reliance on organizational governance to compensate for weak external supports (Khanna and Palepu, 1997). Our multi-group analysis supports this: Governance effects were strongest in economic development entities ($\beta = 0.68$) managing complex initiatives versus administrative entities ($\beta = 0.54$) with routine functions, a 26% differential aligning with institutional void theory.

Second, transformation complexity may elevate governance from monitoring to strategic enablement. Our finding that governance explains 67% of implementation variance—versus typical 8-15% in stable contexts (Dao, 2020)—supports this hypothesis. The substantial mediation through adaptive capacity (VAF = 0.31) further supports this mechanism, suggesting governance operates through both monitoring and capability-building functions. This aligns with Hillman and Dalziel’s (2003) framework, though their empirical test found weaker effects ($\beta = 0.18$), possibly because their sample included primarily stable organizations.

Third, legitimacy requirements for sustained transformation may necessitate active governance for stakeholder support (Suchman, 1995). Our finding that stakeholder engagement contributed significantly to governance effectiveness extends Andrews et al.’s (2012) finding that stakeholder management positively influenced public sector strategic management ($\beta = 0.26$).

Regarding causality, while our cross-sectional design limits definitive claims, instrumental variable analysis revealed no significant endogeneity (Hausman test: $\chi^2 = 3.47$, $P = 0.33$), and the theoretically predicted moderation patterns align with

Table 2: Structural model results and hypothesis testing

Hypothesis	Path	β	SE	t	95% CI	f ²	Result
H ₁	Governance→success	0.61***	0.04	15.69	(0.54, 0.69)	0.52	Supported
H ₂	Change readiness×governance	0.19***	0.03	5.47	(0.13, 0.25)	0.08	Supported
H ₃	Resource avail×governance	0.15***	0.03	4.82	(0.09, 0.21)	0.06	Supported
H ₄	Digital infrastructure→success	0.23***	0.04	5.71	(0.15, 0.31)	0.18	Supported
H ₅	Governance→adaptive capacity→success	0.19***	0.03	5.73	(0.12, 0.25)	0.12	Supported

***P<0.001. f² effect sizes: 0.02=small, 0.15=medium, 0.35=large (Cohen, 1988)

Table 3: Mediation analysis results

Path	Direct	Indirect	Total	95% CI	VAF	Type
Governance→adaptive capacity→success	0.42***	0.19***	0.61	(0.12, 0.25)	0.31	Partial
Digital→adaptive capacity→success	0.16***	0.08***	0.23	(0.02, 0.14)	0.33	Partial

***P<0.001. VAF: Variance accounted for. VAF 0.20-0.80 indicates partial mediation

causal mechanisms rather than reverse causality. Nevertheless, longitudinal research tracking governance development and performance over time would strengthen causal inference (Boyne and Walker, 2010).

6.2. Change Readiness as Critical Moderator

Our finding that change readiness significantly moderates governance-implementation relationships ($\beta = 0.19$, $P < 0.001$) reveals this construct as critical yet underexplored. Simple slope analysis showed governance effectiveness was 65% higher under high versus low change readiness ($\beta = 0.76$ vs. $\beta = 0.46$). This extends Weiner's (2009) work by demonstrating readiness shapes not only direct implementation outcomes but also how governance mechanisms function during change.

This also extends Holt et al.'s (2007) research, who validated a change readiness scale but did not examine readiness as moderator of organizational mechanisms. Our moderation effect ($\beta = 0.19$, $f^2 = 0.08$) represents a small-to-medium effect, suggesting readiness exerts meaningful influence on governance effectiveness.

The mechanism operates through three pathways. First, change-ready organizations demonstrate greater willingness to act on recommendations (Armenakis et al., 1993). Our finding that governance effectiveness drops 65% under low readiness suggests even well-designed governance proves ineffective without implementation willingness. Second, change-ready organizations show greater openness to information sharing. Our governance measure emphasized information transparency; the strong moderation suggests transparency functions effectively only with supportive culture, extending Forbes and Milliken's (1999) research. Third, change-ready organizations demonstrate stronger commitment to learning. The significant mediation through adaptive capacity ($\beta = 0.19$, $VAF = 0.31$) combined with change readiness moderation suggests readiness enables capability-building pathways.

Our findings differ from Zahra and Pearce's (1989) review arguing strong governance can mandate change through monitoring. However, their review synthesized agency theory research in stable contexts, while our transformation context reveals governance's participative functions require receptive environments.

6.3. Resource Availability as Enabling Condition

Our finding that resource availability significantly moderates governance-implementation relationships ($\beta = 0.15$, $P < 0.001$) reveals a critical contingency. Simple slope analysis showed governance effectiveness was 44% higher under high versus low resource availability ($\beta = 0.72$ vs. $\beta = 0.50$). This extends resource dependence theory, which has focused on how governance helps acquire resources (Hillman et al., 2009), by revealing resources also moderate governance effectiveness—a theoretically important bidirectional relationship.

Our results show organizations with high resource availability demonstrated substantially stronger governance effectiveness, suggesting governance faces effectiveness limits when organizations cannot act on recommendations due to resource

constraints. This challenges implicit assumptions that organizations can implement recommendations once guidance is provided (Hillman and Dalziel, 2003).

The finding extends prior public sector research. Andrews et al. (2012) found strategic management capacity influenced performance ($\beta = 0.34$) but did not examine capacity-governance interactions. Boyne and Walker (2010) found resources moderated strategy-performance relationships ($\beta = 0.18$), conceptually similar though in stable contexts.

Our multi-group analysis provides additional insight. Large organizations (>500 employees) showed stronger governance effects ($\beta = 0.67$) than small organizations (<100 employees; $\beta = 0.51$), a 31% differential likely reflecting resource availability. This aligns with Bourgeois's (1981) argument that slack enables experimentation. George (2005) found slack enhanced performance in private firms ($\beta = 0.23$), though his effect was weaker, possibly because transformation contexts amplify resource importance.

The theoretical implication challenges conventional wisdom that governance becomes most important in resource-constrained contexts by ensuring efficient allocation. While governance enhances efficiency (Jensen and Meckling, 1976), our findings suggest severe constraints limit effectiveness regardless of optimization. Even optimal allocation cannot overcome fundamental inadequacy.

6.4. Digital Infrastructure and Capability Building

Our finding that digital infrastructure positively influences success ($\beta = 0.23$, $P < 0.001$) through adaptive capacity development (indirect effect = 0.08, $VAF = 0.33$) extends technology acceptance theory. While TAM has focused on adoption (Davis, 1989; Venkatesh et al., 2003), our results reveal technology creates value through building capabilities rather than solely through process improvements.

The partial mediation ($VAF = 0.33$) suggests dual pathways: Direct process effects (67%) and capability-building effects (33%). This extends Al-Ayed et al.'s (2024) finding that digital transformation enhances performance through improved information processing ($\beta = 0.57$). Their larger effect possibly reflects private sector organizations with more advanced digital maturity.

The capability-building mechanism aligns with organizational learning theory. Senge (1990) argued learning organizations develop capabilities to capture knowledge and adapt approaches, though he provided limited quantitative evidence. Our finding that digital infrastructure enhances adaptive capacity ($\beta = 0.36$), which enhances success ($\beta = 0.48$), provides quantitative support.

This also extends governance research by revealing how technology amplifies governance effectiveness. The substantial main effect ($\beta = 0.23$, $f^2 = 0.18$) and capability-building mechanism suggest organizations investing in digital governance platforms may enhance governance's ability to monitor and guide implementation, aligning with Zattoni et al.'s (2021) call for research on how digitalization transforms governance processes.

6.5. Adaptive Capacity as Linking Mechanism

Our finding that adaptive capacity partially mediates governance-performance relationships (indirect effect = 0.19, VAF = 0.31) extends organizational learning theory to governance contexts. The partial mediation suggests governance operates through dual pathways: direct oversight and control (69%) plus capability development enabling adaptation (31%).

This extends Gibson's (2005) adaptive capacity research, who provided qualitative evidence but limited quantitative testing. Our evidence shows governance contributes significantly to adaptive capacity ($\beta = 0.39$), and adaptive capacity enhances success ($\beta = 0.48$).

The dual-pathway finding reconciles competing theoretical perspectives. Agency theory emphasizes monitoring (Jensen and Meckling, 1976), which our direct path ($\beta = 0.42$) supports. Resource dependence and resource-based theories emphasize capability-building (Pfeffer and Salancik, 1978; Barney, 1991), which our indirect path ($\beta = 0.19$) supports.

Our finding of balanced effects (69% vs. 31% split) differs from Hillman and Dalziel (2003), who found monitoring dominated ($\beta = 0.31$ vs. $\beta = 0.18$), leading them to conclude monitoring is primary. Our more balanced effects may reflect transformation context differences. In stable contexts, monitoring may dominate; in transformation contexts, capability-building becomes more important as organizations face unprecedented challenges requiring new competencies. This contextual contingency warrants further research.

6.6. Practical Implications

Results demonstrate governance effectiveness depends on organizational readiness and capacity, not governance design alone. The substantial moderation effects—65% for change readiness, 44% for resource availability—suggest organizations must develop integrated approaches addressing governance capacity, change readiness, and resource allocation simultaneously.

First, organizations should assess and develop change readiness before or concurrent with governance strengthening. Our finding that governance effectiveness drops from $\beta = 0.76$ to $\beta = 0.46$ under low readiness, with acceleration at the 35th percentile, suggests attempting governance reforms in unprepared organizations yields limited results. Organizations can assess readiness using validated instruments (Holt et al., 2007). When readiness falls below the 35th percentile threshold, organizations should invest in readiness-building through developing compelling transformation vision, communicating rationale extensively, engaging members in planning, demonstrating leadership commitment, creating early wins, and addressing concerns openly (Armenakis et al., 1993).

Second, adequate resource allocation is essential. Our finding that governance effectiveness drops 44% under low resources, with acceleration at the 40th percentile, suggests organizations need resources sufficient to implement priority recommendations. While governance enhances allocation efficiency, severe constraints limit effectiveness regardless of optimization. Organizations should

conduct realistic resource assessments and ensure allocation sufficient for critical recommendations.

Third, digital infrastructure investments should prioritize capability-building platforms. Our finding that 33% of digital infrastructure's effect operates through adaptive capacity suggests technology creates value by enabling learning, not just efficiency. Organizations should invest in collaborative tools, real-time dashboards, data analytics, and stakeholder platforms that enhance adaptive capacity rather than merely automating existing processes (Al-Ayed et al., 2024; Mergel et al., 2019).

Fourth, organizations should develop all four governance mechanisms simultaneously. Our measurement model showed all four dimensions (composition diversity, information transparency, strategic oversight, stakeholder engagement) contributed significantly to governance effectiveness (loadings 0.81-0.89), suggesting comprehensive approaches yield superior outcomes.

6.7. Implications for Emerging Markets

These findings have important implications for emerging markets pursuing transformations. Our results suggest governance represents a high-leverage intervention warranting prioritization ($R^2 = 0.67$, $f^2 = 2.04$). However, our moderation results challenge universal governance prescriptions common in international development. The 65% readiness differential and 44% resource differential suggest structural reforms without readiness and resources may achieve limited success.

For emerging markets, change readiness development should precede or accompany governance strengthening. Many emerging markets have focused on structural reforms—establishing oversight bodies, improving transparency, diversifying composition—yet our findings suggest these may achieve limited success without change readiness. Adequate resource allocation is essential, with international development assistance, public-private partnerships, or strategic prioritization potentially necessary. Regional collaboration through bodies like the Gulf Cooperation Council, African Union, and ASEAN may accelerate capability development through knowledge sharing and cost distribution (Walker et al., 2021).

7. CONCLUSION

This study revealed that governance operates contingently rather than universally in transformation contexts. Four contributions emerged. First, we demonstrated governance effectiveness depends critically on transformation-specific contingencies—change readiness and resource availability—with organizations at high levels showing 65% and 44% higher governance effectiveness respectively than those at low levels. This challenges universal governance prescriptions.

Second, we revealed change readiness as a critical yet underexplored enabler. While change scholars have studied readiness (Armenakis et al., 1993; Weiner, 2009), its role in shaping governance effectiveness remained unexplored. Our findings demonstrate governance requires receptive environments,

with effectiveness declining sharply below the 35th percentile of readiness.

Third, we showed resource availability enables governance by providing implementation capacity, revealing even optimal governance cannot overcome severe resource constraints. Resources below the 40th percentile substantially diminish governance effectiveness. This bidirectional relationship—governance helps acquire resources, but resources enable governance—has important implications.

Fourth, we demonstrated digital infrastructure operates through capability-building (33% mediated through adaptive capacity) rather than automation alone, and adaptive capacity serves as linking mechanism through which governance influences performance (31% of total effect). These extend technology acceptance and organizational learning theories to governance contexts.

For practitioners, findings justify treating governance as top-tier transformation investment while recognizing effectiveness depends on readiness and capacity. Organizations should assess and develop readiness (critical threshold at 35th percentile), ensure adequate resources (threshold at 40th percentile), prioritize capability-building digital infrastructure, and develop comprehensive governance approaches. The policy framework implies emerging markets should implement three parallel streams: Governance capacity, readiness building, and resource allocation.

While cross-sectional design limitations require cautious interpretation, substantial effect sizes (governance $\beta = 0.61$, $f^2 = 0.52$), rigorous methodology, clear theoretical grounding, and convergent evidence provide strong support that governance effectiveness in transformation contexts depends critically on organizational contingencies. For countries pursuing national transformations, understanding these contingencies has profound importance for improving outcomes and ensuring public investments generate proportional value.

Future research should address limitations through longitudinal designs, multi-country studies, multi-source data, expanded contingency models, and qualitative investigations of governance microfoundations. The complexity of contemporary transformation challenges requires sophisticated understanding of how governance operates contingently. Effective governance, implemented in change-ready organizations with adequate resources and enabled by strategic digital infrastructure, offers emerging markets a high-leverage pathway to transformation success.

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