

# THE EFFECT OF MANAGERS' RISK-TAKING PROPENSITY ON MANAGERS' READINESS FOR CHANGE. THE MEDIATING EFFECT OF PERSISTENCE IN THIS RELATIONSHIP: A RESEARCH IN THE ORGANIZED INDUSTRIAL ZONE

## YÖNETİCİLERİN RİSK ALMA EĞİLİMLERİNİN DEĞİŞİME HAZIR OLMALARINA ETKİSİ, BU İLİŞKİDE ISRARIN ARACILIK ETKİSİ: ORGANİZE SANAYİ BÖLGESİNDE BİR ARAŞTIRMA

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### Abstract

This study explores the effect of managers' risk-taking propensity on individual readiness for change and the mediating effect of persistence in this relationship. In the research, the survey method was preferred in order to discover the causal relationships. This study is cross-sectional and follows an explanatory research design using 323 managers in Türkiye. SPSS program was used in the analysis and the mediation relationship was examined with the Hayes process macro. It has been proven that persistence plays a mediating role in the effect of managers' risk-taking propensity on individual change readiness. According to the resource conservation theory, managers take an attitude to prevent resource loss. Addressing the risk-taking propensity and readiness for change in terms of managers can provide important results in terms of determining the effect of persistence. This research reveals this relationship from the perspective of Türkiye.

**Keywords** Managers' risk-taking propensity (MRTP), individual readiness for change (IRC), persistence.

**JEL Code:** M10, M19

### Öz

Bu çalışma, yöneticilerin risk alma eğilimlerinin bireysel değişime hazır olma üzerindeki etkisini ve bu ilişkide ısrarın aracılık rolünü açıklamaktadır. Araştırmada nedensel ilişkileri ortaya çıkarmak için anket

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yöntemi tercih edilmiştir. Bu araştırma kesitseldir ve Türkiye'deki 323 yöneticiyi kullanan açıklayıcı bir araştırma tasarımı izlemektedir. Analizlerde SPSS programı kullanıldı ve aracılık ilişkisi Hayes makrosu ile incelendi. Yöneticilerin risk alma eğilimlerinin bireysel değişime hazır olma üzerinde ısrarın aracılık rolü tespit edilmiştir. Kaynakları koruma teorisine göre, yöneticiler kaynak kaybını önlemek üzere tutum takınırlar. İsrarın, yöneticilerin risk alma eğilimleri ve değişime hazır olmaları üzerindeki etkisi önemli çıkarımlar sağlar. Bu araştırma söz konusu ilişkileri Türkiye kapsamından açığa çıkarır.

**Anahtar Kelimeler:** Yöneticilerin risk alma eğilimleri, bireysel değişime hazır olma, ısrar.

**Jel Sınıflandırması:** M10, M19

## 1. Introduction

Organizations operate in constantly changing, unpredictable and high-risk environments. Sometimes managers need to take risky decisions in order to identify and realize the opportunities offered by the environment. Such decision stages can be encountered at any stage of (i.e. startup, development and continuation processes) an organisation. While some managers tend to make such high-risk decisions, others are completely risk-averse. This tendency of managers can be effective on their readiness for the changes required by the organisation. Change may be the necessity of many innovative and creative processes. The readiness of the manager for this change, as well as organizational change, can be as important as the change itself. Because it is the managers who initiate and direct the change process. At this point, revealing this relationship will be important in terms of understanding organizational processes. Here, the importance of another concept emerges. Persistence is of great importance in terms of managers' adapting to the process, in the face of difficult and new situations and being able to recover and continue even in the most difficult conditions (Howard & Crayne, 2019; Gülbahar et al., 2023).

In the literature, there are few studies on the concept of persistence in organisational settings (Adomako et al., 2016; Howard & Crayne, 2019; Caliendo et al., 2020; Zhang, 2020; Gülbahar et al., 2023). In their studies in Germany, Caliendo et al. (2020) identified the main approaches applied to measure the concept of persistence in the literature and presented two indicators: survival and hybrid persistence. They also compared the different predictors of persistence and revealed individual-level and business-related characteristics. They further argued that the determinants of persistence differ between individuals who are previously unemployed or have a regular job. Zhang (2020) in his work, revealed the direct effect of managerial work orientation on persistence and success and researched the intermediary effect of persistence between managerial work orientation and organisational success. He found that the value managers create for their businesses reflects the individual's implicit motivation (directly affects the persistence behaviour), and this motivation has a direct and indirect effect on the success of organisation. Howard & Crayne (2019) developed a scale for persistence by presenting persistence as a multidimensional structure consisting of three factors (persistence despite difficulty, persistence despite fear and inappropriate persistence).

Due to the scarcity of studies on the concept of persistence in the organizational field, the concept has not been revealed in all its aspects. This situation has led to the need for new conceptual and practical studies by revealing other aspects of the concept and its relations with variables in organizational

settings. In this respect, this study unlike previous studies, aims to reveal the impact of MRTTP on managers' readiness for change and the mediating role of persistence in this relationship.

In Organized Industrial Zones (OIZs) transactions take place very quickly and decisions are very critical. Therefore, it is very important for managers, especially for those operating in OIZs to evaluate resources and use them for organizational success. It has been stated that the potential resource loss is an important factor affecting persistence on managers (Holland & Shepherd, 2013). Therefore, loss of resources is an important stress factor for managers. Conservation of Resource Theory (COR) theory describes how individuals deal with potential resource loss situations.

This article aims to reveal the impact of MRTTP on managers' readiness for change when managers face potential and real loss of resources. It tries to explain the persistence behaviour of managers, who predict the possibility of possible loss of resources in case of risk, based on COR Theory. Based on this, while revealing these relations, the hypotheses of the research will be explained within the framework of COR Theory.

## 2. Conceptual Review

### 2.1. Managers' Risk-taking Propensity

Risk taking is "*a readiness to tolerate uncertainty while confronting difficult situations with no obvious solutions*" (Neves & Eisenberger, 2014: 187). That means the individual must dare to take risks and face obstacles because of their actions. In case of failure, he/she does not give reasons for the obstacles or difficulties encountered. In high-risk working conditions, risk-taking propensity emerges as a very important personality trait (Luc et al., 2021: 75). Risk-taking propensity arises from the personality traits of individuals (Lee, 2014: 53). Therefore, it is a predispositional variable and not a situational one (Plax & Rosenfield, 1976: 413).

There are individual differences in methods of coping with risk (Lion et al., 2002). Theoretical and empirical evidence shows that individuals differ in terms of their tendency to exhibit risk-taking behaviour (Lee, 2014: 53). Therefore, individual risk perception has become important in organisational life. Many personality traits such as achievement motivation (Atkinson, 1957) and sensation seeking (Zuckerman, 1979) have developed from the tendency to take risks or avoid (Meertens & Lion, 2008: 1506).

The risk-taking characteristic reflects the nature of the managers. Early definitions of managerial characteristics and functions focused on risk-taking tendencies and related behaviours (Schumpeter, 1934). Thus, managers are generalized as people who make profits by taking risks (Palmer, 1971). Nevertheless, later some studies have shown that there are different results in this regard and managers can either take or avoid risks (Hull et al., 1980; Begley & Boyd, 1987) and some shows no difference in risk taking when managers were compared (Chew & Koh 1993; Tan & Tay, 1994).

## 2.2. Individual Readiness for Change

In the organizational context, the IRC is defined as “*the degree to which individuals are ready to participate in new, different or unusual organizational activities*” (Huy, 1999). The main element of change is people, and the process and success of change is related to the individual’s readiness for change. Individual behaviours reveal the individual’s perception of change, and individuals’ readiness to cope with change affects their mindset, emotions, and attention (Yulianingsih & Fachrunnisa, 2020: 272). Individuals’ beliefs have a strong effect on their readiness for change (Desplaces, 2005).

The concept of change readiness entails beliefs, attitudes, thoughts, emotions and intentions. For this reason, the focus is more on individuals (Novitskayan & Rajput, 2013:17). While the factors affecting readiness for change are determined as external factors such as content, context, and process (Holt et al., 2007), it has been stated that personality traits also affect this process (Oreg, 2007). Based on these studies, Holt & Vardman (2013: 16) revealed that readiness for change is affected by individual and structural factors (conditions in which change occurs). This concept is defined as a three-dimensional structure: emotional, cognitive and intentional readiness for change (Bouckennooghe et al., 2009).

*Emotional readiness for change* refers to the individual’s emotional processes and reactions to change. *Cognitive readiness for change* refers to how the individual perceives the change process and their beliefs, thoughts and judgments about it. Finally, *intentional readiness to change* refers to the state of readiness related to the extent to which an individual is willing to contribute their energy to the change process (Oreg, 2003).

Readiness for change is the initial stage of organizational change implementation and is considered an important factor determining success (Armenakis et al., 1993). Especially its relationship with the success of change management reveals this practice as an indispensable element of the change process (Todnem, 2007).

When it comes to organizational change, preparation is something that should be in the minds of organizational members. It includes beliefs, attitudes and intentions towards realizing organizational change (Armenakis & Fredenberger, 1997: 144). The presence or absence of this situation reveals resistance or support for change (Holt et al., 2007). This state of readiness is a reflection of organizational capacity for change (Zhou et al., 2005). Organizational change requires preparation in 3 stages. The first of these is the individual’s self-confidence and readiness for change, the second is the perception of organizational change preparation, and lastly, the organization’s preparation capacity to achieve change.

The first of these stages, individual readiness, is the most important step in the whole of change. Organizational change takes place with a large amount of individual behaviour and it takes place with the understanding and action of this strategy from managers to employees (George & Jones, 2001: 420). In particular, the perception of the managers who will guide the change will be determinant on the perception and behaviour of the group they will lead and manage. For this reason, like

all organizational activities, the success of the change is directly related to the belief, perception and readiness of the managers in this regard. From this point of view, the individual readiness of managers is important.

### 2.3. Persistence

The concept of persistence has attracted a lot of attention in recent studies on the positive psychology of managers. Howard & Crayne (2019) have done extensive studies on the concept of persistence. Persistence is “*the tendency to endure difficulties in order to achieve goals or maintain a course of action*” (Howard & Crayne, 2019: 77). Persistence is a behaviour that includes goal-oriented energy in the managerial process, and this goal is the success of the organisation. For this reason, persistence is an important feature for the success of the managers (Cardon & Kirk, 2015). Persistence is seen as a prerequisite for capitalizing on the business potential of a particular venture and its chances of success, rather than simply a firm willingness to start or maintain a business (Caliendo et al., 2020: 617). Persistence is the constantly renewed decision to undertake a pre-selected business venture activity, despite competitive activities and the alternatives that arise along the way (Caliendo et al., 2020: 641).

The concept of persistence has been associated with many positive behaviours in the literature. For example, innovative behaviours (Gülbahar et al., 2023), psychological well-being (Howard & Crayne, 2019), mediates in the relationship between passion and career success (Al Issa, 2021), and mediates in the relationship between work orientation and success (Zhang, 2020). Howard & Crayne (2019) revealed that the concept of persistence is a 3-dimensional structure:

*Persistence Despite Difficulty (PDD)*, every goal-directed move in the organisational process brings with its risks and difficulties. Many managers want to act in these risky and challenging environments. Sometimes success is achieved when you overcome all these difficulties and continue. PDD is “*the tendency to continue efforts towards goals despite perceived difficulties*” (Gülbahar et al., 2023). For this reason, it is a feature associated with the success of the organisation.

*Persistence Despite Fear (PDF)*: Many managers fail to cope with the uncertain climate of uncertainty and fear that the organisational process is headed, despite significant financial investment, effort, and time. For managers who cannot fight their fears and cannot turn their fears into a motivation tool for success, their initiatives end before they begin (Gülbahar, 2019: 74). PDF is “*the tendency to continue efforts towards goals despite the presence of a strong fear factor or condition that may hinder goal-directed efforts or force individuals to withdraw*” (Gülbahar et al., 2023).

*Inappropriate Persistence (IP)*, on the other hand, is the persistence of an individual in spite of time and financial expenditures where effort is unnecessary. Unlike the other two, this dimension is about failure rather than success (Howard & Crayne, 2019: 79).

## 2.4. Hypotheses Development

### *Managers' Risk-taking Propensity*

The business environment is dynamic (Akbar et al., 2017) and taking risks is an important part of managerial life and readiness for change (March & Shapira, 1987). Zaltman et al. (1973) state that risk taking is an integral part of the innovation process. Individuals consider the possibilities of success and failure before making a decision (Kogan & Wallach, 1964). In important processes such as change, the risk-taking propensity of managers is important in the decision to initiate and act on change. In organisational life, risk is often undesirable and risk level is aimed to reduce and eliminate (Chicken & Posner, 1998).

Some studies point out that risk taking differs across cultures (Cummings et al., 1971; Hopkins et al., 1977). Slovic (1972) stated that risk-taking propensity differs from individual to individual and differs according to different situations. Sitkin & Pablo (1992), examined individual characteristics, organizational context and problem-related features in predicting risky behaviours, found that these three variables directly affect individual risk behaviours, especially the individual's decision-making in risky situations. Risk-taking propensity is influenced by some factors such as individual value and beliefs (Fischhoff et al., 1981), decision makers' identity and experience of risk decision situations (Kennedy, 1998), and situational or environmental factors (Slovic, 1972).

### *M RTP and IRC Relationship*

Individuals with a positive psychological state and confidence actively participate in organizational change and take risks without fear of negative consequences. Although every change process involves failures as well as success (Tesluk et al., 1997), risk-takers tend to focus on a positive outcome rather than failure and perceive risk as an opportunity (Neves & Eisenberger, 2014). Risk-preferring individuals are more committed to new initiatives and processes, such as organizational change, as they seek to seize and create opportunity. From this point of view, risk-taking behaviour can be a precursor to individual readiness for change. Risk-taking behaviour encourages individuals' commitment to organizational change by allowing them to take risks and reduce their fear of change (Jung & Choi, 2020: 5). So the individual becomes ready for change.

According to COR individuals strive to keep certain resources at an optimal level, because these resources are necessary both not to reduce the level of performance and to prevent potential losses. COR theory asserts that individuals are motivated to protect (conserve) existing resources and obtain (acquisition) new resources (Hobfoll, 1989; 2011). When individuals are faced with a stressful situation, they give priority to resource reserves to prevent resource losses (Hobfoll, 2001; 2011). Thus, they can still avoid stress in the face of stressful situations such as change (Hobfoll, 1989; 2001). Therefore, in situations like risk taking, managers can still feel ready for change and should not feel stressed. Therefore, a positive relationship between MRTP and IRC is expected.

### ***M RTP, IRC and Persistence Relationship***

When the risk-taking tendencies of managers are explained according to two different risk situations, namely chance-related and skill-related, risk is defined according to whether the decision maker has control over the situation or results. Thus, when the individual has a perception of control over the situation, he tends to take the risk (Camerer & Lovo, 1999; Macko & Tyszka, 2009). Managers often face risky situations when it comes to seizing opportunities and gain experience in risk taking. Thus, they leave it to their skills, not chance, to manage the consequences of risk. This experience of managers can have an impact on their readiness for change required by the organisation. Chen et al. (1998) stated that managers attribute success in skill-dependent tasks to their skills and are more likely to perform the planned task.

Persistence is a concept that likes risky environments. Success is not always presented on a silver platter to the managers. Success is sometimes behind decisions to continue in difficult and fearful conditions, at the border of burnout, and requires significant personal success. That is why persistence is a must. Positive relationships were found between persistence and success and persistence and risk-taking were found to mediate the passion success association (Al Issa, 2021). When organizational readiness for change exists in the organizational environment, members initiate change, make efforts to support change and exhibit greater persistence in the face of difficulties during implementation (Bandura, 1997). Based on the discussions above, we hypothesize the following:

**Hypothesis 1:** *Persistence mediates the relationship between MRTP and IRC.*

## **3. Research Problem and Methodology**

### **3.1. Research Problem**

Persistence has taken its place as a concept that has just begun to be studied in the organizational behaviour literature. For this reason, this study aimed to examine the concept of persistence in the organizational environment and to reveal its relationship with other variables. In the research, it is aimed to explore the mediating role of persistence in the effect of risk taking propensity of managers on readiness for individual change. The research, which was designed in accordance with the problems it aims to answer, was causally structured.

### **3.2. Research Methodology**

This study investigated the relationship between MRTP and IRC in Turkish sample. The universe of this research consists of the managers of the OIZs operating in Kayseri province. The reason why Kayseri was determined as the research universe is that this city is known throughout the country with its entrepreneurial identity and the commercial culture of the city dates back to the years before Christ. Referring to the *Upper Echelons Theory*, Colombelli (2015) states that, demographic or psychological

factors that affect the decisions of the individual are used to observe the upper management and senior managers. Accordingly, upper managers are chosen as unit of analysis of this study.

### **3.2.1. Sample Size**

The sample consists of senior managers in SMEs in Mimarsinan OIZ in Kayseri Türkiye. 310 SMEs in total operate in Mimarsinan OIZ. An online survey was used to collect primary data. The entire universe was reached and 356 answers returned. 323 valid data were obtained. It can be stated that this figure has sufficient volume to perform validity and reliability analyses.

Participants were informed about the purpose of the research, and they were asked to support the research on a voluntary basis by observing the privacy policy. The research consists of three sections where each variable is represented and four sections in total including demographic information of the participants. In addition, two validation questions were included in the questionnaire in order to understand whether the answers were read honestly and to increase reliability. The answers of 33 people who gave wrong answers to the verification question were excluded from the analysis.

### **3.2.2. Research Instrument**

*Risk Propensity Scale (RPS):* Meertens and Lion's (2008) risk propensity scale (RPS) was used to measure general risk propensity. The scale consists of 7 items. Meertens & Lion (2008) reported an internal reliability coefficient measured by Cronbach's  $\alpha$  of 0.77.

*IRC:* A validated form of Bouckennooghe et al. (2009)'s readiness for change scale was used (Bouckennooghe, 2010). The validated form consists of 3 dimensions and 9 items: [emotional readiness for change (EMRE) (items 1-2-3), cognitive readiness for change (COGRE) (items 4-5-6), and intentional readiness for change (INRE)] (items 7-8-9) (Rustema, 2012: 28). Their reliability was reported to be 0.87, 0.67 and 0.87, respectively. Items 4-5-6 are reverse-scored.

*Persistence scale (EP):* The scale developed by Howard and Crayne (2019) was used. It has a multidimensional construct with three dimensions [PDD: 1, 2, 3, 4 and 5 items ( $\alpha = .83$ ), PDF: 6, 7, 8, 9 and 10 items ( $\alpha = .93$ ), and IP: 11, 12 and 13 items ( $\alpha = .79$ )].

All scales were prepared as a 5-point Likert scale, and the participants were asked to answer the judgments as "1=Strongly Disagree, 5=Strongly Agree". In the survey form, there were seven questions including demographic information of the participants, such as gender, age, marital status, education, position, number of employees, and tenure in the organisation.

The suggestions of Brislin (1980) were taken into consideration in translating the scale from its original language to Turkish. The scale was translated into Turkish by two field experts and two English language experts. Then, all experts gave the final form to the scale as a result of the final evaluations (Cha et al., 2007). After the pilot application, the final form of the scale was given.

### 3.3. Analysis of Data

Before starting the analyses and testing the mediation effect, the reverse coded items of the MRTTP (MRTTP1 – MRTTP2 – MRTTP3 – MRTTP5) and IRC (IRC4 – IRC5 – IRC6) scales were corrected. In order to evaluate the research data, the skewness and kurtosis values of the items were examined. The skewness values of the items of the persistence scale [(0.732); (0.003)], kurtosis values [(-1.341); (-.451)]. The skewness of the scale items of the MRTTP [(-.381); (-.107)] and kurtosis values are between [(-1.361); (-1.095)]. Skewness [(-.383); (-.118)] and kurtosis values of IRC scale items are between [(-1.348); (-1.098)]. Considering the criteria for these values, all expressions are in the appropriate range of “ $\pm 3$ ” and the data exhibit a normal distribution (Tabachnick & Fidell, 2013; Kline, 2015).

Descriptive analyses, correlation analyses, item and Cronbach Alpha analysis were performed using the “SPSS 26.0”. Hayes process macro was used for mediation effect. The significance value used in the analyses was accepted as 0.05.

Statistics of the participants (n=323) show that; 25.7% work in companies with 50-100, 37.2% in 100-200, 23.5% in 200-300, 13.6% in more than 300 employees. 39.3% of the participants were women, 60.7% were men, 63.2% married, 36.8% single. Those aged 18-25 are represented by 10.8%, aged 26-35 with 31.3%, aged 36-45 with 31.3% and aged 46 and over with 26.7%. 19.2% high school graduates, 25.4% associate degree, 32.2% undergraduate and 23.2% graduate. The rate of those with 1-3 years of duty in the relevant institution is 16.4%, between 4-6 years are 11.1%, between 7-9 years are 14.6%, between 10-15 years are 20.1%, and 16 years or more are 37.8%.

The KMO value of the factor analysis persistence scale (.894), *Bartlett's test of Sphericity* result ( $\chi^2(78)=2687.74$ ;  $p<.001$ ); KMO value of MRTTP scale (.799), *Bartlett's test of Sphericity* result ( $\chi^2(21)=1424.91$ ;  $p<.001$ ) and individual change readiness scale's KMO value (.859) and *Bartlett's test of Sphericity* result ( $\chi^2(36)=1809.94$ ;  $p<.001$ ) indicates the suitability of sample adequacy (Kalaycı, 2018).

### 4. Findings

First, the reliability and validity of the structures were measured. For this purpose, internal consistency reliability (Cronbach's Alpha and Composite Reliability (CR) coefficients), convergent validity (Factor loads and Average Variance Extracted (AVE) values) and discriminant validity measurements were performed.

While the persistence scale originally had a three-factor structure, it was spread over a two-factor structure. The eigenvalue of the first factor is 6.56, and the eigenvalue of the second construct is 1.82. Since the eigenvalue difference between the two factors was greater than three, the scale was evaluated in a single-factor structure by considering the scree plot (Karaman, 2015).

As a result of the factor analysis, the factor load values of the items representing the persistence scale were in the range of .61-.85, the MRTTP scale is between .76-.92, and individual readiness for change

scale is between .78-.89. As Seçer (2013) suggested, the lowest value threshold for factor loadings was accepted as .40. Respectively, the total variance rate explained by each scale is 50.530 for persistence, 53.550 for MRTP, and 52.983 for IRC.

**Table 1:** Factor Loads,  $\alpha$ , CR, AVE Values of Scales

Structures	Item	Factor Load	$\alpha$ – CR – AVE
Persistence (P)	P1	.79	(.93) – (.95) – (.60) (CR>AVE)
	P2	.81	
	P3	.80	
	P4	.78	
	P5	.70	
	P6	.80	
	P7	.82	
	P8	.81	
	P9	.61	
	P10	.72	
	P11	.82	
	P12	.85	
	P13	.78	
Managers' Risk Taking Propensity (MRTP)	MRTP 1	.86	(.85) – (.95) – (.74) (CR>AVE)
	MRTP 2	.84	
	MRTP 3	.89	
	MRTP 4	.86	
	MRTP 5	.76	
	MRTP 6	.92	
	MRTP 7	.90	
Individual Readiness for Change (IRC)	IRC 1	.78	(.88) – (.94) – (.67) (CR>AVE)
	IRC 2	.81	
	IRC 3	.80	
	IRC 4	.86	
	IRC 5	.89	
	IRC 6	.87	
	IRC 7	.78	
	IRC 8	.81	
	IRC 9	.80	

**Note:** CR= Composite Reliability, AVE= Average Variance Extracted

As seen in Table 1, the reliability coefficient of the persistence scale was calculated as  $\alpha = .93$ , the MRTP was  $\alpha = .85$  and the individual change readiness scale was  $\alpha = .88$ , thus the internal consistency level was determined to be high (Nunnally, 1978; Meertens & Lion, 2008; Bouckenoghe, 2010; Howard & Crayne, 2019). The total correlations of the scale items ranged between .36 – .74 for the persistence scale, .59-.67 for the MRTP scale, and .54-.71 for the individual change readiness scale. Considering these data, no item were removed (Büyüköztürk, 2011).

It is seen that the combined reliability ( $CR > .70$ ) and mean explained variance ( $AVE > .50$ ) values of the scales are in the expected range and meet the  $CR > AVE$  condition (Fornell & Larcker, 1981).

#### 4.1. Descriptive Statistics and Correlation

The mean, standard deviation, correlation and reliability values of the variables were measured and the results are presented in Table 2. Correlation values shows that there are positive relationships between MRTP, persistence behaviour and IRC ( $r = .546$ ,  $p < .01$ ;  $r = .566$ ,  $p < .01$ , respectively) and between persistence behaviour and IRC ( $r = .449$ ,  $p < .01$ ).

**Table 2:** Mean, Standard Deviation and Correlation Values

Variable	Mean	SE	1	2	3
1. Managers' Risk Taking Propensity	3.29	0.99			
2. Persistence	2.82	1.15	.546**		
3. Individual readiness for change	3.16	1.01	.566**	.449**	1

Note:  $N = 323$ ; \*\* $p < .01$ ; SE = Standard Error;  $r$  = Pearson Correlation

#### Mediation Model

Before the regression analysis to determine the mediator role, it was revealed that there is no multicollinearity problem by checking the VIF (1.421) and tolerance values (.702). Achieving VIF  $< 10$  and Tolerance  $> .10$  values indicates that there is no multicollinearity problem (Hair et. al., 1998).

In order to determine the mediator role of persistence in the relationship between MRTP and IRC, the bootstrap method with a sample size of 5000 was preferred in the regression analysis proposed by Hayes. The analysis results of the mediation effect are presented in Table 3.

**Table 3:** Mediation Analysis Results

Direct Effect (c')	Estimate ( $\beta$ )	CI (%95)	Outcome
MRTP à IRC	.4666	[.3584; .5748]	Significant
Indirect Effect (a.b)	Estimate ( $\beta$ )	CI (%95)	Outcome
MRTP à P à IRC	.1112	[.0576; .1655]	Significant

Although it is seen that the values in the 95% confidence interval with the Process macro do not contain zero [0] value, the significance of the indirect effect indicates the presence of the mediator role of persistence (MacKinnon et al., 2004). Because of the significant indirect effect on the MRTP  $\rightarrow$  P  $\rightarrow$  IRC path [ $\beta$ =.1112; CI (.0576; .1655)] and significant indirect effect on the MRTP  $\rightarrow$  IRC [ $\beta$ =.4666; CI (.3584; .5748)], it can be stated that persistence plays a mediating role. This result supports the  $H_1$  hypothesis of the study.

## 5. Discussion and Conclusion

The assumption of this analysis was the fact that managers with a particular tendency to take risks will be ready for change and their persistence will mediate this relationship. The results supported this hypothesis and revealed that MRTP have a positive effect on their readiness for change.

It is stated that risk taking has a strong connection with innovation (Zaltman et al., 1973), it can be influenced by culture (Cumming et al., 1971) and even varies from individual to individual (Slovic, 1972). Neves & Eisenberger (2014) state that risk taking should be considered as an effort to increase resources, therefore it has a close relationship with individual readiness for change. As a result of the research, it has been revealed that managers have the ability to manage stress without fear of change in the example of Turkish culture.

Although the mediation relationship of persistence has not been investigated much, Al Issa (2021) stated that persistence acts as a mediator in the passion-success relationship. Minniti and Bygrave (1999) state that managers' propensity to take risks can be explained by their socio-demographic characteristics. In this research, it has been revealed that managers' persistent personalities serve as a bridge between their risk-taking propensity and their readiness for change, rather than their socio-demographic characteristics.

Empirical results of research generally agree with previous findings. The research was conducted on SME managers in the sample of Turkiye during the COVID-19 pandemic process, and we found that despite the entire crisis period conditions, the risk-taking propensity of managers have an explanatory contribution to their readiness for change. While 99.8% of entrepreneurs in Turkiye provide 74.2% employment in SMEs, they make great contributions to the country's economy with a 63.8% income share (Yağın and İşcan, 2021). The benefits of SME entrepreneurs to the country's economy make them the subject of a separate study.

The findings also highlight the nature of the concept of persistence. As the persistence structure expresses, persistence in a crisis environment full of challenging conditions had a positive effect on the complex and stressful situations, such as MRC.

As a final note, although persistence seems to be associated with negative outcomes (Holland & Shepherd, 2013), this study revealed that it is a prerequisite for success. However, it must be taken into account that success depends on how persistent managers respond to unpredictable environments and challenges, and to information coming from that environment. Blind adherence and persistence to chosen strategies is a waste of energy, resources and opportunities for success and an investment in failure.

In times of equal organizational or environmental conditions, intense competition or chaotic environments, the persistent attitude further strengthens the positive effect of MRTTP on their readiness for individual change.

### 5.1. Limitations and Future Recommendations

As in all studies, this study also has some limitations. First, “a sample of convenience”, which limited the generalization of the study. Our research is based on data taken from a sample at a certain time interval. Second, the use of Google forms to collect data is another limitation of the study. The forms were directed to the SME managers who were interviewed before. The sample was limited to SME top managers and large-scale business managers could not be surveyed. In addition, very large groups could not be reached due to the study time coinciding with the period of the COVID-19 outbreak. Therefore, the sample of the current study was small and future studies can be done on a larger sample. Third, the results of this study are based on data collected from the Turkiye sample. Data are valid and useful for Turkiye due to institutional differences (Bruton et al., 2010). In order to reach more general data, it can be suggested that the study should be studied in different countries, cultures and in institutional and economic conditions.

Fourth, this study only focuses on risk taking propensity and designed to understand individual readiness for change. Therefore, the study does not account for contextual or institutional influences. Future studies can combine MRTTP with other factors such as organisational outputs (i.e.: innovation, task or contextual performance), or personality traits.

### Conflict of Interest

The authors reported no conflict of interest.

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### Author Contribution

CONTRIBUTION RATE	EXPLANATION	CONTRIBUTORS
Idea or Notion	Form the research idea or hypothesis	Yasemin Gülbahar
Literature Review	Review the literature required for the study	Yasemin Gülbahar
Research Design	Designing method, scale, and pattern for the study	Yasemin Gülbahar Burcu Üzüm
Data Collecting and Processing	Collecting, organizing, and reporting data	Yasemin Gülbahar Burcu Üzüm
Discussion and Interpretation	Taking responsibility in evaluating and finalizing the findings	Yasemin Gülbahar Burcu Üzüm

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## Resume

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