

## An Empirical Study on the Effects of Executive Commitment on Consulting Result

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**Abstract:** In this study, we executed an empirical research on how executive commitment will affect the corporate performance through the mediation of organizational acceptance and member participation in response to external environment stimulus. The subjects of this study are the members of corporates with experience of consulting in Korea and data collection was conducted by questionnaire survey. The questionnaire consist of 25 items which including 7 general items and we used the Likert 5 point scale for the measurement. Statistical analysis was performed by using SPSS and AMOS programs. Basic statistical analysis, factor analysis, reliability analysis and measurement model analysis were conducted. Regression analysis was conducted to test the mediated effects by using structure equation model analysis. The hypothesis that executive commitment affects on consulting result was neglected because the standardized coefficient (minus value) didn't get a positive effect. But the p-value was less than the significance level and so, its effect is significant. Therefore, it was affirmed that an effect of the hypothesis was lowered by the influence of the parameters. The effect of executive commitment on organizational acceptance and member participation showed that the standardized coefficient was significant and so, the more executive commitment increase, organizational acceptance and member participation will also increase. The impact of acceptance of organization and participation of member on consulting result also showed similar results. In addition, by looking at analysis results of the indirect effect and total effect between executive commitment and consulting result, the mediated effect was statistically significant. In other words, organizational acceptance and member participation have a significant mediated effect on the impact of executive commitment on consulting result. After this, much more research is necessary on the specific tools and methodologies that can fuse and strengthen the executive commitment, organizational acceptance and member participation in the implementation of corporate consulting.

**Key words:** Corporate consulting, executive commitment, organizational acceptance, member participation, consulting result, questionnaire survey

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### INTRODUCTION

The company's management performance is more effective when it fuse and operate in effective and efficient way with various elements within the corporate organization. McGonagle and Vella said that consulting in terms of management from an external, objective, independent perspectives and an internal overall perspective is absolutely necessary for the corporate (Ha, 2012). In addition, in order to gain consulting results that are meaningful and satisfying, companies that have experienced consulting absorb the consulting elements within the corporate and result in interactions between the organization, members, procedures, business processes and internal factors that derive from them. From this point of view, we attempted to derive the internal factors of the corporate's major organizations to compare

and analyze the path effect of each factor on the result and to investigate the mutual influence relationship between the factors.

First and foremost, it needs to investigate through literature and advanced research on derived factors such as consultant capacity, corporate executive commitment, organizational acceptance and member participation. Next, we conducted an empirical study for objective confirmation about the various derived factors and corresponding corporate members.

Finally, by analyzing the outcomes of the study, it is likely to explain the influence relationship among the factors in an objective way and we are trying to draw suggestions to improve the operational direction of the internal factors of organization in order to show that the external factors as consulting, draw the positive results on the corporate based on the research results.

## **MATERIALS AND METHODS**

### **Advanced research**

#### **Executive leadership and consulting commitment:**

Most organizations are hoping to maintain the status quo and fear of the change, so, courageous leadership and constant efforts are needed to drive change and adapt it. Leadership is the process of activating human resources within the organization, helping each other to connect and creating synergies (Chung-Jang and Kye-Hong, 2004).

The concept of commitment is proposed by Csikszentmihalyi. It is a term that leads to a psychological state that naturally falls into the work of itself. The purpose of the commitment is the same as an objective of the activity which means a perfect combination of purpose and activity (Seok-Min, 1998). The degree of support and interest of top management in consulting has a great influence not only on securing necessary resources such as manpower and budget for consulting but also on participation of consultants and acceptance of innovation contents (Cohen, 1992).

**Organization and organizational culture:** The research ability of the propulsion organization within a corporate which experienced consulting, refers to the expertise or experience that can be accumulated through training or training of members of the organization. The more these work ability are deepened, the more experience, self-confidence and the willingness to improve the situation will be brought to the corporate (Pierce and Delbecq, 1977).

In addition, the capability of the propulsion organization and the organizational culture of the corporate which experienced consulting are also very important variables of success factors of the consulting project. Corporate compensation systems are of the utmost importance, for example, by giving employees a chance to be promoted and letting them be proud of their participation in consulting (Yung-Ho, 2015).

**Consulting result:** The criteria for success in management consulting for corporate are determined by identifying and evaluating the result of consulting projects. Depending on the outcome of this project, consultants or consulting companies can receive the expected rebates and rewards, resulting in a virtuous cycle that leads to re-purchase. Zeira and Avedisian (1989) said that whether an organization can successfully

perform an innovation or plan for the change can be explained by the characteristics of the customer being consulted, the characteristics of the consultant performing the consulting and the environmental characteristics surrounding the organization (Zeira and Avedisian, 1989). The characteristics of the customer include the commitment of the top management, the ability of the propulsion staff, the current organizational culture, the flexible organizational structure and the attitude of accepting the changes of the members. The characteristics of the consultant include value standards, goals, means, change methodology and the professional ability of knowledge, experience and education of consultants. The environmental characteristics include the degree of external stakeholder's dissatisfaction, the shared perception of the external environment of internal stakeholders and the degree of consensus between the consulting team and the CEO on external environmental awareness (Chang-Ho, 2014).

#### **Research model and hypothesis;**

**Research model:** The study model of this research looks alike with the following Fig. 1. Independent variables are executive commitment and dependent variables are consulting result. And parameters are organizational acceptance and member participation.

In this research, we tried to investigate how the independent variable of executive commitment influences the consulting result of the corporate which experienced consulting, a dependent variable.

In addition, we tried to find out how the parameters which are the organizational acceptance of the corporate internal propulsion organization and member participation with the perception of the consulting have a significant influence on the connection between executive commitment and consulting result.

**Hypothesis:** The hypothesis according to the above study model is shown in Table 1.

#### **Data collection and analysis methods**

**Data collection:** Data collection for this study was conducted by questionnaire method. We wrote the questionnaire and composed of two types of questionnaire. The one is hand print and the other is Google questionnaire. The compose of questionnaire can be seen on Table 2.

We distributed questionnaires from March, 2016-April, 2016-65 companies that experienced consulting or management in the past. We used two methods of

Table 1: Research hypothesis

| Hypothesis     | Results  |
|----------------|--|
| H <sub>1</sub> | Executive commitment will have a positive (+) impact on consulting result  |
| H <sub>2</sub> | Executive commitment will have a positive (+) impact on organizational acceptance  |
| H <sub>3</sub> | Executive commitment will have a positive (+) impact on participation  |
| H <sub>4</sub> | Organizational acceptance will have a positive (+) impact on consulting result   |
| H <sub>5</sub> | Participation will have a positive (+) impact on consulting result   |
| H <sub>6</sub> | Organizational acceptance and participation will mediate the relationship between executive commitment and consulting result |

Table 2: Questionnaire configuration item

|                      | Questionnaire item       | Question number           | Scale |
|----------------------|--------------------------|---------------------------|-------|
| Independent variable | Consumer characteristics | Executive commitment      | 5     |
| Dependent variable   | Consulting result        | Consulting result         | 3     |
| Parameter            | Consumer characteristics | Organizational acceptance | 5     |
|                      |                          | participation             | 5     |
| General data         |                          |                           | 7     |
| Total                |                          |                           | 25    |

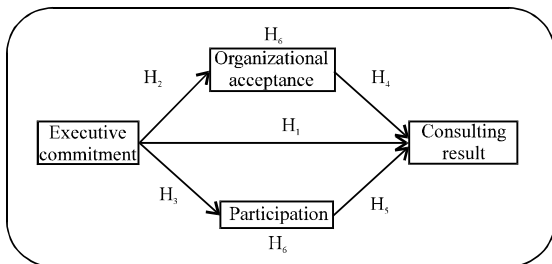


Fig. 1: Research model

distribution. One is the personal distribution such as visit distribution and consignment distribution. The other is online transmission method such as e-mail and KakaoTalk which is the messaging service of Korea. The 231 of the distributed questionnaires were collected.

**Data analysis:** Analysis of statistics was conducted by using SPSS 22 and AMOS 22 programs for 210 items, excluding missing items and incorrect answer data, out of a total of 231 collected items.

Basic statistical analysis was performed to confirm the general characteristics of the sample, the accuracy of the data, the findings of missing values and outlier and normality. Frequency analysis and descriptive analysis were performed for general items in the questionnaire responses. Factor analysis and reliability coefficients of Cronbach  $\alpha$  were statistically analyzed by using the SPSS for the validity and reliability analysis on the numerical data that make questionnaire items by using the 5-point Likert scale.

Prior to analyzing the hypothesis test among the latent variables, confirmatory factor analysis was carried out for single dimensionality test of each variable and the measurement model analysis was confirmed to test the fit of the research model.

After that, analysis of a structural equation model was executed to confirm the research hypothesis test, mediated effect analysis and inter-group path difference test.

## RESULTS AND DISCUSSION

### Empirical analysis results

#### Basic statistical analysis

**Demographic analysis:** A total of 210 samples were used in this study. Analysis of frequency was conducted to find of the demographic characteristics within the sample. First of all, the service industry was the largest with 113 (53.8%), followed by manufacturing (22.4%) and distribution. In terms of the size of the corporate, the sample used in this study has characteristics that the large corporate including mid-size corporates account for 97(46.4%). The characteristics of the sample according to age are as follows: the population aged 40 years and less account for 122 (68.1%) which is similar to the 67.5% that is the amount of the age group below 40 among the total working age population in Korea. By gender, 184 males accounted for 87.6% of the total samples which shows high similarity with the males rate of the total number of industry workers in Korea. Most of their education level is made up of highly scored as college and higher, so, it's possible to estimate that the error response rate will be reduced and the stable sample data will come out, considering the respondent's understanding. When we analyze the frequency with years of service we have 139 long-term employees more than 11 years, accounting for 66.2% of the total.

**Descriptive statistics analysis:** A descriptive statistical analysis of the measured variables was conducted. The results of descriptive statistics analysis of individual measurement variables presented that the standard

Table 3: Result of model fit analysis

| Configuration concept     | Survey items | SMC   | NSC   | SE    | CR     | P   | SC    |
|---------------------------|--------------|-------|-------|-------|--------|-----|-------|
| Organizational acceptance | OA3          | 0.636 | 0.905 | 0.073 | 12.345 | *** | 0.798 |
|                           | OA4          | 0.812 | 1     |       |        |     | 0.901 |
| Executive commitment      | MC1          | 0.781 | 1     |       |        |     | 0.884 |
|                           | MC2          | 0.722 | 0.921 | 0.058 | 15.878 | *** | 0.849 |
|                           | MC5          | 0.785 | 1.006 | 0.06  | 16.836 | *** | 0.886 |
| Participation             | MP3          | 0.763 | 0.989 | 0.074 | 13.444 | *** | 0.873 |
|                           | MP4          | 0.884 | 1     |       |        |     | 0.940 |
| Consulting result         | CR1          | 0.675 | 1     |       |        |     | 0.822 |
|                           | CR4          | 0.848 | 1.126 | 0.069 | 16.296 | *** | 0.921 |
|                           | CR5          | 0.788 | 1.088 | 0.07  | 15.605 | *** | 0.888 |

CMIN( $\chi^2$ ) p-value = 0.000, CMIN/DF = 2.823, GFI = 0.932, AGFI = 0.872, CFI = 0.965, NFI = 0.948, IFI = 0.966, TLI = 0.946, RMR = 0.036, RMSEA = 0.093

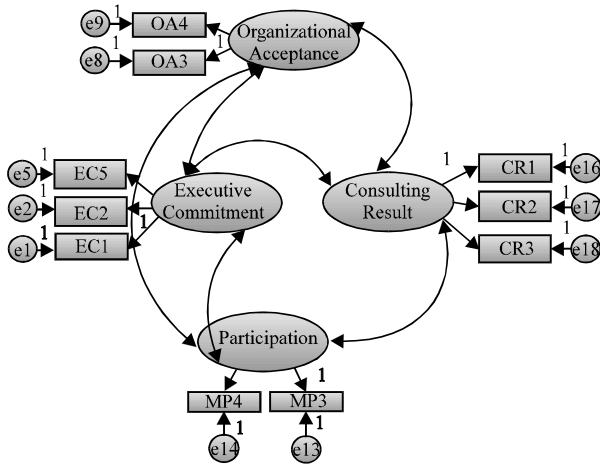


Fig. 2: Final measurement model

deviation was larger than 3, the absolute value of the skewness was more than 3, besides the kurtosis's absolute value was not more than 8.0. Therefore, individual measurement variables are assumed to have a normal distribution (Gun-Kwon, 2016).

**Measurement model analysis**

**Confirmatory factor analysis:** CFA and measurement model analysis were conducted to all the measured variables of the latent variable, acquired in advance. However, the initial measurement model did not appear to satisfy the fit index in the analysis result of discriminant criterion. In order to satisfy the model fit index, so, we conducted eight modification works on measurement variables. The results of model fit analysis about the final measurement model represent by the following Table 3 and Fig. 2.

In measurement result of the model fit index of the eighth measurement model,  $\chi^2$  (p) is 0.000 which is below the acceptance criterion, therefore, the null hypothesis that measurement models fit was rejected. However, it is necessary to comprehensively consider and determine

other fitness indexes in order to judgment the model fit. As a result of analyzing the 8th measurement model, it was finally confirmed that all criteria except  $\chi^2$  (p) were satisfied.

**Validity and reliability evaluation:** The convergent validity was analyzed by using of mean dispersion extraction method. As a result of analyzing the AVE value of each latent variable, the convergent validity is secured because the organizational acceptance is 0.692, executive commitment is 0.777, participation is 0.818 and consulting result is 0.789. The discriminant validity was verified through correlation and AVE value analysis. The largest correlation coefficient among latent variables is 0.719 (organizational acceptance and consulting result) and its square (Coefficient of determination) is 0.517. If the AVE value obtained from each latent variable is larger than the decision coefficient of each latent variable, it can be judged that the discriminant validity is secured. In this case, the AVE value is greater than the decision coefficient of 0.517, so, it is confirmed that the discriminant validity is secured

Reliability analysis of the measurement model was executed. According to the analysis results, the Cronbach alpha value of the latent variables is 0.836 for organizational acceptance, 0.906 for executive commitment, 0.901 for participation and 0.908 for consulting result. Since, all values are >0.7, thus reliability (convergent validity) has been secured.

**Hypothesis test;**

**Structural model analysis:** Based on pre-prepared measurement models, a structural equation model was worked out. The model was analyzed by using AMOS. As a fitness test result of the structural model all fit indexes were found to satisfy the criterion, so, the final structural model was confirmed. The structural model is shown in Fig. 3.

Table 4: Results of basic hypothesis test

| Hypothesis (path) | SC     | NSC    | SE    | CR     | p-values | R <sup>2</sup> | Reject/accept |
|-------------------|--------|--------|-------|--------|----------|----------------|---------------|
| EC→CR             | -0.191 | -0.166 | 0.071 | -2.324 | 0.020    | 0.583          | Reject        |
| EC→OA             | 0.578  | 0.599  | 0.080 | 7.489  | ***      | 0.334          | Accept        |
| EC→MP             | 0.407  | 0.402  | 0.076 | 5.284  | ***      | 0.166          | Accept        |
| OA→CR             | 0.689  | 0.579  | 0.076 | 7.588  | ***      | 0.583          | Accept        |
| MP→CR             | 0.396  | 0.349  | 0.057 | 6.155  | ***      | 0.583          | Accept        |

Table 5: Results of mediated effect test

| Hypothesis (path) | Ditect effect | p-value | Indirect effect | p-values | Total effect | p-values |
|-------------------|---------------|---------|-----------------|----------|--------------|----------|
| EC→OA             | 0.578         | 0.004   | -               | -        | 0.578        | 0.004    |
| EC→MP             | 0.407         | 0.005   | -               | -        | 0.407        | 0.004    |
| EC→CR             | -0.191        | 0.020   | 0.56            | 0.004    | 0.369        | 0.004    |
| OA→CR             | 0.689         | 0.004   | -               | -        | 0.689        | 0.004    |
| MP→CR             | 0.396         | 0.004   | -               | -        | 0.396        | 0.004    |

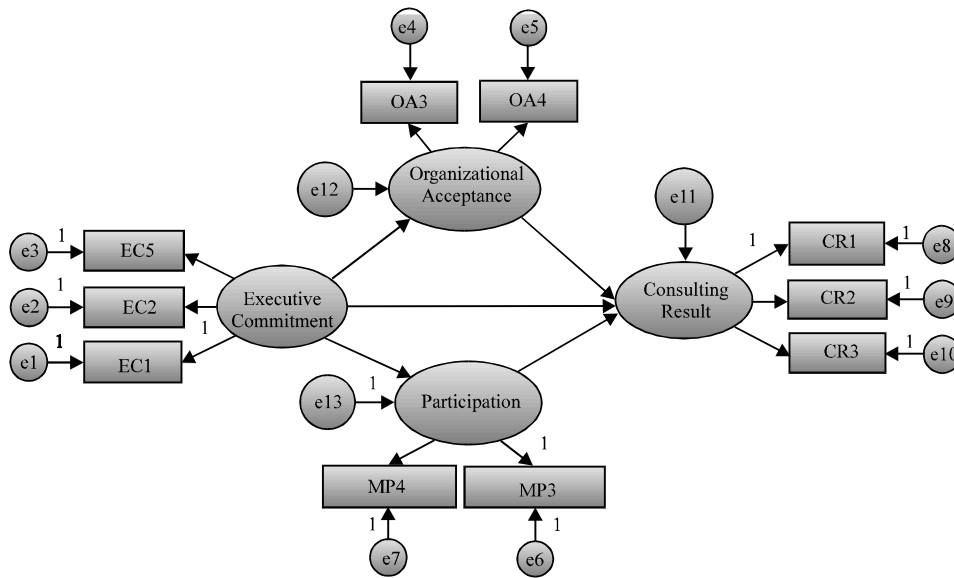


Fig. 3: Structural model

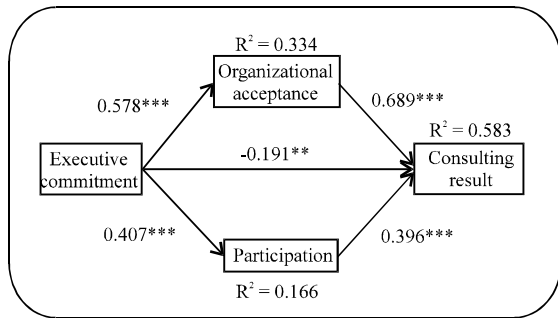


Fig. 4: Research model analysis result

**Basic hypothesis test:** The text results for the basic hypothesis are shown in Fig. 4 and Table 4. The H<sub>1</sub> hypothesis was rejected because the effect of executive commitment on consulting result was not positively impacted by the standardization coefficient of -0.191. However, the p-value was smaller than 0.05 and so,

the effect was significant. H<sub>2</sub> hypothesis (the effect of executive commitment on organizational acceptance), H<sub>3</sub> hypothesis (the effect of executive commitment on participation), H<sub>4</sub> hypothesis (the effect of organizational acceptance on consulting result) and H<sub>5</sub> hypothesis (the effect of participation on consulting result) were all adopted because the standardization coefficient and the p value, respectively were significant.

**Mediated effect test:** The results of the mediated effect test represent by the following Table 5. As a result of the analysis, total effect (path coefficient = 0.369, p-value < 0.05) and indirect effects (path coefficient = 0.56, p-value < 0.05) in the path between executive commitment and consulting result were statistically significant and so, this hypothesis was adopted.

The H<sub>1</sub> hypothesis was rejected. However, the p-value is smaller than 0.05 and so, the effect is significant. Merely, it was affirmed that the effect of the

standardization coefficient was lowered by the effect of the parameter (single effect 0.343-mediated effect -0.191). The H<sub>6</sub> hypothesis of mediated effect and the other H<sub>2</sub>-H<sub>5</sub> basic hypothesis was adopted because it showed significant results in the standardization coefficient, p value and indirect effect analysis.

## CONCLUSION

The study found that the executive commitment had a significant impact on consulting result through this research. Merely, it was confirmed that the influence has been reduced due to the partial mediated effects of the parameter.

Although, at first glance, the management's strong commitment to consulting results is likely to accomplish a high level of consulting outcome by causing strong driving force but actually it is analyzed that if the internal propulsion organization that accepts and disseminates it and the efforts of the organizational members who actively participate in understanding and trusting it do not follow it, it would lead to much lower performance.

That is in order to enlargement the corporate performance, it is necessary that we must converge and drive forward with all executive, organization and members rather than execution is carried out by the one axis of the corporate (executive) that the other parts (organization, members) should passively follow. The implications of this study are that this efforts easily achieve goals, performances and also increase synergy effects.

**Improvement:** First, the conclusions and implications of this study require more extensive and detailed research. In this study, we presented the direction of the corporate's internal processes and the roles of each sector that can clarify the performance of corporates that accept consulting.

## RECOMMENDATIONS

In future research, more detailed research is needed on the specific tools and methodology that can fuse and strengthen the executive commitment, the acceptance of the organization and the participation of the organization member in executing the consulting of the corporate.

In addition, although, micro analysis is also important for one after another corporate, after this from the viewpoint of organism, it is needed to magnify the range

of analysis and to find out convergence consulting research and methodology between large and small corporates, large corporates and small-medium enterprises.

In the current market situation which has entered into a global competitive industrial society, consulting will have the next challenge to make conditions that can create bigger added value by fusing pros and cons between corporates.

## ACKNOWLEDGEMENT

This research was supported by the study fund of the Graduate School of Hansung University.

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