



Strategic sustainability of an organisation and organisational innovation: An empirical study

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Abstract

Ensuring the strategic resilience of an organisation is important in the context of the need to develop the economy in a changing external environment. The presence of a significant proportion of strategically stable economic entities ultimately ensures the development of the national economy. The purpose of this work is to determine the relationship between the strategic sustainability of the organisation and the adoption of organisational innovation. Various methods were used to achieve this goal, including searching for information in open sources, conducting in-depth interviews and surveys of companies, and analysing the data obtained, including the use of update software. The article discusses key tools for ensuring strategic resilience. Interviews with industry experts revealed general criteria for an organisation that can be considered strategically sustainable. The novelty of this study is to determine the relationship between ensuring the strategic sustainability of an organisation through organisational innovation. Based on the analysis of 120 Russian companies from various industries, it was found that the majority of companies (72%) have introduced organisational innovations at least once, while in a significant proportion of companies the process of introducing organisational innovations is ongoing (38%). Organisations implement organisational innovations to maintain their own effectiveness and to remain competitive. In some cases, the introduction of organisational innovation may be a natural response to a change in the business model and/or an update of the organisation's strategy. The analysis revealed that the frequency of implementation of organisational innovations has a greater impact on the strategic stability of an organisation than just the fact of their implementation. Most strategically stable companies implement organisational innovation more often than strategically unstable companies. The practical significance of this study lies in the fact that the findings can be applied to the practical activities of organisations, and they also form the basis for further research in the field of strategic sustainability and organisational innovation.

Keywords: development, strategy, innovation, competitiveness, operational sustainability.

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组织战略稳定性与组织创新：实证研究

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简介

在外部环境不断变化的情况下，确保一个组织的战略稳定性对于经济发展的需要非常重要。战略上可持续的经济实体的大量存在最终会确保国民经济的发展。本文旨在确定组织的战略稳定性与实施组织创新之间的关系。为此，本文采用了多种方法，包括从公开来源中搜索信息、深入访谈和公司调查，以及分析所获得的数据，特别是借助现代软件进行分析。文章讨论了确保战略稳定性的关键工具。对行业专家的访谈揭示了可被视为具有战略稳定性的组织的一般标准。这项研究的新颖之处在于确定了通过组织创新确保组织战略稳定性的关系。根据对来自不同行业的 120 家俄罗斯公司的分析，我们发现大多数公司 (72%) 至少实施过一次组织创新，其中相当一部分公司 (38%) 持续实施组织创新。企业实施组织创新是为了保持自身的业绩，同时也是为了保持竞争力。在某些情况下，组织创新可能是对业务模式变化和/或组织战略更新的自然反应。分析表明，组织创新的频率而非实施创新的事实对组织的战略稳定性影响更大。大多数战略上可持续发展的公司比战略上不稳定的公司更频繁地实施组织创新。这项研究的实际意义在于，所获得的结果可以应用于组织的实际活动中，同时也为在战略稳定性和组织创新的框架内开展进一步研究奠定了基础。

关键词: 发展, 战略。

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Introduction

Although strategic sustainability has been studied in various works by both Russian and foreign authors, the relevance of finding ways to ensure it is growing. Over the past few years, the number of foreign publications devoted to this topic has increased by 50% [Colberg, 2022]. This is primarily due to the impact of economic shocks such as the Coronavirus pandemic, during which maintaining the sustainability of companies was of critical importance. This issue is also relevant for Russia due to the increasing impact of external factors (such as sanctions) on the economy, and the need to ensure progressive economic growth. Strategic sustainability enables economic entities to mitigate the impact of external and internal threats on their activities while continuing to develop, which should ultimately have a positive effect on the national economy. Another challenge in the current economic situation is the decrease in available resources coupled with an increase in their cost.

Strategic sustainability can be achieved in various ways, including through the creation and implementation of organisational innovations. According to the Oslo Manual (Oslo Manual, 2018), organisational innovations include the use of new methods to organise a company's activities (e.g. changes to management or organisational structure). At the same time, implementing organisational innovations does not imply significant capital expenditure, which plays an important role in the context of limited resources.

It is worth emphasising that the relationship between organisational innovations and strategic sustainability has not been widely studied in the scientific literature. In this regard, this paper aims to identify the relationship between implementing organisational innovations and forming an organisation's strategic sustainability. To achieve this, several tasks must be completed, including clarifying the concepts of 'strategic sustainability' and 'organisational innovations', and conducting an empirical study to identify the relationship between these categories. The results of the study could inform the development of more extensive methodological recommendations for ensuring the strategic sustainability of organisations.

To achieve the study's stated objective, a combination of qualitative and quantitative research methods was employed. A study of approaches to defining the concepts of strategic sustainability and organisational innovation was carried out by analysing scientific literature from open sources. To address existing knowledge gaps, in-depth interviews were conducted with twelve industry experts, providing the necessary sample size and data reliability [Guest et al., 2006]. Following the establishment of the theoretical framework and the in-depth interviews, a survey of 120 companies from various industries was conducted. A model of MS Excel software was used to analyse the results of the study. The author then analyses and synthesises the information obtained from the study to form final conclusions.

Fig. 1. Strategic sustainability and its components



Source: compiled by the author.

1. What is strategic sustainability, and which organisations can be considered as such?

The concept of strategic sustainability has been studied by foreign authors. For example, T. Colberg defines it as a company's ability to turn threats into opportunities (Colberg, 2022), while other researchers define it as a company's ability to identify threats in a timely manner and respond to them in order to achieve long-term goals (Hepfer & Lawrence, 2022). D. Coffaro considers strategic sustainability to be the ability to organise a company's work within a dynamically changing internal and external environment while maintaining necessary operational indicators and the capacity for development¹. Foreign organisations have also paid attention to strategic sustainability. Thus, the OECD mentions strategic sustainability as the ability of an enterprise to continue its activities in a crisis, withstand crisis phenomena, and ensure recovery afterwards².

Russian researchers also pay considerable attention to strategic sustainability. Some researchers consider it in terms of competitive advantages. For instance, N. S. Rychikhina asserts that strategic sustainability involves creating and maintaining long-term competitive advantages, even in a changing environment. This ultimately improves the enterprise's financial performance [Rychikhina, 2008]. She also identifies several components of strategic sustainability, including financial, market and technological factors, as well as other types of sustainability. N.S. Yashin and E.S. Grigoryan take a similar approach, considering strategic sustainability to be ensured through competitive advantages. However, in their research, they identify additional components

of strategic sustainability: operational, functional, and market [Yashin & Grigoryan, 2015]. Other researchers consider strategic sustainability in terms of mitigating threats in the event of negative changes to the internal and external environments, as well as ensuring development in favourable environments (Dudin & Lyasnikov, 2009). E.A. Tikhomirov defines strategic sustainability as the continuous development of an enterprise despite changes to its internal and external environments [Tikhomirov, 2020]. Within the framework of this work, it is worth noting that strategic sustainability is considered an independent concept, not referenced in relation to the term 'sustainable development', and is primarily used to describe a company's ability to recover from negative events. In English, this concept is equivalent to resilience³).

Based on the analysis of approaches to defining the concept of strategic sustainability within this study's framework, it is proposed that this category be considered, given that it encompasses market, operational, and innovative components (see Fig. 1).

In order to determine the extent to which an enterprise is strategically sustainable, it is necessary to establish a set of criteria. Some researchers propose determining the strategic sustainability of an enterprise through a system of balanced indicators and factors reflecting the company's ability to function and develop (Tsibareva, 2011). S.V. Grigorieva evaluates strategic sustainability using a formula that calculates and sums up various types of sustainability indicator based on different weights [Grigorieva, 2013]. Other authors categorise indicators to evaluate an enterprise's ability to manage risks, adapt to changes, and recover quickly [Erol et al., 2010]. However,

¹ Strategic resilience. Leadchange Group. <https://leadchange.com/strategic-resilience/>.

² Boosting resilience through innovative risk governance. OECD/ https://www.oecd.org/en/publications/boosting-resilience-through-innovative-risk-management_9789264209114-en.html.

³ <https://dictionary.cambridge.org/dictionary/english/resilience>.

almost all existing studies of the level of strategic sustainability do not develop unique indicators; rather, they use existing indicators in different combinations to evaluate individual areas of enterprise activity (e.g. financial, investment and technical).

Another approach is to assess the strategic sustainability of an enterprise based on compliance with the necessary criteria. Within the scope of contemporary studies, authors analyse the criteria of sustainable enterprises rather than those of strategically sustainable enterprises. A sustainable company is one that has stable growth and makes a profit (Chotchaev, 2011). Some researchers classify a sustainable enterprise solely in terms of financial stability (Vakhromov & Markaryan, 2008). Therefore, it can be concluded that existing studies do not have clearly formulated, universal criteria for determining a strategically sustainable organisation. This creates a knowledge gap that will be addressed in the practical part of the study.

2. Tools for ensuring strategic sustainability

Various tools can be used to ensure the strategic sustainability of an organisation. These tools can be implemented through organisational innovations, among other methods. Rychikhina (2008) distinguishes several types of restructuring as tools for ensuring the strategic sustainability of an organisation:

- Natural: it is advisable to carry out within the framework of the enterprise's normal activities to improve efficiency.
- Business: It is advisable to carry out within the framework of normal activities in the presence of reasonable negative forecasts.
- Crisis: it is advisable to carry out in the event of unfavourable events occurring, or their occurrence being guaranteed in the short term.

According to R.M. Gilmullina, ensuring strategic sustainability can be achieved through the following functional blocks: production (quality, marginality and output quantity); marketing (the company's position in the market); finance (profitability and solvency levels); personnel (labour resource efficiency and sufficiency); and innovation (technology development) [Gilmullina, 2016]. A.V. Gridchina believes that multi-level structural transformations of the ways activities are organised, as well as the stimulation and development of innovative activities, can reduce the volume and frequency of emerging threats and increase strategic sustainability. All of this can be implemented within the framework of an innovative development programme (Gridchina, 2015). I.P. Kuzmenko and V.P. Kirpanev study adaptability as a key element of sustainability (Kuzmenko & Kirpanev,

2011). They note that an economic system's adaptability increases with its size and its ability to reorient itself towards profitable market segments, while decreasing the seasonality factor.

Strategic sustainability is studied from different angles. For instance, researchers consider organisational experience to be a core aspect of strategic sustainability, emphasising the importance of certain conditions for achieving a high level of strategic sustainability: long decision-making processes, weak organisational support and a lack of staff involvement at all levels (i.e. a lack of conscious interaction) [Välikangas & Romme, 2012]. According to the consultancy firm McKinsey & Company, a business model that can adapt to significant changes in consumer demand, the competitive environment, technological changes and the regulatory framework is required for sustainability⁴.

Another important factor in ensuring strategic sustainability is the creation of an antifragile organisation. Creating an antifragile organisation can also contribute to strategic sustainability. To achieve this, we should consider the concept of the triad 'fragility – invulnerability – antifragility' in more detail. Antifragility can be achieved using the following methods:

- create excess reserves, even if this reduces efficiency.
- allow some parts of the system to be fragile, ensuring they can recover and self-organise.
- 'Barbell strategy': invest approximately 10% of projects in high-risk areas [Taleb, 2014].

The tools under consideration can be used in organisational activities, particularly through organisational innovation (or change) and/or the development of organisational competencies, as presented in the table.

3. Organisational innovations

Within the existing research framework, several approaches have been adopted to define the concept of organisational innovation. J. Schumpeter, for example, classifies organisational innovations as those related to intra-organisational relations (Schumpeter, 2024). The Oslo Manual (2018) defines organisational innovations as the use of new methods in company management. Rosstat uses a similar definition, classifying them as new ways of organising a business and increasing efficiency⁵. It is noted that an innovation is considered to be an organisational innovation if it is implemented for the first time within the framework of an organisation's activities. For example, if such an innovation has been implemented on the market before, but is being implemented for the first time within a company, it will be considered an

⁴ From risk management to strategic resilience. McKinsey, 2022. <https://www.mckinsey.com/capabilities/risk-and-resilience/our-insights/from-risk-management-to-strategic-resilience>.

⁵ Innovative activity of organisations (the proportion of organisations that implemented technological, organisational or marketing innovations during the reporting year, as a percentage of the total number of organisations surveyed). Rosstat. https://rosstat.gov.ru/free_doc/new_site/business/nauka/minnov-1.html.

Table
Classification of tools for ensuring strategic sustainability

Type of tool	Method of tool implementation
Functional block management	Implementing organisational innovations (or changes) and developing organisational competencies
Structural transformation of the forms and methods used to organise activities	
Strategic development of sustainability to create a competitive advantage	
Creating an antifragile organisation	
Timely decision-making	Development of organisational competencies
Learning from experience	
Restructuring (natural, business or crisis)	Implementing organisational innovations (or changes)

Source: compiled by the author.

organisational innovation. Thus, there are many different types of organisational innovation: process, organisational, informational and motivational (Meshcheryakov, 2012). Some authors highlight a change in the business model as an organisational innovation (Trapeznikov, 2010). In general, the list of possible innovations in organising an enterprise's activities is extensive and varies from enterprise to enterprise.

Based on the analysis of the theoretical part, the following conclusion can be drawn: the concept of 'strategic sustainability' is currently well researched and represents a company's ability to continue its current activities and develop in the face of adverse changes in the internal and external environment. Although there are a number of methods that allow one to assess certain components of an organisation's strategic sustainability based on generally accepted indicators (financial, investment, etc.), these methods are not specific to the assessment of strategic sustainability. It is important to emphasise that, currently, criteria have been established for identifying sustainable enterprises, but not those that are strategically sustainable. This creates a knowledge gap and the need to address it through in-depth interviews with industry experts. To ensure strategic sustainability, organisations can use various tools, such as developing organisational competencies or introducing organisational innovations. Organisational innovations are innovations in the organisation of a company's work and there are many different types. Within the framework of existing studies, the relationship between organisational innovations and strategic sustainability has not been analysed. In this regard, the following hypothesis has been formulated: organisations that implement organisational innovations achieve strategic sustainability. This hypothesis will be tested in an empirical study.

4. Results and discussion

The practical part of the study was conducted in two formats: in-depth interviews were conducted with experts, and organisations were surveyed. As previously mentioned, existing studies do not clearly define the criteria for a strategically sustainable organisation. Therefore, during the in-depth interviews, the experts were asked: 'Which organisation can be considered strategically sustainable?' To ensure consistency in the interview results, the experts were offered a definition developed in the theoretical part of the study. Analysis of the responses revealed four main criteria for a strategically sustainable organisation (see Fig. 2).

Following the interview, the experts concluded that, in order to be considered strategically sustainable, an organisation must meet all the criteria, rather than just one or several.

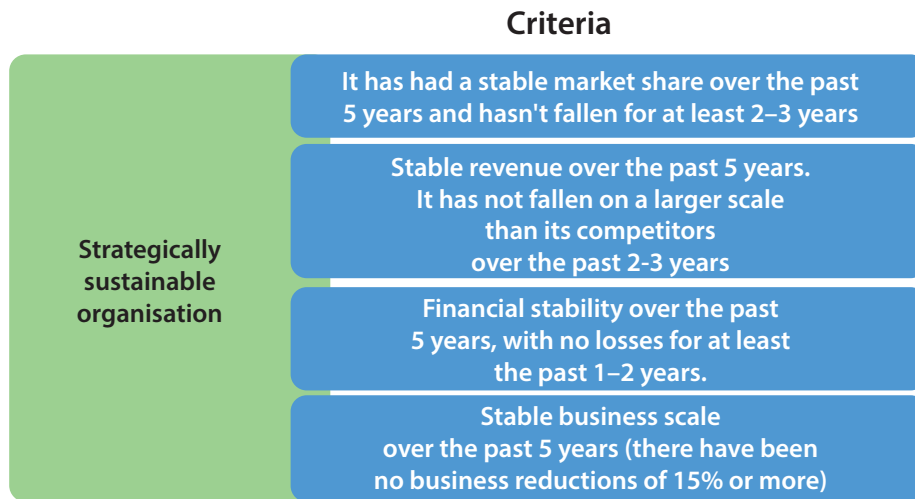
As part of the study, 120 companies from various industries were surveyed. At the first stage, the formed criteria were used to determine whether the organisation was strategically sustainable. Most of the companies that participated in the survey were found to be so - 72.6% of them.

The survey included companies in the service and industrial sectors, but no direct correlation was found between strategic sustainability and the type of activity.

Key features of managing organisational innovations in companies were identified as part of an in-depth interview with industry experts. Based on the results, closed questions were formulated for organisations. The survey showed that organisational innovations had been implemented in most companies (72%).

Moreover, of the companies that had implemented organisational innovations at least once, 38% had a continuous process, 29% implemented them once

Fig. 2. Criteria for a strategically sustainable organisation



Source: compiled by the author based on interviews with experts.

every two to three years, 26% implemented them once every year to one and a half years, and 7% implemented them less than once every three years. Notably, among strategically stable organisations, organisational innovations were implemented at least once in 80% of cases (57 out of 72 companies), compared to 60% of cases (29 out of 48 companies) among strategically unstable organisations. This confirms the importance of organisational innovations for strategic sustainability.

The main reasons for implementing organisational innovations are:

- the company's desire to improve efficiency.
- responding to changes in the external and internal environments;
- the need to implement changes following a change in strategy (or business model);
- responding to market competition.

Thus, it emerged that most companies implement organisational innovations, and that this process is ongoing.

The next stage of the study involved analysing the correlation between organisational sustainability and the implementation of organisational innovations, as well as the frequency with which they are implemented. This analysis was carried out using MS Excel software. The following parameters were selected for the analysis:

- dependent variable – strategic stability: 1 – for strategically stable companies, 0 – for strategically unstable companies; - independent variables: the fact of implementation of organisational innovations (implemented – 1, not implemented – 0) and the frequency of implementation of organisational innovations (not implemented – 0, less than once every 3 years – 1, once every 2–3 years – 2, once every 1–1.5 years – 3, continuous process – 4).

The following results were obtained after the analysis:

- The correlation between strategic sustainability and the implementation of organisational innovations is 0.2, indicating a weak dependence on innovation implementation.
- The correlation between strategic sustainability and the frequency with which organisational innovations are implemented is 0.78. This suggests that strategic sustainability is significantly influenced by the frequency of organisational innovation implementation.

The findings obtained during the empirical study confirm the hypothesis that organisations that implement organisational innovations achieve strategic sustainability.

Following the analysis, we can also conclude that companies that are strategically sustainable implement organisational innovations more frequently than those that are not. However, implementing organisational innovations alone does not lead to an increase in strategic sustainability; it is much more important that the process is carried out continuously.

Conclusion

The strategic sustainability of an organisation is important for ensuring its current operations and progressive development. The dynamic development of economic enterprises allows the national economy to develop as a whole. A sufficient number of studies have been devoted to the strategic sustainability of organisations. An important element of strategic sustainability is its criteria. These have not yet been identified in existing literature, but a survey of experts has revealed a number of criteria. The most important of these concern the stability of company operations

over a period of five years. In the context of decreasing available resources, ensuring strategic sustainability can be achieved through relatively inexpensive methods, such as organisational innovations.

Most of the organisations that took part in the survey are strategically sustainable and continuously implement organisational innovations. It does not matter whether the company belongs to the manufacturing or service industries. The main reasons for implementing organisational innovations are increased efficiency and changes in the internal and external environments, as well as market competition. Thus, the objective of the study is realised - the relationship between organisational

innovations and strategic sustainability is determined. For an organisation to be strategically sustainable, the frequency of innovation is more important than innovation itself.

Further research on this topic should focus on developing the necessary methodological recommendations for creating and implementing organisational innovations, ensuring continuous work with them. This will increase the strategic sustainability of organisations and have practical significance for economic entities. The lack of research on this topic in existing studies suggests that significant advances in scientific knowledge can be expected in this area.

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