



DEBRE-BIRHAN UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS

**THE EFFECT OF CHANGE MANAGEMENT ON ORGANIZATIONAL
PERFORMANCE: (A CASE OF TSEDEY BANK IN DEBRE-BIRHAN
REGIO-POLITIAN CITY ADMINISTRATION)**

BY
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JUNE, 2024
DEBRE-BIRHAN, ETHIOPIA

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REGIO-POLITIAN CITY ADMINISTRATION)**

**A Thesis Submitted to department of Management, College of
Business and Economics in Debre-Birhan University**

**In partial Fulfilments of the Award of Masters of Business
Administration**

BY:

DAMTEW TSEGAW

ADVISOR: ENDALKACHEW ABEBE. (PhD)

JUNE, 2024

DEBRE-BIRHAN, ETHIOPIA

DECLARATION

I declare that this thesis is my genuine work, and that all sources of materials used for this thesis have been profoundly acknowledged. This thesis has been submitted in partial fulfillment of the requirements for Master of Business Administration/MBA/ at Debre Berhan University and it is deposited at the University library to be made available for users under the rule of the library. I declare that this thesis is not submitted to any other institution anywhere for the award of any academic degree, diploma or certificate.

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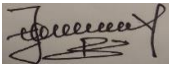
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LETTER OF CERTIFICATION

This is to certify that this study, "The Effects of Change management on organizational performance: The Case of Tsedey bank in Debre-Birhan branches." undertaken by Damtew Tsegaw. in partial fulfillment of the requirements for the Award of the Degree of Masters of Business Administration (MBA) from Debre-Birhan University, college of Business and Economic, department of Management, is an original work and not submitted prior for any degree either at this University or any other University.

Thesis advisor: Endalkachew Abebe (PhD)

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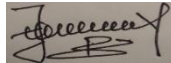
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Abstract

The purpose of study was to investigate the effects of change management on organizational performance in Debre-birhan Regio-politian city administration Tsedey Bank branches. The researcher used both quantitative, qualitative research approach, descriptive and explanatory research design. The total target populations and sample size of the study were eight Tsedey bank branches and 120 employees through census survey, the researcher applied data collection instruments questionnaires through five point likerts scale measurement, open ended discussions to collect primary data. The researcher used an inferential statistics and analyzed through SPSS software version 21. The regressions result confirmed that, the linear combination of all the components of change management considered under the present study was significantly contributed $R^2=94.7\%$ to the variance in the dependent variable organizational performance. From the Beta coefficient result, the researcher obtained that, all six independent variables have found to be significant effect and the most important variable in predicting the dependent variable organizational performance. The researcher recommended that in order to create awareness about the change in the minds of the employees the bank managements has work hard towards improving leadership, communication, technology quality and participate employees in change management process. The leaders need to be committed to implement the change effectively, need to be responsible and accountable for implementation of change management and its effectiveness.

Key words: *Organizational Leadership, Communication, Employee Engagement, culture, technology, structure, Organizational Performance.*

CHAPTER ONE

1. INTRODUCTION

This chapter deals about background of the study, statement of the problem and objective of the study, significance of the study, research question, hypothesis, scope, limitation of the study, definition of terms and organization of the study.

1.1. Background of the Study

Change is inevitable. Organizational change refers to the actions in which a company or business alters a major component of its organization such as its culture, the underlying technologies or infrastructure it uses to operate, or its internal processes. Organizational change management is the process of guiding organizational change to a successful resolution, and it typically includes three major phases: preparation, implementation, and follow-through (Tim Stobierski, 2020).

Change management is a crucial process that organizations undergo to adapt to new circumstances and improve their performance. Effective change management can lead to increased productivity, efficiency, and overall success of an organization

Overall, research conducted at the global, African, and Ethiopian levels underscores the importance of effective change management practices in enhancing organizational performance. By understanding the specific challenges and opportunities present in each context and tailoring change initiatives accordingly, organizations can achieve sustainable performance improvements and competitive advantage.

Research conducted at the global level has highlighted the importance of effective change management practices in enhancing organizational performance. Studies have shown that organizations that successfully implement change initiatives experience improved productivity, efficiency, and competitiveness in the global marketplace. Organizations that effectively manage change are more likely to outperform their competitors and achieve sustainable growth in the long term. Change management has become increasingly important in the rapidly evolving business environment (McKinsey & Company, 2019).

In the global change management the market economy, technology introductions, aging

boomer population, and less than honest world competition have all had an impact of change management. With the America financial shock in late 2008, many employers rushed to downsize their organizations or employee performance to capture possible profits. In today's business environment, it's becoming obvious that nothing remains still He emphasizes that the rate of change management which business organizations face have continued to increase more and more in the last five decades (Chaudhary,2021). This is as a result of advances in information and communication technology increasing democratization of economies and liberalization of economies across the globe. Bank today operate in such a competitive environment and the need to adopt change is inevitable and ought to be discuss (Denisi, 2016). Organizations today operate in such a competitive environment and the need to adopt change is inevitable and ought to be discussed.

Studies focusing on the African context have emphasized the unique challenges and opportunities associated with change management in the region. Research has shown that organizations in Africa often face cultural, political, and economic barriers that can impede effective change implementation. Change management is also gaining recognition as a key factor in driving economic development and social progress. The African Development Bank emphasizes the importance of change management in helping African countries navigate complex challenges and achieve sustainable development goals (African Development Bank, 2020).

In Africa, especially in South Africa, Organizations create change-related strain for their employees in two ways; first, the level of strain depends on the impact the change has on the individuals own job. This means high personal demands tend to translate into high strain. Second, if change has a significant impact on the work unit and that change is not managed well, in terms of fairness, this also tends to lead to experiences of personal strain. If change is not well managed it can result to high labor turn over and low production (Gebregziabher, 2018).

Most African countries have undergone series of changes. Organizations in Africa have gone through tremendous changes due to growth and expansion of institutions of higher learning. In order to compete globally, organizations have embraced change management factors such

as leadership, communication, culture, technology, leadership and structure which affects both employee and organizational performance. In order to remain competitive organizations have adopted cultural systems known to every employee which add value to their performance, for instance we value quality education. Leadership changes may influence employee performance. The leader as a person in charge or as a change agent can manage an organization or the process of organizational change more effectively and successfully if he/she is capable and competent. Organizational change is a demand of the day, and needed for organizations to survive. On the other hand organizational structure changes are thought to influence employees' performance. A structure is an arrangement of tasks or activities being performed in an organization. This study conceptualized that changes in structure may affect performance in organizations (Asghar, 2010).

The Ethiopian Civil Service which was officially established during the reign of Menelik II in 1907, undertook a sequence of structural and strategic changes commensurable with new needs and global constraints, Getachew and Common (2006).

Change management has played a significant role in the country's recent economic transformation. The Ethiopian government's ambitious reform agenda, which includes liberalizing key sectors and attracting foreign investment, has been supported by effective change management strategies that have helped drive positive outcomes and improve overall performance (World Bank, 2021).

In the latest ten years, change is a day-to-day schema to almost all public organizations of Ethiopia. Nearly all public organizations of the nation have tried Business Process Reengineering (BPR) as of 2003, (Tilaye, 2007; Yetimgeta, 2007).

Additionally, studies have highlighted the role of leadership commitment, employee empowerment, and organizational culture in driving successful change efforts in Ethiopian organizations.

As Workeneh and Abebe (2019) indicated in their research that administrative staffs had higher perceptions of readiness to change in the emotional, cognitive and intentional components. Moreover, perceptions of a history of change, participatory management, and quality of communication positively correlated to readiness to change. Also, mentions there

were statistically significant contribution of a history of change, participation management and quality of communication to readiness to change and draw conclusion that, management bodies should work more to bring about good feelings about the change, all members of the staff need to be communicated regularly, and information should be clear, transparent and progressive.

Tsedey Bank is a share company which started its journey in 1996 by providing credit services to the rural area of Ethiopia as part of a Governmental body. In 1997, the company made a transaction to a credit and saving institution with three million capitals on a zone level operation by the name of Amhara Credit & Savings Institution (ACSI) as it has been revealed by the current Chief Corporate Property Manager of the Bank.

Amhara Credit and Saving Institution managed to get into the Banking sector and become one of the latest private banks in Ethiopia. The MFI made its second transaction with Tsedey Bank S.C in the month of September 2022.

Today, financial institutions are responsible for the supply of money to the market through the transfer of funds from investors and depositors to the companies and individuals in the form of loans, deposits, and investments.

Financial institutions are operating in a very dynamic marketplace today and this requires the ability to choose the right change opportunities while demonstrating the necessary degree of flexibility to meet the fluid requirements of the organization over time. The ability to select change management initiatives that are aligned with the organization's strategic direction is fundamental for success.

Private Banks in Ethiopia has to change in line with their customers' demands, Government policy, political and economic condition of the country and rate of competitors unlike in the past where the business was drastically changing. There is a strong need to align operations in line with the various environmental turbulence levels and thus there is need to study the effect of change management on Tsedey bank performance in the study area.

1.2. Statement of the Problem

Organizations today are increasingly embracing the practice of using change management as a strategy in anticipation that it would translate to an improvement in their goals (Kute &

Upadhyay, 2014). This awareness significantly highlights the importance of change management in an organization's performance. But different problems and challenges were raised in implementing, managing and sustain change in different organizations

Different previous studies investigate the effect of change management on organizational performance at different sectors as well as researches were made on effects of change on employees' performance. But these researches have different gaps as reviewed and identified by the current researcher.

Sariak k. & Dr.Ayesha F. (2016) explore the relation between change and organizational performance at Indian sectors and concluded change variable/attitude of top management, leadership, readiness for change and participation/ have positive relationship with organizational performance by analyzing using descriptive and explanatory research design. In this study only four variables were used as change dimensions or factors that affect organizational performance and not clearly investigate what would be the organizational performance, if change is not properly manage. This is the gap identified by this study.

Ramzan Hussain (2023) investigate by his study on the title of organizational change and impacts on corporate productivity the behavioral assessment of change management by using only one variable technological transformation. In this study technological transformation has strong positive impact on organizational performance. But it is impossible to give comprehensive conclusion that change management has positive and significant effect on organizational performance only by applying one factor variable. This is another research gap identified by the current study.

Grace K.O. (2020), research shows that, change management practices have significant and positive effect on organizational performance in Unite Nations office for projects and services. This research used only three independent variables/leadership, culture and capacity training/ to reached its conclusion and not specified research questions, abstract, hypothesizes and alignments of variables or conceptual framework/model/. Therefore, there was the gap in variables inclusion and methodological procedures.

Ayan Farah (2018) studied on factors affecting change management in organizational performance at world food program. In this research three independent variables attitude,

leadership and culture were used and concluded there was positive relationship between these variables and organizational performance. Since the research was on food program there is contextual gap compared with current research, and the study had methodological gap while clearly identifying research design and approach.

Dr. Olajide O.T (2014) studied on change management effects on organizational performance in Nigerian telecom industries. The research concluded by using two independent variables technological change and customer preferences, there was positive relationship or the mentioned independent variables have significant effect on organizational performance of telecom industries. In this research study there was limited variables to give comprehensive conclusion on change management effects and also compared to the current research there will be contextual gap which means it focused telecom industry but the current study will be focused on financial sector.

Cheruto J. (2023) investigated by his research in sub-saharan African technology sectors and concluded two independent variables organizational culture and human capital development on organizational performance. The researcher concluded by using descriptive statistical analysis there was positive relation between independent variables and dependent variable organizational performance in technology sectors. But in this study there is no conceptual framework/model/, limited variables, lack of detail descriptions of previous studies to identify research gaps.

Wilfred K.A. (2016) conducted the research study on change management practices and local government performance in Uganda by identifying three independent variables executive support, effective communication and employee involvement. By using inferential and descriptive statics the researcher concluded that these independent variables have positive and significant effect on dependent variable performance. Still the research needs further investigation since there were limited variables in the research studied.

Fredrick K.K. (2019) explored the effect of change management on organizational performance in case of media companies in keneya and used four independent variables culture, structure, leadership and technology. The study applied different methodological procedures and concluded these four variables were having significant and positive effect on

media company performance. Still there were debates in constructing independent variables which will be affected different organizational performance.

Terefe A. (2020) focused to investigate the effect of change management on organizational performance in case of private commercial banks in Addis Ababa. The researcher developed four independent variables and used descriptive, explanatory research design and mixed research approach to conclude the results. According to the study the four variables leadership, communication, employee engagement and readiness for change have significant effect on bank performance. The researcher used only four independent variables which limits the comprehensive conclusion about the effect of change on performance and not clearly discussed the previous studies to identify the basic gap of the previous studies. Therefore, the current research fills these kinds of research gaps.

Zehura Amin (2020) conducted the research the effects of change management on employee performance in case of Dashen bank. The research used four independent variables leadership, culture, structure and technological change to analyze and investigate the relationships between these variables and dependent variable employee performance. The research concluded there were positive relationships between dependent and independent variables. But the researcher not clearly identified the previous gap and what or how to fill the gap by the study. And not clearly articulate the effect of employee performance on the overall performance of the bank/organization. Therefore, the current research fills the gap by reviewed previous research gaps and identifying additional variables.

Aman G. & Mustefa I. (2021) focused to conduct research on effects of change management on organizational performance in case of Ethio-Telecom in southern region. The researchers used three variables balanced scored card, kaizen and standard quality service. The study also used 50 sample sizes and concluded that there was positive effect of the mentioned variables and organizational performance in the region. But the study used only 50 sample size and three independent variables which are limited the fundamental and comprehensive conclusion about the effect of change management on Ethio-Telecom performance in the region.

In general, different research studies indicated, different researchers used as many as different variables to investigate the effect of change management on organizational performance. This

reveals several further research needs in the field of change management. There was a gap in measurement or variable issues since measuring the effect of change management on performance can be challenging, as performance outcomes in banks are multifaceted and can be influenced by a variety of factors.

Therefore, this study examines the effect of change management on organizational performance in case of Tsegedy Bank, Debre-Birhan branches by conducting six basic change management dimensions: organizational leadership, organizational communication, employee engagement, organizational technology, organizational culture and organizational structure.

As per preliminary observation made by the researcher, there was not enough research conducted related with change management and its effect on organizational performance, specifically in Tsegedy Bank Debre-Birhan branches no research. Tsegedy Bank becomes the growing bank and makes reform from Amhara credit and saving institutions to Tsegedy Bank. This reform initiates to the researcher to investigate further how change management affects the bank performance. There also complains from customers related with service delivery, high interest rate and flexibility of credit system.

Employees perspective to change is questionable, their perspective overlooked with research. This also took as a gap and another initiator to explore how employees perceive and respond to change and affect performance.

Thus, this research tried to identify the factors hindering organization's performance during change management and the reason behind change resistance in the study area, particularly in the banking sector in Tsegedy Bank in Debre-Birhan city administration.

In summary the current research fills: variable, contextual or population, methodological and knowledge gaps as clearly discussed.

1.3. Research questions

1. To what extent does an organizational leadership change affect organizational performance?
2. What is the effect of communication on organizational performance?
3. In what way employee engagement affect organizational performance?
4. What is the effect of organizational culture on organizational performance?

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5. In what extent technological changes affect organizational performance?
6. What is the effect of organizational structure on organizational performance?

1.4. Objective of the Study

1.4.1.General Objective

The general objective of this study is to determine the effect of change management on organizational performance of Tsedey bank at Debere-Birhan city administration.

1.4.2.Specific Objectives

This study has the following specific objectives:

1. To determine the influence of leadership on organizational performance
2. To analyze the effect of communication on organizational performance
3. To ascertain the influence of technological change on organizational performance
4. To determine the effect of organizational structure on organizational performance
5. To examine the effect of employee engagement on organizational performance
6. To examine the effect of organizational culture on organizational performance

1.5. Hypothesis of the study

In this thesis six hypotheses were developed to study the effects of organizational change towards organizational performance in Tsedey bank. Alternative hypothesis tested in the study.

H₁:- organizational leadership has significant influence on organizational performance

H₂:- organizational Communication has significant effect on organizational performance

H₃:- organizational technological change has significant effect on organizational performance

H₄:- organizational culture has significant effect on organizational performance

H₅:- employee engagement has significant effect on organizational performance

H₆:- organizational structure has significant effect on organizational performance

1.6. Significant of the Study

It is the hard facts that, Ethiopia's banking businesses are growing tremendously from time to times, which contribute to the emergence of stiff competition in the industry. The industry revolutions are also followed by continuous change in technology, people and process. It used

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for an insight to the bank to easily cope up with the changes by identifying the weak link of its change management and implementation process. Contribute to empirically inform decision makers, policy makers, planners and other concerned parties about the problem at hand and suggest means of tackling the problem as well the results of this research will benefit scholars and investigators by adding current knowledge on the effect of change management on the performance of organizations, which is one of the main disciplines in the area of organizational behavior and change management. The study will also share recommendations on the subjects of change management and organizational performance that require further research.

1.7. Scope of the Study

Geographical scope: - The focus of this study was to assess the effect of change management on organizational performance. Since it is difficult, costly and time consuming to conduct a census survey on all of the Tsedey bank branches found in Debre-birhan.

Methodological scope: - the study used descriptive, inferential statics and qualitative and quantitative research approaches applied to investigate the study.

Variable or content scope: - the study also be further limited in terms of variables (six change management dimensions and five pillars of organizational performance are selected i.e. leadership, communication, employee engagement, technological change, organizational structure & organizational culture and profitability, number of account holders, amount of deposit, loan and advances and employee improvement respectively)

Time scope: - the time horizon covered by the study is 2023/2024

1.8. Limitations of the study

The study limited itself to only Tsedey bank in Debre Berhan city administration. For a more conclusive report, all private banks in the country should be studied. The researcher used a only six independent variables, some respondents did not give attention to fill the questionnaires properly for accurate analysis and investigation of the study. Even some of other respondents have not willingness to receive the questionnaires. And also respondents show doubtfulness of the study in bringing change in their organizational performance, applied for further research reference, policy and decision makers. Due to political and

regional instability there was serious internet connection access to assess and finding different book, article and journal sources related to the study. This study result depends on only 120 respondents and May not applicable on other area and other private and public banks as well as micro finance institutions.

1.9. Organization of the Study

The Thesis has five independent chapters. The First Chapter deals with introductory concepts which encompassed background of the study, statement of the problem, research questions, hypothesis, and objectives of the study, definitions of key terms, significance of the study and delimitation/scope of the study. The Second Chapter is dealt with review of related literature where exhaustive theoretical concepts related to the various dimension of change management and their effect on organizational performance will describe in a very great detail. The Third Chapter described the methodology employed in order to conduct the study which includes the research design, types of data and data collection instruments, sample size and sampling techniques and data analysis techniques. The fourth chapter contain results and discussions in detail, the last fifth chapter presented summary, findings, conclusions and recommendations.

1.10. Definitions of key terms

- 1. Change:-** Business dictionary.com define change as ‘The process of causing a function, practice, or thing to become different and making modification, adjustment somehow compared to what it is at present or what it was in the past. Companies can undergo changes in a specific division, such as a marketing division, or as a whole’ (Worley, C.G.2014).
- 2. Change Management;-**meaning the execution of business strategic plans and delivery of required change projects, through communication to stakeholders and partners, integration of multi discipline teams and management of people(Crawford, 2013).
- 3. Organizational Performance: -**is quite simply the way in which the people who comprise organization work together to encompass measurable outcomes and results achieved by the organization; financial performance, product market performance and shareholders return (Richard, P.J.2009).
- 4. Organizational culture:** refers to the shared values, beliefs, norms, and behaviors that characterize an organization. It encompasses the unwritten rules and social norms that guide

how members of an organization interact with each other and with external stakeholders (Schein, E.H.2010).

5. **Organizational structure:** refers to the formal framework that defines the hierarchical relationships, roles, responsibilities, and communication channels within an organization. It outlines how tasks are divided, coordinated, and controlled to achieve the organization's goals (Mintzberg, 2009).
6. **Employee Engagement:** - is an emotional state where employees feel passionate, energetic and committed to their work. This translates in to employees who give their hearts, sprits, minds and hands to deliver a high level of performance to the organization (Macey, W.H.2008).
7. **Organizational Leadership:** is the ability to inspire, motivate, and guide a group of individuals towards a common goal or vision. It involves setting a clear direction, making decisions, and effectively communicating and collaborating with others to achieve objectives (Northouse, P.G. 2018)
8. **Organizational Communication:** is an action between at least two persons, where messages are delivered, received and reacted to among participants. It proves to be the most significant tools in social life and business management (Friedrich, G.W. 2011).
9. **Organizational technology:** is defined as tools, systems, and process used by an organization to facilitate operations, communications, innovation and efficiency (Loudon, K.C. 2016).

CHAPTER TWO

2. REVIEW OF RELATED LITERATURE

2.1. INTRODUCTION

This section evaluated existing literature with regards to the theory of change management and the various models of change management, the factors influencing change management and the impact of change management on performance of organizations. This section covered the theoretical underpinnings of the present study, empirical reviews, and conceptual framework in the research.

2.2. Theories of Change Management

In the study of change management, there are several theories that attempt to expound dimensions relating to change management and performance of organizations. These section reviews three major theories of change management: Kurt Lewin Model, McKinsey's 7s Model and Kotter's Eight-Step Change Model

2.2.1. Kurt Lewin's Three Phase Model

Lewin's change model which define three stages of change, unfreezing, change movement and refreeze. The first step of change processes it to unfreeze the current scenario of behavior as a technique of managing confrontation to change. Contingent on the level of organizational change envisioned, this stage might be on the individual level, selectively promoting, demoting or firing employees; on the structural level, developing highly empirical training programs on different organization designs as matrix management; or on the climate or interpersonal level, providing data based response on how employee respond to certain management activities. Change may involve on any level, proper roadmap has to be created for such kind of interventions which makes organizational members address that levels requirement for change, enhance awareness in the employees of their personal behavioral patterns and allow response positively and more friendly to the change process.

The second stage, change movement involves the actual action steps need to be taken to which will move the organization to some other level of response. Perhaps representing new skills or new supervisory practices on the individual level, Structural level might include

expected changes in real organizational structures, change in reporting of employees and reward systems that may affect the way people do their routine task. Lastly, on the climate or interpersonal level, expectation is to realize behavior patterns that specify better interpersonal trust and openness and less dysfunctional exchanges.

The third and final stage, refreezing involves making change stable and institutionalizing all those changes by forming systems that make such behavioral patterns comparatively more safe and secure against change. This stage may involve redesigning the organization's recruitment process to increase the likelihood of hiring applicants who share the organization's new management style and value system. During the refreezing stage, the firm's may also ensure that the new behaviors have become the operating norms at work, that the reward system actually reinforces those behaviors, or that a new more participative management style predominates. (Naveed Saif N. R., 2013)

Lewin's model is a concept of repeating cycles of three phases. The first is the thaw phase, where you try to overcome resistance to change. Then, you implement the changes through training and education, and finally, you refreeze them, which means that you finalize the changes and make them policy. This model is old, and it kind of burns a lot of time fighting resistance as a fixed cycle step, and it's actually mostly depreciated in modern times. However, it's the grandfather of most other theories, and as a result, it deserves its place on this list. (Smith, 2019)

2.2.2. McKinsey's 7-S Model

McKinsey 7S framework confirms that all parts of the organization work in coordination with each other. The core principle of the model is that there are seven internal characteristics of an organization which need to be united if it is to be successful. The elements precisely: **Strategy**; the plan formulated to sustain and construct competitive advantage. **Structure**: the way the organization is structured and who report to whom. **System**: the daily activities and procedures that staffs members engage in to get the job done. **Shared value**: called "super ordinate goals" when the model was first developed, these are the core values of the company that are evidenced in the corporate culture and the general work ethic. **Style**: the style of leadership adopted. **Staff**: the employees and their general capabilities. **Skills**: the actual skills and competencies of employees working for the

company. Shared values are placed in the middle of the model, highlights that these values are central to the development of all the other critical components. The company's structure, strategy, system, style, staff and skills all originated from why the organization was originally created, and what it stands for. The original vision of the company was formed from the values of the creators. As the value change, so do all the other components. (Naveed Saif N. R., 2013)

This one's got less of an order and more of faceted holistic structure where you can organize the aspects you need to address in any order that works for your approach. Each of the facets begins with an S, including shared value, strategy, structure, systems, style, staff and skills.

This model is very open ended and really presents itself as a template outright. This one's not that widely liked because it's ambiguous and confusing, but it does serve as a good basis to build something more structured on, actually.

The 7S model can be used when an alignment point of view is effective; in order to improve the business performance, to inspect the probable consequences of forthcoming changes in an enterprise, to align processes and organizational departments in the course of an acquisition/merger and to decide how an anticipated approach is best implemented. Strategy is a designed plan by a company to gain a sustainable advantage and to successfully secure a significant market share. Generally speaking, a strategy regarded as sound is clearly articulated, lasting, contributes to an organizational competitiveness and is strengthened by a resilient mission, vision, and value. The structure is a corporate chart of the company. It shows the manner in which business units and business divisions are systematized, and who accounts for whom. The organization's charts are the elements that are most visible and simple to change (Jalagat, 2016).

2.2.3. Kotter's Eight Step Model

This model was designed in 1995 by Kotter and identifies eight steps in the management of organizational change which imply a sagacity of firmness that executives must build a strong group of individuals able to jointly work as a group in order to bring about change, the organization's vision must guide the whole effort of change, this vision must be repeatedly expressed. The steps five to eight occur when this is created.

The other steps will include the capacity of others within the organization to implement the

vision, management setting up and generating short-term gains, building the ongoing developments with new resources and projects, establishing new methodologies (Kreitner & Kinicki, 2003).

In Johnson's, Scholes, and Whittington's (2008) argument, change must also establish a relationship between the operational, strategic and daily aspects of the organization if it is to succeed. This means not only obtaining resource plans from translation of strategic change, essential factors of success and vital tasks, but also the overall organization management, into how change is communicated through the day-to-day aspects of the firm. One of the limitations is the rigidity of this model in the concept that sequentially all of the eight stages must be followed to the latter. This cannot be the situation for all firms on the basis of their way of operations and size. Particular stages may not be applicable in certain circumstances since selected changes are so sporadic that all eight steps may not be necessary. The model has been identified to promote an early energy explosion followed by distance and delegation.

For those interested in large or small organizational changes Kotter's eight steps are an outstanding starting point. The model emphasizes the correct initial steps: build coalition and set the vision, instead of later build-up and consolidation steps.

John Katter's model is an eight step process that goes as follows: Establish and drive up urgency for needing change, build a team dedicated to change, create vision and goals for change, communicate change needs, empower staff to implement changes themselves, create short term goals, maintain persistence, and finally, refreezing a la Lewin, by making changes permanent.

This is the easiest one to pick up, to understand and to implement (Smith, 2019). The kotter stages because the underlying model they are easy to implement and analyzed, this model does not emphasize the acceptance of change but as an actual change of organization members and readiness for change. Sequential character model but also represents a disadvantage of long temple. (Andreea C. B., 2017)

2.3. Conceptual Review

2.3.1. The Concept of Change Management

Change can be a time of exciting opportunity for some and a time of loss, disruption or threat for others. How such responses to change are managed can be the difference between surviving and thriving in a work or business environment. Change is an inherent characteristic of any organization and like it or not, all organizations whether in the public or private sector must change to remain relevant. (Government)

Many major companies are going through significant changes, including outsourcing, downsizing, reengineering, self-managed work teams, flattening organizations and doing routine jobs with automation and computers. Today's organizations are in completely flux: changing their ways, concentrations, increasing or narrowing their activities and redesigning their products and services. It is expected that in the coming few years' organizations will not be the same as they are today. (Naveed N. R., 2013)

Organizational change process is complex and has a high degree of reluctance on the part of employees and their collaborators. With the acquisition of knowledge, knowledge across the organization aims to facilitate organizational change process. Organizational change is a fact of life; it involves changes of organizational change process' mission, vision and/or process, with impact at both individual and organization level. Some organizations accept changes if they consider them as necessary and quickly adapt their behavior in a desired new direction but in most cases changes are considered unnecessary or very difficult and organizations do not adapt to the new context defined by the turbulent environment in which they operate. (Andreea Cristina Bejinariu, 2017)

Culture and organization change management are two important components of an organization that all organization developers and human resource managers must in to consideration when planning and executing any viable activity of the firm. This is because business environment is constantly changing and there is need to limit employee resistant to positive organizational change process. This can productively be achieved in an environment that promotes sharing of knowledge and comfort atmosphere that inculcates a culture of teamwork towards the attainment of organization strategic goals. (Onyango, 2014)

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2.3.2. Change Management and Successful Performance

Change management is the process, tools and techniques to manage the people side of change to achieve the required business outcome. Change management incorporates the organizational tools that can be utilized to help individuals make successful personal transitions resulting in the adoption and realization of change. Change management can be defines as the process of continually reviewing an organization structure, directions, plans, objectives and also changing its mission and vision in order to capable of challenging and succeeding by definingthe internal and external challenges.

The rapid growth in global, economic and technological advancement creates change an unavoidable aspect of organizational life. Though, change that is planned by its affiliated can be distinguished from change that takes place to an organization. It is normally originated and implemented by managers, usually with the help of an organization development practitioner who may be internal or hired from outside of the organization. Organizations can practice planned change to deal with problems, to learn from experience, to reframe joint perceptions, to familiarize with external environmental changes, to improve current performance, and to influence upcoming changes (Naveed Saif N. R., 2013).

To ensure the success of the change program it is appropriate to focus on organizational structurehuman relations and technology, and there must be balance between these aspects to improve the performance of employees and this in turn reflects the quality of productivity (Omar Al-Jaradat, 2013).

There was need for frequent organizational change to cope with the ever turbulent environment in which the firm operates. Failure to adapt and adopt change in the organization would lead to stagnation and therefore unfit to compete favorably with other actors in the industry. When firms were leading and managing change they were creating a sense of urgency to reinforce the need for change, providing people with facts, figures and evidence to persuade them for change, selecting the right people to form the guiding coalition, getting the guiding coalition to work together as a team, creating clear and tangible vision for change, constructing effective strategies to deliver the vision, changing systems that get on the way of the changed vision, recruiting promote and develop the right people to promote change and ensuring the right people are chosen for the role of change

development(Samuel, Kamugisha, 2013).

2.3.3.1. Effect of Leadership on Organizational Performance

In this global competitive environment, effective leadership style is necessary to reduce the attrition rate. From the effective leadership styles only it is possible to achieve organizational goal productively. Leadership styles effect on the employee performance and productivity (Swamy, 2014). Leadership is associated with organizational culture, primarily through the processes of articulating a vision, and to a lesser extent through the setting of high performance expectations and providing individual support to workers; the key to choose the right approach to culture change is to know how organizations function. As social systems comprising work, people, formal and informal systems, organizations are resistant to change and designed to neutralize the impact of attempts at change. Leaders play a critical role in selecting and planning appropriate change management approaches. It is important that the leaders of the organization create an atmosphere of psychological safety for all individuals to engage in the new behaviors and test the waters of the new culture (Koustelios, 2014).

The leader as a person in charge or as a change agent can manage an organization or the process of organizational change more effectively and successfully if he/she is capable and competent. Rapid technological advancements, high expectations of customers, and ever changing market situations have compelled organizations to incessantly reassess and reevaluate how they work and to understand, adopt and implement changes in their business model in response of changing trends (Asghar, 2010).

Leaders in the banks need to focus on staff policies of the organization by paying close attention to the integration mechanisms of change for individuals within the organizations. They need to not only communicate but also set objectives that aim at the attainment of a better correlation between the objectives of the organization and of staff management, through managers' and employees' improved communication and through their setting common objectives, whether individually or as a group(Richard, 2014).

2.3.3.2. Effect of Employee Engagement on Organizational Performance

In many countries, employee's engagement has emerged as a potential factor for organizational performance. Many practitioners of human resource management have poorly

understood measurement of employee motivation for activities and more precisely its commitment. Despite the association between employee engagement and job satisfaction, there is no relationship between employee engagement and job assignment, which is an important key factor for organization performance, job assignment is critical for engaging employees to ensure organizations' longevity and profitability (Kazimoto, 2016).

Low engagement affected commitment and motivation levels of staff. The low employee engagement levels were produced by job design, ineffective communication, management approach, participation and incentives in the form of recognition (Erajesvarie P. 2018). Employee engagement is directly influenced by growth of the organization, value addition experienced by employees and employee perception of the organization (Patro, 2013).

An organizational change appears to be a complex situation that may affect an employee's engagement to various extents (Gruen, 2016). Employee engagement has been perceived as motivational factors towards organization's objectives achievement. The good environment that is offered to the worker enables him/her to offer the best that the organization needs for its achievement of goals and objectives (Kazimoto, 2016).

An employee's level of engagement is influenced by her or his perception of how attractive and meaningful a job is. Leaders need to play an active role in making their employees jobs more interesting, challenging and rewarding and provide employees with the platform to identify ways of making their jobs more challenging and productive, thus encouraging employee involvement. Employee engagement does influence organizational performance by improving profits, bottom line, and productivity, employee's proactive nature of findings ways to improve revenue and improve customer services. On the other hand when employees are unhappy, not given the opportunity to speak, not recognized their efforts and not encouraged to participate in decisionmaking, they do not exercise their full potential resulting in reduced individual performance and ultimately reduced organizational performance (Erajesvarie P. 2018).

Employee engagement depends on four major conditions in the workplace such as organization's culture, continuous reinforcement of people focused policies, meaningful metrics and organizational performance (Patro, 2013). Employee Engagement is depend on

six conditions such as Job design, culture, recognition communication, career, development, employee involvement and motivation (Erajesvarie P. 2018).

2.3.3.3. Effect of Communication on Organizational Performance

The fundamentals of communication: Communication is an action between at least two persons, where messages are delivered, received and reacted to among participants. It proves to be the most significant tools in social life and business management. Communication also plays a crucial role in organizations to generate and interpret messages between employees through both directional (one-way) and bidirectional (two-way) manner. The key to successful implementation of the change lies in effective communication. Effective communication has been seen as a two-way communication that serves several functions such as, information sharing, participation, compliance, and feedback. In order to maximize the productivity of persons involved in change and implement effective change, organizations should consider communication as a key lever in change management process and use it properly (Yazdanifard, 2012).

Employee communication is a key determinant of organization performance. This is based on the fact that it facilitates exchange of information and opinion with the organization and that communication helps in improving operational efficiency thus improving organization performance (Brenda Bery, 2015). Ineffective communication in an organization may result uncertainty, apprehension and dissatisfaction, these results to, poor productivity (Kelvin-Iloafu, 2016).

Any organizations management that is desirous of ensuring the success and efficiency of its workforce should be conscious of implementing effective communication programs to their employees for better performance. To enhancing the realization of organizational goals/performance effective communication process are an integral part of management strategy. Hence not theoretical, but practical participation of staff in matters that, affect their creativity and performance because the objectives of effective communication programs should be clearly stated so that all employee or workforce will be informed, since employees performed better when there are informed or communicated to than those who are not informed (NEBO, 2015).

2.3.3.4. Effect of organizational culture on Organizational Performance

Culture is defined as a mixture of values, sets, beliefs, communications and explanation of behavior that provides guidance to people (Awadh & Saad, 2013). Organizational culture comprises the unwritten customs, behaviors and beliefs that determine the rules of the game for decision-making, structure and power (Wambugu, 2014). She is of the view that culture is based on shared history and traditions of the organization combined with current leadership values.

Organizational culture has certain factors that improve sustainability on basis of effectiveness. The improvement in productivity leads to employee commitment as norms, values and objectives helps in improving culture of an organization. The system of organization is based upon effective establishment of culture that keep learning/work environment strong. The performance of employees improves by establishment of strong culture of an organization. Employee performance would be considered as backbone of an organization as it leads to its development effectively

2.3.3.5. Effects of Technological Change on organizational Performance

Organizations have undergone a revolution in the adoption and application of complex information technology. In the hope of extracting the greatest value from innovations, organizations have adjusted their management structures, work processes and culture (Orlikowski 2000). Yet, swift technology enhancement unintentionally reduces the presumed lifespan of many Information Technology (IT) systems. Organizations build and rebuild their existing IT systems in response market changes. The results of these initiatives are often rather disappointing. The world has more technology than ever before with technological changes increasing at an accelerating pace.

2.3.3.6. Organizational structure and organizational performance

Organizational structure enables an organization to have common views and mission. Well-functioning organizational structure is important for an organization going through change, because if there are flaws in the structure it will affect communication flow. With unclear roles conflicts and misunderstandings occur that lowers motivation and work morale. It can also drift different departments apart from common organizational goal, where decision making processes becomes slow and employee effectiveness disappears.

According to McLagan (2002), there are three types of changes in the organization structure. They are transactional, transitional and transformational. Transactional changes only need minor interventions, for example, training or changing the incentive system, switching software. Transitional change is more complex and require change in roles/responsibilities, power bases and systems. Example of this kind of change could be opening a new plant in another location, where more detailed planning and expertise is needed. Transformational change requires redesigning the entire organization, especially the fundamental beliefs and norms, in order to adapt to global business demand.

2.3.4. Organizational Performance

An organization's performance determines its survival in any given economy. Organizational performance is the effectiveness of the organization in fulfilling its purpose. Performances of banks are measured by the growth in number of accounts holders, customer deposits, profitability, and amount of loan and advance and employee productivity. Lately ability to leverage on alternative channels has gained significance in measuring the performance of commercial banks.

2.4. Review of empirical evidence/study

The dominant opinion among scholars is that effective management of change affects organizations ' performance. In this study the dimensions of change management will be included are leadership, employee engagement, communication, organizational culture, technological transformations and organizational structure.

2.4.1. Organizational Structure and Performance

Organizational structure is defined as the manner in which a firm organizes human capital to work for its objectives (Elsaid, et al, 2013). This means that an organizational structure specifies the reporting relations, procedure, checks, authority and decision-making process (Hitt, et al, 2016). As a result, decision making responsibilities are placed within the company, the organization is formally divided into sub-units and mechanisms are established to coordinate sub company activities.

Delegation has been claimed to influence and enable utilization of employee talent hence to benefit the organization change process (Kombo, et al, 2014). Organizational hierarchy with many management levels make it difficult for change communication to rich the intended

recipient in the right time and form without distortion and hence enabling change management (Namoso, 2013).

Hao (2012), note that the structure of an organization has more pronounced impact on performance of a company than other factors for example innovation and organizational learning. This study in Austria differs from a similar one in China that shows that Innovation has more performance on organization structure than structure.

Ogbo (2015) point out that decentralization of organization structure improves better and enables faster decision making especially in Nigerian service and technical firms. The study condensed and suggested that managers of organizations, to improve decision-making in an organization, should take more decent rated forms of structure.

In the same way Mousavi (2013) that researched on the effect of the organizing structure on research organization performance concluded that the relations of formality and concentration on the one hand and corporate performance on the other are positive and meaningful. Likewise, a study by Khatoon and Farooq (2016) concluded that the aspects of change and the organization's performance are interrelated positively. Based on the literature discussed following hypothesis can be assumed:

H_{a1}: Organizational structure has positive and significant effect on organizational performance in Tsedey bank Deber-Birhan branches.

2.4.2. Technological Changes and Performance

In the course of the last two decades, organizations, with the aim of extracting maximum value from innovations, have undergone a revolution through the implementation and solicitation of a complex IT system (Orlikowski 2010). Nevertheless, the rapid technological improvement involves unintentionally reducing the life cycle of the product.

The IT revolution resulted in the fusion of processing data, communications and progress of software, enabling companies to improve organizational performance and develop new companies from several fields. Lucas and Turner (2012) say that the use of IT has shifted from a role that was supportive to a more strategically geared role in companies.

The impacts of information technologies on the financial achievements of Allied bank staff in Pakistan have been investigated by Muzaffar, et al. (2014). The data collected via unstructured interviews shows that technological changes affect employees ' workload

significantly and ensure that errors and fraud are controlled. Fast access and convenience of the system allow employees of a bank to deliver high-quality services. The research suggested that firms that adopt new technology, in order to enhance their performance, provide adequate training for their staff.

The association between changes in technology and their effect on performance of staff in the commercial printing sector was studied by Kute and Upadhyay (2014). The study shows that changes in technology affect the performance of workers in many ways, including work motivation, employee turnover, and redundancy.

The results support Shaukat (2009), which shows that the adoption of IT is positive for all organizations, but the performance of the bank sector is higher than that of Pakistan's manufacturing sector. Based on the literature discussed following hypothesis can be assumed:

H₂: Organizational technology has positive and significant effect on organizational performance in Tsedey bank Debere-Birhan branches.

2.4.3. Organizational Leadership and Performance

Leadership is defined as a means of encouraging persons to achieve organizational objectives, and good leading makes it possible for an organization to expect, envisage and sustain flexibility to enable others to bring about deliberate change (Draft, 1984). It is recognized that employees in an organization are a key resource, in that their absence may derail the achievement of organizational targets and objectives (Bello, 2012).

In an effort to streamline organizational activities, managers play an important role as key decision-makers; they determine how organizational resources will be acquired, developed and deployed, transformed from such assets into valued products and provide stakeholders with value created. They are therefore powerful sources of management rents and therefore a lasting competitive advantage (Adler 2011).

Effective leadership therefore includes analytical skills, inspiration, management, reward and motivation, all together to achieve the organizational goal in line with the findings of Hurduzeu (2015). Abbas and Yaqoob (2009) note that, when an organization leadership is characterized by the above attributes, they register increased employee satisfaction which positively affects profitability.

Organizational leadership that will influence the its performance ranges from Strategic

leadership actions include decisive role in strategic way of the company, management of organization resources, supporting an operative culture of an organization and highlighting moral practice. These actions are crucial in management of organizations change management process and leaders who practice them are bound to have a smooth implementation of their strategy which results in improved performance (Gumusluoglu & Ilsev, 2009).

The leaders of companies should motivate people to achieve better performance during the change management process. Leadership should be a dynamic motivating force for people who participate in the management of change. The practice of motivation initiatives provided to employees includes availability of needs; each person possesses a set of needs, ranging from physical needs to the needs of self-realization; an employee is making efforts to meet these needs (Cater & Pucko, 2010). Based on the literature discussed following hypothesis can be assumed:

H_{a3}: Organizational leadership has positive and significant effect on organizational performance in Tsedey bank Debere-Birhan branches.

2.4.4. Organizational Culture Changes and Performance

Shahzad (2012) conducted a study on the effect of corporate culture on staff performance and determined that the employee performance increases if the employees have the same standards and values as that of the corporation. This is because corporate culture has a significant function to deliver in shaping the values and members' conduct in an organization.

Deal and Kennedy (2012) noted a deliberate management effort to promote corporate culture in an organization that improves performance. In the same way, Bennett et al. (2004) believes that the success of the organization is a good match between strategy, culture and structure. Giberson et al. (2009) view culture as an integrative factor that guides the behavior of organizations once it is established.

Kamaamia (2017) reached the conclusion that all the components of organization's culture, including target-oriented action, work-oriented actions, workers' actions, open culture and professional activities, improve organization. A study carried out on the performance of public institutions in Rwanda, by Ndahiro, et al. (2016), a case of the Rwandan Revenue

Authority, found that most staff of the institution generally embraced change that has taken place in the organization, and that it has also generated an increased performance of the organization. A study in Kenya by Karanja (2014) has concluded that organization culture leads to consistency of performance by increasing employee consensus and readiness to support organizational aims, reducing insecurity by clarifying roles and increasing motivation for employees. Based on the literature discussed following hypothesis can be assumed:

H_{a4}: Organizational culture has positive and significant effect on organizational performance in Tsedey bank Debere-Birhan branches.

2.4.5. Communication and performance

Organizational change has widely become an area of focus in management literature. Despite the growing significance and research, many of the attempts to generate organizational change fail. Recent studies reveal that change efforts often suffer a dismal fate. Some research indicates a failure rate of one third to two-thirds of major change initiatives (Beer & Nohria, 2000; Bibler, 1989); more pessimistic results suggest a higher rate of failure (Burns, 2004) that may reach up to 80 to 90 percent (Cope, 2003) or may make the situation even worse (Beer et al., 1990).

Researchers have found that at least more than half of all the organizational change programs do not reach the results which they intended to produce (Bennebroek et al., 1999). Poorly managed change communication results in rumors and resistance to change and enlarging the negative aspects of the change (Di Fonzo et al., 1994; Smelzer & Zener 1992). Communication is considered to be vital for the effective implementation of organizational change (Di Fonzo & Bordia, 1998). The importance of communication during intended change has been empirically demonstrated and commonly agreed among practitioners.

The empirical picture appeared indicated that organizational change and communication process are inextricably related processes (Lewis, 1999). Recent studies about communication show that communication has positive correlation with many organizational outputs like organizational commitment, performance, organizational citizenship behaviors, and job satisfaction.

In contrast communication failure may cause functionless results like stress, job

dissatisfaction, low trust, decrease in organizational commitment, severance intention, and absence (Bastien, 1987; Malmelin, 2007) and this can affect organization's efficiency negatively (Zhang & Agarwal, 2009). Communication during organizational change reduces resistance to change. When resistance to change levels is low within an organization, the change-effort turns out to be more productive. The change plan is dependent of capacity of the organization to change the individual performance of each employee (Goodman & Dean, 1982; Robertson et al., 1993, Tannenbaum, 1971). Since organizational change introduces variation of tasks given to individual employees, transmission of information to these employees on future change is an essential and integrative part of the change strategies. Based on the literature discussed following hypothesis can be assumed:

H₅: Organizational communication has positive and significant effect on organizational performance in Tsedey bank Debere-Birhan branches.

2.4.6. Employee engagement and organizational performance

Studies have found positive relationship between employee engagement and organizational performance outcomes: employee retention, productivity, profitability, customer loyalty and safety. Employee engagement is found to be higher in double-digit growth companies. Engaged employee consistently demonstrates three general behaviors which improve organizational performance:

- Say-the employee advocates for the organization to co-workers, and refers potential employees and customers
- Stay-the employee has an intense desire to be a member of the organization despite opportunities to work elsewhere
- Strive-the employee exerts extra time, effort and initiative to contribute to the success of the business (Baumruk and Gorman, 2006)

What will happen to an organization if its employees are disengaged? Employees who are not engaged are likely to be spinning (wasting their effort and talent on tasks that may not matter much), settling (certainly do not show full commitment, not dissatisfied enough to make a break) and splitting (they are not sticking around for things to change in their organization), have far more misgivings about their organization in terms of performance measures such as customer satisfaction (Blessing White, 2006; Perrin Report, 2003). Meere

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(2005) based on the survey conducted by ISR on 360000 employees from 41 companies in the world's 10 economically strong countries finds that both operating margin and net profit margins reduced over a three year period in companies with low engagement, while these measures increased over the specified period in companies with high levels of engagement.

Financial News, March 2001, as cited by Accord Management Systems (2004), reveals that disengaged employees are more likely to cost their organization. According to the report, Employees who are disengaged:

- Miss an average of 3.5 more days per year
- Are less productive

Cost the US economy \$292 to \$355 billion per year

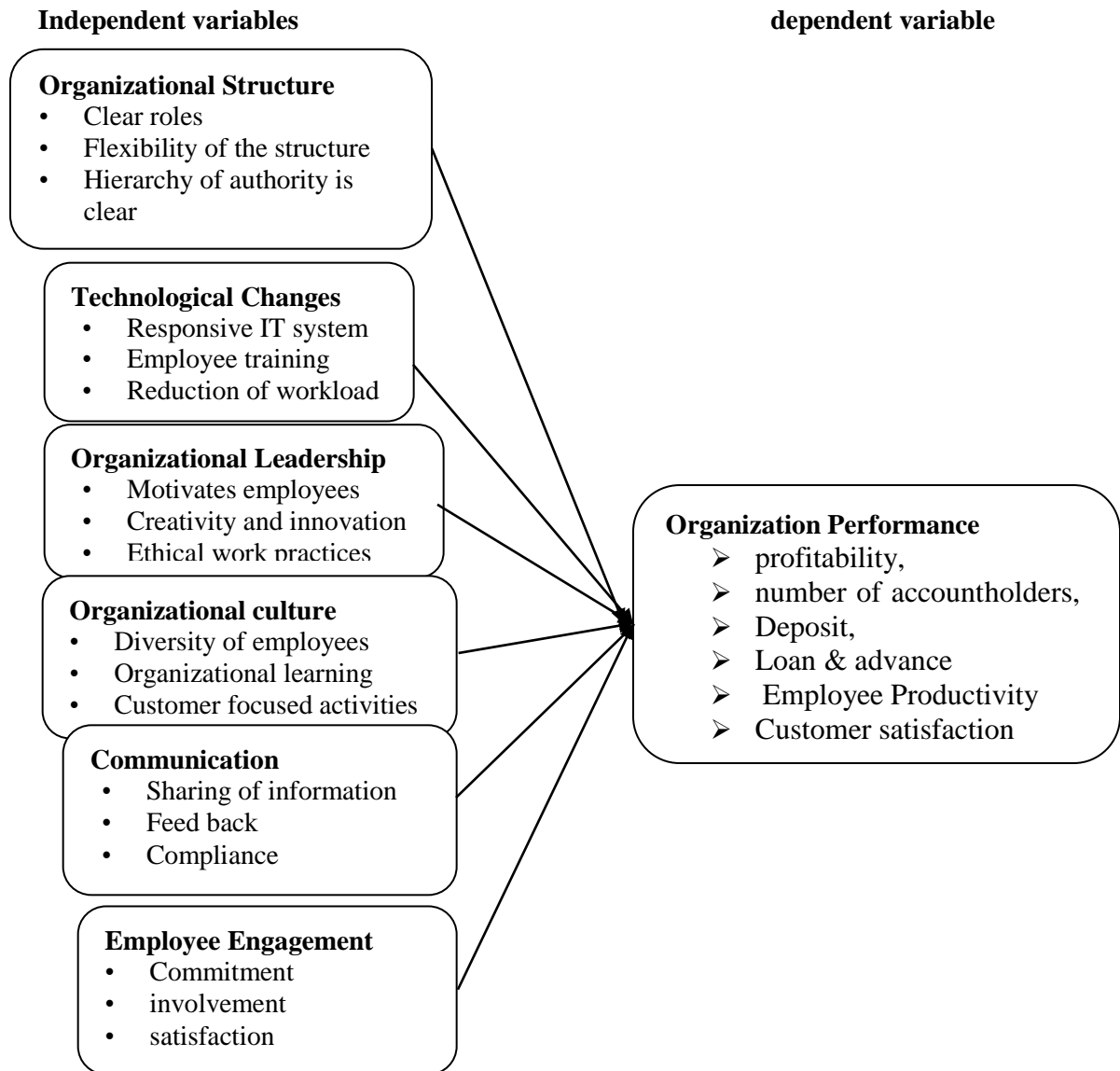
Based on the literature discussed following hypothesis can be assumed:

H₆: Employee engagementy has positive and significant effect on organizational performance in Tsedey bank Debere-Birhan branches.

2.5. Conceptual Model of the Study

The literature review shows that change management can influence an organization's performance. Therefore, it is vital for us to comprehend the effect of change management on organizational performance with the aim of understanding change management practices. The literature reviews show that the organizational leadership, communication, employee engagement, structure, technological change and organizational structure on the dimensions of change management affect organizational performance. They also propose different ways to measure organizational performance such as profitability, deposit, loan and advance, employee productivity, number of accountholder and market share.

Figure 2:1 Conceptual Model of the Study



Source: - constructed from Dr. Ayesha F. (2016), Cheru A. (2023), Wilfred K. (2016), Ramzan H. (2023)

2.6 Summary of Literature

It can be concluded from the review of the available literature that various authors have sought to establish different concepts and theories for managing change. Looking at all of the models concerned, the Kotter model is obvious to describe best the transition process among change management practices and dimensions. Because it calls for increased urgency for

change which leads to the creation of a change conscious team to make the change easier, creates a changeable team and creates the change vision (Cameron & Green, 2004).

Many researchers argue that theories of change management are indeed diverse and varied. This is primarily because of the different organizations, industries and strategies used during the execution of change management practices. The majorities of these studies were conducted out of Ethiopia, specifically in the study area Debre-Birhan and did not address the impact and effect of change management on the organizational performance as enough as in the financial sectors specifically.

CHAPTER THREE

3. RESEARCH METHODOLOGY

3.1. INTRODUCTION

The research conducted to determine the effect of change management on organizational performance and the research had taken place in Tsedey bank in Debere-Birhan city administration. In this section, attention gave to discussed methodology that used to do the research. This includes the study area, research design, research approach, sample size and sampling techniques, Source and Tools/Instruments of Data Collection, methods of data analysis, validity test, ethical consideration and method of data analysis.

3.2. Description of the study area

Debre Berhan is a city in central Ethiopia. Located in the Semien Shewa Zone of the Amhara Region, about 130 kilometers northeast of Addis Ababa on Ethiopian, the town has an elevation of 2,840 meters, which makes it the highest town of this size in Africa. It was an early capital of Ethiopia and afterward, with Ankober and Angolalla, was one of the capitals of the kingdom of Shewa. Today, it is the administrative center of the Semien Shewa Zone of the Amhara Region. Debre Berhan was founded by Emperor Zara Yaqob, in response to a miraculous light that was seen in the sky at the time. Believing this was a sign from God showing his approval for the death by stoning of a group of heretics 38 days before, the emperor ordered a church built on the site and later constructed an extensive palace nearby, and a second church, dedicated to Saint Cyriacus. Zara Yaqob spent 12 of the last 14 years of his life in Debre Berhan (**Debre-Birhan Regio-politian culture and tourism Department, 2024**).

Now a time the region-politian city administration has five sub-cities and thirty six kebelles (**city mayor office, 2024**). The city administration serves as the range of different investment activities and becoming the growing city. Among different investment and development activities, banking sectors become the fastest growing sectors in the city. Tsedy Bank Becom as the bank after named its name from Amhara credit and saving institution and has eight branches in Debre-Birhan Regio-poltian city administration.

3.3. Research Design

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Research designs are plans and the procedures for research that span the decisions from broad assumptions to detailed methods of data collection and analysis. (Creswel, 2009)

Among the various types of research design, the researcher conducted descriptive and an explanatory research designs, where emphasis is given on studying a situation or a problem in order to explain the existing situation and the relationship between variables. Explanatory research used because, it enable the researcher to critically examine the relationship between the independent variables of change management such as leadership, communication, employee engagement, technological change, organizational structure and organizational culture and the dependent variable organizational performance.

3.4. Research Approach

Research approach is a plan and procedure that consists of the steps of broad assumptions to detailed methods of data collection, analysis and interpretation.

The researcher used mixed approach /both qualitative and quantitative research approach/, where much emphasis gave for the quantitative research approaches that is 'explaining phenomena by collecting numerical data that are analyzed using mathematically based methods (in particular statistics).'

Qualitative information used to investigate the opinion of respondents, and change management of Tsedey bank through conducting semi-structured interviews.

3.5. Target population Sampling Technique and Sample Size

3.5.1. Target population

The target populations for this study were employees of Tsedey bank in Debre Berhan Town, which means 8 Tsedey bank branches and 120 employees of these branches.

3.5.2. Sample size of the study

Sampling is the selection of a fraction of the total number of units of interest for the ultimate purpose of being able to draw general conclusions about the entire body of units (Tadesse, 2019).

The population of this research includes managers and employees of Tsedey bank in Debre Birhan, based on census survey. The sample size of the study is all 8 Tsedey bank branches and all 120 employees of the branches.

3.6. Source of Data

The study mainly depended on primary source of data obtained from structured questionnaire. Besides, primary data collected from 8 managers and 15 employees of 8 branches of Tsedey bank in the study area through semi-structured interview as a means of collecting supplementary information regarding the various dimensions of change management and to see their effect on the organizational performance. Furthermore, the study considers some information from secondary source of data like, Web sites the bank different annual reports which support the development of the study and measure the real performance of the bank.

3.7. Data Collection Tools/Instruments

The survey used mainly structured questionnaire as data collection instrument. It was design, making detailed theoretical as well as empirical literature reviews. In questionnaire development process, publications of some research papers and websites used. Semi-structured interviews also applied as instrument to collect qualitative data.

Questionnaires designed in the form of Likert five scales, which ranges from strongly disagree to strongly agree. This enabled the study to easily convert the qualitative aspects of the data set into quantitative scales.

3.8. Questionnaire/data instrument tools/ development/sources

The data instruments or the research questionnaires were prepared from different sources. The sources were researches those investigated by different researchers at different period of times.

Organizational leadership related data collection instruments/questionnaires were prepared or sourced from the author Saria khatoon and Dr. Ayesha Farooq, (2016) the study taken on the impact of change management on organizational performance.

Organizational culture and structure related questionnaires were sourced or taken from the author Cheru (2023) the impact of change management with its dimensions organizational culture and structure.

Organizational communication and employee engagement related instruments or data collection tools took from Wilfred Kokas Aupal (2016) change management practices and their effect on selected government sectors in Uganda.

Organizational technology related data collection tools sourced from Ramzan Hssain (2023),

organizational change and its effect on corporate productivity with change management dimension organizational technology.

3.9. Method of Data Analysis

The study used descriptive and inferential statistics such as correlation analysis and multiple regressions to predict the relationship between six components of change management and pillars of organizational performance. The semi-structured interview results collected and compiled similar points for each questions and analyzed using a qualitative analysis approach. The data collected from primary source are coded and analyzed using SPSS (Statistical Package for the Social Science) version 21 software package and outputs presented in the form of tables, graphs and different types of charts.

3.10. Model specification for this study

The researcher used multiple regression analysis to investigate the effect of change management on organizational performance. The mathematical equation of multiple regressions in this study is generally built around these independent variables change management variables on organizational performance. Accordingly, the regression model presented as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + e$$

Where: Y = the dependent variable (organizational performance),

β_0 = the intercept term-constant which is equal to the mean if all slope coefficients are 0.

β_i = ($\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$) and β_6) are constant regression coefficients representing the condition of the independent variables to the dependent variables.

X_i = (X_1, X_2, X_3, X_4, X_5 and X_6) are the independent variables which means;

X_1 = organizational structure, X_2 = technological change

X_3 = organizational leadership, X_4 = organizational culture

X_5 = communication, X_6 = employee engagement

e = error term.

3.11. Reliability and Validity of the Instrument

3.11.1. Validity of Data Collection Instrument

The data collection instrument is checked for their validity by the advisors of this research. Peer discussions also another way of checking the appropriateness of questions. Moreover, pilot

test conducted prior to the actual data collection that can help to get valuable comments. Furthermore, in order to test the construct validity, correlation coefficient for the independent and dependent variables calculated to ensure that independent variables are positively related with the dependent variables.

3.11.2. Reliability of Data Collection Instrument

Reliability is the accuracy of an instrument. Measuring instrument reliability is critical since it demonstrates to what extent the instrument consistently produces the same results when used in the same situation on repeated occasions. Cronbach's alpha is the most widely used test for determining an instrument's internal consistency. The result of the Cronbach alpha coefficient indicates the internal consistency of the scale. The result is between 0 and 1; a score of 0.7 and higher an acceptable (Heale & Twycross, 2015). Therefore, the researcher used Cronbach's alpha to measure the reliability of the scale. Before distributing all questionnaires to respondents, the researcher first used a pilot test. The pilot test is used to measure the reliability of the research instrument by using Cronbach's alpha before using the whole sample size. A pilot study is a small-scale research effort that collects data from respondents in the same way that used for a large study. Due to this fact, the researcher used 25 respondents to test the reliability of the study and the result was showed in the following table.

Table 3.1: Cronbach's Alphas of Change Management Constructs

Constructs	Cronbach's alpha	Items
Organizational Leadership	0.789	6
Organizational Communication	0.730	6
Employee Engagement	0.704	6
Organizational culture	0.705	6
Organizational technology	0.772	5
Organizational structure	0.760	5
Organizational Performance	0.810	5
Overall	0.934	7

Source: Own Survey, 2024

Hence, the survey shows 93 percent overall reliability which higher than the conventional cutting point and implying the test was above acceptable standard.

3.12 Ethical issues in the research

Research has ethical dimensions that require the researcher to maintain both moral and professional obligations to be guided by ethics even when the participants are unaware of the ethics (Neuman 2011). Among the significant ethical issue that considered in the research process are consent and confidentiality. To secure, the consent of respondents' all-important details of the study explained including its aims and purposes. The confidentiality of participants is ensured by not disclosing their names and personal information in the research. Moreover, no information modified or changes; hence information and literature collected for this study are appreciated in the reference list. It made clear that participation in the study is voluntary. After the collection of data, the content received from sources presented honestly and not distorted. All the sources of data for the study have been acknowledged and included in the list of sources.

CHAPTER FOUR

4. RESULTS AND DISCUSSIONS

4.1. INTRODUCTION

The aim of the study was to determine the effect of change management on organizational performance focused on selected private Banks in Debre-Birhan. Hence, the study followed mixed research approaches /quantitative and qualitative research approaches/ as its plan of action. A total of 120 questionnaires were distributed to all Tsedey Bank employees. From the 120 questionnaire the researcher managed 120 questioners which were 100% of the response rate, which increased the quality of the study.

Pertinent to the methodology, descriptive statistic for analyzing the demographic data and correlation as well as multiple regressions for analyzing the basic constructs of change management dimensions such as, Leadership, Communication, Employee Engagement, organizational culture, organizational technology and organizational structure against the dependent variable of organizational performance was used.

The data collected from employees of the Tsedey Bank (Respondents), was first loaded into SPSS version 21, so that the required output of frequency distribution for demographic data, correlation and multiple regression for the basic questions of change management components and the dependent variable organizational performance was obtained.

In analyzing, correlation and multiple regressions, between the response variable and the predictor variables, the average of the response obtained from the respondents was taken into consideration. Data collected using a five point Likert scale was measured at an ordinal level and it is usually non parametric in nature.

4.2. Respondents Profile

The study garnered demographic information of the respondents, comprising gender, age, year of service in the Bank, job position, educational level and monthly income, with the presumption of describing the demographic characteristics of the respondents is essential for the entire endeavor of the study.

Table 4.1: Respondents Demographic information

Group/category	Demographic variables		
Gender		Frequency	Percent
	male	61	50.8
	female	59	49.2
	Total	120	100.0
Age	22-30 years	45	37.5
	31-40	50	41.7
	41-50	23	19.2
	above 51	2	1.7
	Total	120	100.0
Year of service	Less than 5 years	11	9.2
	6-10 years	45	37.5
	11-15 years	31	25.8
	above 16 years	33	27.5
	Total	120	100.0
Job position	managerial	19	15.8
	non-managerial	101	84.2
	Total	120	100.0
Education level	Diploma	24	20.0
	Degree	87	72.5
	Masters	9	7.5
	Total	120	100.0
Monthly income	below 10000	13	10.8
	10001-20000	45	37.5
	20001-30000	37	30.8
	above 30000	25	20.8
	Total	120	100.0

Source: own survey, 2024

Gender composition of the respondents indicates large proportions 61(51%) of the respondents are male. This is expected given the fact that majority of employees in the Banks are male while, Female counterparts constituted the remaining 59(49%) of the respondents as shown in Table 4.1.

The study also gathered information about the respondent's age. Following this from the 120 respondents 50(41.70%) were aged from 31-40 years, 45(37.50%) were aged from 22-30 years, 23(19.20%) were aged from 41-50 years and 2(1.70%) were above 50 years. These results indicated that more than 79% respondents are at the age of 22-40 years, it implied that majority of the respondents are at the age of productivity and ready to accept and implement new things, as shown on Table 4.1.

Table 4.1 reveals that 31(37.50 percent) of the respondents have served with their organization for 6-10 years, 11(9.20 percent) had been with their respective organization for less than 5 years, 45(25.80 percent) have served with their organization for 11-15 years and while 33(27.50 percent) have served for above 16 years. These results indicate that ninety percent of the respondents had enough experience with their organizations and thus best positioned as respondents.

The result showed that 19(15.80 percent) of the respondents held various managerial positions in their organizations and 101(84.20 percent) did not. Table 4.1 depicted that both the managers and regular staff were sufficiently represented thus minimizing biasness in terms of responses.

Table 4.1 reveals that 7.50% of the respondents had done their post-graduate studies, 72.50% had finished their undergraduate study and also 20.00% had finished their college studies. These results showed that the respondents were able to understand the questions asked and thus could answer them well.

Table 4.1 indicated that 45(37.50%) of the respondents had got monthly income of 10,000.00- 20,000.00 per month, 37(30.80%) had got monthly income of Br. 20,001.00- 30,000.00 per month, 13(10.80%) had got monthly income of Br. below 10,000.00 per month and while 25(20.80%) of them had got monthly income of Br. above 30,000.00 per month.

4.3.Descriptive statics of change management dimensions

Respondents were asked different questions regarding the effect of change management on Tsedey Bank performance in Debre-Birhan city branches. Their responses are organized in the following manner. There are a number of challenges that hinders the performance of Tsedey bank associated with different factors.

This part explains the descriptive statistics calculated on the basis of the effects change management dimensions that affect the performance of the Bank. The results for measures of central tendency and dispersion were obtained from the sample of respondents of each eight branches of Tsedey bank are shown in the following tables. Tables indicate that the mean and standard deviation of variables. The mean score indicates the degree of respondents agreed on the given idea. The higher the mean score, the more respondents agreed on the given idea and vice versa. On the other hand, the standard deviation indicates the degree of responses varied each other. The higher the standard deviations are the more variation in the responses of respondents.

According to Zaidatol, and Bagheri, 2009, mean score of ≤ 3.39 is low, from 3.40 up to 3.79 is moderate and > 3.80 is high. The comparison basis analysis was based on the above mean score.

4.3.1. Organizational leadership

Table 4.2. Descriptive Statistics result for organizational leadership

Statements	N	Mean	Std. Deviation
	Management discusses with employees about what should be changed; more than they tell them what will change	120	4.03
Risk of resistance to change is well managed through proper education rather than enforce to accept the change	120	4.03	.721
Management was committed to implement the change effectively	120	4.08	.747
Management communicates on the various phases of the change	120	4.11	.577
All levels of management are actively involved and participate in change process	120	3.85	.932
Management is responsible and accountable for implementation of change management	120	4.28	.522
Grand mean	12	4.063	.49042
Valid N (listwise) 120			

Source: own survey, 2024

As it is revealed in the Table 4.2, the aggregate organizational leadership has a high mean value of 4.0639 and standard deviation of 0.49042. All the organizational leadership items have a high mean value which ranges from 3.85 to 4.28. The item “management is responsible and accountable for implementation change management” has a highest mean value of 4.28 with its corresponding standard deviation 0.522. And, the item “All levels of management are actively involved and participate in change process” has a lowest mean value of 3.85 with its corresponding standard deviation 0.932.

The mean score of the construct shows that leadership in the bank has the significant role and affects the bank at the high level according to the perceptions of employees. This is as per the standard (Zaidaton & Bagheri, 2009), which is mentioned in detail in the descriptive

statistics section in Table 4.2 above. Hence, the bank should give better attention for organizational leadership to achieve its goals and objectives.

This concurred with Dr. Ayesha F. (2016) study, who argued that organizational leadership increased engagement and performance in Private Banks.

4.3.2. Organizational communication

Table 4.3 Descriptive Statistics result for organizational communication

Descriptive Statistics			
Statements	N	Mean	Std. Deviation
communication channels are effective within the organization for sharing information and updates with change	120	3.92	.762
communication is open, transparent, and timely across all levels of the organization related to change	120	4.00	.745
the organization responds to feedback and addresses concerns raised by employees	120	4.08	.574
the level of clarity and consistency in communication was satisfied from leadership	120	3.72	.927
There was organizational efforts to promote active listening and two-way communication with employees	120	4.21	.483
the organization's ability to resolve communication challenges and improve overall effectiveness was confident	120	4.21	.647
Grand mean	120	4.0194	.45742
Valid N (listwise)	120		

Source: own survey, 2024

As it is revealed in the Table 4.3, the aggregate organizational communication has a high mean value of 4.0194 and standard deviation of 0.45742. All the organizational communication items have a high mean value which ranges from 3.72 to 4.21. The item “There was organizational efforts to promote active listening and two-way communication with employees” and the organization’s ability to resolve communication challenges and improve overall effectiveness was confident has equal and a highest mean value of 4.21 with its corresponding standard deviation 0.483 and 0.647 respectively. And, the item “the level of clarity and consistency in communication was satisfied from leadership” has a lowest mean value of 3.72 with its corresponding standard deviation 0.927.

The mean score of the construct shows that the organizational communication offered by the Tsedey bank is significance level. Hence, the bank should give better attention for facilitation of communication via creating conducive working environment in order to ensure free flow of communication.

This is as per the standard (Zaidaton & Bagheri, 2009), which is mentioned in detail in the descriptive statistics section in Table 4.3 above.

Studies by Grant (2013) and Terefe Abera (2020) suggest that increased in effective communication can boost performance.

4.3.3. Employee engagement

Table 4.4 Descriptive Statistics result for Employee engagement

Descriptive Statistics			
Statements	N	Mean	Std. Deviation
The organization care about the employees in order to achieve the change management in good ways	120	3.93	.775
There are opportunities for my advancement in this organization	120	4.04	.782
My supervisor helps me to understand how my work is important to the organization	120	4.13	.602
My co-workers and I openly discuss about what needs to be done to be more effective	120	3.83	.837
The amount of work I am expected to do is reasonable.	120	4.26	.510
I have the tools and resources I need to do my job	120	4.20	.669
Grand mean	120	4.0639	.44762
Valid N (listwise)	120		

Source: own survey, 2024

As it is revealed in the Table 4.4, the aggregate employee engagement has a high mean value of 4.0639 and standard deviation of 0.44762. All the employee engagement items have a high mean value which ranges from 3.83 to 4.26. The item “The amount of work I am expected to do is reasonable” has a highest mean value of 4.26 with its corresponding standard deviation 0.510. And, the item “My co-workers and I openly discuss about what needs to be done to be more effective” has a lowest mean value of 3.83 with its corresponding standard deviation 0.837.

The mean score of the construct shows that employees’ engagement in the affairs of the Tsedey bank in Debre-Birhan is strong. Hence, Tsedey bank should give better attention towards employee engagement because having employees participation will enhance and

empower for a smooth relationship among the given employees and they will achieve the target of the bank.

4.3.4. Organizational culture

Table 4.5 Descriptive Statistics result for organizational culture

Descriptive Statistics			
Statements	N	Mean	Std. Deviation
The background of the organization employees is diverse	120	4.03	.641
The organization has established strong values that guide employee performance	120	4.03	.704
Organization learning process is encouraged	120	4.03	.579
The core values guiding the organization are specified	120	3.87	.809
The organization activities are customer focused	120	4.18	.575
Team orientation towards achievement of firm goals is encouraged	120	4.13	.621
Grand mean	120	4.0431	.41925
Valid N (listwise)	120		

Source: own survey, 2024

As it is revealed in the Table 4.5, the aggregate organizational culture has a high mean value of 4.0431 and standard deviation of 0.41925. All the organizational culture items have a high mean value which ranges from 3.87 to 4.18. The item “The organization activities are customer focused” has a highest mean value of 4.18 with its corresponding standard deviation 0.575. And, the item “The core values guiding the organization are specified” has a lowest mean value of 3.87 with its corresponding standard deviation 0.809.

This shows that the organizational culture find the organizational change management of the bank is significant; therefore, the bank should be given better attention in order to bring the very substantial value to organizational culture.

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This is as per the standard (Zaidaton & Bagheri, 2009), which is mentioned in detail in the descriptive statistics section in Table 4.5 above.

Study by Fredrick K. (2019) also suggests that organizational culture has important effect on performance of companies in Kenya.

4.3.5. Organizational technology

Table 4.6 Descriptive Statistics result for organizational technology

Descriptive Statistics			
statements	N	Mean	Std. Deviation
The organization continuously builds on its existing IT systems in response to the market demands	120	3.98	.692
The organization has a combined data processing and communication system that enables it to react fast to changes in the operating environment	120	4.03	.744
Employees are prepared well before introduction of a particular system	120	4.08	.528
The introduction of new technology in the organization is gradual	120	3.72	.936
The introduction of new technology is aimed at also reducing the workload of employees	120	4.26	.476
Grand mean	120	4.0133	.42819
Valid N (listwise)	120		

Source: own survey, 2024

As it is revealed in the Table 4.6, the aggregate organizational technology has a high mean value of 4.0133 and standard deviation of 0.42819. All the organizational technology items have a high mean value which ranges from 3.72 to 4.26. The item “The introduction of new technology is aimed at also reducing the workload of employees” has a highest mean value of 4.26 with its corresponding standard deviation 0.476. And, the item “The introduction of new technology in the organization is gradual” has a lowest mean value of 3.72 with its corresponding standard deviation 0.936.

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This implies that according to employee responses, the effects of organizational technology on organizational performance of Tsedey bank at Debre Berhan city is at high level.

This is as per the standard (Zaidaton & Bagheri, 2009), which is mentioned in detail in the descriptive statistics section in Table 4.6 above.

Study by Ramzan H. (2023) suggest that increased in technological advancement and accessibility improve organizations performance and minimize workloads.

4.3.6. Organizational structure

Table 4.7 Descriptive Statistics result for organizational structure

Descriptive Statistics			
Statements	N	Mean	Std. Deviatio
The organization structure facilitates faster decision making	120	3.76	.778
The organization structure is flexible	120	3.78	.801
There exists good supervisory relationship	120	3.83	.653
The organization hierarchy of authority is clear	120	3.61	.901
The employees work according to the existing standardized procedures	120	3.99	.628
Grand mean	120	3.7983	.53859
Valid N (list wise)	120		

Source: own survey, 2024

As it is revealed in the Table 4.7, the aggregate organizational structure has a high mean value of 3.7983 and standard deviation of 0.53859. All the organizational structure items have a high mean value which ranges from 3.61 to 3.99. The item “The employees work according to the existing standardized procedures” has a highest mean value of 3.99 with its corresponding standard deviation 0.628. And, the item “The organization hierarchy of authority is clear” has a lowest mean value of 3.61 with its corresponding standard deviation 0.901.

The mean score of the construct shows that organizational structure in the affairs of the tsedey bank in Debre-Birhan is strong. Hence, Tsedey bank should give better attention towards organizational structure, because having good organizational structure enhance and achieve the target of the bank

This is as per the standard (Zaidaton & Bagheri, 2009), which is mentioned in detail in the descriptive statistics section in Table 4.7 above.

Study by Fredrick K. (2019) suggests that organizational structure has important effect on performance of companies in Kenya.

4.3.7. Summary descriptive statics

Table 4.8 Descriptive summary Statistics results

Descriptive Statistics			
	N	Mean	Std. Deviation
Organizational leadership	120	4.0639	.49042
Organizational communication	120	4.0194	.45742
Employee engagement	120	4.0639	.44762
Organizational culture	120	4.0431	.41925
Organizational technology	120	4.0133	.42819
Organizational structure	120	3.7983	.53859
Organizational performance	120	4.0267	0.56027
Valid N (listwise)	120		

Source: own survey, 2024

As it is revealed in the Table 4.8, the aggregate change management dimensions have a high mean value of 4.0639 and standard deviation of 0.490425. All the change management dimensions items have a high mean value which ranges from 3.7983 to 4.0639. The variable “organizational leadership and employee engagement” have equal and a highest mean value of 4.0639 with its corresponding standard deviation 0.49042 and 0.44762 respectively. And, the variable “organizational structure” has a lowest mean value of 3.7983 with its

corresponding standard deviation 0.53859. This shows that there is an organizational change management process in Tsedey bank in Debre-Birhan.

4.3.8. Organizational performance

4.3.8.1. Using questionnaires

Table 4.9 Descriptive Statistics result for Organizational performance

Descriptive Statistics			
	N	Mean	Std. Deviatio
In my organization there is growth in deposits	120	3.95	.787
In my organization there is growth in number of accounts holders	120	4.05	.776
In my organization there is growth in number and amount of loans and advances	120	4.11	.591
In my organization there is growth in the profitability	120	3.76	.961
In my organization there is an increment of employee productivity	120	4.27	.514
Grand mean	120	4.0267	0.56027
Valid N (listwise)	120		

Source: own survey, 2024

As it is revealed in the Table 4.9, the aggregate organizational performance has a high mean value of 4.0267 and standard deviation of 0.56027. All the organizational performance items have a high mean value which ranges from 3.76 to 4.27. The variable “In my organization there is an increment of employee productivity” has a highest mean value of 4.27 with its corresponding standard deviation 0.514. And, the variable “In my organization there is growth in the profitability” has a lowest mean value of 3.76 with its corresponding standard deviation 0.961. According to Zaidaton & Bagheri (2009), the mean scores of employee performance are considered as high and the standard deviation is also shown as low variation of responses. This shows that the bank has good goal and objective achievements.

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4.3.8.2. Using secondary data to measure performance

As clearly indicated in the research methodology, to collected data the study used both primary and secondary data sources for the research. The primary source of data collected by structured questionnaires and interviews and investigated by descriptive and inferential statistics in the research document.

The secondary data gathered from websites, reports and workshop documents of Tsedey bank Debre-Birhan branche. The data obtained from secondary data depending on key performance indicators that were prepared in questionnaire as dependent variable organizational performance items. These secondary data measurements indicate the real performance of the bank.

Depending on the bank two consecutive year annual reports, the researcher summarized the following findings or outcomes.

The bank deposit increase from customers' voluntary, compulsory, time and demand deposit sources. The bank also give loan to customers for different purpose like agricultural activities, manufacturing, trade activities, building construction, staff loan in different financial physical year. The account holders of the bank also increase time to time as the report of the bank displayed in its financial report. The benefit of employee also relatively increased year to year.

Generally using the bank report as the main reference and source the study summarized the bank performance depending on performance indicators in the following table.

Table 4.10 performance measurement through secondary data

No.	Performance indicators	unit	Report years		Increment percent
			2021/2022	2022/2023	
1	Deposit from customer	In million birr	29.000	33.000	13.70
2	Loan to customer	In million birr	21.500	28.800	33.00
3	Account holders	number	12500	14650	14.67
4	Profit amount	In million birr	2.200	2.450	20.45

Source: Debre Birhan Tsedey bank Branch, 2024

The employee benefit also increases in terms of salary level, bonus payment, contribution to defined contribution retirement plans.

4.4. Results of Inferential Statistics of the Study

4.4.1. Correlation Analysis

Pearson correlation test was conducted to check the magnitude of correlation between the dependent variable, organizational performance and the various independent variables of change management such as, Leadership, Communication, Employee Engagement, organizational culture, technology and organizational structure. The researcher also used the same test to prove or disprove the effect of independent variables on dependent variable.

The measurement of rule of thumb that used to determine for the relationship between the dependent and independent variables that a correlation: ≤ 0.20 is characterized as very weak; > 0.20 and ≤ 0.40 is characterized as weak; > 0.40 and ≤ 0.60 is characterized as moderate; > 0.60 and ≤ 0.80 is characterized as strong; and greater than 0.80 is very strong (Kothari, 2004).

Table-4.11: Correlation analysis

		Correlations						
		OLR	EEMC	CRMC	OCMC	TCMC	OSMC	OP
Organizational leadership /OLR/	Pearson Correlation	1						
	Sig. (2-tailed)							
	N	120						
Employee engagement/EEMC/	Pearson Correlation	.701**	1					
	Sig. (2-tailed)	.000						
	N	120	120					
Communication role/CRMC/	Pearson Correlation	.803**	.850**	1				
	Sig. (2-tailed)	.000	.000					
	N	120	120	120				
Organizational culture /OCMC/	Pearson Correlation	.644**	.564**	.658**	1			
	Sig. (2-tailed)	.000	.000	.000				
	N	120	120	120	120			
Organizational Technology /TCMC/	Pearson Correlation	.551**	.653**	.708**	.565**	1		
	Sig. (2-tailed)	.000	.000	.000	.000			
	N	120	120	120	120	120		
Organizational structure /OSMC/	Pearson Correlation	.516**	.580**	.587**	.363**	.638**	1	
	Sig. (2-tailed)	.000	.000	.000	.000	.000		
	N	120	120	120	120	120	120	
Organizational performance /OP/	Pearson Correlation	.859**	.842**	.942**	.711**	.745**	.679**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	
	N	120	120	120	120	120	120	120

**** . Correlation is significant at the 0.01 level (2-tailed).**

Source: own survey, 2024

From the above correlation matrix, the researcher found the following results under each constructs:

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4.4.1.1. Correlation between Organizational Performance and Leadership

The result of Pearson correlation test between the dependent variable organizational performance and the independent variable Leadership showed that, there is a positive relationship between the two variables at the significance level of (**R=0.859****), (**P<0.01**). Compared to the rest of the change management constructs considered under this study, leadership is proved to be the second and very strong in terms of its degree of correlativity with the dependent variable organizational performance.

Research by Allen et al. (2020) and Kossek & Thompson (2011) suggests that effective organizational leadership style inspire, motivate employee, manage change effectively that foster organizational performance in bank of united kingdom.

4.4.1.2. Correlation between Organizational Performance and Communication

Pearson correlation test was conducted to know the degree of association between the dependent variable organizational performance and the independent variable communication. Hence, the result of the study showed that, both variables are positively correlated to one another at a significant level of (**R=0.942****), (**P<0.01**). From the change management constructs observed so far, communication is the first highly and very strong correlated variable with organizational performance in this study.

This supports the findings by Fitriyadi S. (2023) examined communication types like open, two way and inclusive demonstrating positive associations with productivity that can contribute to improved overall organizational performance.

4.4.1.3. Correlation between Organizational Performance and Employee Engagement

The Pearson correlation result of the study, between the predicted variable of organizational performance and the predictor variable of employee engagement showed that, there is significant positive relationship between the two variable at a significant level of (**R=0.842****), (**P<0.01**). From the change management variables observed so far, employee engagement ranked as third highly and very strong correlated with organizational performance in the study.

This study supported by Ahmed A. (2021) employee engagement; organizational culture and structure have positive correlation with organizational performance in case of selected

private banks in Ethiopia.

4.4.1.4. Correlation between Organizational Performance and culture

As usual, Pearson correlation test was conducted to check the degree of association between the dependent variable organizational performance and the independent variable organizational culture for change. Accordingly, the test result of the study showed that, there is a significant positive relationship between the two variables at a significant level of (**R=0.711****), (**P<0.01**). Compared to the rest of the change management dimension considered under this study, organizational culture is proved to be the fifth and strong in terms of its degree of correlativity with the dependent variable organizational performance.

This study supported by Ahmed A. (2021) employee engagement; organizational culture and structure have positive correlation with organizational performance in case of selected private banks in Ethiopia.

4.4.1.5. Correlation between Organizational Performance and technology

As usual, Pearson correlation test was conducted to check the degree of association between the dependent variable organizational performance and the independent variable organizational technology for change. Accordingly, the test result of the study showed that, there is a significant positive relationship between the two variables at a significant level of (**R=0.745****), (**P<0.01**). Compared to the rest of the change management dimension considered under this study, organizational technology is proved to be the fourth and strong in terms of its degree of correlativity with the dependent variable organizational performance.

This supports the findings by Cherutu J. (2023) examined that technological advancement has a positive correlation with performance telecom industry.

4.4.1.6. Correlation between Organizational Performance and organizational structure

As usual, Pearson correlation test was conducted to check the degree of association between the dependent variable organizational performance and the independent variable organizational structure for change. Accordingly, the test result of the study showed that, there is a significant positive relationship between the two variables at a significant level of (**R=0.679****), (**P<0.01**). Compared to the rest of the change management dimension

considered under this study, organizational structure is proved to be the sixth and strong in terms of its degree of correlativity with the dependent variable organizational performance.

Cole (2012) found a positive relationship between organizational structure and the performance of organization based on change management.

4.4.2. Multiple Regressions

Depend on the number of variables, one can run either simple linear regression with one dependent or one independent variable or otherwise, run multiple regression to see the linear relationship between one dependent and two or more independent variables. This particular study put in place, linear multiple regressions to study, the effect of change management components (i.e. Leadership, Communication, Employee Engagement, organizational culture, technology and organizational structure) on the dependent variable organizational performance. Hence, to be able to develop the regression line formula, the dependent and the independent variables are denoted as, (X1 = Leadership, X2 = Communication, X3 = Employee Engagement, X4 = Organizational culture, X5 = organizational technology, X6 = organizational structure) and the dependent variable, Y = Organizational Performance.

Before running a multiple regression on the SPSS, the researcher conducted a test of basic assumptions that are required to be fulfilled while conducting multiple regression, which otherwise be impossible to do so. The tests for the four assumptions of multiple regressions are presented hereunder:

4.4.2.1. Assumption 1- Multicollinearity

This assumption is the classical linear regression model is that the independent variables, X_i , are linearly independent of each other. If this assumption is not satisfied and the independent variables are thus multi-co linearity, the result is that the individual regression Coefficients for each variable are not identifiable. Because multicollinearity makes the regression coefficients quite unidentifiable, it is important, if the aim is to estimate the regression equation, to reduce it as much as possible.

Gujarati and Porter (2010) stated that the existence of multi-collinearity can be diagnosed by analyzing the values of tolerance and Variance Inflation Factors (VIF). A tolerance of < 0.10

and/or a VIF >10 indicates a multicollinearity problem. The multi-co linearity problem is through looking in to the tolerance and variance inflation factor (VIF).

The analysis result of the study showed the following:

Table 4.12: multicollinearity test

Model	Collinearity Statistics	
	Tolerance	VIF
Organizational leadership	.320	3.128
Organizational communication	.165	6.052
Employee engagement	.265	3.769
Organizational culture	.494	2.023
Organizational technology	.391	2.556
Organizational structure	.523	1.911

Dependent Variable: Organizational Performance

Source: own survey, 2024

Hence, all the results of values of VIF are below 10 and tolerances are greater than 0.10 which mean that the problem of multi-co linearity was not a concern under this study.

4.4.2.2. Assumption 2- Independent of residuals or test of autocorrelation

Autocorrelation is adjacent residuals of any two observations not being independent of each other or correlated. For any two observations the residual terms should be uncorrelated (or independent). This eventually is sometimes described as a lack of autocorrelation. This assumption can be tested with the Durbin-Watson test, which tests for serial correlation between errors.

The Durbin-Watson statistic is used to test for independent of residuals. This particular test was obtained from the model summary part of the regression output. The table below showed the Durbin-Watson test of this study.

Table-4.13: Durbin-Watson test result

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.974 ^a	.949	.946	.13034	1.830

a. Predictors: (Constant), leadership, communication, employee engagement, organizational culture, organizational technology and organizational structure

b. Dependent Variable: Organizational performance

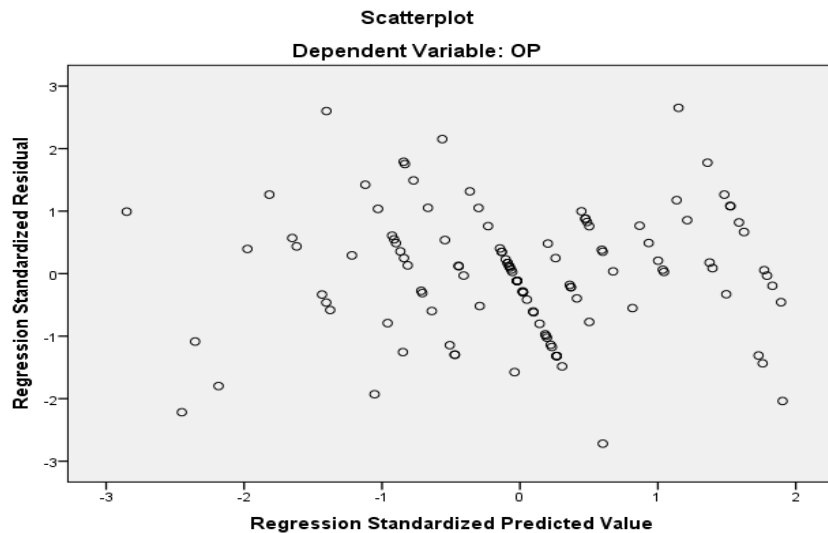
Source: own survey, 2024

Under the study, Durbin-Watson is 1.830, close to 2 and within the acceptable range and hence, we assumed independence of residuals assumption.

4.4.2.3. Assumption 3- Homoscedasticity (Equal Variance)

This assumption can be checked by visual examination of a plot of the standardized residuals (the errors) by the regressions standardized predicted value. The following histogram and scatter plot was obtained from the average results of the dependent variable organizational performance and the independent variables of change management dimension to see whether Homoscedasticity is really a pressing problem of this particular study.

Figure 4:1: Shows scatter plot of variable



Source: own survey, 2024

4.4.2.4. Assumption 4: Normality Test

The data were checked to verify that the assumption of multivariate normality was met. Brooks (2008) noted that in order to conduct hypothesis test about the model parameter, the normality assumption must be fulfilled. The normality assumption is about the mean of the residuals is zero. According to Gujarati (2004), in testing the normality assumption, three tests of normality could be considered: (1) histogram of residuals; (2) normal probability plot (NPP), a graphical device; and (3) the Jarque–Beratest (it is an asymptotic, or large-sample, test).

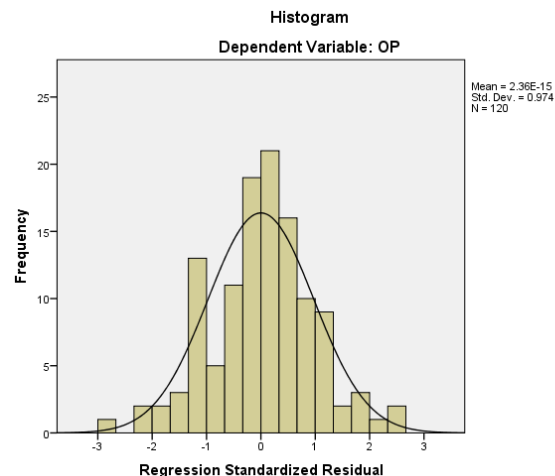
Because of their simplicity, the first two simple graphical instruments for testing the normality assumption were applied in this study as indicated below.

I. Histogram of Residuals

A histogram of residuals is a simple graphic device that is used to learn something about the shape of the Probability Density Function of a random variable. On the horizontal axis, the values of the variable of interest (OLS residuals) are divided into suitable intervals, and in each class interval rectangles are erect equal in height to the number of observations (frequency) in that class interval.

If the residuals are normally distributed around its mean of zero the histogram is a bell-shaped.

Figure 4:2 Normal Distributions of the data



Source: own survey, 2024

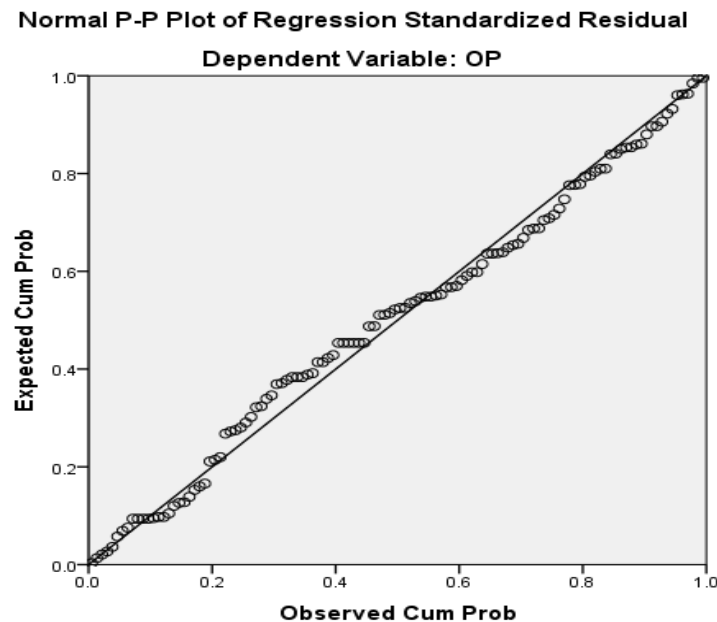
From the above graphs we can understand that the dependent variable organizational performance and independent variables of change management dimensions are almost close to normal or at equal variance and hence we concluded that the assumption of homoscedasticity was kept in this particular study.

II. Normal Probability Plot

In addition to histogram of residuals, the normal probability plots were used to test the normality of data. It is comparatively simple graphical device to study the shape of the probability density function (PDF) of a random variable is the probability plot (NPP).

It uses values of the variable of interest on the horizontal axis and the expected value of this variable on the vertical axis. If the fitted line in the NPP is approximately a straight line, one can conclude that the variable of interest is normally distributed. Hence, Figure 4.2 below indicated that residuals from the research model regression are approximately normally distributed, because a straight line gives the impression to fit the data reasonably well. This test also shows the normal distribution of residuals around its mean of zero.

Figure 4:3 Normal p-p plot of Regression Standardize Residual



Source: own survey, 2024

Therefore, based on the above tests, it is possible to conclude that the normality assumption is fulfilled and the presumption that the researcher will made about the population parameter from the sample is suitable.

4.4.3. Regression Analysis Results

Once all the multiple regression assumption was met, the researcher decided on the data and further processed it. Under this part, the researcher was mainly focused on the three most important elements of regression output, i.e. the Model summary, the ANOVA test and the Beta coefficient. The average response obtained from the customers of private bank under the dependent variable, organizational performance and each of the predictor variables, leadership, communication, employee engagement, organizational culture, organizational technology and organizational structure was used.

Table-4.14: Shows the model summary of the regression result

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.974 ^a	.949	.946	.13034	1.830

a. Predictors: (Constant), leadership, communication, employee engagement, organizational culture, organizational technology and organizational structure

b. Dependent Variable: Organizational performance

Source: own survey, 2024

The regression model considered organizational performance as dependent variable and the change management score for the individual dimensions as the independent variables. A multiple regression analysis is conducted to evaluate how well the six dimensions predict organizational performance. As it is depicted under the model summary table, the linear combination of the six dimensions is significantly related to organizational performance ($R^2 = 0.949$, $F = 347.6240$ and $P < 0.001$). This means that, 94.90 percent of the positive variance of organizational performance in the sample can be accounted for by the linear combination of the six dimensions of change management (i.e. leadership, communication, employee

engagement, organizational culture, organizational technology and organizational structure) in Tsedey bank.

Table-4.15: Shows the ANOVA of the regression result

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	35.435	6	5.906	347.624	.000 ^b
	Residual	1.920	113	.017		
	Total	37.355	119			
a. Dependent Variable: Organizational performance						
b. Predictors: (Constant), leadership, communication, employee engagement, organizational culture, organizational technology and organizational structure						

Source; own survey, 2024

ANOVA (Analysis of variance), Used to compare whether the mean of one dependent variable differ significantly across the categories of another independent variables. ANOVA provides the result of test of significance for **R** and **R²** using F-statistic.

The lower the ANOVA table variance or significance number, the better the fit. Generally, if “sig” is greater than 0.05, the researcher concluded that the model could not fit the data (Gupta, 1999). According to (Gupta, 1999), in order to fit the model and the data the ‘sig’ result should be less than 0.05. Therefore, the researcher result that the overall significance of the model in the above. ANOVA table 4.15 is fit at ‘sig’ of 0.000. So that the researcher concluded that our model could fit the data

As it is depicted on the ANOVA table above, the **P-Value** of dependent variable organizational performance and independent variables of change management dimension of leadership, communication, employee engagement, organizational culture, organizational technology and organizational structure is well below **.05(P<0.001)**.

Therefore, we concluded that the **R** and **R²** between the dependent variable organizational performance and the independent variables of change management dimensions are statistically significant (different from zero), based on the opinion collected from employee of Tsedey Bank.

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Table-4.16: Shows the Beta coefficient of regression result

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.350	.134		-10.106	.000
Organizational leadership	.270	.043	.236	6.261	.000
Organizational communication	.593	.064	.485	9.235	.000
Employee engagement	.093	.052	.074	1.795	.005
Organizational culture	.140	.041	.105	3.454	.001
Organizational technology	.094	.045	.071	2.096	.038
Organizational structure	.152	.031	.146	4.941	.000

a. Dependent Variable: Organizational performance

Source: own survey, 2024

Under the Beta Coefficient table, the researcher was highly emphasized on the values of the standardized Beta coefficient in order to figure out the relative importance of each independent variable, in predicting the dependent variable and on the unstandardized Beta coefficient in order to formulate the linear regression equation. In the multiple regressions, the standardized regression coefficient Beta (β) is useful, because it permits us to contrast the relative strength of each independent variable's effect on the dependent variable (Pedhazur, 1982).

The above coefficient table 4.16 shows the constant beta value (β) and the p-value of the variables to study the significance of the hypothesis. The significance level of each variable (P-value) is: 0.000 for leadership, 0.000 for communication, 0.005 for employee engagement, 0.001 for organizational culture, 0.038 for organizational technology, 0.000 for organizational structure and their standardized coefficients are 0.236 for leadership, 0.485 for communication, 0.074 for employee engagement, and 0.105 for culture, 0.071 for organizational technology and 0.146 for organizational structure. The p-value of all the

independent variables is below 0.05. This implies that the six independent variables have a significant relationship with the dependent variable.

Based on these results, the regression equation that predicts organizational performance based on the linear combination of organizational leadership, organizational communication, Employee engagement, organizational culture, organizational technology and structure is below.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \varepsilon$$

$$Y = 1.350 + 0.236X_1 + 0.485X_2 + 0.074X_3 + 0.105X_4 + 0.071X_5 + 0.146X_6 + \varepsilon$$

Where: - Y= organizational performance

β_0 =constant, β_1 , β_2 , β_3 , β_4 , β_5 and β_6 = regression coefficients

X1= organizational leadership

X2= organizational communication

X3= Employee engagement

X4= organizational culture

X5= organizational technology

X6= organizational structure, ε =Error Term

According to the findings, the regression equation established by taking all factors to be constant at zero, organizational performance of Tsedey Bank will be 1.350.

4.5. Hypothesis testing

The first hypothesis which states organizational leadership has statistical significant effect on organizational performance is accepted; because the P-value is less than 0.05, hence organizational leadership has the significant effect on organizational performance in Tsedey Bank in Debre-Birhan branches. Besides, the regression analysis shows that organizational leadership has positive significant effect on organizational performance ($\beta = 0.236$; $P < 0.05$); hence, the alternative hypothesis is accepted. This means that a unit increases in dimensions of organizational performance proxies by organizational leadership will result to a corresponding increase in the organizational Performance by margin of 23.6%.

The second hypothesis which states the organizational communication has positive influence on organizational performance is supported; the result shows that a good organizational communication increase organizational Performance by 48.5% for each

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additional suitable organizational communication increment. The p-value for this coefficient is statistically significant ($p < 0.05$), meaning that organizational communication is a significant predictor of organizational performance. Therefore, the alternative hypothesis is accepted.

The third hypothesis which states organizational technology has statistical significant influence on organizational performance is supported. Organizational technology has a positive influence on Performance and the relationship is statistically significant ($p < 0.05$) and in line with a priori expectation. This means that a unit increases in factors identified by the study proxies by organizational technology will result to a corresponding increase in the organizational Performance by margin of 7.10 %. Using the probability value of the estimate, $p(b_1) < \text{critical value at } 0.05 \text{ confidence level}$, therefore, the alternative hypothesis is accepted.

The fourth hypothesis which states, organizational culture has positive significant effect on organizational performance is supported; because the P-value is less than 0.05, hence organizational culture has the significant effect on the performance. Besides, the regression analysis shows that organizational culture is significant positive effect on organizational performance in Debre-Birhan city ($\beta = 0.105$; $P < 0.05$). This means that a unit increases in factors identified by the study proxies by organizational culture will result to a corresponding increase in the organizational Performance by margin of 10.5%. Using the probability value of the estimate, $p(b_1) < \text{critical value at } 0.05 \text{ confidence level}$, therefore, the alternative hypothesis is accepted.

The fifth hypothesis which states employee engagement has statistical significant effect on organizational performance is supported; because the P-value is less than 0.05, hence employee engagement has the significant effect on organizational performance in Tsedey Bank in Debre-Birhan branches. Besides, the regression analysis shows that employee engagement has positive significant effect on organizational performance ($\beta = 0.074$; $P < 0.05$); hence, the alternative hypothesis is accepted.

This means that a unit increases in dimensions of organizational performance proxies by employee engagement will result to a corresponding increase in the organizational Performance by margin of 7.4%.

The sixth hypothesis which states organizational structure has statistical significant effect on organizational performance is supported; because the P-value is less than 0.05, hence organizational structure has the significant effect on organizational performance in Tsedey Bank in Debre-Birhan branches. Besides, the regression analysis shows that organizational structure has positive significant effect on organizational performance ($\beta = 0.146$; $P < 0.05$); hence, the alternative hypothesis is accepted.

This means that a unit increases in dimensions of organizational performance proxies by organizational structure will result to a corresponding increase in the organizational Performance by margin of 14.6% in Tsedey bank.

4.6. Result discussions

In this section the researcher have discussed results to compare with related literature reviews of scholars on Individual are addressed. This study was aimed to determine the effect of change management on organizational performance in Tsedey bank Debre-Birhan Regio-politian city administration. Under the umbrella of change management dimensions; organizational leadership, communication, employee engagement, organizational culture, technology and structure as change management scope as indicated in literature review section.

In the study the findings show that, the p-value of all the independent variables is below 0.05. This implies that the six independent variables (organizational leadership, communication, employee engagement, organizational culture, technology and structure) have a significant relationship with the dependent variable (organizational performance).

The findings show that, organizational leadership has positive effect on organizational performance in Tsedey bank, which mean organizational leadership is the significant predictor of organizational performance in this study, because the p-value of the variable is below 0.05 significant level. The result was consistence with (Aguinis, 2013) have noted that leadership is a key factor of organizational performance. Other researchers have highlighted the relevance of adopting effective leadership practices towards achieving high level of organizational performance. Xu and Wang (2008) argued that leadership is critical function within an organization because it facilitates the creation of a mission, vision, designing of

policies, strategies and methods through which the objectives of an organization can be effectively and efficiently achieved. The findings show that leadership enhances performance of the organization. These findings are in line with Armstrong and Taylor (2014) who argues that the leader's leadership style of a firm has a strong impact on the performance of the organization.

This study results show that, organizational communication has statistical significant effect on organizational performance of the bank. Communication has a positive effect on Performance of Tsedey bank. This means that a unit increase in organizational communication will result to a corresponding increase in the Performance of Tsedey bank. The result was consistent with studies, no organization can be in existence without communication, Chand (2011). This is further strengthened by Fatma (2014), who pointed out that managers need to look at communication as a continuous process for success to be achieved in the organization and it must be exercised within and outside the work place. He further argued that, in modern management and corporate businesses, communication skills are more vital than technical skills as achievement of tasks is based on team work than individual basis.

The study shows that organizational technology is the significant and positive predictor dependent variable organizational performance in the study area. This finding consistent with the study As Kute and Upadhyay (2014), highlight, effective technological changes had resulted in employee motivation and low turnover among the support and management employees which has positively improved the financial institutions performance. This finding is also agreement with Kotter's (2008) assertion that organizations in the modern times change due to technological change, international economic integration, maturation of markets in developed countries leading to slower domestic growth and finally the fall of the communist and socialist regimes.

In this study, the p-value for organizational culture and it's this coefficient is statistically significant ($p < 0.05$), meaning that organizational culture is a significant predictor of organizational performance in Tsedey bank. This finding is in line with Wang and Li (2016) who describes organizational culture as the sum of dominant values, visions, perspectives,

standards and modes of behavior that typify an organization. Furthermore, the authors argue that the dominant culture affects the stakeholders of the organization. The authors further argue that organizational culture forms in response to the need for external adaptation and survival as well as internal integration. The findings show that organizational culture plays a great role attaining organizational objectives. According to Fey and Denison (2013), an Organization, embedded with cultural values, is characterized by the visible social strength in its manifestation.

This study also shows employee engagement has positive and significant effect on organizational performance in the study area, because the p-value of this variable is below the confidence level 0.05. This result is consistent with the finding of Rich et al. (2010) which states that employees' engagement positively affects job performance and individuals reporting higher levels of engagement tended to receive higher supervisor ratings of task performance. And Bakker, (2011) also found that engaged workers are more open to new information, more productive, and more willing to go the extra mile.

This result was consistent with the study of Hao (2012), note that the structure of an organization has more pronounced impact on performance of a company than other factors for example innovation and organizational learning. This study in Austria differs from a similar one in China that shows that Innovation has more performance on organization structure than structure. Ogbo (2015) point out that decentralization of organization structure improves better and enables faster decision making especially in Nigerian service and technical firms. The study condensed and suggested that managers of organizations, to improve decision-making in an organization, should take more decent rated forms of structure. In the same way Mousavi (2013) that researched on the effect of the organizing structure on research organization performance concluded that the relations of formality and concentration on the one hand and corporate performance on the other are positive and meaningful.

Table 4.17 summary of hypothesis testing

Formulated hypothesis	Sig. (p-value) and β	Result(Decision)
H₁ : organizational leadership practice has significant effect on organizational performance in the study area.	$p=.000,(p<0.05)$ $\beta=0.236$	H1-Accepted
H₂ : organizational communication has positive and significant effect on organizational performance in the study area	$p=.000,(p<0.05)$ $\beta=0.485$	H2 - Accepted
H₃ : organizational technology has significant effect on organizational performance in the study area	$p=.038,(p<0.05)$ $\beta=0.071$	H3- Accepted
H₄ : organizational culture has positive and significant effect on organizational performance in the study area	$p=.005,(p<0.05)$ $\beta=0.105$	H4- Accepted
H₅ : employee engagement has significant effect on the performance of public institutions in the study area.	$p=.000,(p<0.05)$ $\beta=0.074$	H5- Accepted
H₆ : organizational structure has positive and significant effect on the performance of Tsedey Bank in the study area.	$p=.000,(p<0.05)$ $\beta=0.146$	H6- Accepted

Source: Own survey, 2024

4.7. Interview Results

As the researcher described under the methodology part, semi-structured interview was conducted with eight managers and ten employees of Tsedey Bank branches in Debere-Birhan, in order to know their opinion regarding the effect of change management on organizational performance. The semi-structured interview results collected from 8 bank managers and 15 bank front employees.

The first question brought forward to the managers was, as whether there is a separate change management department established in the respective Banks or not. Accordingly, they confirmed that, there is no a separate or divisional department called change management.

According to the response of employee and managers, change management activities with organizational performance got the necessary attention from the top management or not and whether change management is a vital issue in the banks or not. According to the managers and division managers responded that due attention was given by top management and the division was very necessary in order to achieve the organizational performance in a good way.

The researcher was also asked a question on how they describe the importance of change management in achieving organizational performance in their banks. According to the Managers, they understand the term bank's performance indicates the strategic aspirations and related corporate scorecards. All strategic initiatives are change initiatives to the organization and these initiatives shall be handled with relevant change management techniques. Hence, change management is very relevant to the corporate performance of the organization.

According to the Managers except few leadership members they don't think of the leadership members have the required on-hand experiences to implement change initiatives in order to achieve organizational performance. And also theoretically the bank's leaders has significant effect on organizational performance by implementing change management but practically they don't think; rather informal leader have much better impact on change implementation than positional leaders.

The Managers responded that employees are committed to achieve the bank's performance,

but the reward mechanisms are directly related to the overall performance of the bank and many of the front line employees have targets to achieve and continuously strive to achieve these targets.

Finally, the Managers responded as there is good readiness for achieving the desired goals and objectives through managing change and also the overall communication of the banks in order to creating awareness about the banks goals and objective, mission and vision in order to achieve the desired bank performance

CHAPTER FIVE

5. SUMMARY, CONCLUSION AND RECOMMENDATION

5.1. SUMMARY OF FINDINGS

Based on the data collected from employees of Tsedey bank and the analysis made so far, the following important summary of the finding was obtained.

- ❖ The overall reliability test conducted to check the dependability and consistency of the instrument showed, a Cronbach's Alpha of 0.934.
- ❖ Sex of the respondents showed, 51% are Male and the remaining 49% are Female respondents.
- ❖ The age of the respondents showed that, more than 98% were above the age category of 22-50 years.
- ❖ The respondent's service in the Bank showed that, 90.8% of the respondents had 6-15 and above years' experience with their organizations.
- ❖ The respondent's job position showed that, 15.8% of the respondents held various managerial positions in their organizations and 84.20% of them are non-managerial position.
- ❖ The educational qualification of the respondents showed, 7.5% had done their post-graduate studies, 72.5% had finished their undergraduate study and also 20% had finished their college studies.
- ❖ The monthly income of the respondents showed, 37.5% were earning a monthly income 10,000.00-20,000.00, 30.8% were earning a monthly income 20,001.00- 30,000.00, 10.8% were earning a monthly income below 10,000.00 and 20.8% of the respondents were earning a monthly income above 30,000.00.
- ❖ Pearson correlation test between the dependent variable organizational performance and the predictor variable leadership showed, an (R=0.859), (P<0.01).
- ❖ Pearson correlation test between the dependent variable organizational performance and the predictor variable communication showed, an (R=0.942), (P<0.01)
- ❖ Pearson correlation test between the dependent variable organizational performance and the predictor variable employee engagement showed, an (R=0.842), (P<0.01).
- ❖ Pearson correlation test between the dependent variable organizational performance and the predictor variable organizational culture showed, an (R=0.711), (P<0.01).

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- ❖ Pearson correlation test between the dependent variable organizational performance and the predictor variable organizational technology showed, an ($R=0.745$), ($P<0.01$).
- ❖ Pearson correlation test between the dependent variable organizational performance and the predictor variable organizational structure showed, an ($R=0.679$), ($P<0.01$).
- ❖ The homoscedasticity test conducted so far showed relatively there an equal variance across the population.
- ❖ The independence of residual test result showed a Durbin Watson of 1.830.
- ❖ The multicollinearity assumption test result showed that, the inter correlations between all the independent variables are well below the acceptable range of 0.90, the tolerance values of all greater than the acceptable range of 0.10 and the VIF value of all less than the acceptable range of 10.
- ❖ The model summary results showed that, a linear combination of all the independent variables considered under the study predicts ($R^2=0.949$), of the variance in the dependent variable organizational performance.
- ❖ The ANOVA test result showed that, the value of R and R^2 obtained under the model summary part was statistically significant at ($F=347.624$), ($P<0.001$).
- ❖ The standardized beta coefficient, of each independent variable showed, (Leadership = 0.236, Communication=0.485, Employee Engagement=0.074, culture = 0.105), technology = 0.071, organizational structure = 0.146)

5.2. Implications of the Findings

In order to improve the performance, management can consult the employees before change and decision making to seek their suggestions. In order to rectify that the management has to encourage their employees to experiment new methods and try out creative ideas which will result a positive effect on their performance. The management has to organize more training and development programs for improving the performance and accept the change without resistance. Since most of the employees have not detail understanding with change management and its process, the bank management and head office has to consider this as a serious issue and try to give more attention according to their years of experience as well as their understanding of change management issues. The management has to look into the grievances and complaints of the customers on observable phenomena which are influenced

by change and change management problems. The management must take an active role in not only defining the change and change management process but also alter the management style to suit the employees and improve performance. This refers to changing aspects like ethics, behavior, commitment, professionalism, drive and interpersonal relations in employees for the better.

Creating good understanding of change management concepts and its positive consequences within the organizations lead to more performance. Therefore, change management and its managing system, styles needs great attention to improve and achieve organizational performance.

5.2. Conclusions

This study has pointed out the effect of change management on organizational performance, in the case of Tsedey bank in Debre-Birhan city administration all branches. The study considered six change management components such as, Leadership, Communication, Employee Engagement, organizational culture, organizational technology and structure as independent variables and witnessed their effect on the response variable organizational performance. Reliability test was also conducted to check the consistency and dependability of the instruments and accordingly the Cronbach's Alpha value obtained from the respondents helped the researcher to concluded that, the instruments was proven to be reliable.

Today's market condition change management is the heart of all successful Financial Service Institutions. It can help to improve organizational performance and develop satisfied stakeholders. To succeed, every business needs to improve the way of leadership and communication and evaluate employee's engagement, culture, technology and structure is a vital role in financial institutions. The need to understand the employees' perception about the change management activities of private banks is proved through this study. It is evident from the study that, employee engagement, Communication, culture, technology, structure and leadership has a significant effect on Tsedey bank branches in order to achieve organizational performance and create satisfied stakeholders.

Therefore, from the findings of the present study, the researcher concluded that:

- This study concludes that there is a significant relationship between organizational leadership

and organizational performance. This study concludes that the role of leadership in a bank is crucial for creating a vision, mission, determination and establishment of organizational objectives, designing strategies, policies and methods to achieve the organizational outcomes effectively and efficiently along with directing and coordinating the change and efforts and activities of the organization.

- This study concludes that there is a significant relationship between organizational culture and organizational performance. An Organization, embedded with cultural values, is characterized by the visible social strength in its manifestation. This study concludes that organizational culture forms in response to the need for external adaptation and survival as well as internal integration. External adaptation and survival involve finding a niche to enable the organization to cope with the changing environment and improve performance.
- The study concludes that there is a significant relationship between organizational structure and organizational performance. This study concludes that the role of organizational structure in a bank is crucial for creating a clear roles, hierarchical systems, determination and establishment of organizational objectives, and methods to achieve the organizational outcomes along with directing and coordinating the change and efforts and activities of the organization.
- The study concluded that employee engagement and bank performance have significant relationship. Accordingly, participation, involvement, commitment were critical issues in achieving organizational performance.
- The study also concluded that organizational communication and performance have positive and significant relationship. Therefore, the bank give great attentions to communication tools and types like open, two way, inclusive and multi-channeled communication to create strong and positive employee relation with each other and improve the bank performance.
- Organizational technology in the bank has positive effect on bank performance by reducing work load, sharing experiences in different channels. The bank also updates the technology continuously to run the bank activities without disruption.

Finally, considering the paramount importance of change management, especially in service providing company like private commercial banks in achieving its organizational performance and satisfying its stake holders interest, much attention has to be paid on the

dimensions of change management especially on leadership and communication and also technology, that may takes major parts in order to achieve and satisfy the organizational interest or plan and objectives in the futures.

5.4.Recommendations

- ✓ In today's volatile and dynamic business environment where, companies are very sensitive in changing their preference across the market, managing change in proper way plays a great role in maintaining the continuity of organizations performance across the industry. So, in order for private commercial Banks, to be benefited the most out of it managing change, the following constructive suggestion was forwarded by the researcher, armed the response obtained from employees of Tsedey bank branches:
 - ✓ Since, this study has established a significant relationship between leadership style and organizational performance. Therefore, this study recommends that the bank should align its leadership style with the intended organizational objectives to effectively execute its vision as well as goals. This study recommends that bank should make use of good leadership style specifically in attaining its long-term objectives. This study recommends that bank should also encourage participative decision-making process in the organization to allow employees to contribute their views and contributions where necessary. Develop a clear vision and strategy for the bank that aligns with its long-term goals and objectives. Foster a culture of transparency, accountability, and ethical leadership at all levels of the organization. Invest in leadership development programs to enhance the skills and capabilities of current and future leaders within the bank
 - ✓ This study recommends that the organization should embrace a diverse culture that will allow employees from different races and ethnicity to work together in achieving the same vision for the organization. This study also recommends that the bank should embrace an adaptability culture to enable the organization to implement change in the organization in a manner that is in line with external forces of the environment. This study recommends that the bank should rely on both internal and external environment forces in forming organizational culture that will sustain all kinds of employees coming into the organization and improve the bank performance. Define and promote a strong organizational culture that reflects the bank's values, mission, and vision. Encourage collaboration, teamwork, and open communication among employees to foster a positive

work environment. Address any cultural barriers or conflicts that may hinder performance and productivity within the bank.

- ✓ This study recommends that Tsedey bank should develop its employee engagement and competency based on capacity building initiatives in order to attain a competitive advantage that is essential for its objectives. And study recommends that the bank should encourage participative decision-making from all employees since human resource capacity building is mainly strengthened by encouraging the participation of the organization's workforce in decision-making as well as through maintain good relationships with the employees. Implement regular feedback mechanisms to gauge employee satisfaction, motivation, and engagement levels. Recognize and reward employees for their contributions and achievements to boost morale and motivation. Provide opportunities for career development, training, and growth to empower employees and increase their commitment to the organization
- ✓ The researcher would like to recommend the banks management to understand their employees' communication knowledge and skills, their believe about the change are well planned in their organizations and will benefit the organizations in order to achieve its goal and objectives as well as the planned change will affect the satisfaction of the banks stakeholders and improve organizational communication strategies to achieve organizational performance. Establish clear channels of communication at all levels of the organization to facilitate information sharing, feedback, and decision-making. Encourage open and honest communication to build trust, resolve conflicts, and promote a culture of transparency within the bank. Implement regular communication strategies such as town hall meetings, newsletters, and digital platforms to keep employees informed and engaged
- ✓ The Bank managements need to create mechanisms for the employees to know what the vision for the change looks like and to create awareness regarding the necessity of organizational technology and its degree of appropriateness and necessity in order to achieve the organizations performance by minimizing workload and accelerate the bank work activities and update the technological systems when necessary. Invest in cutting-edge technology and digital solutions to streamline processes, enhance customer experience, and improve operational efficiency. Provide training and support to employees to ensure they are proficient in using new technologies effectively.

Continuously evaluate and upgrade technology systems to stay competitive and meet the evolving needs of customers in the digital age

- ✓ Finally, this study recommended, since organizational structure significant to the bank performance: the bank should be fast decision maker when complains comes from customer and its employees flexible working environment and structure and the hierarchical authority also clear for its employee. Review and optimize the organizational structure of the bank to ensure clear roles, responsibilities, and reporting lines. Foster cross-functional collaboration and communication by breaking down silos and promoting a more agile and responsive structure. Align the organizational structure with the bank's strategic goals and objectives to drive better performance and outcomes

5.5. Limitations of the Study

Being a master thesis project, the research was done within 6 months. Regardless of the situation, more time was spent on the project work, engaging employees of the organization and reiterating to them the essence of the research assignment, analyzing the responses carefully, and writing the report. The measures of change being adopted in the organization are unique based on its business model. The findings may not apply to an organization of similar size and industry of operation. This, therefore, means that readers of this thesis should not directly apply the findings to changes in other organizations but do thorough research and may be, compare the findings.

5.6. Suggestions for Further Studies

The author only looked into six components of change in the organization. In business, organizations go through various forms of change. The author recommends that more research should be done on other forms of change and how they impact organizational performance. Forms of change such as technological advancement, change in technology, employee readiness, organizational culture, and even the leadership of the organization are significant in an organization and should be assessed. This thesis also focused on a specific private bank sector in Tsedey bank. The same forms of change should be assessed in other sectors as well to ascertain if the outcome will be the same.

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Appendix

Debre-Birhan University College of Business and Economics

MBA in Management Program

A Survey on the Effect of Change Management on Organizational performance

Questionnaires for respondents

The purpose of this research will to determine “**The effects of Change Management on Organizational Performance (A Case Study on Tsedey Bank in Debre-Birhan City Administration Branches.**” Please note that any information that will be provided by you will be treated confidentially and it will not be used for any other purpose other than for this project. Your assistance is highly appreciated.

I look forward to your prompt response!

Kindly answer all the questions by **ticking (√)** in the boxes or writing in the spaces provided.

Damtew Tsegaw 09 67 94 34 49

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SECTION A: Respondent Profile/Demographic information/ and answer by choosing the numbers

1. Gender 1. Male 2. Female
2. Your age range 1. 22-30 2. 31-40 3. 41-50 4. Above 50
3. For how long have you worked at your current organization
1. Less than 5 year 2. 6-10 years 3. 11-15 years 4. Above 16 years
4. Job Position: - 1. Managerial 2. Non-managerial
5. Educational Level: - 1. Diploma 2. Degree 3. Masters 4. Ph.D.
6. Monthly Income: - 1. Below 10,000 2. 10,001-20,000 3. 20,001-30,000 4. Above 30,000

SECTION B: Please tick the extent of your agreement level with the following statements.

(1= *Strongly Disagree*, 2= *Disagree*, 3= *Neutral*, 4= *Agree* and 5= *Strongly Agree*)

1. Organizational leadership Role in managing change		1	2	3	4	5
1	Management discusses with employees about what should be changed; more than they tell them what will change.					
2	Risk of resistance to change is well managed through proper education rather than enforce to accept the change.					
3	Management was committed to implement the change effectively.					
4	Management communicates on the various phases of the change, like planning, coordinating, implementing and monitoring.					
5	All levels of management are actively involved and participate in change process.					
6	Management is responsible and accountable for implementation of change management and its effectiveness.					
2. Organizational communication in managing change		1	2	3	4	5
1	communication channels are effective within the organization for sharing information and updates with change					
2	communication is open, transparent, and timely across all levels of the organization related to change					
3	the organization responds to feedback and addresses concerns raised by employees					
4	the level of clarity and consistency in communication was satisfied from leadership					
5	There was organizational efforts to promote active listening and two-way communication with employees					
6	the organization's ability to resolve communication challenges and improve overall effectiveness was confident					

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	3. Employee Engagement in managing change	1	2	3	4	5
1	The organization care about the employees in order to achieve the change management in good ways.					
2	There are opportunities for my advancement in this organization.					
3	My supervisor helps me to understand how my work is important to the organization.					
4	My co-workers and I openly discuss about what needs to be done to be more effective.					
5	The amount of work I am expected to do is reasonable.					
6	I have the tools and resources I need to do my job.					

	4. Organizational culture in managing change	1	2	3	4	5
1	The background of the organization employees is diverse					
2	The organization has established strong values that guide employee performance					
3	Organization learning process is encouraged					
4	The core values guiding the organization are specified					
5	The organization activities are customer focused					
6	Team orientation towards achievement of firm goals is encouraged					

5. Organizational technology in managing change		1	2	3	4	5
1	The organization continuously builds on its existing IT systems in response to the market demands					
2	The organization has a combined data processing and communication system that enables it to react fast to changes in the operating environment					
3	Employees are prepared well before introduction of a particular					
4	The introduction of new technology in the organization is gradual					
5	The introduction of new technology is aimed at also reducing the workload of employees					
6. Organizational structure in managing change		1	2	3	4	5
1	There exist clear roles for each employee in the organization					
2	The organization structure facilitates faster decision making					
3	The organization structure is flexible					
4	There exists good supervisory relationship					
5	There exists little uncertainty on the roles of each employee whenever an unplanned event occurs					
6	The organization hierarchy of authority is clear					
7	The employees work according to the existing standardized procedures					
7. Organizational performance		1	2	3	4	5
1	In my organization there is growth in deposits.					
2	In my organization there is growth in number of accounts holders.					
3	In my organization there is growth in number and amount of loans and advances.					
4	In my organization there is growth in the profitability.					
5	In my organization there is an increment in employee productivity					

SECTION C: Please indicate your idea for the below Semi-structured/Interview/ questions

1. Is there a separate change management department in the Bank? -----

2. Considering the utmost significance of the department, do you think that it has got necessary attention from the top management? -----

3. Do you think that, change management is a vital issue in the Bank? -----

4. How can you describe the importance of change management in achieving the bank's performance management? -----

5. How do you evaluate the bank's leadership in order to implement change and achieving organizational performance? -----

6. Do you think that the bank's leadership has significant effect on organizational performance by implementing change management? -----

7. Do you think that employees are committed to achieve the bank's performance? In what way? -----

8. How do you evaluate the bank's readiness for achieving the desired goals and objectives through managing change? -----

9. How do you evaluate the communication dimension of change management in the bank regarding creating awareness about the banks goals and objective, mission and vision in order to achieve the desired bank performance?-----

THANK YOU FOR YOUR KINDLY COOPERATION!

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