



**Addis Ababa University**

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**ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE**

**GRADUATE STUDIES PROGRAM**

**DEPARTMENT OF BUSINESS LEADERSHIP**

**CHANGE MANAGEMENT PRACTICES AND CHALLENGES: THE CASE OF UNITED INSURANCE**

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**Advisor: Adane Atara (PHD)**

**MA Thesis in partial fulfilment of the requirements for the award of the degree of Masters**

**of Business Leadership**

**July, 2021**

**Addis Ababa, Ethiopia**

# CHANGE MANAGEMENT PRACTICES AND CHALLENGES IN UNITED INSURANCE COMPANY IN ADDIS ABABA

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A project work submitted to the School of Graduate studies at Addis Ababa  
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requirement for the Degree of Master of Arts of Business Leadership.

July, 2021

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## Statement of Declaration

I, Robel Wubshet, have carried out independently a research work on the topic entitled “Change Management Practices and Challenges by United Insurance Company in Addis Ababa” in partial fulfillment of the requirement for the Degree of Masters of arts in Business Leadership with the guidance and support of the research advisor Adane Atara (PHD).

This study is my own work that has not been submitted for any degree or Master program in this or any other institutions.

Robel Wubshet

Signature \_\_\_\_\_

Date \_\_\_\_\_

Addis Ababa, Ethiopia

## Statement of Certification

This is to certify that Robel Wubshet has carried out this research work on the topic entitled “Change Management Practices and Challenges project implemented by United Insurance Company in Addis Ababa” under my supervision.

This work is original in nature and it is sufficient for submission for the partial fulfillment for the award of Degree of Masters of Art in Business Leadership.

Adane Atara (PHD)

Signature \_\_\_\_\_

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ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE

GRADUATE PROGRAM

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## Abbreviation

UNIC Ethiopia: United Insurance Company PLC

PLC: Private Limited Company

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## Abstract

*Change has become part of anyone's lives as well as corporate existence. Most organizations faced with urgency of change in their daily operations. However, their views on change differs. This study was conducted on United Insurance Private Limited Company (UNIC Ethiopia) whose operating offices based in Addis Ababa. Employees of the main office and branches in Addis Ababa were the unit analysis for this research. The objectives of the study were to assess the organizational change management practices and most prevalent challenge to leadership at UNIC Ethiopia during which organizational change is a must. A sample survey method is employed in aim of collecting the data from target group employees. The target sample of the study was 21 employees. Among the target population, all the questionnaires were returned. Structured questionnaires were employed to collect demographic and other relevant data from the company's senior officials and other team members. After collecting the relevant data from each respondent, the data was made analyzed using the simple statistical analysis methods (frequency and percentage), and descriptive analysis method of mean and standard deviation. Survey methods had been used where the data were subjected to be a descriptive statistics using SPSS software. The study revealed that the company's attitude in demonstrating the importance of change initially helped it to successfully adopt in the organization. From the findings, it was revealed that UNIC Ethiopia establishes a team that includes representatives from all departments affected by change, involving both management and lower-level employees. According to the study, members of the team, created to lead change within the organization, are enthusiastic and committed to making the change. Finally, the study found that resistance to change, wrongful decision, lack of resources and coordination, lack of leadership and innovative capability were the most challenging factors which severely affected a change in the company. The study recommends the need to demonstrating the importance of change regularly to impart employees who are at the lower-level position, and establishing a committee or team that often studies the company's organizational system to evaluate against other competing firms within and outside of the industry. An assessment of compliance with company's policy and strategies and emphasis to be given to command of chain to create a smooth communication linkage were also what has been recommended by the study.*

**Key words: Change, Change Management, Change Management Practice and Challenges**

## Chapter one: Introduction

### 1.1. Background of the Study

Change management is described as a continuously renovation process of an organization's management system, structure and abilities depending on internal and external clients' or customers' changing demands. On the other hand, change management is also defined as unifying and adaptation of employees and culture of an organization with company strategy, business structures and systems. (Tüz, 2004:15). Change is one of the most important aspects of effective management. Business market in which many organizations perform depicts not only the number of change increases but also the fact that the change results are more effective over the individuals and organizations as the change nature's itself becoming more complicated. Many of changes that employees should deal with are not restructured and they are the changes which have been implemented simultaneously and partially. However, differences on implementing these two changes can be experienced although there is a common background for both of the change types

“Change management” emerges as the greatest internal challenge facing C-suite life insurance executives in the most recent biennial global survey by LIMRA and Boston Consulting Group (BCG). They cite “customer experience” as the second greatest challenge, followed by “growth.” These responses represent a sharp departure from past surveys in 2015 and 2017, when executives listed issues such as talent management, technology, and distribution as their greatest challenges. Since then, the headwinds facing the life insurance industry (such as low interest rates, declining consumer interest in life insurance, looming competition from disruptive new entrants, and an aging workforce) are growing fiercer. Life insurance leaders also are finding that change — real change — proves vexingly difficult to achieve.

To continue to succeed and profitably grow in the face of these challenges, insurers need more than new tactics and capabilities. Companies must transform their entire organization and significantly improve their customer experience. Insurance company executives recognize that they need organizations agile enough to keep pace with and adapt to rapidly evolving consumer expectations, technology, and economic conditions. They need corporate

cultures that not only fully embrace change, but also can sustain it over the long term. They need people who can deploy new technologies, such as artificial intelligence (AI) and automation, to better engage customers and make distribution networks work more efficiently. Such a transformation will allow them to bring products to market in new ways, connect with underserved customer segments, and translate their new strategic vision into reality.

In these perspectives, hereby in this project study, evaluations depending on business organizations are done as focusing on the changes and the change management process in insurance companies. The factors that are necessary for efficiency and importance of change management in business organizations of insurance companies are mentioned.

## 1.2. Statement of the Problem

As is mandatory in any organization, dealing with leadership challenges requires more than just dedication. Although many leadership studies have been carried out over the years, there still exists an information gap to be filled through continued research. Most of the studies carried out focus on the aspects of leadership styles, and the challenges faced in various positions of leadership. Moreover, the studies have applied case examples from different organizations.

It is however strange that only a few of these studies are focused on the business leadership concept, and particularly on the challenge of resistance to change in the insurance businesses.

The issue of change initiation and management as a challenge to leadership is also identified and addressed by several other authors (Schuler, 2003; Pardo del val & Martinez, n.d; Hernandez, 2011). Smollan (2011) opines that organizational change is a mandatory process that indicates growth. Organizational change is driven by the desire to adapt to the organization's environment and to improve its performance. In either way, the most economical and feasible method is often selected for change initiation. However, two thirds of change initiation strategies in organizations fail due to resistance to change. This should not be the case since if effectively managed, change can be a driver for better performance

through initiating an innovation process as well as offering help in identifying organizational weaknesses and addressing them (Smollan, 2011).

An ever expanding middle-class that recognizes the importance of insurance and is willing and able to pay for it has also necessitated the development of certain segments of insurance to tap into these needs. The changes that come with innovation must be managed to ensure the success of these change initiatives and this paper seeks to elucidate the challenges and practices of strategic management in the insurance industry in Ethiopia. Studies on the insurance industry change management practices and challenges have consisted of case studies on individual insurance firms. Chelagat (2011) conducted a study on the Insurance Regulatory Authority which has adopted various strategic change management practices but there are still challenges on change management which the Authority needs to address to get commitment and support from the employees and the players in the Insurance Industry. Similarly, case studies have been conducted on Aon Minet Insurance Brokers Ltd (Kibanga, 2008), the Cooperative Insurance Company (Otwori, 2008), Africa Merchant Assurance Company (Otiso, 2008) while a study on change management practices have been done on the commercial banking industry (Ritich, 2011). A comprehensive study covering the insurance industry has not been done, therefore information on challenges and practices that cut across the industry is scant

The proposed study is thus aimed at giving substantial information about how the challenge of resistance to change can be dealt with in an insurance business set up.

### 1.3. Research Questions

A solution to the prevailing problem can be described by the following major question which can be defined as:

- What are the organizational change management practices in UNIC Ethiopia?
- What is the most prevalent challenge to leadership at UNIC Ethiopia when adopting a work flow redesign and how can it be addressed?

## 1.4. Objective of the study

### 1.4.1. General Objectives

The general objective of this study is to assess the organizational change management practices and most prevalent challenge to leadership at UNIC Ethiopia

### 1.4.2. Specific Objectives

- To identify some of the change management practices with regard to work flow redesigning in UNIC Ethiopia
- To identify the challenging factors that hinder the successful adoption of change at UNIC Ethiopia.

## 1.5 Significance of the study

The study is expected to benefit different stakeholders by providing information of what percent of insurance companies use the same management practice when adopting change; what companies were successful in using the same management practices when facing challenges of change; what major considerations were made in practicing change management.

It also helps business companies the necessary adjustments needed in order to effectively practice the identified leadership style and how the change management practice impact companies including UNIC. The study will also draw conclusions and make recommendations on change management approaches emphasizing UNIC's leadership style as more effective in an international setting.

Furthermore, it will recommend techniques in handling negative responses in practicing the identified leadership practices of change management and elaborate the benefits of the approach in achieving the business goals

## 1.6. Scope and Delimitations of the study

Even though every business company has its own unique character and objective, this study is delimited to present the implementation of an adopted change to manage the challenges of UNIC Ethiopia. The company that based its office in Addis Ababa has more than 40 up country branches throughout Ethiopia. However, due to the distance to other locations and

the specified time, the study is restricted only to Addis Ababa main office around Tewodros square.

#### Definition of Terms

**Change:** “moving a system, process or environment from one situation to another one as planned or unplanned” (Sabuncuoglu, 2003:258).

**Change management:** a systematic approach to dealing with the transition or transformation of an organization's goals, processes or technologies (Pratt:2019)

#### 1.7. Organization of the Study

The study will comprise of five chapters. The first Chapter will be an introduction part which will be a blueprint for the study. The chapter will contain the introduction; statement of the problem; basic research questions and objectives of the study; significance of the study; scope and delimitation of the study; and lastly the organization of the study. The second chapter will present the review of related literatures. This part of the study will deal with the literature both the theory and empirical evidences relevant to the study. The methods and procedures to be used while gathering the information for the study will be presented in Chapter 3. In this chapter will be contained: the research approach and design; the data collection procedure; the population and sample size; the data sources and collection techniques; the data analysis; and the ethical consideration to be taken while in data collection process. The results of analyses and the findings of the data to be collected for the study and discussion will be presented in Chapter 4. Finally, Chapter 5 will present the drawn conclusion on the study and recommendation for further investigation.

#### 1.8 Limitations of the Study

Regardless of the many insurance firms currently operating in Ethiopian insurance industry, the study focused only on a given insurance company's practices of change management. This was due to time limitation and fear to timely get targeted employees' response as needed. The study also lacks a comprehensive survey and was restricted to the main office of

UNIC Ethiopia in Addis Ababa only. Further, the study relied purely on responses from the respondents and did not visit the grounds where the branch offices undertake their operation.

There was a constraint to find supporting materials on the topic. Specially, very limited researches have been conducted on the change management issue in the insurance industry in Ethiopia. As much relevant data was also very difficult to find from the company in order to refer as a secondary data sources due to company's policy to regard documents as highly confidential.

## Chapter Two: Literature Review

### 2.1. Introduction

In business as in life, few things stay the same. Companies must be willing to move with the times and adjust their operations in response to increased competition, technological advances, stakeholder expectations and other pressures. True business change is more than just a rudder

shift, however. It's the result of a structured and planned process to make the company more efficient and profitable.

This chapter will present the related literatures on the study, which will enable to have a deep understanding to the research topic and briefly expose the readers to some of the major areas of the subject matter under consideration.

### 2. 2. Change and Organizational Change Concepts Definitions

#### 2. 2. 1. The Concept of Change and Its Characteristics

Change emerges as a versatile concept. It is a phenomenon that exists in all aspects of life and is valid in all its phases, not felt through its being but always experienced as a solid object with its results. Many different definitions of change can be made. As a basic definition, change can be defined as “moving a system, process or environment from one situation to another one as planned or unplanned” (Sabuncuoğlu, 2003:258). Therefore, change is an ongoing transition process within our control or not. In another saying, change is metamorphosis. This case can be either to renew or to turn back to past. The important case is that the current situation should be different from the first situation. Change is a tool that does not leave the ex-situation, features or structure same as time passes (Yeniçeri, 2002:7). Change means that not seeing the same thing with its ex-conditions any more. This change can take place in its essence and shape. Change became one of the most mentioned phenomena in our daily world. The most dominant factor of this is the fact that world has had many changes ever been experienced in particularly in the last century and these changes occurred very fast. Today, change became a part of our lives as technological developments cannot be even followed after industrial revolution. This situation occurred as visible

concept, and its effects over people highly increased therefore this made the change as a popular subject among people. Change which is the most basic trigger force in our era became an existence nonexistence problem (Yeniçeri, 2002:9). Today, change brought forward the need of creating different thinking styles to different situations as getting out of routine. This basic amend puts force to change “fast, intensive and effective” interventions (Elalmış, 2008:5).

### 2. 2.2. The Concept of Organizational Change

If we investigate the word meanings of change, there are definitions as movement, moving, passing through one situation from another, development and improvement, leaving out the structured traditional thinking habits, creating systems that would offer higher productivity and efficiency. Change is a feature that does not make an object or a situation remain constant (Yılmaz, 2012:3). Change is the opposite concept of stability and continuity. Again, change can be defined as passing of any system from a particular situation to another one after a process in a planned or unplanned manner (Öztürk, 2007: 4). Generally, concept of change can be described as moving any kind of things from its current condition to a new concept (Çalışkan, 2002: 8). In general, change is explained as passing to a new condition from ex-situation. Holding the current situation means to be static and it is difficult to hold such a system through long time. That is because of the fact that change uses its power as influencing the alive creatures. In this framework, change is experienced in both personal and community manner (Yılmaz, 2012:4). Organizational change includes any kinds of change occurred in the elements of organization, in its sub-systems and the relationship structures among these, in the relationships between these and the organization, and the influences of the organization and its environment. Through this definition, organizational change is such a broad concept which includes many facts and phenomena for instance creativity, creating reforms, growth and development processes (Taşlıyan & Karayılan, 2013:254). Organizational change is an overall concept that is composed of the activities which are performed for increasing the organization’s current efficiency and for holding it to higher statue. As can be seen, the continuous change of the structure in which the organizations take place makes it necessary for the organizations to change, too. The organizations which continue their operations according to the demands from outside need to enter into a new formation as re-organizing their structures and intentions. Additionally, it is possible that

organization can enter into a change process due of their processes' effects, thus the efforts which are put through this process can also be defined as organizational change (Basim et al. 2009:16). Every system, from enterprises that try to go on performing or increase their operations in severe competition which takes place in the globalizing world to even the countries which try to take a new place in constantly changing world conditions, is undergoing an ongoing change. Every system is aware of the necessity to change as biologically, organically, economically or politically. Four important changes which emerged in organizations as a result of globalization can be summarized as follows (Güzelcik, 2000:77).

### 2.2.3. Change in a Business Context

In simple terms, business change is the act of moving the company from where it is now to where it wants to be. The change can be relatively small, such as improving the company's billing procedures, to utterly transformative, such as reformulating entire product and service offerings in the light of unexpected competition. Most times though, it references an event that causes major disruption to a daily-operations. There are three types of change in a business context: developmental, transitional and transformational change (Kelchner 2008).

#### *i. Developmental Change*

A developmental change occurs when a business wishes to improve a process or procedure, such as updating the payroll system or refocusing its marketing strategy (Kelchner 2008). These changes are small and incremental – you aren't redesigning the entire workflow, but are simply refining it to make it better. Kelchner (2008) states that Developmental Change usually occurs in response to technology upgrades or internal cost drives that aim to improve the efficiency of a work process. As long as managers give staff the training, they need to implement the changes, there should be minimal upheaval associated with this type of change.

## *ii. Transitional Change*

A transitional change is an act of replacing major processes with new ones, such as automating a manual production line or adopting a new ERP installation (Kelchner: 2008). It also includes mergers and acquisitions and other such courses of action. Transitional changes are frequently driven by a desire to remain competitive in the marketplace. The business is not exactly charting unknown waters when executing a transitional change, but it likely will have to reconsider its job functions, processes, culture and relationships to manage the change effectively. Management must proceed cautiously to minimize fear, doubt and insecurity in staff.

## *iii. Transformational Change*

Transformational change is the most disruptive since it requires a fundamental shift in the way a company operates. For example, a company might embark on a completely new mission or restructure the whole product line using new, proprietary operating systems, as Apple did when Steve Jobs took over the company in 1997. Because of the upheaval, these types of changes happen only rarely. Navigating a transformation is complex, requiring significant skill from the management team and outside help from change specialists. When the change process is complete, the organization is unrecognizable from what it was before.

## 2.3. Change Management

### 2.3.1 The Concept of Change Management

When people talk about business change, what they mean is change management, (Kelchner: 2008) which is the process used to ensure the changes are smoothly implemented, with as little resistance as possible to yield lasting benefits. A major part of the process is making sure the change is adopted by the people who are affected by it. Without proper buy-in, there's a risk that employees will reject or even sabotage the change project, resulting in wasted time and money. Managing the people-side of the change can help to reduce fear and anxiety and ensure the new goals managers are setting to be embraced.

There are many studies that define and elaborate the change management. According to a definition, change management is an art of making appropriate the corporate culture and behavior with the changing world (Argüden, 2008:36). After deciding presently where we are and where we would like to be, change management manages the process which will lead us to the point where we would like to be from the point presently where we are. In other words, it is a collection of strategies and activities that enable the transition to desired situation from the current one (Karamazarcadik, 2007:43). In organizational aspects, change is defined as planned, unusual and pre-thought unique effort which contributes to reach the pre-set targets more efficiently or meet the new-established targets (Töremen, 2002:186) The change in organizations is the whole process of taking steps to unknown but predictable future as leaving the old, known and habituated order (Dereli et al. 2006: 25)

In another definition, organizational change is the transition to a different situation as planned or unplanned; the occurring of the transition in organizations' one or more areas like culture, technology or structure. As can also be seen in the definition, change generally includes the responses that organizations give around in purpose of sustaining their survivals and transform them to a different situation (Tufekci, 2008: 195).

At the present time, traditional organizations which were established by their functions became inadequate. Survival ability for this type of organizations are hardened with the constant developments and changes, increased competition and mass production's qualitative change in its structure. As a new concept and approach style, change is brought forward by the fact that consumers became the most critical factor for organizations and they also involve the decisions, organizational structure borders are weakened, the market is qualified above the national and even international structures (Akat, 2004: 62).

Organizational change can be described as all kinds of changes which can occur in organization's elements, sub-systems, relational structures between these, relations between these and organizations and influence between organization and environment (Yılmaz, 2012:8). Organizational change is a broad concept which can include all kinds of concepts like creativity, innovation, organizational development, activity research, organizational flexibility. Any changes which may be occurred around of an organization would break the organizational balance and require a new balance set. In organizational change, it is possible

to pass from one balance into another. Therefore, the agenda of organizational change is related to specify, implement and adapt new strategies suitable to environment conditions (Peker, 1995: 4).

Presently, it is highly discussed whether organizations change with satisfactory speed and how the changes will be implemented rather than the necessity of changes for the organizations (Koçel, 2007: 554). Instead of thinking the change as an obligation, it should be accepted as a process which will bring benefits.

#### 2.4. Causes of Organizational Change

The purpose of organizational change can be stated as “to increase the organization’s efficiency and productivity based on the changing internal and external aspects, to create an organizational structure which facilitates for beneficiaries to have high satisfaction and developments. However, the details of the purposes should be carefully specified after the decision of organizational change is taken. For example, some of the purposes can be as follows; to reduce the management costs, to determine and increase the responsibilities, to create better coordination opportunities, to reduce the work-load of executive management, to reduce the hierarchical chain. In organizational aspect, change has general purposes like to be ready for the future, to sustain the mutual trust, support and positive communication among organization members, to bring solution for problems and disputes, to create synergy (Ozalp, Sakaand Haşit, 1992: 133).

The effects of internal and external environment factors that cover the organizations make the organizational structures insufficient by the time passed although they were satisfactory in the establishment period. The change motivations for organizations can be presented in two groups as internal and external (Uslu, 2006: 17).

##### 2.4.1. Internal Factors

One of the important internal factors which make the change compulsory is growth. Growth represents the increase in volume, quantitative and qualitative developments in organizations. In order for organizations to deal with the national and international competition; R&D, quality, communication, productivity, finance and human resources management should be given importance. Companies which could not take benefits of technological developments before competitor companies face strong difficulties. At the present time, bureaucratic

monotony order is run out and totally new organization structures are settled because of the fact that markets, Technologies and customer needs change with ultimate speed and these create excess pressure over the companies (Sucu, 2000: 29; Yılmaz, 2012:10). Depending on the organizations; efficiencies, growth, regression, change in executive managers (Türkyılmaz, 2009: 52), merger and acquisitions (Uslu, 2006: 16) are given examples of internal factors.

#### 2.4.2. External Factors

As evaluating as a system, each organization use the input which is taken from external environment, changes it in a specified manufacturing processes with technological facilities and after this process gives the output back to its external environment. Organization's success depends on continuity, regularity and magnitude of the flow of input-process-output (Koçel, 2007: 559). Economical, legal, social pressure, globalization (Aksu, 2000: 270; Akçakayaand Yücel, 2007: 21), technology (Sucu, 2000:27), to increase the efficiency, productivity, motivation and satisfaction levels are given examples of external factors.

#### 2.5. Effective change implementation

Hamlin (2017) emphasized how few people enjoy change, whether at work or in their personal lives in his article. Whether they resist out of fear of how the change will affect them or simply because making lasting change takes a lot of work, many organizational change efforts fail because of resistance. Large-scale change efforts can be effective, though, with a well-thought-out plan. Following steps to clarify the goals of the change and getting employee buy-in will ensure that the change goes smoothly and moves the organization forward.

The article is a useful source of insights about demonstrating the importance of the change. According to Hamlin, many people will resist unless they see the change is urgently needed. Demonstrating the importance might mean breaking down the cost of office supplies to show that too much money is being spent or showing a video or letter from a customer expressing disappointment with the products or services.

In addition, Hamlin (2017) pointed out that in order to develop a leadership team to shepherd the change process, the team should include representatives from all departments

affected by the change, involving both management and lower-level employees. The team members should be enthusiastic and committed to making the change.

In the article, creating a clear vision of what change needs to occur and the desired results were described mentioning why leaders are changing and what needs to happen, the change effort is likely to stall due to lack of direction.

Communicating about the change early and often, maintaining a consistent message was suggested by Hamlin (2017) because employees often resist change when they feel blindsided by it or they do not understand what it means for them. Further more employees need to be empowered to act to push the change forward. This doesn't mean letting everyone do whatever they want, but instead, allowing them to make decisions that will move the organization toward its goals. For example, a business changing its customer service approach can empower customer service representatives to issue refunds to unhappy customers without manager approval.

Celebrating the progress that makes toward the change when the change effort is long-term will also lead employees to lose enthusiasm if they feel as if nothing is happening. Hamlin (2017), advises to acknowledge short-term wins to maintain momentum.

Lastly, monitoring the change effort over time and make adjustments as necessary anticipates problems and proactively address them. Assessing the efforts on a regular basis can help prevent wasting time on activities that are not effective.

## 2.6. How to Drive Change Management within the Insurance Industry?

For many insurance leaders looking to improve customer experience, launch new products, or implement new technology, there is an underlying theme behind each of these actions - change management. And change management is an activity weighing on leaders' minds around the world (Dickinson, 2020). According to a 2019 LIMRA study that analyzed the biggest challenges of C-suite life insurance executives across 62 countries, one-third of executives cite change management as their greatest challenge.

No matter the goal in mind, anything new has the potential to cause disruption, confusion, and not yield the desired outcome. Whether there is an entire program dedicated to improving outcomes, paying attention to several critical areas can help ensure the goals set are achieved and that a manager can have the people on board to do so.

#### 2.6.1. Embrace the human factor

People fear change and, often, for a good reason—the change could mean a different job or added responsibilities, a new management style, or a change in performance expectations. Insurers looking to implement any change management strategy should first start with their people—have they been historically open to change? What are some of their concerns, fears, or apprehensions? Who are the potential change champions that can help influence this group?

While delivering organizational goals is paramount, employees will be concerned about personal change, which often creates resistance and anxiety during these scenarios. It is helpful to address these concerns proactively by clearly articulating what will be changing and how that might impact an individual's future. When preparing for the conversation, the little things matter – like putting thought into what is said, who the message is coming from and listening carefully to employees' responses.

#### 2.6.2. Identify change drivers

The competition is vast, and if an insurer isn't continually looking for ways to provide value to its customers, the insurer may find its client base getting their needs met elsewhere. Because of this, many insurers are modernizing their technology, shifting their business model, and changing roles and processes to help competitively differentiate themselves in the market – all of which are activities requiring significant change management.

To help drive change management internally, employees must be aware of why things are changing - is it to unveil a new product offer to attract a different generation of customers? Improve profit margin so money can be reinvested into obtaining and retaining talent? When

they can see a purpose behind an activity, employees will be able to understand the business imperative and clearly connect their roles and actions to the desired result.

### 2.6.3. Over communicate and encourage

When it comes to change management, it's important to have a plan to communicate and engage with employees. When an outcome is understood and roles are clearly defined, employees can feel more at ease and see themselves as part of working toward a greater purpose. Enthusiasm can be high at the beginning of implementing something new, but leaders will benefit by continuing to communicate throughout the activity and long after that. Change management is a never-ending process, especially for those impacted by transformation.

When looking for opportunities to communicate and engage with affected teams, it is necessary to consider announcing small victories. Celebrating victories and milestones along the way can help promote and encourage positive change behavior. Other opportunities for communication include sharing constructive feedback received from customers and internal parties, providing ongoing updates about progress toward the desired outcome, and highlighting what's in it for individual employees (and how they are impacted). To keep encouraging change-positive behavior, offer rewards and recognition for change champions.

In closing, business and technology modernization will not succeed without organizational change. Organizational change requires thoughtful, focused change management care and feeding. With digital transformation leading the charge, insurers must develop and nurture a “change-ready” culture—one that is flexible and able to respond to evolving market needs.

## 2.7. What can Slowdown the Business's Response to Change?

### 2.7.1. Lack of Resources and Coordination

When it comes to rapid changes, you need your team to be an active participant to make things work (Jay Verma: January 2018). Lack of coworkers, proper finance and suitable machinery (technology) can prevent businesses to change. But it is the responsibility of the business owner to understand the resource requirement and implement changes. In addition, coordination among team members is a prime necessity.

### 2.7.2. Inaccurate or Incomplete Data

Embracing change is important, but it requires a great deal of homework. Changes and improvements in business is not a task to accomplish overnight. Completeness and accuracy of data play a crucial role (Jay Verma: January 2018). For instance, product-based companies can never make a change in their product quality on the go. Such changes, if gone wrong can lead to troublesome situations. Moreover, any lapse in the quality control system can lead to loss of customers and more importantly, brand reputation.

### 2.7.3. Wrongful Decision Making

According to Verman (2008), the entrepreneurial mindset is necessary when it comes to decision making. When do you need to make any change? What are the upcoming challenges after the changes are made? What are the pros and cons once changes are implemented? These are just a few of numerous questions that need to be taken into account prior to changing anything. Once the answers are collected to all the questions, it is better to start the process of change slowly and gradually. Wrongful decisions at such a critical stage of the business can make things even worse.

### 2.7.4. C-suit executives being Resistant to Change

It is a mere fact that some businesses are reluctant to change. They are happy with the way things are going and follow the same outdated trend as they find it safe to work with. But, change is a risk, and both the risk and change can work wonders for business. If you are not going with the latest ways to work, your processes are living in the past (Jay Verma: January 2018). Verma asks simply, would accounting be more effective if an accountant won't have the right accounting software? He further enquires if managers be able to keep track using paper-based processes? This is where the decisions of C-suite executives need to be accurate and helpful for the entire business.

### 2.7.5. Lack of Leadership and Innovative Capability

Innovation and leadership quality sits in the front row when making changes in the business. Verma expounds that entrepreneurs and managers who are responsible to make business future-ready must be innovative. They must involve themselves in proper research and never

be afraid of adapting what helps the business in any way. The best thing managers in UIC can do in such a situation is to lead by example. Managers need to showcase effectively to the teams about the changes and let them know how it will benefit them and the business.

#### 2.7.6. Poor Communication

Poor communication is one of the biggest barriers to change. Change and adaptation in any process, strategy or anything is never a small undertaking. Managers in the case of UIC must have proper communication across the company to ensure that every employee is well informed. Most of the change related communication will start from the boardroom, but it must flow in a certain way. Any department or individual who is directly or indirectly connected to that change must be well informed with a brief explanation of the role of each employee about change and adaptation. Managers also need to communicate effectively and make sure it is not limited to a few emails finding more ways to streamline communications and implement change properly.

#### 2.7.7. Team Takes Time to Get the Grips

Not every team member comes with the same mind and learning capability. Even a minor change can affect the teams work and their roles and responsibility in the workplace. This is where team members can consume more than normal time to understand the change. Some teams can be against the change as they are more comfortable working on the existing old process.

### 2.8. The Importance of Change in Insurance Companies

The efficiency concept of insurance organizations (M. M. Jaloudi: March 2019) carries great importance for customers due to the fact that the cost of insurance premiums tends to increase throughout the world. Insurances companies perform as profit seeking firms since global competition, changed - customer demands, quality, the awareness of costs and rapid technological advancements take place. Therefore, insurance industry is subject to make revolutionary re-structuring changes in terms of strategically and managerial levels. In some countries, the re-structuring change encourages flexible insurance organizations in that firms are able to present insurance services with the least cost and the highest quality. Additionally,

insurance companies have to adopt to perform in the customer-oriented services perceptible in today's changing competition conditions. The management of insurance companies seeks for innovative organization philosophy and techniques which would affect the organizational strategy and outputs positively in terms of customer satisfaction due of the increased competition and rapid changes in the insurance demands. They additionally need to have modern management techniques because of their functions of providing new and more value with using the current sources (Özkan et al. 2013). To focus on the customer needs is the easiest and direct way of reaching new information and technology. Moreover, to forward the productivity criterion would be possible with adapting new techniques and methods.

On the other hand, we know that systematically implemented changes' success possibility is much higher. Thus, insurance companies should bring forward their visions for systematic changes. After creating the vision, organizations should orient themselves according to their vision. The most difficult process of the change is to orient one-self objectively and to make self-critics. Here, both individuals and organizations are compelled with being rational. On the other hand, other people's thoughts should be given importance as working customer oriented (Yılmaz, 2012:38). Another condition for change is the change should be adopted and supported by the upper level-executive management. The approach that are not supported by the executive management can create the idea of change is an effort which does not offer benefits and is unnecessary for many employees. Leader should target future's direction and provides ways to complete today's job in the most efficient ways (Yılmaz, 2012:38). It is indispensable for change to interfere and affect the many important areas like two purpose and strategies, task structure and technology, culture and people.

Before interfering the change, to analyze the system well and to prepare for the change process gain importance. There are three important criteria for managers to give attention for them to implement successful change in organization. They are as follows: to build the system well, in this perspective to prepare the beneficiaries as training them and to add them quality that jobs need, and the third one is to motivate the beneficiaries effectively to the target (Derek and Yarlett, 1995: 23)

## 2.9 Change Management Model

### 2.9.1 Types change management models to consider

There are eight main change management models organizations turn to for inspiration (Zendesk:2021)

#### 2.9.1.1 Lewin's change management model

This model is named after its originator, Kurt Lewin, who developed it in the 1950s. It's dividing the change process into three steps:

**Unfreeze** This is the preparation stage. Analyze how things work now, so one can accurately understand what needs to change to get the intended results. In this stage, managers also make their case to employees and communicate what to expect so everyone impacted is prepared.

**Change** This is the implementation phase. Put the change into practice, and keep communicating and providing support for all employees involved.

**Refreeze** To avoid falling back into the old way of doing things, develop a strategy to check in and make sure the change sticks. Review how the new processes work and measure how well you've reached your goals.

#### 2.9.1.2 The McKinsey 7-S model

Developed by McKinsey & Company consultants this model involves breaking a change program into seven components to focus on:

1. Change strategy
2. Structure of a company
3. Business systems and processes
4. Shared company values and culture
5. Style or manner of the work
6. Staff involved
7. Skills which the staff have

Breaking organizational change down into these core components helps to avoid overlooking any important factors.

#### [2.9.1.3 Kotter's change management theory](#)

Harvard professor and change management expert John Kotter created a theory focused primarily on the people involved in a change process and their psychology. He divides it into eight steps:

1. Create a sense of urgency to motivate people
2. Build the change team with leaders and change agents of various skills and departments
3. Define the strategic vision for what to accomplish
4. Communicate with everyone involved in the change management process to get them on board and make sure they know their role
5. Identify roadblocks and address anything causing friction
6. Create short-term goals to break change management plan into achievable steps
7. Keep up the momentum throughout the process of implementation
8. Maintain the changes after the initial project is complete

#### [2.9.1.4 ADKAR change management model](#)

The ADKAR model, developed by Jeff Hiatt, the founder of Prosci, formulates five main goals to base a change management process on.

- **Awareness** Ensure everyone in the organization understands the need for change
- **Desire** Make a case so that everyone involved wants the change
- **Knowledge** Provide the information each person needs on how to accomplish their part of the change process
- **Ability** Make sure all employees have the skills and training they need to successfully do their part
- **Reinforcement** Continue to work with employees and stakeholders after the change is accomplished, to make sure they stay on top of doing things the new way

#### [2.9.1.5 Nudge theory](#)

The nudge theory is less a step-by-step model than employing a particular mindset to encourage change. Instead of issuing top-down change requests from senior executives and expecting people to fall in line, the nudge theory is about finding a persuasive way to nudge your employees toward wanting the change on their own. This involves thinking about the change you want to make from your employees' point of view, presenting it based on how it will benefit them, treating it as a recommendation more than a command, and listening to feedback throughout the process.

#### [2.9.1.6 Bridges transition model](#)

Created by the change consultant William Bridges, this model emphasizes the emotional transition people go through in the course of experiencing and accepting a change. The model recognizes three stages companies should help guide employees through:

- **Ending, losing, and letting go**—For many people, the first reaction to change is a resistance marked by fear and discomfort.
- **The neutral zone**—When the change is starting to take place, people will be stuck between letting go of the old status quo and welcoming the new.
- **The new beginning**—Finally, if handled well, once the new change is in place people will enter the stage of acceptance and comfort with the new way of doing things.

#### [2.9.1.7 Kubler-Ross change management framework](#)

This framework, created by Elisabeth Kübler-Ross, will be familiar to many as the model used to describe the experience of grief. It can be applied to many experiences of change, so understanding these stages can help better address employees' response to an organizational change.

- **Denial**—Refusal to believe is a common knee-jerk response to information a person doesn't want to hear.
- **Anger**—When an unwanted change feel forced on a person, anger is natural.

- **Bargaining**—People may try to push for a compromise to avoid having to accept the change entirely.
- **Depression**—If employees are upset about the change and feel hopeless about it, they may enter a stage of depression.
- **Acceptance**—When people realize there's no other option, they eventually reach the point of acceptance.

Ideally, you want to design your change approach to address these potential feelings head-on and keep employees from experiencing the worst of them.

#### *2.9.1.8 The Satir change management methodology*

Created by the family therapist Virginia Satir, this model is based on trends she saw in how families experience change. But as with the Kübler-Ross, it can also apply to business changes.

- **Late Status Quo**—where you are when starting out
- **Resistance**—the natural response many people have when change is first introduced
- **Chaos**—when the change is starting to be implemented and there's still confusion and resistance
- **Integration**—when productivity begins to level out, suggesting general acceptance
- **New Status Quo**—when employees settle into the new normal

#### *2.9.2 Create a change management methodology that's right for a company*

Each of these change management methodologies emphasize the importance of centering an organization's employees in how leaders plan and implement a change. Leaders need to think about their feelings and treat effective communication with them as a top priority.

There's not one change management style that's the best across the board. Instead, by understanding all of them, leaders can determine which one makes the most sense for their business needs, or take elements from each one that apply to their situation.

## 2.10 Empirical Literature

In a study conducted in Kenya, insurance companies encountered poor communication of the change to subordinates, negative perception of change and risk-aversion i.e., fear to make mistakes or to fail to a moderate extent (Ayumba: 2013). The study indicated that the insurance companies in Kenya encountered difficulty in identifying and analyzing the core of the problem or the real cause of the problem that necessitates change as well as organization culture that was not amenable to change to a moderate extent. The study deduced that the insurance companies experienced information overload i.e., difficulties in distinguishing between relevant data and available data, preference to evaluate existing ideas instead of generating new ideas, lack of ownership of the change by employees, resistance to change, lack of support from senior management and lack of resources to support the change initiatives to a little extent.

The study found that the firms had built change adaptability skills and helped individuals internalize and move through the change to a great extent. According to the study it was found that the firms had developed plans for staff transition, redeployment, separations and talent retention as well as measured adoption and performance and developed strategies to address problems to a great extent.

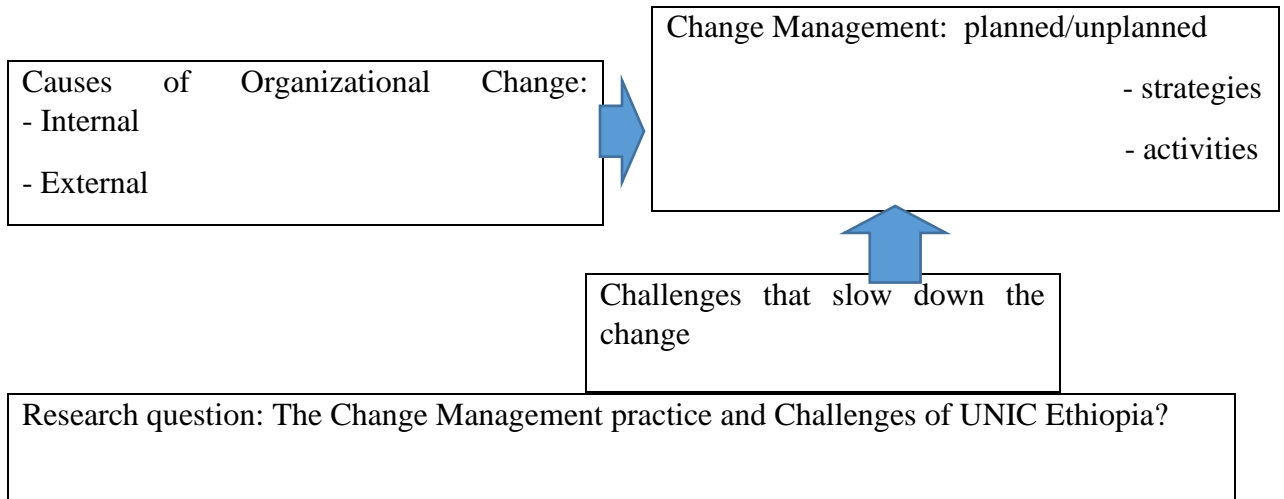
The insurance companies had developed a communication strategy and roll-out plan to create understanding and drive acceptance and that they had also developed a plan to gain the support of those individuals most critical to success to a great extent. The study established that the firms had articulated the change in a concise and compelling manner that could be shared broadly and developed a training strategy to create proficiency for operating under the new model to a great extent. Organizations had evaluated relevant programs and policies, identified points of incongruence and developed plans for alignment to a moderate extent

## 2.11 Conceptual Framework

Based on the above theoretical and empirical literatures the researcher has developed a framework. The researcher believes that this framework clarifies the relationship of variables in the

organizational change management practices. Finally, the purpose of this framework is to guide the researcher in answering the research questions.

Figure 1: Conceptual Framework



## Chapter 3: Methodology

### 3.1 Introduction

The aim of this chapter is to give explanation on the methods and procedures that will be used to answer the research questions projected in the first chapter of this study. The chapter encloses sections about the research design and approach, data collection procedure, population, sample size and sampling techniques, data sources and collection techniques, method of data analysis, and the ethical consideration. It begins by giving an introduction for the chapter. The first section discusses about the study approach and design followed by qualitative and quantitative research and clear explanations and illustrations about the reason for selecting the research design. The next section covers about the population, sample size and sampling procedures chosen and explanation as to why certain techniques are chosen by the researcher. Section 4 discusses the techniques that the researcher used to collect the valuable data for the study and the sources of data. Section 5 includes methods and techniques for data analysis which the study will use to construct. Finally, ethical issues preserved in the study are addressed.

### 3.2. Research Approach and Design

This study is based on descriptive research whose primary objective is to provide clearer picture of the Business change phenomenon, mainly on a company change management practices, and then the implementation challenges, specifically on UNIC Ethiopia.

A survey research design was used for this study to determine the industry practices and challenges in the management of strategic change. The design was deemed appropriate and the information useful for this study was sought from the company's managers and officers in an attempt to get information applicable to as much data as possible. The research used a structured questionnaire to measure responses in the study

The proposed study adopts a survey methodology towards the accomplishment of the study objectives. The basis for choosing this particular method is because it is the most popular and common strategy for social researches and mainly used for descriptive types of studies. It allows researchers to collect large amount of data from a population at a very low cost. Moreover, this methodology is one of the most inexpensive methods of gathering quantitative data that is

currently available. Some questionnaires also can be self-administered, making it a possibility to avoid in-person interviews

The rationale for using quantitative research in this study is that the researcher uses the quantitative method to investigate an adopted change of work flow redesign by company managers in UNIC and the challenges of resistance faced in implementing the change

The survey study helps to understand the prevalent challenges at UNIC Ethiopia in adopting a strategic change and thus offer substantial information on how to address the problem as well as how to apply the information received to other situations with identical challenges.

### 3.3 Population, Sample size and sampling techniques

The survey study was carried out within the confines of UNIC Ethiopia. The company's staff strength is nearly 430 employees in its main office and different branches throughout the country of which 21 respondents were randomly drawn from the higher management level mainly and from officers as well.

### 3.4 Data sources and Collection Techniques

#### 3.4.1 Data sources

Quantitative research was the methods used for this study and findings were obtained by analyzing related resources. Interviews with an executive and managers from operations department are the primary source of information used in answering objective of the study. Secondary information gathering through reliable sources such as bulletins, newspapers and journals serves as supporting data that corroborated the interviews and survey. The need for secondary resources entails valid representation of the theories and related data that are relevant to study about change management.

#### 3.4.2 Data collection Techniques

In order to obtain the intended results of this research, administering a survey questionnaire were used. A survey questionnaire was administered to a minimum of 21 staffs in their Addis headquarters and branch offices. The questionnaire was hand delivered to the targeted respondents and was administered personally by the researcher. The questionnaires were answered by UNIC's officers, top management such as a manager and a top executive asking

about response to the company's change adoption practices and the challenges. The information obtained from the survey is essential to the research as it provides a significant contribution in identifying whether or not the change being adopted is effective. On the other hand, an interview with an executive senior officer was done to achieve the desired information which he answered the objective outlined for this research

The manner of administering surveys was done through company contacts and email, that have a direct association to the company. The main tool used for the survey was provided by surveymonkey.com. The reason for choosing that method was to maintain the anonymity of the correspondents. The website offers a reliable tool in measuring the statistical analysis of the responses

### 3.5. Methods of Data Analysis

Data collection forms a major part of the research process. This data however has to be analyzed to make sense of. Among the multiple methods of analyzing quantitative data collected in the survey, Cross-tabulation, which is the most widely used quantitative data analysis methods, was used in this study. It is a preferred method since it uses a basic tabular form to draw inferences between different data-sets in the research study. It contains data that is mutually exclusive or have some connection with each other.

For Quantitative Data, raw information has to be presented in a meaningful manner using data analysis methods. Quantitative data should be analyzed in order to find evidential data that would help in the research process.

The study linked descriptive statistics to encapsulate available data. It can be difficult to establish a pattern in the raw data but the mean, frequency and percentage were widely used in the study as descriptive statistics.

In the study, there was no complex software or tools used in conducting the research because the study employed the design of a quantitative research. The responses gathered from research question about UNIC Ethiopia's change management practices and challenges in adopting work flow redesign was analyzed and interpreted using SPSS software. This design adhered to the

requirements of a quantitative research and structured to be a useful source for the research on change management.

### 3.6 Ethical Considerations

Conducting research entails a list of responsibilities and ethical standards that needs to be observed during the process. Given that the topic incorporates a change management practice of an actual firm. Therefore, great consideration to caution and responsible writing were observed due to the sensitivity of the topic that may or may not offend the subject firm.

Choice of words and at all times were checked to maintain professionalism and to avoid making biased arguments that may have a negative implication towards UNIC Ethiopia's reputation as a firm. It was mentioned earlier that a request for correspondence were sent to UNIC Ethiopia for the purpose of information gathering. However, if the company denied my request the decision would have been treated with utmost respect and would have refrained from persisting. In case of denial to request for correspondence occurred, the contingency plan would have taken effect by obtaining information from alternative yet reliable sources.

### 3.7. Validity and Reliability of the Study

Because issues of validity and reliability are an important part of any study in the social sciences, it is important to identify some ways of dealing with results.

Once key variables have been identified, they can be analyzed. Reliability becomes a key concern at this stage, and many case study researchers go to great lengths to ensure that their interpretations of the data would be both reliable and valid.

In this study the author used only reliable assessment instruments and procedures by using assessment tools that provided dependable and consistent information. Only assessment procedures and instruments that have been demonstrated to be valid for the specific purpose were also used.

The study's questionnaire validity had measured the degree of agreement of the results and conclusions gotten from the research questionnaire with the real world through face validity.

The study first, had the operation manager who understood the topic to go through the questionnaire. He checked if the questionnaire had captured the topic under investigation effectively. Secondly, the author got an expert advice on questionnaire construction to check the questionnaire for double, confusing and leading questions.

A structured questionnaire was used to collect the data which is quantitative type. This type of questionnaire is designed in such a way that it collects intended and specific information. It can also be used to initiate formal inquiry, supplement data and check data that have been formerly accumulated and also to validate hypothesis.

During the study, the questionnaire reliability had also been described for consistency through the replies by the target respondents. The author believes that reliability of the questionnaire will produce the same results if the study is to be conducted again under the same conditions. Nevertheless, the reliability of the questionnaire was assessed by inter-rater reliability where the operation manager had conducted under different conditions.

## CHAPTER FOUR: RESULTS AND DISCUSSION

### 4.1 Introduction

This chapter presents analysis and findings of the study as set out in the research methodology. The study findings and discussions are presented on the change management practices adopted by UNIC Ethiopia and challenges of managing strategic change faced by the insurance company. The chapter specifically covers the response rate, practices adopted by the insurance firm in managing strategic change, and challenges of managing strategic change in the insurance industry limitation of findings and further implication for future research

#### 4.1.1 Response Rate

The study targeted a sample of 21 respondents. As Table 4.1 below shows, all the respondents filled in and returned the questionnaire giving a response rate of 100%. This commendable response rate was made a reality after the researcher made personal visits to remind the respondents to fill-in and return the questionnaires.

Table 4.1: Response Rate

<b>Response</b>	<b>Frequency</b>	<b>Percent</b>
Responses	21	100
Non-responses	0	0
<b>Total</b>	<b>21</b>	<b>100</b>

Source: Own Survey, 2021

#### 4.2 Respondent's personal Information

With respect to educational background, BA graduates accounted for 71.4% of the total respondents, followed by Master's post-graduates of 28.6%. Looking at the characteristics of demographics, more male (81%) than females (19%) participated. With respect to marital status, the largest section constitutes those of married respondents (57.1%), followed by single (33.3%) while those widowed and others accounted for 4.8% each. With respect to current job position, the largest number of the respondents were section heads (28.6%) followed by service or division managers (23.8%), Senior Executive officers and officers accounted 14.3% of the

respondents each while directors and section heads of the respondents each accounted for 9.5%. The most common employment period of the respondents in insurance industry was 6 to 10 years (33.3%), followed by 11 to 15 years (28.6%), 15+ years (28.6), and 1 to 5 years (9.5%). With respect to age, those in between 36 to 45 years old (61.9%) were the largest section, followed by those in between 25 to 35 years old (23.8%), and lastly those who were 45 or older (14.3%).

Table 4.2: Respondents Personal Information

		Frequency	Percent
Level of Education	BA	15	71.4
	Masters	6	28.6
	Total	21	100.0
Sex	Male	17	81.0
	Female	4	19.0
	Total	21	100.0
Marital Status	Single	7	33.3
	Married	12	57.1
	Widowed	1	4.8
	Other	1	4.8
	Total	21	100.0
Position	Senior Executive Officer	3	14.3
	Director	2	9.5
	Service/Division Head	6	28.6
	Section Head	2	9.5
	Branch Manager	5	23.8
	Officer	3	14.3
	Total	21	100.0
Work Experience	1-5 Years	2	9.5
	6-10 Years	7	33.3
	11-15 Years	6	28.6
	>15 Years	6	28.6
	Total	21	100.0
Age	25-35 Years	5	23.8
	36-45 Years	13	61.9
	>45 Years	3	14.3
	Total	21	100.0

### 4.3. Results and Analysis on the Practices Adopted by UNIC Ethiopia in Managing Change

The study presented the results of respondents for practices adopted by UNIC Ethiopia in managing change in the table below in the form of percentage of strongly disagree, disagree, neutral, strongly agree, and agree, along with mean and standard deviation. The derived mean value shows the average of the employee's responses on each statement, while, the standard deviation indicates how the respondents give diverse answer to a specific question.

With respect to the contents of the questionnaires, the researcher's target respondents were organization's staffs who mainly were at different level of managerial position comprising nearly 85%. With this regard, the researcher firstly tried to gather the respondent's attitude towards the following three questions of change practices on: demonstrating the importance of change; what should be included in change management team; and creating a clear vision of what change needs to occur and the desired results.

#### 4.3.1. Analysis on demonstrating the importance of change

According to the findings, majority of the respondents agreed on all the questions under demonstrating the importance of change. 95% of the respondents indicated that the company needs to articulate the change in a concise and compelling manner in order to play a very positive role in building up competition as well as striving to change in order to bring business excellence. 75% of the respondents also agreed on the importance of creating an awareness among the staff deeming that change brings technological advancement.

Table 4.3: Demonstrating the importance of change

Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
Articulate the change in a concise and compelling manner in order to play a very positive role in building up competition.			9.5	57.1	33.3	4.24	.625
Create an awareness among the staff that change brings technological advancement			23.8	42.9	33.3	4.1	.768
Strive to change so that it eventually leads to business excellence.		4.8		42.9	52.4	4.43	.746
Average						4.26	0.713

Source: Own survey, 2021

As shown in the above table, respondents have shown their agreement on demonstrating the importance of the change with the average mean of 4.26 and a standard deviation value of 0.713. This shows that, the respondent’s perception towards demonstrating the importance of change lied in the agreed range.

#### 4.3.2. Analysis on what should be included in change management team

Employees’ responses toward what should be included in the change management team was similarly denoted, as 95% of the respondents indicated that the representatives of the change team should be from all departments which would be affected by the change adopted. About 95% of the respondents had supported the thought that leaders and employees need to be included as change agents. The notion that change team members should be enthusiastic and committed to making the change; and the change team members have to be confident people whose top priority is ensuring goals achievement were strongly agreed by 52% of the respondents. There was no disagreement neither on the necessity of connectedness both with senior managers and other departments as 57% and 43% of the respondents had agreed and remained neutral respectively.

Table 4.4: What should be included in change management team

Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
Representatives of the team should be from all departments affected by the change.			4.8	47.6	47.6	4.43	.598
Leaders and employees need to be included as change agents		4.8	9.5	42.9	42.9	4.24	.831
Change team members should be enthusiastic and committed to making the change			9.5	38.1	52.4	4.43	.676
The change team members have to be confident people whose top priority is ensuring goals are met.			9.5	38.1	52.4	4.43	.676
Change should be well connected, both with senior managers and those in other departments			42.9	57.1		4.57	.507
Average						4.52	0.66

Source: Own survey, 2021

As of the above table, the average mean is 4.52 showing the respondent's perception on what should be included in the change management team to fall under 'agreed' category. The diversity of who and what should be constituted by the change team of the responses given by the respondents was shown by the standard deviation of 0.66.

#### 4.3.3. Analysis on creating a clear vision of what change needs to occur and the desired results

The selected respondents were asked about what change needs to occur and the desired results in creating a desired vision

Accordingly, the findings demonstrate that, 70% of the respondents agreed the leaders in their organization are visibly active in and support change initiatives, while 75% of the respondents indicated there is a clear and compelling vision that drives the focus for moving the organization in a new direction. On the contrary, 52.4%, and 42.9% of the respondents have a doubt that the status quo or opportunity that drives the change in this organization is identified in advance; and change needed is determined and identified the target for which their organization wants to hit, respectively. On the other hand, there is an agreement that change agents inform to the company's employees about the schedule and the desired results beforehand. 50% of the respondents pointed out that a change timeline plan is determined in advance, and desired outcomes in connection with the organization's change timeline is identified in advance.

Table 4.5: Creating a clear vision of what change needs to occur and the desired results

Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
Leaders in this organization are visibly active in and support change initiatives		9.5	19	42.9	28.6	3.9	.944
There is a clear and compelling vision that drives the focus for moving this organization in a new direction		9.5	14.3	61.9	14.3	3.81	.814
The status quo, issue, or opportunity that drives the change in this organization is identified		4.8	52.4	38.1	4.8	3.43	.676
The change needed is determined and identified for the target this organization wants to hit—and aim for it.		4.8	42.9	38.1	14.3	3.62	.805
A change timeline plan is determined in advance		9.5	28.6	52.4	9.5	3.62	.805
Desired outcomes in connection with the organization’s change timeline is identified		4.8	28.6	47.6	19.0	3.81	.814
Average						3.70	0.80

Source: Own survey, 2021

The above table designates that respondents have shown their compliance on creating a clear vision of what change needs to occur and the desired results regardless of some uncertainties on the status quo issue; and determining and identifying for the target which their organization wants to achieve. The average mean of 3.70 and a standard deviation value of 0.80 shows that, the respondent’s perception towards creating a clear vision of what change needs to occur and the desired results lied in the span of agreed scope.

#### 4.3.4 Communicating about the change early and often, maintaining a consistent message

This section shows findings to the questions which sought to communication strategy that guides the organization’s communication activities through the change process by the respondents.

The findings reveal that only 52% of the respondents agree on communicating the necessity of change by their company leaders before adopting change, about 28.6% of the respondents

remained neutral while 19% of the respondents showed their disagreement. However, there is a consensus by the respondents that the company sets clarity of purpose in order to decide where to go in the future, and company’s tendency to set a clear vision in defining a plan to make change happen by 71.4% and 81% respectively.

Table 4.6: Communicating about the change early and often, maintaining a consistent message

Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
Company leaders often clearly communicate why change is necessary before adopting change	9.5	9.5	28.6	38.1	14.3	3.38	1.161
The company sets clarity of purpose in order to decide where to go in the future	4.8	9.5	14.3	57.1	14.3	3.67	1.017
The company sets a clear vision so as to define a plan to make change happen		4.8	14.3	66.7	14.3	3.9	.7
Average						3.65	0.96

**Source: Own Survey, 2021**

The above table further illustrates the disparity of the respondents on communicating frequently the purpose of a change to be adopted by company leaders with mean of 3.38 and standard deviation value of 1.161. Respondents supported that the company sets clarity of purpose and vision in order to decide where to go in the future in order to make the change happen.

#### 4.3.5. Analysis on Celebrating the progress that makes toward the change when the change effort is long-term

Analysis of questionnaire data obtained from all members of the respondents indicates that there is a big difference to agree on trends that the company tends to make the change public. The questionnaire result shows that 28.6% of the respondents disagree on it while 38.1% of the respondents remained neutral. Only 33% of the respondents showed their agreement on that the company has a culture to make the change public. About 40% of the respondents did not agree on the supervisors’ provision with ways to recognize their employees, and monitoring the change effort over time and make adjustments as necessary.

The findings however revealed that the company organizes ways to recognize groups and individuals; arranges normal meetings as an avenue for recognition of achievement; and make awareness to key sponsors and stakeholders for the achievements as shown by 61.9%, 76.2% and 61.9% of respondents' agreement respectively. Respondents further supported the company's involvement of managers in the chain of command to award the recognitions of which 67.7% of them have shown their agreement.

Table 4.7: Celebrating the progress

Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
This company organizes ways to recognize groups and individuals		14.3	23.8	57.1	4.8	3.52	.814
There is a trend that this company makes the change public.		28.6	38.1	33.1		3.05	.805
This organization arranges normal meetings as an avenue for recognition of achievement		14.3	9.5	66.7	9.5	3.71	.845
This company makes an awareness to key sponsors and stakeholders for the achievements		19.0	19.0	47.6	14.3	3.57	.978
The company involves managers in the chain of command to award these recognitions		19.0	14.3	52.4	14.3	3.62	.973
Supervisors are provided with ways to recognize their employees in this organization		23.8	23.8	42.9	9.5	3.38	.973
Monitoring the change effort over time and make adjustments as necessary is done	4.8	9.5	28.6	42.9	14.3	3.52	1.03
Assessment of the efforts on a regular basis is done to help prevent wasting time on activities that are not effective		19.0	19.0	42.9	19.0	3.62	1.024
Average						3.50	0.93

Source: Own survey, 2021

As depicted by the table above, with some disagreements and reservations on the actual applicability, respondents supported the company’s policy in celebrating the progress that makes toward the change - when the change effort is long-term. The average mean of 3.50 and a standard deviation value of 0.93 shows that, the respondent’s perception towards creating a clear vision of what change needs to occur and the desired results lied in the span of agreed scope.

#### 4.4 Challenges in Managing Change

Respondents’ view towards the challenging factors were presented based on their experience to express how much the challenges influenced the change management practice towards its success. Percentage of ‘Least’, ‘Lower’, ‘Moderate’, ‘Higher’, ‘Extremely’, were the rates given by the respondents based on which the mean and standard deviation for each items have been analyzed in the table below.

Regardless of the extent to which the challenges are affecting the change practices in the UNIC Ethiopia, all respondents have showed their consent on each of the factors they were requested to indicate in the questionnaires.

In this regard, respondents have indicated that resistance to change, wrongful decision, lack of resources and coordination, lack of leadership and innovative capability are the most challenging factors which severely affects change and which 61.9%, 57.1%, 57.1%, 42.9% and 61.9% of the respondents respectively rated it under the degree of either higher or extremely higher

On the other hand, 61.9%, 57.1% and 57.1% of the respondents pointed out that the time that takes team members to get the benefit of change, risk-aversion i.e. fear to make mistakes or to fail, and inaccurate or incomplete data respectively are the difficulties encountered and moderately affected the change in UNIC Ethiopia.

Table 4.8: Challenges in Managing Change

Challenging Factors	Least	Lower	Moderate	Higher	Extremely	Mean	Standard Deviation
Lack of Resources and Coordination		14.3	57.1	19	9.5	3.24	.831

Inaccurate or Incomplete Data		9.5	52.4	28.6	9.5	3.38	.805
Wrongful Decision making	14.3	19.0	28.6	33.3	4.8	2.95	1.16
Resistance to Change		14.3	28.6	38.1	19	3.62	.973
Lack of Leadership and Innovative Capability	4.8	19.0	19.0	19.0	38.1	3.67	1.317
Poor communication of the change to subordinates		19.0	38.1	14.3	28.6	3.52	1.123
Risk-aversion i.e. fear to make mistakes or to fail		4.8	33.3	47.6	14.3	3.71	.784
Team Takes Time to Get the Grips			61.9	23.8	14.3	3.52	.750
Average						3.45	0.97

Source: Own survey, 2021

The above table shows the challenging factors had an average mean of 3.8 implying that respondents' positive agreements on the problems that affect the insurance company during change adoption. The diversity of the responses, as indicated by the standard deviation has been found to be 0.97.

#### 4.5. Discussions of Findings

This study had two objectives which were to assess the organizational change management practices, and most prevalent challenge to leadership at UNIC Ethiopia. The study found that the company's attitude in demonstrating the importance of change initially helped to successfully adopt change. Further the study denotes that members of the team that are created to lead change within the organization, are enthusiastic and committed to making the change. These findings subsequently agree with Kristen Hamlin's (2017) thought that many people will resist change unless they see that the change is urgently needed. Hamlin (2017) also suggests that in developing a leadership team to shepherd the change process, the team should include representatives from all departments affected by change from both management and lower level employees. The findings also articulate that the company has a good practice in creating a clear vision of what change needs to occur and the desired results of it in order not to stall the efforts due to lack of direction. This finding is consistent with Hamlin's (2017) findings that

unless managers know exactly why they are changing and what needs to happen, the change effort is likely to stall due to lack of direction.

From the findings of the study, it is evident that the company's practice in communicating about the change early and often in order to maintain a consistent message among the lower level employees is inadequate. These findings are in agreement with the findings of Kristen Hamlin (2017) who noted that employees often resist change when they feel blindsided by it or they do not understand what it means for them.

The study finds resistance to change, wrongful decision, lack of resources and coordination, lack of leadership, and innovative capability as the main challenges of the company. These findings are in agreement with Jay Verma (2018) who mentioned that wrongful decisions at such a critical stage of the business can make things even worse. Verma (2018) describes that lack of coworkers, proper finance and suitable machinery (technology) can prevent businesses to change. He further illustrates that entrepreneurs and managers who are responsible to make business future-ready must be innovative.

## CAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

Summaries and conclusions of the findings of the study with possible recommendations will be discussed in this chapter. The chapter also discusses the limitations of the research project and proposes further areas of a research.

### 5.1 Summary of the major findings

This study assesses the change management practices and challenges faced when adopting change in UNIC Ethiopia that based its head office in Addis Ababa, Ethiopia. The study also further tried to comprehend the challenges that hinder the organization during adopting change. Major research findings of the study are summarized and presented as follows.

The objectives of the study, as was mentioned in the previous chapter, was to assess the organizational change management practices; and most prevalent challenge to leadership at UNIC Ethiopia at the time organizational change is a must.

The study found that the company's attitude in demonstrating the importance of change initially helped it to successfully adopt change. From the findings it was revealed that UNIC Ethiopia establishes a team that includes representatives from all departments affected by change, involving both management and lower-level employees. According to the study, members of the team, created to lead change within the organization, are enthusiastic and committed to making the change.

The findings also articulate that the company has a good practice in creating a clear vision of what change needs to occur and the desired results of it in order not to stall the efforts due to lack of direction. The study further showed that communicating about the change early and often, and maintaining a consistent message with in employees of the organization are proficiently experienced by the company. With regard to celebrating the progress that makes toward the change when the change effort is long-term, the study revealed that the company has a good experience in adopting it among its employees.

The study deduced that resistance to change, wrongful decision, lack of resources and coordination, lack of leadership and innovative capability are the most challenging factors which severely affects change in the company.

Moreover, the findings showed that the time that takes team members to get the benefit of change, risk-aversion i.e. fear to make mistakes or to fail, and inaccurate or incomplete data were the difficulties encountered and moderately affecting the change in UNIC Ethiopia

## 5.2 Conclusion

Based on the findings and data analysis of the research, the following conclusions are drawn:

The research finding has exemplified that the company effectively adopts change with the steps pertinent to clarify the goals of the change and getting employees' acceptance and willingness to actively support and participate. This has highly helped to ensure that the change goes smoothly and moves the organization forward.

The company articulates the change in a concise and compelling manner in order to play a very positive role in building up competition. It created an awareness among the staff intending that change brings technological advancement. The company encourages agents of the change team to be from all departments that are supposed to be affected by the change. The company's view towards the premise that the team members of change should be enthusiastic and committed to making the change, has been well acknowledged.

The study also concluded that creating a clear vision of what change needs to occur and the desired results were positively accepted and implemented by the company leaders to achieve the desired goals the company has scheduled.

From the findings it is further concluded that the company's practice in communicating about the change early and often in order to maintain a consistent message among the lower level employees is not enough strong. However, it has been observed that the company celebrates the progress that makes toward the change when the change effort is long-term. Besides, monitoring the change effort over time and make adjustments as necessary in order to anticipates problems has been proactively address by the company.

Finally, the study also concluded that the major obstacles to the organization's change management practice is resistance to change, wrongful decision, lack of resources and coordination, lack of leadership, and innovative capability.

### 5.3. Further Implication for Future Research

The study suggests that researchers need to conduct a comprehensive study on insurance companies in Ethiopia. Further research should be done on the ground of change in business companies in particular and insurance firms specifically. The impact of government policies as an external drive should be studied to learn how it affects the change practices in insurance companies. The study also suggests future research to investigate the leadership approaches that most insurance companies practice and its implication on change management.

Further study should also be conducted to identify the challenges that are facing insurance companies in Ethiopia and how those constraints be overcome through organizational change.

### 5.4. Recommendations

- Company managers who are aware of demonstrating the importance of change need to regularly impart their employees who are at the lower level position
- There needs to be a committee or team that often studies the company's organizational system and compares and contrasts the company's position against other competing firms within and outside of the industry
- The company's current operations in different departments need to be evaluated by a change agent to confirm compliance with company's policy and strategies
- Emphasis has to be given on the chain of command in order to ensure that messages are effectively shared among all employees and departments regardless of job positions
- The study recommends that the leaders of the company have to make sure that a well sound channel of communication has been set up, and ensure the importance of training and reward systems for change to sustain as well.
- Once change is adopted in, it has to be communicated on time to all the management staffs, employees and concerned stake holders as early as possible to create the same understanding of the change.

- There should be a consensus among company leaders on how to maintain the change and substantiate it during implementation.

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## Appendices

Addis Ababa University

School of Commerce

Business Leadership program

Questionnaire to be filled by the employees of UNIC Ethiopia

Dear respondents:

I am a graduate student of Addis Ababa University, School of Commerce. I'm conducting research on Change Management Practices and Challenges as a partial fulfilment of senior essay required for Masters of Arts program in Business Leadership. The very purpose of this research is to assess the practices of change management and the challenges encountered in Ethiopia businesses in particular and, insurance businesses specifically.

There are several factors that can make this research fruitful, but for the most your cooperation, honesty and genuine responses are the basic ones. Therefore, I would like to express my deepest gratitude for your cooperation in answering for the questions. The questionnaire will take a maximum of 15 minutes to complete. I kindly request your time and cooperation. Finally, at most I assure you that your response will be utilized only for academic purposes only and it will be maintained confidentially

Directions for filling the questionnaire:

- To make the satisfaction survey objective and make your response confidential, please don't mention your name or any other identification.
- There is no right and wrong answers of the option provided. Therefore, you are kindly requested to fill your opinion regarding each question.
- Please put a "✓" mark on your choice in the space provided.
- In any situation where there are issues that are not pertinent to your case, you can skip to the next question.

I thank you in advance for your attention,

Robel Wubshet

This questionnaire has three major parts.

- The first part deals with background information.
- The second part deals with change management practices.
- The third part is about the challenges in practicing change management

Please try to answer all the questions to the best of your knowledge either by ticking the appropriate box or by writing your answer carefully in the space provided. In a situation where there are issues that are not pertinent to your case, you can skip to the next question.

I. SECTION ONE: Background Information.

1- Level Education:

A. Diploma                      B. BA                       C. Master

2- Sex:

A. Male                       B. Female

3. Marital Status:

A. Single                       B. Married                       C. Widowed                       D. Other

4. Your current job position:

A. Senior Executive Officer   
B. Director   
C. Service/Division Manager   
D. Section Head   
E. Branch Manager   
F. Officer   
G. Other \_\_\_\_\_

5. Years of work experience you have in insurance businesses.

A. 1-5 years                      B. 6-10 years  
C. 11-15 years                      D. >15 years

6. Age:

A. < 25 years                      B. 25-35 years

C. 36-45 years                      D. > 45 years

II. SECTION TWO: Change Management

The following lists of statements will be used to get relevant information for the accomplishment of the research objectives. Thus, please indicate your level of agreement with each statement by ticking (√) on the spaces provided under each option. The options range from Strongly Agree to Strongly Disagree.

Note: SA - for Strongly Agree

A- For Agree

N- For Neutral

D- For Disagree, and SD- For Strongly Disagree

<b>A. Demonstrating the importance of change (put a “√” mark on your choice)</b>		SD	D	N	A	SA
1	Articulate the change in a concise and compelling manner in order to play a very positive role in building up competition.					
2	Create an awareness among the staff that change brings technological advancement					
3	Strive to change so that it eventually leads to business excellence.					
<b>B. What should be included in the change management team (put a “√” mark on your choice)</b>		SD	D	N	A	SA
4	Representatives of the team should be from all departments affected by the change					
5	Leaders and employees need to be included as change agents.					
6	Change team members should be enthusiastic and committed to making the change					
7	The change team members have to be confident people whose top priority is ensuring goals are met.					
8	Change should be well connected, both with senior managers and those in other departments					
<b>C. Creating a clear vision of what change needs to occur and the desired results</b>		SD	D	N	A	SA
9	Leaders in this organization are visibly active in and support change initiatives.					

10	There is a clear and compelling vision that drives the focus for moving this organization in a new direction					
11	The status quo, issue, or opportunity that drives the change in this organization is identified					
12	The change needed is determined and identified for the target this organization wants to hit—and aim for it.					
13	A change timeline plan is determined in advance					
14	Desired outcomes in connection with the organization’s change timeline is identified					
<b>D. Communicating about the change early and often, maintaining a consistent message</b>		SD	D	N	A	SA
15	Company leaders often clearly communicate why change is necessary before adopting change					
16	The company sets clarity of purpose in order to decide where to go in the future.					
17	The company sets a clear vision so as to define a plan to make change happen.					
<b>E. Celebrating the progress that makes toward the change when the change effort is long-term</b>		SD	D	N	A	SA
18	This company organizes ways to recognize groups and individuals					
19	There is a trend that this company makes the change public.					
20	This organization arranges normal meetings as an avenue for recognition of achievement					
21	This company makes an awareness to key sponsors and stakeholders for the achievements					
22	The company involves managers in the chain of command to award these recognitions					
23	Supervisors are provided with ways to recognize their employees in this organization					
24	Monitoring the change effort over time and make adjustments as necessary is done					
25	Assessment of the efforts on a regular basis is done to help prevent wasting time on activities that are not effective					

### III. SECTION THREE: Change Management Challenges

To have a common ground on the challenges of the change management the researcher would like request you to rank the following lists of major change management challenges. Please rank the following change management challenges based on your experience to express how much they influenced your change management practice towards its success.

Please put a “√” mark on your level of agreement.

No.	Challenging factors	Rank				
		Least	Lower	Moderate	Higher	Extremely
1	Lack of Resources and Coordination					
2	Inaccurate or Incomplete Data					
3	Wrongful Decision Making					
4	Resistant to Change					
5	Lack of Leadership and Innovative Capability					
6	Poor communication of the change to subordinates					
7	Risk-aversion i.e. fear to make mistakes or to fail					
8	Team Takes Time to Get the Grips					