



**FACTORS DETERMINING THE EFFECTIVENESS OF  
ORGANIZATIONAL CHANGE IN THE CASE OF ZAMZAM BANK S.C**

**BY: Abdulfetah Abdurahman (GSE 3707/15)**

**A Research Project Submitted to the Department of Business Leadership of  
Addis Ababa University School of Commerce in Partial Fulfillment of the  
Requirements for the Degree of Master of Arts in Business Leadership**

**Advisor: Fesseha Gebreanania (Asst. Professor)**

**ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE  
MASTERS OF BUSINESS LEADERSHIP PROGRAM**

**Addis Ababa, Ethiopia**

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## **Statement of Declaration**

I, Abdulfetah Abdurahman, hereby attest that the research project I submitted for a Master's degree in Business Leadership, Factors Determining The Effectiveness Of Organizational Change: In The Case Of ZamZam Bank S.C., is entirely original with no submissions to other programs from other universities or institutions. All additional sources that were used in this study have been appropriately acknowledged.

**Declared By:** **Abdulfetah Abdurahman**

**Signature:** \_\_\_\_\_

**Date:** \_\_\_\_\_

## **Statement of Certification**

This is to certify that Abdulfetah Abdurahman's research project work on the topic "Factors Determining the Effectiveness of Organizational Change: In The Case Of Zamzam Bank S.C." is original and eligible for submission for a Master's Degree in Business Leadership.

**Declared By: Fesseha Gebreanania (Asst. Professor)**

**Signature:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Addis Ababa University School of Commerce**

**Department of Business Leadership**

**Board of Examination Sheet**

**FACTORS DETERMINING THE EFFECTIVENESS OF  
ORGANIZATIONAL CHANGE IN THE CASE OF ZAMZAM BANK S.C**

**BY Abdulfetah Abdurahman**

**Approved by the Board of Examiners:**

**Fesseha Gebreanania**  
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## ABSTRACT

*This study explores factors determining the effectiveness of organizational change at ZamZam Bank S.C., the first fully licensed interest-free bank in Ethiopia. The purpose is to identify factors influencing employee resistance to change and propose strategies to enhance change adoption. The problem statement highlights that resistance from employees often hampers successful change implementation, driven by fear of the unknown and inadequate communication. The research employs a descriptive and explanatory design, focusing on independent variables such as awareness creation, reward systems, sanctions, training and development, communication, and capacity, with organizational change effectiveness as the dependent variable. Data was collected from 136 employees using structured questionnaires and analyzed using SPSS. Findings reveal that Awareness creation, training, communication, and capacity had a significant and positive impact on organizational change effectiveness, and among the independent variables, training had a high impact on beta, .679. Recommendations include enhancing awareness through comprehensive communication strategies, developing inclusive training programs, and fostering a culture of recognition and positive reinforcement. Establishing a structured feedback mechanism is crucial for improving employee engagement and trust.*

**KEY TERMS:** *Organizational Change, Resistance to Change, Awareness Creation, Reward Systems, Sanctions, Training and Development, Communication, Capacity, Change Effectiveness.*

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## LIST OF ACRONYMS

<b>ZZB</b>	ZamZam Bank S.C
<b>IFB</b>	Interest Free Bank
<b>OCE</b>	Organizational Change Effectiveness
<b>OD</b>	Organizational Change
<b>SPSS</b>	Statistical Package for Social Science
<b>St. Dev</b>	Standard Deviation

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# CHAPTER ONE

## 1. Introduction

This section of the research discusses the background of the study, outlines the problem it addresses, highlights the gaps, and specifies the focus areas covered in the research. It presents the research questions that will be explored in subsequent chapters. It sets both general and specific objectives, explains the importance of the study, defines its scope and limitations, and provides an overview of the document's structure. Additionally, it clarifies any key terms that might be unfamiliar to readers.

### 1.1 Background of the study

Given the rate of economic, technological, and global development, change is an unavoidable aspect of organizational existence. Worley, Christopher G., and Thomas G. Cummings (2009).

Since businesses must constantly adjust to shifting consumer needs, market conditions, and technology breakthroughs, organizational change is a basic component of contemporary company operations (Burnes, 2004). Sustaining competitiveness, increasing productivity, and guaranteeing long-term viability all depend on effective organizational change (Kotter, 1996). An organization's overall performance and success can be greatly impacted by its capacity to successfully manage change.

The efficiency of organizational change is influenced by a wide range of intricate aspects. Researchers have found that a number of factors, such as communication, organizational culture, leadership, employee engagement, and change management techniques, can affect whether change projects succeed or fail (Armenakis & Harris, 2009; Kotter, 2012). Organizations looking to execute successful change programs must comprehend these elements and their interactions.

Both internal and external influences can have an impact on organizational change (Cummings & Worley, 2014). Organizational structure, managerial style, and staff attitudes are examples of internal elements that can help or hurt the transformation process. Organizational change may also be required as a result of external causes including market trends, technology breakthroughs, and

regulatory changes (Burnes, 2015). Effectively managing these factors is crucial for ensuring the success of change initiatives.

Resistance to change is a common challenge that organizations face during the change process (Kotter & Schlesinger, 2008). Employees may resist change due to a variety of reasons, including fear of the unknown, loss of job security, or a lack of understanding of the change objectives. Addressing and overcoming resistance to change is essential for ensuring the effectiveness of organizational change initiatives (Cummings & Worley, 2014).

## **1.2 Background of the company**

After the National Bank of Ethiopia issued banking business proclamation no 592/2008, which sought to include people banned from the financial sector because of their religious beliefs, interest-free banking emerged as a result of persistent efforts.

With a goal of "being the Leading Sharia Compliant and All-Inclusive Bank in Africa by the Year 2030," ZamZam Bank was founded on September 28, 2020, in accordance with the Banking Business Proclamation's licensing and supervision. It has 1.8 billion ETB in subscribed capital and 880 million ETB in paid-up capital from more than 11,000 shareholders.

On June 3, 2021, ZamZam Bank opened its first Alif branch at Garad City Centre, introducing card banking, USSD mobile banking, SWIFT, IFB Core Banking, and a domestic payment system. After gaining three years of full-fledged IFB expertise, the company now employs roughly 750 people permanently.

However, the operation began during a significant worldwide crisis, the COVID-19 epidemic, the Northern War, and just before a national election.

The bank began operations by creating a strategic plan with the modest Vision, Mission, and Core Values for a five-year period from 2021–2022 to 2025–2026.

### **Vision**

To be the leading Sharia-compliant & all-inclusive bank in Africa by 2030.

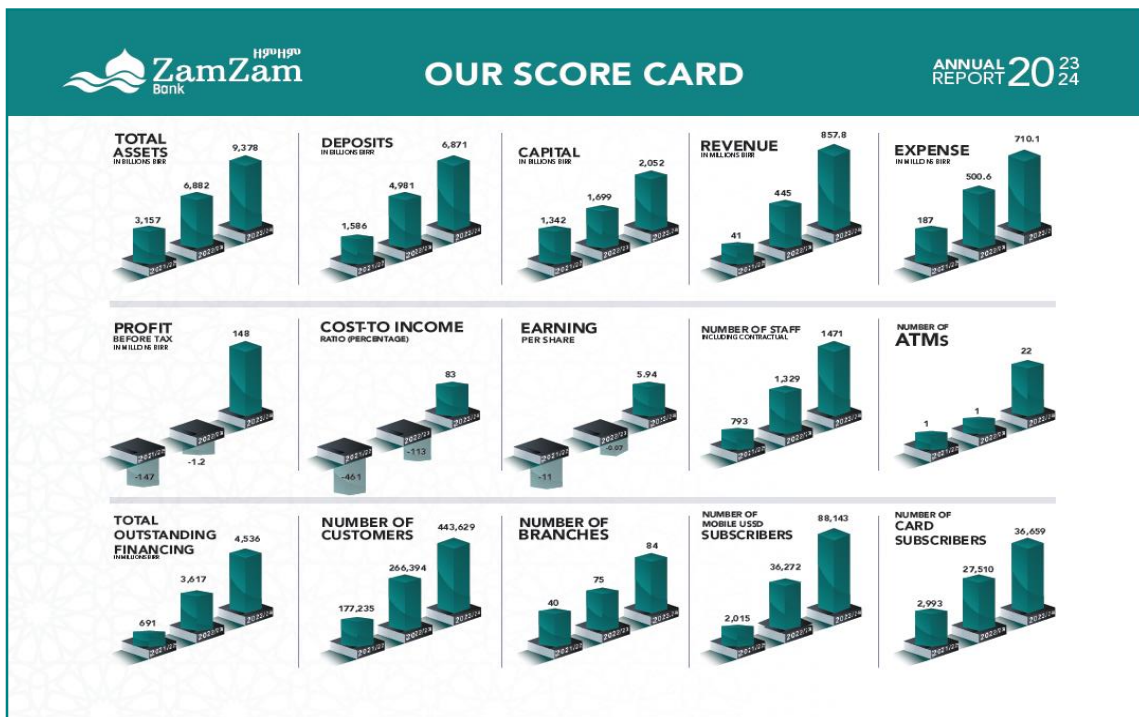
### **Mission**

Committed to provide Sharia compliant financial solution through digitalization and competent workforce to realize stakeholder’s values

### Core Values

- Upholding Sharia principles
- Social Responsibility
- Professionalism
- Inclusiveness
- Innovativeness
- Service Excellence

Currently, by utilizing digital solutions that significantly impact its esteemed clients, the bank is progressing in its effort to simultaneously expand its branch network in the capital and other areas of the country.



### 1.3 Statement of the problem

Employee resistance to change is a common occurrence for organizations. In fact, a lot of people believe that resistance is the primary cause of the failure of many change initiatives. Active or

passive reactions against a specific change, a series of changes, or a change in general can be examples of this resistance. According to the dominant perspective in the literature, employee resistance is frequently viewed as intrinsic, widespread, illogical, and dysfunctional. (Managing Change, Burnes Bernard, 2017)

Fear of the unknown, uncertainty about the goals of the change, or worries about job security can all be reasons for resistance to change. Accordingly, it is maintained that change agents need to foresee and overcome employee resistance in order for change to be successful (Bateh et al., 2013; Kreitner, 1992; Palmer, 2004). There are two major issues with this perspective, even if we ignore evidence that managers may be more resistant to change than employees (O'Toole, 1995; Smith, 1982; Spreitzer and Quinn, 1996): it makes the assumptions that (a) resistance is always incorrect and (b) resistance originates within the individual (Ford et al, 2008). As noted by Ford et al. (2008), starting with point (a), this perspective makes the assumption that people who manage and implement change are impartial individuals working in the organization's and its stakeholders' best interests. However, it is foolish to presume that all of the stakeholders in an organization have the same interests because they are diverse. (Burnes and By, 2012; Pfeffer, 1992; Storey, 2004) We should also not assume that managers who bring about change are doing so in the organization's best interests rather than their own. Organizational change is an essential process for businesses to adapt and thrive in an ever-evolving environment. However, the effectiveness of such changes remains a critical challenge for many organizations, including ZamZam Bank s.c., which operates within a unique and competitive financial sector.

The COVID-19 pandemic, the Northern War, and political unpredictability surrounding the national election season were among the major national and international problems that ZamZam Bank s.c. faced when it first joined the financial sector. The bank's capacity to carry out its strategic ambitions has been impacted by these outside forces. The success of organizational change projects is hampered internally by elements like organizational culture, communication tactics, employee engagement, leadership styles, and employee resistance to change. Fear of the unknown, uncertainty about the goals of the change, or worries about job security can all be reasons for resistance to change. These difficulties affect the bank's capacity to satisfy consumer expectations, adjust to technology breakthroughs, and satisfy market demands.

Successfully implementing organizational transformation initiatives that allow ZamZam Bank to efficiently respond to both internal and external challenges is the ideal situation. This entails overcoming reluctance to change, cultivating an innovative and flexible culture, successfully involving staff, and adjusting organizational tactics to meet changing customer expectations, market demands, and technology breakthroughs. By reaching this point, ZamZam Bank hopes to fulfil its goal of being Africa's premier Sharia-compliant, inclusive bank by 2030.

This study investigates the variables affecting ZamZam Bank's organizational change efficacy. Through the identification and analysis of these elements, the research offers practical insights that help improve the bank's capacity to manage and carry out effective organizational change projects as well as its readiness for change adoption. Additionally, the research advances the general knowledge of organizational change management in interest-free financial institutions and other organizations that function in dynamic settings.

## **1.4 Research questions**

This research examines the factors that impact the success of organizational change efforts and seeks to answer both broad and specific research questions.

### **1.4.1. General research questions**

- a) What strategies can be employed to effectively manage resistance to change during the process of implementing organizational change at ZamZam Bank S.C.?
- b) What are the primary sources contributing to employee resistance to organizational change at ZamZam Bank S.C.?

### **1.4.2. Specific research questions**

- I. How does creating awareness influence the success of organizational change at ZamZam Bank S.C.?
- II. What role does a reward system play in enhancing the effectiveness of organizational change at ZamZam Bank S.C.?
- III. How do sanctions impact the success of organizational change at ZamZam Bank S.C.?
- IV. In what ways does training and development contribute to the effectiveness of organizational change at ZamZam Bank S.C.?

- V. How does effective communication affect the implementation of organizational change at ZamZam Bank S.C.?
- VI. To what extent does employee capacity influence the success of organizational change at ZamZam Bank S.C.?

## 1.5 Research objectives – general and specific

### 1.5.1. General Objective

The primary objective of this study is to identify the root causes of employee resistance to organizational change and propose strategies to mitigate this resistance, thereby ensuring successful implementation of change initiatives at ZamZam Bank S.C.

### 1.5.2. Specific Objective

- I. To analyze the impact of awareness creation on the success of organizational change at ZamZam Bank S.C.
- II. To evaluate the role of reward systems in facilitating effective organizational change at ZamZam Bank S.C.
- III. To investigate how sanctions influence the implementation of organizational change at ZamZam Bank S.C.
- IV. To assess the contribution of training and development programs to the success of organizational change at ZamZam Bank S.C.
- V. To examine the role of communication in ensuring effective organizational change at ZamZam Bank S.C.
- VI. To explore the effect of employee capacity on the successful implementation of organizational change at ZamZam Bank S.C.

## 1.6 Research Hypothesis

The following research hypotheses are developed and tested to examine the factors influencing the effectiveness of organizational change:

**H1:** *Awareness creation significantly and positively affects the effectiveness of organizational change in the case of ZZB.*

**H2:** *Rewards significantly and positively affect the effectiveness of organizational change in the case of ZZB.*

*H3: Sanctions insignificantly and negatively affect the effectiveness of organizational change in the case of ZZB.*

*H4: Training and development significantly and positively affect the effectiveness of organizational change in the case of ZZB.*

*H5: Communication significantly and positively affects the effectiveness of organizational change in the case of ZZB.*

*H6: Capacity significantly and positively affects the effectiveness of organizational change in the case of ZZB.*

## **1.7 Significance of the study**

This study is significant in several important ways. First off, since ZamZam Bank S.C. is Ethiopia's first full-fledged interest-free bank, knowing what elements affect how well its organizational reforms work will give you important insights into a new setting in the country's banking industry. This is especially crucial because Ethiopia's banking industry is going through a lot of changes right now, including the recent opening to international banks, which means local institutions like ZamZam Bank need to be flexible and adjust their business plans.

This study investigates strategies for overcoming organizational change resistance. It focusses on looking at how employees view change and how strategy developers interact with their teams. By doing so, the research aims to identify effective methods to foster a smoother transition during strategic shifts within organizations.

Specifically, this study has applications for the management and leadership of ZamZam Bank. The study can help the bank make strategic decisions by identifying the key factors that contribute to successful organizational change. This will help the bank better navigate future changes and fulfil its mission of increasing financial inclusion and becoming one of Africa's leading Sharia-compliant banks. As it looks at what influences workers' acceptance of new strategies and provides workable methods to overcome opposition, this is essential for the bank's long-term viability and growth in a cutthroat market. The results can be used as a starting point to establish a peaceful workplace where change is successfully implemented. This entails bringing board members, management, staff, and shareholders into line with the company's new strategic orientation.

Additionally, by providing insights for upcoming academics interested in organizational change management, the study adds to the body of knowledge. By tackling these issues, this study not

only helps the employees of ZamZam Bank but also offers a model for other businesses looking to successfully manage strategic changes.

### **1.8 Scope of the study**

This study focuses on evaluating employees' attitudes toward ongoing organizational changes and their perceptions regarding the new strategic changes implemented by ZamZam Bank S.C. Ultimately, it aims to identify strategies for addressing and overcoming employee resistance to proposed organizational changes.

### **1.9 Limitations of the study**

The study has a number of shortcomings that might compromise the comprehensiveness and applicability of its conclusions. The limited application of current theoretical frameworks on employee resistance is one significant limitation. Since the majority of existing theoretical models were created in Western or Asian contexts, the lack of previous research addressing employee resistance in Ethiopian enterprises presents a barrier. This necessitates a more exploratory approach to comprehending ZamZam Bank employees' reactions to change, which may restrict the study's capacity to utilise a strong and pertinent corpus of theoretical ideas. As a result, it might be challenging to extrapolate the results outside of the particular setting of this study since they might not be consistent with more comprehensive, established theories.

Furthermore, the study's limited geographic reach further reduces its representativeness. The study's exclusive focus on ZamZam Bank's activities in Addis Ababa leaves out other branches and offices throughout Ethiopia, where organizational transformation dynamics can be very different. Time and financial constraints force this limited emphasis, but it runs the danger of ignoring regional differences in employee resistance and change effectiveness. Another difficulty is determining and quantifying the "effectiveness" of organizational reform. Critical elements of change success may be unintentionally left out by the methodology and metrics selected, especially when evaluating particular change types in a constrained amount of time. Because of this, the study may offer an insufficient assessment of the wider and longer-term effects of organizational change at ZamZam Bank.

## 1.10 Organization of the Study

This study is organized into five chapters. The first chapter provides an overview of the research, including the background of the study, the problem statement, the identified gaps, and the key focus areas addressed. It also introduces the research questions that will be explored in subsequent chapters, outlines both the general and specific objectives, explains the significance of the study, and defines its scope, limitations, and key terms essential for understanding the content of the chapter. Chapter two reviews relevant literature, while chapter three describes the methods used for data collection and the determination of sample size. Chapter four focuses on analyzing the data and interpreting the findings. Finally, chapter five presents a summary of the study and offers recommendations based on the research findings.

## 1.11 Definition of key terms

**Change:** *A way Change: The process of swapping out items or a state for something new or different. It involves changing traditional methods to new ones. Change can be unplanned or emergent (accidental and not entirely controlled) or planned (deliberately initiated with a specified outcome). (Managing Change, Burnes-Bernard, 2017)*

**Change management:** *The discipline of directing and monitoring change inside an organization is known as change management. Tsion tibebu 2022 (Huges, 2010),*

**Organizational Effectiveness:** *The degree to which it accomplishes its objectives; frequently associated with its structure and methods of operation. (Managing Change, Burnes-Bernard, 2017)*

**Individual change:** *Modifications to one employee's conduct, abilities, or dispositions inside a company. (The Tenth Edition of Organization Development & Change) Christopher G. and Thomas G.*

**Group change:** *Adjustments that impact a team's or department's interactions, norms, or conduct. (The Tenth Edition of Organization Development & Change) Christopher G. and Thomas G.*

**System change:** Significant, all-encompassing changes that affect interrelated subsystems, structures, procedures, and culture. (Tenth Edition, Organization Development & Change) Christopher G. and Thomas G.

**Resistance:** can be defined as an act of defence provided by a particular power or as a refusal or disagreement to a phenomenon. (Kelloway and Chawla, 2004)

**Resistance to change:** Individuals' actions and attitudes that undermine the objectives of the organization. (Kelloway and Chawla, 2004)

**Organizational change:** the gradual transition of a business from one state to another. It entails making significant changes to the way business is done in order to adapt to a new and more difficult market environment. It can concentrate on contextual issues (environmental pressures), process issues (activities taken), criteria issues (outcomes), and content issues (what has changed). (Tenth Edition, Organization Development & Change) Christopher G. and Thomas G.

**Communication:** Information sharing through various means. Evans, Amy C. (2021)

**Awareness Creation:** involves transferring information to the sense of observation. (M.S. Sam, 2013)

**Capacity:** The maximum amount of information that a person can take in and retain. (M.S. Sam, 2013)

**Readiness for organizational change:** A comprehensive mindset that is impacted concurrently by the change's substance, procedure, context, and participants is known as readiness for organizational change. Altogether, it shows how much a person or people are emotionally and cognitively likely to accept, embrace, and follow a specific strategy to consciously change the status quo. Adoption and resistance behaviours are preceded by it. (Armenakis et al., 1993), Holt, 2007)

## CHAPTER TWO

### 2. REVIEW OF RELATED LITERATURE

#### 2.1. Introduction

This section is dedicated to examining existing literature on the subject of organizational change. It begins by establishing a fundamental understanding of change within organizational contexts, delving into the concept of change management and its historical development. Furthermore, it explores the notion of resistance, discussing its implications for organizations, their employees, and the process of implementing change. By analyzing these foundational concepts, a conceptual framework will be constructed based on insights derived from the reviewed literature.

#### 2.2. Theoretical literature

##### 2.2.1. Meaning and Nature/Characteristics of Organizational Change

Organizational change is a critical process through which companies or institutions adapt their core working methods or overarching objectives to align with new circumstances or evolving market dynamics. As businesses operate in an increasingly volatile environment, characterized by rapid technological advancements and heightened competition, the ability to effectively manage change has become a cornerstone of organizational success.

Organizational change can be defined as a deliberate transition from an organization's current operational state to a specifically envisioned future state. According to *WalkMe*, it involves modifying core aspects of the organization, such as its foundational culture, technologies, infrastructure, or internal processes, to better respond to external pressures and opportunities ("*An Organizational Change Definition by Authors and Thought Leaders - WalkMe*," accessed on March 22, 2025). This process is not merely a reaction to external stimuli but a proactive effort to enhance organizational capabilities and develop new competencies essential for sustained survival and growth.

The banking sector operates within a highly complex regulatory framework and relies heavily on technological infrastructure. This makes effective management of organizational change not just important but absolutely critical. Financial institutions face constant pressure to adapt to evolving regulations to avoid substantial fines and legal repercussions (*Forrest Advisors*). Implementing

robust change management strategies is essential for minimizing operational risks such as performance declines and security vulnerabilities. Furthermore, it ensures the security and functionality of critical digital platforms like online and mobile banking applications, which are increasingly central to modern banking operations (*Forrest Advisors*).

Effective change management also plays a pivotal role in ensuring compliance with intricate regulatory requirements, safeguarding an institution's reputation, and securing its long-term financial stability. It enables financial institutions to adapt swiftly to regulatory amendments, rapid technological advancements, and market fluctuations (*Leading Resources, Inc.*). Moreover, well-executed change initiatives can positively influence employee morale by fostering clear communication and providing adequate support during transitions. By streamlining processes and facilitating the adoption of innovative technologies, change management enhances operational efficiency across the organization (*Leading Resources, Inc.*). Proper methodologies mitigate the risks associated with poorly managed transitions and align organizational changes with evolving customer expectations, ensuring that changes support strategic objectives (*Leading Resources, Inc.*).

### **The Scope and Drivers of Organizational Change**

The scope of organizational change is vast, encompassing areas such as structural adjustments, cultural shifts, and technological upgrades. For instance, Harvard Business School Online emphasizes that these changes can range from minor process improvements to comprehensive overhauls of business models ("Types of Organizational Change & How to Manage Them - HBS Online," accessed on March 22, 2025). Similarly, Whatfix highlights that organizational change often stems from external factors like market competition or internal challenges such as inefficiencies in processes ("6 Types of Organizational Change, Explained - Whatfix," accessed on March 22, 2025).

External pressures are among the most significant drivers of change. Rapid technological advancements compel organizations to adopt innovative tools and systems to remain competitive. Furthermore, economic and social volatility necessitates that organizations develop a capacity for dynamic movement and enhanced flexibility. These external forces underscore the importance of cultivating an adaptive organizational culture capable of thriving in uncertain environments

("Organizational Change in Banking: Potential and Future Research Opportunities - Proceeding RSF Press," accessed on March 22, 2025).

### **Overcoming Resistance to Change**

Employee and management opposition is one of the biggest obstacles to executing organizational change. Fear of the unknown, loss of job security, or ignorance of the change process are common causes of resistance. Stakeholder participation and effective communication are essential to addressing this. As stated in "Resistance to organizational change: Some causes and proposals to manage it," accessible on March 22, 2025, CIAT advises promoting openness and giving concise justifications for the necessity of change as well as its expected advantages.

Additionally, training programs can assist staff members in gaining the abilities required to adjust to new procedures or systems. Organizations can lessen opposition and foster a sense of ownership over the change endeavour by incorporating employees in the decision-making process.

### **The Role of Leadership in Change Management**

For organizational change to be successful, leadership is essential. Successful leaders are change agents who instill trust, offer strategic guidance, and guarantee that personal obligations and organizational objectives are in line. According to research published by the Financial Brand, leaders must exhibit clarity in communication and demonstrate a commitment to the change process to foster trust among employees ("How Leaders Can Ensure an Effective Change Management Effort - The Financial Brand," accessed on March 22, 2025).

Additionally, leadership styles significantly impact the success rate of change initiatives. Transformational leadership, which emphasizes vision-setting and motivation, has been shown to be particularly effective in managing complex organizational changes. This approach encourages innovation while maintaining focus on long-term objectives.

### **Strategies for Effective Change Management**

Implementing organizational change requires a structured approach that incorporates best practices in change management. Prosci identifies several key steps for ensuring success: assessing the readiness for change, developing a clear vision and strategy, engaging stakeholders, and continuously monitoring progress ("Best Practices in Change Management - Prosci," accessed on

March 22, 2025). These steps help organizations minimize risks associated with change initiatives while maximizing the likelihood of achieving desired outcomes.

Furthermore, Forbes highlights that fostering an adaptive culture is essential for sustaining change. This involves creating an environment where continuous improvement is valued and employees are encouraged to embrace innovation ("19 Best Practices For Change Management Success - Forbes," accessed on March 22, 2025). By embedding adaptability into the organizational DNA, companies can better navigate future disruptions.

### **Measuring the Success of Change Initiatives**

To evaluate the effectiveness of organizational change initiatives, it is essential to establish metrics that align with the organization's strategic goals. Metrics such as employee engagement levels, process efficiency improvements, and financial performance indicators can provide valuable insights into the impact of change efforts. Zendesk emphasizes the importance of tracking these metrics over time to identify areas for improvement and ensure long-term success ("Metrics for Measuring Change Management - Zendesk," accessed on March 22, 2025).

Moreover, organizations should conduct regular reviews of their change management strategies to adapt them based on feedback and evolving circumstances. This iterative approach ensures that change initiatives remain relevant and effective in achieving desired outcomes.

#### **2.2.2. Importance of organizational change**

Organizational change is important because it plays a crucial part in keeping companies flexible and adaptable to changing consumer demands and technological breakthroughs. In the business world, the ability to effectively lead and facilitate organizational change is crucial. One important component that is closely related to overall organizational strategy is the change of organizational culture. A comprehensive understanding is necessary to successfully navigate this revolutionary path, and here is where organizational development is crucial. It guarantees a deliberate and purposeful approach to change through a strategic planning process that serves as a roadmap. In essence, this method fosters resilience and adaptation in the organizational culture while supporting the organization's planned development. (<https://digitalleadership.com/>)

Understanding organizational change is essential for maintaining competitiveness in a corporate setting when technology and market conditions change. Adapting to external changes is simply one aspect of efficient management; another is streamlining internal procedures to boost productivity. Creating an innovative culture is essential for motivating staff to make innovative contributions and preserving a vibrant, forward-thinking environment. Employee engagement and morale are raised when they are included in the transformation process, which guarantees a motivated staff. A company's flexibility and competitiveness are further increased by competent organizational change management, which also offers advantages like strategy alignment, efficient risk management, and a customer-centric focus.[\(https://digitalleadership.com/\)](https://digitalleadership.com/)

### **2.2.3. Theories of Organizational Change**

Given the rate of economic, technological, and global development, change is an unavoidable aspect of organizational existence. It is possible to distinguish between change that occurs inside an organization and change that its members intend. (Christopher G. Worley and Thomas G. Cummings)

The implementation of change in organizations has been a common focus of planned change concepts. These frameworks, which are referred to as "theories of changing," outline the necessary steps to successfully implement organizational change. Three theories of change—the positive model, the action research model, and Lewin's change model—are discussed and contrasted in this section. These frameworks are the main foundation for a broad model of planned change and have drawn a lot of attention in OD.

#### ***2.2.3.1. The Lewin's change model***

In the realm of organizational development and change management, few models have stood the test of time as effectively as Kurt Lewin's Change Model. Introduced in the mid-20th century, this model provides a foundational framework for understanding and implementing planned change within organizations. By conceptualizing change as a process of altering the forces that maintain a system's behavior, Lewin's model remains a cornerstone in the study of organizational dynamics.

Lewin's model is rooted in the idea that at any given moment, an organization's behavior is shaped by two opposing sets of forces: those that strive to maintain the status quo and those that push for change. When these forces are balanced, the organization exists in what Lewin termed a "quasi-

stationary equilibrium." This state of equilibrium explains why organizations often resist change, as the forces maintaining stability counteract those advocating for transformation.

To disrupt this equilibrium and enact change, one can either increase the forces pushing for change, decrease the forces maintaining the status quo, or adopt a combination of both approaches. Lewin argued that reducing resistance to change—by decreasing the forces upholding the current state—is generally more effective and less likely to provoke tension than merely amplifying the pressures for change. For instance, in a workplace setting, if a team's performance is stable due to group norms that align with existing expectations, this performance level can be improved by either altering those group norms or increasing managerial pressure for higher productivity.

### **The Three-Step Process of Change**

Lewin proposed a three-step process for achieving organizational change, which includes unfreezing, moving, and refreezing. These steps provide a structured approach to transitioning from one state of equilibrium to another.

#### **1) Unfreezing**

The first step, unfreezing, involves reducing the forces that maintain the organization's current behaviors and preparing for change. This often requires creating a sense of dissatisfaction with the status quo. Lewin suggested that "psychological disconfirmation" can be a powerful tool in this phase. By presenting evidence that highlights discrepancies between desired and actual behaviors within the organization, members can be motivated to pursue change. For example, introducing performance metrics that reveal inefficiencies or gaps can serve as a catalyst for unfreezing entrenched behaviors.

Unfreezing is critical because it addresses the natural resistance to change that many individuals and organizations exhibit. Without this step, efforts to implement new behaviors or processes may falter due to a lack of readiness or willingness to adapt.

#### **2) Moving**

Once the organization has been "unfrozen," the second step—moving—entails shifting behaviors, values, and attitudes to a new level. This phase involves active intervention to implement changes

through modifications in organizational structures, processes, or practices. Moving is where the actual transformation occurs, as individuals and groups adopt new ways of operating.

During this stage, leaders play a crucial role in guiding the organization through the transition. Interventions may include training programs, changes in workflow, or realignment of roles and responsibilities. The goal is to ensure that the organization progresses toward its desired state while minimizing disruptions and maintaining productivity.

### **3) Refreezing**

The final step, refreezing, stabilizes the organization at its new state of equilibrium. This phase is essential for ensuring that the changes implemented during the moving phase become embedded in the organization's culture and practices. Without refreezing, there is a risk that individuals may revert to old habits or behaviors over time.

Refreezing often involves reinforcing mechanisms such as rewards systems, adjustments to organizational structures, or embedding new values into the corporate culture. These mechanisms help solidify the changes and ensure their sustainability.

Likewise, Lewin's framework closely resembles John Kotter's well-known eight-stage approach. Lewin's unfreezing phase corresponds to Kotter's stages, which include fostering a sense of urgency, forming a directing coalition, formulating a vision and plan, and communicating the change vision. While consolidating achievements and producing more change reflect aspects of refreezing, empowering broad-based action and producing short-term wins coincide with moving. Kotter's model expands on Lewin's framework by highlighting communication and leadership as essential elements of effective change projects.

Lewin's Change Model remains highly relevant in today's dynamic business environment. Organizations face constant pressures to adapt to technological advancements, market shifts, and evolving customer expectations. The simplicity and flexibility of Lewin's framework make it an invaluable tool for navigating these challenges.

Lewin's model's emphasis on comprehending the dynamics operating within an organization is one of its main advantages. By identifying and addressing these forces systematically, leaders can craft more effective strategies for implementing change. Additionally, the model's focus on stabilizing

changes through refreezing ensures that transformations are not only achieved but also sustained over time.

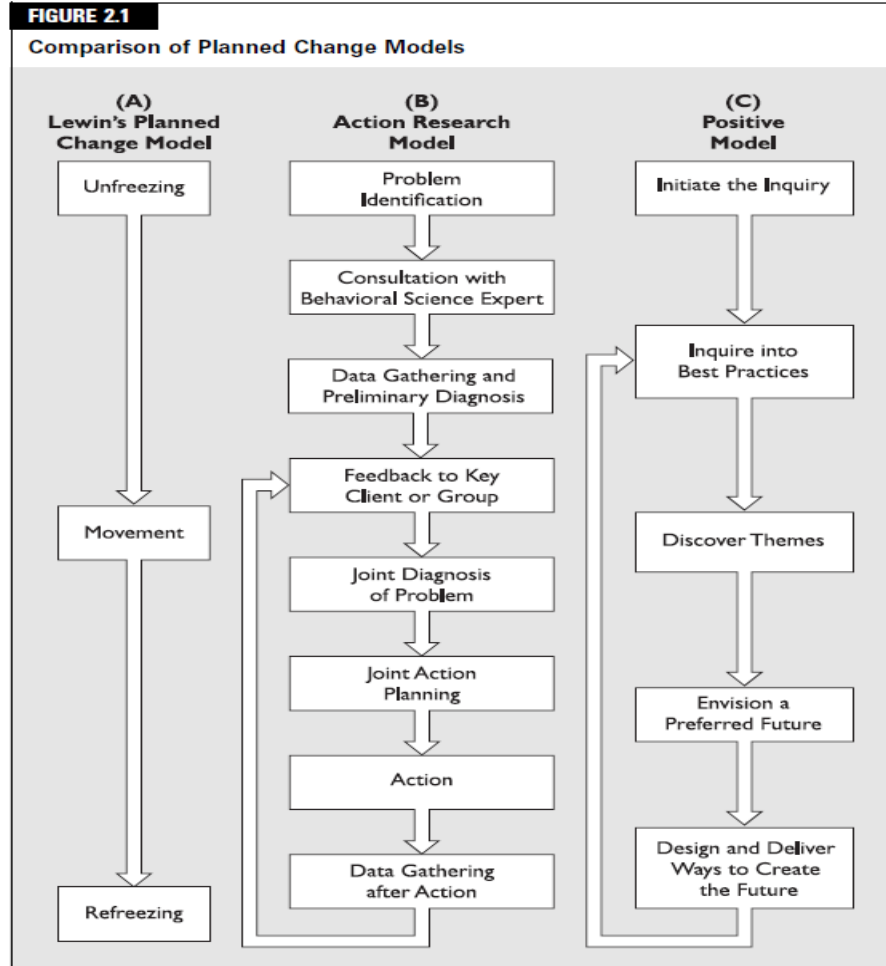


Figure 2: Lewin's change model

### 2.2.3.2. Kotter's Eight Steps Change Model

John Kotter, a professor at Harvard Business School and an authority on change, created an eight-step transformation paradigm in his book "Leading Change." **(1) Creating urgency:** Recognizing future threats and opportunities, communicating openly to highlight the need for change, and encouraging the involvement of all relevant parties. **(2) Building a coalition:** Forming a team, recruiting team and leadership members, and uniting key stakeholders. **(3) Developing vision and strategy:** Establishing core values and defining a clear vision for the strategy. **(4) Communicating the vision:** Sharing the vision convincingly through various methods, such as performance reviews or training. **(5) Removing barriers:** Ensuring that obstacles are eliminated, aligning the vision with those responsible for its execution, and rewarding individuals for supporting the change. **(6)**

Setting short-term goals: Establishing measurable targets to track progress and recognize contributions. (7) Consolidating gains: Analyzing successes individually to ensure continued progress and learning from experiences. (8) Embedding change into culture: Ensuring that the organization's successes become part of its routine practices.

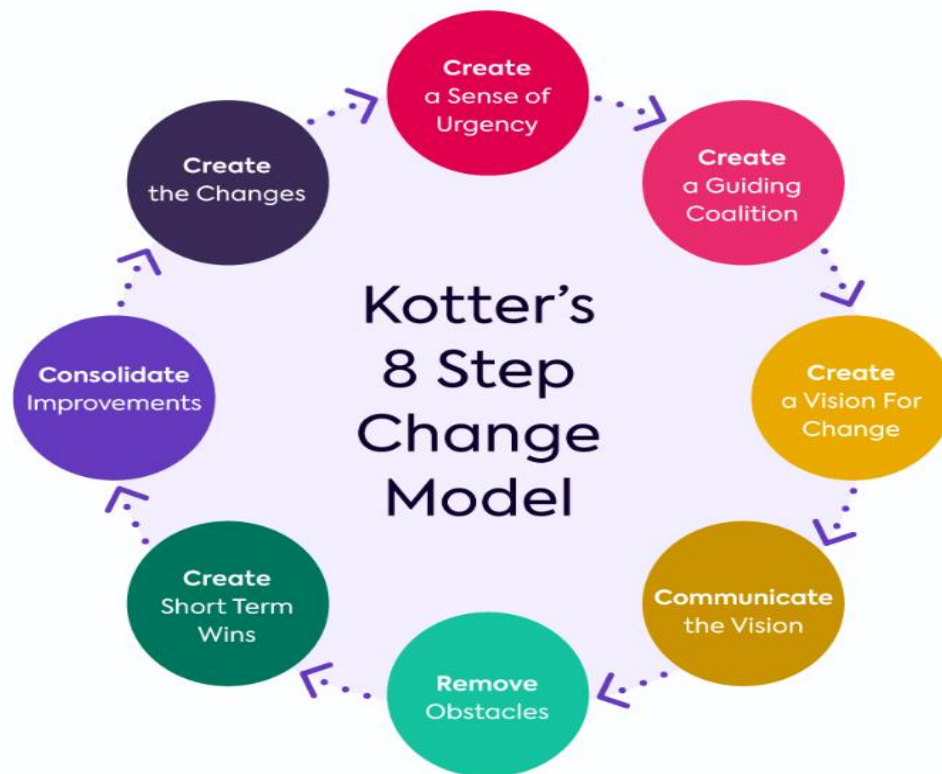


Figure 3: Kotter's 8 Step Change Model

#### *2.2.3.3. The Transformational Leadership Theory*

Transformational leadership focuses on inspiring and motivating followers to achieve extraordinary outcomes. In the context of organizational change, transformational leaders play a crucial role in articulating a compelling vision for the future and fostering a sense of purpose among employees. They influence their followers by setting clear goals, clarifying desired outcomes, providing feedback, and recognizing accomplishments. This leadership style is particularly effective during periods of change as it helps to build commitment and overcome resistance by appealing to employees' values and sense of higher purpose. Transformational leaders empower individuals to go beyond their perceived limitations, fostering innovation and a willingness to embrace new ways of working.

#### *2.2.3.4. ADKAR Change Management Theory*

The **ADKAR** model, created by Prosci, emphasizes the individual components of change and highlights five essential factors necessary for successful change. These factors include: **being aware** of the need for change, having the **desire** to engage in and support the change, possessing the **knowledge** of how to change, having the **ability** to apply the change in daily activities, and ensuring **reinforcement** to sustain the change. This model emphasizes that organizational change is the sum of individual changes and that addressing each of these elements at the individual level is critical for the overall success of the change initiative.

#### *2.2.3.5. Stakeholder Theory*

Stakeholder theory recognizes that organizational decisions and actions affect a wide range of individuals and groups who have an interest in the organization. In the context of organizational change, this theory highlights the importance of identifying and engaging with all relevant stakeholders, including employees, customers, shareholders, and the wider community. Effective change management involves understanding the needs and expectations of these stakeholders, communicating with them transparently, and involving them in the change process where appropriate to gain their buy-in and support. Failure to consider the interests of key stakeholders can lead to resistance and undermine the success of change initiatives.

### **2.3. Empirical Literature Review**

#### **2.3.1. The Concept of Change Management**

Empirical studies consistently underscore the critical role of change management in ensuring the successful implementation of organizational transformations. Change management is recognized as a structured and strategic approach to guide organizations from their current state to a desired future state, minimizing resistance and maximizing the effectiveness of the transition. It encompasses a range of activities, including planning, communicating, and supporting employees through the change process. Effective change management is not merely about implementing new systems or processes but also about addressing the human side of change, ensuring that employees understand, accept, and embrace the new ways of working.

### 2.3.2. Empirical Evidence

Empirical research provides substantial evidence of the factors that contribute to the success or failure of organizational change initiatives across various industries, including banking. Awareness of the need for change is the foundational element in models such as ADKAR, underscoring that individuals must comprehend why a change is necessary before they can support or participate in it. (*Dziak, Mark; 2024*) This initial phase is crucial for mitigating passivity or active resistance. Research consistently demonstrates that employee attitudes towards change are fundamental predictors of success; successful organizational change hinges on employees holding positive perceptions and demonstrating a willingness to adopt proposed alterations (*Feldman, 2000; Wanous et al., 2000; Oreg, 2006; Van Emmerik et al., 2009;*).

The reactions of individuals to organizational change are profoundly shaped by their perceptions and assessments of how the change will affect them personally (*AL-Abrow et al., 2019*). These reactions are developed through an intricate interplay of an individual's attitudes, beliefs, and feelings regarding the change. (*Scott Zimmer, JD, 2012*) For practitioners, a clear understanding of the necessity for change is paramount for effectively diagnosing and enhancing the willingness to embrace it (*Albrecht et al., 2020*). Individuals are significantly more inclined to commit to a change if they perceive it to be in alignment with their expectations and personal benefits (*Helpap, 2016*). Furthermore, clear and timely communication regarding organizational change goals is instrumental in reducing employee uncertainty and fostering openness to the impending transformation. (*Michael p, 2022*)

Reward systems, encompassing both monetary and non-monetary incentives, serve as vital mechanisms for motivating employees and aligning their efforts with organizational objectives during periods of change. Empirical studies reveal a robust positive correlation between employee motivation and performance, with intrinsic motivators, such as recognition, a sense of purpose, and career development opportunities, demonstrating a more significant role in driving long-term employee engagement compared to purely extrinsic rewards like bonuses or job security. (*Samuel Boadi, Ayiku Emmanuel Lartey, Richard Amoako 2025*)

A study conducted in China, for instance, revealed that the proactive change behavior of "core members" within an organization served to neutralize the negative effects of supervisor sanctions

on the active change behavior of their followers. (*Jing Du; Yan Ping Li; Yuan Jing Luo ., 2020*). This moderating effect was further amplified by the followers' individual adherence to "middle way thinking" values, a concept deeply rooted in Eastern Asian cultures; (*Jing Du; Yan Ping Li; Yuan Jing Luo ., 2020*). This finding implies that the effectiveness of hard tactics, such as sanctions, may be contingent on situational factors and cultural contexts, particularly in Eastern management scenarios where such authoritative styles are prevalent.

Communication is consistently identified as an indispensable element for successful organizational change initiatives, with empirical research revealing a strong positive correlation between communication efforts and change success (e.g., Pearson correlation  $r = 0.567$ , significant at the 0.01 level); (Dr. Carol A. Beatty., 2015). Conversely, ineffective internal communication is a major contributor to the failure of change initiatives, with a lack of adequate information and consultation frequently cited as significant barriers; (Dr. Carol A. Beatty., 2015).

### **2.3.3. Empirical Evidence from Ethiopia**

In the Ethiopian context, a notable characteristic affecting the success of organizational change is the consistent lack of employee awareness and engagement regarding the change initiatives; (*Abdulahki M, Kenenisa L, Mekonin B 2024*). This observation highlights a significant deficiency in the initial "unfreezing" and "awareness" stages of change management processes within many Ethiopian organizations. The observed absence of employee awareness and engagement suggests that the foundational step of establishing the *need* for change is often overlooked or poorly executed. This directly contributes to resistance from the outset, reinforcing the global finding that true awareness extends beyond mere information dissemination; it requires active engagement and a deliberate effort to address and reshape employee perceptions. Without a clear understanding and acceptance of *why* change is necessary, employees are less likely to commit to or participate in the transformation. (*Abdulahki M, Kenenisa L, Mekonin B 2024*)

Empirical studies in Ethiopia indicate that reward systems exert a significant and positive impact on organizational performance, particularly within higher educational institutions (*Dawit Udessa Gede., 2024*). This relationship is partially mediated by employee commitment, suggesting that effective rewards foster commitment, which in turn enhances performance (*Dawit Udessa Gede., 2024*).

Direct empirical studies specifically detailing the effectiveness of sanctions for non-compliance in organizational change within Ethiopia are limited in the provided literature. While general studies on leadership in Ethiopia indicate that authentic leadership behavior influences organizational citizenship behavior through factors like "self-awareness, sharing information, ethical practices, and good relation with subordinates, mutual understanding, and transparency"(Hailay G, Fyory A, Nancy G., 2021)

Inadequate, inconsistent, and ineffective ongoing training is consistently identified as a significant challenge hindering the implementation of organizational change in Ethiopian public universities (Amanuel Worku Gizaw;)

Resource and capacity-related challenges are reported to significantly impede the process of change implementation in Ethiopian public universities (Amanuel Worku Gizaw;). Public sector organizations across Ethiopia frequently encounter constraints in terms of resources, strategic architecture, and knowledge processes, all of which limit their ability to effectively manage change (Muluneh & Gedifew, 2018; Engdaw, 2022; Mishra & Hassen, 2023;).

Communication is empirically shown to be positively and significantly associated with change management practice in Ethiopian public sectors.<sup>31</sup> It has been identified as the most crucial variable, with higher levels of communication correlating with more positive views and greater adoption of change management practices among employees. (Samrawit T, Yilkal A, 2024). Conversely, inadequate communication is cited as a major challenge in public universities (Amanuel Worku Gizaw; 2015)

## 2.4. Conceptual Framework

Based on the comprehensive literature review and in direct response to the research problem concerning the factors influencing successful organizational change, this study proposes a conceptual framework. This framework posits that the “**effectiveness of organizational change**” is a multifaceted outcome, directly influenced by a combination of strategic and operational drivers. These drivers, acting as independent variables, collectively contribute to achieving the desired state of change success.

The conceptual framework illustrates that effective organizational change is not merely a singular event, but rather a dynamic process shaped by how an organization manages its internal and external interactions concerning the change initiative. Each component within the framework represents a critical area that, when adequately addressed, enhances the likelihood of positive change outcomes.

The key determinants within this framework are awareness creation, reward, sanction, training and development, communication, and capacity. These six independent variables are hypothesized to collectively and individually influence the dependent variable: “**Organizational Change Effectiveness**”.

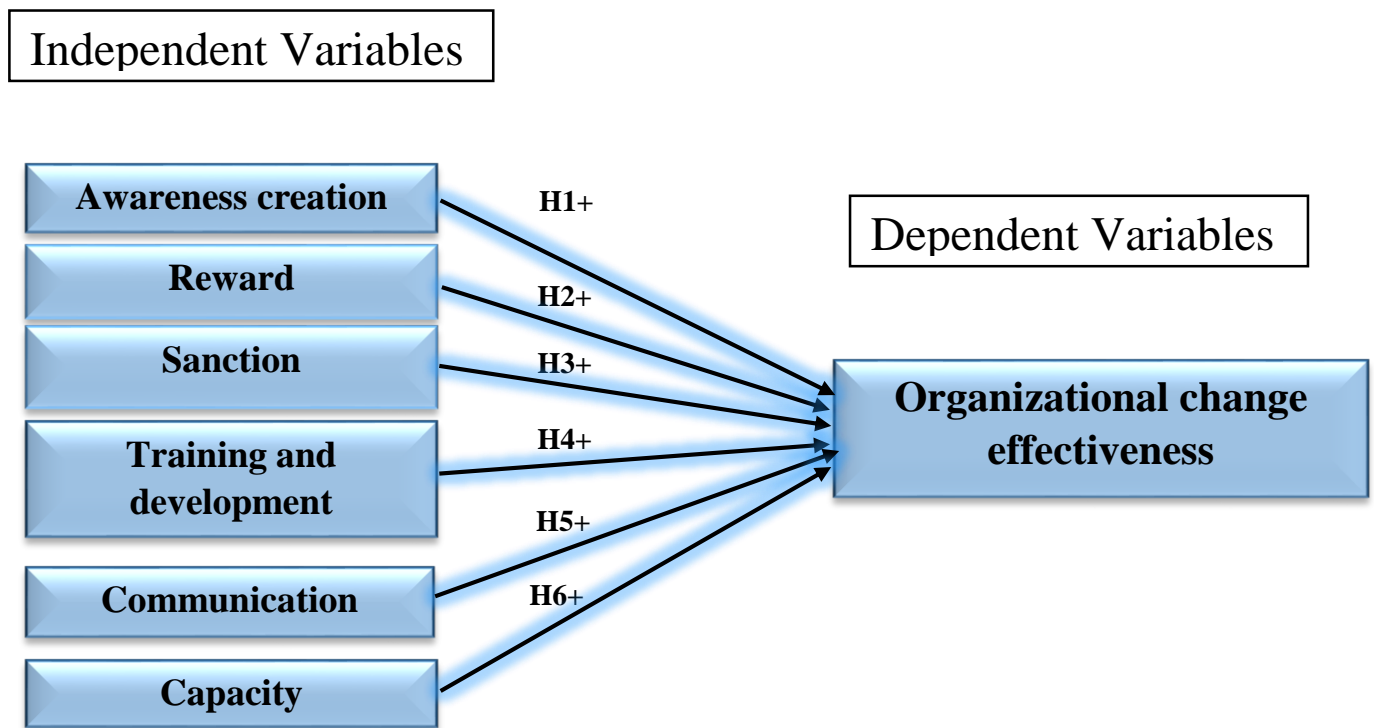


Figure 4: Conceptual Framework Of The Study

Source: Adopted from Tsion Tibebu, (2022)

## CHAPTER THREE

### 3. RESEARCH METHODOLOGIES

#### 3.1. Introduction

This chapter focused on outlining the methods that are employed for data collection in the proposed research. It provided a detailed explanation of the research design, clarify the study's variables, and discuss the approaches to data sampling, collection, and analysis. Additionally, address the procedures for assessing reliability and validity, as well as the ethical considerations that guides the research process.

#### 3.2. Research design

The study adopted a combination of descriptive and explanatory research designs to thoroughly examine the relationship between key variables. The primary focus of the research was on understanding how resistance to organizational change can be addressed, which served as the dependent variable. Meanwhile, the factors contributing to resistance within organizations are analyzed as independent variables. By employing this approach, the study aims to provide a comprehensive understanding of the dynamics between these variables and offer insights into strategies for effectively mitigating resistance to change.

#### 3.3. Description of study variables

**Organizational Change Effectiveness:** (Dependent variable of the study) The overall success and impact of an organizational change initiative (Armenakis & Bedeian, 1999; Rafferty et al., 2013), which is directly influenced by the organization's ability to overcome resistance to change among its employees (Piderit, 2000; Oreg, 2003).

**Awareness creation:** The extent to which employees are aware of the need and rationale for the organizational change. (Armenakis & Harris, 2009; Kotter, 1995)

**Reward:** The degree to which appropriate incentives and recognition are provided for employees who support and contribute to the change process. (Lawler, 1971; Pfeffer, 1998)

**Sanction:** The implementation of disciplinary measures for those who resist or undermine the organizational change. (Kotter & Schlesinger, 1979; Piderit, 2000)

**Training and development:** The provision of necessary skills, knowledge, and capabilities to employees to effectively adapt to the change. (*Noe, 2020; Saks & Haccoun, 2019*)

**Communication:** The effectiveness and transparency of communication about the change initiative, its goals, and progress. (*Lewis, 2019; Quirke, 2008*)

**Capacity:** The availability of necessary resources, infrastructure, and capabilities within the organization to implement the change successfully. (*Helfat & Peteraf, 2003; Teece, 2007*)

### **3.4. Description of target population**

The study area is Addis Ababa, Ethiopia, focusing on the head office and potentially selected branches of ZamZam Bank S.C. within the capital city, due to time and cost limitations. The target population for this study comprises employees of ZamZam Bank S.C. at various levels, including senior management, middle management, and frontline staff who have been involved in or affected by organizational change initiatives within the bank.

### **3.5. Type and sources of data**

This study employs both primary data collection methods. Primary data was gathered through a structured questionnaire comprising approximately 35 questions, covering demographic details, participants' roles in the bank, and variables pertinent to the study. Responses were measured on a Likert scale ranging from "strongly agree" to "strongly disagree".

### **3.6. Sampling Technique**

To ensure an unbiased selection of participants for the study, a simple random sampling technique will be employed. This method involves randomly selecting individuals from the target population, giving each person an equal chance of being chosen. By utilizing this approach, the study aims to eliminate selection bias and enhance the reliability and generalizability of the results. This technique is widely recognized as an effective way to achieve a representative sample of the population.

### **3.7. Data analysis method**

The primary data for this study was collected using a self-administered questionnaire, and both descriptive and inferential statistical methods were employed for analysis. The Statistical Package

for Social Sciences (SPSS) software, version 25, was utilized to perform the analysis. To ensure the reliability and validity of the instrument, factor analysis and Cronbach's alpha tests were conducted.

Descriptive statistics were primarily used to organize and summarize the demographic information of the respondents as well as general data about the Bank. This included the use of percentages, frequencies, means, and standard deviations to provide a clear overview of the data.

In contrast to descriptive statistics, inferential statistics were applied to draw conclusions about the wider population based on the sample data. These methods were used to address the research objectives and test hypotheses. Several types of inferential statistics were employed in this study. For instance, the Pearson Correlation was utilized to examine the relationship between the effectiveness of organizational change and the independent variables. Additionally, regression analysis was conducted to assess the impact of various factors. For this analysis, the factors were categorized into dependent and independent variables.

The regression formula used for this study is as follows:

$$(OCE) = a + b1(Aware) + b2(Rew) + b3(Sanc) + b4(TD) + b5(Comm) + b6(Cap)$$

This formula represents the relationship between organizational change effectiveness (OCE) as the dependent variable and various independent variables such as awareness, reward systems, sanctions, training and development, communication, and capability.

### 3.8. Sample Size Determination

The sample size is smaller than the population as a whole (Cooper and Schindler, 2003). This study will use one of the probability sampling techniques, the stratified random sampling technique, to get information from each department and branch of ZamZam Bank.

Stratified sampling is a probability sampling method that is implemented in sample surveys. The target population's elements are divided into distinct groups or strata, where within each stratum the elements are similar to each other with respect to select characteristics of importance to the survey. (Van L. Parsons (2017)). Simple random sampling technique will be used from each stratum in proportion to the population of each strata created. **The study's overall population is 513 employees** in Addis Ababa. According to yemane (1967) formula:

$$n = \frac{N}{1 + N(e)^2}$$

Where N - The population size, e - The level of precision (5%). n - The sample size,

$$n = \frac{513}{1 + 513(0.05)^2}$$

$$n = 224.7$$

**Thus, 225 is the sample size**

*Table 1: Sample Size determination*

Job position	Profession	Number of population	Sample of participants
Messengers and assistants	Service Workers	32	14
Junior – Officer	Professional	300	131
Senior Officer	Professional	100	44
Managerial Level	Managerial level	81	36
<b>Total</b>		<b>513</b>	<b>225</b>

### 3.9. Reliability and validity analysis

According to Bhattacharjee (2012) reliability is the degree to which the measure of a construct is consistent or dependable. It implies consistency but not accuracy the most popular test of internal consistency is Cronbach's alpha. Better measuring have larger coefficients; if alpha value is greater than 0.7, it indicates good reliability. (tlair er al., 2006)

Additionally, as stated by Mallery and George (2003). According to Joseph and Rosemary (2003), Cronbach's alpha is a reliability coefficient. It is frequently employed to assess the reliability or internal consistency of a psychometric test result for a sample of test takers. The typical range of the Cronbach's alpha reliability coefficient is 0 to 1.

The under listed table shows the reliability decision rule.

Crobanch's Alpha	Description
≥ 9	Excellent
≥ 8 but < 9	Good
≥ 7 but < 8	Acceptable
≥ 6 but < 7	Questionable
≥ 5 but < 6	Poor
≤ 5	Unacceptable

Source: Zikmund, et al., 2010.

Regarding reliability and validity of this study, the questionnaire was reliable with a Good alpha value. The reliability statistics imply that the questionnaire used in the analysis is more than enough for further analysis, and Using tolerance and variance inflation factor results, the data was checked for multi-collinearity of variables throughout the regression analysis, demonstrating that there was no problem as stated in the data analysis section.

*Table 2: Reliability test*

<b>Dimensions</b>	<b>Cronbach's alpha's Value</b>	<b>Number of items</b>
Awareness creation:	0.770	5
Reward:	0.852	5
Sanction:	0.856	5
Training and development:	0.703	5
Communication:	0.849	5
Capacity:	0.763	5
Organizational change effectiveness:	0.830	5

Source: Own survey result, 2025

## CHAPTER FOUR

### 4. DATA ANALYSIS AND INTERPRETATION

#### 4.1. Introduction

This section of the thesis analyzes the collected data regarding the factors influencing the ability to overcome resistance to organizational change. The analysis was conducted using statistical tools available in the Statistical Package for the Social Sciences (SPSS) software. The interpretation includes descriptive analysis, regression analysis, and correlation analysis to examine the relationships between variables in a detailed statistical manner.

#### 4.2. The Questionnaire Response Rate

The survey was conducted among employees of Zamzam Bank S.C. located in Addis Ababa. Out of the 225 questionnaires distributed via Google Forms and physical copies to gather data for the research objectives, a total of 136 responses were collected and analyzed using SPSS version 25.

*Table 3: Response rate*

<b>Sample Size</b>	<b>225</b>
Collected	136
Remain uncollected	89
Usable	136
Response rate	60.44%

*Source: Own survey result, 2025*

As shown in Table 2 above, of the total 225 questionnaires distributed to the respondents, 89 of them did not respond to the questionnaire due to various reasons, resulting in a response rate to 60.44%.

#### 4.3. Demographic Characteristics of the Respondents

In this section of the study, the demographic data of the respondents was analyzed and presented, focusing on their gender, age, educational qualifications, positions, and level of experience.

Table 4: Demographic profile of respondents

Gender of respondents					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	51	37.5	37.5	37.5
	Male	85	62.5	62.5	100.0
	<b>Total</b>	<b>136</b>	<b>100.0</b>	<b>100.0</b>	
Age of respondents					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	22-28	63	46.3	46.3	46.3
	29-36	57	41.9	41.9	88.2
	37-45	16	11.8	11.8	100.0
	<b>Total</b>	<b>136</b>	<b>100.0</b>	<b>100.0</b>	
Educational status of respondents					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	BA/BSC Degree	99	72.8	72.8	72.8
	MA/MSC	37	27.2	27.2	100.0
	<b>Total</b>	<b>136</b>	<b>100.0</b>	<b>100.0</b>	
Job category at the Bank					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Junior - officer	52	38.2	38.2	38.2
	senior banking officer	50	36.8	36.8	75.0
	Managerial level	34	25.0	25.0	100.0
	<b>Total</b>	<b>136</b>	<b>100.0</b>	<b>100.0</b>	
Length of service with the bank					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	6 month	4	2.9	2.9	2.9
	1 year	25	18.4	18.4	21.3
	1-2 years	47	34.6	34.6	55.9
	3-4 years	60	44.1	44.1	100.0
	<b>Total</b>	<b>136</b>	<b>100.0</b>	<b>100.0</b>	

Source: Own survey result, 2025

As shown in Table 4 above, among the respondents, 62.5% were male, and 37.5% were female, reflecting a greater proportion of male participants in the study. Out of a total of 136 valid responses, this translates to 85 male participants and 51 female participants.

The majority of participants are younger adults. The largest group, aged 22-28, makes up 46.3% of the respondents, while those aged 29-36 account for 41.9%. Only 11.8% of respondents fall into the 37-45 age range. Altogether, 88.2% of participants are under the age of 36, highlighting a strong focus on younger individuals.

Most participants (72.8%) have earned a BA/BSc degree, while a smaller portion (27.2%) hold an MA/MSc degree. Out of a total of 136 respondents, no other educational qualifications were recorded. This indicates that the group surveyed largely consists of individuals with higher education credentials, reflecting a notably high level of academic achievement among the participants.

The majority of respondents hold Junior-officer positions, accounting for 38.2% of the total participants. Senior banking officers make up 36.8%, while those in managerial roles represent 25.0%. With 136 respondents in total, the data reflects a well-distributed representation of various job levels within the company, offering valuable insights into its organizational structure and workforce composition.

Most employees at the company joined around the time the bank entered the industry. The largest group, making up 44.1%, has been with the company for 3-4 years. Another notable segment, 34.6%, has worked there for 1-2 years. Meanwhile, 18.4% have just one year of experience, and a smaller group, 2.9%, has been with the company for only six months. Altogether, over half of the employees (55.9%) have been with the company for two years or less, indicating a workforce that is largely in the early stages of their tenure.

#### **4.4. Descriptive Statistics**

In this study, descriptive analysis was utilized, employing percentage tables and various statistical tools such as mean and standard deviation. The scale used ranged from 1 to 5, with 1 representing strongly agree, 2 for agree, 3 for neutral, 4 for disagree, and 5 for strongly disagree.

#### 4.4.1. Awareness creation

Table 5: Awareness creation for organizational change effectiveness

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
I wasn't aware enough about the type of strategies tend to be implemented.	136	1.00	5.00	2.2647	.73268
I wasn't aware of the expected challenges when strategies are implemented	136	1.00	5.00	2.2511	.70169
I wasn't aware of personal and organization wide opportunities about the strategies tend to be implemented	136	1.00	5.00	2.3162	.77653
Employees were not ready to have awareness about the strategies	136	1.00	5.00	2.3750	.74969
Strategy formulators were ready enough to create awareness about the strategies (Rev)	136	1.00	5.00	3.6765	.71887
Valid N (listwise)	136				
<b>Aggregate</b>				<b>2.5767</b>	<b>0.744</b>

Source: Own survey result, 2025

As shown in Table 5 above, the aggregate mean across all items is 2.5767, with a standard deviation of 0.744. This shows that, on the whole, respondents had a moderate level of awareness about different aspects of organizational change strategies. The items that received the highest response rates were "I wasn't aware enough about the type of strategies tend to be implemented" and "I wasn't aware of the expected challenges when strategies are implemented," both with an average score of 2.2647 and 2.2511. This indicates that respondents lacked sufficient awareness of the specific strategies being implemented and the challenges tied to them.

#### 4.4.2. Reward

Table 6: Reward for organizational change effectiveness

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
I do not feel the work is appreciated	136	1.00	5.00	2.6176	1.22963
The benefits I receive are not enough as compared to the work load	136	1.00	5.00	2.3162	1.05902
I feel I am being paid a fair amount for the work I do (Rev)	136	1.00	5.00	3.7941	.93585
Those who perform well have no enough chances to get promotion from their current position	136	1.00	5.00	1.7500	.69655
I don't have enough chance to get promotion from the current position I am serving on	136	1.00	5.00	2.3015	.79181
Valid N (listwise)	136				
<b>Aggregate</b>				<b>2.55</b>	<b>0.98</b>

Source: Own survey result, 2025

As shown in Table 6 above, the aggregate mean of all items is 2.55, with a standard deviation of 0.98. This reflects that, on average, respondents are dissatisfied with the rewards and recognition tied to the organizational change effectiveness. The items that received the highest responses were "I do not feel the work is appreciated" and "The benefits I receive are not enough as compared to the workload," which had average scores of 2.62 and 2.32, respectively. While they somewhat agree they are paid a fair amount (Mean = 3.7941). These results suggest that many respondents felt their efforts were not adequately recognized and that their compensation did not align with the work they were doing.

### 4.4.3. Sanction

Table 7: Sanction for organizational change effectiveness

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Sanction simulate me to work hard and maintain discipline.	136	1.00	5.00	2.1985	.72847
The sanction system is improving and lesson giving to the employees at the bank	136	1.00	5.00	2.2279	.74998
Sanction policy that is proposed encourage me to take my actions responsibly	136	1.00	5.00	2.2574	.74033
Employee's performance enhance when measures taken immediately for inappropriate act of employees	136	1.00	5.00	2.4191	.67281
Some employees in our organization have been punished and some not	136	1.00	5.00	2.8162	.64638
Valid N (listwise)	136				
<b>Aggregate</b>				<b>2.4</b>	<b>0.72</b>

Source: Own survey result, 2025

As shown in Table 7 above, the aggregate mean across all the items is 2.4, with a standard deviation of 0.72. This means that, generally, respondents had a low view of how the sanction system affects organizational change effectiveness. The items with the highest response rates were "Some employees in our organization have been punished and some not" and "Employee's performance enhances when measures are taken immediately for inappropriate acts of employees," with averages of 2.82 and 2.42, respectively. This highlights that respondents felt fairness and consistency in applying sanctions is important, though some believed that employee attitudes cannot always be influenced by sanctions to drive effective organizational change.

#### 4.4.4. Training and Development

Table 8: Training and development for organizational change effectiveness

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
There is a proper evaluation program to assess how employees perceive the training. <b>(Rev)</b>	136	1.00	4.00	4.2206	.77642
The training programs about the strategies are not considering all levels of employees.	136	1.00	5.00	2.2574	.69917
The training and development programs are not applicable in the organization	136	1.00	5.00	2.2279	.82522
There are insufficient training sessions to acquire knowledge about the strategy.	136	1.00	5.00	2.2794	.91644
The importance of regular employee training is not recognized by those who formulate strategies	136	1.00	4.00	1.9706	.86016
Valid N (listwise)	136				
<b>Aggregate</b>				<b>2.6</b>	<b>0.815</b>

Source: Own survey result, 2025

As shown in Table 8 above, the aggregate mean across all items is 2.6, with a standard deviation of 0.815. This suggests that, on average, respondents had a slightly negative view of the organization's training and development programs and their effectiveness in supporting organizational change. The items with the highest response rates were "The training programs about the strategies are not considering all levels of employees" and "There are insufficient training sessions to acquire knowledge about the strategy," with average scores of 2.2574 and 2.2794, respectively. This indicates that respondents felt the training programs were not inclusive of

employees at all levels and that there were not enough sessions to properly prepare employees with the knowledge they need regarding the organization's strategy.

#### 4.4.5. Communication

Table 9: Communication for organizational change effectiveness

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
The strategy formulators discuss the value and beliefs towards the strategy.	136	1.00	5.00	2.3824	.76069
There is immediate and satisfactory feedback for the raised questions about the strategies.	136	1.00	4.00	2.6250	.87718
The communication hierarchy is organized to reach the employees and vise-versa.	136	1.00	5.00	2.6176	.73089
The strategy Formulators make clear what employees can expect to achieve goal.	136	1.00	5.00	2.3235	.78771
The employees and strategy formulators are willing and able to clearly communicate.	136	1.00	5.00	2.3015	.75346
Valid N (listwise)	136				
<b>Aggregate</b>				<b>2.45</b>	<b>0.8</b>

Source: Own survey result, 2025

As shown in Table 9 above, the aggregate mean across all the items is 2.45, with a standard deviation of 0.8. This indicates that on average, the respondents had a slightly positive perception towards the communication practices in the organization and their role in supporting the organizational change process. The highest response rates were for the items "There is immediate and satisfactory feedback for the raised questions about the strategies" and "The communication hierarchy is organized to reach the employees and vise-versa", with means of 2.6250 and 2.6176, respectively.

#### 4.4.6. Capacity

Table 10: Capacity for organizational change effectiveness

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
The employees fulfill the knowledge and qualification requirements to carry strategic plan.	136	1.00	4.00	2.1471	.57773
The top level managers are capable to provide the appropriate leadership to run the strategy.	136	1.00	5.00	2.4118	.71462
The overall financial, human power, and setup of the organization can lead the strategy implementation effectively.	136	1.00	4.00	2.1765	.61923
The organization set appropriate ways to build capacity towards the strategy implementation	136	1.00	5.00	2.2868	.72936
The employees are capable enough to face challenges in the strategy implication way.	136	1.00	5.00	2.2279	.70938
Valid N (listwise)	136				
<b>Aggregate</b>				<b>2.25</b>	<b>0.67</b>

Source: Own survey result, 2025

As shown in Table 10 above, the aggregate mean across all the items is 2.25, with a standard deviation of 0.67. This indicates that on average, the respondents perceive the organization's capacity for organizational change effectiveness to be relatively low. The highest response rates were for the items "The top level managers are capable of providing the appropriate leadership to run the strategy" (Mean = 2.4118) and "The organization sets appropriate ways to build capacity towards the strategy implementation" (Mean = 2.2868). The lowest mean item which is "The employees fulfill the knowledge and qualification requirements to carry strategic plan" (Mean =

2.1471), indicates a low perception that employees possess the necessary knowledge and qualifications for executing the strategic plan.

#### 4.4.7. Organizational change effectiveness

Table 11: Overcoming Change resistance for organizational change effectiveness

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Change is implemented in different phases(it's not implemented immediately)	136	1.00	5.00	2.1176	.63314
Top managers listen well to employees ideas and concerns	136	1.00	5.00	2.2279	.82522
Change is communicated well before implementation in our organization	136	1.00	5.00	2.2794	.91644
Managers have good relationship and do communicate with employees	136	1.00	5.00	2.2059	.71095
I am well aware about the value of change	136	1.00	4.00	1.7132	.72936
Valid N (listwise)	136				
<b>Aggregate</b>				<b>2.10</b>	<b>0.76</b>

Source: Own survey result, 2025

As shown in Table 11 above, the aggregate mean across all the items is 2.10, with a standard deviation of 0.76. The highest response rate was for the item "Change is communicated well before implementation in our organization", with a mean of 2.2794. This indicates that pre-implementation communication is the comparatively strongest area, though still perceived as only low effective. Conversely, "I am well aware about the value of change" received the lowest mean score of 1.7132, indicating a critical gap in employees' understanding of why changes are necessary or beneficial. Other areas, such as managers listening to ideas and maintaining good relationships, and the phased implementation of change, also scored low, highlighting systemic weaknesses in engagement and execution that contribute to change resistance.

## 4.5. Correlation analysis

In this study, Pearson correlation was employed to examine the relationship and significance between the variables.

Pearson Correlation is a statistical method used to compare the characteristics of two data objects to assess their similarity or correlation, assigning a score between -1 and +1. A value near zero indicates no relationship, while a high value suggests strong similarity. This method is parametric and relies on the mean of the objects, making it more effective with data that follows a normal distribution. (John Hauman et al., 2001)

### Correlation

Table 12: Pearson Correlation Table

Correlations								
		Awareness	Reward	Sanction	Training	Communication	Capacity	Effectiveness
Awareness	Pearson Correlation	1	.335**	.236**	.209*	.142	.294**	.318**
	Sig. (2-tailed)		.000	.006	.015	.100	.001	.000
	N	136	136	136	136	136	136	136
Reward	Pearson Correlation	.335**	1	.272**	.317*	.186*	.235**	.335**
	Sig. (2-tailed)	.000		.001	.000	.030	.006	.000
	N	136	136	136	136	136	136	136
Sanction	Pearson Correlation	.236**	.272**	1	.311*	.476**	.602**	.422**
	Sig. (2-tailed)	.006	.001		.000	.000	.000	.000
	N	136	136	136	136	136	136	136
Training	Pearson Correlation	.209*	.317**	.311**	1	.419**	.397**	.763**
	Sig. (2-tailed)	.015	.000	.000		.000	.000	.000
	N	136	136	136	136	136	136	136
Communication	Pearson Correlation	.142	.186*	.476**	.419*	1	.688**	.632**
	Sig. (2-tailed)	.100	.030	.000	.000		.000	.000
	N	136	136	136	136	136	136	136
Capacity	Pearson Correlation	.294**	.235**	.602**	.397*	.688**	1	.621**

	Sig. (2-tailed)	.001	.006	.000	.000	.000		.000
	N	136	136	136	136	136	136	136
Effectiveness	Pearson Correlation	.318**	.335**	.422**	.763*	.632**	.621**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	
	N	136	136	136	136	136	136	136
**. Correlation is significant at the 0.01 level (2-tailed).								
*. Correlation is significant at the 0.05 level (2-tailed).								

Source: Own survey result, 2025

As shown in Table 12 above, the Pearson correlation coefficient between Awareness and Effectiveness is 0.318, which is statistically significant at the 0.01 level (2-tailed). This indicates a strong positive correlation between awareness creation and the effectiveness of organizational change. This result agrees with the empirical review of (Abdulhaki M, Kenenisa L, Mekonin B 2024) and (TSION Tedbabau, 2022), which found that creating awareness influences the success of organizational change. The Pearson correlation coefficient between Reward and Effectiveness is 0.335, which is statistically significant at the 0.01 level (2-tailed). This suggests a moderately positive correlation between reward and the effectiveness of organizational change. This result also agrees with findings of (Dawit Udessa Gede., 2024).

The Pearson correlation coefficient between Sanction and Effectiveness is 0.422, which is statistically significant at the 0.01 level (2-tailed). This indicates a moderately positive correlation between sanction and the effectiveness of organizational change. The Pearson correlation coefficient between Training and Effectiveness is 0.763, which is statistically significant at the 0.01 level (2-tailed). This represents a strong positive correlation between training and development and the effectiveness of organizational change. This finding relates with the finding of empirical evidence from (Amanuel Worku Gizaw;)

The Pearson correlation coefficient between Communication and Effectiveness is 0.632, which is statistically significant at the 0.01 level (2-tailed). This suggests a strong positive correlation between communication and the effectiveness of organizational change. Finding relates also with the finding of empirical evidence from (Amanuel Worku Gizaw;) and (Muluneh & Gedifew, 2018; Engdaw, 2022; Mishra & Hassen, 2023;).

The Pearson correlation coefficient between Capacity and Effectiveness is 0.621, which is statistically significant at the 0.01 level (2-tailed). This indicates a strong positive correlation between capacity and the effectiveness of organizational change. Which relates with the empirical

evidence of (Samrawit T, Yilkal A, 2024). The results show that all the independent variables (awareness creation, reward, sanction, training and development, communication, and capacity) have statistically significant positive correlations with the dependent variable "Effectiveness of Organizational Change". The strongest correlations are with training and development, followed by awareness creation, communication, and capacity.

#### 4.6. Regression analysis

A statistical method for figuring out the relationship between a dependent variable and one or more independent variables is regression analysis. It is especially helpful when forecasting and making predictions. (Galton, F. 1885). In this study, regression analysis is applied to explore the relationship between the effectiveness of organizational change, which serves as the dependent variable, and various independent variables.

##### 4.6.1. Multi-Collinearity Test

In a regression model, multicollinearity occurs when two or more predictors have a high correlation with one another. Because there are an endless number of potential combinations of coefficients that would function equally well, it is impossible to obtain unique estimates of the regression coefficients when there is perfect collinearity between the predictors. Using the variance inflation factor (VIF) and tolerance statistic in the regression model's collinearity statistics to search a correlation matrix of all the predictor variables is one method of detecting multicollinearity (Field, 2009).

Table 13: Collinearity Diagnostic

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Awareness	.825	1.211
	Santion	.612	1.635
	Communication	.490	2.040
	Capacity	.406	2.460
	Training	.748	1.336
	Reward	.805	1.242
a. Dependent Variable: Effectiveness			

Source: Own survey result, 2025

### 4.6.2. Normality Test

Testing for a normal distribution of the dependant variable is a crucial premise in regression analysis. To ascertain whether the residuals are normally distributed, this assumption is applied. A symmetrical, bell-shaped curve with the highest frequency of scores in the middle and lower frequencies at the extremes is referred to as normal (Pallant & John, 2005). A normal distribution's bell shape can be accessed in two dimensions: its degree of peakiness or flatness (kurtosis) and its imbalance (skewness). Figure 5.1 in appendix B illustrates the symmetrical, bell-shaped curve of the change management implementation histogram, which has smaller frequencies at the extremities and the highest frequency of scores in the middle. Consequently, it shows that the normalcy assumption is satisfied.

### 4.6.3. Model summary

Table 14: Model summary Table

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.860 <sup>a</sup>	.740	.728	1.45278
a. Predictors: (Constant), Capacity, Reward, Training, Awareness, Sanction, Communication				

Source: Own survey result, 2025

As The multiple correlation coefficient (**R**), as displayed in Table 13 above, is .860, indicating a high positive correlation between the independent and dependent variables. The independent variables in the model account for 74% of the variation in the dependent variable (Effectiveness of Organizational Change), according to the coefficient of determination (**R Square**), which is .740. The R Square value is extremely close to the (**Adjusted R Square**) of .728. This implies that the independent variables can account for a sizable amount of the variance in the dependent variable and that the model fits the data well. The average difference between the dependent variable's actual and anticipated values is 1.45278, or the **standard error of the estimate**. Effectiveness of Organizational Change is the dependent variable, and the regression model shows that the independent variables—awareness creation, reward, sanction, training and development, communication, and capacity—have a strong positive correlation with it and can account for 74%

of its variation. This suggests that these organizational factors are important predictors of the effectiveness of organizational change initiatives.

#### 4.6.4. ANOVA Table

Table 15: Anova Table

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	775.473	6	129.245	61.238	.000 <sup>b</sup>
	Residual	272.262	129	2.111		
	Total	1047.735	135			
a. Dependent Variable: Effectiveness						
b. Predictors: (Constant), Capacity, Reward, Training, Awareness, Sanction, Communication						

Source: Own survey result, 2025

According to Field (2009), the ANOVA table indicates if the regression model and overall results in a statistically significant degree of outcome variable prediction. Additionally, the statistical test for the overall model fit in terms of the F ratio is provided by the ANOVA analysis. (Hair et al., 2010). As shown in Table 14 above, **the Sum of Square** for the regression model is 775.473, and the sum of squares for the residual (error) is 272.262.

**Degrees of Freedom (df):** The degrees of freedom for the regression model are 6, and the degrees of freedom for the residual are 129.

**Mean Square:** The mean square for the regression model is 129.245, and the mean square for the residual is 2.111. **The F-statistic** for the regression model is **61.238**, which is statistically significant at the 0.000 level. **The p-value (Sig.)** for the regression model is **0.000**, which is less than the commonly used significance level of 0.05.

The ANOVA results indicate that the overall regression model is statistically significant, meaning that the independent variables (Capacity, Reward, Training, Awareness, Sanction, and Communication) collectively have a significant effect on the dependent variable (Effectiveness). The F-statistic of 61.238 with a p-value of 0.000 suggests that the model is a good fit for the data and that the independent variables are able to explain a significant portion of the variation in the dependent variable.

#### 4.6.5. Regression Coefficients

Table 16: Regression Coefficients Table

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-5.656	1.036		-5.459	.000
	Awareness	.133	.066	.100	2.018	.046
	Sanction	-.031	.063	-.028	-.491	.625
	Communication	.231	.059	.249	3.888	.000
	Capacity	.236	.079	.209	2.972	.004
	Training	.679	.064	.550	10.610	.000
	Reward	.045	.057	.039	.788	.432

a. Dependent Variable: Effectiveness

Source: Own survey result, 2025

As shown in Table 15 above presents the results of the regression analysis, including the unstandardized and standardized coefficients, t-statistics, and significance levels for the independent variables.

The **(constant) term is -5.656**, which represents the predicted value of the dependent variable when all the independent variables are zero. The unstandardized coefficient for Awareness is 0.220, indicating that a one-unit increase in **Awareness is associated with a 0.133** increase in Effectiveness, holding all other variables constant. The unstandardized coefficient for **Training is 0.679**, suggesting that a one-unit increase in Training is associated with a 0.679 increase in Effectiveness, holding all other variables constant. The unstandardized coefficient for **Communication is 0.231**, indicating that a one-unit increase in Communication is associated with a 0.231 increase in Effectiveness, holding all other variables constant. The unstandardized coefficient for **Capacity is 0.236**, suggesting that a one-unit increase in Capacity is associated with a 0.236 increase in Effectiveness, holding all other variables constant. All the independent variables, **except for Sanction and reward**, have p-values (Sig.) less than the commonly used significance level of 0.05, suggesting that they are statistically significant predictors of Effectiveness. While sanction and reward were found statistically insignificant variables.

## 4.7. Hypothesis Testing

**H1: Awareness creation significantly and positively affects the effectiveness of organizational change in the case of Zamzam Bank S.C.**

Awareness creation positively and significantly predict the effectiveness of organizational change (B-value 0.133,  $p < 0.05$ ). Therefore, the hypothesis is accepted.

**H2: Rewards significantly and positively affect the effectiveness of organizational change in the case of Zamzam Bank S.C.**

Rewards insignificantly predict the effectiveness of organizational change (B-value 0.045,  $p < 0.05$ ). Therefore, the hypothesis is not accepted.

**H3: Sanctions significantly and positively affect the effectiveness of organizational change in the case of Zamzam Bank S.C.**

Sanctions insignificantly predict the effectiveness of organizational change (B-value -0.031,  $p > 0.05$ ). Therefore, the hypothesis is not accepted.

**H4: Training and development significantly and positively affect the effectiveness of organizational change in the case of Zamzam Bank S.C.**

Training and development positively and significantly predict the effectiveness of organizational change (B-value 0.679,  $p < 0.05$ ). Therefore, the hypothesis is accepted.

**H5: Communication significantly and positively affects the effectiveness of organizational change in the case of Zamzam Bank S.C.**

Communication positively and significantly predict the effectiveness of organizational change (B-value 0.231,  $p < 0.05$ ). Therefore, the hypothesis is accepted.

**H6: Capacity significantly and positively affects the effectiveness of organizational change in the case of Zamzam Bank S.C.**

Capacity positively and significantly predict the effectiveness of organizational change (B-value 0.236,  $p < 0.05$ ). Therefore, the hypothesis is accepted.

*Table 17: Summary of hypothesis testing*

<b>Hypothesis</b>	<b>Hypothesis statement</b>	<b>Decision</b>
<b>HO1</b>	Awareness creation has a significantly positive impact on the effectiveness of organizational change, as seen in the case of Zamzam Bank S.C.	Accepted
<b>HO2</b>	Rewards have a significant and positive impact on the effectiveness of organizational change, as seen in the case of Zamzam Bank S.C.	Not Accepted
<b>HO3</b>	Sanctions significantly and positively affect the effectiveness of organizational change in the case of Zamzam Bank S.C.	Not Accepted
<b>HO4</b>	Training and development have a significant and positive impact on the effectiveness of organizational change, as seen in the case of Zamzam Bank S.C.	Accepted
<b>HO5</b>	Communication has a significant and positive impact on the effectiveness of organizational change in the case of Zamzam Bank S.C.	Accepted
<b>HO6</b>	Capacity has a significant and positive impact on the effectiveness of organizational change in the case of Zamzam Bank S.C.	Accepted

*Source: Own survey result, 2025*

## CHAPTER FIVE

### 5. SUMMARY, CONCLUSIONS and RECOMMENDATIONS

#### 5.1. Introduction

One of the study's objectives is to provide suggestions for addressing resistance to organizational change. This section of the thesis presents the researcher's recommendations grounded in the study's findings and concludes the discussion by summarizing the key insights gained from the research.

#### 5.2. Summary of findings

The demographic analysis of respondents revealed a notable gender disparity, with 62.5% of respondents being male and 37.5% female. The age distribution showed a predominance of younger employees, with 46.3% aged 22-28 and 41.9% aged 29-36, indicating a workforce that is largely composed of young adults. Educational qualifications were high, as 72.8% of participants held a BA/BSc degree, while 27.2% possessed an MA/MSc degree, reflecting a well-educated employee base. In terms of job positions, the majority of respondents were junior officers (38.2%), followed closely by senior banking officers (36.8%) and those in managerial roles (25.0%). Additionally, a significant portion of the workforce had been with the bank for 3-4 years (44.1%), suggesting a relatively stable employee tenure within the organization.

The descriptive analysis of the variables related to organizational change effectiveness highlighted several key insights related to the research questions and objectives:

**Awareness creation (research question I and objective I):** Awareness among employees regarding the strategies for organizational change was moderate, with an aggregate mean score of approximately 2.57. This indicates that while employees recognize the existence of strategies, there is a clear need for enhanced communication and education about the specific strategies being implemented and the challenges associated with them. This result agrees with the empirical review of (Abdulhaki M, Kenenisa L, Mekonin B 2024) and (Tsion Tedbabau, 2022)

**Training and Development (Research Question IV & Objective IV):** Training emerged as a critical factor, with an aggregate mean of 2.6, reflecting concerns about the adequacy and inclusivity of training programs. Respondents expressed dissatisfaction with the current training

offerings, suggesting that they do not adequately prepare employees for the changes ahead. Furthermore, the analysis of communication practices revealed a slightly positive perception, with an aggregate mean of 2.45. While there are mechanisms for feedback in place, the results indicate that improvements are necessary to ensure clarity and effectiveness in communication regarding organizational changes, related to **(Research Question V & Objective V)**. The findings also relate to the empirical evidence presented by Amanuel Worku Gizaw (2018) and Muluneh & Gedifew (2018), as well as Engdaw (2022) and Mishra & Hassen (2023).

And **employee capacity (research question VI & Objective VI)** presented a positive relationship with the effectiveness of organizational change. With a regression coefficient of 0.209. Implying that it plays a significant role in shaping the success of change initiatives. The result relates to the empirical evidence of *(Samrawit T, Yilkal A, 2024)*.

### 5.3. Conclusion

The study aimed to assess the factors determining the effectiveness of organizational change at Zamzam Bank S.C. highlights several critical insights into the dynamics of change management within a newly established financial institution. The findings indicate that employee awareness, training, communication, and organizational capacity play significant roles in shaping the success of change initiatives. Notably, the study revealed a low level of awareness among employees regarding the strategies for organizational change, underscoring the need for improved communication and education to foster a more informed workforce. Additionally, the effectiveness of training programs was identified as a crucial factor, with respondents expressing concerns about the adequacy and inclusivity of current offerings. This suggests that enhancing training initiatives could significantly prepare employees to adapt to changes and contribute positively to the bank's strategic objectives.

Moreover, the research emphasizes the importance of a supportive organizational culture that promotes engagement and reduces resistance to change. The negative correlation between sanctions and organizational change effectiveness points to the need for a more constructive approach to employee management. By focusing on positive reinforcement and recognition, Zamzam Bank can cultivate a more adaptable environment that encourages employee participation in change initiatives. Ultimately, the study serves as a foundation for future research and practice,

offering actionable insights that can guide the bank in navigating its organizational transformations while aligning with its vision of becoming a leading Sharia-compliant bank in Africa by 2030.

#### **5.4. Recommendation**

Based on the findings of the study, to enhance the effectiveness of organizational change, at Zamzam Bank S.C., the following recommendations have been made to enhance the effectiveness of organizational change:

- I. How does creating awareness influence the success of organizational change? (related to Research Question I & Objective I):
  - The aggregate mean across all items is 2.5767, with a standard deviation of 0.744. This shows that, on the whole, respondents had a moderate level of awareness about different aspects of organizational change strategies, and also found a positive impact on the regression value, therefore it is crucial to improve awareness among employees by implementing comprehensive communication strategies that clearly outline the specific changes, their rationale, and the expected outcomes. Regular informational sessions and workshops can foster a better understanding of the organizational strategies and help employees feel more involved in the change process.
- II. In what ways does training and development contribute to the effectiveness of organizational change? (Related to Research Question IV & Objective IV):
  - In terms of training, the aggregate mean across all items is 2.6, with a standard deviation of 0.815. This suggests that, on average, respondents had a slightly negative view of the organization's training and development programs and their effectiveness in supporting organizational change. And found a positive and high impact. Therefore, it is recommended that the bank develop more inclusive and targeted training programs that cater to all employee levels. These programs should focus on equipping employees with the necessary skills and knowledge to adapt to changes effectively. Additionally, increasing the frequency and scope of training sessions can help ensure that employees feel prepared and supported throughout the transition.
- III. How does effective communication affect the implementation of organizational change? (Related to Research Question V & Objective V):

- The aggregate mean for communication is 2.45, which implies on average, the respondents had a moderate perception towards the communication practice and found that positive impact on regression analysis. Therefore, establishing a more structured feedback mechanism can enhance employee engagement. Encouraging open dialogue between management and staff will create a culture of transparency and trust, which is essential for successful change management.
- IV. To what extent does employee capacity influence the success of organizational change?
- Addressed through recommendations on awareness and training, which build employee capacity.

## **5.5. Research Limitations and Areas of Further Research**

### **5.5.1. Limitation of the study**

The study faced several limitations that impacted its scope and findings. Firstly, the research was confined to the head office and branches located in Addis Ababa, primarily due to constraints related to time and budget. This geographical limitation may restrict the generalizability of the findings to other branches or regions. Consequently, the findings may not fully represent the views of all employees within the organization.

### **5.5.2. Suggestion for future research**

Future research should explore external factors influencing organizational change effectiveness in the banking sector, particularly given the highly regulated and technology-driven environment. Investigating how external pressures, such as regulatory changes and customer expectations, impact change management strategies would provide a more comprehensive understanding of the role they play. Additionally, future studies could examine the role of leadership styles in facilitating or hindering organizational change, as well as the impact of employee engagement initiatives on change acceptance. Expanding the research to include a broader demographic and geographical scope could also yield more generalizable insights applicable to the wider banking industry.

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## ANNEX

### QUESTIONNAIRE

**A questionnaire structured to gather data for study on factors determining the effectiveness of organizational change (in case of Zamzam Bank S.C)**

**Dear Respondent,**

Thank you for taking the time to participate in this important questionnaire. We are conducting a study aimed at understanding how to effectively overcome employee resistance towards organizational change, specifically within ZamZam Bank of S.C. Your insights and experiences are invaluable to this research.

We want to assure you that your responses will be kept strictly confidential and will only be used for academic and research purposes. Your honesty is crucial, and we encourage you to share your thoughts openly.

**Thank you for your contribution to this significant initiative.**

#### Key

SA=(Strongly agree), A=(Agree), N=(Neutral), D=(Disagree), SD=(Strongly disagree)

#### PART 1 Demographic profile of the respondents

Please put (✓) mark in the given box to give your answers for the provided questions.

1. **Gender:** Female  Male
2. **Age:** 22-28  29-36  37-45  46 and above
3. **Educational status:**  
Diploma  BA/BSC Degree  MA/MSc  PHD Degree
4. **Job category at the bank:**  
Junior - officer  senior banking officer  Managerial level
5. **Length of service with the bank**  
6 month  1 year  1-2 years  2-4 years

## Part 2 Awareness creation questionnaire

NO	Please put ✓ mark in the given box to give your answers for the provided questions.	SA	A	N	D	SD
1	I wasn't aware enough about the type of strategies tend to be implemented.					
2	I wasn't aware of the expected challenges when strategies are implemented					
3	I wasn't aware of personal and organization wide opportunities about the strategies tend to be implemented					
4	Employees were not ready to have awareness about the strategies					
5	Strategy formulators were ready enough to create awareness about the strategies					

## Part 3 Reward questionnaire

NO	Please put ✓ mark in the given box to give your answers for the provided questions.	SA	A	N	D	SD
1	I do not feel the work is appreciated					
2	The benefits I receive are not enough as compared to the work load					
3	I feel I am being paid a fair amount for the work I do					
4	Those who perform well have no enough chances to get promotion from their current position					
5	I don't have enough chance to get promotion from the current position I am serving on					

#### Part 4 sanction questionnaire

NO	Please put ✓ mark in the given box to give your answers for the provided questions.	SA	A	N	D	SD
1	Sanction simulate me to work hard and maintain discipline.					
2	The sanction system is improving and lesson giving to the employees at the bank					
3	Sanction policy that is proposed encourage me to take my actions responsibly					
4	Employee's performance enhance when measures taken immediately for inappropriate act of employees					
5	Some employees in our organization have been punished and some not					

#### Part 5 Training and development questionnaire

NO	Please put ✓ mark in the given box to give your answers for the provided questions.	SA	A	M	D	SD
1	There is a proper evaluation program to assess how employees perceive the training.					
2	The training programs about the strategies are not considering all levels of employees.					
3	The training and development programs are not applicable in the organization					
4	There are insufficient training sessions to acquire knowledge about the strategy.					
5	The importance of regular employee training is recognized by those who formulate strategies					

### Part 6 communication questionnaire

NO	Please put ✓ mark in the given box to give your answers for the provided questions.	SA	A	N	D	SD
1	The strategy formulators discuss the value and beliefs towards the strategy.					
2	There is immediate and satisfactory feedback for the raised questions about the strategies.					
3	The communication hierarchy is organized to reach the employees and vice-versa.					
4	The strategy Formulators make clear what employees can expect to achieve goal.					
5	The employees and strategy formulators are willing and able to clearly communicate.					

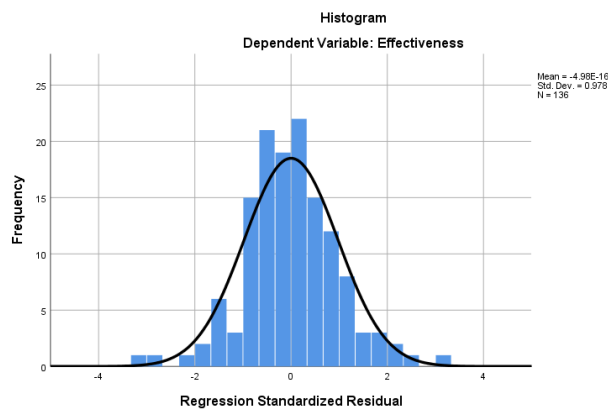
### Part 7 Capacity questionnaire

NO	Please put ✓ mark in the given box to give your answers for the provided questions.	SA	A	N	D	SD
1	The employees fulfill the knowledge and qualification requirements to carry strategic plan.					
2	The top-level managers are capable to provide the appropriate leadership to run the strategy.					
3	The overall financial, human power, and setup of the organization can lead the strategy implementation effectively.					
4	The organization set appropriate ways to build capacity towards the strategy implementation					
5	The employees are capable enough to face challenges in the strategy implication way.					

## Part 8 Organizational change effectiveness questionnaire

NO	Please put ✓ mark in the given box to give your answers for the provided questions.	SA	A	N	D	SD
1	Change is implemented in different phases(it's not implemented immediately)					
2	Top managers listen well to employees ideas and concerns					
3	Change is communicated well before implementation in our organization					
4	Managers have a good relationship and do communicate with employees					
5	I am well aware about the value of change					

Figure 5: Histogram for organizational change effectiveness



Source: own survey result

Figure 6: Normal Q-Q plot of organizational change effectiveness



Source: own survey result