



SEEK WISDOM, ELEVATE YOUR INTELLECT AND SERVE HUMANITY!



Addis Ababa University

College of Business and Economics

School of Commerce

Graduate Program

**The Role of Leadership Styles for Organizational Change Management Readiness in Abay
Bank S.Co.**

A project Submitted in Partial Fulfillment of the Requirements of the Degree of Master of Arts
(M.A. in Business Leadership) to the School of Commerce, Addis Ababa University

By: Haregewoin Nega Mulugeta

Advisor: Abraraw Chane Workineh (PhD)

June, 2023

Addis Ababa, Ethiopia

Addis Ababa University

College of Business and Economics

School of Commerce

Graduate Program

**The Role of Leadership Styles for Organizational Change Management Readiness in Abay
Bank S.Co.**

A project Submitted in Partial Fulfillment of the Requirements of the Degree of Master of Arts
(M.A. in Business Leadership) to the School of Commerce, Addis Ababa University

Approved by Board of Examiners

Abraraw Chane Workineh (PhD)

Advisor's Name

Signature and Date

Teklegiorgis Assefa (PhD)

Internal examiner's Name

Signature and Date

Demis Merid (PhD)

External examiner's Name

Signature and Date

Declaration

I, **Haregewoin Nega Mulugeta**, hereby declare that this project is my original work and has not been submitted for a degree in any other academic and research institution. And all sources used in this thesis have been duly acknowledged and cited.

Name: Haregewoin Nega Mulugeta

Signature: _____

Date: _____

Confirmation

This project has been done by Haregewoin Nega Mulugeta under my supervision and submitted for examination with my approval as an advisor.

Advisor: Abraraw Chane Workineh (PhD)

Signature: _____

Date: _____

Acknowledgement

I would like to thank Abraraw Chane Workineh (PhD), who advised me starting from the beginning to the end of this project. His comments helped me in all the time of research and writing of this thesis. Further, I would like to thank all of you who support me throughout writing this research paper.

List of Tables

Table 1	Demographic variables
Table 2	Variance Inflation Factor (VIF)
Table 3	Autocorrelation
Table 4	Correlation between transformational leadership styles and change readiness
Table 5	Transactional leadership style and organizational change readiness
Table 6	The comparison between administrative bodies and subordinate's responses
Table 7	Statistical Summary of Regression Analysis Result

Acronyms

ADKAR	Awareness, Desire, Knowledge Ability and Reinforcement.
CA-OCMIQ	California Organizational Change Management Questionnaire
LFL	Leader-Follower Outcomes.
MLQ	Multi-factor Leadership Questionnaire
OLS	Ordinary Least Squares Regression Model.
SPSS	Statistical Package for The Social Sciences.
TFL	Transformational Leadership.
TRL	Transactional Leadership.
VIF	Variance Inflation Factors.
S.Co.	Share Company

Table of contents

Declaration	i
Confirmation	i
Acknowledgement	ii
List of Tables	iii
Acronyms	iv
Table of contents	v
Abstract	vii
CHAPTER ONE	1
INTRODUCTION	1
1.1. Background of the study	1
1.2. Statement of the problem	3
1.3. Research questions and hypothesis	5
1.4. Research objectives	5
1.4.1. General objective	5
1.4.2. Specific objectives	5
1.5. Significance of the research	6
1.6. Scope of the research	6
1.7. Limitation of the research	6
CHAPTER TWO	7
LITERATURE REVIEW	7
2.1. The concept of Leadership	7
2.2. Leadership Styles	8
2.3. The concept of change management	10
2.4. The importance of change management	11
2.5. Change management theories	12
2.6. Factors affecting change management readiness	16
2.7. Conceptual Framework of the study	17
2.8. Empirical evidences	17
CHAPTER THREE	19

RESEARCH DESIGN AND METHODOLOGY	19
3.1. Research Design.....	19
3.2. Research Method	19
3.3. Data Sources	19
3.4. Study Settings	20
3.5. Population and Sampling Techniques.....	20
3.6. Modified Multi-factor Leadership Questionnaire (MLQ)	21
3.7. California Organizational Change Management Questionnaire (CA-OCMQ)	22
3.8. Data analysis procedure	23
3.9. Data analysis techniques	24
3.10. Ethical considerations	25
CHAPTER FOUR.....	26
PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA	26
4.1. Demographic characteristics	26
4.2. Preliminary data test	28
4.3. The relationship between transformational leadership style and organizational change readiness in Abay bank	31
4.4. The Relationship Between Transactional Leadership Style and Organizational Change Readiness in Abay Bank	33
4.5. The comparison between administrative bodies and subordinates' responses	35
4.6. Regression Analysis.....	36
CHAPTER FIVE	39
SUMMARY, CONCLUSION AND RECOMMENDATION	39
5.1. Summary	39
5.2. Conclusion	40
5.3. Recommendation	41
References.....	42
Appendices.....	49

Abstract

The purpose of this study was to look at the relationship between leadership styles and how prepared Addis Ababa's Abay Bank S.Co. branches were for organizational change. The dependent variable in the study was change preparedness, and the two independent variables were transformational and transactional leadership styles. The study's aims were addressed via two research questions. The link between the variables was examined using a quantitative and explanatory method. The California Organizational Change Management Questionnaire and the Multi-factor Leadership Questionnaire, which come in two formats (leader form and rater form), were utilized to collect the data. 128 non-administrative personnel and 48 administrative bodies participated in the study. From the questionnaires that were issued, 40 (83%) administrative bodies and 118 (92.1%) employees provided valid responses. Frequency, percentage, Pearson correlation, and multiple regression analysis were the main statistical methods utilized, along with descriptive and inferential statistics. The findings showed that, compared to transactional leadership styles, transformational leadership styles showed a better correlation with organizational change preparedness. Additionally, a sizable amount of the variation in organizational change was strongly predicted by both transactional and transformational leadership styles. They explained 46% of the variation in organizational change preparedness when taken as a whole. According to the results, it is advised that the entire workforce be subjected to customized leadership development initiatives, and that effective training and follow-up plans be developed in partnership with stakeholders.

Key words: Transformational leadership style, transactional leadership style and change readiness.

CHAPTER ONE

INTRODUCTION

1.1. Background of the study

Abay Bank S. Co. was established in 2010, and it is a commercial bank based in Ethiopia that derives its name from the country's longest river, the Abay River. Its primary objective is to provide dependable banking services while contributing to the economic growth of Ethiopia. The bank's ultimate goal is to become Ethiopia's leading bank by delivering exceptional banking services, improving its technology infrastructure, expanding its branch network, and increasing its customer base. The bank has values such as integrity, professionalism, customer-centricity, teamwork, and innovation, which it considers vital for promoting strong customer and employee relationships while promoting excellence (Abay Bank S.Co., 2023). Abay Bank S.Co. prioritizes a participatory and collaborative leadership approach, valuing the empowerment of its employees and encouraging a sense of ownership in their work. The bank's leadership style incorporates the concept of servant leadership, wherein leaders strive to serve their employees and customers by offering them the necessary support and resources for success. The bank has implemented various organizational changes in recent times to enhance its operations and meet the changing requirements of its customers. The bank has notably introduced new technologies like online banking and mobile banking to make banking more accessible and convenient for its customers (Abay Bank S.Co., 2023). Abay Bank S.Co. has made significant investments in upgrading its technology infrastructure and providing comprehensive training and development opportunities for its employees. Furthermore, the bank has restructured its operations to better align with its strategic objectives, particularly in enhancing customer service and operational efficiency.

At different management levels, the bank employs a variety of leadership philosophies, including transformational, transactional, and servant leadership. While transactional leadership focuses on attaining specific goals through incentives and punishments, transformational leadership inspires and encourages employees towards a common vision. Serving others and assisting in their growth and development are key components of servant leadership. Leaders at Abay Bank S.Co. must be

able to modify their leadership style in accordance with the needs of the business and the specific circumstances of the change.

The bank's leadership philosophy emphasizes the importance of effective leadership for its success. It values visionary, ethical, collaborative, and results-driven leadership that inspires and motivates employees while providing clear direction and accountability. The bank promotes three leadership styles—transformational, servant, and situational leadership that align with its philosophy and help manage the challenges it faces (Abay Bank S.Co., 2023).

Employee involvement during organizational change at Abay Bank S.Co. may be significantly impacted by various leadership philosophies. The needs of the organization and the specific circumstances of the transformation may have an impact on a particular leadership style's efficacy. Employee involvement during organizational change at Abay Bank S.Co. may be significantly impacted by various leadership philosophies. The needs of the organization and the specific circumstances of the transformation may have an impact on a particular leadership style's efficacy.

Employee engagement during organizational transition can be positively impacted by transformational leadership. Transformational leaders are able to motivate and inspire their team members by sharing their vision for the future. They also emphasize employee empowerment and development, which can foster a sense of pride in and dedication to the transformation process. During organizational transition, this strategy may help boost employee buy-in and engagement (Huang and Huang, 2020).

Transactional leadership can also impact employee engagement during organizational change, but it may not be as effective as transformational leadership. Transactional leaders put a premium on attaining specified objectives and may incentivize staff members through incentives and penalties. Although this strategy may be successful in the near term, transformational leadership may promote greater long-term involvement and commitment to the change process (Li, Zhu, & Liu, 2019).

Servant leadership is another leadership style that can positively impact employee engagement during organizational change. Servant leaders focus on serving others and facilitating their growth and development, which can create a culture of collaboration and empowerment. This strategy

helps foster a sense of ownership and commitment among employees towards the transformation process. It can also help enhance employee engagement. Chen, Wu, and Tsai (2021)

Abay Bank S.Co. recognizes the importance of stakeholder management during organizational change and employs various strategies, including effective communication, engagement, and collaboration with stakeholders. Leadership styles also play a crucial role, with transformational and servant leadership being effective in engaging and building trust, while transactional leadership may not foster the same level of collaboration as Biruk *et al.*, (2020).

Abay Bank S.Co. recognizes that leaders need specific skills and competencies for effective change management. They must possess visionary leadership, communication skills, strategic thinking, emotional intelligence, and adaptability to navigate the complexities of the change process.

The success of organizational change depends on how it is implemented, even with good change management practices (Nordin et al., 2018). The effectiveness of change implementation at Abay Bank S.Co. and the effects of leadership styles on the change process need to be examined in this study.

1.2. Statement of the problem

Knowing how various leadership styles affect change management can assist organizations in selecting the most appropriate style for their particular change initiative (Al-Haddad & Kotnour, 2015). This approach can aid leaders in building trust, promoting collaboration, and promoting a positive organizational culture, resulting in a smoother and more successful change management process.

Organizational change initiatives require effective leadership, and successful implementation depends on various factors, including leadership style. According to Abiola and Adebayo's recent study (2022), in the banking sector, transformational leadership, effective communication, and employee participation are crucial for the success of change initiatives. Hence, leaders in the banking sector should adapt their leadership style and implement effective communication strategies to position their organization for sustained success.

Leaders often face challenges and barriers when implementing change management strategies in Ethiopia's banking sector. According to a study by Girma and Dagne (2017), employees in the banking sector in Ethiopia may resist change because they fear job loss, a lack of job security, or uncertainty about the future of the organization. Another challenge noted by Gebrehiwot et al. (2017) was a lack of communication between different levels of the organization, including management, employees, and external stakeholders. According to Adera (2017), banks in Ethiopia may face challenges in finding and retaining qualified employees with the necessary skills to implement change effectively. Lastly, effective communication is essential during change management, and leaders should ensure they are using adequate communication channels and that employees understand the message being conveyed (Cameron & Green, 2015). All the challenges listed above underscore the need for leadership styles to effectively implement change in the banking sector in Ethiopia.

Several studies have been conducted to solve the challenges of implementing change management strategies. A recent study by Woldemichael and Gebre (2021) investigated the role of organizational culture in employee resistance to change in Ethiopian banks. The study found that organizational culture; including values, norms, and beliefs, can significantly influence employee attitudes and perceptions towards change. Another study by Teka and Berhanu (2021) explored the competencies required for change management implementation in the Ethiopian banking sector.

The choice of leadership style, whether transformational or transactional, for facilitating change readiness in the banking sector depends on various factors and the specific context. However, research suggests that transformational leadership is generally more suitable for driving change in the banking sector. Transformational leaders inspire and motivate followers, foster a shared vision, and encourage innovation and adaptability. On the other hand, transactional leadership, which focuses on setting clear expectations and providing rewards based on performance, may have some benefits in the banking sector but may not effectively promote the proactive and innovative mindset necessary for change readiness. Transactional leadership tends to operate within existing structures and processes, which may not be sufficient for driving transformative change (Vidyarthi *et al.*, 2014). It's worth noting that there is limited research specifically examining the role of leadership styles in change management in the banking sector in Ethiopia. However, developing

communication, leadership, problem-solving, and teamwork competencies have been identified as supportive factors for effective change management implementation in general.

1.3. Research questions and hypothesis

Research questions:

1. Is there significant relationship between transformational leadership style and organizational change readiness in Abay Bank S.Co.?
2. Is there significant relationship between transformational leadership style and organizational change readiness in Abay Bank S.Co.?

Hypothesis:

- Transformational leadership positively impacts change management in in abay bank by inspiring employees to embrace change and pursue new goals (Huang *et al.*, 2020).
- Transactional leadership has a limited positive impact on change management in abay bank as it primarily focuses on maintaining the status quo and enforcing compliance with established procedures. (Zhao *et al.*, 2020)

1.4. Research objectives

1.4.1. General objective

The general objective of the study is to identify and analyze the different leadership styles that are most effective in organizational change management readiness.

1.4.2. Specific objectives

- To examine the role of transformational leadership on change management readiness in Abay bank.
- To examine the role of transactional leadership on change management readiness in Abay bank.

1.5. Significance of the research

The study explores the relationship between leadership styles and change management in a specific organization, Abay Bank. Change management is an essential aspect of organizational development, and effective leadership is crucial for successful change implementation. Therefore, the study can provide insights into how leadership styles can influence change management outcomes at Abay Bank and potentially inform leadership practices in other organizations.

1.6. Scope of the research

The study's population may include employees and managers of Abay Bank who have been involved in change initiatives in the past few years. The study may focus on change initiatives that occurred within a specific time frame, such as the past three to five years. This can help ensure that the data collected is relevant and recent.

1.7. Limitation of the research

The study may be impacted by uncontrolled variables that could influence the relationship between leadership styles and change management readiness at Abay Bank.

Limitations in this study have been identified:

1. Another limitation of this study is the small sample size, but the researchers ensured that most of the employees in the bank under study participated, thereby capturing their views on the subject matter.
2. The cross-sectional research design utilized in this study also served as a limitation. However, the study was able to measure both the independent and dependent variables at approximately the same time without manipulating variables.

CHAPTER TWO

LITERATURE REVIEW

2.1. The concept of Leadership

Scholars define leadership in many different ways. According to Northouse (2021), leadership is "a process whereby an individual influences a group of individuals to achieve a common goal". This definition emphasizes the relational component of leadership and places a strong emphasis on the leader's capacity to influence and inspire followers to work toward a common goal. Avolio and Walumbwa (2020) emphasize that leadership involves "a process of social influence through which an individual identifies and mobilizes the support of others to achieve a common task". They emphasize the importance of social influence and the leader's ability to rally others around a shared mission or task. Dinh *et al.*, (2020) propose a thorough explanation of leadership, stating that it is "a process of influencing group members to achieve goals, wherein leaders maximize their influence by selecting and enacting specific leadership behaviors and utilizing relevant leader traits in a particular organizational context". This definition encompasses both the leader's behaviors and traits, as well as the contextual factors that shape leadership effectiveness. Brown and Taylor (2020) highlight the adaptive nature of leadership, stating that it involves "the capacity to dynamically adapt and respond to contextual demands, taking into account the unique needs and preferences of followers". This definition recognizes the importance of flexibility and responsiveness in leadership, particularly in complex and changing environments. Day and Antonakis (2021) propose that leadership is "an influencing process that encompasses the initiation, direction, coordination, and evaluation of collective efforts to achieve shared goals". This definition emphasizes the leader's role in initiating and coordinating group efforts, as well as evaluating progress towards common objectives.

Engaging individuals play a crucial role in leadership styles for organizational change management readiness. Engaged employees are more likely to actively participate in change initiatives, provide valuable input, and support the implementation of new practices (Rafferty & Griffin, 2020). Their enthusiasm and commitment significantly contribute to the success of organizational change efforts. Engaged individuals exhibit greater resilience when faced with organizational change.

They are willing to adapt, learn new skills, and embrace challenges, which helps organizations navigate uncertainty and increases change management readiness (Dvir *et al.*, 2018). Enrolled employees tend to have positive attitudes towards change, as they feel a sense of ownership and commitment to their work and the organization. This positive mindset fosters change readiness and creates a supportive environment for successful transformation (Saks, 2020). Individuals actively participate in communication and collaboration efforts during change processes. They engage in open and constructive dialogue, share information, and collaborate with colleagues, facilitating effective change communication and knowledge sharing (Hartnell *et al.*, 2016). Engaged employees can serve as change champions, advocating for and influencing their peers to embrace change. Their positive influence fosters a culture of change readiness and acceptance within the organization (Li *et al.*, 2017).

2.2. Leadership Styles

2.2.1. Transformational Leadership

Transformational leadership involves leaders who inspire and motivate their followers to achieve higher levels of performance. These leaders encourage innovation, foster a shared vision, and promote personal growth among their followers. They often exhibit charisma, enthusiasm, and a strong sense of purpose. Transformational leaders focus on long-term goals and encourage their team members to embrace change. They also provide individualized support and mentorship. This style has been shown to have positive effects on employee satisfaction, commitment, and performance (Judge & Piccolo, 2004).

2.2.2. Transactional Leadership

Transactional leadership emphasizes the exchange relationship between leaders and followers. Leaders who adopt a transactional style set clear expectations, establish rewards and punishments, and monitor performance closely. They focus on achieving specific targets and ensure that employees meet their responsibilities. Transactional leaders provide feedback, recognize achievements, and enforce performance standards through contingent rewards or corrective actions. While this leadership style can be effective in maintaining order and achieving short-term goals, it may not encourage innovation or employee development in the long run (Judge *et al.*, 2004).

2.2.3. Servant Leadership

Servant leadership emphasizes the leader's commitment to serving their followers and the community. These leaders prioritize the needs of their team members and aim to support their growth and well-being. They exhibit humility, empathy, and a focus on ethical decision-making. Servant leaders actively listen to their followers, empower them, and foster a collaborative environment. By prioritizing the development and success of others, servant leaders aim to achieve organizational goals. This approach has been associated with increased follower satisfaction, trust, and organizational citizenship behavior (Liden *et al.*, 2008).

2.2.4. Charismatic Leadership

Charismatic leadership is characterized by leaders who possess strong personalities, charm, and the ability to inspire and influence others. These leaders often have a compelling vision, communicate effectively, and exhibit high levels of self-confidence. Charismatic leaders are persuasive and can motivate their followers to achieve extraordinary goals. However, the success of this leadership style heavily relies on the leader's personality and can be associated with potential risks, such as over-dependence on the leader and the potential for abuse of power (Conger & Kanungo, 1998).

2.2.5. Laissez-faire Leadership

Laissez-faire leadership is a style where executives give little direction and let staff members take charge of their own responsibilities and make judgments. When working with highly competent and motivated individuals that require less monitoring, this leadership style can be beneficial. When used in circumstances where employees require direction and support, however, it might result in ambiguity, a lack of focus, and diminished productivity (Avolio *et al.*, 2009).

2.2.6. Autocratic Leadership

Leaders that make choices without consulting their team members are exhibiting autocratic leadership. They continue to have complete power and influence over the decision-making procedure. These leaders provide clear expectations, strict guidelines, and do not typically seek input from employees. While swift decision-making situations or times of crisis may need

autocratic leadership, it can also result in low staff morale, limited innovation, and decreased job satisfaction (Tejeda et al., 2015).

2.2.7. Situational Leadership

According to situational leadership, an effective leadership approach can change based on the circumstance and the followers' level of growth. The Hersey-Blanchard Situational Leadership Theory states that a leader's leadership style should change depending on how competent and committed their followers are (Hersey, 1969).

2.3. The concept of change management

Change management refers to the structured and strategic approach undertaken by organizations to effectively manage and implement organizational change. It involves the processes, tools, and techniques used to plan, communicate, and execute change readiness, with the aim of minimizing resistance, maximizing employee engagement, and achieving desired outcomes. The definition and conceptualization of change management have evolved over time, taking into account current research and practices.

According to Hayes (2018), change management encompasses "the set of activities, processes, and strategies designed to manage the human and organizational aspects of change to achieve the desired outcomes." This definition emphasizes the holistic nature of change management, recognizing that successful change requires attention to both the individual and organizational dimensions.

One commonly used framework for understanding change management is the three-phase model proposed by Lewin (1951) – unfreezing, transition, and refreezing. Creating a feeling of urgency and preparing people and the organization for change are both parts of unfreezing. The transition phase focuses on implementing and managing the actual change, which may involve altering structures, processes, or systems. Finally, refreezing involves reinforcing the change, aligning new behaviors and practices, and institutionalizing the change within the organization (Cameron & Green, 2015).

The significance of taking into account the human aspect of transformation has gained acceptance in recent years. The five essential components of the Prosci-created ADKAR model are highlighted as being essential for successful change: awareness of the need for change, desire to support the change, knowledge of the change's benefits, ability to implement the change, and reinforcement to keep the change going (Hiatt & Creasey, 2021). This model emphasizes the importance of addressing individual beliefs, attitudes, and capabilities during the change process.

Additionally, there is no one-size-fits-all strategy to change management; instead, it can vary based on the nature and scope of the change, organizational culture, and the particular situation. This recognition has led to the development of flexible change management methodologies, such as agile change management, which emphasize iterative and adaptive approaches to change implementation (Fowler, 2020).

2.4. The importance of change management

Research by Armenakis *et al.*, (2021) emphasizes that effective change management practices increase the likelihood of successful change implementation, leading to improved organizational performance and outcomes.

According to a study by Oreg and Michel (2013), change management interventions that focus on reducing resistance and enhancing readiness for change positively impact employees' acceptance and engagement during organizational change.

Recent research by Bal *et al.*, (2022) highlights that change management practices that foster employee engagement, such as providing meaningful participation opportunities and clear communication channels, lead to higher levels of commitment, motivation, and innovation during change initiatives.

The importance of change management in enhancing organizational flexibility is emphasized by Weng *et al.*, (2021). Their study demonstrates that effective change management capabilities enable organizations to adapt swiftly to external disruptions, seize opportunities, and stay competitive in dynamic business environments.

A study by Shen and Zhang (2020) emphasizes that change management practices that incorporate risk assessment and proactive planning reduce the potential disruptions and risks associated with organizational change, resulting in smoother transitions and improved project outcomes. Recent research by Chang *et al.*, (2021) emphasizes the role of change management in supporting employee well-being and maintaining morale during change. Their study suggests that change management interventions that provide emotional support, training, and resources positively influence employee morale and reduce the negative impact on well-being.

2.5. Change management theories

2.5.1. Kurt Lewin's three-step model

This model primarily suggested by Kurt Lewin in 1951. It is still a cornerstone of change management philosophy. Unfreezing, transitioning, and refreezing are its three steps. By questioning preexisting beliefs and attitudes, unfreezing entails inspiring change. Implementing the desired change is what is involved in the transition stage, during which time people go through a period of adjusting and learning. Finally, refreezing involves reinforcing the new behaviors, values, and norms to make them the new status quo (Lewin, 1951). Recent studies, such as the work by Al-Haddad and Kotnour (2015), highlight the enduring relevance and applicability of Lewin's model in understanding and managing change.

2.5.2. Kotter Eight-step model

This model was created by John Kotter in 1996, offers a thorough framework for managing change. It focuses on the significance of instilling a feeling of urgency, assembling a steering coalition, outlining the vision, motivating people, producing quick victories, securing gains, and enshrining the change in the organization's culture (Kotter, 1996). Research by Biech (2017) validates the continued effectiveness of Kotter's model in facilitating successful change implementation. The Kotter model highlights the crucial part that leadership plays in change initiatives and offers a complete framework for successfully managing change. It emphasizes crucial actions including instilling a feeling of urgency, outlining the goal, empowering employees, and securing the change in the culture of the company. By using this model, leaders can create a clear direction, increase employee support and commitment, and make sure the change is maintained over the long run.

Moreover, Kotter's model recognizes the importance of leadership styles and behaviors in driving successful change. It emphasizes the need for leaders to effectively communicate the vision, provide guidance, empower employees, and demonstrate commitment to the change process. These leadership behaviors are crucial for engaging and mobilizing individuals, fostering a positive change climate, and promoting readiness for organizational change.

2.5.3. The ADKAR model

This model was developed by Prosci, emphasizes the process of individual change. The five crucial components that must be present for change to be successful are awareness, desire, knowledge, ability, and reinforcement. The Anand, Shachmurove et al. (2018) study, which illustrates the ADKAR model's efficiency in promoting individual behavior change during organizational transitions, highlights why the ADKAR model has grown in favor in change management practice. The Prosci-created ADKAR Model concentrates on employees' readiness for change inside firms. In order to properly adapt to change, people must pass through five critical stages, which are Awareness, Desire, Knowledge, Ability, and Reinforcement.

The ADKAR Model emphasizes the importance of addressing the individual's psychological and emotional readiness for change. It provides a structured approach for organizations to assess and address individual resistance to change by focusing on specific milestones and activities at each stage of the change process. The ADKAR Model is frequently cited in change management literature and has been used by many organizations as a practical framework to assess and enhance change readiness. Along with the ADKAR Model, there are five major organizational change levers or change management techniques:

A. Communication and Stakeholder Engagement

Stakeholder participation and effective communication are key change management tools. This approach focuses on transparent and timely communication to inform and engage stakeholders about the change, its rationale, and potential impacts. It involves active listening, addressing concerns, and involving stakeholders in decision-making processes to foster support and alignment. Research by Ford and Ford (2009) emphasizes the importance of open communication and stakeholder involvement in successful change implementation.

B. Leadership and Change Sponsorship

Effective leadership and strong change sponsorship play a vital role in change management. This approach emphasizes the importance of visible and committed leadership throughout the change process. Leaders need to set the vision, inspire and motivate employees, allocate resources, and remove barriers to enable successful change. Research by Armenakis and Bedeian (1999) highlights the significance of leadership in managing change effectively.

C. Employee Engagement and Empowerment

Engaging and empowering employees is a critical change management lever. This approach focuses on involving employees, fostering a sense of ownership, and empowering them to contribute to the change process. By providing opportunities for collaboration, participation, and involvement, organizations can tap into the collective intelligence and creativity of their workforce. A study by Nielsen et al. (2017) emphasizes the positive impact of employee engagement on change outcomes.

D. Organizational Culture and Change Alignment

Aligning the organizational culture with the desired change is a crucial change management lever. This approach recognizes that culture strongly influences behaviors, norms, and values within an organization. To successfully implement change, organizations need to assess their current culture, identify cultural gaps, and work towards aligning the culture with the desired change. Research by Cameron and Quinn (2011) emphasizes how crucial it is to match organizational culture with strategic objectives.

E. Learning and Continuous Improvement

The focus on learning and continuous improvement is a change management lever that emphasizes organizational agility and adaptability. This approach encourages a culture of learning, experimentation, and innovation. It involves creating mechanisms for feedback, reflection, and knowledge sharing to enable continuous learning and improvement during and after the change process. Edmondson's (2019) research highlights the value of psychological safety and a growth mindset in fostering change and innovation.

These five change management approaches provide organizations with valuable strategies to effectively manage organizational change. By employing these levers, organizations can enhance communication, engage stakeholders, provide strong leadership, empower employees, align culture, and foster a culture of learning and continuous improvement.

2.5.4. The Burke-Litwin model

The Burke-Litwin model, proposed by Burke and Litwin (1992), is a comprehensive organizational change framework. It highlights the interconnectedness of various organizational factors, including external environment, leadership, culture, and structure. The Burke-Litwin model is important for understanding the complex processes of organizational change and for directing change management initiatives, according to recent study by Meier and O'Connor (2021). The Burke-Litwin Model is a widely recognized and used framework that emphasizes the importance of both internal and external factors in assessing organizational change readiness. It has 12 aspects made up of two groups: transactional elements and transformative factors. Mission and strategy, leadership, organizational culture, and employee motivation are all transformational variables. Structure, processes, management techniques, work unit climate, task specifications, human talents and abilities, individual wants and values, and the outside environment are examples of transactional factors. The concept contends that while transactional factors are influenced by changes in the transformational elements, transformational factors have a stronger impact on an organization's preparation for change. Cho and others (2020).

2.5.5. The Satir Change model

Satir (1991) created the Satir Change model, which emphasizes the human dimensions of change and highlights the emotional and psychological processes individuals experience during change. It emphasizes the importance of addressing individuals' fears, resistance, and facilitating growth. While not as widely cited in current literature, the Satir Change Model continues to offer insights into the emotional dimensions of change. The choice of a specific model depends on various factors, including the organization's context, the nature of the change, and the preferences of the leadership team. However, the ADKAR Model is frequently suggested for this study because of the part that leadership styles play in preparation for change management.

2.6. Factors affecting change management readiness

Employee resistance is a critical factor that can significantly impact change management readiness. Research highlights the importance of addressing and managing employee resistance to change. Resistance is influenced by a variety of things, such as dread of the unknown, a sense of losing control, and worries about future employment. Effective change management strategies, such as clear communication, involvement, and addressing employee concerns, can help mitigate resistance (Bal *et al.*, 2022).

Effective communication plays a crucial role in change management readiness. Transparent and timely communication is important to build understanding, trust, and support for change initiatives. Employees can express their thoughts, give feedback, and feel included in the change process when there are open and two-way channels of communication. A shared understanding of the change is also fostered and information is disseminated more effectively when a variety of communication techniques are used, such as town hall meetings, newsletters, and digital platforms (Bal *et al.*, 2022).

Organizational culture significantly influences change management readiness. A supportive culture that values innovation, learning, and adaptability creates a favorable environment for change. Research by Armenakis *et al.*, (2007) highlights the role of a positive organizational culture in facilitating change acceptance and minimizing resistance. In contrast, a culture that is resistant to change or characterized by rigidity and hierarchy may hinder change readiness. Aligning the change effort with the existing culture or actively transforming the culture can enhance change management readiness

Leadership support is crucial in influencing change management readiness. Strong and visible support from leaders, including senior executives and managers, fosters employee commitment and engagement. Research by Armenakis *et al.*, (2021) emphasizes the pivotal role of leaders in creating readiness for change and facilitating successful implementation. Leaders who communicate the change vision, actively participate in change activities, and lead by example inspire confidence and promote a positive change culture.

Involving employees in the change process can enhance change management readiness. Research by Bal *et al.*, (2022) emphasizes the importance of providing employees with opportunities for participation, input, and ownership during change initiatives. Actively involving employees in decision-making, problem-solving, and planning increases their commitment, motivation, and sense of ownership, thereby improving change readiness and outcomes.

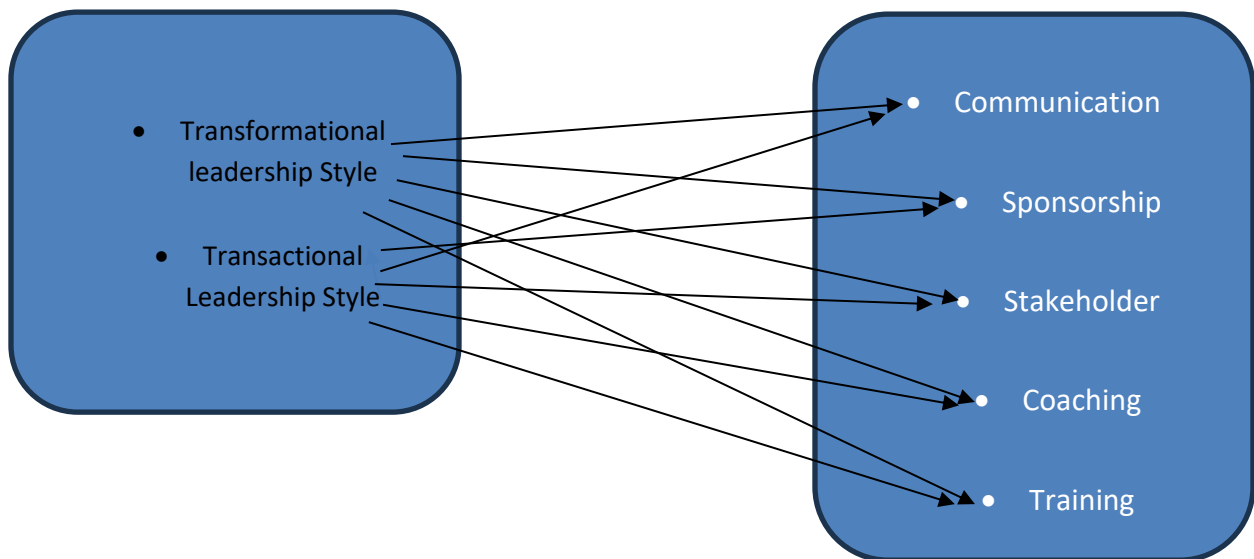
2.7. Conceptual Framework of the study

The purpose of this study is to investigate the role of transformational and transactional leadership styles in facilitating change readiness within Abay bank. Change readiness refers to an organization's capacity to effectively adapt and respond to internal and external changes. The study aims to explore how these leadership styles influence organizational readiness for change.

Figure :1 Conceptual Framework

Independent Variable

Dependent variable



2.8. Empirical evidences

The relationship between transactional leadership and change management preparation in the context of technology improvements was examined in a study by Petrovi., et al. (2022). The study found that transactional leadership positively influenced change management readiness by providing clear expectations, rewards, and feedback, which increased employees' preparedness and motivation for change.

Khaola and Maserumule (2020) looked at the impact of situational leadership on the efficiency of change management in the public sector. The results showed that situational leaders were more successful at enacting change and attaining targeted results by adjusting their approach in response to their followers' level of readiness.

In the context of the digital transformation, Al-Dhaafri & Kuvaas (2022) looked into the connection between transformational leadership and change management readiness. The study found that transformational leadership positively influenced change management readiness, as it enhanced employees' motivation, commitment, and adaptability to change.

In 2019, VanderVoort & VanderVoort investigated how leadership styles might foster employee behaviors that support transition preparedness. The results of the study demonstrated a favorable correlation between transformational leadership and better levels of organizational change preparedness, commitment, and proactive behaviors.

In a global company setting, Sena et al. (2022) investigated the connection between leadership styles and transition readiness. The results indicated that transformational leadership promoted employee resilience, collaboration, and favorable attitudes about change, which positively increased change preparedness.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1. Research Design

This study incorporates both descriptive and inferential correlation research, capturing the essential attributes of both approaches. The selection of this research design was influenced by multiple considerations. Firstly, it allows for a snapshot analysis, providing insights into the present state and enabling the evaluation of linear associations between leadership styles and change readiness. Secondly, it facilitates the exploration of non-linear relationships and the use of regression analysis to make predictions about the dependent variable based on the independent variable. Given the aim of investigating relationships, a quantitative approach was deemed suitable for this study.

3.2. Research Method

In this study, leadership styles are independent variables, and organizational change readiness is the dependent variable. Using descriptive correlation allows the researcher to apply a linear relationship between the dependent and independent variables, while regression statistical tools are used to predict the causal relationship between leadership style and organizational change readiness.

3.3. Data Sources

The study used both primary and secondary data for the analysis. Secondary data was collected from the Abay Bank human resources office, while primary data were collected from the selected bank branches managers and subordinates.

3.4. Study Settings

According to the data from the Abay Bank human resources office, there are 184 branches available in Addis Ababa. The branches were categorized into the North East and South West districts, which contain 104 and 80 branches, respectively. The districts are classified based on location, and each bank branch performs the same duties like, loan provision, deposit mobilization, digital service activities, account opening, and deposit and withdrawal of money. The study was conducted in Abay Bank branches found in Addis Ababa city because, first, the city is the capital city of Ethiopia and highly populated with national and international organizations. Second, there has been no research done on leadership styles and change readiness relationships in Abay Bank so far. Once the banks were identified, the researcher selected 24 Abay Bank branches, which is 13% of the 184 branches, to get a representative sample of the population and to obtain adequate information.

3.5. Population and Sampling Techniques

In this section, we dive into the research population, examine the factors taken into account when determining the sample size, and clarify the sampling techniques employed.

A. Population

The study population was all the Abay Bank branches available in Addis Ababa City. They are administrative and subordinate staff of the bank. The respondents who had been working in the bank for a minimum of one year were included in the study.

B. Sampling techniques and sample determination

The sampling technique employed in the study had two stages. In the first stage, 24 Abay Bank branches were selected from the total of 184 branches based on performance levels, which means they were selected using the purposive sampling technique. Research has shown that there is a strong correlation between employee performance and organizational change readiness (Smith & Johnson, 2020). In the second stage, as the number of workers in a branch is limited to seven, which includes managers, assistant managers, and cashier accountants, the study is conducted using all the branch workers. The questioner was developed for managers and subordinates

separately consisting demographic characteristics, leadership questions and readiness questions. Among 176 respondents, only 164 respondents had filled the questioner while 8 respondents were not willing to fill the questioner.

The sample size of this research was calculated by using the Taro Yamane formula provided by Yamane (1967) with a 93% confidence level and $e = 7\%$ precision. $n = \frac{N}{1 + N(e)^2}$

Where: n = the required Sample size of selected households ($n = 176$)

N = the number of Abay bank workers in Addis Ababa city branches ($N = 1,288$).

e = error limit (0.07)

The sample size of the study was 176 for both subordinates and managers. Out of the total sample size, 48 were managers, while the remaining 128 were subordinates.

3.6. Modified Multi-factor Leadership Questionnaire (MLQ)

The study used a multi-factor leadership questionnaire. Utilizing the Multi-Factor Leadership Questionnaire (MLQ) offers several advantages when assessing leadership styles and behaviors. These advantages are supported by research findings and can enhance our understanding of effective leadership. There are many reasons why the researcher used the questionnaire.

The MLQ provides a comprehensive assessment of leadership styles, encompassing dimensions such as transformational, and transactional (Bass & Avolio, 2004). This enables a more distinct understanding of different leadership approaches.

Extensive validation studies have established the MLQ as a reliable and valid instrument for measuring leadership behaviors (Carless et al., 2000). Researchers and practitioners can have confidence in the questionnaire's ability to accurately capture and assess leadership styles.

The MLQ allows for the differentiation of various leadership styles, enabling the identification of transformational and transactional leadership styles (Bass & Riggio, 2006). This differentiation enhances our understanding of how different leadership approaches impact followers and organizational outcomes.

Research has demonstrated the predictive value of the MLQ in relation to important organizational outcomes, including employee satisfaction, performance, and commitment (Eisenbeiss et al.,

2008; Judge & Piccolo, 2004). By utilizing the MLQ, researchers and organizations can gain valuable insights into the effects of different leadership styles on these outcomes.

The MLQ is user-friendly and practical to administer, making it suitable for both research studies and organizational assessments. Its straightforward format facilitates data collection, analysis, and interpretation (Avolio et al., 2009).

The Multi-factor Leadership Questionnaire (MLQ) originally consisted of 45 items. However, for the purpose of this study, a modified version with 32 items was used. The 13 items related to the LFL (leader-follower outcomes) that are not relevant to the research scope were excluded. The 32 items were divided between Section II, which contains 20 items assessing transformational leadership, and Section III, which includes 12 items measuring transactional leadership. Additionally, adjustments were made to the format of the instruments to ensure their suitability for the study.

3.7. California Organizational Change Management Questionnaire (CA-OCMQ)

The study used the California Organizational Change Management Questionnaire for many reasons. The California Organizational Change Management Questionnaire (COCMQ) is a tool commonly used in research studies to assess various aspects of organizational change management. It helps researchers gather data and insights about how organizations manage change processes and their impact on employees. The questionnaire is particularly useful for examining the effectiveness of change management strategies, identifying areas for improvement, and evaluating the overall readiness of an organization to undergo change.

The COCMQ was developed by Holt, et al., (2007) as a comprehensive measure to assess multiple dimensions of change management. It consists of several subscales that capture different aspects of organizational change, such as leadership support, employee readiness for change, communication effectiveness, and employee commitment to change.

Using the COCMQ in a research study provides several benefits. First, it allows researchers to systematically measure and quantify different facets of organizational change management, providing a more rigorous and structured approach to data collection. Second, it offers a

standardized tool that has been validated and used in previous research, enhancing the reliability and comparability of findings across different studies. Finally, the questionnaire provides a comprehensive assessment of change management practices, enabling researchers to identify specific areas that may require attention or improvement.

3.8. Data analysis procedure

Before the quantitative data analysis, several steps were taken to prepare the data for statistical analysis. These steps included data classification, coding, data entry, and transformation. Data classification involved organizing the collected responses into relevant categories or variables based on the research objectives. This step helped ensure that the data could be easily analyzed and interpreted in a meaningful way. Next, each item in the questionnaire was coded using Microsoft Excel. Coding involves assigning numerical or alphanumeric labels to each response option or variable. This coding process helps standardize the data and facilitates further analysis. To uniquely identify each questionnaire, a three-digit identification number was assigned. This identification number served as a reference for tracking and matching the data with the respective respondents. Once coding and identification were complete, the data were entered into a spreadsheet program, such as Microsoft Excel. This data entry process involved manually inputting the responses from the questionnaires into the designated cells in the spreadsheet. After data entry, the data were transformed from their raw form into a format suitable for statistical analysis. This transformation typically involves organizing the data into a tabular format, ensuring consistency in variable formats, and performing any necessary calculations or aggregations.

Finally, the study used the Statistical Package for the Social Sciences (SPSS) Version 21. SPSS is a widely used statistical software program that provides various tools and functionalities for data analysis. The data was analyzed in two steps. The first step involved checking for missing values, outliers, or any other data anomalies that could affect the analysis. Any necessary adjustments or corrections were made at this stage. In the second step, the data is utilized for statistical analysis, including descriptive statistics, inferential statistics, and other relevant analyses for the research study.

3.9. Data analysis techniques

The statistical analysis conducted in this thesis focused on examining relationships between variables and differences between groups. Various statistical techniques were applied, including descriptive statistics, independent-samples t-test, Pearson correlation, and multiple regression.

A. Descriptive Statistics

Descriptive statistics were used to provide an overview of the demographic variables, employing frequency and percentage to describe them. Additionally, the mean and standard deviations were utilized to describe the leadership variables of transformational leadership (TFL) and transactional leadership (TRL), addressing the first research question.

B. Pearson correlation

Pearson correlation was used to investigate the relationship between leadership styles and change readiness. It was also utilized to assess the strength and direction of the relationship between these variables. The correlation coefficient, a statistical measure resulting from Pearson correlation, was employed. According to Pallant (2001), the correlation coefficient (r) ranges from -1.00 to +1.00. The signs indicate the type of relationship, while the numerical values indicate the strength of the relationships.

C. Bivariate Regression

This study utilized multiple regression analysis to assess how effectively a set of independent variables (TFL and TRL) could predict each aspect of Change Readiness. The findings demonstrated that TFL and TRL had significant predictive capabilities in explaining a substantial amount of variability in each element of change readiness. The primary statistical indicators employed to express the results of multiple regression were the coefficient of determination (r^2) and the beta-coefficient (β). These measures were used to elucidate the predictive capacity of the independent variables. The r^2 indicated the proportion of variance contributed by the predictor variables to the criterion variables, while the β -coefficient indicated the magnitude of the impact, either positive or negative, of the predictive variable on the criterion variable.

In this study, step-wise regression was chosen among the available regression models. This approach allowed the statistical software (SPSS) to automatically select the independent variables to be included in the model and determine their order based on specific statistical criteria (Pallant, 2001).

The p-value serves as a metric for assessing the significance of test results and is commonly used in t-tests and Pearson correlation. In this particular study, the interpretation of the test results' significance followed the guidelines proposed by Alghabban (2004). A p-value exceeding 0.05 indicated the absence of a significant relationship, while a p-value below 0.05 was indicative of a significant relationship (denoted as *). Furthermore, a p-value below 0.01 suggested a highly significant relationship (denoted as **), and a p-value below 0.001 signified a very highly significant relationship (denoted as ***). It is important to note that all probabilities reported in this study were based on two-tailed tests, as the hypotheses examined were non-directional in nature.

3.10. Ethical considerations

In terms of ethical considerations, participant confidentiality was upheld by providing clear information to all respondents regarding the confidentiality of their research data. The study's purpose and its significance to each participant were explicitly communicated, aligning with the guidance of Bryman and Bell (2007).

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA

The questionnaire was completed by two groups within the sample population: administrative bodies, consisting of 44 individuals, and subordinates, totaling 124 participants. The questionnaire included five demographic questions that inquired about gender, age, education level, years of service, and the specific Abay Bank branch where they were employed. Table 1 presents the frequency and percentage distributions for age, gender, education level, and years of service.

4.1. Demographic characteristics

A. Gender

The descriptive statistical results indicated in the table show female subordinate respondents comprised 35% of female respondents and 65% of male employees. This finding corresponds to 82% for males and 18% for females in the sex-ratio findings of the administrative group. Female employees are higher in subordinates than administrative bodies. This is due to the fact that females are not encouraged to work in administrative bodies at Abay Bank.

B. Age

Among the total administrative body respondents, the first large group was 31–40 years, which accounts for 43%, and the second large group was in the age group between 41–50 years, which accounts for 34% of the respondents in administrative bodies. This implies that about 77% of the administrative bodies were in the age range of 31–50 years. This is because to work in administrative bodies, they need more experience in Abay Bank.

C. Education level

In explaining the highest qualification of respondents in Table 1, a large majority of the administrative respondents (29%) possessed a first degree; whereas, subordinates with a first degree level were 69% and second degree levels were 65% and 21%, respectively. This is interpreted as, the higher the education level; the more likely the employee is to become a manager.

D. Years of service

With regard to years of service, 84% of the subordinate staff served for 1–5 years in the bank branch, followed by 16% of respondents who served between 6–10 years. This shows most of the employees in the selected Abay Bank branches stayed for a short period of time, and this is because the bank was established recently.

Table 1: Demographic variables

Demographics	Frequency	Percentage	Frequency	Percentage
	Administrative bodies		Subordinates	
<u>Sex</u>				
Male	35	80	79	64
Female	9	20	45	36
<u>Age</u>				
18-28 years	-	-	18	14
29-30 years	2	5	40	32
31-40 years	14	32	33	27
41-50 years	19	43	20	16
>50 years	9	20	13	11
<u>Education level</u>				
First degree	14	32	84	68
Second degree	27	61	27	22
PhD	3	7	13	10
<u>Years of service</u>				
1-5 Years	-	-	100	81
6-10 Years	4	10	21	19
11-15 Years	9	20	-	-
≥ 16 Years	31	70	-----	-

4.2. Preliminary data test

Normality

The normality test in multiple regression data analysis is performed to assess whether the residuals (or errors) of the regression model exhibit a normal distribution. These residuals represent the discrepancies between the observed values and the predicted values of the dependent variable based on the regression equation. When the residuals conform to a normal distribution, it implies that the errors have a symmetrical distribution around zero. Most of the errors cluster near zero, with fewer errors occurring further away. This characteristic enables accurate interpretation of statistical results and ensures the validity of inferences drawn from the regression analysis.

Various statistical tests and graphical methods are available to evaluate the normality of residuals, including the Shapiro-Wilk test, Anderson-Darling test, Kolmogorov-Smirnov test, and Q-Q plots. These tests compare the distribution of residuals to the theoretical normal distribution. If the residuals significantly deviate from normality, it suggests potential violations of the assumptions of the multiple regression model, indicating the need for further investigation or possible adjustments to the model. In order to confirm the normality assumption in this study, the P-P plot dots should closely align with the diagonal line. A normal P-P plot should exhibit a reasonably straight diagonal line from the bottom left to the top right. Furthermore, in the P-P plot, the dots should be closely clustered around the diagonal line, indicating that the normality assumption has been met.

Multicollinearity test

Multicollinearity tests are crucial in multiple regression analysis to evaluate the presence and severity of multicollinearity among the independent variables (Gujarati & Porter, 2009). Multicollinearity refers to a high degree of correlation between two or more independent variables in a regression model. One of the primary benefits of conducting a multicollinearity test is to identify and address potential issues arising from multicollinearity. Multicollinearity can distort the interpretation of regression coefficients, leading to misleading conclusions (Gujarati & Porter, 2009). By detecting multicollinearity, researchers can obtain a better understanding of the

relationships between the independent variables and the dependent variable without being misled by inflated or insignificant coefficients.

Moreover, multicollinearity tests enhance the reliability of the regression model. Multicollinearity can result in unstable estimates of the regression coefficients, making the model less robust and more susceptible to minor changes in the data (Gujarati & Porter, 2009). By assessing and addressing multicollinearity, researchers can improve the reliability and accuracy of their regression model. Furthermore, multicollinearity tests improve the predictive accuracy of the regression model. Multicollinearity hampers the model's ability to identify the unique contribution of each independent variable to the dependent variable (Hair *et al.*, 2010). By identifying and potentially eliminating redundant variables, researchers can enhance the model's predictive power.

Additionally, multicollinearity tests help identify influential variables that have a disproportionate impact on the regression results (Hair *et al.*, 2010). Highly correlated variables can significantly influence the regression coefficients, making it challenging to determine their true effect on the dependent variable. By identifying influential variables, researchers can make informed decisions regarding variable selection and model refinement.

Variance Inflation Factors (VIF) are used to assess the extent of multicollinearity among independent variables in a multiple regression analysis. VIF measures how much the variance of the estimated regression coefficients is inflated due to multicollinearity. The VIF of a specific independent variable is calculated as the ratio of the variance of the estimated coefficient for that variable to the variance of the coefficient when that variable is not influenced by other independent variables (Gujarati & Porter, 2009). A VIF value of 1 indicates no multicollinearity, while values greater than 1 suggest the presence of multicollinearity (Gujarati & Porter, 2009). In general, a VIF value exceeding 5 or 10 is considered an indication of high multicollinearity (Hair *et al.*, 2010).

Table 2: Variance Inflation Factor (VIF)

Variable	VIF	1/VIF
Transformational leadership	1.60	0.623315
Transactional leadership style	1.55	0.646709
Age	1.23	0.812927
Gender	1.22	0.820022
Education level	1.08	0.926715
Years of services	1.02	0.978036
Mean VIF	1.25	

Autocorrelation

Autocorrelation refers to the correlation between the residuals (errors) of a regression model observed at different time points or observations (Gujarati, 2003). In multiple regression analysis, it is essential to examine autocorrelation as it violates one of the assumptions of the ordinary least squares (OLS) regression model, which assumes that the residuals are independent of each other (Montgomery *et al.*, 2012). Checking for autocorrelation in multiple regression analyses is crucial for several reasons. Firstly, autocorrelation indicates a breach of the independence assumption by suggesting a systematic pattern or relationship among the residuals of neighboring observations (Gujarati, 2003). This violates the independence assumption in OLS regression. Secondly, autocorrelation can lead to inefficient coefficient estimates. When autocorrelation exists, the standard errors of the estimated coefficients tend to be underestimated, resulting in inflated t-statistics and misleading p-values (Montgomery *et al.*, 2012). This can lead to erroneous conclusions about the significance of predictor variables.

Moreover, autocorrelation impacts the validity of hypothesis tests, such as t-tests and F-tests, in multiple regression. The presence of autocorrelation can lead to inaccurate inferences regarding the significance of the predictors in the model (Gujarati, 2003). Additionally, autocorrelation can introduce bias in the coefficient estimates of the regression model, implying that the estimated coefficients may not accurately represent the true relationships between the predictors and the

dependent variable (Montgomery *et al.*, 2012). By detecting and addressing autocorrelation, more unbiased and reliable coefficient estimates can be obtained.

The Durbin-Watson test is commonly employed to identify autocorrelation (Gujarati, 2003). This diagnostic test calculates a statistic to assess the presence and extent of autocorrelation in the residuals. If autocorrelation is detected, appropriate measures can be taken to address it, such as utilizing autoregressive models (e.g., ARIMA) or employing robust standard errors to account for its presence (Montgomery *et al.*, 2012).

Table 3: Autocorrelation

Model	R	R Square	Adjusted R Square	Durbin-Watson
1	0.746	.520	.513	1.984

4.3. The relationship between transformational leadership style and organizational change readiness in Abay bank

Transformational leadership is often associated with a range of positive outcomes, including effective communication, coaching, training, sponsorship, and stakeholder engagement. Here is a general explanation of the relationship:

The given table represents a correlation matrix among different variables: Communication, Sponsorship, Stakeholders, Coaching, Training, and Transformational Leadership. The values in the table represent the correlation coefficients between each pair of variables. A correlation coefficient measures the strength and direction of the linear relationship between two variables, with values ranging from -1 to 1.

Table 4.4: Correlation between transformational leadership styles and change readiness

	Communication	Sponsorship	Stakeholders	Coaching	Training	Transformational Leadership
Communication	1.0000					.601
Sponsorship	0.7200	1.0000				.528
Stakeholders	0.8204	0.6330	1.0000			.523
Coaching	0.7075	0.7908	0.7213	1.0000		.532
Training	.489	.410	.411	.441		.582
Transformational Leadership	.601	.528	.523	.532	.582	

As we can see from the table result, It shows a moderate positive correlation with Communication (0.601), Sponsorship (0.528), Stakeholders (0.523), Coaching (0.532), and Training (0.582).

This suggests that transformational leadership may be influenced by effective communication, sponsorship, stakeholder engagement, coaching, and training efforts. Communication exhibits a moderate positive correlation with Transformational Leadership (0.601), suggesting that effective communication may contribute to the implementation of transformational leadership. Previous research supports a positive connection between the transformational leadership style and change readiness, indicating that transformational leaders have a direct positive influence on both organizational change readiness and its various aspects (Abasi, 2017).

The significant positive correlation value ($r=0.528$) between Sponsorship and Transformational Leadership implies that sponsorship activities may be associated with the practice of transformational leadership. Transformational leaders inspire and motivate their followers to achieve higher levels of performance and personal growth. According to Avolio and Yammarino (2002), sponsorship can provide resources, support, and opportunities for growth and development, which are essential elements of transformational leadership.

Transformational leaders acknowledge the importance of involving stakeholders in the decision-making process. The positive correlation with a significant value ($r=0.523$) between Stakeholders

and Transformational Leadership indicates that stakeholder engagement is linked to the practice of transformational leadership. Stakeholders are individuals or groups who have a vested interest or influence in an organization. Engaging stakeholders and addressing their needs and concerns are crucial for effective leadership. This finding is supported by the study on Transformational leaders' involvement in stakeholders' decision-making (Bass & Riggio, 2006).

The positive correlation value ($r=0.532$) between Coaching and Transformational Leadership suggests that coaching activities may be associated with the practice of transformational leadership. Coaching involves providing guidance, support, and feedback to individuals or teams to enhance their performance and development. According to Sosik and Godshalk (2000), transformational leaders often engage in coaching behaviors such as providing feedback, challenging and empowering their followers, and fostering learning and growth.

The positive correlation ($r=0.584$) between Training and Transformational Leadership indicates that training programs may be related to the practice of transformational leadership. Training enhances the skills, knowledge, and abilities of individuals, enabling them to perform their tasks more effectively. This finding is supported by a study showing that transformational leaders value continuous learning and development, and they often provide opportunities for training and skill-building to their followers (Bass & Riggio, 2006).

4.4. The Relationship Between Transactional Leadership Style and Organizational Change Readiness in Abay Bank

Transactional leadership is a leadership style that focuses on establishing clear expectations, utilizing rewards and punishments, and engaging in exchanges with subordinates based on their performance (Bass & Riggio, 2006). When examining the correlation between transactional leadership and readiness (organizational communication, coaching, training, sponsorship, and stakeholder engagement), it is important to consider the impact of this particular leadership approach. It emphasizes the importance of clear communication regarding expectations and the use of rewards and punishments to motivate employees. Leaders in this style set specific goals and performance targets, and they communicate these objectives directly and explicitly to their subordinates (Northouse, 2018). This clarity in communication can enhance organizational communication effectiveness by ensuring that employees understand their roles and

responsibilities, as well as what is expected of them. By providing clear guidelines, transactional leaders reduce ambiguity and foster a shared understanding among team members. It is worth noting that while transactional leadership can be effective in certain situations, it may not be the most suitable approach for promoting innovation, creativity, and long-term employee engagement. This leadership style heavily relies on external rewards and punishments, which may limit intrinsic motivation and hinder the development of autonomous and self-driven employees.

Table 5: Transactional leadership style and organizational change readiness

	Communication	Sponsorship	Stakeholders	Coaching	Training	Transactional Leadership
Communication						0.541
Sponsorship	0.787					0.447
Stakeholders	0.740	0.763				0.415
Coaching	0.754	0.767	0.840			0.569
Training	0.498	0.401	0.437	0.465		0.654
Transactional Leadership	0.541	0.447	0.415	0.569	0.654	

The table 5 represents a correlation matrix, showing the correlations between communication, sponsorship, stakeholders, coaching, training, and the transactional leadership style. The values in the table range from -1 to +1, where a value of 1 represents a perfect positive correlation, 0 indicates no correlation, and -1 represents a perfect negative correlation.

Communication has a correlation of 0.541 with transactional leadership, indicating a moderate positive correlation. This suggests that there is a positive relationship between effective communication and the use of transactional leadership. This may be because, transactional leadership emphasizes on clear communication of expectations and the use of rewards and punishments to motivate employees (Northouse, 2018).

Sponsorship has a correlation of 0.787 with transactional leadership, indicating a strong positive correlation. This suggests that sponsorship plays a significant role in the transactional leadership style. The researcher concludes that, coaching is strongly determine transactional leadership style. When it comes to sponsorship and stakeholder management, transactional leadership may focus on building and maintaining relationships with key stakeholders who have a direct impact on achieving organizational objectives. Transactional leaders may engage in negotiations and exchange relationships with sponsors and stakeholders, aiming to secure necessary resources or support in return for meeting targets or fulfilling obligations. This approach can be effective in maintaining transactional exchanges, but it may not foster long-term relationships built on trust and shared vision (Bass, 1999).

Coaching has a correlation of 0.754 with transactional leadership, indicating a strong positive correlation. This suggests that coaching behaviors are commonly observed in transactional leadership. They are likely to provide guidance and support to employees who meet or exceed expectations while offering corrective feedback and remedial training to those who fall short (Northouse, 2018).

Training has a correlation of 0.498 with transactional leadership, indicating a moderate positive correlation. This implies that training initiatives are somewhat related to the transactional leadership style.

It's important to note that correlation does not imply causation, and the interpretation of these results should be done cautiously. Additionally, the interpretation of these correlations can be supported by relevant literature on organizational communication, sponsorship, stakeholder management, coaching, training, and transformational leadership. The specific literature can provide a more in-depth understanding of how these variables are interconnected and their impact on organizational outcomes.

4.5. The comparison between administrative bodies and subordinates' responses

The sampled Administrative Body's mean TFL value was 39.72. The mean value for TFL for subordinates was 54.08. The mean value of TFL value subordinates is greater than that of TFL value of subordinates. As shown in (Table 6) below the mean difference in the two groups is

statistically significant with p-value < 0.05; showing that there was significance increase in TFL value in subordinates' response than that of the Administrative Body's.

As in (Table 6) below shows, the average TRL value of administrative bodies was 23.85 while that of subordinates was 32.28. The TRL value of subordinates is higher by 9.7 amount. According to the independent t-test value the mean difference between the two groups is statistically significant at 95% confidence interval having a p-value of less than 1%.

Generally, subordinates tend to prefer transformational and transactional leadership styles over administrative bodies because these styles offer inspiration, motivation, individualized attention, active support, and involvement. Additionally, administrative bodies often have a hierarchical structure that restricts subordinates' autonomy and creativity, further contributing to their preference for alternative leadership styles (Limsila and Ogunlana (2008).

Table 6. The comparison between administrative bodies and subordinate's responses

Variables	Administrative Bodies (40)		Subordinates (128)		t-Value	P-Value
	Mean	SD	Mean	SD		
TFL	39.72	15.67	54.08	16.56	6.12	0.000***
TRL	23.82	12.78	32.28	16.21	3.54	0.001***

4.6. Regression Analysis

The estimation results of the regression model are based on the theoretical model outlined in Chapter three. The purpose of the model was to investigate whether there is a causal relationship between transformational leadership style, transactional leadership style, and organizational change readiness in Abay Bank. Two explanatory variables were included in the econometric model and both were found to significantly influence organizational change readiness in Abay Bank.

Before running the econometric model, tests were conducted to check for multicollinearity among the independent (continuous) variables. The results showed that there were no issues of multicollinearity, with Variance Inflation Factor (VIF) values less than 10.

The chi-square (χ^2) distribution was used to measure the overall significance of the regression model. The results of the model indicated that the probability of the chi-square distribution (65.97) with 16 degrees of freedom was less than the tabulated value at 0.0000, which is less than 1%. This indicates that the variables included in the model explain the readiness response with a significance level of less than 1%. Therefore, the joint null hypothesis of coefficients for all independent variables in the model being zero should be rejected. Overall, the model fits the data very well, explaining 46% of the variation. Detailed results can be found in Table 6.

The log-likelihood value of -83.86 suggests that the model provides a reasonable fit to the data. The likelihood ratio chi-square statistic (65.97 with 16 degrees of freedom) tests the overall significance of the model and indicates that the independent variables collectively have a meaningful impact on the dependent variable.

The pseudo-R-squared value of 0.4699 provides an estimate of the proportion of variance in the dependent variable explained by the independent variables. In this case, approximately 46.99% of the variance in the dependent variable is accounted for by the independent variables included in the model.

The constant term in the model represents the expected value of the dependent variable, readiness (Y), when all the independent variables are zero. In this case, when both TFL and TRL are zero, the expected value of Y is -2.747. However, it's important to note that there is some uncertainty in this estimate, indicated by the standard error of the coefficient (1.1611). The statistically significant Z-value of -2.36 suggests that the constant term is unlikely to be zero in the population.

To assess the predictive ability of the independent variables (TFL and TRL) on change readiness, a regression model was employed. The results, including the R-squared (r^2) and β -coefficients, can be interpreted to understand the relationship. The multiple regression results are presented in Table 7.

Table 7: A Statistical Summary of Regression Analysis Result

Variables	Coef.	dy/dx	standard Err.	Z	P-value
Constant	-2.747		1.1611	-2.36	0.018
TFL	0.722	0.2668	0.0768	3.47	0.000***

TRL	0.597	0.2300	0.0712	3.23	0.000***
Observations	176				
Log likelihood	-83.86				
LR chi2 (16)	65.97				
Pseudo R2	0.4699				

Source: Own data, 2023.

*** & ** Significance at 1% and 5% level respectively

As it is hypothesized TFL positively impact organizational change readiness. The regression result table indicate that, the coefficient for the TFL variable is 0.722. It is positively and statistically significantly affecting change readiness in abay bank at 95% confidence interval with a p-value of 0.018. This indicates that for each percent of increase in transformational leader, we expect employee's readiness for change to increase by 72.2%, assuming all other variables remain constant. This in line with the study by (Zhang *et al.*, 2015) explored the relationship between transformational leadership and change readiness in Chinese organizations. The findings indicated that transformational leadership positively influenced employees' readiness for change by shaping their attitudes, beliefs, and expectations toward change initiatives.

The TRL was expected to have positive relationship with abay bank change readiness. The coefficient for the TRL variable is 0.597. It is positively related to change readiness. The magnitude of the explanatory variable is significantly affecting employee readiness in abay bank at 95% confidence interval and 1% significant level. This means that for each increase in TRL, we expect to increase the employee readiness by 59.7% assuming all other variables are held constant. The result is supported by (Herold *et al.*, 2007) investigated the relationship between transactional leadership and employees' attitudes and behaviors during organizational change. Another study that shows negative relationship with employees' commitment contradicts (Fasola *et al.*, 2013) study that revealed that transactional leadership style affected more the employees' commitment in the banking sector of Nigeria.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1. Summary

Abay Bank S.Co. is a commercial bank located in Ethiopia that prioritizes reliable banking services and aims to contribute to the country's economic growth. The bank upholds integrity, professionalism, customer-centricity, teamwork, and innovation as its core values (Abay Bank, 2023). It embraces a participatory and collaborative leadership approach, incorporating leadership principles to empower its employees and cultivate a sense of ownership in their work. To improve its operations and meet evolving customer needs, Abay Bank has implemented organizational changes. These include the introduction of online and mobile banking services to enhance accessibility (Abay Bank, 2023). The bank has made investments in upgrading its technology infrastructure, providing comprehensive employee training and development, and undertaking operational restructuring aligned with strategic goals such as improved customer service and operational efficiency.

The study conducted on this topic had two research questions and two hypotheses. The alternative hypotheses were accepted after rejecting the null hypothesis that leadership styles do not have an impact on organizational change readiness. Out of a total of 128 subordinates, 124 individuals returned the questionnaires, while out of the entire administrative sample population of 48, 44 participants completed the questionnaires. The data were collected using the MLQ and the CA-OCM questionnaires. The questionnaires consisted of two types: one prepared for managers, containing demographic, leadership, and readiness questions, and the other for subordinates, which had the same components. Both MLQ forms contained 32 items, although the CA-OCM form included only 25. The questionnaires were adapted for use in the banking industry, and additional demographic inquiries were created by the researcher. The analysis of demographic questions involved the use of frequency and percentages. As for the research questions, the Pearson correlation was used to examine the linear relationship between the dependent and independent variables. Bivariate regression was utilized to explain the variability in dependent variables caused by independent variables. Pearson correlation was employed to analyze research questions one and

two. In Chapter 4, the statistical findings were presented quantitatively in tables based on the statistical methods used.

The results of this study indicate that Transformational Leadership (TFL) has a positive and statistically significant impact at a 95% confidence interval, with a p-value of less than 5%. This suggests that TFL plays a major role in determining employee readiness in Abay Bank branches located in Addis Ababa. Transactional Leadership (TRL) is also positively and statistically significantly associated with employee readiness in Abay Bank at a 95% confidence interval and a significance level of less than 5%. This indicates that TRL style has a positive and significant impact on Abay Bank employees' readiness for change. The administrative bodies within Abay Bank have an important role in enhancing both individual and organizational change readiness. The study's results demonstrate that both TFL and TRL styles influence organizational change readiness, but TFL plays a more significant role than TRL style.

5.2. Conclusion

The aim of this research study was to examine the significant leadership styles that influence the change readiness of employees at Abay Bank. To accomplish this, the study selected Abay Bank, one of the major private banks in Ethiopia, located specifically in Addis Ababa, as a representative sample for banks across the country. The study conducted a thorough review of existing literature related to the impact of transformational and transactional leadership styles on organizational readiness for change. The research seeks to provide valuable insights into how these leadership styles can affect employees' readiness to embrace change. Recognizing the crucial role of the change process in an organization's mission statement, the study highlights the effectiveness of transformational leaders and transactional leadership styles in enhancing their followers' readiness. Additionally, the research focuses on the private banking sector in Ethiopia and addresses critical issues faced by the private sector, including the effectiveness of transformational and transactional leadership styles in facilitating the change process. Ultimately, this research aims to elevate management performance in Ethiopia's banking sector and guide employees in the private sector on how to navigate and respond to change implementation. Furthermore, it offers leaders a clear understanding of how they can cultivate a high level of change readiness among their followers, emphasizing the importance of employee readiness for successful change initiatives.

5.3. Recommendation

- Abay Bank leaders should utilize a combination of transformational and transactional leadership styles, taking into account the specific situation and tasks assigned to employees.
- The study recommends that leaders practicing transformational and transactional leadership styles focus on enhancing their employees' readiness for change through training, coaching, communication, and sponsorship, leading to improved organizational performance.
- Abay Bank headquarters should involve significant stakeholders, either directly or indirectly, in the development of change-related policies and strategies.
- Abay Bank's human resources department should explore leadership styles, incentive systems, and performance management practices to effectively leverage transformational and transactional leadership for organizational success.
- Ultimately, both transformational and transactional leadership styles are suitable for enhancing and increasing the level of organizational change readiness in Abay Bank. Therefore, managers and the human resources department should be aware of the different effects that each leadership style can have and encourage ongoing evaluation and research of leadership styles as the situation demands, benefiting the bank.

References

- Abbas, Q., Aslam, U. (2020). The role of leadership styles in change management: An empirical investigation of Pakistani banking sector. *Journal of Asia Business Studies*, 14(3), 431-445.
- Akindele, O. O., Adeyemi, O. A. (2021). Transformational Leadership and Organizational Change: Evidence from Nigerian Banks. *Journal of Leadership, Accountability and Ethics*, 18(2), 9-22.
- Al-Dhaafri, H. S., Kuvaas, B. (2022). The impact of transformational leadership on change management readiness during digital transformation. *Journal of Organizational Change Management*, 35(1), 2-16.
- Al-Haddad, S., Kotnour, T. (2015). Integrating the organizational change literature: A model for successful change. *Journal of Organizational Change Management*, 28(2), 234-262.
- Anand, N., Shachmurove, Y., Tushman, M. (2018). Breaking bad: How the ADKAR model of change can help. *Harvard Business Review Digital Articles*, 1-7.
- Armenakis, A. A., & Bedeian, A. G. (1999). Organizational Change: A Review of Theory and Research in the 1990s. *Journal of Management*, 25(3), 293-315.
- Armenakis, A. A., Bernerth, J. B., Pitts, J. P., Walker, H. J. (2007). Organizational change recipients' beliefs scale: Development of an assessment instrument. *Journal of Applied Behavioral Science*, 43(4), 481-505.
- Armenakis, A. A., Harris, S. G., Mossholder, K. W. (2021). Creating readiness for organizational change: Implications for effective implementation. *Journal of Change Management*, 21(1), 1-22.
- Avolio, B. J., Bass, B. M., & Jung, D. I. (2009). Re-examining the components of transformational and transactional leadership using the Multifactor Leadership Questionnaire. *Journal of Occupational and Organizational Psychology*, 82(2), 291-306.

- Avolio, B. J., Walumbwa, F. O. (2020). Leadership: Current theories, research, and future directions. *Annual Review of Organizational Psychology and Organizational Behavior*, 7, 205-232.
- Avolio, B. J., Walumbwa, F. O., & Weber, T. J. (2009). Leadership: Current theories, research, and future directions. *Annual Review of Psychology*, 60, 421-449.
- Bal, P. M. (2022). Employee engagement during organizational change: A systematic review and future research agenda. *Journal of Organizational Change Management*, 35(2), 271-290.
- Bass, B. M., & Avolio, B. J. (2004). *MLQ Multifactor Leadership Questionnaire: Sampler Set*. Mind Garden.
- Bass, B. M., & Riggio, R. E. (2006). *Transformational leadership* (2nd ed.). Psychology Press.
- Biech, E. (2017). *Models for change: 123 models of change*. Association for Talent Development.
- Biech, E. (2017). *The change management handbook: A roadmap to corporate transformation*. Routledge.
- Brian C. Lines (2015). *Support for Organizational Change: Change-Readiness Outcomes among AEC Project Teams*. American Society of Civil Engineers.
- Brown, M. E., Taylor, S. G. (2020). Power and Leadership. In S. J. Zaccaro, R. J. Klimoski, & R. Kanfer (Eds.), *The Oxford Handbook of Organizational Psychology* (pp. 1-23). Oxford University Press.
- Bruce J. Avolio and F. Yammarino - Authors of "Transformational and Charismatic Leadership: The Road Ahead" (2002).
- Burke, W. W., Litwin, G. H. (1992). A causal model of organizational performance and change. *Journal of Management*, 18(3), 523-545.
- Cameron, K. S., & Quinn, R. E. (2011). *Diagnosing and Changing Organizational Culture: Based on the Competing Values Framework* (3rd ed.). Jossey-Bass.

- Carless, S. A., Wearing, A. J., & Mann, L. (2000). A short measure of transformational leadership. *Journal of Business and Psychology*, 14(3), 389-405.
- Chang, Gong, Shang (2021). Change management capabilities, organizational agility and dynamic capabilities in the era of industry 4.0. *Journal of Organizational Change Management*, 34(1), 201-219.
- Chang, V., Gong, Y., Shang, L. (2021). Organizational change and employee well-being: A systematic review and research agenda. *Journal of Organizational Change Management*, 34(5), 1214-1234.
- Cho, E., Raman, P., & Mathiassen, L. (2020). Exploring Readiness for Change in Agile Transformation: A Multilevel Analysis. *Proceedings of the 53rd Hawaii International Conference on System Sciences*.
- Conger, J. A., Kanungo, R. N. (1998). Charismatic leadership in organizations: Perceived behavioral attributes and their measurement. *Journal of Organizational Behavior*, 9(2), 89-94.
- Cummings, T. G., Worley, C. G. (2014). *Organization development and change*. Cengage Learning.
- Day, D. V., Antonakis, J. (2021). The nature of leadership. In D. V. Day & J. Antonakis (Eds.), *The Nature of Leadership* (2nd ed., pp. 356-374). Sage Publications.
- Demilew, M., Tilahun, G. (2019). Change management strategies and bank performance in Ethiopia. *International Journal of Business and Management*, 14(4), 32-44.
- Dinh, J. E., Lord, R. G., Gardner, W. L., Meuser, J. D., Liden, R. C., & Hu, J. (2020). Leadership theory and research in the new millennium: Current theoretical trends and changing perspectives. *The Leadership Quarterly*, 30(1), 1-18.
- Dvir, T., Kass, N., Shamir, B. (2018). The emotions of individual employees during times of organizational change. *Research in Organizational Change and Development*, 26, 45-71.

- Edmondson, A. C. (2019). *The Fearless Organization: Creating Psychological Safety in the Workplace for Learning, Innovation, and Growth*. Wiley.
- Eisenbeiss, S. A., Knippenberg, D. V., & Boerner, S. (2008). Transformational leadership and team innovation: Integrating team climate principles. *Journal of Applied Psychology*, 93(6), 1438-1446.
- Ford, J. D., & Ford, L. W. (2009). Decoding Resistance to Change. *Harvard Business Review*, 87(4), 99-103.
- Gujarati, D. N., & Porter, D. C. (2009). *Basic Econometrics* (5th ed.). McGraw-Hill.
- Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2010). *Multivariate Data Analysis* (7th ed.). Pearson Prentice Hall.
- Hartnell, C. A., Kinicki, A. J., Lambert, L. S., Fugate, M., & Doyle Corner, P. (2016). Do similarities or differences between CEO leadership and organizational culture have a more positive effect on firm performance? *Journal of Applied Psychology*, 101(6), 846-861.
- Hayes, J. (2018). Leadership and organizational change: A review and synthesis. *Journal of Management*, 44(6), 2297-2345.
- Holt, D. T., Armenakis, A. A., Feild, H. S., & Harris, S. G. (2007). Readiness for organizational change: The systematic development of a scale. *Journal of Applied Behavioral Science*, 43(2), 232-255.
- Jain, P., Khandelwal, P. (2020). Leadership styles in the banking industry: A systematic literature review. *Journal of Business and Management Studies*, 7(3), 1-9.
- Jaiswal, S., Dhar, R. L. (2021). Understanding the impact of leadership styles on innovation in the banking sector: A study in the Indian context. *Journal of Business Research*, 122, 502-511.
- Jones, D. A. (2018). "High-performance work practices and employee readiness for change: Implications for achieving competitive advantage in the global economy." In Holt, D. T., & Vardaman, S. T. (Eds.), *The Routledge Companion to Talent Management*, 285-301. Routledge.

- Judge, T. A., & Piccolo, R. F. (2004). Transformational and transactional leadership: A meta-analytic test of their relative validity. *Journal of Applied Psychology*, 89(5), 755-768.
- Khaola, P. P., Maserumule, R. (2020). The impact of situational leadership on change management effectiveness in the public sector. *Journal of Public Administration*, 55(1), 1-16.
- Kotter, J. P. (1996). *Leading change*. Harvard Business Review Press.
- Kotter, J. P., Schlesinger, L. A. (2008). Choosing strategies for change. *Harvard Business Review*, 86(7-8), 130-139.
- Lee, C. (2019). Communicating change: An integrative review of the literature. *Journal of Organizational Change Management*, 32(1), 2-21.
- Lewin, K. (1951). *Field theory in social science: Selected theoretical papers*. Harper & Row.
- Li, Y., Jiang, Y., Liu, Y., Zhao, Y., & Zhang, J. (2017). How employee engagement influences success in organizational change: An empirical study based on the perspective of the dual-factor model. *Sustainability*, 9(4), 617.
- Liden, R. C., Wayne, S. J., Zhao, H., & Henderson, D. (2008). Servant leadership: Development of a multidimensional measure and multi-level assessment. *The Leadership Quarterly*, 19(2), 161-177.
- Limsila, K., & Ogunlana, S. O. (2008). Performance and leadership outcome correlates of leadership styles and subordinate commitment. *Engineering, Construction and Architectural Management*, 15(2), 164-184.
- Mahdi, S. S., Taherdoost, H., Zarei, B. (2017). The relationship between transformational leadership and job satisfaction among employees of banking sector. *Journal of Accounting and Management*, 7(4), 51-59.
- McKinsey M., Company.S., (2018). Digital transformation in banking: Building the digital bank of the future. Retrieved from <https://www.mckinsey.com/business-functions/digital-mckinsey/our-insights/digital-transformation-in-banking-the-future-of-the-digital-bank>.

- Meier, S., O'Connor, E. (2021). The Burke-Litwin model of organizational change: A systematic review. *Journal of Change Management*, 21(1), 56-83.
- Nielsen, K., Randall, R., Yarker, J., & Brenner, S. O. (2017). The Effects of Transformational Leadership on Followers' Perceived Work Characteristics and Psychological Well-Being: A Longitudinal Study. *Work & Stress*, 31(1), 82-99.
- Northouse, P. G. (2021). *Leadership: Theory and Practice* (9th ed.). Sage Publications.
- Oreg, S., Michel, A., By, R. T. (2013). When saying sorry is not enough: The impact of apology on employee resistance to change. *Journal of Organizational Change Management*, 26(2), 196-216.
- Paul M. Sosik and James G. Godshalk - Authors of "Leadership Styles, Mentoring Functions Received, and Job-Related Stress: A Conceptual Model and Preliminary Study" (2000).
- Petrović, M. M., (2022). The role of transactional leadership in change management readiness: Evidence from the technology sector. *International Journal of Innovation Management*, 26(2), 2150023.
- Rafferty, A. E., Griffin, M. A. (2020). Antecedents of employee engagement: A multilevel model of leadership, job design, and work-life balance. In J. R. B. Halbesleben, A. Rafferty, & R. L. Gardner (Eds.), *The Routledge Companion to Employee Engagement* (pp. 40-59). Routledge.
- Rashid, H. M. A., Lodhi, S. A. (2019). The Impact of Communication on Employees' Readiness to Change in the Banking Sector of Pakistan. *Journal of Economics and Behavioral Studies*, 11(1), 72-78.
- Saks, A. M. (2020). Employee engagement in theory and practice. In C. L. Cooper & R. J. Burke (Eds.), *The Oxford Handbook of Positive Organizational Scholarship* (2nd ed., pp. 273-286). Oxford University Press.
- Sena, J. A., (2022). Transformational leadership and change readiness: A cross-cultural examination. *Journal of Leadership & Organizational Studies*, 29(1), 55-69.

- Shen, J., Zhang, X. (2020). The role of change management in avoiding failure in IT-enabled business transformation. *Journal of Organizational Change Management*, 33(3), 412-432.
- Tejeda, M. J., Scandura, T. A., Pillai, R. (2015). The MLQ revisited: Psychometric properties and recommendations. *The Leadership Quarterly*, 26(5), 805-816.
- Vidyarathi, P. R., Anand, S., Liden, R. C., & Erdogan, B. (2014). Transformational leadership, authentic leadership, and employee well-being: A multimethod investigation. *Journal of Applied Psychology*, 99(5), 874-885.
- World Bank (2019). "Ethiopia Economic Update: Financing for Development in Ethiopia" published in 2019. Here's the link to the report: <https://www.worldbank.org/en/country/ethiopia/publication/ethiopia-economic-update-financing-for-development-in-ethiopia>
- World Bank. (2022). Banking Sector. Retrieved from <https://www.worldbank.org/en/topic/financialsector/brief/banking-sector>.
- Yimer, M. (2018). Leadership style and change management process in Ethiopian commercial banks. *Journal of Economics and International Business Research*, 4(2), 1-10.
- Zhang, X., Tsui, A. S., Song, L. J., & Li, C. (2015). Leadership and creativity in public organizations: The mediating role of innovative work climate. *Public Administration Review*, 75(4), 539-552.

Appendices

Appendix 1
ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
SCHOOL OF COMMERCE
MASTERS IN ARTS OF BUSINESS LEADERSHIP

Consent Form

Title of Research: "The Role of Leadership Styles for Organizational Change Management Readiness in Abay Bank, Addis Ababa, Ethiopia"

Researcher: Haregewoin Nega

Institution: Addis Ababa University School of Commerce

Introduction: You are asked to take part in a study that intends to examine how leadership philosophies affect Abay Bank's organizational capacity for change management in Addis Abeba, Ethiopia. Haregewoin Nega from the Addis Ababa University School of Commerce is the researcher on this project. Your involvement in the research is completely voluntary, so it's crucial that you comprehend its goals, methods, and associated risks and benefits before deciding whether or not to take part.

Purpose: This study aims to investigate the connection between organizational change management readiness at Abay Bank and leadership philosophies. We hope to advance knowledge of successful change management techniques and their effects on organizational change preparedness by examining this link.

Procedures: If you decide to take part, you will be asked to complete a questionnaire that will gather demographic data and ask you for your thoughts on the organization's leadership styles and preparation for change management. It will take about 20 minutes to complete the questionnaire. Your responses will be kept private, and anonymity will be maintained by combining all of the data obtained.

Benefits: By taking part in this study, you will help expand our understanding of organizational leadership and change management. The results of this study may aid Abay Bank and other Addis Ababa, Ethiopia, firms in enhancing their change management procedures and organizational adaptability.

Risks: There are very little hazards involved in taking part in this study. However, there is a tiny potential of discomfort or exhaustion when completing the questionnaire, as with any research utilizing surveys. You are free to stop participating in the study at any moment without penalty if you feel uncomfortable.

Confidentiality: Your involvement in this study will be kept fully private. All information gathered will be safely stored and only the study team will have access to it. No specific individuals will be mentioned in any publication or presentation resulting from this study; all shared information will be provided in aggregate form.

Voluntary Participation: You are free to discontinue participating in this study at any time without incurring any fees or losing any rewards. Your relationship with Abay Bank or any linked organization won't be harmed if you decide not to take part in the study or withdraw from it.

Contact Information: Contact Haregewoin Nega at haregnega2@gmail.com if you have any inquiries or worries about this study.

Consent: You confirm that you have read and comprehended the information in this consent form by signing here. You willingly consent to taking part in this study and giving your permission for the data to be collected and used as specified.

Participant's Name: _____

Participant's Signature: _____

Date: _____

Appendix 2
ADDIS ABABA UNIVERSITY COLLEGE OF BUSINESS AND ECONOMICS
SCHOOL OF COMMERCE
MASTERS OF ARTS IN BUSINESS LEADERSHIP
Modified Multi-factor Leadership Questionnaires
For Subordinates

Dear Respondents!

This survey aims to investigate how the Abay Bank's subordinate employees evaluate the leadership styles of the administrative bodies at the bank's Addis Abeba branches. Four sections make up the questionnaire. The demographics are covered in Section I. Sections II, III, and IV, however, deal with transformative, transactional, and preparedness questions, respectively.

Please take note that:

- Your name does not need to be written;
- Please carefully read each statement and provide the best response you can to each question;
- For descriptors, kindly respond using the five-point Likert scales provided under each section and indicate your response by circling the appropriate boxes; and
- It is not possible to give more than one answer to a question.

You can be sure that the questionnaire is only being used for academic purposes and that your answers will be kept in strictest confidence.

I sincerely appreciate your cooperation in advance.

Haregewoin Nega

SECTION I. DEMOGRAPHIC DATA

- Name of the Abay Bank branch you are working_____
- Gender: 1. Male 2. Female
- Age: 1. 18-28 years 2. 29-39 years 3. 40-50 years 4. > 50 years
- Please indicate your highest level of education
 - First Degree 2. Second Degree 3. Other
- Years of service in the bank
 - 1-5 years 2. 6 -10 years 3. 11-15 years 4. > 16 years

SECTION II: TRANSFORMATIONAL LEADERSHIP BEHAVIOURS

This section includes **20** descriptive statements that will help you to rate how frequent the admin manifest trans- formational leadership behaviors. The behaviors are idealized influence-attributed, idealized influence behavior, inspirational motivation, intellectual stimulation and individualized consideration. Please judge how frequent each statement fits you using the following 5 point Likert-scale. (Please circle your response)

0	1	2	3	4	
Not at all	Once in a while	Sometimes	Fairly often	Frequently, if not always	

Descriptive Statements on Idealized Influence-Attributed		Rating Scales				
1	Administrative staffs instils pride in employees for being associated with them	0	1	2	3	4
2	Administrative staffs go beyond self-interest for the good of employees	0	1	2	3	4
3	Administrative staffs act in ways that build employees respect for them	0	1	2	3	4
4	Administrative staffs display a sense of power and confidence	0	1	2	3	4
Descriptive Statements on Idealized Influence-Behavior		Rating Scales				
5	Administrative staffs talk about their most important values and beliefs	0	1	2	3	4
6	Administrative staffs specify the importance of having a strong sense of purpose	0	1	2	3	4
7	Administrative staffs consider the moral and ethical consequences of their decisions	0	1	2	3	4
8	Administrative staffs emphasize the importance of having a collective sense of mission	0	1	2	3	4
Descriptive Statements on Inspirational Motivation		Rating Scales				
9	Administrative staffs talk optimistically about the future	0	1	2	3	4
10	Administrative staffs talk enthusiastically about what needs to be accomplished	0	1	2	3	4
11	Administrative staffs articulate a compelling vision of the future	0	1	2	3	4
12	Administrative staffs express confidence that goals will be achieved	0	1	2	3	4
Descriptive Statements on Intellectual Stimulation		Rating Scales				

13	Administrative staffs re-examine critical assumptions to question whether they are appropriate before making decisions	0	1	2	3	4
14	Administrative staffs seek differing perspectives from trainers when solving problems	0	1	2	3	4
15	Administrative staffs get employees to look at problems from many different angles	0	1	2	3	4
16	Administrative staffs suggest new ways of looking at how to complete assignments	0	1	2	3	4
Descriptive Statements on Individualized Consideration		Rating Scales				
17	Administrative staffs spend time in administering and coaching employees	0	1	2	3	4
18	Administrative staffs treat employees as individuals rather than just as a member of a group	0	1	2	3	4
19	Administrative staffs consider each employee as having different needs, abilities and aspirations from other employees	0	1	2	3	4
20	Administrative staffs help employees to develop their strengths	0	1	2	3	4

SECTION III: TRANSACTIONAL LEADERSHIP BEHAVIOURS

You can rate how frequently the administrative bodies exhibit transactional leadership characteristics by using the 12 descriptors in this section. Contingency-based rewards, management by exception-active, and management by exception-passive are the behaviors. Please use the following 5-point Likert scale to rate how often each statement applies to you. Please circle your reply.

0	1	2	3	4	
Not at all	Once in a while	Sometimes	Fairly often	Frequently, if not always	

Descriptive Statements on Contingent Rewards		Rating Scales				
21	Administrative staffs provide employees with assistance in exchange for their effort	0	1	2	3	4
22	Administrative staffs discuss in specific terms who is responsible for achieving performance targets	0	1	2	3	4
23	Administrative staffs make clear what employees can expect to receive when performance goals are achieved	0	1	2	3	4
24	Administrative staff's express satisfaction when employees meet expectations	0	1	2	3	4
Descriptive Statements on Management-by-Exception-Active		Rating Scales				
25	Administrative bodies focus attention on irregularities, mistakes, exceptions and deviations from standards	0	1	2	3	4
26	Administrative staffs concentrate their full attention on dealing with mistakes, complaints, and failures	0	1	2	3	4
27	Administrative staffs keep track of all mistakes	0	1	2	3	4
28	Administrative staffs direct their attention toward failures to meet standards	0	1	2	3	4
Descriptive Statements on Management-by-Exception-Passive		Rating Scales				
29	Administrative staffs fail to interfere until problems become serious	0	1	2	3	4
30	Administrative staffs wait for things to go wrong before taking action	0	1	2	3	4
31	Administrative staffs show that they are firm believers in "If it isn't broke, don't fix it."	0	1	2	3	4

Appendix 3
ADDIS ABABA UNIVERSITY COLLEGE OF BUSINESS AND ECONOMICS
SCHOOL OF COMMERCE
MASTERS OF ARTS IN BUSINESS LEADERSHIP

Change Readiness Questionnaires

For: Subordinates Staffs

This survey is helpful in determining how prepared an organization is for the shift. The following questions are intended to help subordinate staff members evaluate themselves from the perspective of the organization, within the organization, and based on their relationship to change and their role in a change-competent organization in government hospitals about the aspects of the change. Six sections make up the questionnaire. The demographics are covered in Section I. The topics of communication, a sponsorship roadmap, managing resistance, coaching, and training are covered in sections II, III, IV, V, and VI.

Please take note that:

- Your name does not need to be written
- Please carefully read each statement and provide the best response you can to each question
- Please use the rating scales provided beneath each section to reply to the descriptive remarks, then submit your answer by circling the relevant boxes
- There can only be one response per question.

You can be sure that the questionnaire is only being used for academic purposes and that your answers will be kept in strictest confidence.

I sincerely appreciate your cooperation in advance.

Haregewoin Nega

SECTION I. DEMOGRAPHIC DATA

- Name of the Abay Bank branch you are working.
- Gender: 1. Male 2. Female
- Age: 1. 18-28 years 2. 29-39 years 3. 40-50 years 4. > 50 years
- Please indicate your highest level of education
 - First Degree 2. Second Degree 3. Other
- Years of service in the bank
 - 1-5 years 2. 6 -10 years 3. 11-15 years 4. > 16 years

SECTION II. COMMUNICATION

1		2		3		4		5		6			
Strongly disagree		Disagree		Neutral		Somewhat agree		Agree		Strongly Agree			
S/N	Communication- Informing who is affected and impacted regarding the change.	Rating scales											
1	The Abay bank has a clearly defined vision and strategy and changes are continually communicated with all stakeholders.	1	2	3	4	5	6						
2	Priorities are set and continually communicated regarding change projects and other competing initiatives.	1	2	3	4	5	6						
3	The health institution uses multiple communication methods to keep stakeholders informed	1	2	3	4	5	6						
4	The health institution’s messaging about change projects is clear, concise and consistent	1	2	3	4	5	6						

5	Mechanisms are in place to identify lapses in effective communication	1	2	3	4	5	6
---	---	---	---	---	---	---	---

SECTION III. SPONSORSHIP

1	2	3	4	5	6					
Strongly disagree	Disagree	Neutral	Somewhat agree	Agree	Strongly Agree					
S/ N	Sponsorship- Ensuring there is active sponsorship for the change at a senior executive level within the organization, and engaging this sponsorship to achieve the desired results,				Rating scales					
6	Change initiatives in the organization have an executive sponsor identified				1	2	3	4	5	6
7	The executive sponsor has the necessary authority over the people, processes and systems to authorize and fund change initiatives				1	2	3	4	5	6
8	The executive sponsor can build awareness of the need for change(why the change is happening)				1	2	3	4	5	6
9	The executive sponsor will actively and visibly participate with the project team throughout the entire change process				1	2	3	4	5	6
10	The executive sponsor will resolve issues and make decisions relating to the change project schedule, scope and resources				1	2	3	4	5	6

SECTION IV. STAKEHOLDERS/ RESISTANCE MANAGEMENT

1	2	3	4	5	6
Strongly disagree	Disagree	Neutral	Somewhat agree	Agree	Strongly Agree

S/N	Stakeholder Management- gaining buy-in for the changes from those involved and affected, directly or indirectly. Involving the right people in the design and implementation of changes, to make sure the right change made.	Rating scales					
11	The executive sponsor is willing and able to build a sponsorship coalition for change, and is able to manage resistance from all stakeholders.	1	2	3	4	5	6
12	Change is managed effectively and change success are celebrated, both in private and in public	1	2	3	4	5	6
13	Stakeholders hear a consistent and unified message from various levels of executives.	1	2	3	4	5	6
14	Change initiatives are accurately tailored to the particular needs and concerns of each stakeholders group.	1	2	3	4	5	6
15	Special tactics have been developed for handling resistance to change from various stakeholders	1	2	3	4	5	6

SECTION V. READINESS/ COACHING

1	2	3	4	5	6
Strongly disagree	Disagree	Neutral	Somewhat agree	Agree	Strongly Agree

S/N	Readiness- getting people ready to adapt to the changes by ensuring they have the right information and toolsets.	Rating scales					
16	A structured change management approach is being communicated and applied to change projects.	1	2	3	4	5	6
17	Change management team members have been identified. Managers and staff are trained on organizational change management	1	2	3	4	5	6
18	Project team and change management teams are tracking progress and able to resolve related issue through set project	1	2	3	4	5	6

	management process. A project plan has been integrated with a change management plan.						
19	Resources for change projects are identified and acquired based on a project plan. Resources have the necessary time to complete work for the change.	1	2	3	4	5	6
20	Feedback processes are continually used to determine how effectively change is being adopted by stakeholders	1	2	3	4	5	6

SECTION VI. TRAINING

1	2	3	4	5	6		
Strongly disagree	Disagree	Neutral	Somewhat agree	Agree	Strongly Agree		
S/N	Training- training the appropriate resources on the change.	Rating scales					
21	Abay bank recognizes and reinforces skills and behaviors required for the change effort	1	2	3	4	5	6
22	Skills and knowledge needed for transition have been identified	1	2	3	4	5	6
23	Skills assessments are continually conducted for change projects and gaps are identified for transition	1	2	3	4	5	6
24	Training is developed and scheduled proactively, based on gaps and need assessments	1	2	3	4	5	6
25	Flexible methods are employed for training i.e. web based, webcasts, guides, in class training etc.	1	2	3	4	5	6

Appendix 4
ADDIS ABABA UNIVERSITY COLLEGE OF BUSINESS AND ECONOMICS
SCHOOL OF COMMERCE
MASTERS OF ARTS IN BUSINESS LEADERSHIP
For Administrative Bodies

Dear Respondents!

This survey aims to investigate how the administrative bodies themselves assess the leadership styles of the Abay Bank branches in Addis Abeba. Four sections make up the questionnaire. The demographics are covered in Section I. The transformative, transactional, and preparation questions are covered in sections II, III, and IV, respectively.

Please take note that:

- Your name does not need to be written;
- Please carefully read each statement and provide the best response you can to each question;
- For descriptors, kindly respond using the five-point Likert scales provided under each section and indicate your response by circling the appropriate boxes; and
- It is not possible to give more than one answer to a question.

You can be sure that the questionnaire is only being used for academic purposes and that your answers will be kept in strictest confidence.

I sincerely appreciate your cooperation in advance.

Haregewoin Nega

SECTION I: DEMOGRAPHIC DATA

- Name of the branch you are currently working _____.
- Gender: 1. Male 2. Female
- Age: 1. 18-28 years 2. 29-39 years 3. 40-50 years 4. ≥51 years
- Please indicate your highest level of education
 - First degree 2. Second degree 3. Other
- Years of service in this hospital
 - 1-5 year 2. 6-10 years 3. 11-15 years 4. ≥16 years

SECTION II: TRANSFORMATIONAL LEADERSHIP BEHAVIOURS

You can use the 20 descriptive statements in this section to rate the frequency with which you demonstrate transformational leadership behaviors. The behaviors include those that are idealized influence-behavior, idealized influence-attributed, inspirational motivation, intellectually stimulating, and considerate to the individual. Please use the following 5-point Likert scale to rate how often each statement applies to you. (If possible, emphasize your response.)

0 1 2 3 4
Not at all Once in a while Sometimes fairly often Frequently if not

Descriptive Statements on Idealized Influence-Attributed		Rating Scales				
1	I instils pride in employees for being associated with me	0	1	2	3	4
2	I go beyond self-interest for the good of employees'	0	1	2	3	4
3	I act in ways that build employees' respect for me	0	1	2	3	4
4	I display a sense of power and confidence	0	1	2	3	4
Descriptive Statements on Idealized Influence-Behavior		Rating Scales				
5	I talk about my most important values and beliefs	0	1	2	3	4
6	I specify the importance of having a strong sense of purpose	0	1	2	3	4
7	I consider the moral and ethical consequences of my decisions	0	1	2	3	4
8	I emphasize the importance of having a collective sense of mission	0	1	2	3	4
Descriptive Statements on Inspirational Motivation		Rating Scales				

9	I talk optimistically about the future	0	1	2	3	4
10	I talk enthusiastically about what needs to be accomplished	0	1	2	3	4
11	I articulate a compelling vision of the future	0	1	2	3	4
12	I express confidence that goals will be achieved	0	1	2	3	4
Descriptive Statements on Intellectual Stimulation		Rating Scales				
13	I re-examine critical assumptions to question whether they are appropriate before making decisions	0	1	2	3	4
14	I seek differing perspectives from when solving problems	0	1	2	3	4
15	I get employees to look at problems from many different angles	0	1	2	3	4
16	I suggest new ways of looking how to complete assignments	0	1	2	3	4
Descriptive Statements on Individualized Consideration		Rating Scales				
17	I spend time in administering and coaching employees	0	1	2	3	4
18	I treat subordinates as individuals rather than just as a member of a group	0	1	2	3	4
19	I consider each employee as having different needs, abilities, and aspirations from his/her colleagues	0	1	2	3	4
20	I help subordinates to develop their strengths	0	1	2	3	4

SECTION III: TRANSACTIONAL LEADERSHIP BEHAVIOURS

You can use the 12 descriptive statements in this section to rate the frequency with which you engage in transactional leadership activities. Contingency reward, management by exception-active management, and management by exception-passive management are the behaviors. Please use the following 5-point Likert scale to rate how often each statement applies to you. Please highlight any parts of your response.

0	1	2	3	4					
Not at all	Once in a while	Sometimes	Fairly often	Frequently if not al-					
Descriptive Statements on Contingent Rewards				Rating Scales					
21	I provide employees with assistance in exchange for their efforts				0	1	2	3	4

22	I discuss in specific terms who is responsible for achieving performance targets	0	1	2	3	4
23	I make clear what employees can expect to receive when performance goals are achieved	0	1	2	3	4
24	I express satisfaction when employees meet expectations	0	1	2	3	4
Descriptive Statements on Management-by-Exception-Active		Rating Scales				
25	I focus attention on irregularities, mistakes, exceptions and deviations from standards	0	1	2	3	4
26	I concentrate my full attention on dealing with mistakes, complaints and failures	0	1	2	3	4
27	I keep track of all mistakes	0	1	2	3	4
28	I direct my attention toward failures to meet standards	0	1	2	3	4
Descriptive Statements on Management-by-Exception-Passive		Rating Scales				
29	I fail to interfere until problems become serious	0	1	2	3	4
30	I wait for things to go wrong before taking action	0	1	2	3	4
31	I show that I am a firm believer in "If it isn't broke, don't fix it."	0	1	2	3	4
32	I demonstrate that problems must become chronic before I take action	0	1	2	3	4

Appendix 5
ADDIS ABABA UNIVERSITY COLLEGE OF BUSINESS AND ECONOMICS
SCHOOL OF COMMERCES
MASTERS OF ARTS IN BUSINESS LEADERSHIP

SECTION IV

California Organizational Change Management Questionnaire
For Administrative Bodies

Dear Respondents!

This survey is helpful in determining how prepared an organization is for the shift. The administrative bodies of Abay Bank Addis Abeba branches are asked to answer the following questions in order to assess the organization as a whole, within the organization, based on their relationship to change and their position in a change-competent organization about the aspects of the change. Six sections make up the questionnaire. The demographics are covered in Section I. The topics of communication, a sponsorship roadmap, managing resistance, coaching, and training are covered in sections II, III, IV, V, and VI.

Please take note that:

- There is no need to write your name
- Please carefully read each statement and provide as much of a response as you can to each question
- Please use the rating scales provided beneath each section to reply to the descriptive remarks, then submit your answer by circling the relevant boxes;
- Multiple responses for a question are not permitted.

You can be sure that the questionnaire is only being used for academic purposes and that your answers will be kept in strictest confidence.

I sincerely appreciate your cooperation in advance.

Haregewoin Nega

SECTION I. DEMOGRAPHIC DATA

- Name of the Abay Bank branch you are working.
- Gender: 1. Male 2. Female
- Age: 1. 18-28 years 2. 29-39 years 3. 40-50 years 4. > 50 years
- Please indicate your highest level of education
 - First Degree 2. Second Degree 3. Other
- Years of service in the bank
 - 1-5 years 2. 6 -10 years 3. 11-15 years 4. > 16 years

SECTION II. COMMUNICATION

1	2	3	4	5	6
Strongly disagree	Disagree	Neutral	Somewhat agree	Agree	Strongly Agree

S/N	Communication- Informing who is affected and impacted regarding the change.	Rating scales					
1	Abay Bank has a clearly defined vision and strategy and changes are continually communicated with all stakeholders.	1	2	3	4	5	6
2	Priorities are set and continually communicated regarding change projects and other competing initiatives.	1	2	3	4	5	6
3	The Bank uses multiple communication methods to keep stakeholders informed	1	2	3	4	5	6
4	The Bank messaging about change projects is clear, concise and consistent	1	2	3	4	5	6

5	Mechanisms are in place to identify lapses in effective communication	1	2	3	4	5	6
---	---	---	---	---	---	---	---

SECTION III. SPONSORSHIP

1	2	3	4	5	6
Strongly disagree	Disagree	Neutral	Somewhat agree	Agree	Strongly Agree

S/N	Sponsorship- Ensuring there is active sponsorship for the change at a senior executive level within the organization, and engaging this sponsorship to achieve the desired results,	Rating scales					
6	Change initiatives in the organization have an executive sponsor identified	1	2	3	4	5	6
7	The executive sponsor has the necessary authority over the people, processes and systems to authorize and fund change initiatives	1	2	3	4	5	6
8	The executive sponsor can build awareness of the need for change (why the change is happening)	1	2	3	4	5	6
9	The executive sponsor will actively and visibly participate with the project team throughout the entire change process	1	2	3	4	5	6
10	The executive sponsor will resolve issues and make decisions relating to the change project schedule, scope and resources	1	2	3	4	5	6

SECTION IV. STAKEHOLDERS /RESISTANCE MANAGEMENT

1	2	3	4	5	6
Strongly disagree	Disagree	Neutral	Somewhat agree	Agree	Strongly Agree

S/N	Stakeholders/ Resistance Management- gaining buy-in for the changes from those involved and affected, directly or indirectly. In- volving the right people in the design and	Rating scales					
-----	--	---------------	--	--	--	--	--

	implementation of changes, to make sure the right change made.						
11	The executive sponsor is willing and able to build a sponsorship coalition for change, and is able to manage resistance from all stakeholders.	1	2	3	4	5	6
12	Change is managed effectively and change success are celebrated, both in private and in public	1	2	3	4	5	6
13	Stakeholders hear a consistent and unified message from various levels of executives.	1	2	3	4	5	6
14	Change initiatives are accurately tailored to the particular needs and concerns of each stakeholders group.	1	2	3	4	5	6
15	Special tactics have been developed for handling resistance to change from various stakeholders	1	2	3	4	5	6

SECTION V. READINESS/ COACHING

1	2	3	4	5	6
Strongly disagree	Disagree	Neutral	Somewhat agree	Agree	Strongly Agree

S/N	Readiness/ Coaching- getting people ready to adapt to the changes by ensuring they have the right information and toolsets.	Rating scales					
16	A structured change management approach is being communicated and applied to change projects.	1	2	3	4	5	6
17	Change management team members have been identified. Managers and staff are trained on health institution change management	1	2	3	4	5	6
18	Project team and change management teams are tracking progress and able to resolve related issue through set project management process. A project plan has been integrated with a change management plan.	1	2	3	4	5	6

19	Resources for change projects are identified and acquired based on a project plan. Resources have the necessary time to complete work for the change.	1	2	3	4	5	6
20	Feedback processes are continually used to determine how effectively change is being adopted by stakeholders	1	2	3	4	5	6

SECTION VI. TRAINING

1	2	3	4	5	6
Strongly disagree	Disagree	Neutral	Somewhat agree	Agree	Strongly Agree

S/N	Training- training the appropriate resources on the change.	Rating scales					
21	Health institution recognizes and reinforces skills and behaviors required for the change effort	1	2	3	4	5	6
22	Skills and knowledge needed for transition have been identified	1	2	3	4	5	6
23	Skills assessments are continually conducted for change projects and gaps are identified for transition	1	2	3	4	5	6
24	Training is developed and scheduled proactively, based on gaps and need assessments	1	2	3	4	5	6
25	Flexible methods are employed for training i.e. web based, webcasts, guides, in class training etc.	1	2	3	4	5	6