Addis Ababa University College of Business and Economics School of Commerce



THE ROLE OF LEADERSHIP ON ORGANIZATIONAL CHANGE: THE CASE OF PLANNING AND DEVELOPMENT COMMISSION

BY

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TEWODROS TADESSE

A RESEARCH PROJECT WORK SUBMITTED TO OFFICE OF GRADUATE STUDIES OF ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEEGREE OF MASTER OF ARTS IN BUSINESS LEADERSHIP

ADVISOR

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STATEMENT OF DECLARATION

I, Tewodros Tadesse, hereby declare that this Master thesis titled "The Role of Leadership on Organizational Change: The Case of planning and Development Commission (PDC)"is an original work. I have carried out the present study independently with the guidance and support of the research advisor, Mr. Fesseha Afewerk (Asst. Professor). Any other research or academic sources used here in this study have been duly acknowledged. Moreover, this study has not been submitted for the award of any diploma, degree or any other higher education Program in this or any other institution.

Tewodros Tadesse	_____	_____
Declared by	Signature	Date

STATEMENT OF CERTIFICATION

This is to certify that Tewodros Tadesse has carried out this project work on the topic titled "The Role of Leadership on Organizational Change: The Case of planning and Development Commission (PDC)". Accordingly, I hereby assure that his work is appropriate and standard enough to be submitted for the award of Master of Degree in Business Leadership.

Fesseha A. (Asst. Professor)	_____	_____
Advisor Name	Signature	Date

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Acronyms

CR: contingent reward

HRM: Human Resource Management

II: Idealized Influence

IM: Inspirational Motivation

IS: Intellectual Stimulation

IC: individual consideration

MBE: Management by Exception

MLQ: Multi Leadership Questionnaire

OD: Organizational Development

PDC: Planning and Development Commission

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Abstract

The purpose of this study was to assess the role of leadership on organizational change in Planning and Development Commission of Ethiopia. The study employed explanatory research design and quantitative research approach. Primary data was collected from structured questionnaire and secondary data was collected from previous studies, journals, articles and books. The study used a simple random sampling technique. Accordingly, 132 questionnaires were distributed and 118 were obtained & used for further analysis. The collected data was analyzed by using the Statistical Package for Social Sciences (SPSS) software version26. Besides, to analyze the collected data descriptive statistics (frequencies, means, and standard deviations), and multiple linear regression analysis was used. The findings of the study indicated that transformational leadership style has a positive and significant effect on organizational change in PDC. Transactional leadership style has an insignificant effect on organizational change. It is also indicated that currently, the most dominant type of leadership style is transformational leadership. Accordingly, the researcher recommended the company should continue practicing transformational leadership style which has a significant effect on organizational change and leaders should pay more attention to their employees' individual considerations. Show support, coaching and guidance which will help facilitate change processes through minimizing the resistance to change.

Keywords: *Organizational change, Leadership, Planning and Development Commission*

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

“The only thing that is constant is change and the only thing we can be certain about is that everything changes” (Rosén, 2014). Change is inevitable and whether we like it or not everything changes. If we decide to stay the course and not to change much of our work will quickly become outdated and irrelevant. To stay relevant and make a true difference we must work our way out of the current quagmire of illusions in which we are stuck (By, 2020).

Even though we are dealing with constant change, the failure rate for change programs shows an extreme number of 70 percent (Placeholder1). They also claim that the reason for this higher failure rate is too much focus on reason and structure while disregarding softer human aspects like feelings, moods, inspiration, and commitment. (Rosén, 2014), States that what is problematic with change is that they are not acknowledged before it is too late. Regardless of this high failure rate, changes are usually problematic for an organization.

Change can be seen as reorganization or reform, is performed with the hopes of improvement; however, they do not come without risks. To illuminate this problem the researcher examines a specific reorganization for an organization called PDC starting 2013.

Leaders are the person who controls and assume responsibility for the activity of an association and great pioneers can set hopeful objectives and targets while controlling the activity of the organization towards those objectives through compelling systems. Other than that, great

pioneers can likewise impact their workers and propel them by fortifying a positive association culture and through liberal representative advantages. For instance, health care insurance, worker compensation, leave benefit and others (Cabeza-Erikson, 2008). The leader should communicate and work together with the group of employees to sustain the long term process of changes (Richard, 2015)

In general, change is the only method to sustain the organization in the current business environment. Usually, change is hard for people, people will feel uncomfortable because of change and even sometimes reject the change, continue as they are and be abolished by society. Therefore, leadership can be a reason to inspire and encourage.

1.2. Background of the Organization

The research focuses on planning and Development commission of Ethiopia (PDC). Planning and Development Commission of Ethiopia formerly known as National Planning Commission, established by the Ethiopian government in 2013 recognizing the core role of effective planning in national development through conducting intermittent monitoring and evaluation of its execution. The commission is an autonomous federal government organ that has given uppermost national responsibility concerning the government's development agenda in eradicating poverty, bringing the required results in the Growth and Transformation Plans, ensuring rapid structural economic transformation and bringing good governance.

The commission has the responsibility of leading, managing, and also the formulation of polices preparing long, medium, and short term national development plans, reviewing, monitoring, and evaluation of large and mega-development projects.

1.3. Statement of the Problem

In today's society, we read and hear about organizational reorganizations constantly. The question is what is reorganization? How extensive is it? What effects does it have? What does it demand of the leaders? What is their role in a change process? How does a change affect the leaders? These are questions that at least the researcher asked himself which made this topic an obvious choice.

From (Kotter et al, 2006) allegory we see that change is happening and it cannot be ignored. The fact that changes are this common makes information regarding the topic necessary, we cannot ignore the fact that changes happen and we need to continue to discuss the topic.

Deal (2005) as cited by (Rosén, 2014) expresses that since organizations are harder to manage it is extremely important to highlight issues like these because they have such an important role in today's society. We need to address these issues and feature them to make it simpler to deal with. Changes are tricky for an association and hard to deal with which makes it critical for us to keep tending to the subject. To get effective in overseeing transforms we need to keep on doing exploration and attempt to propose answers for overseeing them.

Leading change is the most important task for managers today making the leadership perspective extremely important for this project work. Managers have to handle change processes that implicate a turbulent environment.

As mentioned in previously there is a high failure rate of change processes. Considering this the researcher wanted to study a specific case to see what happens out in real life. The researcher wanted to see what a change means and how it affects the leaders in real life. The researcher

believes that this could give him an idea of factors influencing change processes and compare it to the existing literature and an idea if the existing literature is too narrow on what the factors for this high failure rate are. Since current theories provide general "guidelines" for change management already the researcher wanted to make an in-depth research and study how a change process works in reality.

The role played by leadership on influencing the individuals' responses to change can be explained through two approaches from the literature. The first one is rooted in organizational literature. It is about what leaders should do when they face a particular change scenario (e.g., create a sense of urgency, provide support, and make short wins). There is entire practitioner literature that focuses on what specific actions or procedures leaders should engage in when leading change (Lewis, 1987). The second one is dealing with the change as a situational contingency that moderates the effectiveness of certain leadership styles. Therefore, this approach is specifying a group of situations in which a particular style of leadership may be the most effective.

(Bass., 1990), Proposed three leader styles: Transformational leadership, Transactional leadership, and Laissez-Fair leadership styles. PDC has the responsibility of leading, managing, and formulation of policies, preparing long, medium, and short term national development plans, monitoring and evaluation of large, mega-development projects. But throughout the years the company did not try to research on both leadership and organizational change and the role the leadership styles of managers play on employee's job satisfaction in particular and on the organizational change in general. And this will affects and become a challenge for the company to perform its national responsibility and to achieve the desired objective.

With this in mind, there is a dearth of empirical research regarding the impact of leadership on organizational change (Massoudi, 2019) and specifically, there is no empirical research that has been carried out about the dominant leadership styles of managers that affect organizational change at PDC. Therefore doing this study might help us to know the leadership styles that are exhibited at PDC, and to know how it affects the process of organizational change.

1.4. Research Questions

In any study, the most important part is to formulate the research questions because this is the base of the whole study and every single entity is depending on this part of the thesis. A research question draws the whole concept of study in a precise and understanding way which tells the whole purpose and concept of research in a few sentences (O'Leary, 2013). Thus, according to the focus of the study, the research questions here will be:

1. What specific leadership styles are most significantly associated with one's ability to successfully implement change initiatives?
2. Do these specific leadership styles play a role in the process of organizational change in PDC?
3. To what extent do these leadership styles affect the organizational change process in PDC?

1.5. Objectives of the Study

1.5.1. General Objective

The general objective of this research project is to explore the role of leadership on organizational change in the case of Planning and Development Commission of Ethiopia.

1.5.2. Specific Objectives

1. To identify the dominant leadership styles exercised in the study organization.
2. To determine the relationship between leadership style and organizational change in PDC.
3. To examine the extent to which leadership styles affect the process of change in the organization.

1.6. Significance of the study

The importance of this study is to expose and present the organizational background of Planning and Development Commission of Ethiopia. Being a change agent to a company is not an easy job. When a leader gets committed to his/her organization, it means he/she will put maximum efforts to make the company reach the top. But his/her commitment does not come easily. Why should an employee be committed to an organizational change? What factors will be there to retain employees? And why PDC in particular and other institutions in Ethiopia need to consider these things for future development? All these questions show the significance of the study. These questions will be answered in the last chapter after presenting and discussing the whole data. Ethiopia is a developing country and there are several organizations supporting this country to do better in the economy. From observation, the public sector is mostly associated with the transactional leadership theory which is more of ‘carrot and stick’ approach whereas, the private

sector is now focusing more on transformational and other recently developed leadership styles such as servant and spiritual leadership theories and thus, the change for good is taking place.

1.7. Delimitation/Scope of the Study

Due to time and resource constraints, the research is not be based on the comprehensive study of all public institution the study pursues the role of leadership on organizational change in the case of Planning and Development Commission of Ethiopia.

This study considers the effect of the three leadership styles that are Transformational, Transactional, and Laissez-fair leadership styles on the Strategy, Structure, People, and Cultural dimensions of organizational change.

To fully capture the effect of leadership on organizational change, a thorough empirical investigation has been conducted by using a carefully designed questioner.

This thesis therefore, focuses exclusively on a specific case; a change process that occurred at PDC.

1.8. Limitation of the Study

In conducting this study, some constraints in administering the data collection process and also doing the analysis are faced by the researcher. Due to Coronavirus disease (COVID-19), the researcher couldn't easily find respondents because most of the employees were working by staying at their home, so the researcher is forced to use the questionnaire as the only data collection method and distributed it through online by using Telegram and Email but the respondents are not familiar for the online data collection because of this all the distributed survey questionnaires were not returned, only 89% of the distributed questionnaires were

retuned. It also limits access to the internet and the communication with the advisor. However, the researcher tried to overcome all these challenges to make it better.

1.9. Definitions of Key Terms

Organizational change: Organizational change is the process of changing an organization's strategies, processes, procedures, technologies, and culture, as well as the effect of such changes on the organization. Organizational change involves, by definition, a transformation of an organization between two points in time. For most analysts, the key aspect of change comes from comparing the organization before and after the transformation (Yukl, 2010).

Leadership: After a comprehensive review of the leadership literature (Stogdill, 1974) concluded that there are many definitions of leadership. Leadership is the process of influencing the activities of an organized group toward goal achievement (Rauch, 1984). “Leadership is the ability of an individual to influence, motivate, and enable others to contribute toward the effectiveness and success of the organization” (House, 1999).

1.10. Organization of the Study

The research report comprises five chapters, which include the following: The study is organized in five chapters, including this chapter. Related theoretical and empirical literatures that were reviewed for this study and the conceptual framework are discussed under Chapter Two. Chapter Three discusses in detail about the research methodology used in the study like research design, sampling techniques…..Etc. Presentation, analysis, and interpretation of the data collected are discussed in Chapter Four of the report and finally, Chapter five comprises a summary of major findings, conclusions, recommendations as well as a hint for future research.

CHAPTER TWO

LITERATURE REVIEW

2.1. Theoretical Literature Review

2.1.1. Change, Organizational change, and Change management

As stated in the previous chapter Change is the concept that touches every aspect of life. Change may happen on everything and everywhere, as the philosopher Heraclitus says, the only thing that doesn't change is change itself. Besides, Benjamin Franklin's famous quote should also be mentioned, "In this world, nothing is certain but change, death and taxes." Political, socio-economic, cultural, technological, and legal structures are constantly changing besides the individuals.

According to (Singh, 2009) Change is the process by which individuals, groups, and organizations respond to the dynamic internal and external factors that change the current facts, and process of dealing with the method of moving from the present condition to the preferred condition.

Change is becoming a necessity to adapt to new ideas and to cope with new technologies because the current business environment is becoming highly competitive and constantly changing (Sidani, 2019).

The current business environment becomes highly competitive and to achieve sustainable competitive advantage, businesses shall anticipate and follow these changes occurring around them and pan their strategies accordingly. Experiencing change in such a rapid pace may sometimes lead to conflicts in organizations and it may cause a great deal of stress for the

individuals. Thus, organizations shall prepare for such challenges and how they shall initiate and manage the change to respond for such problems effectively (Cornell, 1996).

On the other hand, organizational change is aimed at optimizing performance standards of the organization; this requires highly competent, skillful and proactive managers. (Ebongkeng, 2018).

Change has always been an issue for the organization, just as it has always been a common characteristic of human life. “Change is definitely stiff for humans to accept as it is something that pulls people out of their comfort zones, which forces them to change their habits and makes them highly uncomfortable” (Lorenzoni, 2007).

Change that happens to an organization can be recognized from change that is arranged by its individuals; the focus of this study is therefore, in the planned change. Planned change is an ongoing cycle of four activities: entering and contracting, diagnosing, planning and implementing, and evaluating and institutionalizing. Organizations can utilize planned change to gain as a matter of fact, to tackle issues, to reframe shared perceptions, to improve execution, to adjust to outside ecological changes, and to impact future changes (Cummings, 2015).

According to (Cummings, 2015) “the three major theories of organizational change are: Lewin’s Change Model, the action research model and the positive model.” For the purpose of this study the researcher uses Lewin’s change model.

(Lewin, 1951), as cited by (Cummings, 2015), thought about change as alteration of those powers keeping a framework's conduct stable. In particular, a specific arrangement of practices at any second in time is the aftereffect of two gatherings of powers: those endeavoring to keep up the state of affairs and those pushing for change. At the point when the two arrangements of

powers are about equivalent, current practices are kept up in what Lewin named a condition of "quasi-stationary equilibrium." To change that state, one can build those powers pushing for change, decline those powers keeping up the present status, or apply a blend of both. This level can be expanded either by changing the gathering standards to help more elevated levels of execution or by expanding administrator weights to create a more significant levels. Lewin recommended that diminishing those powers keeping up business as usual delivers less pressure and opposition than expanding powers for change and therefore is a progressively compelling change procedure.

Lewin viewed this change process as consisting of the following three steps,

1. Unfreezing: This step typically includes decreasing those powers keeping up the association's conduct at its current level. Unfreezing is at times achieved through a procedure of "psychological disconfirmation." By presenting data that shows disparities between practices wanted by association individuals and those practices at present displayed, individuals can be persuaded to participate in change exercises. During this stage workers are prepared for change and they support change.

2. Moving: This step moves the conduct of the organization, office, or individual to another level. It includes mediating in the framework to grow new practices, qualities, and mentalities through changes in hierarchical structures and procedures. At this stage, change has happened and the representatives are embraced the new technique. Be that as it may, this reception procedure is a preliminary procedure and workers may deny the change toward the finish of this stage.

3. Refreezing: This step balances out the organization at another condition of harmony. It is often times practiced using supporting components that strengthen the new hierarchical state, for example, authoritative culture, rewards, and structures. Change is fortified until workers disguise the change and think about it as standard, and required endeavors are made to guarantee that the new condition of harmony is kept up.

Lewin's model gives a general system to understanding hierarchical change. Since the three stages of progress are generally expansive, extensive exertion has gone into implement them.

The first stage in the planned change concerns entering and contracting. In this stage managers decide whether they are engaged and commit resources in the planned change or not. The second stage is diagnosis, which is focusing on the organizational problems, including the causes and outcomes or on gathering anecdotes about the association's certain properties. The third stage is arranging and executing stage, which is about hierarchical individuals and specialists mutually plan and actualize OD mediations to accomplish the association's vision or objectives and make activity arrangements to actualize them. The fourth and final stage is the planned change process is evaluating and institutionalizing change, involves evaluating the effects of the intervention and managing the institutionalization of successful change programs so they persist (Cummings, 2015).

On the other hand, change management involves the tools, techniques, and processes that scope, resource, and direct activities to implement a change. Change management is a highly relevant and applied practice, similar to engineering, medicine and accounting. It focuses on helping organizations implement change and adapt to turbulent environment (Cummings, 2015).

“There are three stages in change management, which are adapting to change, controlling the change, and lastly effecting the change” (Hritz, 2008). The first stage, adapting to change, is determining the individual readiness to adapt to the changes and their willingness to commit to the change. The second stage involves controlling the change and implementing it in daily life. Finally, “effecting the change is to sustain the change and to get used to it in life” (Hritz, 2008).

Organizational change management is the application of new strategies, procedures, structures, cultures and technologies aimed at reorganizing the working environment with changing requirements (Marković, 2008). Change may be caused by internal and external factors and they may be performed proactively as planned, or reactively as unplanned manner (Attah, 2017).

When we look at employees’ reaction and responses to organizational change categorized in to four these are: withdrawal, resistance acceptance and embracing. Withdrawal is the thought that the change has not occurred and things are always continue as usual. Resistance is sabotaging of the change by opposing or refusing to cooperate the change or delaying the implementation of change. Acceptance is submitting to change but reluctantly by considering that change is inevitable and the last one is, embracing, which means truly and positively volunteering for change (Cornell, 1996).

Many researchers suggested that, an important variable for the success of the change is the human factor, no matter how well the change program was developed; change programs are not successfully implemented without the support of the persons. Thus, individuals are not only redy for organizational change, they shall also participate in the change (Herscovitch, 2002) cited by (Mangundjaya, 2015).

When we come to the constructs of organizational change, (Lewin, 1947) propounded a theory called “change theory” which focuses on the general concept of change occurring in the universe. Due to its generalizability, there is an opportunity to contribute more construct and dimensions in this theory. Four change objects always pop up in the literature: strategy, structure, people, and culture, (Hootegman., 2019). The object of the change can be any possible aspect of an organization. Though this format should have a high level of generalization, the researcher chooses it to minimize the complexity of the model.

In its most general meaning, strategy is about the choices managers make to improve the performance of the organization, determine its future direction and generate competitive advantage (Stacey, 2007). Strategic change management is all about changes in fundamental concepts of organization, in which leaders change the way of business. Therefore, it is required in organizational change when an organization wants to create new values for the organization.

Structure is considered here in its broadest sense, and this includes both the actual organizational structure for processes and systems (Kahn, 1974). In the literature, this is often described as organizational architecture. The concept of structure also includes organizational design or redesign (Nadler, 1998).

People refer to the actors in organizations, their abilities and weaknesses, and the behaviors they exhibit in interaction with each other. Behavior is seen by many authors as an essential component within organizational change. These authors are convinced that the adaptation of the organization to the changing environment is done through the behavioral changes – learning new knowledge, skills, and attitudes – of every employee (Pullen, 1993). It is important to note that in the systems model developed in this article the central elements are not the actors nor their

behavior, but the change processes themselves. Human behavior is one, albeit crucial, change object that can be altered by the system, like any other change object.

Finally, culture is a key element in organizational change. Culture is generally defined as the values, norms, and actions that characterize the social relationships in a formal structure (Clegg, 2008). Between any discourses, the definition of these change objects will be different, and there can be many variations even within the same discourse.

In general, there are many studies addressing the importance of the leader in initiating the change. Transformational, Transactional, and Laissez-fair leadership styles are closely bound up with change; draw more attention in the execution of the change in this study. These styles of leadership are discussed under the next section.

2.1.2. Leadership

Leadership is a bit like ‘good art”- we may have difficulty in defining it, but we know it when we see it or experience it. Leadership is something that people experience, personally. Above all it is about the relationship between the leader and followers. A leader without followers is meaningless. Leaders are people who inspire others to follow. Leaders set direction, develop vision of where the organization should be going and the strategy for change to achieve that vision. They also align people to the direction being set, communicating it to people and building commitment to it as well as motivating and inspiring people so that they work to achieve the vision, drawing on their needs, values and emotions (Pardey, 2007).

Companies with strong leadership and a progressive human resource function can significantly improve its competitive position through workplace change. According to (Kossivi, 2018),

because of its importance to an organization, Leadership has been one of the hottest topics in organizational science for decades, resulting in a proliferation of theories:

Transformational, transactional, and Laissez-fair leadership styles are discussed below:

Transformational Leadership: is a style of leadership that emerges as a result of the transformation process between the leaders and their followers. Leaders offer awards for their followers' performances. Transformational leaders shall apply the change after developing a vision first. Leader may render the change alluring and accomplish the change effectively by guaranteeing that it tends to the accomplishment and improvement prerequisites of the workers as it were. If the leader offers help, training, and direction for his/her representatives with an individualized methodology in this procedure, this may encourage the change. These instructing and direction activities are especially significant for accomplishing huge scope changes and guaranteeing the production of self-overseeing groups. And many of the modern businesses are adopting teamwork for the construction of an organization, which is an important cultural transformation in itself. (Eisenbach, 1999).

(Bass & Avolio, 1997) Specified that transformational leaders usually display their behaviors associate with four characteristics as follow:

Idealized Influence is described when a leader is being a role model for his/her followers and cheering the followers to share common visions by providing a clear vision and a strong sense of purpose. The leaders are admired, trusted, and respected. Followers want to emulate them; they consider their leaders as having extraordinary capabilities, persistence, and determination.

Inspirational Motivation represents behaviors when a leader tries to express the importance of desired goals in simple ways, communicates a high level of expectations, and provides followers

with work that is meaningful and challenging. Leaders behave in ways that motivate and inspire their followers by providing meaning and challenge to their followers' work. Leaders get followers involved in envisioning attractive future states and make obviously imparted desires that adherents need to meet and furthermore exhibit promise to objectives and the common vision.

Intellectual Stimulation alludes to leaders who challenge their supporters' standards and qualities for taking care of issues. Leaders stimulate their followers' efforts to be imaginative and inventive by addressing presumptions, reframing issues, and moving toward old circumstances in new manners.

Individualized Consideration (IC) refers to leaders who spend more time teaching and coaching followers by treating followers based on an individual basis. Leaders pay distinct care to each individual follower's desires attainment by acting like a coach or mentor.

On the other hand, transactional leadership was mainly based on contingent reinforcement. It occurs when the leader rewards followers based on the adequacy of follower's performance. Three components of transactional leadership were identified. Contingent Reward (CR) alludes to trade of remunerations among pioneers and supporters in which exertion is compensated by giving prizes to great execution or dangers and orders for terrible showing. Contingent reward involves the leader obtaining followers agreement on what needs to be done with promised or actual rewards offered in exchange for satisfactory performance.

Management-by- Exception (MBE) is may be active (MBE-A) or passive (MBE-P). In active MBE, the leader actively monitors deviance from standards, mistakes, and errors in the follower's assignments and to take corrective action as necessary. Management by-Exception

(Active) leaders are characterized as monitors who detect mistakes. In contrast, the leader who depends vigorously on Management-by-Exception (Passive) mediates with their gathering just when strategies and guidelines for achieving errands are not met.

The last leadership style involved in this study is Laissez-faire or non-leadership that exhibits when leaders avoid clarifying expectations, addressing conflicts, and making a decision. It is the most inactive and ineffective according to almost all research on the style. (Bass & Riggio, 2006)

2.1.3. The Role of Leadership in Organizational Change

"Successful organizational change requires persistent leadership that does not waver unnecessarily" (Cummings, 2015, p-201). However, there are also several factors shaping the change. Thus, the impact of leadership on organizational change may be difficult to examine (Sidani, 2019).

The role of leaders is interventionist; through interventions the leaders drive the change forward. Leaders, either based on position, power or practice, they are advocates, sponsors or agents of change. However, leaders can also be change targets and therefore, the roles are not necessarily arranged in a hierarchical manner. The role of leaders is to help the people in the organization make sense of the challenges and issues they face. (Paul, 2010)

2.2. Empirical Literature Review

Different studies have been made regarding the role of leadership on organizational change The study conducted by (David., 2020) examined some of the challenges of organizational change and he suggested organizational change initiatives should come from the top management level and it is high-level management who should create changes.

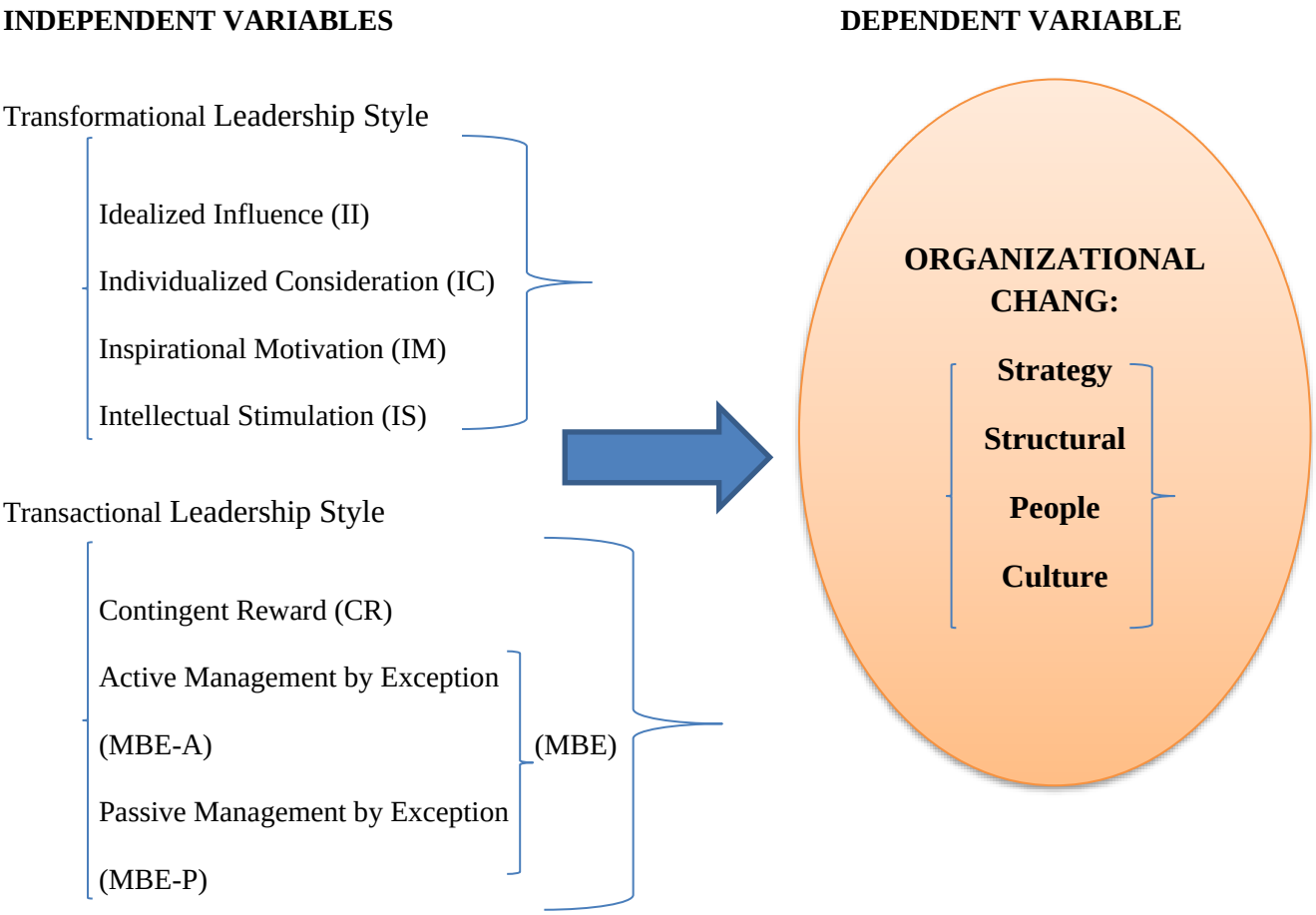
(Treuer, 2018), inspected the impact of authoritative atmosphere and initiative factors on authoritative availability for change across 21 private matured consideration offices by utilizing a progressive relapse model and they find that the hierarchical atmosphere factors of work weight, advancement, and transformational administration were prescient of worker view of authoritative status for change. They recommended that inside matured consideration offices an association's ability to change their hierarchical atmosphere and authority practices may improve an association's status for change.

(Milda, 2019), testes the teacher leadership initiated by teacher professional development abroad, as a factor of organizational change and they get the positive and significant relationship between teacher leadership and organizational change, where initiative is conceptualized as a continuous social procedure of self-improvement, scattering thoughts, including others and picking up responsibility. The consequences of the examination likewise portrayed a positive and huge relationship of the component of self-improvement period of administration with one of the elements of authoritative change - learning in the study hall.

Depending on the conventional administration writing, specialists verifiably expect pioneer practices are moderately steady across circumstances and that specific kind of pioneer practices are bound to be viable in leading change than other types (Herold, 2008). For example, (Bass B. R., 2006) propose that because ‘‘transformational leadership is, at its core, about issues around the processes of transformation and change,’’ behaviors associated with transformational leadership are likely to be more effective in leading change than those related with transactional leadership, which is more about the upkeep of a status quo.

2.3. Conceptual Framework

In developing the conceptual model Bass's leadership theory and Lewin's organizational change theory have been used. The role of several leadership styles on organizational change is examined in this study.



Based on Bass (1996) and (Lewin, 1947)

From the above model the regression equation will be:

$$OC = B_0 + B_1 TFL + B_2 TSL + B_3 LFL + E$$

Where OC= Organizational Change

TFL= Transformational Leadership style

TSL= Transactional Leadership Style and

LFL= Laissez-fair Leadership Style, and

E= the error term

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Description of the study area

This study was carried out in the planning and Development Commission of Ethiopia (PDC), according to the HR database there are a total of 198 employees who are permanent workers in the Commission. Therefore, this study is conducted at this organization which contains 198 employees.

3.2. Type of Research Design and Approach

The researcher uses an explanatory research design; the objective of this study is to find out the role leadership style has on organizational change. Quantitative research approach is followed which is a systematic empirical investigation of observable factors via statistical, mathematical, or computational techniques.

3.3. Population of the study

The total number of employees of PDC represents the total population for this study. Currently, there are about 198 employees in PDC who are permanent workers. Among them 120 are male employees and the rest 78 are Female. Besides, 53 of the total population are Ministers, deputy Ministers, Directors, Team Leaders, and Advisors. Hence, the population of the study consists of 198 employees.

3.4. Sampling Technique

In the company there are a total of 198 employees; out of which employees the researcher has determined the target population by using sample size determination formula.

3.5. Sampling Size and Sample Size Determination

Sampling allows the researcher to study a relatively small number of units in place of the target population, and to attain data that are representative of the entire target population. Researchers usually work to a 95 percent level of confidence. This means that if a sample was selected 100 times, at least 95 of these samples would be certain to represent the characteristics of the target population (Vaus, 2014). To determine the sample size of the population, the study used Yamane's (1967) formula with 95% confidence and 5% acceptable sampling error. Based on the following formula 132 employees were taken as a sample.

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

Where n=is the required sample size

N= is the population size

e=the acceptable sampling error (Yamane Taro 1967)

n=198/ (1+198*(0.05)2)

= 132

3.6. Data Source and Method of Collection

3.6.1. Source and Types of data

All the required data is collected from primary and secondary sources. The primary data is collected from employees of PDC on leadership and its role in organizational change through distributed questionnaires. The secondary data is obtained from a previous studies, books, articles, and journals from the internet.

3.6.2. Data Collection Methods

The study used questionnaires to examine leadership and its role in organizational change. The researcher distributed the questionnaire by using email and telegram to employees of the company. The questionnaire used was separated into three parts. Part A was for the demographic variables; Part B was a series of statements to capture the perception of employees on their immediate supervisors' leadership styles and Part C was for capturing employees rated organizational change practice.

To measure leadership styles the researcher adopted the Multifactor Leadership Questionnaire (MLQ) developed by (Bass & Avolio, 1997), by making some adjustments to fit the context of the study. In measuring organizational change the study used the scale of Maher (2015). The questionnaires were closed-ended and Liker-scale measurement was used to determine the level of agreement. It consists of three parts, section one consists of five questions about demographic characteristics. Section two contains a total of 25 questions about the seven components of the three leadership styles. See table 1 below

Table1: Components of questions related to leadership styles

Sr. no.	Specific leadership styles	Total Questions
1	Idealized Influence (II)	3
2	Inspirational Motivation (IM)	3
3	Intellectual Stimulation (IS)	3
4	Individualized Consideration (IC)	3
5	Contingency Reward (CR)	3
6	Management by exception (MBE)	4
7	Laissez-fair Leadership (LFL)	6

Source: Own Survey 2020

Section three contains a total of fifteen questions about the four constructs of organizational change based on (Maher, 2015). The questions were prepared using a five-point Liker-scale such that scale 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree. Respondents were asked to indicate their level of agreement or disagreement with each of the questions provided.

Table2: Components of questions related to the organizational change

Ser. No.	Dimensions	Total questions
1	Strategy	4
2	Structure	3
3	People	5
4	Culture	3

Source: Own Survey 2020

3.7. Validity and Reliability

3.7.1. Validity

Validity is the extent to which a measurement is well found and corresponds accurately to the real world. It's important because it can help determine what type of test to use, and help to make

sure researchers are using methods that are not only ethical, and cost-effective, but also a method that correctly measures the idea in question. Validity cannot be measured numerically; instead, it's measured by the content validity of the instruments' ability to measure what is intended to be measured and by the extent to which the instrument is correspondent to the other variables, as predicted by some rationale or theory. Therefore this study tried to address validity through the review of the literature and adapting instruments used in previous research.

3.7.2. Reliability

Reliability is the overall consistency of a measure. These measures are said to have reliability if it produces similar results under consistent conditions. It is the characteristic of a set of test scores that relates to the amount of random error from the measurement process that might be embedded in the score. To know how well the test is measuring, measure the internal stability or consistency is checked through Cronbach Alpha was used. The reliability coefficient is from 0 to 1. Rule of thumb for preferred levels of the coefficient is greater .80, it is said to have very good reliability; if it below .50, it would not be considered a very reliable test.

Table 3: Summary of scale and Cronbach's alpha values

Sr. no.	Variable of the study	No. of items	Cronbach's alpha values
1	Idealized Influence (II)	3	0.819
2	Inspirational Motivation (IM)	3	0.808
3	Intellectual Stimulation (IS)	3	0.816
4	Individualized Consideration (IC)	3	0.808
5	Contingency Reward (CR)	3	0.811
6	Management by exception (MBE)	4	0.829
7	Laissez-fair Leadership (LFL)	6	0.917
8	Organizational change	15	0.839

Source: survey questionnaire 2020

Cronbach's alpha is an indicator of consistency, consistency in the measurement of good. If the result is zero then there is no consistency and if it is one there is the perfect consistency. From the above table, all the Cronbach's alpha values are very close to one, hence there is a very good reliability test.

3.8. Method of Data Analysis

The researcher analyzed and interpreted the data by using the recent Statistical Package for the Social Sciences version 26 (SPSS 26). Descriptive statistics, frequency tables, mean score ranking order, correlation test, multi-co linearity test, and regression analysis were used to answer the research questions posed in the first chapter of the research. The relationship between the dependent variable organizational change and the independent variables was expressed as a linear combination of the independent variables plus an error term. The multiple linear regression method is specified as follows:

$$\mathbf{Y = \beta_0 + B_1 X_1 + B_2 X_2 + B_3 X_3 + + e}$$

Where Y= Organizational Change

X_1= Transformational leadership (TRL)

$X_{2=}$ Transactional Leadership (TSL)

$X_{3=}$ Laissez-fair Leadership (LFL) and e= the error term

Where the ßs are coefficients of independent variables, X_s are column vectors for the independent variables while e is the vector of errors of prediction. The result is presented by using tables to bring a clear and easy understanding of the findings.

3.9. Ethical Consideration

Measures have been taken to ensure the respect, dignity, and freedom of each participant of the study. Complete privacy of the study subjects has also been stressed. Names of respondents were not recorded anywhere on the final report. The researcher first informed participants about the purpose of the study and requested their consent to take part in the research. According to (Creswell, 2009), the common practice is to present written informed consent from describing the nature of the research project and the purpose of ones' involvement. Their participation has been purely voluntary and they had been guaranteed confidentiality and anonymity during data handling. Further, participants were told that they have the right to withdraw from the study at any time if they feel uncomfortable with their participation. Only those individuals who were voluntary were approached for data collection.

All materials belonging to another person or organization have been properly acknowledged. Finally, the researcher has taken appropriate measures to ensure the research would cause no physical or psychological harm to research participants and will give a copy of the final report to the respective department at PDC.

CHAPTER FOUR

ANALYSIS, DISCUSSION AND INTERPRETATION

4.1. Introduction

This study attempted to examine the role of leadership on organizational change in PDC. A total of 132 questionnaires were distributed to employees and 118 (89%) usable questionnaires were found to be valid and were used for further analysis. Statistical analysis was conducted using IBM SPSS version 26. The procedure of data classification and organization was set to validate the data for further analysis. After data classification and organization the statistical analysis of Mean, Standard deviation, correlation, multi-co linearity test, and multi regression was performed to fulfill the purpose of the study.

4.2. Demographic Background of Respondents

Before starting the analysis of the data some background information such as demographic data is useful to make the analysis more meaning full for the readers. The samples of this study have been classified according to several background information collected during the survey.

Table 4: Demographic Background of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Gender	Male	91	77.1	77.1	77.1
	Female	27	22.9	22.9	100
	Total	118	100	100	
Age	20-25	21	17.8	17.8	17.8
	26-30	37	31.4	31.4	49.2
	31-40	53	44.9	44.9	94.1
	41-50	6	5.1	5.1	99.2
	Above 50	1	0.8	0.8	100
	Total	118	100	100	
Marital Status	Single	59	50	50	50
	Married	58	49.2	49.2	99.2
	Widowed	1	0.8	0.8	100
	Total	118	100	100	
Educational Qualification	Diploma	1	0.8	0.8	0.8
	Degree	61	51.7	51.7	52.5
	Masters	55	46.6	46.6	99.2
	PhD and above	1	0.8	0.8	100
	Total	118	100	100	
Years of Experience	1-3 years	40	33.9	33.9	33.9
	4-6 years	34	28.8	28.8	62.7
	7 and above	44	37.3	37.3	100
	Total	118	100	100	

Source: own survey 2020

As can be seen from the above table, male respondents took the biggest share of the sample population considered under the study (n=91), which is 77.1% of the sample. While22.9 % (27) were female employees, which is proportional to the populations' gender ratio.

From the above table, majority of the respondents were found to be between 31-40 followed by 26-30 and 20-25 this indicates that employees of PDC are young, below the age of 40, most of the employees are energetic and open to new ideas that would help the company to grow as well

as to apply the organizational change effectively. As can be seen in the above table half of the employees are single and the other half are married, only 0.8% of the employees are widowed.

Regarding the educational level of respondents in PDC, 51.7% of the respondents were bachelor degree holders, 46.6% of the respondents are Master's degree holders and the rest are diploma, and Ph.D. and above, each with 0.8 %.

Concerning the work experience of the respondents who work for PDC, out of the respondents, 33.9% of the respondents have worked for less than 3 years; whereas 28.8% of the respondents have service years between 4 to 6 years and 37.3% of the respondents have worked for 7 years and above. This indicates there is an almost an equal proportion of junior and senior employees.

4.3. Descriptive Statistics of Leadership Styles

In this section the descriptive statistic results of the three leadership styles is presented. These were transformational leadership style with four components (each with three items), transactional leadership style with two components (each with three and four items respectively), and a Laissez-fair leadership style with five items. The table below presents the results of the three leadership styles including their characteristics. To assess the extent to which the immediate supervisors of PDC employees the mean and standard deviation (S.D.), minimum and maximum of the three leadership styles were calculated.

The scale used in the statements was 1-strongly dis agree, 2- disagree, 3- neutral, 4-agree, 5-straongly agree. The table below presents the findings of descriptive statistics.

Table 5: Descriptive Statistics of Leadership Styles

Statistics										
		TRL	II	IM	IS	IC	**TSL**	CR	MBE	**LFL**
N	Valid	**118**	118	118	118	118	**118**	118	118	**118**
	Missing	**0**	0	0	0	0	**0**	0	0	**0**
Mean		**3.265**	3.367	3.325	3.073	3.294	**3.186**	3.028	3.343	**2.610**
Std. Deviation		**0.897**	1.034	0.975	0.995	1.010	**0.840**	1.072	0.789	**0.958**
Minimum		**1**	1	1	1	1	**1.29**	1	1.25	**1**
Maximum		**5**	5	5	5	5	**4.75**	5	5	**4.83**

Source: own survey 2020

From the above table, the dominant leadership styles which are currently exhibited in PDC with the highest mean score of 3.265 is Transformational leadership style specifically Idealized influence is practiced. According to (Crewel, 2012) the result is within the range of 2.51 and 3.5, which is moderate. As shown in Table above, except the Laissez-fair leadership, the values of all the variables are somewhat the same. Idealized influence had the highest mean of 3.367, followed by Management by exception and Inspirational motivation at a mean of 3.343 and 3.325 respectively. However, the Laissez-fair leadership style had the lowest mean of 2.610 and a standard deviation of 0.958. Thus, the result statistics indeed show that supervisors at PDC moderately apply transformational leadership.

4.4. Descriptive Statistics for the Organizational Change Constructs

Descriptive statistics (mean and standard deviation) is also conducted on organizational change constructs. Organizational Change (self-rated) was captured by four constructs; strategy, structure, people, and culture. The responses based on the respondents' level of agreement by using Liker-scale ranged from strongly disagree to strongly agree and the mean score, standard deviation, mean, and maximum is shown below.

Table 6: Descriptive Statistics on Organizational Change

Statistics						
		OC	Strategy	Structure	People	Culture
N	Valid	118	118	118	118	118
	Missing	0	0	0	0	0
Mean		2.913	3.134	2.836	3.036	2.647
Std. Deviation		0.663	0.973	1.071	0.869	0.680
Minimum		1.34	1	1	1	1
Maximum		4.64	5	5	5	4.67

Source: Own survey 2020

From the above table, the PDC employees have a good understanding of the strategies, mission goals and policies of the organization with a mean value of 3.134 followed by the peoples' dimension of organizational change with a mean value of 3.036 which indicates supervisors of the PDC employees consider and give emphasis for the human aspect of the organizational change. From the structure and culture organizational change indicators, the mean values are close to the midpoint 2.8362 and 2.6469 respectively.

4.5. Correlation Analysis

According to (Andy F, 2010), Pearson's correlations require only that data are interval for it to be an accurate measure of the linear relationship between two variables. Correlation analysis helps to gain insight into the direction and strength of the correlation between variables. Correlation coefficients take values between -1 and 1 ranging from being negatively correlated (-1) to uncorrelated (0) to positively correlated (+1). The sign of the correlation coefficient defines the direction of the relationship. The absolute value indicates the strength of the correlation. Correlation analysis was undertaken before conducting the regression analysis.

Table 7: Correlation between Leadership and Organizational change

Correlations		
		Organizational Change
Organizational Change	Pearson Correlation	1
	Sig. (2-tailed)	
	N	118
Transformational Leadership	**Pearson Correlation**	**.538****
	Sig. (2-tailed)	0
	N	118
Idealized Influence	Pearson Correlation	.451**
	Sig. (2-tailed)	0
	N	118
Inspirational Motivation	Pearson Correlation	.514**
	Sig. (2-tailed)	0
	N	118
Intellectual Stimulation	Pearson Correlation	.449**
	Sig. (2-tailed)	0
	N	118
Individual Consideration	Pearson Correlation	.509**
	Sig. (2-tailed)	0
	N	118
Transactional Leadership	**Pearson Correlation**	**.518****
	Sig. (2-tailed)	0
	N	118
Contingency Reward	Pearson Correlation	.519**
	Sig. (2-tailed)	0
	N	118
Management By Exception	Pearson Correlation	.398**
	Sig. (2-tailed)	0
	N	118
Laissez-fair Leadership	**Pearson Correlation**	**0.131**
	Sig. (2-tailed)	0.159
	N	118

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

* Correlation is significant at the 0.05 level (2-tailed).

Source: Own survey 2020

As mentioned above the degree of association is measured by correlation coefficient “r”, sometimes it is called Pearson’s correlation coefficient and it is a measure of linear association.

The above table illustrates the correlation between the dependent variable, Organizational change, and independent variables. As it was tested in a two-tailed Pearson’s correlation analysis, the association of dependent and each independent variable is described below.

“The correlation coefficient (r) ranging from 0.10 to 0.29 regarded as low degree of correlation, r ranging from 0.30 to 0.49 can be considered as moderate degree of correlation , r ranging from 0.50 to 1.00 may be considered as a high degree of correlation”(Cohen, 1998).

Pearson correlation coefficient for the Transformational leadership was 0.538 and it is at the 0.01 confidence interval level. When we look at its components the r was 0.451, 0.541, 0.449, and 0.509 respectively for Idealized influence, Inspirational motivation, Intellectual stimulation, and Individual consideration. There was statistically significant (0.01 confidence intervals) relationship between all the Transformational components and organizational change. Thus, there is a high degree of correlation between Transformational leadership and organizational change.

With Transactional leadership components, the r was 0.518 with 0.01 level of significant. When we look at its components, Contingency reward, (r=0.519) and Pearson correlation coefficient (r) for Management by Exception was 0.398. Similar to the Transformational leadership components, there was statistical significant (0.01 confidence intervals) relationship between Transactional leadership components and organizational change. Since the result is above 0.5, there is also a high degree of correlation between transactional leadership and organizational change.

Laissez-faire Leadership Style and Organizational change slightly positively correlated with a result of 0.131 of Pearson correlation coefficient (r) and insignificant correlation with Organizational change. The result shows a low degree of correlation between Laissez-fair leadership style and organizational change.

In general, from the above table Organizational change and all the three leadership styles are positively correlated. But the correlation between organizational change and Laissez fair leadership style is weak and insignificant at both the 0.01 and 0.05 levels.

4.6. Regression Analysis

Regression analysis was conducted to understand by how much the specific leadership styles which are Transformational leadership, Transactional leadership, and Laissez-fair leadership styles explains the dependent variable (Organizational Change).

4.6.1. Multi co-linearity test

Before estimating any model, it is a must to check the validity of the model properly. Hence, as necessary, test for multi co-linearity was made. Test for multi co-linearity is done using the variance inflation factor (VIF) and Tolerance. If the VIF of a variable exceeds 10, there is a series multi co-linearity problem. The VIF indicates whether a predictor has a strong linear relationship with the other predictor(s). (Andy F, 2010), Suggests that a tolerance value less than 0.1 almost certainly indicate a serious co-linearity problem. In this study, the predictors were found to have a tolerance of more than 0.1 and a VIF value of less than 10.

Table 8: Result of Multi co-linearity Test

Coefficients[1]			
Model		Co-linearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Transformational Leadership	0.361	2.772
	Transactional Leadership	0.385	2.597
	Laissez-fair Leadership	0.89	1.124

1. Dependent Variable: Organizational Change

Source: Own survey 2020

Transformational leadership has (.361 tolerance and 2.772VIF) value, Transactional leadership (0.385 tolerance and 2.597 VIF), and Laissez-fair leadership style (.89 tolerance and 1.124 VIF). Since the VIF of all the variables are less than 10 and all the tolerance (T) level values are greater than 0.1, there is no a multi co-linearity problem and multi co-linearity is not an issue in this study.

4.6.2. Multi Regression Analysis

Multiple regression analyses were conducted to measure the impacts between the independent variables and the dependent variable. The regression results are shown in the table below R square is the square of the multiple correlation coefficients; it indicates the proportion of the variance of the dependent variable explained by the independent variables. The closer R square near to 1, the better the regression model is, whereas the coefficient indicates the number of units of increase in the dependent variable caused by an increase of one unit in the independent variable. In the table below the adjusted R square shows 0.362 or 36.2% which indicates that the variation in organizational change is explained by the three explanatory variables of the Study.

Table 9: Model Summary

Model Summary[2]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.615[1]	0.378	0.362	0.52994	2.055

1. Predictors: (Constant), Laissez-fair Leadership, Transactional Leadership, and Transformational Leadership
2. Dependent Variable: Organizational Change

Source: Own survey 2020

The adjusted R square tells us the total variability in the dependent variable (Organizational Change) that is explained by the independent variables, in this case, transformational leadership, transactional leadership, and laissez-fair leadership styles. Table 9 presents a summary of the model in which the item of interest is the adjusted R^2 statistics, which is interpreted as about 36.2 % of the total variability in organizational change is explained by the model or by the three leadership styles.

Table 10: ANOVA

ANOVA[1]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	19.472	3	6.491	23.112	.000[2]
	Residual	32.016	114	0.281		
	Total	51.488	117			

1. Dependent Variable: Organizational Change
2. Predictors: (Constant), Laissez-fair Leadership, Transactional Leadership, Transformational Leadership

Source: Own survey 2020

From the above two tables, the overall regression model was significant. F (3,114) = 23.1, $p<0.01$, $R^2=.39$. When we take these three predictors together as a group they predict organizational change significantly.

Table 11: Coefficients

Coefficients[1]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.857	0.265		3.234	0.002
	Transformational Leadership	0.353	0.091	0.477	3.881	0.000
	Transactional Leadership	0.132	0.094	0.168	1.409	0.162
	Laissez-fair Leadership	0.184	0.054	0.266	3.399	0.001

1. Dependent Variable: Organizational Change

Source: Own survey 2020

The researcher tries to measure which component leadership style has the highest impact on organizational change. The relative importance of leadership styles (independent variables) in contributing to the variance of the organizational change (dependent variable) was explained by a standardized Beta coefficient. As it can be seen in the above transformational leadership is a significant predictor of Organizational change. Laissez-fair is also a significant predictor of Organizational change since the p-value is less than 0.05. But transactional leadership with p-value 0.162 is not a significant predictor of Organizational change. In other words, the independent variable (Transactional leadership style) doesn't help us to predict the dependent variable (Organizational Change). This is not a surprise because if the leaders of the organization follow transactional leadership style employees are not motivated and committed to the organizational change.

All in all, the factor which had the greatest effect on the overall organizational change is the Transformational leadership style with a standard beta of 0.477 which makes it the dominant leadership style. In other words, 47.7 % of change in the organization in PDC is explained by the variation in the transformational leadership styles. Laissez-fair affects organizational change

with a standard Beta of 0.266. Finally, the role of transactional leadership style on organizational change is insignificant because the p-value is 0.162 which is greater than 0.05.

Therefore the model is going to be:

OC: 0.857+.477TFL+.168TSL+.266LFL+e

Where OC= Organizational Change

TFL= Transformational leadership

TSL= Transactional Leadership

LFL= Laissez-fair Leadership

Table 12: Reliability Statistics

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.91	0.912	10

Source: own survey 2020

As of the above table, the Cronbach's alpha is 0.91, which is close to 1. Hence there is almost a perfect consistency in the model; therefore, we can conclude that the measurement is very good.

To sum up, in this chapter, the results of the research study were reported. The characteristics of the respondents of the study were elaborated, determinants of reliability, validity, and descriptive statistics of both MLQ and OCQ were discussed, statistical analysis of the data related to the research questions was reported, and the summary of the research findings and interpretation was presented. The next chapter presents the summary of the research study, the conclusions reached and the recommendations put forward.

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CHAPTER FIVE

SUMMARY, CONCLUSION, AND RECOMMENDATION

5.1. Summary of Findings

The result of descriptive statistics analysis reveals that from the three types of leadership styles studied, the dominant type of leadership style currently in PDC is the Transformational leadership style. Idealized influence and Inspirational motivation are the dominant Transformational leadership components.

The relationship between variables which is their correlation was conducted and the result shows that except transactional leadership style which has insignificant relation with organizational change, transformational leadership and Laissez-fair leadership styles have a significant positive relation with organizational change.

The multi co-linearity test result shows that the independent variables do have a linear relation with the dependent variable. In the previous chapter, the computation shows there is no multi co-linearity problem between the variables.

Multiple linear regression analysis was also conducted to check if the three leadership styles affect organizational change. The result obtained reveals that the adjusted R square is 0.362 which indicates that 36.2 % of the variation in organizational change is explained by the three types of leadership styles (Transformational, Transactional, and Laissez-fair leadership styles) with p= 0.000 which indicates a high significant regression model.

The multiple linear regression analysis result reveals that organizational change is positively influenced by transformational leadership style. Employees of PDC highly engaged in the

organizational change if supervisors practice transformational leadership style. Besides, transformational leadership style is the dominant type of leadership style exhibited in PDC. Laissez-fair leadership styles affect organizational change positively but not as strong as transformational leadership. However, the role of transactional leadership style on organizational change is insignificant.

5.2. Conclusion

The primary aim of this research project is to examine the role of leadership on organizational change in the case of Planning and Development Commission of Ethiopia (PDC). The study also tries to find out which leadership style is dominantly exhibited and the extent to which these leadership styles affect the organizational change.

According to the outcome of this study, leaders and supervisors should pay more attention to transformational leadership practices as long as it has a positive impact on organizational change. As stated in the statement of the problem, the problem for this study was to establish the leadership styles that are exhibited at PDC and to know how it affects the organizational change. The central theme and problem of this study is that, we often have the assumption that a manager or leader is expected to exhibit the right style of leadership towards the employees or their subordinates. It is obvious that in most organizations in Ethiopia, work schedule is task-focused and routine, with no flexibility, and decisions and policies are imposed on subordinates.

The research question for this study asks what the dominant leadership style practiced in PDC and do these specific leadership styles affect the organizational change practice in PDC. The objectives of this study are to identify the specific leadership styles exhibited in PDC, to

determine the relationship between leadership styles and organizational change, and to examine the extent to which leadership styles effect organizational change.

The researcher has carried out analysis over this area and its impact on organizational change in PDC and found that their transformational leadership style has been exhibited in the organization.

Overall the intellectual stimulation, individual consideration, idealized influence, and inspirational motivation dimensions, had a significant positive correlation with organizational change.

Transactional leadership style and its components (contingency reward and management by exception) were found to be positively correlated with organizational change. However, Laissez-fair leadership has a positive but insignificant correlation with organizational change.

In General, out of 118 respondents, 116 (98.3%) respondents consider leadership as an important factor for driving Organizational change

5.3. Recommendation

Organizations need to have capable leaders to lead and motivate their employees in their daily operation and achieve the organizational goals because employees are the most important asset in an organization. Based on the data analyzed, the researcher forwarded the following recommendations for future improvement:

1. The top management should consider enhancing the leadership practice among leaders in PDC as an important strategy for any future change process.

2. The researcher recommends that for leaders to contribute to the organizational change, they should be a role model for his/her followers and cheering the followers to share common visions by providing a clear vision and a strong sense of purpose.
3. Transformational leadership style such as giving human resource high importance, training and development is vital.
4. Serious and effective policies should be adopted to enhance the transformational leadership among middle and lower-level leaders in the organization.
5. Leaders should pay distinct care to each individual follower's desires attainment by acting like a coach or mentor. They should treat them based on an individual basis, show support; coach and guidance which will help facilitate change processes through minimizing the resistance to change.
6. The organizational structure or organizational design should be clear for all employees and the organizational culture which the norms, values and actions representing the social relationship of employees should also be enhanced.

Hint for Future Research

The agenda for future research is about examining the role of organizational development practitioners in the Ethiopian context to evaluate the real impact of various leadership styles on organizational change. Both from qualitative and quantitative perspective, an integrative empirical work are needed in a large scope.

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APPENDIX A. QUESTIONNAIRES DISTRIBUTED FOR EMPLOYEES OF PLANNING AND DEVELOPMENT COMMISSION OF ETHIOPIA (PDC)

ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE GRADUATE PROGRAM

MASTERS OF ARTS IN BUSINESS LEADERSHIP

Q. code ☐

Dear Respondents:

I am a post graduate student of business leadership program. This questionnaire is designed to collect data for the research project titled "The Role of Leadership on Organizational Change: the case of PDC". Therefore, this is to request your kind cooperation in filling out the questionnaire and I would like to assure you that all the data gathered will be held confidential and will be used for the intended academic purposes only. I would like to express my heartfelt gratitude for your time, willingness and kind support in filling out the questionnaire.

SECTION ONE: DEMOGRAPHIC PART

INSTRUCTION: This part of the questionnaire covers the demographic back ground including the job related information. Kindly respond to each question by putting a tick **"✓"** sign the choice that represents your personal profile

1. Sex

A. Male ☐ B. Female ☐

2. Age

A. 20-25 ☐ B. 26-30 ☐ C. 31-40 ☐ D. 41-50 ☐ E. Above 50 ☐

3. Marital Status

A. Single ☐ B. Married ☐ C. Divorced ☐ D. Widowed ☐

4. Educational Qualification

A. Diploma ☐ B. Degree ☐ C. Masters ☐ D. Above Masters ☐

5. Total years of experience in this company in years

A. 1-3 ☐ B. 4-6 ☐ C. 7 and above ☐

SECTION TWO: LEADERSHIP QUESTIONS

The following statements aimed at helping you assess your feelings or perceptions of your immediate supervisors' leadership style. Please rate yourself: 1-strongly disagree, 2- disagree, 3-neutral, 4-agree, 5-straongly agree, please place a tick (√) or a mark (x) in the box (cell) that represents your appropriate level of agreement

	TRANSFORMATIONAL LEADERSHIP					
	Idealized Influence (II)	**1**	**2**	**3**	**4**	**5**
1	My supervisor causes others to feel great to associate with him/her					
2	I have total confidence in my supervisor					
3	I am pleased to be related with my supervisor					
	Inspirational motivation (IM)					
1	My supervisor communicates in a couple of straightforward words what we could and ought to do					
2	My supervisor gives engaging pictures about what we can do					
3	My supervisor causes me discover importance in my work					
	Intellectual Stimulation (IS)					
1	My boss empowers others to consider old issues in new manners					
2	My boss furnishes others with better approaches for taking a gander at bewildering					
3	My boss gets others to reconsider thoughts that they had never addressed.					
	Individual Consideration (IC)					
1	My boss helps other people develop themselves					
2	My boss tells others how he/she thinks we are doing					
3	My director concentrates on other people who appear to be rejected					
	TRANSACTIONAL LEADERSHIP					
	Contingency Reward (CR)					
1	My supervisor guides others on the off chance that they need to be remunerated for their work.					
2	My supervisor gives acknowledgment/rewards when others arrive at their objectives					

3	My supervisor points out what others can get for what they achieve.					
	Management by exception (MBE)					
1	My supervisor is constantly fulfilled when others satisfy settled upon guidelines					
2	For whatever length of time that things are working, my bosses don't attempt to transform anything					
3	My supervisor reveals to us the norms we need to know to do our work					
4	My supervisor explains what is normal from us					
	Laissez-fair Leadership (LFL)					
1	My supervisor abstains from getting included when significant issues emerge					
2	My supervisor neglects to meddle until issues become genuine					
3	My supervisor is missing when required					
4	My manager shows that he/she is a firm adherent to "On the off chance that it isn't down and out, don't fix it."					
5	My supervisor postponements reacting to earnest inquiries					
6	My supervisor abstains from deciding					

Source: Adopted from (Bass & Avolio) (1997)

SECTION THREE: ORGANIZATIONAL CHANGE QUESTIONS

	ORGANIZATIONAL CHANGE	**1**	**2**	**3**	**4**	**5**
	Strategy					
1	The mission and goals are clear for all the employees					
2	The policies and goals are regularly improved in order to cope with the new challenge					
3	Change and improvement are the top management priority					
4	Changes are aligned strategically to the organizational goals					
	Structure					
1	The organizational structure (architecture) is clear for all employees					
2	There is a smooth flow of Information within the company					
3	Management team keeps all departments informed about its decisions.					
	People					
1	My Supervisor helps me to acquire new skills					
2	My Supervisor helps me to Cope with the knowledge growth revolution					
3	My supervisor helps me to improve my weaknesses					
4	My supervisor doesn't seem very keen to help me find a solution if I have a problem					
5	My supervisor can place himself/ herself in my position					
	Culture					
1	It is difficult to ask help from my colleagues					
2	There is a strong rivalry between colleagues in my department					
3	I have confidence in my colleagues					
	Extra Question					

1	Do you consider leadership as an important factor for driving Organizational change?	Yes		No	

Source: Adopted from Maher (2015)