

The Effect of Leader-Member Exchange Leadership on Employee Readiness for Organizational Change: The Case of East Africa Bottling Share Company

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STATEMENT OF DECLARATION

I declare that the project work entitled “**The Effect of Leader-Member Exchange Leadership on Employee Readiness for Organizational Change: The Case of East Africa Bottling Share Company**” is my original work and all sources of material used for the work have been duly acknowledged.

NIGUS ALEMU G/MICHAEL

STATEMENT OF CERTIFICATION

This is to certify that, this project work “**The Effect of Leader-Member Exchange Leadership on Employee Readiness for Organizational Change: The Case of East Africa Bottling Share Company**”, undertaken by **NIGUS ALEMU G/MICHAEL** in partial fulfilment of the requirements for Master of Arts in Business Leadership at Addis Ababa University School of Commerce, is an original work and not submitted earlier for any Degree either at this university or any other university.

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**ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE
BUSSINESS LEADERSHIP(MBL) PROGRAM**

*The Effect of Leader-Member Exchange Leadership on Employee Readiness for Organizational
Change: The Case of East Africa Bottling Share Company*

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ACRONYMS/ABBREVIATIONS

CCBA	Coca-Cola Beverages Africa
EABSC	East Africa Bottling Share Company
LMX	Leader-Member Exchange
TCCC	The Coca-Cola Company
SSA	Sub-Saharan Africa

ABSTRACT

In order to excel the highly competitive and changing environment, organizations need to continuously change their organizational structure, systems, processes, or technology. Without people, organizations can not implement change successfully. The way employees respond to change is the key to organizational success which in turn requires effective change leadership.

This study aims to investigate the influence of leader-member exchange leadership on employees' readiness to organizational change. The study is conducted in EABSC, one of the largest and oldest beverages company in Ethiopia. Out of 133 target population a sample size of 100 was taken using Taro Yamane's statistical formula. The study adopted an explanatory research design. The role of LMX leadership on employee readiness to change are assessed quantitatively using structured five-point Likert scale questionnaire and regression data analysis method. The hypothesis that LMX has significant and positive relationship with employee change readiness is empirically accepted. The result of the study reveals that the relationship between high-quality leader-member exchange and change readiness is significant and positive at 99% with a sig value of .000. The data was statistically analyzed using SPSS VR 23. It is recommended that leaders should be able predict and work on their subordinates' degree of change readiness by evaluating their level of loyalty, contribution, affect and personal respect towards the leader-follower relationship before implementing organizational change initiatives.

Keywords: *Leader-member exchange, organizational change, readiness to change, Leader-follower relationship*

CHAPTER 1: INTRODUCTION

It is agreed by scholars that change is that the only constant thing during this dynamic world. Consequently, it's commonly argued that ensuring survival of organizations in today's volatile, uncertain, complex and agile business environment largely depends on mastering change and alter leadership.

To successfully survive this competitive age, organizations face dynamic and a fast-moving environment like the technological trends, rapid social changes, growing changes in demands, globalization, and economic changes. So, this competitive environment has forced companies to adopt various change initiatives and to vary the way they are doing business, so as to survive and to remain competitive during this business world. (Cartwright & Schoenberg, 2006)

In fact, change is vital for any organization for the success and for his or her competitive advantage on condition that it's well thought and institutionalized with an efficient change leadership. Without change, businesses would likely lose their competitive edge and can't easily be thrived. Change is implemented at three different levels, i.e., individual, group and organization consistent with changing trends, technologies, customer preferences and future concerns. But adoption of change requires some practical steps from the leaders within an organization to motivate the workers as most of the workers don't accept the change and resist it. (Wasim Abbas, & Imran Asgha, 2010)

For this purpose, leader act as a change agent because a successful leader is responsible in creating an environment that make employees ready towards common goal and motivate them through effective communication, address employees' questions, generate creative ideas and plan employee's actions etc. Hence, it goes without saying that, at every level of change, leadership plays different role as it's the virtual duty of a leader to manage the people and make their efforts to be at their best in favor of change for an organization.

Leader-Member Exchange Theory believes that leaders or supervisors prefer few subordinates as their group members. Subordinates selected as in group members share mutual understanding, resources, information, responsibility with their immediate supervisors. However, subordinates that form out group member status are deprived of benefits like participation in decision making, performing challenging tasks, innovate etc. Leaders share high quality relationships with their in-group members and low-quality relationships with out-group members.

LMX has been found having significant impact on employee job attitudes, performance, productivity, and profitability etc. However, least research has been conducted to seem at the status of relationship between LMX and employees' readiness to organizational change.

Therefore, this study would be an effort to explore the influence of LMX leadership on readiness to organizational change within the beverages industries with special focus in East Africa Bottling S.C.

1.1 Background of the study

Organizational change has been a requirement for companies in preserving their sustainability. East Africa Bottling S.C, a Subsidiary of the Coca-Cola Beverages Africa, is one of the biggest and oldest beverages companies in Ethiopia which is now transforming massively both in its human resource sector and business process.

Global business environment is consistently growing where change has become a crucial source of success and existence. Organizations are constantly trying to survive in today's dynamic competitive environment (Ackoff, Magidson, & Addison, 2006;). As a result, today, successful change management is a major topic for all organizations and how to successfully achieve organizational change is the provocative question and it gained more fascination during economic crises and numbers of questions are being asked by many organizations (Ashurst & Hodges, 2010). The organization needs to identify the environmental conditions required for the change plan to succeed (Hotek & White, 1999; Kotter, 1996).

Weber and Weber (2001) argue that people's perception of organizational readiness for change also can affect change success. Organizational readiness for change has been defined to mean the organizational members, change commitment, and self-efficacy to implement organizational change (Weiner, 2009). The positive attitude and powerful commitment to change are main outcomes of the readiness to change. According to L. A. Anderson and D. Anderson (2010), content, people, and process are considered as main aspects of change.

Technology is vital source to drive change effectively and it plays a strategic role in facilitating change and making it a part of the organizational culture. Equally, effectiveness of change depends by the level of attention given for people. The deeper the organizational change, the more important for people to change their own values and perspectives to align with overall organizational perspective (Moran & Brightman, 2000). It is, thus, the leaders responsibility to effectively communicate employees the content and process of change along with its purpose so that can easily embrace change.

Consequently, Leader Member Exchange is too important for the sustained growth of any organization and for facilitating organizational change. Consistent with Maslyn and Uhl-Bien (2001) LMX is a crucial tool for maintaining good relationship between leaders and followers. Longer the tenure of the connection, stronger and better are going to be the exchange process which can increase the employees' readiness to change which in turn means less resistance to change. LMX has evolved into a general estimation of a work relationship between leaders and members measured by the extent of their mutual confidence, loyalty, understanding and support (Keup, 2000).

This work, therefore, focuses on identification of the main dimensions of LMX and resistance to change and therefore the influence of every LMX dimension on certain dimensions of readiness to change within the context of East Africa Bottling S.C. East Africa Bottling S.C is a subsidiary of Coca-Cola Beverages Africa (CCBA) which has sustainably operated beverages business in Ethiopia for the last 60 years. CCBA has over 16, 000 employees across its operations in Africa with almost 40 bottling plants in 13 countries including its business in Ethiopia, the East Africa

Bottling S.C. EABSC has 2186 permanent employees in its three plants in Addis Ababa, Dire Dawa and Bahr Dar cities.

Moreover, according to secondary data the researcher obtained from the case organization, EABSC is a member of the larger CCBA, its leadership structure and principles draw from the CCBA leadership but with a customized application as the Ethiopian business environment has its peculiar nature in terms of economic, social, political as well as cultural setups of the country. EABSC has a sustained growth story, high level of employee engagement rate with 90% score last year, well-positioned people development and management philosophies which helped the organization to possess high-quality LMX between the leadership team and their followers.

The researcher choosed EABSC to be the study case organization because the organization is witnessed by many as strong organization with sustained growth history of more than 60 years in the beverages industry and the researcher have witnessed a robust leader-member relationship as well as the change management effectiveness of EABSC. Hence, the aim is to scientifically study whether high-quality LMX in EABSC has helped it to get employees' readiness and commitment for the various organizational change initiatives it has undergone.

1.2 Statement of the Problem

Leader acceptance influences leader effectiveness. Leaders who are not accepted by their subordinates will find it more difficult to influence them than those who are accepted. Thus, leader acceptance by followers facilitates change leadership effectiveness.

It is argued by scholars that the attributes and practices that distinguish cultures from each other, as well as strategic organizational contingencies, are predictive of the leader attributes and behaviors, and organizational practices, that are usually perceived as acceptable are most enacted and effective. (Robert J. House et al,1999).

In their study on managerial leadership and culture in Sub-Saharan Africa context, Wanasika et al. (2011) provide an analysis of managerial leadership in Sub-Saharan Africa (SSA) countries, they concluded that organizational structures and leadership characteristics in the Sub-Saharan region

can be discussed in terms of five themes including a spirit of Ubuntu, recognizes the importance of human interdependence and striving for harmony in all social relations and group solidarity which reflects loyalty to one's family, clan or tribe as well as teamwork and service to one's in-group and others. (Peter Dorfman et al, 2012)

Though the researcher couldn't find other empirical studies on the role of LMX on employee readiness to organizational change in the context of Ethiopia and other developing countries, the above empirical study on SSA countries is well indicative of the fact that SSA countries including Ethiopia accord special focus for a leadership type that strives for harmony in all social relations and which promotes solidarity and loyalty between the leader and followers.

Unlike dealing with resistance, change readiness is a proactive effort taken by change agent to prepare organizational members to increase the likelihood of success rate (Bernerth, 2004). Organizational readiness is a strong predictor for the success of change (Armenakis et al, 1993). When organizational readiness is high, organizational members are more likely to accept change, exhibit greater persistence and effort in the face of challenges during change implementation (Weiner, 2009). The role of leadership with high quality relationship with subordinates in making employees ready, adopt and cause the institutionalization of organizational change is invaluable.

There are no much studies as to organizational change in developing countries. Some of the existing prior researches noted that inadequate infrastructure, governmental policies, and lack of information technology, seriously affect organizational changes in developing countries (Huang & Palvia, 2001). Hence, organizations are highly dependent on external factors (Kurnia et al., 2015). They need support from government and partner in terms of friendly legislation and resource provision to achieve success (Osakwe et al., 2015). In contrast, studies from the developed countries neglected external context such as infrastructure, governmental policies, and information technology since these may not have their problem. (Solomon Demissie, 2018)

Leader Member Exchange is too important for the sustained growth and successful adoption of organizational change of any organization both in developing or developed countries. According to Maslyn and Uhl-Bien (2001) LMX is an important tool for maintaining good relationship

between leaders and subordinates. Longer the tenure of the relationship, stronger and better will be the exchange process which will increase the employees' readiness for change and productivity.

Practically speaking, many of organizational change programs fail because of employees' resistance to change or leadership approaches that neglect the human dimensions during or before change (Wittig, 2012). In other words, the quality of LMX relationships affects employees' readiness or resistance to the change. Readiness to change is achieved through a high-quality leader-member exchange relationship exhibited sustainably for a considerable time.

However, Little research attention is given for the relationship of leaders and their followers readiness during organizational change. Also, as to the researcher's knowledge there is no research work that studied the impact of LMX on employee readiness to organizational change from the context of developing countries and East Africa in general and more specifically Ethiopia.

The quality of relationships between supervisors and subordinates is often studied through LMX theory. Such kind of relationships is considered as high-quality relationship; in which trust, loyalty and mutual respect are demonstrated, while they are considered low quality relationships, when mistrust, low respect, and absence of loyalty are demonstrated (Morrow et al., 2005). People with high quality LMX relationships that used to interact extensively, and provide more time, direction, information, and emotional support are luckier than those in low-quality relationships (Agarwal et al., 2012). The overall goal of this study is to examine the extent that leader member exchange dimension influence employee readiness to change within the target organizations.

Hence the driving factor for this study is to explore the various dimensions of readiness to change and LMX and understand the interrelationship among each dimension both in terms of the past theoretical studies and practical applicability of these studies on selected beverages industries in Addis Ababa set up.

1.3 Research Questions

1. Does high LMX quality positively influences employee readiness for organizational change?

2. To what extent does LMX dimensions affect employee's readiness to change?
3. How does the current leader-follower relations look like and how this relationship has impacted past or present change initiatives at EABSC?

1.4 Objectives of the Study

1.4.1 General Objectives

The general objective of this study is to examine the extent that leader member exchange dimensions influence readiness to change within East Africa Bottling S.C.

1.4.2 Specific Objectives

Specifically, the research work aims at:

- a) Examining the influence of LMX dimensions on employees' readiness to accept organizational change.
- b) Explore the extent of the impact of LMX quality on employee readiness to organizational change
- c) Recommending and outlining areas where development, improvements could be undertaken to further improve and develop employee readiness for change through a strong leader-member interaction particularly focusing on employees' affect, loyalty, contribution and professional respect in EABSC

1.5 Significance of the study

The study is believed to be helpful in providing valuable input and direction to the leadership and change management practices of East Africa Bottling in improving existing LMX practices, if any, to its implementation at full potential. The study has especial significance in Identifying the role of each LMX dimensions in improving employees' readiness to organizational change in East Africa Bolting S.C (EABSC). Investigating the overall quality of leader-member exchange (LMX) from

the leaders and follower's perspective and the latter's readiness to change, the study will also serve as a stepping stone for those who are interested to extend it for further in-depth investigation.

1.6 Scope/Delimitation of the study

Conceptually, this research work focuses on the LMX type of leadership and its role in making employees ready for organizational changes. The scope of the study will be limited to investigating the LMX leadership practice and employees' readiness level during organizational change initiatives of EABSC Addis Ababa Plant.

Methodologically, the type of research to be conducted is both quantitative and qualitative. This mixed approach allows us to obtain information about causal relationships between variables that are reliable and valid by using the survey method. The subject of this research is the EABSC workers in Addis Ababa plant as many as 100 active employees who are management category employees. Stratified random sampling will be adopted to reach at the right number of respondents and the method of dividing the proportion of the sample. Moreover, the researcher depends on using the Statistical Package for the Social Sciences (SPSS) to analyze the data collected by a questionnaire that is considered the primary source, while secondary sources are books, journal's articles and periodicals, reports, company documents and websites.

1.7 Limitations of the Study

The anticipated problem that the researcher might face in conducting this study is that availability of adequate information and time constraint. Moreover, the outbreak of COVID-19 and the resultant social, political and economic uncertainty has already affected the researcher and may continue to have its own impact on the research process as most of the employees in EABSC are on leave.

1.8 Definition of Key Terms

In the research the following key terms and acronyms will be used repetitively.

- **Readiness for Change**- is ‘a mindset that exists among employees during the implementation of organizational changes. It comprises beliefs, attitudes and intentions of change target members regarding the need for and capability of implementing organizational change’ (Armenakis & Fredenberger, 1997)
- **Leader-Member Exchange (LMX)**- is a multidimensional construct having dimensions like affect, contribution, loyalty and professional respect. (Liden and Maslyn (1998)
- **Organizational Change**- refers to an attempt or series of attempts to modify an organization’s structure, goals, technology or work task (Carnell (2003))
- **Leadership**- is a process whereby an individual influence a group of individuals to achieve a common goal (Northouse, 2001).

1.9 Organization of the Study

The study under consideration has five chapters. The first chapter deals with the introduction part. Review of the related literature is articulated in the second chapter while the third chapter presents the research design and methodology. Data analysis and interpretation will be discussed in chapter four and chapter five will summarize the findings of the study. Finally, the fifth chapter will draw the conclusion based on the finding of the study and forward strategic recommendations.

CHAPTER 2: REVIEW OF RELATED LITERATURE

2.1 Introduction

For a business that strives to forge a successful organizational change initiative during a contemporary volatile, uncertain and agile business environment, the standard of the connection between leaders and followers is considered one among the foremost fundamental predicator of effective organizational change.

The impact of the standard of leader-follower relationships within the workplace has been subject to analysis by many theorists and academic works have generated valuable findings on importance of the leader-follower relationship within the field of organizational change.

This chapter will serve as the basis for the process of development of conceptual framework of the study. Therefore, the first purpose of this chapter is to offer the theoretical understanding in assessing LMX dimensions and its relationship with employee readiness to organizational change. More specifically, review of up-to-date related literatures regarding the concept of LMX and change readiness and their respective aspects i.e. the concept of organizational change, change readiness, LMX dimensions and their role on the quality of leader-follower relationship will be presented.

2.2 Concept and Meaning of Organizational Change

Change is defined differently by deferent writers. Change is often considered as breaking down existing structures and building new ones (Chonko, 2004). Another scholar also defined change as “the organizational transformation between two points in time” (Faghihi & Allameh, 2012). In its wider sense ‘change’ refers to a system of discrete episodic changes that happen in one or more organizational domain like people, structure, and technology (Romanelli & Tushman, 1994). These types of changes occurring in the organization have a tendency to be formal, planned, and goal directed in nature.

Organizational change is defined as the adoption of a new idea or behavior by an organization (Draft, 2005). Another scholar defined organizational change as the change in the actions or reactions of staff and leader behaviors and is exhibited as a kind of response to the organizational initiatives (Furst and Cable, 2008). For Hage, organizational change is that the set of various actions that results shifting in directions and/or processes that affect the way during which organizations work before (Hage, 1999).

Organizational change has become a necessity during a highly competitive environment. it's arguable that change is that the only way for today`s organizations to survive during a highly competitive environment. Many researchers and scholars mention the importance of organizational change in several ways. Some say it's good for successful business and sustainability while some others claim that changes can provide competitive edge in this era of high competitions and are necessary for survival (Wasim Abbas, & Imran Asgha, 2010).

Thus, organizational change may be a process during which a most desirable and suitable future of an organization is perceived and route map is set to urge this new shape. Leadership within organizations is experiencing tons of internal as well as external pressures for organizational change to occur. The external pressures triggering the change mainly include government laws and regulations, production and process, market place, labor markets technology, political & social events and also the Internationalization of business (Pfeffer, 1994). One best scenario of external business pressure is that the unprecedented pandemic disease called COVID-19. Its socio-economic impact is uncertain which forced companies, including East Africa Bottling S.C, to vary their structures and deal with policies and procedures. the internal factors which are present and generate change from within the organization includes internal business policies, employment policies, administrative processes and people problems (Lunenburg, 2010).

Organizational change is an iterative and sophisticated process with unintended or intended outcome. It is considered an integral part of organizational life. However, there's evidence that up to 70% of all major change initiatives fail (Cartwright & Schoenberg, 2006). Around half all organizational change failures occur because change leadership did not establish sufficient

readiness to change (Kotter, 1995). The management of organizational change has become the leading concern for managers so as to make the change program successful.

Hence, a company with high quality LMX between the leadership and followers achieves high employee readiness to organizational change and thereby a comparative advantage for a successful change. The leaders change related actions towards the implementation of change initiatives should even be clearly well-known.

The process of change in organizations consists of three stages. The initial stage is being ready for change and indicates that the members of the organization are ready for change which they support change. The second stage is adoption. At this stage, change has occurred and therefore the employees have adopted the new methods. However, this adoption process may be a trial process and employees may deny the change at the top of this stage. The third stage is institutionalization, and change is reinforced until employees internalize the change and consider it as a norm, and required efforts are made to ensure that the adoption stage is resumed (Armenakis and Harris, 2002).

Finally, Cornell suggested that organizations may receive four differing types of responses to change, change messages, or simply to possibilities of change. These are as follows (Cornell, 1996, p. 25):

- **Withdrawal:** This behavior is said with the thought that the change has not occurred and that the items shall always continue as was common.
- **Resistance:** This behavior covers sabotaging of the change by opposing to change directly, delaying the implementation of the change, and refusing to cooperate, etc.
- **Acceptance:** this suggests submitting to the change reluctantly considering that change is inevitable.
- **Embracing/adoption:** this suggests truly volunteering for change so as to implement the new order of things by watching new opportunities positively. The objective of this study is thus, to empirically explain the role of LMX on the adoption/embracing level of employees to organizational change in East Africa Bottling S.C

2.3 Readiness for Organizational Change

It is believed that the success of an organizational change is viewed as hooked in to a particular degree of organizational readiness to change which successively depends on the standard of leadership between the leader and followers. The genesis of readiness lies in Lewin's (1947) concept of unfreezing or getting organizational members to abandoning, both physically and psychologically, of the present ways of doing things within the organization. It's the leader's responsibility understandably show that the present ways are not any longer acceptable or appropriate if the organization is to stay successful or regain success.

The employee's readiness for change has been elucidated by different authors in several perspectives. As an example, the notion of readiness for change refers to the employee's beliefs, feelings and intentions about the particular change initiative and organizational capacity to institutionalize the change. In fact, they lean towards developing a rational-based supporting precursor whether to resist or support the change (Armenakis et al, 1993). Moreover, it's added that employees also develop their beliefs regarding the appropriateness and promised value of the change (Armenakis et el, 1999).

According to Mathews and Shepherd (2002), there are four characteristics of employees who are committed to their organizations; (1) hold strong feelings about the organization's goals and values, (2) have great acceptance thereon, (3) willingness to offer great effort on behalf of the organization, and (4) willingness to take care of the membership with the organization. In addition, it's argued that the term readiness for change represents a holistic framework of the organization during which its members perceive the degree to which the organization is prepared to implement a large-scale change initiative. (Eby et el, 2000).

Many scholars have defined organizational change readiness in various ways. Holt and his colleagues' defined organizational change readiness as organizational members' shared cognitive and emotional inclination to simply accept, embrace, and implement a specific change (Holt et al.,

2009). Weiner (2009) also defined organizational change readiness as a mental state during which organizational members collective change commitment and collective change efficacy to implement organizational change. Another study conceptualized organizational readiness as a shared perceptions and beliefs that include need for change, collective change efficacy, collective change benefit and collective capacity for the change (Vakola, 2013).

Therefore, it is usually contended that Leader-follower relationship quality is vital to shape employee's reaction to organizational change. As Soumyaja et al (2015) state, the key challenge of change lies in gaining employees' willingness to plan and embrace to the change effort and this will be managed by improving the standard of LMX.

There are several factors which contribute to increasing employee's readiness for change. These factors are classified into group-level and individual-level variables. There are different antecedents under group-level variables. As an example, the extent of employee's readiness for change could also be increased if they believe that their organization is capable enough to accommodate the specified change situations and have established LMX and trust within the leadership (Eby et al., 2000). Moreover, individual-level variables which include employee's job satisfaction, workplace commitment, employee's personal proficiency in adapting the change, and their self-efficacy can enhance their individual readiness for change (Kwahk & Lee, 2008). Besides, it's vital to develop a right and supporting mindset for a successful change transformation effort by removing every potential resistance and dealing on the standard of LMX (Santhidran et al., 2013).

For this, there's a requirement to organize the workers for the proposed organizational change with the assistance of transparent, honest and open communication because companies have faced a failure in change transformation efforts because of lack of readiness to change (Alas, 2004). In short, it's argued that LMX largely influences employee's readiness for change and their individual commitment to organizational change.

Miller et al (2006) examined different workplace factors and their impact on readiness to change. They concluded that management/leadership relationship, job knowledge and skills, and job demands significantly influence employees` readiness to change. Another study by Shah & Shah (2010) found that readiness to change is influenced by employees` beliefs of self-efficacy, appropriateness, management support, personal benefit(valence) valence. As a result, it's advised to measure the construct of readiness for change through four sub-variables namely, appropriateness of the change, management support for the change, change-specific efficacy, and personal advantage of the change.

2.4 Components of Readiness for Organizational Change

Various scholars have tried to explore what exactly readiness to change mean, its components as well as the effective mechanisms of creating employees ready for organizational change initiatives. Armenakis et al. (1999) believed that readiness for change is formed within the message delivered by the leadership to the organization`s members (followers).

The introduction of replacing the existing working norm with a new change initiative can create uncertainty and concern as to what the change could bring within the minds of organizational members. The change message need to be employed to deal with the uncertainty and concern by answering four questions: is that the change being introduced the proper change to make; are key organizational members supportive of the change; do I or we (the organizational members) have readiness to successfully implement the change; finally, what's it for me if we change. The following table 2.1 summarizes the four elements of readiness to change proposed by Armenakis et el:

Table 2.1 Elements of change readiness

S.N	Change Readiness Element	Scholarly definition	Author(s)	Year
1	Appropriateness	When a change initiative is introduced into an organization, it must be recognized that this is often not carried out in a vacuum. Employees ask the appropriateness of the change, and it answers the question is this the proper change?"	Armenakis et al	1999
2	Principal/Management support	Management support was necessary to provide information and convince organizational members that the formal and informal leaders are committed to successful implementation of the change. It answers the question, Who, from the organizational members, supports this change?	Armenakis et al	1999
3	Efficacy	It is the power to supply desired effects; otherwise one has little incentive to act or to persevere within the face of difficulties. Efficacy addresses the question of do I/we have the capability to successfully make this change?	Bandura and Locke	2003
4	Personally beneficial (Valence)	When faced with a change in their present situation, organizational members will ask, silently or vocally, what benefit is in it for me/us?	Armenakis et al	1999

However, management must recognize albeit organizational members agree that a change is important, they'll still remain resistant to the proposed change initiative (Kissler, 1991). Hence, not only does there need to be agreement that the proposed change initiative is acceptable, but also there must be agreement that the initiative is congruent with the culture, structure, formal systems, etc. of the organization (Buller et al, 1985). Therefore, the change initiative's fit with the organization is as important as whether or not the initiative is that the right one.

Thus, leaders have the responsibility to supply organizational members with the training and education needed to implement successfully a change initiative. This is often important because the members may lack strong conviction that the change can be successfully implemented. Past failures by management to give such education or training and make the organization ready for change can cause organizational members not only not having confidence in themselves that they will achieve success in implementing a change but having an absence of confidence in management's ability to guide them in implementing the change.

An important point worth mentioning here is that every of the four components of the change readiness discussed above can gain simple acceptance from followers if the message is transmitted by a leader with whom employees have high quality LMX. Also, it's important to notice that every component is interrelated with the others, influencing or shaping the others. This is to mean that the components are additive in nature, as well, shaping both the character of the readiness for change message and organizational members' readiness for change. (Muhammad S. A, 2014)

Therefore, leadership must be ready to demonstrate some kind of positive benefit (valence) either short or future that justifies the disruption that the change brings. As a result of the necessity to point out positive valence, management must even be able to demonstrate that this alteration initiative isn't change for change sake, but rather, it's necessary and therefore the right change (appropriateness); support by influential people (to the organizational member) must even be shown. Principal support is very important, because if those people that are important to the organizational members don't seem to share the urgency of management while it attempts to

implement the change initiative, the organizational members will believe the change initiative wasn't as important as management presented and, therefore, could have waited.

To sum up, it's the responsibility of the leader to clear out the potential benefits, appropriateness and the pressing justifications of the change initiative to all or any concerned employees along with its benefit both to them individually and to the organization in order that their readiness for change could also be reasonably enhanced.

2.5 Dimensions for Measurement of LMX

Unlike the normal belief that effective leadership depends on the traits or attributes of leaders, followers and situations, the precise attributes of leaders to the character of the connection that's forged between leaders and followers, a relationship that determines the standard of exchange is vital element of effective leadership. Thus, leaders got to maximize the interactions that nurture the leader-follower relationship quality and therefore the organizational collective effort towards common goal.

Pursuant to Dansereau, Leader-member exchange (LMX) may be a sort of dyadic relations defined because the role-making process between leader and subordinate through a relationship of exchange of needs (generally associated with interpersonal competence) during a continuous period. He further stipulates that Leader-Member Exchange (LMX) theory suggests that leaders don't use an equivalent style in handling all subordinates, but rather develop a special sort of relationship or exchange with each subordinate (Dansereau et al 1975).

Hence, LMX theory postulates that exchanges (i.e, work and social interactions) often occur between managers and their employees and it's the leader's primary responsibility to cultivate relationships of varying levels of quality with their followers on the idea of those exchanges. Followers who have top quality relationship with their leaders are often treated more favorably than those that have low quality relationships with their superiors. LMX leadership focuses on the development of leadership processes by forging more high-quality leadership relationships

(leadership making). Under this approach, the main target isn't on how managers discriminate between their followers (classify them as "in-group" and "out-group" team members) but instead on how well they collaborate with individual employees and develop strong personal relationships (Graen and Uhl-Bien, 1995).

A review of recent LMX literature reveals that LMX is not based solely on the job-related elements but can also include socially related "currencies." Liden and Maslyn (1998) They further proposed four dimensions of LMX relationships labeled contribution (e.g., performing work beyond what's laid out in the work description), affect (e.g., friendship and liking), loyalty (e.g., loyalty and mutual obligation), and professional respect (e.g., respect for professional capabilities).

2.5.1 Contribution

The first LMX dimension consistent with Dienesch and Liden is contribution. They defined perceived contribution because the "perception of the quantity, direction, and quality of work-oriented activity each member puts forth toward the mutual goals (explicit or implicit) of the dyad" (1986). Other scholars have emphasized the role of a subordinate's work-related behaviors on the event of LMXs. In new leader-member dyads, the leader is assumed to gauge each subordinate's performance on delegated tasks. (Graen et al, 1976)

Subordinates whose performance impresses the leader and who "accept a leader's invitation" develop an exchange with the leader that's of higher "quality" than subordinates who haven't performed also consistent with the leader. Higher quality refers to greater exchange of valued resources between leader and member (Bass, 1990). Valued resources provided by leaders to some select members include such things as physical resources (e.g., budgetary support, materials, and equipment) also as information and attractive task assignments (Graen & Cashman, 1975). Moreover, members of such high quality LMX exchanges engage in tasks and duties that reach beyond what's required from the formal employment agreement.

Participative leadership behaviors can also offer insights into a possible relationship between Contribution and organizational citizenship behaviors. VanYperen et el (1999) found that

participation within the decision-making processes was positively associated with employee readiness to organizational change. The authors speculated participation within the decision-making process enhanced employees' perceived support from supervisors, but perhaps an alternate explanation is that participation 'allows' followers to desire they're actually contributing to the standard of leader-member exchanges. Hence, it's expected the contribution LMX element are going to be positively associated with followers' readiness to organizational change.

2.5.2 Loyalty

A second LMX dimension proposed by Dienesch and Liden (1986) is loyalty. Loyalty is that the extent to which both leader and member publicly support each other's actions and character. it's the extent of confidence within the other member's personal character. This personal character is predicated on habitual action and is usually consistent from situation to situation (Liden & Maslyn, 1998). This dimension of LMX is conceptually almost like trust in leader. Trust in leader was found to mediate the connection between transformational leadership and organizational citizenship behaviors (MacKenzie, et al, 2001). Similarly, it's anticipated that loyalty element of LMX are going to be directly associated with readiness to organizational change.

2.5.3 Affect

Dienesch and Liden defined affect as "the mutual understanding members of the dyad have for every other based totally on interpersonal attraction instead of work or professional values" (1986). It refers to the mutual interpersonal attraction between dyad members. this is often conceptually almost like liking which was investigated by Allen and Rush (1998). Mutual liking between leader and member is predicted to be involved in developing an on-going LMXs to varying degrees (Dienesch & Liden, 1986). Indeed, friendships often develop through work interaction. Hence, it is often expected that leader-member exchange quality supported mutual affect for each other are going to be associated with increase direct report readiness to organizational change initiatives.

2.5.4 Professional Respect

Professional respect component of LMX describes the dyad member 's reputation within the line of labor. This reputation is usually built upon the knowledge, skill and competence of the dyad member. The clarification for expectations and job responsibilities further enhances the target 's perception of competence and hence confidence within the other's abilities. LMX leaders, especially those holding a high level of intellectual stimulation ability challenge employees to "believe problems that they might not have considered or to believe new ways or solving old problems can also be implicitly encouraging employees to offer voice to their ideas or recommendations" (Organ et al,2006). This ability to consider new ideas to problems may be a manifestation of that individual's perceived competence and increase employees level of readiness to organizational change.

An exchange between leaders and members may involve one or more of those dimensions. Therefore, a "contribution-dominated" exchange (work-related currency) will probably feature extensive interaction in reference to work-based tasks while an "affect dominated" exchange (social currency) will probably feature off-the-job, affective and interpersonal interactions (Bhal et al., 2009).

Moreover, Maslyn and Uhl-Bien (2001) advocate the likelihood of variance within the weight or significance of all four dimensions for various individuals. In effect, an individual may have different motivations for forging a high quality LMX relationship. as an example, an exchange of high quality that's based totally on contribution could also be generated by a leader and follower who often collaborate on work tasks outside of normal work hours while an exchange of high quality that's based totally on affect could also be generated by a leader and subordinate that always mention non-work-related matters during business hours (Maslyn & Uhl-Bien, 2001).

Thus, varying leader-follower relationship levels of LMX will generate different predictions in terms of work-based outcomes and identifying the possible influence of each of those LMX dimensions on employee change readiness aspects is that the focus of this study.

2.6 LMX: Relationship-Based Approach to Leadership

LMX leadership is unique from other leadership theories in that it mainly focuses on the relationship between leader and followers. It postulates that higher leader-member relationship quality has a positive effect on organizational and leadership effectiveness in terms of gaining employee commitment for higher performance and change readiness.

Given the varied dimensions of leadership described above, LMX clearly incorporates an operationalization of a relationship-based approach to leadership. The central concept of the idea is that effective leadership processes occur when leaders and followers are ready to develop mature leadership relationships (partnerships) and thus gain access to the various benefits these relationships bring (Graen & Uhl-Bien, 1991). The model as it stands describes how effective leadership relationships develop between dyadic “partners” in and between organizations (e.g., leaders and followers, team members and teammates, employees and their competence networks, venture partners, supplier’s networks, so forth). This happens when the relationships generate bases of incremental influence that are necessary for effective leadership. (Katz & Kahn, 1978)

LMX emphasizes upon the standard of leader-follower relationships. The simplest relationship develops out of the chemistry between the two and supports development of both as well as any organizational change initiatives. Reciprocity during this relationship augments positive behavior of the workers. Better emotional attachment of leader and follower supports implementation of change which is simply the result of past behavioral confidence inculcated within the employee (Kim et al., 2010).

According to Burns, when the relationship of dyadic members reached a mature “partnership” stage, the payoffs are often tremendous. In partnership relationships, the potential for incremental influence is almost unlimited, because of the large breadth and depth of exchange of work-related social contributions that are possible (Burns, 1978). At this stage, the mature relationship developed between the dyadic members throughout the history of the exchange leads to

progressively higher degrees of mutual trust, respect, and obligation within the relationship, persuading followers to interact in additional responsible activities than they otherwise would. Leaders can count on the followers to provide them with partnership assistance when needed. It's this mutual trust, respect, and obligation toward one another which empowers and motivates both to expand beyond the formalized work contract and formalized work roles: to grow out of their prescribed jobs and develop a partnership as a result of mutual reciprocal influence during organizational change initiatives.

2.7 The Impact of LMX on Employees Readiness to Change

This main objective of this study is to assess the role of leader-member relationship quality on the worker readiness to assume ownership, adopt and institutionalize organizational change. Hence, this part will primarily concentrate on explaining the role of LMX leadership type to ignite employee readiness to organizational change and make the change field smooth for effective organizational change.

Bhal, Gulati and Ansari (2009) claim that the majority of early studies treated LMX as a one-dimensional concept in forecasting employee-based impacts using LMX-7 as formulated by Graen and Uhl-Bien (1995). Using this one-dimensional measurement, the exchange relationship focuses only on the tasks at hand and places limited emphasis on the analysis and evaluation of social interactions (Bhal et al., 2009). Graen and Uhl-Bien (1995) claim that the development of LMX was driven primarily by the attributes of the working relationship as against the interpersonal relationship and therefore the level of trust or compassion that's forged between individuals is predicated solely on each person's estimation of the other's professional competence and behavior. Conversely, multidimensional LMX incorporates the liking-based dimensions of private relationships, including affect, loyalty, and respect, as well as work-based dimensions, including contribution (Dienesch & Liden, 1986; Liden & Maslyn, 1998).

As a result, Dienesch and Liden (1986) and Liden and Maslyn (1998) dispelled the notion that LMX may be a one-dimensional concept and instead proposed a multidimensional conceptualization because it offers a more cohesive overview of the LMX quality characteristics.

Now LMX is a multidimensional leader-follower relationship and high-quality relationship is conceived to have a great role in enhancing employee readiness to organizational change.

A review of literature on organizational change emphasizes the role of leadership (Armenakis et al. 1993). Effective leaders tend to provide support that eventually changes the essential values, beliefs and attitudes of the employees in order that they're able to accept and understand the change efforts (Eisenbach et al. 1999). Armenakis et al. (1993) argue that proactive managers who act as coaches and champions of change are more successful in preparing employees for the change efforts than managers who only monitor for signs of resistance to change. Interestingly, the leader's (or change agent's) attributes is additionally important within the process of making readiness. Honesty, trustworthiness, sincerity and commitment are related to the leader's reputation, serving as essential ingredients to promote change readiness. In addition, fostering acceptance to the proposed change requires leaders to communicate and provide quality leadership. It's argued that leadership with good quality LMX facilitate the creation of necessary culture and shape the behavior of employees. This type of leadership is in a position to make the vision and institutionalize the change efforts (Tichy, Devanan 1990). Trust in leaders and knowing that leaders are supportive of the change efforts is also important to ensure high-quality relationship and readiness (Walker et al. 2007).

Having the proper mindset for change is a crucial determinant of the success of any sort of transformation. The pioneering work of Lewin (1947, 1951) suggests that for change to achieve success it's important that negative attitudes towards change are overcome to avoid any resistance to change. Emphasizing on the process of change, Armenakis et al. (1993) suggest that for a successful change there's a requirement to organize employees for the change. This involves proactive attempts by the leader to change the belief, attitude and behavior of the employees which will be involved within the change effort. Effectiveness in implementing change is dependent on the beliefs of the change targets about change. Similarly, Estonia et el (2004) stressed that the failure of changes in many companies was because of the lack of readiness to change among employees. Generally, it's argued that commitment to change depends on the leader-member relationship and the understanding and also the beliefs of the partnership members on the proposed change.

2.8 Review of Empirical Studies

Researchers have focused on studying factors associated with readiness to change. Miller et al (2006) examined different workplace factors and their impact on readiness to change. They concluded that management/leadership relationship, job knowledge and skills, and job demands significantly influence employees` readiness to change.

Sinnappan S. et al (2014) have undergone a study on the consequences of leadership and change readiness on commitment to change and the effects of leadership on change readiness respectively. The results of their study indicate that leadership features a positive and significant relationship with change readiness. Additionally, the study fails to seek out any direct relationship between leadership and commitment to change. However, leadership is found to affect commitment to change indirectly through change readiness. It's found that leadership exerts significant effect on readiness, and this in turn, affects commitment to change.

Another study conducted by Wayne (1997) suggested that employees with high interaction quality toward his superior could do other task going extra mile from with their ordinary task and simply embrace organizational changes, while employee with low interaction quality toward his superior tend to indicate resistance to organizational change. On the other hand, a study conducted by Arius Kambu et.al showed that employees perception concerning LMX still haven`t able to improve organizational citizenship behavior. LMX has lack of role in forming employees organizational Citizenship behavior.

However, another empirical study on impact of leader's change-promoting behavior on readiness for change have shown that of leader's change-promoting behavior features a significant positive impact on readiness for change. Aside from this, the results show that the leadership behavior in reinforcing the change has been significantly related to the management support, appropriateness, and change efficacy constructs of change readiness. (Muhammad S.A, 2014)

Effective leaders tend to provide support that eventually changes the essential values, beliefs and attitudes of the employees in order that they're able to accept and understand the change efforts (Eisenbach et al. 1999). Armenakis et al. (1993) argue that proactive managers who act as coaches and champions of change are more successful in preparing employees for the change efforts than managers who only monitor for signs of resistance to change. Interestingly, the leader's attributes also are important within the process of making readiness. Honesty, trustworthiness, sincerity and commitment are related to the leader's reputation, serving as essential ingredients to promote change readiness. Furthermore, fostering acceptance to the proposed change requires leaders to communicate and provide quality leadership. Trust in leaders and knowing that leaders are supportive of the change efforts is also important to ensure readiness (Walker et al. 2007)

In emphasizing the fact that leadership commitment to a proposed change initiative is determinant factor towards the success or failure of that change, Vollman (2009) contended that the high-failure rates observed in organizational change initiatives might be a result of management's failure to know the knowledge, skill, and skill requirements necessary for an organization to achieve success in implementing a change initiative.

Furthermore, it's been contended that members of the organization hold positive views regarding the necessity for organizational change and that they even have a belief that the changes, if successfully and effectively implemented on time, could bring positive and sustainable implications both for themselves as well as for the organizations within the longer run (Jones et el, 2005).

Any organizational change comes with anxiety, uncertainty, and ambiguity for employees. To beat this, researchers have focused on studying factors influencing employee's readiness to change (Cinite et al, 2009). Holt et al (2007) further studied Lewin's model and demonstrated that successful change consists of three stages: 1) readiness to change, 2) adoption, and 3) institutionalization.

Thus, studying readiness to change is crucial to the success of change initiatives. Research has been concerned with discussing the role of individuals within the success of change initiatives. In fact,

researchers believe that employees' attitudinal and behavioral reactions to change play a serious role within the success of any change initiative (Kim & Mauborgne, 2003).

However, despite analyzing various aspects of change, so far there's no conclusive research that focuses on the interrelationship between leadership, change readiness and commitment to change. Despite the important role of leadership in predicting employee outcomes, the change-readiness literature has not yet dedicated the deserved space to this factor as an antecedent of employees' level of readiness to change. (Hoch et al., 2016) Of the leadership approaches existing within the current literature, transformational leadership is the only one which has received attention; however, other more types of leadership like leader-member exchange have received far less attention. These are far more connected to inspiring trust in employees, and as a consequence, to driving positive change-readiness outcomes (Vakola, 2014).

Thus, the role of LMX in shaping employees' readiness to change appears to be an intriguing area of research for learning more about how such a very important outcome can be formed in organizations which is why this study has the objective of exploring the relationship between LMX and employee readiness to change. Consistent with this, Larkin & Larkin (1994) suggested that employees who have congenial relationship with their leaders are cooperative in implementing changes in organizations. Supervisor and subordinate relations have positive and significant association to readiness for change. (Shah & Shah, 2010).

2.9 Conceptual Framework of the Study

The theoretical framework as presented on figure 1 below has been formulated to depict a relationship between LMX dimensions and employee readiness for change. Therefore, the researcher used a correlation design to investigate the relationship among the four (affect, loyalty, contribution and professional respect) domains of LMX and employee readiness for change in order to test the following hypotheses:

H1: Statically significant and positive relationship is expected between contribution and employee readiness to organizational change

H2: Statically significant and positive relationship is expected between affect and employee readiness to organizational change

H3: Statically significant and positive relationship is expected between loyalty and employee readiness to organizational change

H4: Statically significant and positive relationship is expected between professional respect and employee readiness to organizational change

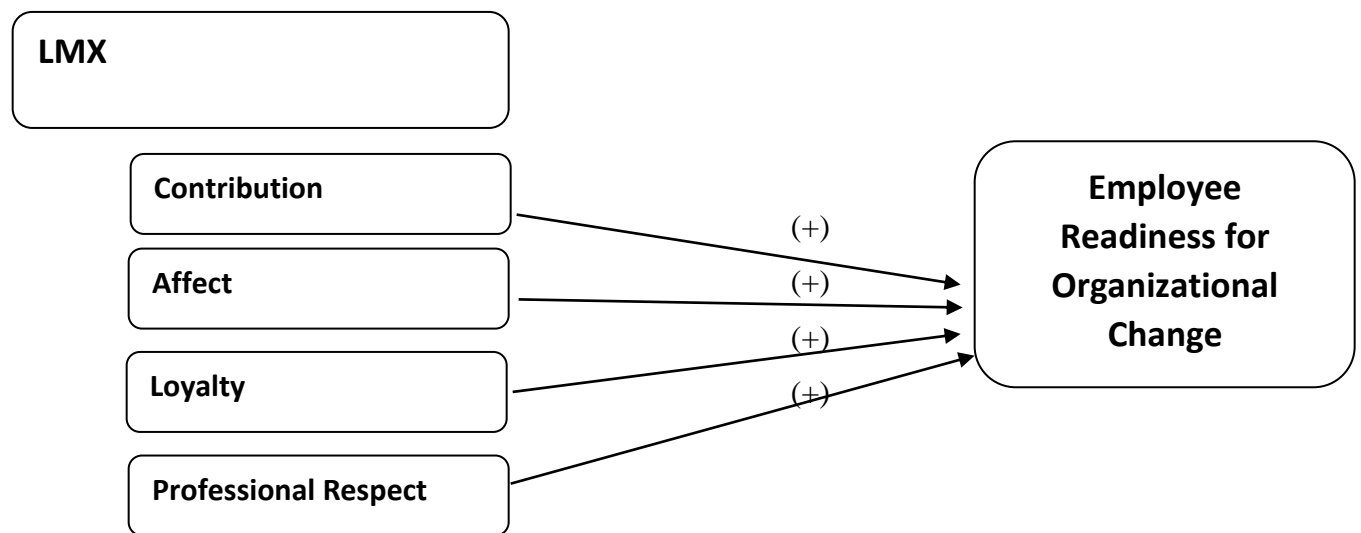


Figure 2.1: Conceptual Model of the Study

Source: Own-developed from the literature

CHAPTER 3: RESEARCH METHODOLOGIES

The main objective of this research is to assess the effect of leader-member Exchange leadership on Employee Readiness for organizational change in East Africa Bottling S.C. In the previous chapter, a conceptual framework for the effect of leader member-exchange on employee readiness for organizational changes is compiled from the literature. This chapter discusses how the research methodology employed in the study. It indicates the research design, research instrument, the population, sample size, sampling techniques, data analysis techniques and validity and reliability.

3.1 Research design

The nature of the research and the research objectives determine the research design. A research design describes a (flexible) set of assumptions and considerations leading to specific contextualized guidelines that connect theoretical notion and elements to dedicated strategy of inquiry supported by methods and techniques for collecting empirical material (Jan Jonker et el, 2010).

To achieve this purpose of a research design, the study is conducted by using both quantitative and qualitative approaches i.e. mixed approach as it enables the researcher to fill the gaps of the two approaches in order to obtain the required information from data sources.

Explanatory or casual research approach is used with the objective of establishing the cause and effect relationship between variables i.e. between dimensions of Leader-Member Exchange and employee readiness to organizational change. This approach is chosen because the main purpose of the study is to test existence of possible relationship between leader-member exchange leadership and employee readiness for change. Explanatory research looks for causes and reasons. It aims to understand phenomena by discovering and measuring causal relations among them (Mitchell and Jolley, 2007).

Besides, case study form is adopted as this has allowed the researcher to make careful and complete observation in the case organization, EABSC. According to C.R Kothari (2004) The case study method involves a careful and complete observation of a social unit, be that unit a person, a family, an institution, a cultural group or even the entire community. It is a method of study in depth rather than breadth. He further explained that a case study method places more emphasis on the full analysis of a limited number of events or conditions and their interrelations. As a result, the researcher is of the view that case study method helps to have in-depth investigation of the change leadership practices of EABSC and employee readiness for change.

On the other hand, the quantitative data are collected via questionnaire and responses are analyzed using SPSS to acquire objective causal relationship among the variables. The study covers East Africa Bottling S.C, Addis Ababa plant.

From the point of view of time, the researcher has applied a one-time research (cross-sectional) research time line. Cross-sectional research is chosen because this research type is confined to a single time-period, it is the simplest to administer as it not expected to capture the change process.

3.2 Description of study variables

Holt et al (2007) have further studied Lewin`s model and demonstrated that successful change consists of three stages: 1) readiness to change, 2) adoption, and 3) institutionalization. Shah & Shah (2010) found that readiness to change is influenced by employees` beliefs of self-efficacy, appropriateness, management support, and personal valence. Hence, change leadership requires quality relationship people have with their supervisors. Liden et al. (1997) proposed four dimensions of LMX relationships labeled contribution (e.g., performing work beyond what is specified in the job description), affect (e.g., friendship and liking), loyalty (e.g., loyalty and mutual obligation), and professional respect (e.g., respect for professional capabilities).

The study is aimed at explaining the relationship, if any, between the dimensions of leader-member exchange (loyalty, affect, contribution and professional respect) which are independent variables of the study with employee change readiness (self-efficacy, appropriateness, management support, and personal valence), the dependent variable.

3.3 Description of study area and target population

The population for a study is the group of people about whom the researcher wants to draw conclusions (Babbie & Mouton 2001). Population, is thus, the total group of people or entities from which research information is intended to be obtained. The study is conducted in East Africa Bottling S.C, Addis Ababa plant. Because it is not possible to study all Population, a sample is drawn.

As of April 15, 2020, EABSC has total of 2186 permanent employees who are working in Addis Ababa (1,396), Dire Dawa (337) and Bahir Dar (453) manufacturing plants. The study doesn't include Dire Dawa and Bahir Dar Plant employees because of the reasons stated in the scope section of the proposal.

In addition, all employees in Addis Ababa plant were not part of the study. The researcher believes that taking preliminary observation to identify the right respondents who have pertinent knowledge, experience, and ability to provide response for leadership related research questions is important. Accordingly, the researcher has focused on a total of 133 number of employees who are categorized as management team(employees) as per the policies of the company. In EABSC, there are there categories of management team: Country Management Team (CMT) who are senior leadership of each competencies (Finance, Sales & Marketing, Logistics, Public Affairs and Communications, Human Resources, Manufacturing) and the MD; Greater Management Team (GMT) who are managers reporting to each country management team and First level supervisors who report to the GMTs.

3.4 Sampling technique/methods and sample size

The sample size is a smaller set of the larger population (Cooper and Schindler, 2003). They argue that the sample must be carefully selected to be representative of the population and the need for the researcher to ensure that the subdivisions entailed in the analysis are accurately catered for.

Stratified sampling techniques is used for segmenting the total target population in to sub-group or strata or in our case leadership category and purposive sampling technique is used from each stratum in proportion to the population from each of the strata (CMT, GMT and first level supervisors) as depicted in table 3.1.

The total population of the study is 133 which are segmented in to three categories based on the leadership hierarchy of EABSC as shown in table 3.1.

The sample size is determined using Taro Yamane's (1964) statistical formula as follows:

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

Where:

n = sample size to be determined

N = population of interest

e = error margin (0.05)

1 = constant value

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

$$n = \frac{133}{1+133(0.05)^2}$$

$$n = 99.8$$

Thus, 100 is the sample size.

Target Population			
Leadership Category	Number	Percentage	Proportion (Sample Size)
Country Management Team (CMT)	7	5.3	5
Greater Management Team (GMT)	51	38.3	38
First Level Supervisors	75	56.4	57
Total	133	100	100

Table 3.1: Sample Size Determination

Table 3.1 shows the population and sample proportion of each category of EABSC leadership. Accordingly, 5 respondents from CMT, 38 respondents from GMT and 57 respondents from first line managers are considered for this study. The respondents from each group are selected using simple random sampling technique and equal chance is given to the members in the category.

3.5 Data collection – source, types and instruments

To fulfill the purpose of the study, the researcher used both primary and secondary data sources. The primary data is collected through standard and tested questionnaire developed by Liden, R. C., & Maslyn, J. M. (1998) as well as Scandura, T. A. & Graen, G. B. (1984). The questionnaire method as instrument of data collection will be used because it provides wider coverage to the sample and also facilitates collection of a large amount of data. The questionnaires mainly are close (fixed response options) questions with few open-ended questions. Telephonic interviews are also conducted in order to explore feelings, beliefs, emotions and change leadership experiences of employees.

The data collected through different data collection instruments are analyzed and interpreted in light of the research questions by applying the appropriate statistical data analysis method.

The questionnaire as a data collection instrument is consisted of three sections. Section One has information regarding the respondent's demographic features which included gender, age, marital status, educational qualification, years of experience in the organization, position and management category. Section Two of the questionnaire consists of structured five-point Likert scale questions with predetermined responses related to the dimensions of Leader-Member Exchange leadership.; Section Three is consisted of structured five-point Likert scale questions with predetermined responses related to elements of employee's readiness for organizational change.

Relevant standard question items are adapted for Section two from Liden, R. C., & Maslyn, J. M. (1998), Multidimensionality of leader-member exchange: An empirical assessment through scale development and for Section three from Scandura, T. A. & Graen, G. B. (1984), The moderating effects of initial leader-member exchange status on the effects of a leadership intervention.

Finally, secondary data analysis such as review of documents showing change leadership practices as well as interviews are applied to assess the leadership and change management practice of the company and test the results of quantitative data.

3.6 Data analysis – model, techniques, software

The raw data collected through closed ended questionnaire is tallied, organized, coded and demonstrated in tables, pi-charts, and bar-graphs depending on the nature of the data for clarity and readability purpose. After making the necessary coding, the data is entered in the computer to be analyzed using scientific statistical data analysis method particularly SPSS version 23.

Descriptive statistics such as percentage, frequency and measures of central tendency (mean, standard deviation, and skewness) are used to summarize the responses. The study also applied multiple regression analysis model for testing the hypotheses drawn from the conceptual

framework. According to C.K Kothari, regression analysis model is a statistical method to deal with the formulation of mathematical model depicting relationship amongst variables which can be used for the purpose of prediction of the values of dependent variable, given the values of the independent variable. The multiple regression model will be computed as follows:

$$CR = \beta_0 + X_1 \beta_1 + X_2 \beta_2 + X_3 \beta_3 + X_4 \beta_4 + e, \text{ and}$$

Where:

CR= Change Readiness

β_1 = Contribution dimension of LMX

β_2 = Loyalty dimension of LMX

β_3 = Affect dimension of LMX

β_4 = Personal respect dimension of LMX

LMX= Leader-Member Exchange

e = error term,

β_0 = constant, term

$X_1, X_2, X_3,$ and $X_4,$ are coefficients

3.7 Reliability and validity analysis

Reliability and validity are keys in determining precision of the instrument we apply to gather information. According to Mouton reliability and validity measure the precision with which a research instrument measures, enhances the credibility of the instrument and the usefulness of the research. Promotion of the validity and reliability of research will enhance the value of the research (Mouton, 2001)

Cronbach's alpha is a coefficient of reliability and it is commonly used as a measure of the internal consistency or reliability of a psychometric test score for a sample of examinees. Hence, according to Lombard (2010), coefficients of .90 or greater are nearly always acceptable, 0.80 or greater is acceptable in most situations, and 0.70 may be appropriate in some exploratory studies for some indices. By tracing this literature, the researcher, guided by his senior advisor, has tasted the

internal consistency of the items to be presented to respondents. The following table summarizes scale and Cronbach’s Alpha values of the variables:

Table 3.2 Summary of scales & Cronbach’s alpha values

Variables	Cronbach’s Alpha	Number of Items
Change Readiness	.756	24
Contribution	.894	7
Loyalty	.865	6
Personal respect	.902	6
Affect	.921	10
a. Dependent Variable: Change Readiness		
b. Predictors: (Constant), Contribution, Affect, Loyalty, Personal Respect		

3.8 Ethical Consideration

The researcher used proper citation, follow truthful collection & analysis of data, maintained data confidentiality, obtained the consent of the case organization and staffs and keep the identity of respondents unanimous based on their consent to meet the ethical obligations of the research. As much as possible ethical language was used in the questioners constructed and distributed to the respondents.

CHAPTER 4: DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 Introduction

In this chapter, the result obtained from East Africa Bottling S.C selected employees using questionnaire survey are presented and analyzed. This section is basically divided into two main sections. The first section is to present the results of descriptive analyses and the second section presents the regression analysis results. The presentation of the results is followed by discussions of the information gathered from the respondents and making use of evidence from literature to support them. Generally, this section is organized in the following manner: First, profile of respondents was presented and analyzed. Second, data collected through questionnaires were analyzed.

4.2 Response Rate

This study was designed to test the Effect of Leader-Member Exchange on Employee Readiness to Organizational Change in East Africa Bottling S.C. Data were collected from the EABSC management employees. To this effect 100 questionnaires were distributed and 80 were returned which has a response rate of 80%. According to Mugenda (1999) a 50% response rate is adequate, 60% good and above 70% is rated very well so a 91 percent rate of response is very good.

4.3 Profile of Respondents

The necessary information for this study was obtained from managerial employees of East Africa Bottling S.C, Addis Ababa plant. According to the policies of EABSC, Country management team, general management team and first level supervisors are considered as management employee and information is obtained from 100 of them.

Table 4.1: Demographic Characteristics of Respondents

Respondents Characteristics	Categories	Frequency	Percent
Sex	F	8	10
	M	72	90
Age	21 to 30 years	23	28.8
	31 to 40 years	44	55.0
	41 to 50 years	11	13.8
	51 to 65 years	2	2.5
Position	CMT	8	6
	GMT	55	51
	First level Supervisor	25	23
Work Experience	Below 2 years	7	28.8
	3 to 8 years	48	55.0
	9 to 14 years	20	13.8
	15 to 20 years	4	
	Above 21 years	2	2.5
Educational background	Diploma	3	3.8
	BA/BSc	43	53.8
	MSc	34	42.5

The sex composition regarding gender composition of respondents shows that out of the total respondents, 72 (90%) are males and 8 (10%) are females. The age distribution of the respondents' result indicates the majority of the respondents are in the age of 31 to 40 (55%) followed by the ages between 21-30 (28.8%). Regarding the educational background, majority of the participants of the study (or respondents) accounts 53.8 percent are BA/BSc followed by MSc 42.5 percent (See Table 4.1).

Moreover, regarding the positions of the employees who responded to the questionnaire in the table 4.1 shows that out of the total respondents, 51 percent have GMT position, 23 percent are first level supervisors (or team leaders) and 6 percent have CMT position holders in the company.

Finally, based on the respondents' service year in the case organization the above shows that the majority of the respondents have work experience from 3 to 8 years at 62.5 percent followed by 25 percent respondents with a work experience of 9 to 14 years. Respondents with 15 to 20 years' experience, above 21 years and below 2 years' experience are small in number at 3.8percent, 1.3 percent and 7.8 percent respectively.

Over all, majority of the respondents have sufficient experience to be involved and provide leader-member exchange and change readiness related information that are relevant for this study.

4.4 Results of Descriptive Statistics

Descriptive Statistics			
	Mean	Std. Deviation	N
Change Readiness	2.4871	0.32206	80
Contribution	2.0623	0.58608	80
Affect	2.1575	0.50960	80
Personal Respect	2.0125	0.51372	80
Loyalty	2.2191	0.43656	80

Table 4.2: Results of Descriptive Statistics

Source: Field Survey, 2020

Table 4.2 describes that the overall results generated for change readiness in which the mean is 2.4871 with standard deviation 0.32206 which is less than the average value of 2.5 in a five-point Likert scale measurement. From this, it is possible to see that employees change readiness is below the average with minimal standard deviation (less than 1).

Participants of this study have less than the average value in their score towards contribution with mean value of 2.0623 and standard deviation 0.58608 which implies that the company has low perceived contribution, i.e, the low level of perception of the quality and direction of work related support towards the mutual goal of the relationship.

In addition, the company has low personal respect level of leader-member relationship with a mean value of 2.0125 and standard deviation of 0.51372 indicates less level of respect between the leader and follower.

Regarding leader-follower loyalty, the above table shows that participants of this study indicated that the company has also low level of loyalty with a mean value of 2.2191 and standard deviation 0.43656 which implies the extent to which the leader and follower support to each other's action and character in public is below average.

Similarly, according to participants of this study the company has low employee affect level with a mean value of 2.1575 and standard deviation 0.50960 which signifies less mutual understanding and mutual liking in the leader-follower relationship.

As revealed in table 4.2 above, all the variables with a minimal standard deviation (less than 1) implying the responses are closer to the average value with less variations. This shows the mean is a good representation of the responses.

Over all, the company has lower LMX demonstrated through less affect (mutual understanding and liking), loyalty (extent to which both the leader-and follower's publicly support each other's action and character), perceived contribution (the perception of the quality and direction of work related support towards the mutual goal of the relationship) and less personal respect (the leader-member reputation towards each other).

On top of the five-scale closed ended questions, the study has forwarded three open ended questions to the respondents. The open questions revolve around the quality of working

relationship they have with their supervisors and with their subordinates and the impact of this in terms of improving employees' readiness to organizational changes in EABSC.

Summary of the responses reveal that having strong relationship and level of trust with one's manager helps to make the intent of change clear and to have open and transparent conversation around the change and subsequent impacts on the organization and on the employee. This, in turn helps, employees to realize the vision of the change, embrace it and be fully committed to realize the change.

Moreover, it is found that when the leaders relationship with subordinates is based on principles of mutual trust and respect with at most dignity and value to their professional contribution driven by open communication, it will facilitate easy acceptance and immersion of required organizational change and subsequent impacts by employees, including business and personal benefits. Therefore, these qualitative results are similar to the results of the study tested quantitatively as discussed herein above.

The effect of LMX on employee change readiness is further analyzed through regression analysis in the following sections.

4.5 Regression Analysis Results

This study used multiple regression model in which the cause and effect relationship between LMX and employee readiness to organizational change is to be tested. In the regression analysis, both the existence of significant relationship and the direction of relationship between these variables are to be tested.

4.5.1 Reliability of the Instruments

It is depicted in chapter three section 3.7 and 4.2 above that reliability is the overall consistency of a measure. These measures are said to have reliability if it produces similar results under consistent conditions. Accordingly, all the measurements are reliable with the acceptable Cronbach's alpha value.

4.5.2 Multicollinearity Test

Multicollinearity refers to a situation in which two or more explanatory variables in a multiple regression model are highly linearly related. Multicollinearity can be scanned through running variance inflation factor (VIF) and tolerance static ($1/VIF$) among others. The following table shows the collinearity Statistics composed of tolerance levels and the variance inflation factors (VIF).

Table.4.3: Multicollinearity Test

Model		Collinearity Statistics	
		Tolerance	VIF
	(Constant)		
	Contribution	.748	1.337
	Affect	.617	1.620
	Personal Respect	.627	1.595
	Loyalty	.611	1.636
	a. Dependent Variable: Change Readiness		
	b. Predictors: (Constant), Contribution, Affect, Personal Respect, Loyalty		

According to Field (2005), there is a concern for multicollinearity problem if the largest VIF is greater than 10 or a tolerance level below 0.2. The collinearity statistics in the current model shows the VIF values are all below 10 and the tolerance statistics are all well above 0.2. Therefore, it is safe to conclude that there is no collinearity within the current data.

4.5.3 Normality Test

Normality test is used to determine whether the error term is normally distributed. Visual inspection is employed here using histogram and normal probability plots. Figure 4.1 suggests that the residual is normally distributed.

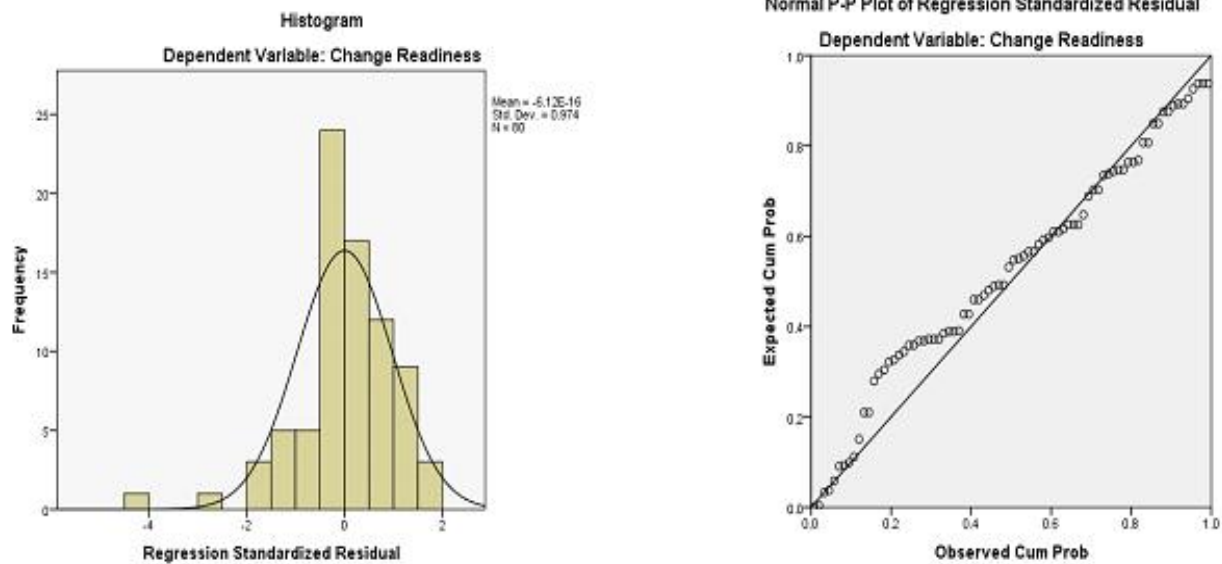


Figure 4.1: Histogram and P-P plot

4.5.4 Model Fit

The model fit (The model's ability to predict the outcome variable) in the current study is assessed through R^2 , cross-validity (the adjusted R^2) and the ANOVA. The R^2 is used to assess the variance in the employee change readiness (dependent variable) accounted to the independent variables, whereas, the adjusted R^2 measures the cross-validity of the model. The results of the model-fit are presented in the model summary and ANOVA tables below.

It is essential to assess the goodness of fit of the model, which measuring how well the observed data fits the model. A good measure of goodness-of-fit is the R^2 which represents the amount of variance in the outcome explained by the model. That means, it measures the percentage of the variation in the outcome that can be explained by the model.

Table 4.4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.758a	.575	.552	.21560
a. Predictors: (Constant), Loyalty, Contribution, Affect, Personal Respect				

As the study results in table 4.5 revealed, the correlation between the observed value of ‘Employee Change Readiness’ and the optimal linear combination of the independent variables (contribution, loyalty, affect and professional respect) is .758, as indicated by multiple R. Besides, given the adjusted R^2 value of 0.552, it may be realized that 55.2% of the variation in ‘Employee Change Readiness’ can be explained by the four independent variables (contribution, loyalty, affect and professional respect). The remaining 44.8% of the variance is explained by other variables not included in this study. This percentage of adjusted R^2 is an indication of a good measure of the model due to the fact that the variance for the dependent variable due to the independent variables is large in the current study.

Cross-validation of the Model (The Adjusted R^2)

It is difficult to be confident that the model derived from our sample accurately represents the entire population. However, there are ways one can assess how well the model can predict the outcome in a different sample. One way to do this is through cross validation. Cross-validation is assessing the accuracy of the model across different samples. Cross-validation is assessed using the adjusted R^2 from the regression analysis. The adjusted R^2 indicates the loss of predictive power or shrinkage. It tells us how much variance in the employee change readiness variable would be accounted for if the model had been derived from the population from which the sample was taken. A result which is same or closer to the value of R^2 indicates a good model to generalize. The results in the current study revealed R^2 of 0.575 and the adjusted R^2 of 0.552 with a difference of .0023 (about 0.2%). This shrinkage means that if the model were derived

from the population rather than the sample it would account for approximately 0.2% less variance in the outcome. This value is very similar to the observed value of R^2 (0.575) indicating that the cross-validity of the model in the current study is very good.

Table 4.5: ANOVA Table

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	4.708	4	1.177	25.317	.000b
	Residual	3.486	75	.046		
	Total	8.194	79			
a. Dependent Variable: Change Readiness						
b. Predictors: (Constant), Contribution, Loyalty, Affect, Personal Respect						

The F value 25.317 of the ANOVA section of the table above was also significant (0.000), implying that the impact of the joint of the four Leaders-member exchange dimensions is significant at 99% significance level. This indicates that the model is best fitted at all the conventional levels of significance.

4.5.5 Coefficients of the Multiple Regression Analysis

The current study employed linear regression models in examining the relationships between leader-member exchange dimensions and employee readiness for change. To this end, the equation used in the study was;

$$CR = \beta_0 + X_1 \beta_1 + X_2 \beta_2 + X_3 \beta_3 + X_4 \beta_4 + e, \text{ and}$$

$$CR = \beta_0 + X_1 LMX + e$$

Where:

CR= Change Readiness

β_1 = Contribution dimension of LMX

β_2 = Loyalty dimension of LMX

β_3 = Affect dimension of LMX

β_4 = Personal respect dimension of LMX

LMX= Leader-Member Exchange

e = error term,

β_0 = constant, term

$X_1, X_2, X_3,$ and $X_4,$ are coefficients

CR (Change Readiness) is the dependent variable change readiness, β_0 is the constant and C(Contribution), L(Loyalty), A (Affect), and P (Personal Respect) are parameters to be estimated. $X_1, X_2, X_3,$ and $X_4,$ are coefficients of the independent variables and e is the error term.

Table 4.6: Coefficients of Dependent and Independent Variables

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	1.112	.141		7.891	.000
Contribution	.146	.048	.266	3.050	.003
Affect	.151	.061	.239	2.496	.015
Personal Respect	.172	.060	.275	2.889	.005
Loyalty	.181	.071	.245	2.543	.013

Source: Own Survey, 2020

The standardized beta coefficient column shows the contribution that an individual variable makes to the model. The beta weight is the average amount the dependent variable increases when the independent variable increases by one standard deviation (all other independent variables are held constant). As these are standardized, we can compare them. Based on the standardized coefficients (Beta) of the independent variables in the regression equation the following model is specified.

$$\text{Employee Change Readiness} = 1.112 + .266 (\text{Contribution}) + .239 (\text{Affect}) \\ + .275 (\text{Personal respect}) + .245 (\text{Loyalty}) + e$$

As Table 4.7 confirms, in the regression equation above all the independent variables have a significant impact on employee change readiness at different levels of significance and with different strengths. In the following discussions both the significance levels and the direction of influence each variable have on the dependent variable are discussed.

I. Change Readiness and Contribution

The relationship between change readiness with contribution is significant at 99% with a sig value of .000. Therefore, the alternative hypothesis that stated the two variables have significant and positive relationship is supported. The standardized coefficient (Beta = .266) showed that contribution affect change readiness positively. That means, perception of the quantity, direction, and quality of work-oriented activity each member puts forth toward the mutual goals has a significant and positive impact on employee readiness to organizational change. It also means contribution has a positive effect towards existence of high-quality LMX between leader and subordinate and thereby to make employees ready for organizational change.

II. Change Readiness and Affect

The relationship of change readiness with affect is significant at 95% with a sig value of .015. Therefore, the alternative hypothesis that stated there is statistically significant relationship between the two variables is supported. The standardized coefficient (Beta = .239) showed affect dimension of LMX has significant and positive relationship with change readiness. That means, the more mutual understanding members, liking and friendship between the supervisor and subordinates based totally on interpersonal attraction instead of work or professional values, the higher leader-member relationship quality and the more employees will be ready for organizational change initiative.

III. Change Readiness and Personal Respect

The relationship between change readiness and personal respect is significant at 99% with a sig value of .005. Therefore, the hypothesis that stated there is statistically significant and positive relationship between the two variables is well supported. The standardized coefficient (Beta = .275) showed personal respect affect change readiness positively. That means, the more the dyad member 's reputation towards each other which is usually built upon the knowledge, skill and competence of the supervisor and the subordinate, the higher level of employee's readiness to organizational change initiatives. This is because they develop a feeling of confidence on one others capability that the change initiative is achievable with positive results.

IV. Change Readiness and Loyalty

The relationship of change readiness with loyalty dimension of LMX is significant at 99% with a sig value of .013. Therefore, the hypothesis that stated there is statistically significant and positive relationship between the two variables is well supported. The standardized coefficient (Beta = .245) showed that loyalty dimension of LMX affect employee change readiness positively. That means, the higher the extent of loyalty to which both the leader and subordinates publicly exhibit and support each other's actions and character, i.e, the extent of confidence one has on the others' personal character.

Looking at the relative effect of the independent variables on the dependent variables, all have different strengths. The closer the absolute value of 1 the coefficient is, the stronger the effect of that independent variable on the dependent variable and the closer the coefficient is to 0, the weaker the effect of that independent variable (Field, 2005). Among the variables investigated in this study, professional respect has the largest positive influence on employee change readiness with a beta value of .275, followed by contribution with a beta value of .266 and least effect comes from affect dimension of LMX with a beta value of .239.

The outcomes of the regression analysis of this study is complemented by findings of other studies on the effect of LMX on other variables. Many studies show that a high-quality leader-member relationship significantly affects various organizational variables (Scandura & Graen, 1984). For example, Trunkenbrodt (2000) in studying the impact of LMX on commitment and citizenship behavior found that a positive relationship existed between LMX and commitment and citizenship behavior. The conclusions of this study are, therefore, a contribution to the existing scholarly works focusing on the effect of LMX on change readiness.

4.6 Hypotheses Test

H1: Statically significant and positive relationship is expected between contribution and employee readiness to organizational change

Referring to table 4.3 and table 4.7 the relationship between change readiness with contribution is significant at 99% with a sig value of .000. The standardized coefficient (Beta = .266) showed that contribution affect change readiness positively. Therefore, the alternative hypothesis that stated the two variables have significant and positive relationship is supported.

H2: Statically significant and positive relationship is expected between affect and employee readiness to organizational change

Pursuant to table 4.3 and table 4.7 the relationship of change readiness with affect is significant at 95% with a sig value of .015. The standardized coefficient (Beta = .239) showed affect dimension of LMX has significant and positive relationship with change readiness Therefore, the alternative hypothesis that stated there is statistically significant relationship between the two variables is supported.

H3: Statically significant and positive relationship is expected between loyalty and employee readiness to organizational change

It is depicted in table 4.3 and table 4.7 that the relationship of change readiness with loyalty dimension of LMX is significant at 99% with a sig value of .013. The standardized coefficient

(Beta = .245) showed that loyalty dimension of LMX affect employee change readiness positively. Therefore, the hypothesis that stated there is statistically significant and positive relationship between the two variables is well supported.

H4: Statically significant and positive relationship is expected between professional respect and employee readiness to organizational change

According to tables 4.7 and 4.3, the relationship between change readiness and personal respect is significant at 99% with a sig value of .005. The standardized coefficient (Beta = .275) showed personal respect affect change readiness positively. Therefore, the hypothesis that stated there is statistically significant and positive relationship between the two variables is well supported.

CHAPTER 5: SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

The purpose of this study is to investigate the impact of leader-member exchange leadership on employee's readiness for a specific organizational change. To this effect, the study starts with the explanation of organizational change, change readiness, dimensions of LMX such as loyalty, affect, contribution and personal respect followed by explanation on the effect of LMX on employee. Finally, the relationship between employee change readiness and leader-member exchange dimensions are examined. Moreover, the effect of these variables on employee change readiness is tested. This chapter further identifies summary of major findings followed by conclusion and recommendation.

5.1 Summary of Findings

To find out the level of impact that the independent variables have on employee readiness to organizational change, multiple regression has been conducted in the data analysis and the major findings are presented below.

- All the independent variables (contribution, loyalty, affect and personal respect) of the study are positive significant predictors of employee readiness and they explain 57.5% of variation in employee change readiness (Table 4.5). However, their level of contribution for the variance differs. Basing on the standard coefficient (beta) values, personal respect (B=0.275) has the highest contribution for the variance followed by contribution (B=0.266), loyalty (B=0.245) and affect (B=0.239) (Table 4.7).
- Personal respect (B=0.275, sig. value =0.005), contribution (B=0.266, sig value= 0.003), loyalty (B=0.245, sig value= 0.13) and affect (B=0.239, sig value= 0.015) have positive and significantly high effect on employee change readiness to organizational change (Table 4.7).

- Leader-Member Exchange (B= 0. 757, sig value=0.000) has positive and significant effect on employee readiness to organizational change (Table 4.8).

On the other hand, according to the descriptive analysis, over all, the company has lower LMX demonstrated through less affect level with a mean value of 2.1575 and standard deviation 0.50960, loyalty with a mean value of 2.2191 and standard deviation 0.43656, contribution with mean value of 2.0623 and standard deviation 0.58608 and less personal respect with a mean value of 2.0125 and standard deviation of 0.51372. Hence, both LMX (through its dimensions) and change readiness are low and this result is similar with the regression analysis results signifying positive relationship, i.e., as the independent variables decrease, the dependent variable also decrease and vice versa.

5.2 Conclusion

Employees who receive support and benefits from their leaders and who have loyalty, affect, personal respect and contribution towards their leaders are ready to accept change. The regression analysis of this study showed a significant and positive relationship of employee change readiness (The dependent variable) with the four dimensions of leader-member exchange such as contribution, loyalty, personal respect and affect.

Similarly, the descriptive analysis part of this study showed overall employees change readiness is below the average results with mean 2.4871 and standard deviation 0.32206 (minimal standard deviation (less than 1) which is less than the average value of 2.5 in a five-point Likert scale measurement. This low relationship between LMX (through its dimensions) and employee change readiness implies that there is positive relationship between LMX and change readiness. Thus, the extent that leader member exchange dimensions influence readiness to change within East Africa Bottling S.C. is found to be low. Moreover, the empirical findings have shown that LMX has a significant and positive impact on readiness for change. Apart from this, the results

show that high-quality leader-follower relationship reinforces employee change readiness and has been significantly associated with change readiness.

The outcome of the regression analysis as well as the descriptive results, therefore, fully supported the hypothesis, which stated that a positive and significant relationship existed between LMX and readiness for change. Hence, this study shall help East Africa Bottling S.C and other similar organizations to recognize the effect of LMX and work towards high-quality leader-follower relationship expressed by high loyalty, affect, contribution and personal respect between parties to the relationship.

5.3 Recommendations

This study implied that change readiness of employees is positively and significantly impacted by the quality of leader-follower relationship derived by the loyalty, affect, contribution and personal respect of parties to the relationship which have significant and positive impact on positive employees' readiness to organizational change initiatives.

Though it is empirically concluded that LMX has significant and positive relationship with employee change readiness, the extent that leader member exchange dimensions influence readiness to change within East Africa Bottling S.C. is statically found to be low. Hence, East Africa Bottling and similar organizations should give special priority to ensure high-quality of leader-follower relationship by specifically working on improving the loyalty, personal respect, contribution and affect level of the dyad members for effective organizational change readiness.

Given its recent emergence on the leadership landscape, LMX has proved to be empirically supported by numerous researches. For example, LMX with job satisfaction, commitment, citizenship behavior, productivity, performance, perception of organizational climate and now employee readiness to organizational change. Organizations embarking on change are encouraged to help develop a strong leader-member interaction particularly focusing on employees' contribution, loyalty, affect and professional respect towards each other as this

stimulates employees' readiness to the change. This study is to improve our theoretical understanding of LMX and form a basis for application in work organizations such as East Africa Bottling S.C.

Based on the both regression analysis and descriptive analysis results in this study, the following specific recommendations are forwarded.

- Organizations need to develop an understanding between subordinates and leaders as this will lead to higher involvement in bringing about changes in organization.
- Leaders should be able predict and work on their subordinates' degree of change readiness by evaluating their level of loyalty, contribution, affect and personal respect towards the leader-follower relationship before implementing organizational change initiatives.
- Organizations should make efforts to improve the quality of leader-member exchange amongst subordinates and leaders as this will lead to higher level of change readiness and accelerating rate of change in an organization.
- According to the descriptive analysis of the study, In East Africa Bottling S.C LMX dimensions are low implying that the level of affect, personal respect, contribution and loyalty is low and resultantly low employee change readiness. Hence, EABSC need to work with special emphasis to improve the quality of leader-follower relationship focusing on each LMX dimensions. All leaders (managerial employees) should be trained to be ready and to give priority to develop a top-quality relationship with their subordinates

Finally, the present study suffers from the usual limitations of survey research method as well as unique pressure particularly due to the outbreak of COVID-19 pandemic which added difficulty during data collection process. Also, conclusions from the study can further be suggested for future researches. The unexplained variance of change readiness in the current study which accounts 42.3% also need further study to include other variables which explain employee readiness to organizational change.

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ANNEX I-DATA COLLECTION INSTRUMENTS



ADDIS ABABA UNIVERSITY
SCHOOL OF COMMERCE
DEPARTMENT OF BUSSINESS LEADERSHIP
MASTERS THESIS QUESTIONNAIRE

This questionnaire is intended to collect primary data to be used for a thesis entitled “The Role of Leaders-member exchange on Employee Readiness for Organizational Change in East Africa Bottling S.C” in partial fulfillment of requirement for Master of Arts Degree in Business Leadership.

So, I respectfully request your kind cooperation in answering the questions as clearly as possible. I would like to assure you that the information you provide will be used for academic purpose only and all responses will be treated in strict confidentiality.

Please put 'tick' mark in the box to the point which highly reflects your idea and no need of writing your name. Your honest and unbiased response will greatly contribute for the research to achieve its objective.

Thank you very much, in advance, for your sincere cooperation.

Section One: Demographic and Other Information

Please fill in the blanks, and Please put tick mark (✓) in the box which most closely represents your personal situation. Please mark one item only per question.

1. Sex: Female Male
2. Age: Which of the following age categories do you belong to?
 - Below 21 years From 31 – 40
 - From 21 – 30 From 41 – 50 From 51 – 65
3. Educational background:
 - Diploma A / B.Sc. M.A. /M.Sc. PhD
4. Please indicate your position, in your organization
 - First level Supervisor/Team leader GMT CMT
5. Work experience, in your organization
 - Below 2years From 9 – 14years
 - From 3 – 8years From 15 – 20years 21years and above

The following questions are presented on a five-point Likert scale.

- If you completely disagree with the item, tick (✓) 1 (Strongly disagree)
- If you moderately disagree with the item, tick (✓) 2 (Disagree)
- If you do not have any information about the item, tick (✓) 3 (Neutral)
- If you moderately agree with item, tick (✓) 4 (Agree) and
- If the item strongly matches with your response, tick (✓) 5 (Strongly agree)

S/N	Statement	Score				
		Strongly Agree	Agree	Neutral	Disagree	Disagree
	Section 2: Leader-Member Exchange Dimensions <i>The following questions ask about your relationship with your immediate boss, i.e. the person you report</i>					

	<i>to. Indicate the extent to which you disagree or agree with each statement using the 1-5 scales below</i>					
1.	CONTRIBUTION					
C1	I do work for my manager that goes beyond what is expected of me in my job	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C2	The relationship I have with my manager encourages me to work extra time and achieve deliverables	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C3	The relationship with my manager encourages me to face any challenges and come up with new options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C4	My subordinates do work for me that goes beyond what is specified in their job description	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C5	The relationship with my manager encourages me to do difficult tasks at any cost	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C6	The relationship with my manager encourages me to work tasks beyond my normal working hour, if necessary	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	AFFECT					
A1	My supervisor and I always share thoughts, opinions, and feelings toward work and life.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
A2	My manager is the kind of person one would like to have as a friend	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
A3	I feel easy and comfortable when I communicate with my supervisor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
A4	I would feel sorry and upset if my supervisor decided to work for another company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

S/N	Statement	Score				
		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
A5	If my supervisor has problems with his/her personal life, I will do my best to help him/her out.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
A6	My manager is a lot of fun to work with	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
A7	I like my manager very much as a person	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
A8	I am the kind of person my subordinates would like to have as a friend.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
A9	My subordinates like me very much as a person.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
A10	My subordinates believe that I'm a lot of fun to work with.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	PERSONAL RESPECT					
P1	My subordinates respect my knowledge of and competence on the job.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
P2	My subordinates admire my professional skills	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
P3	My subordinates are impressed with my knowledge of my job and the solutions I offer for their work and personal life challenges	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
P4	My manager respects my knowledge of and competence on the job.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
P5	My manager is impressed with my knowledge of my job	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
P6	My manager admires my professional skills and usually considers my recommendations to a problem	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

4	LOYALTY					
L1	My manager would defend me to others in the organization if I made an honest mistake	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
L2	My manager defends (would defend) my work actions to a superior, even without complete knowledge of the issue in question	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
L3	My subordinate(s) would defend me to others in the organization if I made an honest mistake.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
L4	My manager would come to my defense if I were “attacked” by others.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
L5	My subordinates would come to my defense if I were “attacked” by others.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
L6	My subordinates defend (would defend) my work actions to others, even without complete knowledge of the issue in question.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

S/N	Statement	Score				
		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
	<i>Section 3. Readiness to Change</i> <i>Depending on your experience in EABSC, please think about any change in EABSC and reflect your perspective on the following questions</i>					
	3.1 APPROPRIATENESS					
AP1	I think that the organization benefits from this change	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
AP2	It doesn't make much sense for us to initiate this change	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
AP3	There are legitimate and rational reasons for us to make this change	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
AP4	This change will improve our organization's overall efficiency	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
AP5	When my coach follows up on my achievements, I feel valued and respected	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
AP6	The time we are spending on this change should be spent on something else	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
AP7	This change matches the priorities of our organization	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	3.2 MANAGEMENT SUPPORT					
MS1	Our senior leaders have encouraged all of us to embrace this change	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
MS2	Our organization's top decision makers have put all their support behind this change effort.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
MS3	Every senior manager has stressed the importance of this Change	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

MS4	I think we are spending lot of time on this change when the senior managers don't even want it implemented.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
MS5	Management has sent a clear signal this organization is going to change.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.3 CHANGE EFFICACY						
CE1	I do not anticipate any problems adjusting to the work I will have when this change is adopted	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CE2	There are some tasks that will be required when we change that I don't think I can do well	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CE3	When we implement this change, I feel I can handle it with ease	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CE4	I have the skills that are needed to make this change work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CE5	When I set my mind to it, I can learn everything that will be required when this change is adopted.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CE6	My past experiences make me confident that I will be able to perform successfully after this change is made	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
S/N	Statement	Score				
		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
3.4 PERSONALLY BENEFICIAL						
PB1	In the long run, I feel it will be worthwhile for me if the organization adopts this change.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PB2	This change makes my job easier	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PB3	When this change is implemented, I don't believe there is any thing for me to gain	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PB4	I am worried I will lose some of my status in the organization when this change is implemented.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PB5	This change will disrupt many of the personal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	relationships I have developed					
PB6	My future in this job will be limited because of this change.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

1. Please remember the best leader you encounter in your professional carrier in terms of having high- quality relationship with him/her and explain how this relationship helped you in being to adopt organizational changes

2. Please describe the quality of your working relationship with your supervisor and the impact of this relationship in change leadership

3. Please describe the quality of your working relationship with your subordinate(s) and the impact of this relationship in change leadership

Thank you for your time!

ANNEX II: DETAILED DESCRIPTIVE ANALYSIS

		Change Readiness			
		Frequency	Percent	Valid percent	Cumulative Percent
Valid	1.08	1	1.3	1.3	1.3
	1.63	1	1.3	1.3	2.5
	1.83	1	1.3	1.3	3.8
	1.96	1	1.3	1.3	5.0
	2.04	1	1.3	1.3	6.3
	2.08	2	2.5	2.5	8.8
	2.17	8	10.0	10.0	18.8
	2.21	1	1.3	1.3	20.0
	2.25	3	3.8	3.8	23.8
	2.33	2	2.5	2.5	26.3
	2.38	3	3.8	3.8	30.0
	2.39	3	3.8	3.8	33.8
	2.42	2	2.5	2.5	63.3
	2.46	7	8.8	8.8	45.0
	2.50	4	5.0	5.0	50.0
	2.54	4	5.0	5.0	55.0
	2.58	5	6.3	6.3	61.3
	2.63	9	11.3	11.3	72.5
	2.67	1	1.3	1.3	73.8
	2.71	3	3.8	3.8	77.5
	2.75	3	3.8	3.8	81.3
	2.79	5	6.3	6.3	87.5
	2.88	6	7.5	7.5	95.0
	2.92	1	1.3	1.3	96.3
2.96	1	1.3	1.3	97.5	
3.04	1	1.3	1.3	98.8	
3.08	1	1.3	1.3	100.0	
Total		80	100.0	100.0	

		Loyalty			
Valid		Frequency	Percent	Valid percent	Cumulative Percent
		1.00	2	2.5	2.5
	1.33	3	3.8	3.8	6.3
	1.50	3	3.8	3.8	10.0
	1.67	1	1.3	1.3	11.3
	1.80	1	1.3	1.3	12.5
	1.83	3	3.8	3.8	16.3
	2.00	18	22.5	22.5	38.8
	2.10	1	1.3	1.3	40.0
	2.17	6	7.5	7.5	47.5
	2.25	1	1.3	1.3	48.8
	2.30	4	5.0	5.0	53.8
	2.33	6	7.5	7.5	61.3
	2.35	1	1.3	1.3	62.5
	2.40	5	6.3	6.3	68.8
	2.50	7	8.8	8.8	77.5
	2.58	1	1.3	1.3	78.8
	2.67	7	8.8	8.8	87.5
	2.67	1	1.3	1.3	88.8
	2.68	1	1.3	1.3	90.0
	2.83	5	6.3	6.3	96.3
	2.90	1	1.3	1.3	97.5
	3.00	2	2.5	2.5	100.0
	Total	80	100.0	100.0	

Personal Respect					
		Frequency	Percent	Valid percent	Cumulative Percent
Valid	1.00	4	5.0	5.0	5.0
	1.33	9	11.3	11.3	16.3
	1.50	5	6.3	6.3	22.5
	1.67	6	7.5	7.5	30.0
	1.80	1	1.3	1.3	31.3
	1.83	5	6.3	6.3	37.5
	2.00	18	22.5	22.5	60.0
	2.17	6	7.5	7.5	67.5
	2.20	1	1.3	1.3	68.8
	2.30	1	1.3	1.3	70.0
	2.33	3	3.8	3.8	73.8
	2.40	1	1.3	1.3	75.0
	2.43	1	1.3	1.3	76.3
	2.45	2	2.5	2.5	78.8
	2.50	2	2.5	2.5	81.3
	2.60	3	3.8	3.8	85.0
	2.67	7	8.8	8.8	93.8
	2.83	1	1.3	1.3	95.0
	3.00	4	5.0	5.0	100.0
		Total	80	100.0	100.0

		Affect			
		Frequency	Percent	Valid percent	Cumulative Percent
Valid	1.00	1	1.3	1.3	1.3
	1.10	1	1.3	1.3	2.5
	1.20	3	3.8	3.8	6.3
	1.30	2	2.5	2.5	8.8
	1.50	3	3.8	3.8	12.5
	1.60	3	3.8	3.8	16.3
	1.70	2	2.5	2.5	18.8
	1.90	7	8.8	8.8	27.5
	2.00	12	15.0	15.0	42.5
	2.10	5	6.3	6.3	48.8
	2.20	6	7.5	7.5	56.3
	2.30	8	10.0	10.0	66.3
	2.40	10	12.5	12.5	78.8
	2.50	5	6.3	6.3	85.0
	2.60	2	2.5	2.5	87.5
	2.70	1	1.3	1.3	88.8
	2.80	1	1.3	1.3	90.0
2.90	3	3.8	3.8	93.8	
3.00	2	2.5	2.5	96.3	
3.40	2	2.5	2.5	98.8	
3.50	1	1.3	1.3	100.0	
Total		80	100.0	100.0	

		Contribution			
		Frequency	Percent	Valid percent	Cumulative Percent
Valid	1.00	6	7.5	7.5	7.5
	1.14	4	5.0	5.0	12.5
	1.29	5	6.3	6.3	18.8
	1.43	3	3.8	3.8	22.5
	1.57	3	3.8	3.8	26.3
	1.71	2	2.5	2.5	28.7
	1.80	1	1.3	1.3	30.0
	1.86	1	1.3	1.3	31.3
	2.00	8	10.0	10.0	41.3
	2.10	3	3.8	3.8	45.0
	2.14	3	3.8	3.8	48.8
	2.15	1	1.3	1.3	50.0
	2.20	2	2.5	2.5	52.5
	2.25	2	2.5	2.5	55.0
	2.29	4	5.0	5.0	60.0
	2.30	3	3.8	3.8	63.7
	2.34	1	1.3	1.3	65.0
	2.39	1	1.3	1.3	66.3
	2.40	4	5.0	5.0	71.3
	2.43	2	2.5	2.5	73.8
	2.45	1	1.3	1.3	75.0
	2.48	2	2.5	2.5	77.5
	2.50	2	2.5	2.5	80.0
	2.57	1	1.3	1.3	81.3
	2.60	3	3.8	3.8	85.0
	2.65	1	1.3	1.3	86.3
	2.70	2	2.5	2.5	88.8
	2.71	3	3.8	3.8	92.5
2.75	2	2.5	2.5	95.0	
2.80	1	1.3	1.3	96.3	
2.95	2	2.5	2.5	98.8	
3.71	1	1.3	1.3	100.0	
Total		80	100.0	100.0	