

Radical Transformation of Small and Medium Financial Institutions: The effect of Change Management factors on Organization Performance

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Abstract

The main objectives of this study are (1) to examine the effects of the change management factors on the Nigerian banks organizational performance and (2) to explore the implementation level of change management related factors among banks in Nigeria. Change Management factors are operationalised by reward and motivation, communication, empowerment, people's involvement, training and education, creative culture for change and stimulating receptivity of organization to change. Data was sent and collected through a hand-delivery method. A proportionate stratified random sampling was used for sample selection. 500 questionnaires were sent to banks' managers, but 392 of them were returned; giving a response rate of 78.4%. The findings were as follows: first, the findings showed that all dimensions of change management had a mean score of more than 3.00. These findings generally indicate that the bank managers perceived that their banks were implementing good change management practices related to reward and motivation, effective communication, training and education, employee empowerment, human involvement, creative organization culture and stimulating receptive to change factors of change management. Second, the results showed that change management factors such as revised reward system, people's involvement, empowerment, training and education were significantly related to overall organisational performance in terms of turnover, profit margin,

customer service delivery and operational cost reduction performance. The outcome of this study provides important insights to both academics and managerial implications.

Keywords: Change management factors, Organisation performance, Small and Medium Banks, Nigeria.

1.0 Introduction

The merger and consolidation of Nigerian banks operations have led to the radical transformation of the small and medium financial institution. The nature of competition in the banking industry changed significantly. The commercial banks minimum share capital requirement rose to N25billion about \$2billion. This situation saw the emergence of 25 banks against 89 banks before consolidation (Ringim et al., 2012). Successfully consolidated bank achieved 93.5% of aggregate deposit liabilities. Aggregate capitalization rose from 24% to 38%, which enhanced liquidity and capitalization of stock market, expansion of shareholders base of Nigerian banks, improve profitability, operational efficiency and effective supervision focus of few. The consolidation policy has also effectively raised entry barriers for those wishing to start banking business (Osobo, 2006.5). Furthermore, the small and medium bank such as Microfinance and Mortgage banks operational services were re-engineered. Microfinance banks in Nigeria can be described as the financial services institution for poor and household low-income earners. It is a unit banking system that acts as linkage between the informal forms of rural savings, called ASUSU, commonly practiced by rural and some urban petty traders, as well as small and medium businesses. Over four (400) operating as Microfinance banks were liquidated and others being re-capitalized to meet the minimum capitalization of N2 billion about \$15million. The Primary Mortgage institutions and Building Societies were recapitalized to meet the minimum capitalisation of N5 billion about \$50million (Ringim et al., 2012)

Therefore, the reasons for the radical transformation of Nigerian banks can be attributed to six (6) factors: 1) Technology, 2) De-regulation/Liberalization, 3) Shareholders value orientation, 4) Customer demand, 5) Progress in finance theory, 6) International politics, which combined with resulting manifestations of Globalization, Innovation in products and processes; and New competitors that radically change the banking industry as shown in Figure 1. The development of the Information and Telecommunication sector was also crucial for the transformation of the banks. In addition, the globalization of the banking services, customer's demand for effective and efficient service delivery influence of the fundamental change in a small and medium bank in Nigeria. Change is not an event, despite the many attempts to call people together and have a meeting to make a change happen. Change management is the discipline of managing change as a process, with due consideration that we are people, not programmable machines. It is about leadership with open, honest and frequent communication. It must be okay to show resistance, to voice issues, and to be afraid of change. Organizations do not change rather people change one at a time. The better one manages the change, the less pain one will have during the transition, and the impact on work productivity will be minimized. The change management initiatives of Nigerian banks through merger and acquisition have resulted to organizational performance improvement.

However, there is a dearth in literature on implementation of change management in a banking sector (Nightingale & Poll 2000; Baron & Besanko 2001). Nightingale and Poll (2000) argued that study on change management in service industries is scanty despite the

importance of a service sector in terms of employment generations and product/service innovation. Furthermore, previous study reported that empirical studies that sought the linkage between change management to organizational performance are few (Pettigrew, Woodman & Cameron, 2001). In addition, studies that investigate the implementation level of change's management in the Nigerian banking are scarce to the best knowledge of the researcher (author). In fact, the implementation level of change management after the consolidation period in Nigeria's banks remains nameless. Hence, the current study attempts to investigate the implementation level of change management among Nigerian financial institutions. Specifically, the purposes of this paper are: (1) to explore the implementation level of change management related factors among banks in Nigeria and (2) to determine the linkage between change management and organizational performance.

2.0 LITERATURE REVIEW

Change Management can be referred to as a process for restructuring and redesigning the organizational activities in order to keep abreast of challenges and for meeting the needs of customers (Moran & Brightman, 2000). Changes in organization are being managed by the leader or manager for the organization by incorporating the employees into the process to achieve a positive goal. Radical changes in organizations are being achieved through effective communication, involvement of employees, reward and motivation; socio-cultural adjustment needed to overcome resistance and facilitate the acceptance of the desired procedures or policy (Tower, 1996; Zairi & Sinclair, 1995). At its most initial stage, change is a movement out of a present state (how things are today), to the future (how things will be done) through a period of transition. Change happens all around us - at home, in our community and at work. Changes can be internally or externally influence. The change can be radical or conservative that can be anticipated or unexpected. However, the basic nature of change is a movement from the current state through a transition state to a future state. The notion of these three states of change is prevalent in change management literature and in other improvement disciplines. Various authors described the three states of change management improvement initiatives such as a process redesigns. Changes are implemented for a reason - to reach a future state where performance is better than in the current state. Change can be driven by issues in the current state or motivated by opportunities in the future state, but the change is undertaken to improve performance in a meaningful way (Prosci, 2013). The factors that relate to change management in organizations include:

Revised reward and motivation: organizations motivate employees through various means. The method of motivation can be in a form of addressing the hygienic or motivating factors. The hygienic factors include inducement by increasing salary, and bonuses. The motivating factors encompass job enlargement, job enrichment, job rotation, promotion, offering higher responsibility, and employee recognition for performance. An effective motivation package for an organization has to be wide spread and give equal chances and opportunities for all employees (Towers, 1994). Job's enlargement and job rotation can be considered as an example of motivational approach to encourage an employee for higher responsibility in the change management programme.

Communication is another important change management tool perceived as very critical in facilitating BPR (Hammer & Stanton, 1995). However, it is also considered by some organizations to be the most difficult part of BPR. Davenport, (1993) emphasizes the need for

communication throughout the change process for all levels and for all individuals, and stresses that, it should occur regularly between the top management and the subordinate. The communication should discuss issues related to sensitive issues such as employee's right sizing, downsizing openly and honestly, business strategies, vision, mission, customers and competitors. Effective communication in organization keeps employees up-to-date with related changes in policies and procedures. Communication in organizations avoids rumour mongering and filters noise. The communication should be honest transparent without ambiguity, especially on sensitive issues relating to change, such as right sizing of employees (Davenport, 1993; Janson, 1992).

Effective organizational culture: An effective organizational culture exhibits the employee's teamwork, professionalism, empowerment, cooperation and coordination to achieve the targeted objectives. Organisational culture is an important factor in successful implementation of a change management programme. A classless culture supports the attitudes of employees' cooperation, coordination, and empowerment (Ahadi, 2004). An egalitarian culture should be developed within the organization to enable the successful implementation of any organizational change. It also avoids stress and resistance to change among employees, which is acknowledged as being a fundamental barrier to change (Abdolvand et al., 2008).

Stimulating Receptivity to Change measures the extent of the organizations influence on its employees to accept the new changes introduced for overall organisational improvement. The organisational influence requires top management interaction with subordinate and various teams within the organization to achieve positive results (Hall, Rosenthal, & Wade, 1993; Guha, Kettinger & Teng, 1993).

Employee's empowerment is one of the important factors of change management employees were encouraged to assume responsibility for decision making without reference to their supervisor. Empowerment of employees ensures the smooth operations of organizational activities with minimum bureaucracy. A proper implementation of change management initiative promotes accountability, self-management style and collaborative teamwork in organization (Thomas, 1994; Cooper & Markus, 1995; Hinterhuber, 1995; Dawe, 1996; Rohm, 1993; Mumford, 1995).

Employee's involvement in an organisational project decision process facilitates achievement of objectives (Jackson, 1997). Human involvement is a powerful instrument for organisational culture that encourages employee's motivation and loyalty to the organization. The culture of experimentation is an essential part of a change management. Therefore, people involved or affected by change management must be prepared to endure errors while change is taking place.

Training and Education refers to the extent of the organization's activities that increase job involvement and facilitate updating the skills of employees. Many researchers consider training and education to be an important component of successful implementation change management (Zairi & Sinclair, 1995). Business managers, line managers, Information system managers and other staff in the front-line are the people who benefit most from education and training activities (Tower, 1994). New processes may require training, technology and

data availability. The change to the business and job environment, and the availability of a supportive infrastructure should be considered.

2.1 Conceptual Framework

Following the discussions on the literature review, a framework was developed to examine the effect change management factors on organizational performance of banks and financial institutions. Research framework is the basic foundation upon which other research structures extend the frontier of knowledge (Sekaran, 2003). Therefore, this framework is derived from a review of the model, concepts and the change management factors and organizational performance. The dependent variable in this study is organizational performance. This refers to the organization's effectiveness of activity's results in terms of financial and non-financial. The independent variable is change management factors (Reward and motivation, communication, empowerment, people's involvement, training and education, creative culture for organization, and stimulating receptive to change). The measure of change management factors was adapted from the previous study (Al-Mashari & Zairi, 1999). The review of previous studies such as Khong and Richardson (2003) found that the change management system and culture had a positive effect on business performance of banks but do not have effect on customer service management. A change in management and culture can provide a good setting for fundamental change as a result of people involvement in redesigning the process for change (Dawe, 1996; Jarrar & Aspinwall, 1999). The conceptual framework in the study is shown in Figure 2.0. The study hypothesis that:

H1: The extents of change management factors are significantly related to organization performance.

Hong and Kim (2002); Ahmed, Zbib, Arokiasamy, Ramayah and Chiun (2006) argued that resistance to change was related to achievement of predetermined goals and user satisfaction. When Change is high, it means that the users will not be very happy with the changes imposed on them. This in turn will lead to lower performance. To manage the change effectively is to acknowledged resistance as natural and expected, hence, involving employees to participate in introducing change, having regular and open communication, revised reward and recognition approach and promote skills and development are some of the ways to lower the organizational resistance to change. Employees are not really resisting the change, but rather they may be resisting the loss of jobs, loss of pay, or loss of comfort.

2.2 Underlying theory

The Resource base view (RBV) is the underlying theory for this study, which explains the relationship between organizational resources in form of change management factors and sustaining a competitive advantage for superior organizational performance relative to competitors (Barney, 1991; Fahy, 2000). Resources have been identified and categorized by various researchers to pursue competitive advantage. For example, Mills, Platts and Bourne (2003) argued that resources are classified as follows: 1) tangible resource, such as financial, organizational, physical and technological resources; 2) knowledge resources, such as skill and experience; 3) system and procedural resources; 4) cultural values and resources; 5) network resources and resources with potential dynamic capability; 6) intangible resources such as innovation, human, and reputation resources.

3.0 METHODOLOGY

The research setting was a cross-sectional study design that involved gathering the data only once or at a point in time to meet the research objectives (Cavana, Dalahaye & Sekaran, 2001). The population of the study is 1,024 financial institutions and unit of analysis was organization. Probability sampling techniques and proportionate stratified random sampling were used to draw up the required sample size of 280 organizations. A total of 560 questionnaires were distributed with an expected response rate of at least 50%. Self-delivery and collection strategy with help of research assistant was employed in order to get the completed questionnaire as quickly as possible. A structured questionnaire which consists of closed-end questions was used. The adapted questionnaire from Al-Mashari and Zairi (1999) measures the influence of the research independent variable: change management factors on the dependent variable: organization performance. A six-point rating scale was used in measuring the responses for the questions. Many literatures found that scale between 5 and 7 point is more reliable and valid than shorter or longer scale (Krosnick & Fabrigar, 1997). As a precaution for response bias, the study has adopted measures such as hiding the information of the participants, randomizing the order of items, organizing the wording of the items, to prevent the occurrence of common method variance. Besides, the study also conducted Harman's single factor analysis (Podsakoff & Organ, 1986).

4.0 RESEARCH FINDINGS

To explore the implementation level of change management related factors among banks in Nigeria. The mean scores for all indicators of change management were calculated to achieve this objective. The results are shown in Table 4.1. Overall, the mean for change management variable indicators were between the ranges of 3.08 and 3.25. The highest mean of change management dimension for the banks that participated in this study was creative organizational culture. The mean for stimulating receptive to change, reward and motivation and human involvement factors were 3.20 respectively with standard deviation of 0.44, 0.51 and 0.52 respectively. The mean for employee empowerment was 3.16 with standard deviation of 0.49. Finally, the mean for effective communication was found to be 3.08 with standard deviation of 0.50. The findings showed that all dimensions had mean scores of more than 3.00. These findings generally indicate that the bank managers perceived that their banks were implementing good change management practices related to rewarding and motivation, effective communication, training and education, employee empowerment, human involvement, creative organization culture and stimulating receptive to change factors of change management.

4.1 Goodness of measures: factor analysis of the research instrument

The instrument used in this study was evaluated for its content, criterion, convergent and discriminant validity. Convergent validity refers to the degree to which the scale correlates positively or in the same direction with other measures of the same construct. Discriminant validity refers to the degree to which the measurement scale does not correlate with or is distinct from other measures (Malhotra, 1999). Content validity refers to the extent to which the instrument covers the meaning included in the concepts (Babbie, 1990). The present study assesses the content validity subjectively by using the extensive literature review and practitioners in the banking industry (Chow & Lui, 2001). In addition, the principal component

analysis (PCA) method was used to help the investigator represent a large number of relationships among interval-level variables in a simpler way. The method allows the computer to determine which, of a fairly large set of items, "hang together" as a group, or are answered most similar by the participants. In this study, with seven variables, a sample size of 392 is higher than the minimum requirement of the desired cases for factor analysis. A sample size of more than 350 requires a factor loading of 0.30 to assess statistical significance (Hair et al., 2010). Hence, the minimum requirement for factor analysis was fulfilled. The discussion on the results of factor analysis for the dependent and independent and variable are as follows:

4.1.1 Dependent Variable – Organisational performance

Table 4.2 in the appendix shows the factor loadings and communality values for factor analysis of dependent variable (organization performance). At inception, the dependent variable was measured by 20 items in two dimensions was subjected to principal component analysis (PCA) using SPSS Version 18. Prior to performing PCA, the suitability of data for factor analysis was assessed. The factor loading of the items range from 0.678 to 0.884 and communality values ranges from 0.574 to 0.795. Eleven (11) items out of the initial 20 items measurement of organization performance construct (1, 2, 4,6,7,7,10,11,12,16 and 20) were deleted due to item's failure to fit well with other items in their components. Removing these items with low communality values, loading and cross loading less than 0.50 increased the total variance explains. Inspection of the correlation matrix revealed the presence of many coefficients of 0.3 and above. The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was 0.777 exceeding the benchmark value of 0.60. This indicated that the sample size is adequate for factor analysis to be conducted and the ratio of the sample size to the number of items is sufficient for factor analysis. On the other hand, the Bartlett's test of Sphericity is statistically significance, supporting the factorability of the correlation matrix, as the p-value is 0.000. This implied the adequacy of applying the factor analysis. Principal component analysis revealed the presence of four components with eigenvalue exceeding 1. The four components extracted were named 1) volume of deposit's liability 2) market share in retail consumer and corporate 3) customer service delivery, and 4) recovery of bad loans. The percentages of the variance were 34.909%, 12.183%, 11.286% and 11.173% respectively.

The four-component solution explained a total of 69.55% of the variance. To aid in the interpretation of these four components, varimax rotation was performed. The first component was defined by three items related to turnover improvement as a result of increased in volume of deposit liability. The second component was defined by two items related to profit improvement as a result of an effective relationship management brand name. Third component was represented by two items attributed to customer service delivery. Finally, the fourth component was represented by two items related to operational cost reduction as a result of recovery of bad loans and effective cost containment strategies.

4.1.2 Independent Variable – Change Management

The independent variable of this study was Change Management factor, which includes: 1) Revised Reward System 2) Communication 3) Empowerment 4) Peoples Involvement 5) Training and Education 6) Creating a culture for change 7) Stimulating receptivity of Organization to change. At the beginning total items measuring the Change Management

factors were 56 items. These items were analyzed using factor analysis to check for their validity. The analysis extracted six components. In the process of getting these six components, 38 items and one construct (Communication) were deleted due to various reasons such as low communality value, loading less than 0.50, and cross loading. The Kaiser-Meyer-Okin value was 0.868, exceeding the recommended value of 0.6 (Kaiser, 1970, 1974) and the Bartlett's test of Sphericity (Bartlett, 1954) reached statistical significance, supporting the factorability of the correlation matrix. Table 4.3 presents the factor loadings and communality values for the result of factor analysis of independent variable of the study. The number of final factors together with the number of items used to measure the particular variable is as follows:

- 1) People's involvement – four items
- 2) Empowerment – four items
- 3) Stimulating receptivity of organisation to change – two items
- 4) Creating culture for change – three items
- 5) Revised reward system – two items
- 6) Training and education – two items

As shown in the table 4.3, Principal Component's analysis revealed the presence of six components with eigenvalue exceeding 1, explaining 31.553%; 9.551%; 6.453%; 6.290%; 6.032% and 5.640% of the variance respectively. An inspection of the scree plot revealed a clear break after the six components. Using (Catell, 1966) scree test, it was decided to retain six components for further investigation. To aid in the interpretation of these six components, Varimax rotation was performed. The rotated solution revealed the presence of simple structure (Thurstone, 1947), with both components showing a number of strong loadings and all variables loading substantially on components. The six factor solution explained a total of 65.518% of the variance, with component 1 contributing 13.448%; component 2 contributing 13.203%; component 3 contributing 11.528%; component 4 contributing 10.144%; component 5 contributing 8.690% and component 6 contributing 8.506%; respectively.

The first factor was defined by four items and reflected the organization's involvement of people in decision making and for introduction of change. Thus, this factor was named people involvement. The second factor was dominated by four items relating to organization empowerment of employees. The third factor was dominated by three items relating to organization stimulating receptive to change. Thus, this factor was named stimulating receptivity of organization to change. The fourth factors consist of three items pertaining to creating culture for change. Thus, this factor was named creating culture for change. The fifth factor consists of two items related to a revised reward system for an employee. Therefore, the factor was named revised reward system. The sixth factor was dominated by training and education of employees for newly introduced change. Thus, this factor was named Training and education.

4.2 Measurement Model:

In modelling approach, Anderson and Gerbins (1988) suggested that construct validity should be assessed to confirm the convergent validity and reliability of the instrument. Furthermore, the discriminant validity need be conducted in order to ascertain the average variance

extracted for the construct. The average variance extracted for the construct should be greater than 0.5 (Fornell & Larcker, 1981). The convergent validity of the Change Management constructs presented on Table 4.4 indicated that the construct loading ranges from 0.7011 to 0.8063 exceeded the minimum loadings of 0.7. Table 4.5 revealed the result of the composite reliability and Cronbach alpha of the independent variable (Change Management) as 0.828 and 0.725 respectively thus, exceeded the threshold of 0.7 (Nunnally, 1978; Hair et al., 2010). The average variance extracted (AVE) of the independent variable (Change Management) stood at 0.547 greater than 0.5 (Fornell & Larcker, 1981). In addition, Table 4.6 indicated the correlations of the variables as less than the square root of the average variance extracted that signify the adequacy of the construct discriminant validity (Hair et al., 2010).

Similarly, the results of the convergent validity of the dependent variable (Organisation Performance) in Table 4.4 revealed that the indicators had exceeded the minimum loadings of 0.7. Table 4.5 displays results of the reliability and validity of the constructs. The composite reliability, Cronbach alpha and the average variance extracted were 0.8386, 0.7117 and 0.634 respectively. Thus, the outcome exceeded the threshold of 0.7 for the Cronbach alpha (Nunnally, 1978; Hair et al., 2010) and greater than 0.5 minimum values for average variance extracted (Fornell & Larcker, 1981). In addition, Table 4.6 indicated that the correlations of the dependent variable (Organisation Performance) and independent variable (Change Management Factors) is less than the square root of the average variance extracted that verify the adequacy of the construct discriminant validity (Hair, et al., 2010).

4.3 Structural Model

The structural model was explained by Table 4.7 and Figure 2. The R-square value was 0.141417, which suggest that the model variable can explain 14.14% of the variance of the dependent variable (Organisation Performance). Hypothesis 1 stated that Change Management factor is positively related to dependent variable – Organisation Performance. The results in Table 4.7 and Figure 2 shows that hypothesis 1 is supported (beta = 0.376; $p < 0.001$).

DISCUSSION 5.0

The result for investigation on the level of change management factors implementation in Nigerian banks shows that revised reward and motivation, empowerment, people's involvement, training and education are important factors for change management. First, the banks managers perceived that their banks effectively managing the change related to their organization performance. In other words, the financial organizations offer's reward and motivation packages empower the employees; involve people in related decisions, providing appropriate training and education effectively to their employees, creating effective culture of change, and stimulating their employee's receptiveness to change.

Furthermore, these results align with the resource-based view where change management factors as the valuable resource would lead to superior performance in terms of turnover improvement, profit margin, effective and efficient customer service delivery and operational cost reductions. Our findings indicate that revised reward system, empowerment people's

involvement, training and education are one of the most important strategic resources for organization such as the bank and other financial institutions.

6.0 CONCLUSION

The main purposes of our paper are twofold; (1) to examine the level of implementation of change management practices in Nigerian banks, and (2) to examine the relationship between the change management factors and organizational performance of these banks. We have found that change management related factors such as revised reward system, empowerment, people's involvement, training and education have been effectively implemented in these banks. In addition, we also found that, there is a significant positive relationship between change management factors (revised reward system, empowerment, people's involvement, training and education) and organizational performance. This finding was in line with previous studies (Khong & Richardson, 2003; Ringim, Rizal & Hasnan, 2012). Our findings imply the importance of reward system, people's involvement, empowerment, training and education in change management strategy. This is true for our sample, but it can also be true to any entrepreneurs to accelerate their business. The findings of this study may be used for further research in change management, particularly to the financial institutions. In addition, the present study also combined various past measurement studies in measuring the variables of change management factors and organizational performance. Factor analysis of these measurements has contributed to new factors, i.e. turnover performance, profit margin, customer service management performance and operational cost reduction performance within the context of the country setting. Thus, this measurement also adds to the body of current knowledge within the context of future research on Change Management factor and organization performance variables in Nigeria.

7.0 LIMITATION OF STUDY

This study is subject to several shortcomings that limit interpretation of the findings. One of the limitations to this research is the common method variance (CMV) is a potential problem in behavioural research (Podsakoff et al., 2003). This study adopts Harman's (1967) single factor analysis to test the common method bias and the design approach to instrument development to reduce common method bias. Future research may collect data from different sources.

Second, limitation to this study is the application of the cross-sectional design for survey research that captures the perceptions of respondents at a point in time. Thus, the study cannot prove causal relationships on a longitudinal basis.

Third, limitation to the study is the use of subjective self-reported perceptual measures in assessing the studies. Even though an attempt was made to identify the best respondents by contacting the key personnel that provide the best information, the accuracy of self-perception might be strongly influenced by the respondent's experience in the management of the organizations and frame of reference for the point in time. For instance, perceived biasness may occur if a person with a high reputation strongly believes that their management practices are more advanced compared to other organizations.

Fourth limitation in this study is that, the findings cannot be generalized in a larger context across the cultures of other countries, and business environments may give a different relationship between change management factors and organizational performance.

8.0 RECOMMENDATION FOR FUTURE RESEARCH

To overcome the limitations the study, this research suggests the need for further investigation. Therefore, future research should consider a longitudinal study to examine change management factors implementation and impact on organizational performance using qualitative information in design and analysis. Future research should also, consider replicating this study in other cultures or countries, especially on the mediating or moderating effect of change management factors.

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APPENDIX: TABLES AND FIGURES

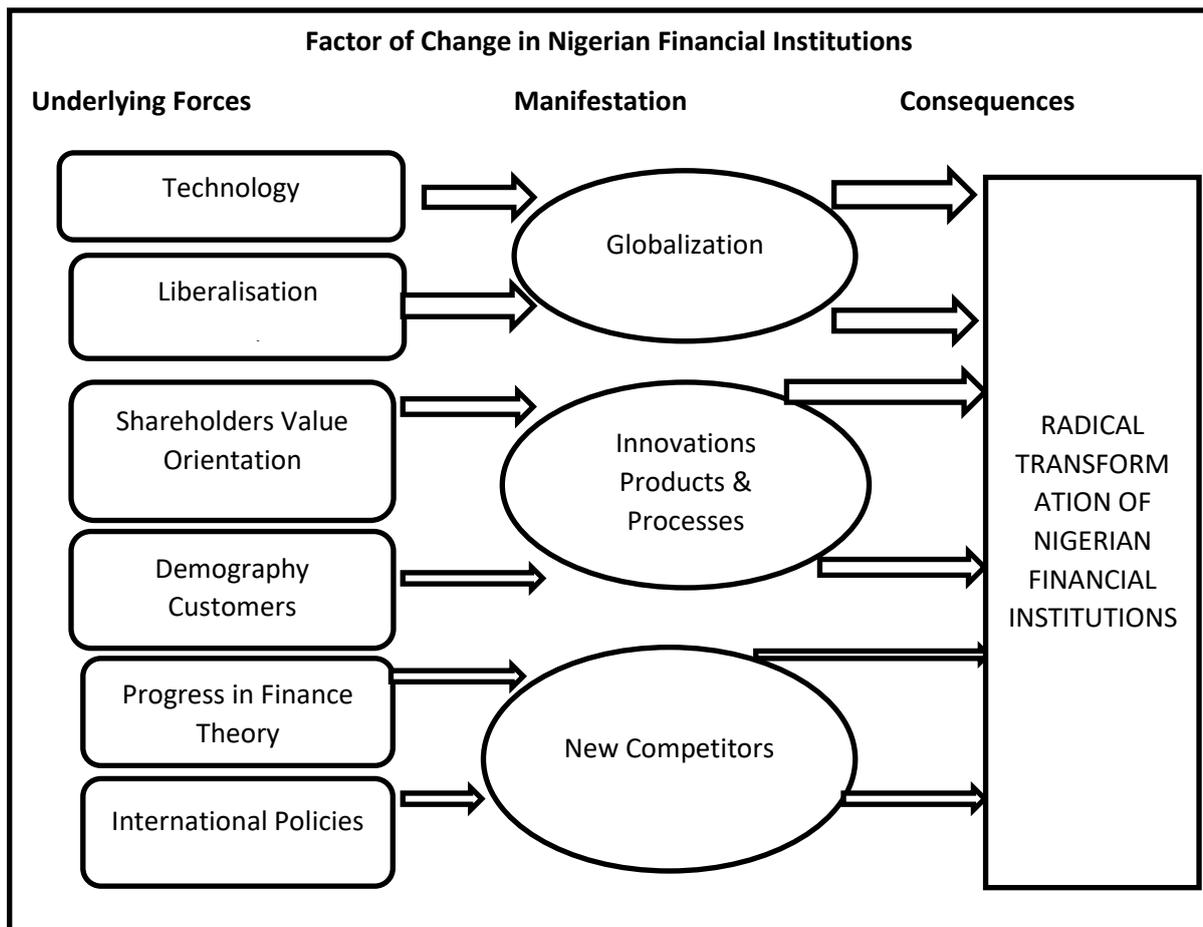


Figure 1: *Factor of Change in Nigerian Financial Institutions:*

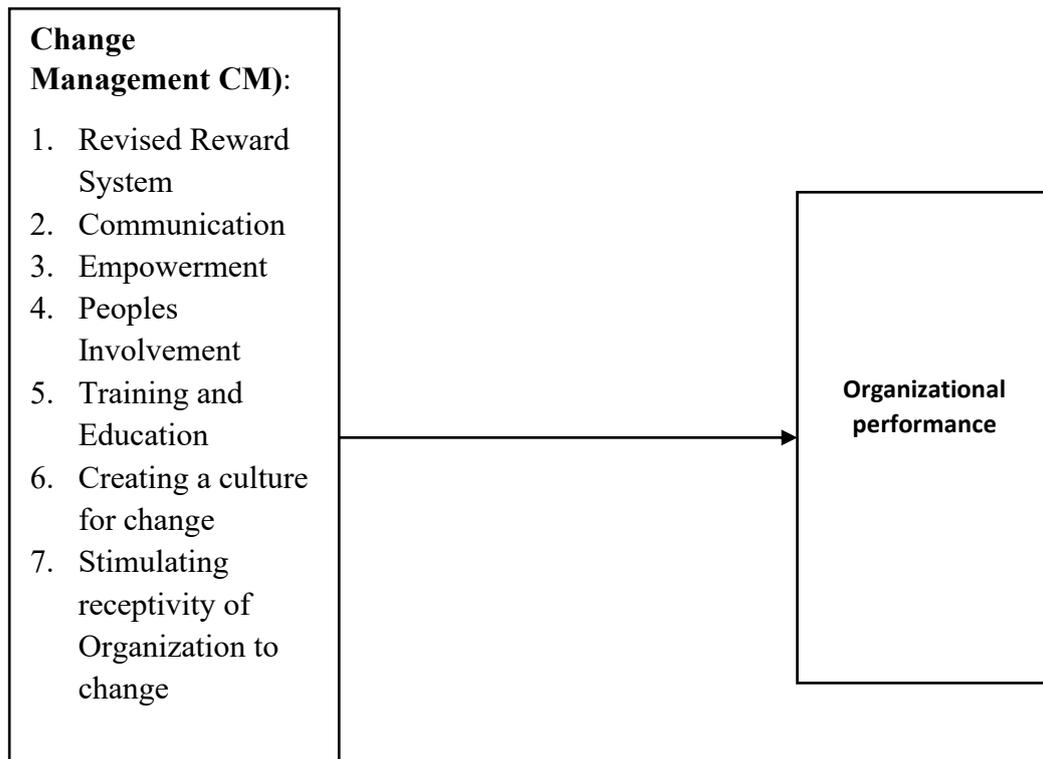


Figure 2.0: Framework of the study

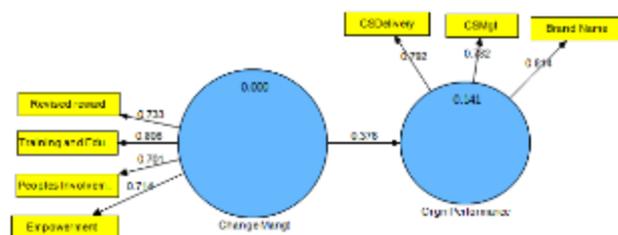


Figure 3: Structural model

Table 4.1

Mean scores of variables

Variables and Dimensions	Mean	Standard Deviation
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Change Management

Reward and Motivation	3.20	0.52
Effective Communication	3.08	0.50
Creative organizational culture	3.25	0.44
Stimulating receptive to change	3.20	0.51
Employee empowerment	3.16	0.49
Human involvement	3.20	0.49
Training and education	3.19	0.52

Table 4.2 Organizational Performance Factor Loading and Commuality

Dependent Variable	Component				Commuality
	1	2	3	4	
Financial Performance -8	.800	.111	.091	.129	.659
Financial Performance -9	.765	.120	.055	.238	.603
Financial Performance -7	.730	.173	.201	-.004	.677
Non-Financial Performance - 8	.100	.882	.039	.078	.795
Non-Financial Performance - 9	.250	.767	.164	.147	.699
Non-Financial Performance - 3	.060	.114	.871	.044	.776
Non-Financial Performance - 5	.224	.067	.774	.177	.685
Financial Performance -4	.077	.041	.043	.884	.791
Financial Performance -5	.211	.190	.184	.678	.574

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 5 iterations.

Table 4.3: Change Management Factor Loading and Community

	Component						Community
	1	2	3	4	5	6	
Peoples involvement - 5	.778	.155	.083	.128	.084	.097	.556
Peoples involvement - 4	.740	.098	.179	.227	-.021	.084	.648
Peoples involvement - 6	.683	.128	.196	.057	.085	.169	.669
Peoples involvement - 3	.622	.282	.197	.124	.166	.089	.561
Empowerment -2	.182	.727	.068	.182	.022	.033	.572
Empowerment -1	.096	.721	-.033	.099	.165	.071	.601
Empowerment -3	.257	.720	.248	.124	.031	.107	.674
Empowerment -4	.102	.606	.284	.089	.209	.061	.513
Stimulating receptivity of organization to change - 6	.212	.157	.803	.110	.007	.090	.656
Stimulating receptivity of organization to change - 5	.162	.088	.770	.122	.108	.047	.734
Stimulating receptivity of organization to change - 7	.183	.135	.663	.148	-.053	.268	.589
Creating culture for change - 3	.252	.069	.173	.798	.106	.006	.602
Creating culture for change - 4	.224	.150	.218	.721	-.044	.182	.746
Creating culture for change - 2	.024	.380	.022	.646	.186	.067	.675
Revised reward system - 2	.071	.078	-.030	.183	.853	.114	.755
Revised reward system - 1	.141	.260	.101	-.014	.810	-.031	.785
Training and education - 9	.120	.075	.184	.048	.032	.828	.744
Training and education - 10	.195	.105	.100	.125	.059	.798	.715

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 6 iterations.

Table 4.4: Change Management and Organisation Performance Loadings

Variables:	Change Management	Organizational Performance
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Revised reward	0.732559	0.235605
Training and Education	0.806331	0.336682
Peoples Involvement	0.701149	0.277097
Empowerment	0.714187	0.245837
Turnover: volume of deposit liability	0.296381	0.792388
Profit: Relationship management	0.281008	0.782245
Operations Cost reduction: Recovery of bad loans and cutting cost strategy	0.319112	0.813816

Table 4.5: Reliability and validity constructs

Variables	Indicators	Average Variance Extracted (AVE)	Composite Reliability	Cronbach's Alpha	Communality
Change Management	7	0.547121	0.828113	0.725144	0.547121
Orgn Performance	2	0.634027	0.838603	0.711792	0.634027

Table 4.6: Latent Variable Correlations

Variables	Change Management	Organization Performance
Change Management	0.739676	
Organization Performance	0.376054	0.796258

Note: Diagonal (bold face) represents the square root of the average variance extracted while other entries represent the correlations

Table 4:7 Path Coefficient and hypothesis testing

Hypothesis	Relations	Beta	Standard error	T-Statistics	Findings
H1	CM -> OP.	0.376054	0.062045	6.060984***	Supported

Organizational Performance (R^2) = 14.14%

Note: **p < 0.01