



CHANGE MANAGEMENT AND ORGANISATIONAL PERFORMANCE: AN ECONOMETRIC APPROACH

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ABSTRACT

The study focused on change management and organizational performance of selected banks in Cross River, Nigeria. The specific objectives were to examine the effects of innovation management techniques, resource management, and leadership change on the performance of these banks in Cross River State, Nigeria. The study used multiple regression as the statistical tool to analyze the data. It revealed that innovation techniques, resource management, and leadership change had a positive and significant effect on the performance of the selected banks in Cross River. The study recommended that organizations in Nigeria should be proactive in responding to changes in such a competitive environment to ensure smooth implementation. Management should also maintain transparent, continuous communication during change initiatives to improve organizational performance.

Keywords: change management, innovation management techniques, resource management, leadership change, performance

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INTRODUCTION

Change management is a structured approach to moving individuals, teams, and organizations from their current state to a desired future state. Therefore, managing a change process is as important as the change itself. Warrilow (2020) states that to manage change effectively in an environment experiencing dynamic shifts, there is a need to adopt strategies to manage such changes so that people can embrace them and steer them toward a positive contribution to the organization. He therefore suggested strategies for managing change. He also mentioned that when choosing a strategy, we should consider not only the circumstances but also the preferred managerial style. Go and Pine (2020) stated that rapid and unpredictable changes in customer attitudes and information technology make managing change inevitable and that the ability to do so is crucial for the long-term survival of companies.

Most organizations in Nigeria overlook their employees during the conception, implementation, and review phases of the change process, which negatively impacts the successful execution of the change agenda. Warrilow (2020) asserts that organizations transforming must have teams that



champion the change process. This demands that all employees within the institutions desiring change, especially top management, must be committed to the change process. There has been debate among researchers about whether change should always be positively related to a firm's performance. Although most studies discuss practices that lead to performance, such a one-way line of causation is not satisfactory (Edwards et al., 2021). Performance refers to the effective management of resources—human, material, facilities, and money—that lead to output and achievement of objectives (Olajide, 2019).

Organizations constantly evolve and adapt to stay competitive, yet successful organizational change remains uncommon. It is noted that organizational change involves actions where a company modifies a key part of its structure. Poor change management can negatively impact performance, causing operational inefficiencies, employee dissatisfaction, and a loss of market competitiveness. The low survival rate highlights a fundamental lack of an effective framework for implementing and managing the organizational change process. When change is not properly handled, it harms performance, which can lead to the organization shutting down—like many firms in the industry—or to the loss of valuable employees or failure to meet shareholders' financial goals. Over time, this may lead to customer dissatisfaction, prompting clients to switch to competitors and ultimately affecting the company's overall performance.

LITERATURE REVIEW

The study used the Burke-Litwin theory proposed by Burke and Litwin (2019). The theory offers a framework for evaluating key aspects of the environment and the organization that is essential for successful change. The Burke-Litwin model emphasizes the interconnectedness of organizational elements and demonstrates how external factors influence them. It serves as a useful tool for planned organizational assessment and managed change, providing a clear view of cause-and-effect relationships. This theory is important to the current study because it guides the evaluation of leadership, organizational learning, and stakeholder involvement. Specifically, it indicates a cause-and-effect link between change management strategies, such as leadership, and organizational performance. Achieving the desired state of organizational change involves implementing new operational systems, which may require testing and adjusting existing systems or behavioral patterns.

According to Kogila (2021), change management involves planning how to implement changes in an organization to minimize disruption to daily operations. A good change management process clearly outlines methods and approaches for addressing business operations and processes. The main goal of establishing a formal change management framework is to minimize the negative effects of introducing change. Change management is the effective handling of a business change so that executive leaders, managers, and frontline employees work together to successfully implement the necessary process, technology, or organizational changes (McNzmara, 2021).

Change management (CM) highlights the importance of developing plans and strategies that align with the organization's overall strategies and objectives. These plans should also be adaptable to the organization's constantly changing external environment. Moran and Brighton (2021) described change management as the process of continuously renewing an organization's direction, structure, and capabilities to meet the evolving needs of both external and internal customers. Managing change involves a systemic approach that applies knowledge, tools, and



resources to address change effectively. Managing change means “defining and adopting corporate strategies, structures, procedures, and technologies to deal with changes in external conditions and the business environment” (Bond, 2023).

Change has continued to play a prominent role in both academic research and industrial practice. While it is difficult to arrive at a universally accepted definition of change, we are reminded that change management is not a distinct discipline with strict boundaries. Instead, the theory and practice of change management draw upon various social science disciplines and traditions (Burnes, 2024). Essentially, change refers to a series of events that support the development process within organizations (Kassim et al., 2020). Organizational change generally involves rightsizing, new developments and technological changes, rescheduling operations, and major partnerships (McNamara, 2021).

Organizational change encompasses mission shifts, strategic adjustments, operational modifications (including structural changes), technological upgrades, shifts in personnel attitudes and behaviors, addressing resistance from different employees, and aligning them with the organization's strategic goals. Change management is a systematic approach that applies knowledge, tools, and resources to manage change effectively. It involves defining and implementing corporate strategies, structures, procedures, and technologies. Okeke et al. (2019) discuss changes in external conditions and the business environment.

The traditional view that innovation is driven by research (technology-push theory) and by interactions between firms and other actors has been replaced by the current social network theory of innovation, in which knowledge plays a vital role in promoting innovation. The field of change management is shaped by new trends and innovations that influence the strategic adjustments businesses need to make in a complex environment. With advances in technology and the globalization of business operations, change management has become essential for corporate success. An organization's purpose is rooted in the understanding that cultivating a culture of innovation within the organization is the best way to ensure (relative) longevity in an environment of rapidly changing markets.

The main changes related to the importance of knowledge as an economic driver in today's economies include: knowledge is increasingly viewed as a commodity. It is packaged, bought, and sold in ways and to an extent never seen before. Advances in Information and Communication Technologies have lowered the costs of many aspects of knowledge activities, such as gathering and transferring knowledge. The connectivity between knowledge agents has grown significantly. Knowledge-based innovation requires not just one type of knowledge but many, and it also depends on the convergence of diverse knowledge held by different actors.

The resources available to a manager include human, financial, physical, and informational assets. While human resources have always been essential to the success of any organization, their importance is increasingly recognized both inside and outside work organizations (Roloff et al., 2023). Human resources departments typically consist of individuals with a broad range of knowledge, skills, and abilities who are expected to perform their roles in ways that help achieve organizational goals. Resource management involves the efficient and effective deployment and allocation of an organization's resources when and where they are needed. These resources may



include financial assets, inventory, human skills, production tools, or information technology. It encompasses planning, allocating, and scheduling resources for various tasks, generally including human resources, machines, money, and materials. Good resource management maximizes organizational efficiency, reduces idle time, and enhances overall performance.

According to Ajayi (2022), a change leader needs the following capabilities: extraordinary determination to implement change; persistence; stamina; a strong mandate rooted in personal growth; and top-tier intelligence. Without strong leadership, effective organizational change will never be achievable. Managing change successfully requires leaders who can guide a team willing to drive change effectively within an existing system. The success of any functional organization heavily depends on the leader's leadership skills, perseverance, and expertise.

Leaders are pacesetters; they are expected to set the pathway and roadmap by providing clear vision and direction to all other members of the organization. According to Nwinyokpogi (2023), this is achieved through key individuals demonstrating excellent leadership skills, which are essential for any organization, company, program, or project. Good leadership inspires the team to take ownership and actively solve problems, a key trait of any effective team. A leader, manager, or project manager cannot do it alone; they need a strong team supporting the common goal. Strong and stable leadership ensures the best chance of success.

Organizational performance has been the most crucial issue for every organization, whether for-profit or non-profit. The concept of organizational performance is also referred to as organizational success or organizational worth, and it relates to goal achievement. However, the concept of organizational performance faces issues of conceptual clarification. It involves defining and reaching specific goals. Enos (2022) defines organizational performance as the ongoing achievement of tangible, specific, measurable, worthwhile, and personally meaningful goals. Organizational performance is an important construct in leadership that influences how organizations are managed. Amin (2023) explains that organizational performance is a multidimensional concept reflecting the diverse nature, circumstances, and objectives of organizations at any given time.

Empirical review

Igwe et al. (2023) investigated the effectiveness of change management and the level of commitment among top management in manufacturing firms in Southeast Nigeria. Data were collected from 205 participant manufacturing firms that were financial members of the Manufacturers Association of Nigeria (MAN). A total of 267 questionnaires were distributed. Using Chi-square (χ^2) statistics and the Pearson product-moment correlation coefficient, the study revealed that change management enhances performance levels and that there is a very strong positive relationship among top management and middle management commitment and the implementation success rate in the selected firms. Therefore, the authors recommended that leaders and top management of these organizations should create a more conducive and organization-friendly environment for change management.

Olajide (2019) examined change management and its effects on the organizational performance of Nigerian telecom industries using a total of 300 Airtel staff randomly selected. Data was analyzed using one-way analysis of variance. The results revealed that changes in technology have a

significant effect on performance, and that changes in customer tastes significantly affect customer patronage. The results also show that changes in management through leadership have a significant effect on employees' performance. The study, therefore, concludes that nothing remains still in the world of business, as change is the only constant. Therefore, it was recommended that the Nigerian telecom industry should be proactive in responding to changes in such a competitive environment to facilitate the smooth implementation of these changes.

Ahmed et al. (2023) examined the impact of organizational change on employee performance in Pakistan's banking sector. In this study, both primary and secondary data collection methods were used. Primary data were collected through questionnaires. The variables considered in the study included leadership, communication, procedural justice, employee development, and tolerance to change. With a sample size of 252, the analysis employed descriptive statistics and correlation analyses in SPSS. The results indicated that organizational change had a significantly positive effect on employee performance in Pakistan's banking sector. Miller and Friesen (2020) observed that employees tend to resist change even when their environment poses a threat to their existence.

Ndahiro et al (2020) examined the effect of change management on the performance of government institutions in Rwanda. The study adopted a survey research design, with the target population consisting of RRA employees. Data was collected using questionnaires and interviews and analyzed using SPSS and Microsoft Excel. Based on the data collected, the study concluded that all changes to RRA over the past four years have been well-planned and implemented. Most employees at the institution have generally embraced the changes made, which have improved overall organizational performance.

METHODOLOGY

The study used a descriptive survey design. It was conducted among four selected banks (FCMB, UBA, Ecobank, Zenith Bank) in Cross River State. Data were collected from primary sources using a questionnaire. The study employed multiple regression analysis to analyze the data. The model for the study is specified as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + U_t$$
$$SQ = f(IT, RM, LC)$$
$$SQ = \alpha + \beta_1 IT + \beta_2 RM + \beta_3 LC + U_t \text{-----(1)}$$

Where:

IT	=	Innovation Techniques
RM	=	Resource management
LC	=	Leadership change
SQ	=	Service quality
X	=	Predictor
B	=	Coefficient
α	=	Intercept, Constant

DATA ANALYSIS, RESULTS, AND DISCUSSIONS

Test of hypotheses

H₀1: There is no significant effect of Innovation techniques on the performance of banks in Cross River State

H₀2: There is no significant effect of Resource management on the performance of banks in Cross River State

H₀3: There is no significant effect of leadership change on the performance of banks in Cross River State.

Table 1: Model Summary showing the effect of Innovation techniques, Resource management, and leadership change on the performance of banks in Cross River State.

Model summary

Model	R	R Square	Adjusted R-Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.587 ^a	.344	.322	1.41535	.344	15.231	5	145	.000	1.862

a. Predictors: (Constant), IT, RM, LC

b. Dependent Variable: SQ

Table 2: ANOVA^a showing the effect of Innovation techniques, Resource management, and leadership change on the performance of banks in Cross River State.

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	152.555	5	30.511	15.231	.000 ^b
	Residual	290.465	145	2.003		
	Total	443.020	150			

a. Dependent Variable: SQ

b. Predictors: (Constant), IT, RM, LC

Table 3 Coefficients^a showing the effect of Innovation techniques, Resource management, leadership change on performance of banks in Cross River State.

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
	B	Std. Error				Beta	Zero-order	Partial	Partial	Tolerance
1 (Constant)	-4.297	2.578		-1.667	.098					
IT	.213	.055	.265	3.865	.000	.318	.306	.260	.963	1.038
RM	.127	.068	.128	1.868	.064	.214	.153	.126	.968	1.033
LC	.246	.068	.253	3.611	.000	.365	.287	.243	.918	1.090
SQ	.267	.074	.245	3.616	.000	.297	.288	.243	.984	1.016

a. Dependent Variable: SQ

Collinearity Diagnostics

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions				
				(Constant)	IT	RM	LC	SQ
1		5.970	1.000	.00	.00	.00	.00	.00
2		.010	24.139	.00	.84	.00	.03	.05
3		.007	28.927	.00	.03	.42	.44	.02
4		.002	60.335	1.00	.08	.15	.06	.20

a. Dependent Variable: SQ

Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	14.4950	19.7364	17.4305	1.00848	151
Residual	-3.99756	3.00689	.00000	1.39156	151
Std. Predicted Value	-2.911	2.287	.000	1.000	151
Std. Residual	-2.824	2.124	.000	.983	151

a. Dependent Variable: SQ



The multiple regression analysis conducted above examined the effect of change management on the performance of selected banks in Cross River State. The findings showed that change management strategies such as Innovation Techniques, Resource Management, and Leadership Change have a significantly positive effect on the performance of banks in Cross River State. This is further supported by the overall model summary, which reported an R of .527 and an R-square of .344. This indicates that the independent variables influence the dependent variable. The influence is further explained as follows: IT ($B = .213$, $P = .098 < 0.05$), RM ($B = .127$, $P = .000 < 0.05$), and LC ($B = .246$, $P = .064 < 0.05$), all demonstrate significant impacts on bank performance in Cross River State. Based on these results, it is concluded that change management has a significantly positive effect on the performance of banks in Cross River State.

Summary of findings

The major findings of the study include:

1. Innovation management has a positive and significant effect on the performance of selected banks in Cross River State.
2. Resource management has a positive and significant effect on the performance of selected banks in Cross River State.
3. Leadership change has a significant positive effect on the performance of selected banks in Cross River State.

CONCLUSION AND RECOMMENDATIONS

The study empirically examined change management and the performance of selected banks in Cross River State. Change management involves planning how to implement changes in an organization to minimize disruption to daily operations. A good change management process clearly outlines methods or approaches for addressing business operations or processes. It is the effective management of a business change so that executive leaders, managers, and frontline employees work together to successfully implement the necessary process, technology, or organizational changes.

In line with the findings of the study, the following recommendations were made:

1. Organizations should initiate efforts to develop methodologies and tools that support business innovation management. Organizations in Nigeria should be proactive about changes in such a competitive environment to ensure smooth implementation.
2. Organizations invest significant time and money in building the right talent pool. Therefore, when their skills and competencies are fully utilized, overall efficiency and profitability are boosted.
3. Management should develop a plan to ensure that changes are executed effectively and seamlessly—and achieve the intended results.

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